VOLTAS
A TATA Enterprise

Reports and Accounts of Subsidiary Companies

2021-2022

CONTENTS

UNIVERSAL MEP PROJECTS & ENGINEERING SERVICES LIMITED

(FORMERLY KNOWN AS ROHINI INDUSTRIAL ELECTRICALS LIMITED)

Directors

Mr. Vinayak Deshpande *(Chairman) w.e.f. 15th September, 2021*
Mr. Pradeep Kumar Bakshi *(Managing Director)*
Mr. Debendranath Sarangi
Mr. S. V. Phene
Ms. Sandhya Shailesh Kudtarkar
Dr. Anoop Kumar Mittal
Mr. Anil George *(upto 15th September, 2021)*

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present the Thirty-Ninth Annual Report and Audited Financial Statements for the year ended 31st March, 2022.

1. Financial Results and Operations:

₹ in crores

	2021-22	2020-21
Revenue from operations	**397.44**	323.30
Other income	**0.14**	0.26
Total expenses	**385.61**	305.34
Profit before Tax	**11.97**	18.22
Tax expense	**4.27**	8.50
Profit after Tax	**7.70**	9.72

(i) The Company has reported higher revenue of ₹ 397 crores for the year ended 31st March, 2022 as compared to ₹ 323 crores, last year. At the beginning of the financial year, lockdown due to the second wave of Covid-19 pandemic had impacted the pace of execution of ongoing projects and also led to delay in booking of new orders. Profit Before Tax at ₹ 11.97 crores was lower as compared to ₹ 18.22 crores in the previous year. Net Profit for the year ended 31st March, 2022 was also lower at ₹ 7.70 crores as compared to ₹ 9.72 crores last year. Pending orders for Electrical, Solar and MEP projects as on 31st March, 2022 was ₹ 497.28 crores.

(ii) The Company had on 24th March, 2021 executed a Business Transfer Agreement (BTA) with Voltas Limited, holding company for purchase of their domestic B2B businesses comprising the Projects business (MEP/HVAC and Water), Textile Machinery business and Mining & Construction Equipment business as a going concern, on a slump sale basis for a consideration in the range between ₹ 1000 crores and ₹ 1200 crores, subject to satisfaction of certain Conditions Precedents (CPs) prior to the Closing Date. In view of the pendency of certain CPs, including consents from Government clients for novation of existing contracts in favour of the Company, the 'Closing Date' of BTA which was targeted by end September 2021 has been extended. The target is to consummate the transaction in Q1 (2022-23).

(iii) At the Extra-Ordinary General Meeting (EGM) of the Company, held on 23rd February, 2022, the shareholders have based on the recommendation of NRC authorised the Board to pay remuneration to Non-Executive Directors of the Company in accordance with Schedule V to the Companies Act, 2013 (the Act).

(iv) The shareholders have also at the EGM of the Company held on 16th March, 2022, approved the amendment of Capital Clause of Memorandum and Articles of Association of the Company to increase the Authorised Share Capital from ₹ 302 crores to ₹ 1600 crores by creation of additional 129,80,00,000 Equity Shares of ₹ 10 each. The present Authoried Share Capital of the Company is ₹ 1600 crores divided into 147,30,00,000 Equity Shares of ₹ 10 each and 1,27,00,000 - 0.01% CRPS of ₹ 100 each. The paid-up capital of the Company is ₹ 151.83 crores.

2. Reserves:

In view of the accumulated losses, no amount is transferred to General Reserve.

3. Dividend:

The Directors do not recommend any dividend for the financial year 2021-22.

4. Number of Board Meetings:

During the year under review, 5 Board Meetings were held on 28th April, 2021; 26th July, 2021; 21st October, 2021; 28th January, 2022 and 7th March, 2022. Due to Covid-19 pandemic, the Ministry of Corporate Affairs had permitted to convene the Board/Committee Meetings through video conferencing (VC). Accordingly, most of the Board/Committee Meetings and General Meetings (Annual/Extra Ordinary) were held through VC.

5. Directors and Key Managerial Personnel (KMP):

In accordance with the provisions of the Act, as amended from time to time and the Company's Articles of Association, Mr. Debendranath Sarangi retires by rotation and being eligible, offers himself for re-appointment.

Mr. Anil George, ceased to be a Director/Chairman of the Company with effect from 15th September, 2021. The Directors place on record their sincere appreciation of the valuable advice, guidance and support given by Mr. Anil George during his long tenure as Director/ Chairman of the Company.

Based on the recommendation of NRC, the Board has appointed Mr. Vinayak Deshpande as Additional Director and also as the Non-Executive Chairman of the Company with effect from 15th September, 2021. Resolution seeking approval of Members for appointment of Mr. Vinayak Deshpande forms part of the Notice of Thirty-Ninth Annual General Meeting (AGM) of the Company.

Consequent upon resignation of Mr. Viral Sarvaiya, Chief Financial Officer (CFO) and Key Managerial Personnel (KMP) of the Company and based on recommendation of NRC, Mr. Ajay Pandya was appointed as CFO and KMP of the Company with effect from 21st October, 2021.

6. Declaration by Independent Director:

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

7. Audit Committee:

Consequent upon resignation of Mr. Anil George, the Audit Committee was reconstituted. Mr. Debendranath Sarangi was appointed as the Chairman and Dr. Anoop Kumar Mittal as Member of Audit Committee with effect from 15th September, 2021. The Audit Committee currently comprise Mr. Debendranath Sarangi, 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 28th April, 2021; 26th July, 2021; 21st October, 2021 and 28th January, 2022.

8. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee (NRC) comprise Mr. Debendranath Sarangi (Chairman), Mr. S. V. Phene Non-Executive Director and Mr. Pradeep Kumar Bakshi, Managing Director of the Company. Mr. Pradeep Kumar Bakshi was appointed as Member of

NRC in place of Mr. Anil George with effect from 15th September, 2021. During the year under review, 4 NRC Meetings were held on 28th April, 2021; 21st October, 2021; 28th January, 2022 and 7th March, 2022.

9. Corporate Social Responsibility:

Corporate Social Responsibility Committee (CSR) comprise Mr. Pradeep Kumar Bakshi (Chairman), Ms. Sandhya S. Kudtarkar and Mr. S. V. Phene, Non-Executive Directors of the Company. Mr. Pradeep Kumar Bakshi was appointed as Chairman of the CSR Committee in place of Mr. Anil George with effect from 15th September, 2021. The Company has adopted a CSR Policy which sets out the Company's commitment and approach towards CSR for improving the quality of life of the community it serves. While the Company has adopted a CSR policy and constituted the CSR Committee, in view of accumulated losses, the Company was not required to spend any amount on CSR during the year 2021-22. Annual Report on CSR is not required.

10. 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.

11. 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 7th March, 2022. Performance of Non-Executive Directors, including Chairman and the Board as a whole was also evaluated. The performance of Directors, the Board as a whole and various Committees was reviewed and deliberated at the Board Meeting on 7th March, 2022.

12. Statutory Auditors:

The Members had, at the 34th AGM of the Company held on 28th July, 2017, approved the appointment of S R B C & Co. LLP (SRBC) as Statutory Auditors for a term of five years from the conclusion of 34th AGM till the conclusion of 39th AGM of the Company to be held in the year 2022. The Auditors' Report for 2021-22 does not contain any qualification, reservation and adverse remark.

Pursuant to the provisions of Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, it is proposed to appoint 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, to examine and audit the accounts of the Company for financial years 2022-23 to 2026-27. SRBC have pursuant to Section 139 of the Act, furnished a certificate regarding their eligibility of appointment.

Resolution seeking approval of Members for appointment of SRBC as Statutory Auditors of the Company forms part of the Notice of 39th AGM of the Company.

13. 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 2021-22. Their Secretarial Audit Report, in prescribed Form No. MR-3 is enclosed as Annexure I. Their Report does not contain any qualification, reservation or adverse remark. The Board has re-appointed them as Secretarial Auditor of the Company for the year 2022-23.

14. Risk Management:

The Company is presently engaged in the business of executing Electrical as well as Solar projects. In the opinion of the Board, there are no foreseeable risks which could impact the existence of the Company or its business.

15. Annual Return:

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

16. 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. The Company had no foreign exchange earnings, except transactions aggregating ₹ 25.44 lakhs pertaining to Solar projects.

17. 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).

18. 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 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 2021-22.

19. Particulars of contracts or arrangements with related parties:

All related party transactions during the year 2021-22 were in the ordinary course of business and satisfied the test of arm's length. Details in prescribed Form No. AOC-2 is annexed to this Report as Annexure II.

20. 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).

21. 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, 2022.

22. 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.

23. 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, 2022, 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.

24. General:

As regards item of Special Business in the Notice of 39th AGM, the Resolution incorporated in the Notice and the Explanatory Statement annexed thereto fully indicate the reasons for seeking the approval of the Members to the proposal. Attention of the Members is drawn to the said Resolution.

On behalf of the Board of Directors

Vinayak Deshpande
Chairman

Mumbai, 26th April, 2022

Annexure I
SECRETARIAL AUDIT REPORT
Form No. MR-3
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2022

[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

(Formerly known as ROHINI INDUSTRIAL ELECTRICALS 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 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, 2022 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 of 31st March, 2022 according to the provisions of:

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

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

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

(4) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment; Overseas Direct Investment and External Commercial Borrowing; - **Not applicable to the Company, for the period under review.**

(5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): - **Not applicable to the Company, for the period under review.**
   (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
   (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
   (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Securities and Exchange Board of India (Share Based Benefits and Sweat Equity) Regulation, 2021;

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

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

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

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

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

- Mr. Pradeep Kumar Bakshi, appointed as Managing Director of the Company with effect from 1st April, 2021. His appointment as Managing Director of the Company was confirmed by the shareholders at the 38th Annual General Meeting (AGM) held on 30th July, 2021;
- Dr. Anoop Kumar Mittal was appointed as Additional Director and also as an Independent Director of the Company with effect from 28th April, 2021. His appointment as Independent Director of the Company was regularized by the shareholders at the 38th AGM held on 30th July, 2021;
- Mr. Ajay Pandya was appointed as Chief Financial Officer (CFO) and Key Managerial Personnel (KMP) of the Company with effect from 21st October, 2021 in place of Mr. Viral Sarvaiya;
- Mr. Anil George ceased to be the Non-Executive Director/ Chairman of the Company due to resignation with effect from 15th September, 2021;
- Mr. Vinayak Deshpande was appointed as Additional Director and also Non-Executive Chairman of the Company with effect from 15th September, 2021.

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

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

We further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the audit period, the Company has amended its Articles of Association pursuant to change in Article 204 BYELINES 'A TATA ENTERPRISE AND A TATA PRODUCT' vide Special Resolution passed at the 38th AGM held on 30th July, 2021.

We further report that during the audit period, the Company has amended its Memorandum and Articles of Association pursuant to increase in Authorised Share Capital of the Company from ₹ 302 Crores to ₹ 1600 Crores vide Special Resolution passed in the Extra Ordinary General Meeting held on 16th March, 2022.

For **M/s. N L Bhatia & Associates**
Practicing Company Secretaries
UIN: P1996MH055800
UDIN: F008663D000219291

Bhaskar Upadhyay
Partner
FCS: 8663
CP. No. 9625
PR NO. 700/2020

Mumbai, 27th April, 2022

Annexure I

List of Other applicable laws:

1. Bombay Labour Welfare Act, 1953.
2. Madhya Pradesh Labour Welfare Fund.
3. Bombay Shops & Establishment Act, 1948 (Maharashtra).
4. Bombay Stamp Act, 1958.
5. Child Labour (Prohibition and Regulation) Act, 1986 and Rules.
6. Children (Pledging of Labour) Act, 1933.
7. Contract Labour (Regulation and Abolition) Act, 1970 and Rules.
8. Employees Compensation Act, 1923.
9. Employees' Provident Funds Act and Miscellaneous Provisions Act, 1952.
10. Employees' State Insurance Act, 1948, Rules and Regulations.
11. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.
12. Equal Remuneration Act, 1976.
13. E-waste Management Rules, 2016.
14. Goods and Service Tax Act.
15. Income-tax Act, 1961 and Rules.
16. The Maharashtra Workmen's Minimum House-Rent Allowance Act, 1983.
17. The Payment of Gratuity Act, 1972
18. Maternity Benefit Act, 1961 and Rules.
19. Micro, Small and Medium Enterprises Development Act, 2006.
20. Minimum Wages Act, 1948 and State Rules.
21. Payment of Bonus Act, 1965 and Rules.
22. Payment of Wages Act, 1936 and Rules.
23. Personal injuries (Compensation Insurance) Act, 1963.
24. The West Bengal Labour Welfare Fund Act, 1974.
25. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
26. Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.

TO

THE MEMBERS OF

UNIVERSAL MEP PROJECTS & ENGINEERING SERVICES LIMITED

(Formerly known as ROHINI INDUSTRIAL ELECTRICALS LIMITED)

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

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

(2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

(3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

(4) 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
UDIN: F008663D000219291

Bhaskar Upadhyay
Partner
FCS: 8663
CP. No. 9625
PR NO. 700/2020

Mumbai, 27th April, 2022

Annexure II
Form No. AOC-2

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

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

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

   The Company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2021-22.

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

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

   (b) Nature of contracts/arrangements/transactions
   Refer Note No. 32 of the financial statements for the year ended 31st March, 2022.

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

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
   The Company undertakes execution of electrical projects. For value of transactions, Refer Note 32 of the financial statements for the year ended 31st March, 2022.

   (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, 26th April, 2022

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
UNIVERSAL MEP PROJECTS & ENGINEERING SERVICES LIMITED
(formerly known as Rohini Industrial Electricals 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 (formerly known as Rohini Industrial Electricals Limited) ("the Company"), which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2022, 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 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 Ind AS Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors 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 Ind AS 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, read with the Companies (Accounts) Rules, 2014. 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 the Ind AS 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;

   (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

      (i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 29 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, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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

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

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

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

per Dolphy D'Souza
Partner
Membership Number: 38730
UDIN: 22038730AHWOBY7806

Mumbai, April 26, 2022

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 (FORMERLY KNOWN AS ROHINI INDUSTRIAL ELECTRICALS LIMITED) ("the company")

(i) (a) A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

B) The Company has maintained proper records showing full particulars of intangibles assets.

(b) All Property, Plant and Equipment were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets.

(c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.

(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 inventory has been physically verified by the management during the year except for inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have been confirmed by them as at March 31, 2022. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such confirmations and physical verification performed by management.

(b) As disclosed in note 28 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. 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), (b), (c), (d), (e) and (f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

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

(vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

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

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

Name of Statue	Nature of Dues	Forum where dispute is pending	Period to which amount relates	Amount Involved (₹ in lakhs)	Amount Unpaid (₹ in lakhs)
Sales Tax Act	Central Sales Tax, Value Added Tax, Works Contract Tax, Trade Tax and Entry Tax (including penalty and interest)	Appellate Tribunal	2007-08, 2008-09, 2011-12, 2012-13, 2014-15	334.09	304.89
		Commissioner of Appeals	2005-06 to 2010-11 and 2012-13 to 2016-17	840.25	791.99
		High Court	2012-13	5.47	5.47

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

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

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

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

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

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

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

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

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

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

(b) During the year, no report under sub-section (12) of section 143 of the 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 is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

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

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

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

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

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

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

(d) According to the information and explanation given to us by the Management, the Group has five CICs which are registered with the Reserve Bank of India and 1 CIC which is 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 40 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 41 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 41 to the financial statements.

For **S R B C & CO LLP**

Chartered Accountants

(ICAI Firm Registration Number: 324982E/E300003)

per Dolphy D'Souza

Partner

Membership Number: 38730

Mumbai, April 26 , 2022

UDIN: 22038730AHWOBY7806

ANNEXURE "2" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF UNIVERSAL MEP PROJECTS & ENGINEERING SERVICES LIMITED (FORMERLY KNOWN AS ROHINI INDUSTRIAL ELECTRICALS 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 the Ind AS financial statements of Universal MEP Projects & Engineering Services Limited (formerly known as Rohini Industrial Electricals Limited) ("the Company") as of March 31, 2022 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 the 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 Ind AS 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 the Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the 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 the Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

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

Because of the inherent limitations of internal financial controls with reference to the 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 the Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to the 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 the Ind AS financial statements and such internal financial controls with reference to the Ind AS financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

per Dolphy D'Souza
Partner
Membership Number: 38730

Mumbai, April 26, 2022
UDIN: 22038730AHWOBY7806

BALANCE SHEET AS AT 31ST MARCH, 2022

	Notes	₹ In Lakhs	As at 31-3-2021 ₹ In Lakhs
A. ASSETS			
1. NON-CURRENT ASSETS			
(a) Property, plant and equipment	4	**48.57**	72.35
(b) Intangible assets	4	**3.19**	4.13
(c) Financial assets			
Other financial assets	5A	**10.86**	10.54
(d) Income tax assets (Net)	6	**272.68**	-
(e) Deferred tax assets (Net)	7	**3,379.68**	3,540.43
(f) Other non-current assets	8A	**819.69**	822.93
Total non-current assets		**4,534.67**	4,450.38
2. CURRENT ASSETS			
(a) Inventories	9	**46.71**	71.25
(b) Financial assets			
(i) Trade receivables	10	**5,971.23**	8,283.08
(ii) Cash and cash equivalents	11	**8,110.15**	838.97
(iii) Other financial assets	5B	**133.51**	195.04
(c) Contract assets	12	**9,346.52**	15,027.47
(d) Other Current Assets	8B	**5,227.75**	4,144.46
Total current assets		**28,835.87**	28,560.27
TOTAL ASSETS		**33,370.54**	33,010.65
B. EQUITY AND LIABILITIES			
1. EQUITY			
Equity share capital	13	**15,182.58**	15,182.58
Other equity	14	**127.44**	(655.60)
Total equity		**15,310.02**	14,526.98
2. LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Provisions	15	**21.97**	18.21
Total non-current liabilities		**21.97**	18.21
3. CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	16	**724.95**	943.39
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	16	**14,899.87**	15,493.72
(b) Provisions	17	**163.04**	154.68
(c) Other current liabilities	18	**31.24**	41.93
(d) Contract liabilities	19	**2,219.45**	1,606.39
(e) Current tax liabilities	20	**—**	225.35
Total current liabilities		**18,038.55**	18,465.46
4. Total Liabilities		**18,060.52**	18,483.67
TOTAL EQUITY AND LIABILITIES		**33,370.54**	33,010.65
Significant Accounting Policies	2		

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

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

Dolphy D'Souza
Partner
Membership No. 38730

Place : *Mumbai*

Date : 26th April, 2022

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

Vishal Totla
Company Secretary

Place : Mumbai

Date : 26th April, 2022

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

		Notes	₹ In Lakhs	2020-21 ₹ In Lakhs
1.	**INCOME**			
	(a) Revenue from operations	21	**39,744.27**	32,330.02
	(b) Other income	22	**14.20**	26.81
	TOTAL INCOME		**39,758.47**	32,356.83
2.	**EXPENSES**			
	(a) Consumption of materials, cost of jobs and services		**33,754.12**	25,112.60
	(b) (Increase)/ decrease in inventories of finished goods	23	**1.26**	5.78
	(c) Employee benefit expense	24	**1,766.27**	2,061.65
	(d) Finance costs	25	**66.21**	945.67
	(e) Depreciation and amortisation expense	4	**33.57**	30.96
	(f) Other expenses	26	**2,939.54**	2,377.44
	TOTAL EXPENSES		**38,560.97**	30,534.10
3.	**PROFIT BEFORE TAX**		**1,197.50**	1,822.73
4.	**TAX EXPENSE**			
	(a) Current tax expense		**273.32**	466.78
	(b) Deferred tax charge		**153.90**	383.60
	TOTAL TAX EXPENSE	35	**427.22**	850.38
5.	**PROFIT FOR THE YEAR**		**770.28**	972.35
6.	**OTHER COMPREHENSIVE INCOME**			
	Items that will not be reclassified to profit or loss:			
	Re-measurement gains/ (losses) on defined benefit plans(net of income tax effect)		**12.76**	13.33
7.	**TOTAL OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX)**		**12.76**	13.33
8.	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**		**783.04**	985.68
9.	**EARNINGS PER EQUITY SHARE**	31		
	Basic and Diluted - (₹)		**0.51**	2.62
	Face value per equity share - (₹)		**10.00**	10.00
	Significant Accounting Policies	2		

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

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

Dolphy D'Souza
Partner
Membership No. 38730

Place : *Mumbai*
Date : 26th April, 2022

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

Vishal Totla
Company Secretary

Place : Mumbai
Date : 26th April, 2022

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

A. Equity share capital

	₹ In Lakhs
Balance as at 31st March, 2020	182.58
Changes in equity share capital	15,000.00
Balance as at 31st March, 2021	15,182.58
Issue of equity share capital	—
Balance as at 31st March, 2022	**15,182.58**

B. Other equity

₹ In Lakhs

	General Reserve	**Securities Premium**	**Retained Earnings**	**Equity component of liability**	**Total other equity**
Balance as at 31st March, 2020	2,053.76	492.43	(8,090.16)	8,244.08	2,700.11
Profit for the year	—	—	972.35	—	972.35
Other Comprehensive Income for the year	—	—	13.33	—	13.33
Total Comprehensive Income for the year	—	—	985.68	—	985.68
Adjustment of equity component of liability on repayment of preference share capital (recognised as per Ind AS 109)	—	—	—	(4,190.09)	(4,190.09)
Share issue expenses	—	(151.30)	—	—	(151.30)
Balance as at 31st March, 2021	2,053.76	341.13	(7,104.48)	4,053.99	(655.60)
Profit for the year	—	—	770.28	—	770.28
Other Comprehensive Income for the year	—	—	12.76	—	12.76
Total Comprehensive Income for the year	—	—	**783.04**	—	**783.04**
Balance as at 31st March, 2022	**2,053.76**	**341.13**	**(6,321.44)**	**4,053.99**	**127.44**

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

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

Dolphy D'Souza
Partner
Membership No. 38730

Place : *Mumbai*
Date : 26th April, 2022

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

Vishal Totla
Company Secretary

Place : Mumbai
Date : 26th April, 2022

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2022

			2020-21
		₹ In Lakhs	₹ In Lakhs
A.	**Cash flow from Operating Activities**		
	Profit before tax	**1,197.50**	1,822.73
	Adjustments to reconcile profit before tax to net cash flows:		
	Unclaimed credit balances written back	**(9.58)**	(60.37)
	Interest income	**(14.20)**	(26.81)
	Finance costs	**66.21**	945.67
	Depreciation and amortisation expenses	**33.57**	30.96
	Expected credit loss for trade receivable and contract assets	**171.89**	433.89
	Allowance for doubtful debts and advances	**109.05**	0.77
	Operating profit before working capital changes	**1,554.44**	3,146.84
	Working capital adjustments:		
	Adjustments for (increase) / decrease in operating assets:		
	Trade receivables	**2,161.16**	2,441.67
	Other Financial assets	**61.52**	206.51
	Other current assets, inventories and contract assets	**4,495.21**	(6,970.88)
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade payables	**(829.92)**	4,048.07
	Provision	**31.74**	6.01
	Other current liability and contract liability	**602.37**	446.19
	Cash generated from operations	**8,076.52**	3,324.41
	Income tax refund/(paid)	**(771.34)**	40.00
	Net cash flow generated from operating activities (A)	**7,305.18**	3,364.41
B.	**Cash flow from Investing Activities**		
	Purchase of property, plant and equipment	**(8.85)**	(27.18)
	Interest received	**14.20**	26.81
	Investment in fixed deposits (margin money)	**(0.32)**	(0.36)
	Net cash generated from/ (used in) investing activities (B)	**5.03**	(0.73)
C.	**Cash flow from financing activities**		
	Repayment of short-term borrowings	**(556.30)**	(15,032.82)
	Proceeds from short-term borrowings	**556.30**	10,000.00
	Proceeds from issue of Equity Share capital	—	15,000.00
	Repayment of redeemable preference share capital	—	(12,700.00)
	Share issue expenses	—	(151.30)
	Interest paid	**(39.03)**	(345.79)
	Net cash generated from/(used in) financing activities (C)	**(39.03)**	(3,229.91)
	Net increase in cash and cash equivalents (A+B+C)	**7,271.18**	133.77
	Cash and cash equivalents at the beginning of the year	**838.97**	705.20
•	**Cash and cash equivalents at the end of the year (Refer Note 11)**	**8,110.15**	838.97
•	**Components of Cash and cash equivalents**		
	Balances with bank in current account (Refer Note 11)	**8,110.15**	838.97

Notes:

(1) Figures in bracket indicate outflow.

(2) The Cash Flow Statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) 7 "Statement of Cash flows".

(3) There is no non-cash movement included in financing activities.

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

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

Dolphy D'Souza
Partner
Membership No. 38730

Place : *Mumbai*
Date : 26th April, 2022

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

Vishal Totla
Company Secretary

Place : Mumbai
Date : 26th April, 2022

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

1A. CORPORATE INFORMATION

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

The Company is a wholly owned subsidiary of Voltas Limited and is predominately engaged in the business of Engineering, Procurement and Construction relating to projects of Rural Electrification and Distribution, Power augmentation and Separation, Substations and Industrial electrification, Solar projects, Electro-mechanical projects, etc. including supply of materials.

The financial statements for the year ended 31st March, 2022 were approved by the Board of Directors and authorised for issue on 26th April, 2022.

1B. BASIS OF PREPARATION

The Ind AS 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 amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013 (as amended), (Ind AS compliant Schedule III).

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

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

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

1C. USE OF ESTIMATES AND JUDGEMENTS:

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

A. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements.

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

(a) Revenue from Construction contracts

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

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

The outcome of a construction contract is considered as estimated reliably when the stage of completion of the project reaches a reasonable level of completion i.e. the expenditure incurred on construction costs is at least 20% of the construction costs and it is reasonably expected that the counterparty will comply with the payment terms in the agreements.

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 equipment

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, 2022 (contd.)

(B) CONTRACT BALANCES

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

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

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (K) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(C) FAIR VALUE MEASUREMENT

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

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

Level 3— Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

(D) EMPLOYEE BENEFITS

(a) **Retirement 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.

(D) EMPLOYEE BENEFITS (contd.)

(ii) Defined Benefit Plans

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

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

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 Loss and a liability is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

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

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

(E) PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

(F) INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment, if any.

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

Estimated useful life of software considered is 5 years.

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

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022 (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 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.

Minimum Alternate Tax

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

(J) PROVISIONS AND CONTINGENCIES

Provisions

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

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

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

Warranty (Trade Guarantees)

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

Contingencies

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

(K) FINANCIAL INSTRUMENTS

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

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through Other Comprehensive Income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component

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

(K) FINANCIAL INSTRUMENTS (contd.)

or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (A) Revenue from contracts with customers and (B) Contract Balances.

Subsequent measurement

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

- **Financial assets at amortised cost**

  Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and 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.

- **De-recognition**

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

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

- **Classification as debt or equity**

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

- **Equity instruments**

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

- **Subsequent measurement**

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

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

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

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

  Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss 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.

(K) FINANCIAL INSTRUMENTS (contd.)

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

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

(b) Non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

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

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss.

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

(M) CASH AND CASH EQUIVALENTS

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

(N) EARNING PER SHARE (EPS)

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

(O) SEGMENT REPORTING

Segments are identified based on the manner in which the Chief Operating Decision-Maker (CODM) decides about the resource allocation and reviews performance. The Board of Director has been identified as the CODM.

The Company is engaged solely 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 etc including supply of materials which constitute its only business and primary segment.

(P) BORROWING COST

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(Q) INVENTORY

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

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

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

(R) DIVIDEND

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

(S) OPERATING CYCLE

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

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is treated as current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

2A. Recent Pronouncements issued but not yet effective

There are no new standards that are notified, but not yet effective, up to the date of issuance of the Company's financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS ESTIMATES AND ASSUMPTIONS

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

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

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Construction contracts

Cost to complete

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

Percentage of completion

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

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

Impairment of financial assets

The Company's Management reviews periodically items classified as receivables to assess whether a provision for impairment should be recorded in the Statement of Profit and Loss. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty. Details of impairment provision on trade receivable and contract assets are given in Note 10 and Note 12.

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 29.

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 33.

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 re-assessment may result in change in depreciation and amortisation expense in future periods.

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

4. Property, plant and equipment (Owned, unless otherwise stated) and Intangible assets

₹ In Lakhs

	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	Total	Intangible Asset (Software)	Grand Total
Gross carrying amount							
As at 1st April, 2020	47.01	18.18	94.79	18.42	178.41	58.39	236.80
Additions	0.48	13.67	13.03	—	27.18	—	27.18
Disposals/transfer	—	—	—	—	—	—	—
As at 31st March, 2021	47.49	31.85	107.82	18.42	205.59	58.39	263.98
Gross carrying amount							
As at 1st April, 2021	47.49	31.85	107.82	18.42	205.59	58.39	263.98
Additions	—	1.96	6.89	—	8.85	—	8.85
Disposals/transfer	—	—	—	—	—	—	—
As at 31st, March 2022	**47.49**	**33.81**	**114.71**	**18.42**	**214.44**	**58.39**	**272.83**
Accumulated Depreciation							
As at 1st April, 2020	24.03	8.77	52.86	17.56	103.22	53.32	156.54
Charge for the year	5.12	2.06	22.84	—	30.02	0.94	30.96
Disposals/transfer	—	—	—	—	—	—	—
As at 31 March, 2021	29.15	10.83	75.70	17.56	133.24	54.26	187.50
Accumulated Depreciation							
As at 1st April, 2021	29.15	10.83	75.70	17.56	133.24	54.26	187.50
Charge for the year	4.38	2.35	25.90	—	32.63	0.94	33.57
Disposals/transfer	—	—	—	—	—	—	—
As at 31st March, 2022	**33.53**	**13.18**	**101.60**	**17.56**	**165.87**	**55.20**	**221.07**
Net carrying amount as at 31st March, 2022	**13.96**	**20.63**	**13.11**	**0.86**	**48.57**	**3.19**	**51.76**
Net carrying amount as at 31st March, 2021	18.34	21.02	32.12	0.86	72.35	4.13	76.48

The above assets are hypothecated and mortagaged against the sanctioned bank limits. (Refer Note 28)

5. Other financial assets (At amortised cost)

		₹ in Lakhs	As at 31-3-2021 ₹ in Lakhs
(A)	**Non-current**		
	Deposits (Credit impaired)	**59.82**	59.82
		59.82	59.82
	less : Impairment allowance (Credit impaired)	**59.82**	59.82
	Balance held as margin money with bank *	**10.86**	10.54
		10.86	10.54
	* The balances are lien marked and thus classified as non-current		
(B)	**Current (Unsecured, Considered good)**		
	Other receivables and deposits(Unsecured, Considered good)	**110.64**	24.40
	Claims receivable from customer	**198.01**	203.25
	less: Allowance for other claim receivable	**175.14**	32.61
		133.51	195.04

Note: The above assets have been pledged as security against the sanctioned bank limits, the details relating to which have been described in Note 28.

Footnote: Claims receivable from customer includes receivable from holding company of ₹ 22.87 lakhs (March 2021: ₹ 28.12 Lakhs)

6. Income tax assets (Net)

		As at 31-3-2021
	₹ in Lakhs	₹ in Lakhs
Advance income tax (Net)	**272.68**	—
	272.68	—

7. Deferred tax assets (Net)

		As at 31-3-2021
	₹ in Lakhs	₹ in Lakhs
MAT Credit entitlement	**1,630.87**	1,357.55
Deferred Tax Assets	**1,748.81**	2,182.88
	3,379.68	3,540.43

8. Other assets (Unsecured, considered good unless otherwise stated)

		As at 31-3-2021
	₹ in Lakhs	₹ in Lakhs
(A) Non-current		
Advance to suppliers (Credit impaired)	**27.07**	25.37
Advances to employees (Credit impaired)	**34.79**	34.79
Less : Impairment allowance (Credit impaired)	**61.86**	60.16
Deposits for tax and other statutory dues	**819.69**	822.93
	819.69	822.93
(B) Current		
Advance to suppliers	**460.39**	1,003.71
Advances to employees	**9.31**	9.46
Balance with statutory and government authorities	**4,719.35**	3,029.51
Prepaid expenses	**25.92**	90.54
Gratuity fund (Refer Note 33)	**12.78**	1.24
Other	**—**	10.00
	5,227.75	4,144.46

Note: The above assets have been pledged as security against the sanctioned bank limits, the details relating to which have been described in Note 28.

9. Inventory (At cost or net realisable value whichever is less)

		As at 31-3-2021
	₹ in Lakhs	₹ in Lakhs
(a) Raw material [refer footnote (ii)]	**47.63**	47.63
Less: Provision for diminution in raw materials [refer footnote (iii)]	**23.28**	—
	24.35	47.63
(b) Finished goods [refer footnote (ii)]	**6.06**	23.62
Less: Provision for diminution in finished goods [refer footnote (iii)]	**6.06**	—
(c) Traded goods	**22.36**	—
	46.71	71.25

Footnotes:

(i) The above assets have been pledged as security against the sanctioned bank limits, the details relating to which have been described in Note 28.

(ii) Raw materials and finished goods are lying with the sub-contractors for which the Company has received confirmations as at reporting date.

(iii) During the year ended 31st March, 2022, ₹ 29.34 lakhs (31st March, 2021: Nil) was recognised as an expense for inventories carried at net realisable value.

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

10. Trade Receivables (Unsecured)

	₹ in Lakhs	As at 31-3-2021 ₹ in Lakhs
Trade receivables	**9,638.91**	11,800.07
Less: Impairment Allowance	**3,667.68**	3,516.99
Net Trade Receivables	**5,971.23**	8,283.08

Footnotes:

(1) Trade Receivables — breakup of security details

	₹ in Lakhs	As at 31-3-2021 ₹ in Lakhs
(i) Trade Receivable — considered good	**6,019.37**	10,118.73
(ii) Trade Receivables — credit impaired	**3,619.54**	1,681.34
	9,638.91	11,800.07
Less : Impairment allowance	**3,667.68**	3,516.99
	5,971.23	8,283.08

(2) Gross receivable includes receivable from holding company of Nil. (March 2021: ₹ 4,122.21 lakhs)

(3) Trade receivables are non interest bearing and are generally on terms of 30 days in case of receivable from holding company. For third party customers, payment is generally on completion of milestones as per terms of contracts.

(4) 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.

(5) Trade receivables have been pledged as security against the sanctioned bank limits, the details relating to which have been described in Note 28.

(6) Ageing of trade receivables:

(₹ In Lakhs)

	Outstanding from due date of payment As at 31st March, 2022		
	Unsecured, considered good	**Credit impaired**	**Total**
< 6 months	1,212.48	—	1,212.48
6 months- 1 year	215.00	—	215.00
1-2 years	18.71	75.48	94.19
2-3 years	13.32	338.08	351.40
> 3 years	—	3,205.98	3,205.98
Current but not due	4,559.86	—	4,559.86
Total	**6,019.37**	**3,619.54**	**9,638.91**

(₹ In Lakhs)

	Outstanding from due date of payment As at 31st March, 2021		
	Unsecured, considered good	Credit impaired	Total
< 6 months	5,695.01	12.70	5,707.71
6 months- 1 year	577.43	10.62	588.05
1-2 years	170.90	202.65	373.55
2-3 years	125.57	122.08	247.66
> 3 years	2,158.70	1,333.29	3,491.99
Current but not due	1,391.12	—	1,391.12
Total	10,118.73	1,681.34	11,800.07

11. Cash and Cash equivalents

	₹ in Lakhs	As at 31-3-2021 ₹ in Lakhs
- Balances with bank in current account	**1,610.15**	838.97
- Deposits with original maturity of less than three months	**6,500.00**	—
	8,110.15	838.97

Footnote:

Short-term deposits are interest bearing and made for 7 days, depending on the immediate cash requirements of the Company.

12. Contract assets (Unsecured)

	₹ in Lakhs	As at 31-3-2021 ₹ in Lakhs
Amount due from customers under construction contracts	**9,895.19**	15,554.94
Less: Impairment Allowance	**548.67**	527.47
	9,346.52	15,027.47

Footnotes:

(1) Contract assets - breakup of security details

(i) Contract assets - unsecured, considered good	**9,346.52**	15,546.09
(ii) Contract assets - unsecured, credit impaired	**548.67**	8.84
	9,895.19	15,554.94
Less: Impairment Allowance	**548.67**	527.47
	9,346.52	15,027.47

(2) Gross amount due from customers under construction contracts includes receivable from holding company of ₹ 8,278.90 lakhs (March 2021: ₹ 10,310.26 lakhs)

(3) Contract assets are initially recognised for revenue earned from construction contract as receipt of consideration 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.

(4) The Company has used a practical expedient by computing the ECL allowance for trade receivables and contract assets based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates based on terms of contract with holding company/customer.

(5) The contract assets balances as at 31st March, 2022 have decreased as compared to 31st March, 2021 on account of billing done by the Company basis certification from the customers.

	₹ in Lakhs	As at 31-3-2021 ₹ in Lakhs
(6) **Movement in expected credit loss allowance on trade receivable and contract assets**		
Balance at the beginning of the year	**4,044.45**	4,169.42
Add : Allowance during the year (Refer Note 26)	**171.89**	433.89
Less: Adjustment on account of collection from impaired solar business receivable	**—**	558.86
Balance at the end of the year	**4,216.34**	4,044.45

(7) Contract assets have been pledged as security against sanctioned bank limits, the details relating to which have been described in Note 28.

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

13. Equity share capital

	₹ in Lakhs	As at 31-3-2021 ₹ in Lakhs
Authorised Share Capital		
1,47,30,00,000 (31st March, 2021: 17,50,00,000) equity shares of ₹ 10 each	**1,47,300.00**	17,500.00
1,27,00,000 (31st March, 2021: 127,00,000) preference shares of ₹ 100 each	**12,700.00**	12,700.00
	1,60,000.00	30,200.00
Issued, subscribed and paid up shares:		
15,18,25,782 (31st March, 2021: 15,18,25,782) equity shares of ₹ 10 each	**15,182.58**	15,182.58
	15,182.58	15,182.58

Footnotes:

(i) The Company has one class of Equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share. In the event of liquidation of the Company, the Equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by shareholders.

(ii) During the year, the Authorised Share Capital of the Company was increased from ₹ 302 crores to ₹ 1,600 crores by creation of additional 1,29,80,00,000 Equity shares of ₹ 10 each vide Special Resolution passed by the shareholders at the Extra-Ordinary General Meeting of the Company held on 16th March, 2022. The present Authoried Share Capital of the Company is ₹ 1,600 crores divided into 1,47,30,00,000 Equity shares of ₹ 10 each and 1,27,00,000 - 0.01% CRPS of ₹ 100 each.

(iii) The Board of Directors at their Meeting held on 2nd December, 2020 authorised the Rights issue for cash at par aggregating to ₹ 15,000 lakhs in the ratio of 15,00,00,000 Equity shares of ₹ 10 each for 18,25,782 existing Equity shares of ₹ 10 each to the shareholder of the Company. Pursuant to realisation of share application money, the Company has issued and allotted 15,00,00,000 Equity shares of ₹ 10 each to Voltas Limited on 5th January, 2021.

(iv) Reconciliation of the shares outstanding at the beginning and at the end of the year.

	No. of Shares	₹ In Lakhs
As at the beginning of the year	**15,18,25,782**	**15,182.58**
As at the end of the year	**15,18,25,782**	**15,182.58**
	As at 31st March, 2021	
As at the beginning of the year	18,25,782	182.58
Add: Issue of Equity share capital	15,00,00,000	15,000.00
As at the end of the year	15,18,25,782	15,182.58

(v) Details of shares held by holding company and shareholders holding more than 5% shares in the Company.

	As at 31st March, 2022	
	No. of Shares	**% of Holding**
Equity shares of ₹ 10 each fully paid		
Voltas Limited (holding company)	**15,18,25,775**	**100%***
	As at 31st March, 2021	
Equity shares of ₹ 10 each fully paid		
Voltas Limited (holding company)	15,18,25,775	100%*

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

(vi) As per records of the Company, no calls remained unpaid by the Director and Officers of the Company as on 31st March, 2022 (31st March, 2021: Nil).

14. Other equity

			As at March 31,2021
		₹ in Lakhs	₹ in Lakhs
(a)	General Reserve	**2,053.76**	2,053.76
(b)	Securities premium	**341.13**	341.13
(c)	Additional capital contribution	**4,053.99**	4,053.99
(d)	Retained earnings	**(6,321.44)**	(7,104.48)
		127.44	(655.60)

	Movement in other Equity		
(a)	**General Reserve**		
	Balance at the beginning of the year	**2,053.76**	2,053.76
	Less: 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**	492.43
	Less: Share issue expenses	**—**	151.30
	Balance at the end of the year	**341.13**	341.13
(c)	**Additional capital contribution**		
	Balance at the beginning of the year	**4,053.99**	8,244.08
	Adjustment of equity component of liability on repayment of preference share capital (recognised as per Ind AS 109)	**—**	(4,190.09)
	Balance at the end of the year	**4,053.99**	4,053.99
(d)	**Retained earnings**		
	Balance at the beginning of the year	**(7,104.48)**	(8,090.15)
	Net Profit for the year	**770.28**	972.35
	Remeasurement of post employment benefit obligation	**12.76**	13.33
	Balance at the end of the year	**(6,321.44)**	(7,104.48)

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) Additional capital contribution

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

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

During the previous year, 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 shareholders. Based on the realisation of share application money from Rights issue of Equity shares, 0.01% CRPS are redeemed by the Company at par for ₹ 12,700 lakhs. The difference between the carrying value of Preference share liability of ₹ 8,510 lakhs and redemption amount of ₹ 12,700 lakhs amounting to ₹ 4,190 lakhs was adjusted in Other Equity.

(d) Retained earnings

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

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

15. Provisions

	₹ in Lakhs	As at 31-3-2021 ₹ in Lakhs
Non-Current		
Provision for compensated absences	**21.97**	18.21

16. Trade Payables

	₹ in Lakhs	As at 31-3-2021 ₹ in Lakhs
Trade Payables		
(a) total outstanding dues of micro enterprises and small enterprises	**724.95**	943.39
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	**14,899.87**	15,493.72
	15,624.82	16,437.11

Footnotes:

(1) Breakup of Trade payables:

₹ in Lakhs

Particulars	**Outstanding from due date of payment As at 31st March, 2022**		
	MSME	**Other than MSME**	**Total**
Current but not due	—	**5,605.54**	**5,605.54**
< less than 1 year	**690.65**	**6,721.73**	**7,412.38**
1-2 years	**6.28**	**955.75**	**962.03**
2-3 years	**16.80**	**791.23**	**808.03**
More than 3 years			
- Other than disputed	**11.22**	**799.97**	**811.19**
- Disputed	—	**25.65**	**25.65**
Total	**724.95**	**14,899.87**	**15,624.82**

Particulars	Outstanding from due date of payment As at 31st March, 2021		
	MSME	Other than MSME	Total
Current but not due	—	7,655.04	7,655.04
< less than 1 year	856.42	5,491.08	6,347.50
1-2 years	23.12	1,236.90	1,260.02
2-3 years	61.38	701.72	763.10
More than 3 years			
- Other than disputed	2.47	383.33	385.80
- Disputed	—	25.65	25.65
Total	943.39	15,493.72	16,437.11

Note 16 : Trade Payables (contd.)

(2) Micro, Small and Medium Enterprises Development Act, 2006

		₹ in Lakhs	As at 31-3-2021 ₹ in Lakhs
(i)	Principal amount remaining unpaid to any supplier	**724.95**	943.39
(ii)	Interest due on (i) above	—	—
(iii)	The amount of interest paid/ adjusted along with the amounts of the payment made to the supplier beyond the appointed day.	—	—
(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, Small and Medium Enterprises	—	—
	- Principal	**724.95**	943.39
	- Interest	—	—
		724.95	943.39

17. Provisions

	₹ in Lakhs	As at 31-3-2021 ₹ in Lakhs
Current		
Provision for compensated absences	**7.04**	5.30
Provision for pending sales tax forms	**149.38**	149.38
Provision for trade guarantee	**6.62**	—
	163.04	154.68

Footnotes:

(i) Provision for trade guarantee

	₹ in Lakhs	As at 31-3-2021 ₹ in Lakhs
Opening balance	—	—
Add: Additional provision recognised during the year	**6.62**	—
Less: Utilisation/Reversals	—	—
Closing balance	**6.62**	—

(ii) Provision for pending sales tax forms

	₹ in Lakhs	As at 31-3-2021 ₹ in Lakhs
Opening balance	**149.38**	139.74
Add: Additional provision recognised during the year (Refer Note 26)	—	9.64
Less: Utilisation/Reversals	—	—
Closing balance	**149.38**	149.38

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

18. Other current liabilities

	₹ in Lakhs	As at 31-3-2021 ₹ in Lakhs
Statutory dues (withholding taxes, GST, etc.)	**30.18**	41.11
Other Current Liabilities	**1.06**	0.82
	31.24	41.93

19. Contract Liabilities

	₹ in Lakhs	As at 31-3-2021 ₹ in Lakhs
Amount due to customers under construction contracts	**1,777.23**	1,403.40
Advance received from customers	**442.22**	202.99
	2,219.45	1,606.39

Footnote:

(i) Amount due to customers under construction contracts & advance received from customers includes amounts to holding company of ₹ 2,704.07 lakhs (March 2021: ₹ 769.58 lakhs)

(ii) The outstanding balances of the contract liabilities as at 31st March, 2022 are higher on account of advance received from customers/billing done as per the terms of contracts in new projects.

20. Current tax liabilities

	₹ in Lakhs	As at 31-3-2021 ₹ in Lakhs
Current tax liabilities (net)	**—**	225.35

21. Revenue from operations

	₹ in Lakhs	2020-21 ₹ in Lakhs
(A) Revenue from Contracts with customers:		
Construction contract revenue	**39,424.23**	32,216.69
Sale of product	**62.92**	—
	39,487.15	32,216.69
(B) Other operating revenue:		
Unclaimed credit balances written back	**9.58**	60.37
Sale of scrap	**247.54**	52.96
	257.12	113.33
	39,744.27	32,330.02

Footnote:

Entire revenue from contracts with customers is within India

22. Other income

	₹ in Lakhs	2020-21 ₹ in Lakhs
Interest Income on:		
Income tax refund	—	19.06
On deposits with banks	**14.20**	7.75
	14.20	26.81

23. (Increase)/descrease in inventories of finished goods

	₹ in Lakhs	2020-21 ₹ in Lakhs
Finished goods at the end of the year (Refer Note 9)	**22.36**	23.62
Finished Goods at the beginning of the year	**(23.62)**	(29.40)
	1.26	5.78

24. Employee benefits expense

	₹ in Lakhs	2020-21 ₹ in Lakhs
Salaries, wages and bonus	**1,613.85**	1,938.32
Company's contribution to provident and other funds	**44.56**	66.39
Gratuity expense (Refer Note 33)	**12.59**	19.18
Staff welfare expenses	**95.27**	37.76
	1,766.27	2,061.65

25. Finance costs

	₹ in Lakhs	2020-21 ₹ in Lakhs
Interest expense on preference shares	—	589.38
Interest expense - bank borrowings and others	**66.21**	345.79
Interest on Income tax	—	10.50
	66.21	945.67

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

26. Other expenses

	₹ in Lakhs	2020-21 ₹ in Lakhs
Outside service charges	**1,322.15**	699.03
Travelling and conveyance	**107.42**	49.48
Insurance charges	**264.46**	279.54
Rates and taxes	**35.27**	30.79
Rent	**169.14**	199.29
Printing and stationery	**16.44**	19.69
Legal and professional charges	**71.51**	73.08
Payment to statutory auditors (Refer Note 27)	**29.05**	25.10
Power and fuel	**48.52**	17.05
Expected credit loss for trade receivable and contract assets	**171.89**	433.89
Allowance for doubtful debts and advances *	**109.05**	0.77
Hire charges	**309.57**	333.60
Provision for pending sales tax forms	**—**	9.65
Bank charges	**97.81**	105.10
Miscellaneous expenses #	**187.26**	101.38
	2,939.54	2,377.44

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

Includes Sitting fees and commission to Non-Executive Directors of ₹ 43.70 lakhs (Previous year: ₹ 6.40 lakhs)

27. Payment to statutory auditors

	₹ in Lakhs	2020-21 ₹ in Lakhs
To statutory auditors for:		
(i) Audit Fees (including tax audit fees)	**28.00**	25.00
(ii) Other services	**1.05**	—
(ii) Reimbursement of expenses	**—**	0.10
	29.05	25.10

28. Sanction facilities available from the bank

(i) Loans repayable on demand

The Company has obtained the following credit facilities from banks aggregating to ₹ 1,35,000 lakhs (including fund based ₹ 55,000 lakhs and non fund based limits ₹ 80,000 lakhs) (Previous year: fund based ₹ 35,000 lakhs and non fund based limits ₹ 30,000 lakhs) which are repayable on demand.

28. Sanction facilities available from the bank (contd.)

Break-up of the facilities	₹ in Lakhs	As at 31-3-2021 ₹ in Lakhs
Overdraft facility from ICICI Bank (Effective interest rate 7.05%)		
Sanction Amounts		
- Fund based	**25,000.00**	15,000.00
- Non-fund based	**50,000.00**	30,000.00
Utilised Amounts		
- Fund based	**—**	—
- Non-fund based	**8,709.56**	24,828.88
Working capital demand loan facility from Kotak Bank (Effective interest rate in range of 5.10% to 7.75%)		
Sanction Amounts		
- Fund based	**20,000.00**	20,000.00
- Non-fund based	**—**	—
Utilised Amounts		
- Fund based	**—**	—
- Non-fund based	**—**	—
Working capital demand loan facility from Axis Bank (Effective interest rate 4.50%)		
Sanction Amounts		
- Fund and Non-fund based	**40,000.00**	—
Utilised Amounts		
- Fund and Non-fund based	**9,393.59**	—

Notes

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

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

(c) There are no outstanding fund based borrowing as at 31st March, 2022 and 31st March, 2021.

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

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

29. Commitments and Contingencies

		₹ in Lakhs	As at 31-3-2021 ₹ in Lakhs
(a)	Claims against the Company not acknowledged as debts :		
	Contractual matters in the course of business (in respect of cases filed by Vendors)	**64.15**	64.15
	Taxes, Cess and Duties*	**1,102.35**	1,406.11
		1,166.50	1,470.26

* All the assessments of income taxes are complete and these matters only include indirect taxes such as sales tax, etc.

(b) The Company has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in these financial statements.

(c) Liquidated damages, except to the extent provided, for delay in delivery of goods/execution of projects : Amount indeterminate.

(d) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of the SC order. The Company will update its provision, on receiving further clarity on the subject.

(e) The Company does not have any capital commitments.

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

30. Segment reporting

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

(1) The Company is engaged solely 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, MEP projects etc. including supply of materials which constitute its only business and primary segment.

(2) Revenue from 2 customers for the year ended 31st March, 2022 is ₹ 24,769.94 lakhs (Previous year: revenue from 3 customers agrregating ₹ 31,392.78 lakhs) accounted for more than 10% of the Company's total revenue.

(3) All non-current operating assets of the Company are located within India.

31. Earnings Per Share

		As at 31-3-2021
Profit attributable to equity holders (₹ in Lakhs)	**770.28**	972.35
Weighted average number of Equity Shares	**15,18,25,782**	3,71,68,248
Basic and Diluted Earnings per share of ₹10 each (in ₹)	**0.51**	2.62

32. Related Party Transactions

A. List of related party and relationships

Sl. No.	**Party**	**Relation**
i.	Voltas Limited	Holding Company
ii.	Tata Sons Private Limited	Ultimate parent company
iii.	Tata Consultancy Services Limited	Ultimate parent company has significant control
iv.	Mr. Pradeep Kumar Bakshi, Managing Direcctor	Key Managerial Person
	Mr. Ajay Pandya, Chief Financial Officer (w.e.f. 21st October, 2021)	
	Mr. Viral Sarvaiya, Chief Financial Officer (up to 21st October, 2021)	
v.	Mr. Anil George, Chairman (upto 15th September, 2021)	Non Executive Directors
	Mr. Vinayak Deshpande, Chairman (w.e.f. 15th September, 2021)	
	Mr. Debendranath Sarangi	
	Mr. Shreeharsha V Phene	
	Ms. Sandhya Shailesh Kudtarkar	
	Dr. Anoop Kumar Mittal (w.e.f. 28th April, 2021)	

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

32. Related Party Transactions (contd.)

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

(₹ In Lakhs)

Sl. no.	Year	Transactions	Holding company	Ultimate parent company has significant control	Non Executive Directors
1	2021-22	Construction contract revenue (against which billed ₹ 10,002 lakhs; Previous year : ₹ 15,763 lakhs)	9,868.33	—	—
	2020-21		15,856.98	—	—
2	2021-22	Reimbursement/ (Recovery) of staff cost (net)* and other expenses #	1,563.93	—	—
	2020-21		837.37	—	—
3	2021-22	Interest Expense	—	—	—
	2020-21		589.38	—	—
4	2021-22	Purchase of property, plant and equipment	—	—	—
	2020-21		1.32	2.11	—
5	2021-22	Sitting Fees and Commission	—	—	43.70
	2020-21		—	—	6.40
6	2021-22	Issue of Equity share capital	—	—	—
	2020-21		15,000.00	—	—
7	2021-22	Redemption of preference share capital	—	—	—
	2020-21		12,700.00	—	—
8	2021-22	Debit closing balance at the end of the year (refer footnote iii)	8,301.77	—	—
	2020-21		14,460.59	—	—
9	2021-22	Credit closing balance at the end of the year (refer footnote iv)	3,395.86	—	35.00
	2020-21		1,162.05	4.84	—

*Includes reimbursement of cost related to Key Managerial Personnel who have been seconded from holding company and amount paid is in compliance with section 197 of the Companies Act, 2013. [March 2022: ₹ 7.99 lakhs (March 2021: ₹ 50.22 lakhs)]. Therefore, no separate disclosures for KMP has been given.

Includes rent, facility management, professional charges and project related expenses.

Footnotes:

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

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

(iii) Debit closing balance at the end of the year includes unsecured, interest free - trade receivables - ₹ Nil (March 2021: ₹ 4,122.21 lakhs), other financial assets - ₹ 22.87 lakhs (March 2021: ₹ 28.12 lakhs), amount due from customers under construction contracts - ₹ 8,278.90 lakhs (March 2021: ₹ 10,310.26 lakhs) which would be settled in cash.

(iv) Credit closing balance at the end of the year includes trade payables (Net off advance) - ₹ 691.79 lakhs (March 2021: ₹ 422.47 lakhs), amount due to customers under construction contracts - ₹ 542.65 lakhs (March 2021: ₹ 769.58 lakhs) and advance received from customers ₹ 2,161.42 lakhs (March 2021: ₹ Nil).

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

33. Employee benefits expense

(i) Defined Contribution plans

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

The total expense recognised in the Statement of Profit and Loss of ₹ 44.56 lakhs (for the year ended 31st March, 2021: ₹ 66.39 lakhs) represents contributions payable to this plan.

(ii) Defined benefit plans

The Company's liabilities towards gratuity schemes are determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Actuarial gains and losses based on valuation done by the independent actuary carried out quarterly are recognised immediately in the other comprehensive income. Obligation is measured at the present value of the estimated future cash flows using a discounted rate that is determined by reference to market yields of Government bonds at the Balance Sheet date where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation. The Gratuity plan of the Company is funded.

No other post-retirement benefits are provided to these employees.

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

		As at 31-3-2021
Discount rate(s)	**6.49%**	6.49%
Expected rate(s) of salary increase	**5.00%**	5.00%
Attrition rate	**12.00%**	12.00%
Mortality rate during employement	*	*

* Based on Indian Assured Lives Mortality (2012-14) Urban with modification to reflect expected changes in mortality/others.

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

	₹ in Lakhs	2020-21 ₹ in Lakhs
Current service cost	**12.67**	17.83
Net interest expense	**(0.08)**	1.35
Components of defined benefit costs recognised in Statement of Profit and Loss	**12.59**	19.18

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

	₹ in Lakhs	2020-21 ₹ in Lakhs
Actuarial (gains) / losses arising from changes in financial assumptions	**6.30**	(3.06)
Actuarial (gains) / losses arising from changes in demographic assumptions	**(0.01)**	—
Actuarial (gains) / losses arising from experience adjustments	**(25.59)**	(16.13)
Actual return on plan assets less interest on plan assets	**(0.30)**	(1.29)
Components of defined benefit costs recognised in other comprehensive income*	**(19.61)**	(20.48)

* Net of income tax effect is ₹ 12.76 lakhs (March 2021: ₹ 13.33 lakhs), which includes tax of ₹ 6.85 lakhs (March 2021: ₹ 7.15 lakhs)

33. Employee benefits expense (contd.)

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

	₹ in Lakhs	2020-21 ₹ in Lakhs
Opening defined benefit obligation	**47.74**	48.86
Current service cost	**12.67**	17.83
Interest cost	**3.09**	3.22
Remeasurement (gains)/losses:		
Actuarial (gains) / losses arising from changes in financial assumptions	**6.30**	(3.06)
Actuarial (gains) / losses arising from changes in demographic assumptions	**(0.01)**	—
Actuarial (gains) / losses arising from experience adjustments	**(25.59)**	(16.13)
Benefits paid	**(2.01)**	(2.99)
Closing defined benefit obligation	**42.18**	47.74

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

	₹ in Lakhs	2020-21 ₹ in Lakhs
Opening fair value of plan assets	**48.97**	28.37
Interest income	**3.18**	1.87
Remeasurement gain / (loss):		
Actual return on plan assets less interest on plan assets	**0.30**	1.29
Contributions from the employer	**2.51**	20.43
Benefits paid	—	(2.99)
Closing fair value of plan assets	**54.96**	48.97

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:

	₹ in Lakhs	2020-21 ₹ in Lakhs
Present value of funded defined benefit obligation at the end of the period	**(42.18)**	(47.74)
Fair value of plan assets at the end of the period	**54.96**	48.97
Net (liability)/asset arising from defined benefit obligation [Refer Note 8(B)]	**12.78**	1.24

(g) Sensitivity analysis:

	₹ in Lakhs	2020-21 ₹ in Lakhs
Projected benefit obligation on current assumptions	**42.18**	47.74
Delta effect of +1% change in rate of discounting	**(2.58)**	(3.01)
Delta effect of -1% change in rate of discounting	**2.91**	3.40
Delta effect of +1% change in rate of salary increase	**2.85**	3.42
Delta effect of -1% change in rate of salary increase	**(2.57)**	(3.08)
Delta effect of +1% change in rate of employee turnover	**(0.57)**	(0.36)
Delta effect of -1% change in rate of employee turnover	**0.59**	0.33

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.

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

33. Employee benefits expense (contd.)

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

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

The average duration of the benefit obligation for active members as at 31st March, 2022 is 7 years (as at 31st March, 2021: 7 years). There were no deferred or retired members.

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

	₹ In Lakhs	2020-21 ₹ in Lakhs
Within 1 year	**2.34**	2.77
Between 1 and 2 years	**3.46**	3.24
Between 2 and 3 years	**4.10**	5.33
Between 3 and 4 years	**4.03**	5.94
Between 4 and 5 years	**4.13**	5.54
Beyond 5 years	**24.12**	24.91

34. Going concern basis

The Company has incurred substantial amount of losses in earlier years resulting in negative retained earnings.

The Company is in a revival phase from last few years based on the new contracts received and executed by the Company. The financial statements of the Company have been prepared on a going concern basis considering following factors :

- The holding company supports the Company by way of infusion of funds from time to time and issuing corporate guarantees whenever required to obtain credit facilities from bank and financial institutions; and

- Expected cash flows and profitability from open orders amounting ₹ 49,728.78 lakhs as on the reporting date available with the Company.

35. Deferred tax assets and Reconciliation of tax expense

	₹ In Lakhs	As at 31-3-2021 ₹ In Lakhs
(a) Deferred tax assets	**3,379.68**	3,540.43
Reconciliation of deferred tax assets (net):		
Opening balance	**3,540.43**	3,931.18
Tax expense during the period recognised in profit or loss	**(153.90)**	(383.60)
Tax income/(expense) during the period recognised in OCI	**(6.85)**	(7.15)
Closing balance	**3,379.68**	3,540.43

(b) The balance comprise temporary differences attributable to:

(₹ In Lakhs)

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

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

	As at 31-3-2020	(Charged) / credited to Statement of Profit and Loss	(Charged)/ credited to OCI	As at 31-3-2021
Allowance for receivables, loans and advances	1,254.76	151.89	—	1,406.65
Provision for employee benefits	16.64	(1.27)	(7.15)	8.22
Estimated loss on projects	2.02	15.04	—	17.06
Provision for pending sales tax forms	48.83	3.37	—	52.20
Property, plant and equipment and intangible assets	19.75	0.12	—	19.87
Expenditure inadmissible u/s 40(a)	4.33	(4.33)	—	—
Unutilised brought forward loss and unabsorbed depreciation	1,694.07	(1,015.19)	—	678.88
MAT credit entitlement	890.77	466.78	—	1,357.55
Deferred Tax Assets	3,931.18	(383.60)	(7.15)	3,540.43

(c) Reconciliation of tax expense and accounting profit multiplied by India's Domestic rate for 31st March, 2022 and 31st March, 2021

(₹ in Lakhs)

		2020-21
Profit before tax	**1,197.50**	1,822.73
India's Statutory income tax rate (Refer footnote)	**34.94%**	34.94%
Income tax expense at India's Statutory income tax rate	**418.45**	636.93
Effect of adjustments to reconcile the expected tax expenses to reported income tax expense		
Effect of non-deductible expenses	—	205.95
Others	**8.77**	7.49
Tax expense as per the Statement of Profit and Loss	**427.22**	850.38

Footnotes:

The Company has carried forward business loss, unabsorbed depreciation, total MAT credit entitlement and other deductible differences and is liable to tax under section 115JB of the Income-tax Act, 1961.

On 20th September, 2019, vide the Taxations Laws (Amendment) Act 2019, the Government of India inserted Section 115BAA in the Income-tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective from 1st April, 2019, subject to certain condition. Based on the current assessment performed by Management, the Company plans to pay tax under the pre-amendment rate and accordingly no impact has been considered in current financial statements for the new tax rate. The Company will continue to re-evaluate its position at periodic intervals.

36. Disclosures under Ind AS 115

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

Sl. No.	Particulars	**₹ In Lakhs**	As at 31-3-2021 ₹ In Lakhs
(a)	Amounts included in contract liabilities at the beginning of the year	**1,602.17**	304.43
(b)	Performance obligations satisfied in previous years	**—**	—

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

Sl. No.	Particulars	**₹ In Lakhs**	As at 31-3-2021 ₹ In Lakhs
	Revenue as per contracted price	**31,369.19**	18,065.16
	Adjustments:		
	Add: (a) Unbilled on account of work under certification	**9,895.19**	15,554.94
	Less: (b) Billing in excess of contract revenue	**(1,777.23)**	(1,403.40)
	Revenue from contract with customers [Refer Note 21(A)]	**39,487.15**	32,216.69

(c) Performance obligation

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31st March, 2022 is of ₹ 49,728.78 lakhs (31st March, 2021: ₹ 57,015.26 lakhs), out of which, majority is expected to be recognised as revenue within a period of one year.

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

37. Financial instruments

(A) Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concern (as referred in Note 34) 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 maximise 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	Notes	**₹ In Lakhs**	As at 31-3-2021 ₹ In Lakhs
Debt			
Non -Current Borrowing		**—**	—
Current Borrowing		**—**	—
Less: Cash and cash equivalents	11	**(8,110.15)**	(838.97)
Net debt		**(8,110.15)**	(838.97)
Equity Share Capital	13	**15,182.58**	15,182.58
Other Equity	14	**127.44**	(655.60)
Total equity		**15,310.02**	14,526.98
Gearing ratio		*****	*

*Gearing ratio - is Nil in CY and PY considering Nil borrowings

The Management reviews the capital structure of the Company on a periodic basis. In order to achieve the overall objective, the Company amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call the overdraft balance and working capital demand loan. There are no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2022 and 31st March, 2021.

(B) Fair Value measurements

Financial instruments by category

(₹ In Lakhs)

Particulars	Notes No.	**31st March, 2022**			31st March, 2021		
		FVTPL	**FVTOCI**	**Amortised Cost**	FVTPL	FTVOCI	Amortised Cost
Financial assets							
Trade receivables	10	—	—	**5,971.23**	—	—	8,283.08
Cash and cash equivalents	11	—	—	**8,110.15**	—	—	838.97
Other financial assets							
- Other receivables and deposits	5B	—	—	**110.64**	—	—	24.40
- Claims receivable from customer	5B	—	—	**22.87**	—	—	170.63
- Others	5A	—	—	**10.86**	—	—	10.54
Total financial assets		—	—	**14,225.75**	**—**	**—**	9,327.62
Financial liabilities							
Trade payables	16	—	—	**15,624.82**	—	—	16,437.11
Total financial liabilities		—	—	**15,624.82**	**—**	**—**	16,437.11

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

37. Financial instruments (contd.)

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

(C) Finance risk Management : Objectives and Policies

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

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

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

(i) Credit risk management:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk for trade receivables, contract asset, cash and cash equivalents, investments, and other financial assets. The Company only deals with parties which have good credit rating/worthiness given by external rating agencies or based on Company’s internal assessment.

Credit risk on trade receivables and contract assets are managed by the Company in accordance of 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. Revenue from 2 customers for the year ended 31st March, 2022 is ₹ 24,769.94 lakhs (Previous year: revenue from 3 customers aggregating ₹ 31,392.78 lakhs) accounted for more than 10% of the Company's total revenue.

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

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

The carrying value of the financial assets represents the maximum credit exposure. The Company’s maximum exposure to Credit risk is disclosed in Note 37(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's short-term, medium-term and long-term funding and liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Maturities of financial liabilities:

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

The amounts disclosed in the table are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

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

37. Financial instruments (contd.)

(₹ In Lakhs)

Contractual maturities of financial liabilities (31st March, 2022)	**Notes No.**	**Up to 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**5 years and more**	**Total**
Non-derivatives						
Non current borrowings		—	—	—	—	—
Current borrowings		—	—	—	—	—
Trade payables	**16**	**15,624.82**	—	—	—	**15,624.82**
Total non-derivative liabilities		**15,624.82**	—	—	—	**15,624.82**
Contractual maturities of financial liabilities (31st March, 2021)	Notes No.	Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	5 years and more	Total
Non-derivatives						
Non current borrowings		—	—	—	—	—
Current borrowings		—	—	—	—	—
Trade payables	16	16,437.11	—	—	—	16,437.11
Total non-derivative liabilities		16,437.11	—	—	—	16,437.11

(iii) Market risk: Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate change does not affect significantly since the Company's exposure to borrowings and investment is Nil as at 31st March, 2022 and 31st March, 2021.

(iv) Foreign currency risk

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

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

Particulars	**Liabilities**	
	₹ In Lakhs	As at 31-3-2021 ₹ In Lakhs
United States Dollar (USD)	**25.44**	—

Foreign currency sensitivity

The following tables demonstrate the sensitivity of outstanding foreign currency denominated monetary items to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of financial assets and liabilities:

(₹ In Lakhs)

Particulars	**Effect on Profit before tax**		**Effect on equity**	
	₹ In Lakhs	As at 31-3-2021	**₹ In Lakhs**	As at 31-3-2021
USD +5%	**(1.27)**	—	**(0.83)**	—
USD -5%	**1.27**	—	**0.83**	—

38. Aggregation of expenses disclosed in Consumption of materials, cost of jobs and services, Employee benefit expense and Other expenses in respect of specific items is as follows: (Refer Notes 24 and 26)

(₹ In Lakhs)

Nature of expenses	For the year ended 31st March, 2022			
	Consumption of materials, cost of jobs and services	Employee benefit expense	Other expenses	Total
Employee benefit expense	—	**1,766.27**	**—**	**1,766.27**
	—	(2,061.65)	—	(2,061.65)
Legal and professional expenses	—	**—**	**71.51**	**71.51**
	—	—	(73.08)	(73.08)
Outside service charges	**43.17**	**—**	**1,322.15**	**1,365.32**
	(85.28)	—	(699.03)	(784.31)
Travelling and conveyance	**1.12**	**—**	**107.42**	**108.53**
	—	—	(49.48)	(49.48)
Printing and stationary	**0.20**	**—**	**16.44**	**16.64**
	(0.13)	—	(19.69)	(19.82)
Rent Expenses	**—**	**—**	**169.14**	**169.14**
	—	—	(199.29)	(199.29)
Insurance Charges	**13.65**	**—**	**264.46**	**278.11**
	—	—	(279.54)	(279.54)
Miscellaneous expenses	**14.39**	**—**	**187.26**	**201.66**
	(1.53)	—	(101.38)	(102.90)

Figures in brackets are of previous year.

39. Amount expected to be recovered or settled within 12 months and after 12 months

(₹ In Lakhs)

Particulars	Note No.	31-3-2022		31-3-2021	
		Within 12 months	**After 12 months**	Within 12 months	After 12 months
Inventories	9	**46.71**	**—**	71.25	—
Trade receivables	10	**5,971.23**	**—**	8,283.08	—
Cash and cash equivalents					
Balances with bank in current account	11	**1,610.15**	**—**	838.97	—
Deposits with original maturity of less than three months	11	**6,500.00**	**—**	**—**	—
Other financial assets					
Balance held as margin money with bank	5A	**—**	**10.86**	—	10.54
Claims receivable from customer	5B	**22.87**	**—**	170.63	—
Other receivables and deposits	5B	**110.64**	**—**	24.40	—
Other current assets					
Advance to suppliers	8B	**460.39**	**—**	1,003.71	—
Advances to employees	8B	**9.31**	**—**	9.46	—
Balance with statutory and government authorities	8B	**4,719.35**	**—**	3,029.51	—
Gratuity	8B	**12.78**	**—**	1.24	—
Prepaid expenses	8B	**25.92**	**—**	90.54	—
Others	8B	**—**	**—**	10.00	—
Other non current assets					
Income tax assets (net)	6	**—**	**272.68**	—	—
Deferred tax assets	7	**—**	**3,379.68**	—	3,540.43
Deposits for tax and other statutory dues	8A	**—**	**819.69**	—	822.93
Contract assets	12	**9,346.52**	—	15,027.47	—
Trade payables	16	**15,624.82**	—	16,437.11	—
Provisions	15/17	**163.04**	**21.97**	154.68	18.21
Other current liabilities					
Statutory dues (withholding taxes, GST etc.)	18	**30.18**	**—**	41.11	—
Other Current Liabilities	18	**1.06**	**—**	0.82	—
Contract Liabilities					
Amount due to customers under construction contracts	19	**1,777.23**	**—**	1,403.40	—
Advance received from customers	19	**442.22**	**—**	202.99	—
Current tax liabilities (net)	20	**—**	**—**	225.35	—

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

40. Financial Ratio Analysis

Sr	Ratio	Numerator	Denominator	31-3-2022	31-3-2021	% Change	Reason for variance/Remarks
1	Current ratio	Current Assets	Current Liabilities	**1.60**	1.55	3.35%	
2	Debt- Equity Ratio	Total Debt	Shareholder's Equity	—	—	0.00%	The Company has Nil borrowing as at 31st March, 2022 and 31st March, 2021. Hence, ratio is nil
3	Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses + Interest + Other adjustments	Debt service = Interest & Lease Payments + Principal Repayments of Long-term borrowings	—	—	0.00%	
4	Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	**0.05**	0.11	-53.78%	The Company had issued additional Equity share capital of INR 15,000 lakhs during January 2021. As the Equity share capital was issued in January 21, the average shareholders equity as at 31st March, 2021 was lower as compared to current year thereby resulting in decrease in the overall return on equity ratio.
5	Inventory Turnover ratio	Cost of goods sold	Average Inventory	—	—	0.00%	The business of the Company predominately relates to execution of long term construction contracts and hence there is limited inventories as at reporting date and hence such ratio is not computed.
6	Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return (excluding other operating income)	Average Trade Receivable	**5.54**	3.35	65.61%	Better collection from the customers resulted in improvement in trade receivable turnver ratio.
7	Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	**2.11**	1.74	21.08%	
8	Net Capital Turnover Ratio	Net sales = Total sales - sales return (excluding other operating income)	Working capital = Current assets – Current liabilities	**3.66**	3.19	14.59%	
9	Net Profit ratio	Net Profit	Net sales = Total sales - sales return (excluding other operating income)	**0.02**	0.03	-35.19%	Decrease in net profit ratio in current year is mainly due to cost overruns accounted in some of the projects thereby resulting in lower profit in current year.
10	Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	**0.08**	0.19	-56.69%	Decrease in return on capital employed in current year is mainly due to cost overruns accounted in some of the projects thereby resulting in lower profit in current year.
11	Return on Investment	Interest (Finance Income)	Investment	—	—	0.00%	The Company does not have investment and hence such ratio is not computed.

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

41. Corporate Social Responsibility

The Company is not required to spend any amount on CSR during the year 2021-22 in view of accumulated losses.

42. 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.

43. Proposed business acquisition

The Board of Directors at 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 of Voltas Limited' ('Parent Company') through slump sale on a going concern basis for a consideration in the range between ₹ 1000 crores to ₹ 1200 crores, based on the fair value of the businesses. This proposed business transfer was expected to be completed by end of September 2021 or such other date as may be mutually agreed between the Company and the parent company. Considering, the date of transfer has not yet been finalised due to pendency of certain procedural aspects, the impact of such transaction is not given in the accompanying financial statements.

44. Impact of COVID 19

The Company has carried out a comprehensive assessment of possible impact of the ongoing COVID 19 pandemic on its business operations, financial assets, contractual obligations and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. Management has assessed that the current lockdown situation and the associated restrictions in mobility of the resources could result in temporary delay in the execution of the projects. The Company does not foresee any significant incremental risk to the recoverability of its assets or in meeting its financial obligations over the foreseeable future and has performed an assessment of their project costs estimates in light of the impact on account of the lockdown, etc. Since the situations are continuously evolving, the impact assessed may be different from the estimates made as at the date of approval of these financial statements and Management will continue to monitor any material changes arising due to the impact of this pandemic on the financial and operational performance of the Company and take necessary measures to address the situation.

45. Reclassification of previous years figures

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

46. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on 26th April, 2022.

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

Dolphy D'Souza
Partner
Membership No. 38730

Place : Mumbai
Date : 26th April, 2022

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

Vishal Totla
Company Secretary

Place : Mumbai
Date : 26th April, 2022

HI-VOLT ENTERPRISES PRIVATE LIMITED

Directors

V. P. Malhotra
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, 2022.

Overview:

1. Hi-Volt Enterprises Private Limited was incorporated on 13th September, 2021 to engage in the business of sourcing, design, development, manufacturing, marketing, sale and service of Inverter Compressors and other components for Room Air Conditioners. 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 ₹ 1 lakh comprising 10,000 Equity Shares of ₹ 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 reported loss of ₹ 0.25 lakh for the period ended 31st March, 2022, primarily towards preliminary expenses and other standing charges.

4. **Dividend:**

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

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

   During the period under review, three Board Meetings were held on 14th September, 2021; 24th September, 2021 and 20th January, 2022.

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 period 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, 2022 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 2022-23 to 2026-27. 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, 2022 does not contain any qualification, reservation or adverse remarks.

10. **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.

11. **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 period ended 31st March, 2022. 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. Varun Prakash Malhotra, 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 14th September, 2021. 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, 2022 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 Operating 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, 2022 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.

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 2021-22:**

During 2021-22, Company has not given any loan/ guarantee or made investment under Section 186.

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

During 2021-22, 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 31st March, 2022.

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 Act.

On behalf of the Board of Directors

V. P. Malhotra
Dinesh Singh

Directors

Mumbai, 29th April, 2022

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, 2022 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 period 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, 2022, and total comprehensive loss (comprising of loss and other comprehensive loss), changes in equity and its cash flows for the period then ended.

Basis for Opinion

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

Other Information

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

   In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls. (Section 143(3(i) is not applicable to Private companies having turnover of less than ₹ 50 crores – Ref MCA Notification No.583(E) dated 13th June, 2017).

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

   - Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other legal and regulatory requirements

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

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

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

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

   (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 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 period ended 31st March, 2022.

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 period by the Company.

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

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

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

Karan Vishwakarma
Partner
Membership No. 183499
UDIN : 22183499AIHFUL2155

Mumbai, 29th April, 2022

ANNEXURE A TO INDEPENDENT AUDITORS' 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 period ended 31st March, 2022

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 or unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties. Therefore, the reporting under clause 3(iii), (iii)(a), (iii)(b),(iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub- section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including goods and services tax, provident fund, income tax, sales tax, service tax, duty of customs, value added tax, cess, and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

ix. (a) As the Company did not have any loans or other borrowings from any lender during the period, the reporting under clause 3(ix)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

(c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, the Company has not raised funds on short term basis.

(e) According to the information and explanations given to us and procedures performed by us, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures during the period.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the period on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the period. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the period. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.

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

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

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

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

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 188 of the Act. Section 177 is not applicable to Company.

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

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.

xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial / housing finance activities during the period. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

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

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

xvii. The Company has incurred cash losses of ₹ 25,492/- as at 31st March, 2022.

xviii. There has been no resignation of the statutory auditors during the period and accordingly the reporting under clause (xviii) is not applicable.

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

xx. The Company is not covered under Section 135 of the Companies Act. Accordingly, provisions of Paragraph 3 clause xx(a) and (b) of the Order are not applicable.

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

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

Karan Vishwakarma
Partner
Membership No. 183499
UDIN : 22183499AIHFUL2155

Mumbai, 29th April, 2022

BALANCE SHEET AS AT 31ST MARCH, 2022

	Note	Period from 13th September, 2021 to 31st March, 2022 ₹
Assets		
Non-current Assets		
Property, plant and equipment		—
Intangible assets		—
		—
Financial assets		
Advance Income Tax (Net)		—
Other non-current assets		—
		—
Current Assets		
Financial assets		
Cash and cash equivalents	3	**86,308**
Other financial assets		—
		86,308
Total		**86,308**
Equity and Liabilities		
Equity		
Equity share capital	4	**1,00,000**
Other equity	5	**(25,492)**
Total Equity		**74,508**
Non-current Liabilities		—
Current Liabilities		
Financial liabilities		
Trade payables		
Total outstanding dues of micro and small enterprises		—
Total outstanding dues of creditors other than micro and small enterprises		—
Other financial liabilities	6	**11,800**
		11,800
Total		**86,308**
Significant Accounting Policies	2	

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

In terms of our report of even date

For **Damji Merchant and Company**
Chartered Accountants
Firm Registration No. 102082W

Karan Vishwakarma
Partner
Membership No. 183499
Mumbai, 29th April, 2022

For and on behalf of the Board

V. P. Malhotra
Director
DIN : 02350473

Dinesh Singh
Director
DIN : 08132285

Vinod Chandrashekar
Director
DIN : 03069993

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2022

	Note	Period from 13th September, 2021 to 31st March, 2022 ₹
Income		
Other income		—
Total Income		—
Expenses		
Finance cost		—
Depreciation		—
Other operating and general expenses	7	25,492
Total Expenses		25,492
Profit/ (Loss) before exceptional items and tax		(25,492)
Exceptional items		—
Profit/ (Loss) before tax		(25,492)
Tax expenses		
Current tax		—
Deferred tax		—
Total		—
Profit/ (Loss) after tax		(25,492)
Other comprehensive income		
Other comprehensive Income for the period		—
Total comprehensive Income for the period		(25,492)

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

In terms of our report of even date

For Damji Merchant and Company
Chartered Accountants
Firm Registration No. 102082W

Karan Vishwakarma
Partner
Membership No. 183499
Mumbai, 29th April, 2022

For and on behalf of the Board

V. P. Malhotra
Director
DIN : 02350473

Dinesh Singh
Director
DIN : 08132285

Vinod Chandrashekar
Director
DIN : 03069993

STATEMENT OF CHANGES IN EQUITY AS AT 31ST MARCH, 2022

₹

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

Summary of 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 and Company**
Chartered Accountants
Firm Registration No. 102082W

Karan Vishwakarma
Partner
Membership No. 183499
Mumbai, 29th April, 2022

For and on behalf of the Board

V. P. Malhotra
Director
DIN : 02350473

Dinesh Singh
Director
DIN : 08132285

Vinod Chandrashekar
Director
DIN : 03069993

CASH FLOW STATEMENT FOR THE PERIOD FROM 13TH SEPTEMBER, 2021 TO 31ST MARCH, 2022

		Period from 13th September, 2021 to 31st March, 2022 ₹
A.	**Cash Flow From Operating Activities**	
	Profit Before Tax	**(25,492)**
	Adjustments For :	
	Depreciation and Amortisation	—
	Interest on lease liability	—
	Finance Costs	—
	Dividend Income	—
	Interest Income	—
	Provision for Contingencies - Rates & Taxes	—
		—
	Cash Operating Profit before working capital changes	**(25,492)**
	Adjustments for (increase)/ decrease in Operating Assets:	
	Loans and advances	—
	Other Current Assets	—
	Other Non-Current Assets	—
		—
	Adjustments for increase/ (decrease) in Operating Liabilities:	
	Trade Payables	**11,800**
	Other Liabilities	—
		11,800
	Cash Generated from Operating Activities	**(13,692)**
	Direct Taxes (Paid) / Refunded	—
	Net Cash Generated From Operating Activities (A)	**(13,692)**
B.	**Cash Flow From Investing Activities**	
	Purchase of Property, Plant and Equipment	—
	Sale of current Investments	—
	Bank Balances not considered as Cash and Cash Equivalents	—
	Interest Received	—
	Dividend Received	—
	Short-term Deposits repaid / (placed)	—
	Net Cash Generated / (Used) In Investing Activities (B)	—
C.	**Cash Flow From Financing Activities**	
	Share Application money collected	—
	Share Warrants	—
	Issue of Shares	**1,00,000**
	Proceeds from Issue of Ordinary Shares	—
	Net Cash Generated / (Used) In Financing Activities (C)	**1,00,000**
	Net Increase / (Decrease) In Cash and cash equivalents (A + B + C)	**86,308**
	Cash and Cash Equivalents - Opening	—
	Cash and Cash Equivalents - Closing	**86,308**
	Summary of 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 and Company**
Chartered Accountants
Firm Registration No. 102082W

Karan Vishwakarma
Partner
Membership No. 183499
Mumbai, 29th April, 2022

For and on behalf of the Board

V. P. Malhotra
Director
DIN : 02350473

Dinesh Singh
Director
DIN : 08132285

Vinod Chandrashekar
Director
DIN : 03069993

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 13TH SEPTEMBER, 2021 TO 31ST MARCH, 2022

Note 1: Corporate Information

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

(b) The financial statement of the Company is prepared in accordance with Ind-AS.

(c) The Financial Statements are prepared on going concern basis.

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

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

Note 2: Significant accounting policies

(a) Statement of compliance:

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

(b) Basis of preparation and presentation:

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

(c) Critical accounting estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the period 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 recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

(e) Income Taxes:

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the period. 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 recognized as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

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

Provisions are recognized, 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 recognized 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 recognized in the financial statements.

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

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

(h) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the period 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 period including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by adjusting the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

Note 3 : Cash and Cash Equivalents:

	31st March, 2022
	₹
Cash on hand	—
Balances with bank in current account	**86,308**
	86,308

Note 4 : Share Capital:

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

Footnotes:

1. Equity Share Capital - current reporting period :

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

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 13TH SEPTEMBER, 2021 TO 31ST MARCH, 2022 (contd.)

Note 4 : Share Capital (contd.)

2. Equity Share Capital - previous reporting period:

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

3. Company shall disclose shareholding of promoters as under:

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

Note 5 : Other Equity:

	31st March, 2022
	₹
Securities Premium	
Opening and Closing Balance	—
General Reserve	
Opening and Closing Balance	—
Retained Earnings	
Deficit at the beginning of the period	—
Add: Current period loss	**(25,492)**
Closing Retained Earnings	**(25,492)**
Reserves and Surplus Total	**(25,492)**

Note 6 : Other Financial liabilities:

	31st March, 2022
	₹
Other payables	
Related Parties	—
Others	**11,800**
	11,800
Deposits from others	
Unsecured	—
	—
	11,800

Note 7 : Other operating and general expenses:

	31st March, 2022
	₹
General expenses :	
Rent	—
Rates and Taxes	**3,031**
Printing and Stationery	**1,515**
Professional Fees	**9,146**
Payment made to Statutory Auditors (Refer Footnote (a))	**11,800**
	—
	25,492

(a) Auditor's Remuneration:

Statutory Audit	**11,800**
Tax Matters	—

8. Going Concern:

The loss of the Company of ₹ 25,492/- as at 31st March, 2022 is due to incorporation expenses and statutory compliance activities. The promoters have agreed to provide the required financial support to carry on the operations of the Company and fulfill its commitment.

9. Contingent Liabilities and commitments: NIL

10. 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 period. 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.

11. Related Party Transactions:

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

Companies having Significant Influence

Name of the Company	Country of Origin
Voltas Limited	India

Subsidiaries

Nil

(b) **Details of related party transactions during the period ended 31st March, 2022 and outstanding balances as at 31st March, 2022:**

(Amount / ₹)

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

12. Particulars of earnings per share:

(Amount / ₹)

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

13. 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.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 13TH SEPTEMBER, 2021 TO 31ST MARCH, 2022 (contd.)

13. Recent accounting pronouncements: (contd.)

(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 has been initiated under Benami Transactions (Prohibition) Act, 1988 (45 of 1988).

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

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

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

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

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

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

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

* Average = (Opening + Closing)/2

Signature to Notes 1 to 13

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

Karan Vishwakarma
Partner
Membership No. 183499
Mumbai, 29th April, 2022

For and on behalf of the Board

V. P. Malhotra
Director
DIN : 02350473

Dinesh Singh
Director
DIN : 08132285

Vinod Chandrashekar
Director
DIN : 03069993

WEATHERMAKER FZE

(FORMERLY KNOWN AS WEATHERMAKER LIMITED)

Directors :

Anil George *(up to 14th April, 2022)*

Jitender Verma *(w.e.f. 14th April, 2022)*

A. R. Suresh Kumar

James Mckenna *(up to 12th August, 2021)*

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Twenty Ninth Annual Report and Accounts for the year ended 31st December, 2021.

2. The Company reported higher turnover of United Arab Emirates Dirham (AED) 18.257 million for the year ended 31st December, 2021, as compared to AED 17.432 million in the previous year. However, due to increase in commodity prices, especially steel, the Company reported higher loss of AED 1.582 million for the year under review as compared to loss of AED 0.051 million in the previous year.

3. The legal process for re-domiciliation of the Company from Isle of Man to Jebel Ali Free Zone has been completed and the consent for discontinuation of the Company in Isle of Man and continuation in United Arab Emirates was issued by the Registrar of Companies in Isle of Man on 12th August, 2021. Similarly, the Certificate of continuation has been issued by Jebel Ali Free Zone Authority on 3rd November, 2021. The name of the Company has been changed to Weathermaker FZE. Consequent upon shifting of the Registered Office from Isle of Man, Mr. James McKenna ceased to be a Director of the Company.

4. The Directors do not recommend any dividend for the year ended 31st December, 2021 (Previous Year: Nil).

5. Mr. Jitender Verma was appointed as a Director of the Company in place of Mr. Anil George with effect from 14th April, 2022. The Directors placed on record their appreciation for the valuable contributions made by Mr. James McKenna and Mr. Anil George during their respective tenures on the Board.

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

Directors

A. R. Suresh Kumar
Jitender Verma

Dubai, 14th April, 2022

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF

WEATHERMAKER FZE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **WEATHERMAKER FZE** (formerly known as Weathermaker Limited) (the "Establishment"), which comprise the statement of financial position as at 31st December, 2021, 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, 2021, 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 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 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 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 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 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 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 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 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 April, 2022

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2021

	Notes	**AED**	2020 AED	**₹ in '000s**	2020 ₹ in '000s
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	**11,69,108**	16,39,787	**23,721**	32,714
Intangible assets	7	**10,699**	39,564	**217**	789
		11,79,807	16,79,351	**23,938**	33,503
CURRENT ASSETS					
Inventories	8	**37,77,899**	29,38,583	**76,654**	58,625
Trade and other receivables	9	**1,33,38,404**	1,38,61,029	**2,70,636**	2,76,528
Other current assets	10	**9,73,307**	9,76,550	**19,748**	19,482
Other financial assets	12	**7,22,954**	7,22,954	**14,669**	14,423
Cash and cash equivalents	13	**13,49,491**	12,40,230	**27,381**	24,743
		2,01,62,055	1,97,39,346	**4,09,088**	3,93,801
TOTAL ASSETS		**2,13,41,862**	2,14,18,697	**4,33,026**	4,27,304
EQUITY AND LIABILITIES					
SHAREHOLDER'S FUNDS					
Share capital	14	**15,00,000**	15,00,000	**30,435**	29,925
Retained earnings		**1,33,92,581**	1,48,71,265	**2,71,735**	2,96,682
		1,48,92,581	1,63,71,265	**3,02,170**	3,26,607
NON-CURRENT LIABILITIES					
Provision for staff end-of-service benefits	15	**8,95,834**	11,70,322	**18,176**	23,348
Lease liabilities	16	**4,03,723**	8,22,873	**8,192**	16,416
		12,99,557	19,93,195	**26,368**	39,764
CURRENT LIABILITIES					
Trade and other payables	17	**40,40,952**	21,06,019	**81,991**	42,016
Other current liabilities	18	**6,89,622**	4,94,390	**13,992**	9,863
Lease liabilities	16	**4,19,150**	4,53,828	**8,505**	9,054
		51,49,724	30,54,237	**1,04,488**	60,933
TOTAL LIABILITIES		**64,49,281**	50,47,432	**1,30,856**	1,00,697
TOTAL EQUITY AND LIABILITIES		**2,13,41,862**	2,14,18,697	**4,33,026**	4,27,304

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 = ₹ 20.29 being the exchange rate prevailing as on 31st December, 2021. Previous year figures have been converted @ 1 AED = ₹ 19.95 being the exchange rate prevailing as on 31st December, 2020.

Directors **A. R. Suresh Kumar**

Dubai, 14th April, 2022 **Jitender Verma**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2021

	Notes		2020		2020
		AED	AED	**₹ in '000s**	₹ in '000s
Revenue	20	**1,82,56,691**	1,74,31,571	**3,67,325**	3,43,228
Cost of sales	21	**(1,69,68,610)**	(1,50,22,443)	**(3,41,408)**	(2,95,792)
Gross profit		**12,88,081**	24,09,128	**25,917**	47,436
Other income	22	**4,73,954**	7,28,907	**9,536**	14,352
Distribution costs	23	**(11,20,206)**	(12,13,665)	**(22,539)**	(23,897)
Administrative expenses	24	**(17,30,939)**	(18,55,478)	**(34,826)**	(36,534)
Impairment of financial assets	25	**(4,09,148)**	(69,484)	**(8,232)**	(1,368)
Interest income	26	**—**	414	**—**	8
Finance costs	29A	**(83,332)**	(50,829)	**(1,677)**	(1,001)
LOSS FOR THE YEAR		**(15,81,590)**	(51,007)	**(31,821)**	(1,004)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
- Actuarial gain / (losses) recognised		**1,02,906**	(51,818)	**2,070**	(1,020)
Total Comprehensive income for the year		**(14,78,684)**	(1,02,825)	**(29,751)**	(2,024)

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 = ₹ 20.12 being the average of the exchange rates prevailing as on 31st December, 2021 (1 AED = ₹ 20.29) and as on 31st December, 2020 (1 AED = ₹ 19.95). Previous year figures have been converted @ 1 AED = ₹ 19.69 being the average of the exchange rates prevailing as on 31st December, 2020 (1 AED = ₹ 19.95) and as on 31st December, 2019 (1 AED = ₹ 19.42).

Directors **A. R. Suresh Kumar**

Dubai, 14th April, 2022 **Jitender Verma**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2021

	Share capital		**Retained earnings**		**Total**	
	AED	**₹ in '000s**	**AED**	**₹ in '000s**	**AED**	**₹ in '000s**
Balance at 1st January, 2020	15,00,000	29,130	1,49,74,090	2,90,797	1,64,74,090	3,19,927
Total comprehensive income for the year						
- Loss for the year	—	—	(51,007)	(1,004)	(51,007)	(1,004)
- Other comprehensive income	—	—	(51,818)	(1,020)	(51,818)	(1,020)
Balance at 31st December, 2020	15,00,000	29,925	1,48,71,265	2,96,682	1,63,71,265	3,26,607
Total comprehensive income for the year						
- Loss for the year	—	—	(15,81,590)	(31,821)	(15,81,590)	(31,821)
- Other comprehensive income	—	—	1,02,906	2,070	1,02,906	2,070
Balance at 31st December, 2021	**15,00,000**	**30,435**	**1,33,92,581**	**2,71,735**	**1,48,92,581**	**3,02,170**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2021

		2020		2020
	AED	AED	**₹ in '000s**	₹ in '000s
Cash flows from operating activities				
Loss for the year	**(15,81,590)**	(51,007)	**(31,821)**	(1,004)
Adjustments for:				
Depreciation of property, plant and equipment	**5,94,485**	2,39,730	**11,961**	4,720
Amortisation of intangible assets	**28,865**	29,734	**581**	585
Finance costs	**83,332**	50,829	**1,677**	1,001
Interest income	**—**	(414)	**—**	(8)
Allowance for expected credit losses	**4,09,148**	69,484	**8,232**	1,368
Provision against obsolete inventories	**—**	1,46,645	**—**	2,887
Credit balances written back	**—**	(41,887)	**—**	(825)
Inventory provision written back	**(61,303)**	—	**(1,233)**	—
Provision for staff end-of-service gratuity	**1,87,160**	2,49,414	**3,766**	4,910
	(3,39,903)	6,92,528	**(6,837)**	13,634
Changes in:				
- Inventories	**(7,78,013)**	(6,908)	**(16,860)**	(1,809)
- Trade and other receivables	**1,13,477**	(3,34,983)	**2,533**	(14,043)
- Other current assets	**3,243**	7,34,090	**531**	13,326
- Trade and other payables	**19,34,933**	(6,89,917)	**41,714**	(11,903)
- Other current liabilities	**1,95,232**	89,539	**4,129**	2,043
Staff end-of-service gratuity paid	**(3,85,659)**	(46,982)	**(7,759)**	(925)
Net cash from operating activities	**7,43,310**	4,37,367	**15,082**	8,725
Cash flows from investing activities				
Payments for property, plant and equipment	**(1,23,806)**	(2,01,459)	**(2,491)**	(3,967)
Increase in fixed deposits	**—**	(280)	**—**	(389)
Interest received	**—**	414	**—**	8
Net cash used in investing activities	**(1,23,806)**	(2,01,325)	**(2,512)**	(4,016)
Cash flows from financing activities				
Payment of lease liabilities	**(5,10,243)**	(1,80,660)	**(10,266)**	(3,557)
Net cash used in financing activities	**(5,10,243)**	(1,80,660)	**(10,353)**	(3,604)
Net increase in cash and cash equivalents	**1,09,261**	55,382	**2,639**	1,733
Cash and cash equivalents at beginning of year	**12,40,230**	11,84,848	**24,743**	23,010
Cash and cash equivalents at end of year (Note 13)	**13,49,491**	12,40,230	**27,381**	24,743

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021

1. LEGAL STATUS AND BUSINESS ACTIVITY

(a) **WEATHERMAKER FZE** (formerly known as Weathermaker Limited) (the Establishment) is a free zone establishment under the applicable provisions of Jebel Ali Free Zone Companies Implementing Regulations, 2016. Earlier, the Establishment was registered on 12th October, 1992 as Limited Liability Company incorporated in the Isle of Man in accordance with the provisions of the Isle of Man Companies Act, 1931 to 2004 and the business activities have been carried out in Jebel Ali, Dubai, UAE under a special license issued by the Jebel Ali Free Zone Authority.

On 12th August, 2021, the legal process for re-domiciliation of the Company as a free zone establishment with the Jebel Ali Free Zone Authority was completed. The consent for discontinuation of the Company incorporated in the Isle of Man and continuation as an Establishment with Jebel Ali Free Zone Authority in the U.A.E. was issued by Registrar of Companies in Isle of Man and the certificate of continuation was issued by the Jebel Ali Free Zone Authority on 3rd November, 2021 and accordingly, the name of the Company was changed to Weathermake FZE having a registered office at PO Box 17127, Jebel Ali, Dubai, UAE.

(b) The Establishments's principal activity as per trade licence comprise manufacturing of central air-conditioning requisites, fire rated ducts, ventilation equipment and steel fabrication and welding workshop. The Establishment has taken an 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 nonferrous metal products, bolts, nuts, screws and nails, insulation and protection materials, pipes and fittings, fiber glass products, building metals products.

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

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1st January, 2021 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 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 Friday, 1st January, 2021, or after, did not have any significant impact on the Establishment's financial statements:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark – Phase 2

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 37 - Onerous Contracts – Cost of Fulfilling a contract (1st January, 2022)
- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use (1st January, 2022)

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

- Annual Improvements to IFRS Standards 2018-2020
  - IFRS 9 Financial Instruments
  - IFRS 16 Leases
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current (1st January, 2023).
- Definition of Accounting Estimates – Amendments to IAS 8 (1st January, 2023)
- Disclosure of Accounting Policies – Amendments to IAS 1 (1st January, 2023)

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Property, plant and equipment

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

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the expenditure will flow to the Establishment and such cost can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Establishment recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced part is de-recognised.

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

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

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

(b) Intangible assets

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

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

(c) Impairment of tangible and intangible assets

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

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, 2021 (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 recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(d) Inventories

Inventories are stated at the lower of cost and net realisable 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 operates a defined benefit plan. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Establishment's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employee have earned in the current and prior periods.

The Establishment's gratuity plan is unfunded, the defined benefit obligation of which is determined annually by a qualified actuary using the projected unit credit method at each reporting date. Re-measurement of defined benefit obligation, which comprises of actuarial gains and losses are recognised in other comprehensive income in the period in which they occur. The Establishment determines the net interest expenses on the net defined benefit obligation, taking into account any changes in the defined benefit liability during the period as a result of contribution and benefit payments. Net interest expenses related to defined benefit plan are recognised in "finance cost" in the statement of profit or loss.

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 airfare 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.

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.

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.

Short-term leases

The Establishment 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). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

(k) Provisions (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.

(l) 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 files its VAT returns and compute the payable tax (which is output tax less input tax) for the allotted tax periods and deposit the same within the prescribed due dates of filing VAT return and tax payment.

(m) Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or,
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Establishment classifies all other liabilities as non-current.

(n) Financial instruments

Classification

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

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

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrumental level.

The Establishment's business model for arranging financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cashflows, selling the financial assets, or both.

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

Recognition

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

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

(n) Financial instruments (contd.)

(a) the Establishment has transferred substantially all the risks and rewards of the asset, or

(b) the Establishment has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Measurement

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

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

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

Financial assets 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.

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 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 comprise of trade and other payables.

Impairment of financial assets

The Establishment recognised an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Establishment expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Loss allowances are measured on either of the following basis:

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

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

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

The Establishment has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs. The Establishment applies a simplified approach in calculating ECL. The Establishment does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Establishment has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

(n) Financial instruments (contd.)

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 realizing security (if any is held); or
- The financial asset is more than 180 days past due

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

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

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

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Equity

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

(o) Fair value measurement

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

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

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

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

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. SIGNIFICANT JUDGEMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES

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

Classification of financial assets

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

Impairment

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

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

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

Discounting of lease payments

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

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

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

Recognition of revenue and allocation of transaction price

Identification of performance obligations

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

Determine timing of satisfaction of performance obligation

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Carrying values of property, plant and equipment

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

Inventory provisions

Management regularly undertakes a review of the Establishment's inventory, stated at AED 41,93,494 (₹ 8.51 crores) [(Previous year: AED 34,15,481 (₹ 6.81 crores)] in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

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

Impairment of financial assets

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

Staff end-of-service benefits

The Establishment computes the provision for the liability to staff end-of-service benefits stated at AED 8,95,834 (₹ 1.82 crores) [(Previous year: AED 11,70,322 (₹ 2.33 crores)] covering all eligible employees. The amount of provision in the current year is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include determination of discount rate, future salary increases, mortality and withdrawal rate. Due to the complexity of valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Impact of Covid-19

Since the outbreak is evolving rapidly, the Establishment continues to assess the impact of Covid-19 on its operations on a regular basis. The Management believes that there exists a material uncertainty in respect of expected duration and its potential impact on the overall economy. However, the Management concluded that there is no significant impact of Covid-19 on its operations due to nature of Establishment's business activities.

Measurement of ECL

The amount of ECLs is sensitive to change in circumstances and economic conditions. The Company's historical credit loss experience and forecast conditions may not be the actual indication of customer's default in the future. Accordingly, the actual credit losses may be significantly different than those recorded in these financial statements if actual defaults and economic conditions are materially different than forecasted. The observed default rates and forward-looking information will be reassessed at each reporting date to consider the impact of Covid-19.

Based on the above factors, the Company has reassessed the ECL on trade receivables and recorded loss allowance of AED 4,09,148 (₹ 0.82 crore) in the statement of profit or loss and other comprehensive income for the year ended 31st December, 2021.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

6. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets		Factory building		Plant & Machinery and Equipment		Furniture, Fixtures and Office Equipment		Vehicles		Total	
	AED	₹ in '000s	AED	₹ in '000s	AED	₹ in '000s	AED	₹ in '000s	AED	₹ in '000s	AED	₹ in '000s
Cost												
At 1st January, 2020	—	—	9,16,833	17,806	34,50,018	66,999	3,85,150	7,480	3,20,000	6,214	50,72,001	98,499
Additions	14,61,350	28,774	—	—	2,01,459	3,967	—	—	—	—	16,62,809	32,741
At 31st December, 2020	14,61,350	29,154	9,16,833	18,291	36,51,477	72,847	3,85,150	7,684	3,20,000	6,384	67,34,810	1,34,360
Additions	—	—	—	—	1,13,451	2,283	10,355	208	—	—	1,23,806	2,491
At 31st December, 2021	**14,61,350**	**29,650**	**9,16,833**	**18,603**	**37,64,928**	**76,390**	**3,95,505**	**8,025**	**3,20,000**	**6,493**	**68,58,616**	**1,39,161**
Accumulated depreciation												
At 1st January, 2020	—	—	9,14,105	17,752	32,78,620	63,671	3,44,569	6,692	3,17,999	6,176	48,55,293	94,291
Depreciation	1,75,575	3,457	1,366	27	47,569	937	15,220	300	—	—	2,39,730	4,721
At 31st December, 2020	1,75,575	3,503	9,15,471	18,264	33,26,189	66,357	3,59,789	7,178	3,17,999	6,344	50,95,023	1,01,646
Depreciation	5,27,877	10,621	1,362	27	54,166	1,090	11,080	223	—	—	5,94,485	11,961
At 31st December, 2021	**7,03,452**	**14,273**	**9,16,833**	**18,603**	**33,80,355**	**68,587**	**3,70,869**	**7,524**	**3,17,999**	**6,453**	**56,89,508**	**1,15,440**
Carrying amount												
At 1st January, 2020	—	—	2,728	54	1,71,398	3,328	40,581	788	2,001	38	2,16,708	4,208
At 31st December, 2020	12,85,775	25,651	1,362	27	3,25,288	6,490	25,361	506	2,001	40	16,39,787	32,714
At 31st December, 2021	**7,57,898**	**15,377**	**—**	**—**	**3,84,573**	**7,803**	**24,636**	**501**	**2,001**	**40**	**11,69,108**	**23,721**

Note: Right-of-use assets represents the right-of-use over leasehold factory building located in Jebel Ali Free Zone. Lease period being three year with renewal option. The lease hold interest in land is capitalised as right-of-use asset and the period is of fifteen years.

7. INTANGIBLE ASSETS

	Computer software	
	AED	₹ in '000s
Cost		
At 1st January, 2020	1,69,524	3,292
Additions	—	—
At 31st December, 2020	1,69,524	3,382
Additions	—	—
At 31st December, 2021	**1,69,524**	**3,440**
Accumulated amortisation		
At 1st January, 2020	1,00,226	1,946
Amortisation	29,734	585
At 31st December, 2020	1,29,960	2,593
Amortisation	28,865	581
At 31st December, 2021	**1,58,825**	**3,223**
Carrying amount		
At 1st January, 2020	69,298	1,346
At 31st December, 2020	39,564	789
At 31st December, 2021	**10,699**	**217**

		AED	As at 31-12-2020 AED	₹ in '000s	As at 31-12-2020 ₹ in '000s
8.	**INVENTORIES**				
	Raw materials	**41,77,975**	34,08,316	**84,772**	67,996
	Work-in-progress	**9,684**	4,447	**196**	89
	Finished goods	**5,835**	2,718	**118**	54
		41,93,494	34,15,481	**85,086**	68,139
	Less: Provision for slow moving inventories	**(4,15,595)**	(4,76,898)	**(8,432)**	(9,514)
		37,77,899	29,38,583	**76,654**	58,625
	A reconciliation of the movements in the provision for slow moving inventories is as follows:				
	At 1st January	**4,76,898**	3,30,253	**9,514**	6,413
	Provisions made during the year	**—**	1,46,645	**—**	2,887
	Provisions no longer required	**(61,303)**	—	**(1,233)**	—
	At 31st December	**4,15,595**	4,76,898	**8,432**	9,514

		AED	As at 31-12-2020 AED	₹ in '000s	As at 31-12-2020 ₹ in '000s
9.	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables	**1,41,00,450**	1,41,74,100	**2,86,098**	2,82,773
	Less: Allowance for expected credit losses	**(9,06,555)**	(4,97,407)	**(18,394)**	(9,923)
		1,31,93,895	1,36,76,693	**2,67,704**	2,72,850
	Deposits	**1,24,199**	1,76,336	**2,520**	3,518
	Employee advances	**14,311**	8,000	**290**	160
	Other receivables	**5,999**	—	**122**	—
		1,33,38,404	1,38,61,029	**2,70,636**	2,76,528
	A reconciliation of the movements in the allowance for ECL for trade receivables is as follows:				
	At 1st January	**4,97,407**	4,27,923	**9,923**	8,310
	Provisions made during the year	**4,09,148**	69,484	**8,232**	1,368
	At 31st December	**9,06,555**	4,97,407	**18,394**	9,923

The Establishment holds post-dated cheques amounting to AED 8,70,426 (₹ 1.77 crores) [Previous year: AED 6,59,675 (₹ 1.32 crores)] as security against past due but not impaired receivables.

		AED	As at 31-12-2020 AED	₹ in '000s	As at 31-12-2020 ₹ in '000s
10.	**OTHER CURRENT ASSETS**				
	Prepayments	**2,32,110**	2,61,928	**4,710**	5,226
	Advance for goods and services	**2,29,862**	2,15,056	**4,663**	4,290
	VAT receivable (net)	**5,11,335**	4,99,566	**10,375**	9,966
		9,73,307	9,76,550	**19,748**	19,482

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

11. RELATED PARTIES

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

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

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

		As at 31-12-2020		As at 31-12-2020
	AED	AED	**₹ in '000s**	₹ in '000s
Trade and other receivables	**89,19,417**	75,18,147	**1,80,975**	1,49,987
Trade and other payables	**—**	801	**—**	16

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

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

	AED	2020 AED	**₹ in '000s**	2020 ₹ in '000s
Revenue	**1,06,76,076**	77,28,419	**2,14,803**	1,52,173
Expenses charged to related parties (included in other operating income)	**1,21,593**	4,60,064	**2,446**	9,059
Salaries and expenses recharged by related parties (included in cost of sales and administrative expenses)	**11,64,332**	19,33,289	**23,426**	38,066
Recharge of expenses from a related party (included in other direct costs in cost of sales)	**10,83,087**	11,60,431	**21,792**	22,849

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

		As at 31-12-2020		As at 31-12-2020
	AED	AED	**₹ in '000s**	₹ in '000s
12. OTHER FINANCIAL ASSETS				
At amortised cost				
Fixed deposits (a)	**3,97,954**	3,97,954	**8,074**	7,939
Margin deposits (b)	**3,25,000**	3,25,000	**6,594**	6,484
	7,22,954	7,22,954	**14,669**	14,423

(a) Out of total deposits, AED 3,75,000 (₹ 0.76 crore) [Previous year: AED 3,75,000 (₹ 0.75 crore)] is held by bank as security for guarantees issued (Note 31).

(b) Out of total deposits, AED 3,25,000 (₹ 0.66 crore) [Previous year: AED 3,25,000 (₹ 0.65 crore)] is held by bank as security for guarantees issued (Note 31).

		As at 31-12-2020		As at 31-12-2020
	AED	AED	**₹ in '000s**	₹ in '000s
13. CASH AND CASH EQUIVALENTS				
Cash and cheques on hand	**2,854**	2,854	**58**	57
Balances in current accounts	**13,46,637**	12,37,376	**27,323**	24,686
	13,49,491	12,40,230	**27,381**	24,743

	AED	As at 31-12-2020 AED	**₹ in '000s**	As at 31-12-2020 ₹ in '000s
14. SHARE CAPITAL				
Issued and paid up				
1 share of AED 15,00,000 (Previous year: 4,08,441 shares of USD 1 each, converted at USD 1 = AED 3.6725)	**15,00,000**	15,00,000	**30,435**	29,925

Note: The entire share capital as at 31st December, 2021 is held by Voltas Limited, incorporated in India.

	AED	As at 31-12-2020 AED	**₹ in '000s**	As at 31-12-2020 ₹ in '000s
15. PROVISION FOR STAFF END-OF-SERVICE BENEFITS				
The amount included in the statement of financial position in respect of defined benefit plan is as follows:				
Present value of unfunded obligation	**8,95,834**	11,70,322	**18,176**	23,348
Movements in the present value of defined employee benefits obligation are as follows:				
Opening obligation	**11,70,322**	8,87,046	**23,348**	17,226
Service cost	**1,87,160**	2,49,414	**3,766**	4911
Interest cost	**26,917**	29,026	**542**	572
Actuarial gain / (loss) on obligation	**(1,02,806)**	51,818	**(2,070)**	1,020
Benefits paid during the year	**(3,85,659)**	(46,982)	**(7,759)**	(925)
Closing obligation	**8,95,834**	11,70,322	**18,176**	23,348
Expenses recognised in profit or loss during the year are as follows:				
Service cost (Notes 21, 23 and 24)	**1,87,160**	2,49,414	**3,766**	4,911
Interest cost (Note 29A)	**26,917**	29,026	**542**	572
	2,14,077	2,78,440	**4,307**	5,482

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

		2020
Discount rate	**2.50%**	2.30%
Salary escalation rate (per annum)	**3.00%**	3.00%
Mortality rate	**Indian Assured lives Mortality 2012-14 (Urban)**	Indian Assured lives Mortality 2006-08 (Urban)
Employee turnover rate	**1.00%**	1.00%

In accordance with the provisions of IAS 19, the Management has carried out an exercise to assess the present value of its obligations as at 31st December, 2021, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

	AED	As at 31-12-2020 AED	₹ in '000s	As at 31-12-2020 ₹ in '000s
16. LEASE LIABILITIES				
Lease liabilities for long-term leases for factory building and plot of land	**8,22,873**	12,76,701	**16,697**	25,470
Disclosed in the statement of financial position as follows:				
Non-current liabilities	**4,03,723**	8,22,873	**8,192**	16,416
Current liabilities	**4,19,150**	4,53,828	**8,505**	9,054
	8,22,873	12,76,701	**16,697**	25,470
A reconciliation of the movements in the lease liabilities is as follows:				
At 1st January	**12,76,701**	14,35,558	**25,470**	27,879
Finance costs for the year	**56,415**	21803	**1,135**	429
Payments made during the year	**(5,10,243)**	(1,80,660)	**(10,266)**	(3,557)
At 31st December	**8,22,873**	12,76,701	**16,697**	25,470
A maturity analysis of lease liabilities is as follows:				
1 month - 3 months	**1,28,044**	1,02,980	**2,598**	2,055
3 months - 1 year	**2,91,106**	3,50,848	**5,907**	6,999
Presented as current liabilities	**4,19,150**	4,53,828	**8,505**	9,054
1 year - 5 years	**4,03,723**	8,22,873	**8,192**	16,416
Total	**8,22,873**	12,76,701	**16,697**	25,470
Reconciliation of undiscounted lease liabilities to the lease liabilities as stated in the statement of financial position is as follows:				
Lease payments due	**8,22,873**	12,76,701	**16,697**	25,470
Less: Finance cost on leases	**(35,793)**	(92,209)	**(720)**	(1,816)
Disclosed in the statement of financial position	**7,87,080**	11,84,492	**15,970**	23,631

	AED	As at 31-12-2020 AED	₹ in '000s	As at 31-12-2020 ₹ in '000s
17. TRADE AND OTHER PAYABLES				
Trade payables	**31,19,201**	12,17,566	**63,288**	24,291
Accruals	**9,11,621**	8,63,027	**18,497**	17,218
Accrued interest on leased liabilities	—	15,296	—	305
Security deposit received	**10,130**	10,130	**206**	202
	40,40,952	21,06,019	**81,991**	42,016

	AED	As at 31-12-2020 AED	₹ in '000s	As at 31-12-2020 ₹ in '000s
18. OTHER CURRENT LIABILITIES				
Employee related accruals	**6,89,622**	4,94,390	**13,992**	9,863

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 net of dividend declared / paid 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.

		2020		2020
	AED	AED	**₹ in '000s**	₹ in '000s
Primary Geographical segments				
- UAE	**1,69,12,294**	1,60,78,570	**3,40,276**	3,16,587
- Other Middle East countries	**1,83,129**	13,53,001	**3,685**	26,641
- Africa	**4,67,808**	—	**9,412**	—
- Asia	**6,93,460**	—	**13,952**	—
	1,82,56,691	1,74,31,571	**3,67,325**	3,43,228
Major goods lines				
- Revenue from manufacturing of duct and ducts accessories	**1,70,95,423**	1,74,31,571	**3,43,960**	3,43,228
- Revenue from trading	**11,61,268**	—	**23,365**	—
	1,82,56,691	1,74,31,571	**3,67,325**	3,43,228
Timing of revenue recognition				
- At a point of time	**1,82,56,691**	1,74,31,571	**3,67,325**	3,43,228

21. COST OF SALES

		2020		2020
	AED	AED	**₹ in '000s**	₹ in '000s
Purchase of inventory	**9,10,564**	—	**18,320**	—
Materials consumed	**85,16,851**	60,71,053	**1,71,359**	1,19,539
Sub-contract costs	**19,77,517**	18,65,490	**39,788**	36,731
Staff salaries and benefits (Note 27)	**28,77,191**	36,00,251	**57,889**	70,889
Staff end-of-service gratuity (Note 15)	**1,13,740**	2,06,697	**2,288**	4,070
Depreciation of property, plant and equipment (Note 28)	**5,89,358**	2,31,851	**11,858**	4,565
Amortisation (Note 29)	**—**	870	**—**	17
Short term lease expenses	**4,08,459**	12,11,023	**8,218**	23,845
Other direct costs	**15,83,285**	18,33,953	**31,856**	36,111
	1,69,76,965	1,50,21,188	**3,41,576**	2,95,767
Changes in inventory of work-in-progress and finished goods	**(8,355)**	1,255	**(168)**	25
	1,69,68,610	1,50,22,443	**3,41,408**	2,95,792

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

	AED	2020 AED	₹ in '000s	2020 ₹ in '000s
22. OTHER INCOME				
Sale of scrap	**2,91,058**	1,02,916	**5,857**	2,026
Credit balance written back	**—**	41,887	**—**	825
Provision for slow moving inventory written back	**61,303**	—	**1,233**	—
Miscellaneous income	**1,21,593**	5,84,104	**2,446**	11,501
	4,73,954	7,28,907	**9,536**	14,352

	AED	2020 AED	₹ in '000s	2020 ₹ in '000s
23. DISTRIBUTION COSTS				
Staff salaries and benefits (Note 27)	**3,55,726**	4,01,094	**7,157**	7,898
Staff end-of-service gratuity (Note 15)	**5,045**	13,378	**102**	263
Other expenses	**7,59,435**	7,99,193	**15,280**	15,736
	11,20,206	12,13,665	**22,539**	23,897

	AED	2020 AED	₹ in '000s	2020 ₹ in '000s
24. ADMINISTRATIVE EXPENSES				
Staff salaries and benefits (Note 27)	**8,47,764**	8,48,052	**17,056**	16,698
Staff end-of-service gratuity (Note 15)	**68,375**	29,339	**1,376**	578
Depreciation of property, plant and equipment (Note 28)	**5,127**	7,879	**103**	155
Amortisation (Note 29)	**28,865**	28,864	**581**	568
Provision for slow moving inventories	**—**	1,46,645	**—**	2,887
Other expenses	**7,80,808**	7,94,699	**15,710**	15,648
	17,30,939	18,55,478	**34,826**	36,534
25. IMPAIRMENT OF FINANCIAL ASSETS				
On trade receivables	**4,09,148**	69,484	**8,232**	1,368

26. INTEREST INCOME

	AED	2020 AED	₹ in '000s	2020 ₹ in '000s
On bank deposits	**—**	414	**—**	8

27. STAFF SALARIES AND BENEFITS

	AED	2020 AED	₹ in '000s	2020 ₹ in '000s
Allocated to cost of sales (Note 21)	**28,77,191**	36,00,251	**57,889**	70,889
Allocated to distribution costs (Note 23)	**3,55,726**	4,01,094	**7,157**	7,898
Allocated to administrative expenses (Note 24)	**8,47,764**	8,48,052	**17,056**	16,698
	40,80,681	48,49,397	**82,102**	95,485

28. DEPRECIATION

	AED	2020 AED	₹ in '000s	2020 ₹ in '000s
Allocated to cost of sales * (Note 21)	**5,89,358**	2,31,851	**11,858**	4,565
Allocated to administrative expenses (Note 24)	**5,127**	7,879	**103**	155
	5,94,485	2,39,730	**11,961**	4,720

*Includes depreciation on Right-of-use asset of AED 5,27,877 (₹ 1.06 crores) [Previous year: AED 1,75,575 (₹ 0.35 crore)].

		2020		2020
	AED	AED	**₹ in '000s**	₹ in '000s
29. AMORTISATION				
Allocated to cost of sales (Note 21)	**—**	870	**—**	17
Allocated to administrative expenses (Note 24)	**28,865**	28,864	**581**	568
	28,865	29,734	**581**	585
29A. FINANCE COSTS				
Interest on lease liabilities	**56,415**	21,803	**1,135**	429
Interest cost on defined employee benefit plan (Note 15)	**26,917**	29,026	**542**	572
	83,332	50,829	**1,677**	1,001

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Classification and fair values

The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:

	At Amortised Cost			
		2020		2020
	AED	AED	**₹ in '000s**	₹ in '000s
Financial assets				
Trade and other receivables	**1,33,38,404**	1,38,61,029	**2,70,636**	2,76,528
Cash and cash equivalents	**13,49,491**	12,40,230	**27,381**	24,743
Other financial assets	**7,22,954**	7,22,954	**14,671**	14,423
	1,54,10,849	1,58,24,213	**3,12,688**	3,15,694
Financial liabilities				
Trade and other payables	**40,40,952**	21,06,019	**81,991**	42,016
Lease liabilities (current and non-current)	**8,22,873**	12,76,701	**16,696**	25,470
	48,63,825	33,82,720	**98,687**	67,486

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, lease liabilities (current), and trade and other payables approximated their carrying amounts largely due to the short-term maturities of these instruments.

Fair values of non-current lease liabilities is estimated by discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities. As at the reporting date, the carrying amounts of such liabilities, are not materially different from their fair values.

Financial risk management

Risk management objectives

Risk is inherent in the Establishment's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Establishment's continuing profitability. The Establishment's risk management focusses on actively securing short to medium term cash flows by minimising the exposure to financial markets.

The primary risks to which the business is exposed, which are unchanged from the previous year, comprise credit risks, liquidity risks and market risks (including cash flow interest rate risks and fair value interest rate risks).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (contd.)

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, trade and other receivables and due from related parties.

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	2020 AED	**₹ in '000s**	2020 ₹ in '000s
Kingdom of Saudi Arabia	**1,26,184**	1,45,505	**2,560**	2,903
Sultanate of Oman	**30,37,123**	32,93,572	**61,623**	65,707
Bahrain	**—**	6,000	**—**	120
Qatar	**—**	8,86,626	**—**	17,688

At the reporting date, 62% of trade receivables were due from three customers (Previous year: 71% due from four customers) [including related parties].

At the reporting date, no amounts due from related parties [Previous year: AED Nil (Rs. Nil)].

The Establishment uses an allowance matrix to measure the ECL 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 ECL for trade and other receivables and cash and cash equivalents as at reporting date.

	Loss rate		**Gross carrying amount**				**Loss Allowance**			
		2020		2020		2020		2020		2020
	%	%	**AED**	AED	**₹ in '000s**	₹ in '000s	**AED**	AED	**₹ in '000s**	₹ in '000s
Not past due	**0.00%**	0.00%	**48,24,858**	34,59,615	**97,896**	69,019	—	—	—	—
30 - 60 days past due	**0.00%**	0.00%	**8,72,800**	21,49,196	**17,709**	42,876	—	—	—	—
61 - 90 days past due	**0.00%**	0.00%	**4,17,726**	8,37,456	**8,476**	16,707	—	—	—	—
91 - 180 days past due	**0.00%**	0.00%	**22,44,023**	14,59,520	**45,531**	29,117	—	—	—	—
181 – 365 days past due	**0.00%**	0.00%	**15,09,854**	21,35,724	**30,635**	42,608	**—**	—	**—**	—
More than 365 days past due	**21.43%**	12.04%	**42,31,189**	41,32,589	**85,851**	82,445	**9,06,555**	4,97,704	**18,394**	9,929
			1,41,00,450	1,41,74,100	**2,86,098**	2,82,772	**9,06,555**	4,97,704	**18,394**	9,929

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				One to five years				Total			
		2020		2020		2020		2020		2020		2020
	AED	AED	**₹ In '000s**	₹ In '000s	**AED**	AED	**₹ In '000s**	₹ In '000s	**AED**	AED	**₹ In '000s**	₹ In '000s
Trade and other payables	**40,40,952**	21,06,019	**81,991**	42,015	**—**	—	**—**	—	**40,40,952**	21,06,019	**81,991**	42,015
Lease liabilities	**4,19,150**	4,53,828	**8,505**	9,054	**4,03,723**	8,22,873	**8,192**	16,416	**8,22,873**	12,76,701	**16,696**	25,470
	44,60,102	25,59,847	**90,495**	51,069	**4,03,723**	8,22,873	**8,192**	16,416	**48,63,825**	33,82,720	**98,687**	67,485

The Establishment's financial liabilities comprising trade and other payables, and lease liability (current portion) are due for maturity in less than one year from the reporting date.

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

There are no significant currency risks.

Interest rate risk

Fixed deposit accounts are subject to fixed interest rates at levels generally obtained in the UAE and are therefore exposed to fair value interest rate risk.

31. CONTINGENT LIABILITIES

	AED	2020 AED	**₹ in '000s**	2020 ₹ in '000s
Bankers' letters of guarantee (Note 12)	**7,00,000**	7,00,000	**14,203**	13,965
Unutilised balances of commercial letters of credit	**26,81,263**	10,90,904	**54,403**	21,764

32. TAXATION

There is no charge to Isle of Man Income Tax.

33. COMPARATIVE INFORMATION

Previous year's amounts, wherever necessary have been regrouped / reclassified as it is considered that the revised grouping / classification, which has been adopted in the current accounting year, more fairly presents the state of affairs / results of operations. Also, earlier the Establishment was a company incorporated in the Isle of Man and on 12th August, 2021, it was re-domiciled as a free zone establishment with the Jebel Ali Free Zone Authority in the U.A.E. and accordingly, the name was changed to Weathermaker FZE [Refer Note 1(a)].

Directors **A. R. Suresh Kumar**

Dubai, 14th April, 2022 **Jitender Verma**

SAUDI ENSAS COMPANY FOR ENGINEERING SERVICES W.L.L.

Director :
Mohammad Rashid

Supervisory Board :

Anil George *(up to 16th March, 2022)*

Jitender Verma *(w.e.f. 16th March, 2022)*

A. R. Suresh Kumar

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Annual Report and the Accounts for the year ended 31st December, 2021.

2. The Company has reported lower turnover of Saudi Riyals (SR) 20.430 million for the year ended as compared to SR 22.281 million last year. Net profit for the year was also lower at SR 0.697 million as compared to SR 1.304 million last year.

3. The Company has booked orders worth SR 13.708 million during the year under review and the overall order book position as at 31st December, 2021 was SR 6.169 million. The Shareholders have agreed to provide necessary support, including additional funding if so required to the Company and the financial statements for the year ended 31st December, 2021 have been prepared as a going concern.

4. Mr. Jitender Verma was appointed as a Member of the Supervisory Board of the Company with effect from 16th March, 2022, in place of Mr. Anil George.

5. 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, 10th April, 2022

INDEPENDENT AUDITOR'S REPORT

TO THE PARTNERS' OF

SAUDI ENSAS COMPANY FOR ENGINEERING SERVICES W.L.L.

(FOREIGN LIMITED LIABILITY COMPANY)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Saudi Ensas Company for Engineering Services W.L.L.** (the "Company"), which comprise the statement of financial position as at 31st December, 2021, the statements of profit or loss and other comprehensive income, statement of changes in partners' 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31st December, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as 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 professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company incurred accumulated losses amounting to SR 2,72,34,086 (₹ 54.06 crores) [2020: SR 2,83,16,582 (₹ 55.30 crores)], which exceeds the capital of the Company. 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 International Financial Reporting Standard for Small and Medium-sized Entities (IFRs for SMEs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the Company's Articles of Association and the applicable requirements of Company's regulations 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. 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 ISAs as 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 exist 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.
- 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

Based on the information that has been made available to us while performing our audit procedures, nothing has come to our attention that causes us to believe that the Company is not in compliance, in all material respects, with the applicable requirements of the Regulation for Companies in the Kingdom of Saudi Arabia and the Company's Articles of Association in so far as they affect the preparation and presentation of the financial statements.

For Al-Bassam & Co.

Ahmed Abdulmajeed Mohandis
Certified Public Accountant
License No. 477

Jeddah, 10th April, 2022

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2021

ASSETS	Note	SR	As at 31-12-2020 (Restated) SR	₹ in '000s	As at 31-12-2020 (Restated) ₹ in '000s
NON-CURRENT ASSETS					
Property and equipment, net		**48,468**	70,275	**962**	1,372
Total non-current assets		**48,468**	70,275	**962**	1,372
CURRENT ASSETS					
Cash and cash equivalents	6	**1,77,739**	3,61,595	**3,528**	7,062
Amounts due from customers under construction contracts	7	**40,99,983**	56,06,993	**81,385**	1,09,505
Trade receivables, net	8	**8,20,048**	13,37,694	**16,278**	26,125
Prepayments and other debit balances, net	9	**7,68,558**	15,06,712	**15,256**	29,426
Retentions receivables-current portion, net	10	**54,87,239**	40,62,444	**1,08,922**	79,340
Due from related party	11	**4,83,000**	4,83,000	**9,588**	9,433
Total current assets		**1,18,36,567**	1,33,58,438	**2,34,957**	2,60,891
TOTAL ASSETS		**1,18,85,035**	1,34,28,713	**2,35,919**	2,62,263
PARTNERS' EQUITY AND LIABILITIES					
PARTNERS' EQUITY					
Capital	12	**2,61,50,000**	2,61,50,000	**5,19,078**	5,10,710
Statutory reserve	13	**9,59,649**	9,59,649	**19,049**	18,742
Accumulated losses		**(2,72,34,086)**	(2,83,16,582)	**(5,40,597)**	(5,53,023)
Total partners' equity		**(1,24,437)**	(12,06,933)	**(2,470)**	(23,571)
NON-CURRENT LIABILITIES					
Employees' post-employment benefits	14	**15,06,270**	27,08,855	**29,899**	52,904
Total non-current liabilities		**15,06,270**	27,08,855	**29,899**	52,904
CURRENT LIABILITIES					
Bank borrowings	15	**34,05,536**	20,18,978	**67,600**	39,430
Trade payables		**27,56,467**	43,97,269	**54,716**	85,879
Contract advances		**18,40,621**	26,06,987	**36,536**	50,914
Accrued expenses and other credit balances	16	**10,08,163**	11,68,358	**20,012**	22,818
Due to related parties	11	**14,82,962**	13,57,186	**29,437**	26,506
Income tax payable	17	**9,453**	3,78,013	**188**	7,383
Total current liabilities		**1,05,03,202**	1,19,26,791	**2,08,489**	2,32,930
TOTAL LIABILITIES		**1,20,09,472**	1,46,35,646	**2,38,388**	2,85,834
TOTAL PARTNERS' EQUITY AND LIABILITIES		**1,18,85,035**	1,34,28,713	**2,35,918**	2,62,263

The accompanying notes from 1-25 form an integral part of these financial statements.

Note: The Statement of Financial Position has been converted into Indian Rupees @ 1 Saudi Riyal (SR) = ₹ 19.85 being the exchange rate prevailing as on 31st December, 2021. Previous year figures have been converted @ 1 SR = ₹ 19.53 being the exchange rate prevailing as on 31st December, 2020.

Jeddah, 10th April, 2022 *Director* **Mohammad Rashid**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2021

	Note	SR	2020 (Restated) SR	₹ in '000s	2020 (Restated) ₹ in '000s
Contract revenues		**2,04,29,915**	2,22,80,602	**4,02,265**	4,29,570
Contract costs	18	**(1,77,32,409)**	(1,65,30,532)	**(3,49,151)**	(3,18,709)
Gross profit		**26,97,506**	57,50,070	**53,114**	1,10,861
General and administrative expenses	19	**(18,70,016)**	(27,07,423)	**(36,821)**	(52,199)
Provision for doubtful debts		**(1,55,557)**	(12,29,660)	**(3,063)**	(23,708)
Operating profit		**6,71,933**	18,12,987	**13,230**	34,954
Finance costs		**(84,909)**	(1,40,919)	**(1,672)**	(2,717)
Other income		**1,19,678**	9,730	**2,356**	188
Net profit before income tax		**7,06,702**	16,81,798	**13,914**	32,425
Income tax	17	**(9,453)**	(3,78,013)	**(186)**	(7,288)
NET PROFIT FOR THE YEAR		**6,97,249**	13,03,785	**13,728**	25,137
OTHER COMPREHENSIVE INCOME:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Re-measurement gain / (loss) on employees' post-employment benefits	14	**3,85,247**	(2,43,321)	**7,586**	(4,691)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**10,82,496**	10,60,464	**21,314**	20,446

The accompanying notes from 1-25 form an integral part of these financial statements.

Note: The Statement of Profit or Loss has been converted into Indian Rupees @ 1 SR = ₹ 19.69 being the average of the exchange rate prevailing as on 31st December, 2020 (1 SR = ₹ 19.53) and as on 31st December, 2021 (1 SR = ₹ 19.85). Previous year figures have been converted into Indian Rupees @ 1 SR = ₹ 19.28 being the average of the exchange rate prevailing as on 31st December, 2019 (1 SR = ₹ 19.02) and as on 31st December, 2020 (1 SR = ₹ 19.53).

Jeddah, 10th April, 2022 *Director* **Mohammad Rashid**

STATEMENT OF CHANGES IN PARTNERS' EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2021

	Capital		Statutory Reserve		Accumulated Losses		Total	
	SR	₹ in '000s	SR	₹ in '000s	SR	₹ in '000s	SR	₹ in '000s
Balance as at 1st January, 2020	2,61,50,000	4,97,373	9,59,649	18,253	(2,93,77,046)	(5,58,751)	(22,67,397)	(43,125)
Net income for the year as previously stated	—	—	—	—	7,92,945	15,288	7,92,945	15,288
Impact of restatement due to error	—	—	—	—	5,10,840	9,849	5,10,840	9,849
Net income for the year restated	—	—	—	—	13,03,785	25,137	13,03,785	25,137
Re-measurement loss on employees' post-employment benefits	—	—	—	—	(2,43,321)	(4,691)	(2,43,321)	(4,691)
Balance as at 31st December, 2020	2,61,50,000	5,10,710	9,59,649	18,742	(2,83,16,582)	(5,53,023)	(12,06,933)	(23,571)
Balance as at 1st January, 2021	2,61,50,000	5,10,710	9,59,649	18,742	(2,83,16,582)	(5,53,023)	(12,06,933)	(23,571)
Net income for the year	—	—	—	—	6,97,249	13,729	6,97,249	13,729
Re-measurement gain on employees' post-employment benefits	—	—	—	—	3,85,247	7,586	3,85,247	7,586
Balance as at 31st December, 2021	**2,61,50,000**	**5,19,078**	**9,59,649**	**19,049**	**(2,72,34,086)**	**(5,40,597)**	**(1,24,437)**	**(2,470)**

The accompanying notes from 1-25 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2021

	SR	2020 (Restated) SR	₹ in '000s	2020 (Restated) ₹ in '000s
OPERATING ACTIVITIES				
Net profit before income tax	**7,06,702**	16,81,798	**13,915**	32,425
Adjustments for:				
Depreciation	**27,284**	24,977	**537**	482
Provision for doubtful debts	**44,410**	12,29,660	**874**	23,708
Provision for other receivables	**1,11,147**	—	**2,188**	—
Employees' post-employment benefits	**2,34,989**	2,00,923	**4,628**	3,874
Finance costs	**84,909**	1,40,919	**1,672**	2,717
	12,09,441	32,78,277	**23,814**	63,206
Changes in operating assets and liabilities:				
Trade receivable	**14,76,817**	2,16,038	**28,441**	2,717
Retentions receivable	**(21,79,882)**	(78,298)	**(44,571)**	(3,561)
Prepayments and other debit balances	**3,78,513**	(11,71,218)	**7,031**	(23,045)
Amounts due from customers under construction contracts	**15,07,010**	(22,94,444)	**27,965**	(46,747)
Due to related parties	**1,25,776**	(6,68,467)	**2,776**	(12,268)
Account payables	**(16,40,802)**	4,36,967	**(31,163)**	10,554
Accrued expenses and other credit balances	**(1,60,195)**	2,19,984	**(2,806)**	4,780
Contract advances	**(7,66,366)**	(1,00,622)	**(14,378)**	(584)
Cash used in operations	**(49,688)**	(1,61,783)	**(986)**	(3,160)
Finance costs paid	**(84,909)**	(1,40,919)	**(1,672)**	(2,717)
Employees' post-employment benefits paid	**(10,52,327)**	(61,092)	**(20,720)**	(1,178)
Income tax paid	**(3,78,013)**	—	**(7,443)**	—
Net cash used in operating activities	**(15,64,937)**	(3,63,794)	**(31,064)**	(7,105)
INVESTING ACTIVITIES				
Purchase of property and equipment	**(5,477)**	(4,316)	**(108)**	(83)
Net cash used in investing activities	**(5,477)**	(4,316)	**(109)**	(84)
FINANCING ACTIVITIES				
Bank borrowings	**13,86,558**	2,62,783	**28,169**	6,028
Net cash generated from financing activities	**13,86,558**	2,62,783	**27,523**	5,132
Net change in cash and cash equivalents	**(1,83,856)**	(1,05,327)	**(3,534)**	(1,819)
Cash and cash equivalents at beginning of the year	**3,61,595**	4,66,922	**7,062**	8,881
Cash and cash equivalents at end of the year	**1,77,739**	3,61,595	**3,528**	7,062

The accompanying notes from 1-25 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021

1. ORGANIZATION AND ACTIVITIES

Saudi Ensas Company for Engineering Services W.L.L. ("the Company") was incorporated as Saudi limited liabilities company in accordance with the provision of the Saudi Foreign Capital Investment Code and was registered on 16 Dhual-Qa'dah, 1398H (19th October, 1978) under Commercial Registration No. 4030016635. The Company obtained its SAGIA license number 112030054332-01, on 14 Jumadi Awal, 1410H (13th December, 1989).

The principal activities of the Company are to design, installation, operation and maintenance of air conditioning and refrigeration systems, other electro-mechanical activities and building a workshop for its activities in accordance with the license issued by the Ministerial Decision No. 250 dated 4/12/1405H (21st August, 1985).

The Company was owned 39% by Metrovol Company, a wholly owned subsidiary of Voltas Limited, registered in United Arab Emirates ('U.A.E.') and 61% by Voltas Limited, a company registered in India. During 2011, Metrovol Company was liquidated in U.A.E. and Voltas Limited had initiated the legal process in the Kingdom of Saudi Arabia to transfer the shareholding held in Metrovol Company to Voltas Netherlands B.V., a wholly owned subsidiary of Voltas Limited, registered in The Netherlands. The Company is now owned 92% by Voltas Limited, a company registered in India and 8% by Voltas Netherlands B.V., a wholly owned subsidiary of Voltas Limited, registered in The Netherlands.

On 22nd October, 2015, the shareholders resolved to increase the Company's capital from SR 26,00,000 to SR 2,61,50,000, to be owned in the same proportion as prior to the increase.

2. GOING CONCERN

The Company made net profit of SR 1.1 million (₹ 2.13 crores) during the year ended 31st December, 2021, the Company's accumulated losses amounting to SR 2,72,34,086 (₹ 54.06 crores) as at 31st December, 2021 [(2020: SR 2,83,16,582 (₹ 55.30 crores)] exceeded from the Company's capital.

This condition indicates the existence of uncertainties that may cast significant doubt about the Company's ability as going concern. The Company's ability to continue as a going concern is dependent upon future profitable operations and continued financial support from partners in order to enable it to cover its losses and settle its liabilities. This matter requires, according to the Saudi Companies Regulation, the partners of the Company to meet and resolve whether the Company may continue as a going concern by supporting it or to be liquidated before its duration as stated in the Company's Regulation. In their Meeting dated 30th December, 2021, the partners unanimously resolved to support the Company and to continue its operations.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The financial statements of Saudi Ensas Company for Engineering Services have been prepared in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities' (IFRS for SMEs) that are endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA) in the Kingdom of Saudi Arabia. The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the combined financial statements are disclosed in Note 4.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost conventions, except for 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 the Company's presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

The following is a summary of significant accounting policies applied by the Company:

(a) Trade receivable

Trade receivable are carried at original invoice amount less any allowance for doubtful accounts, if any. Any allowance for doubtful accounts is established when there is a significant doubt as to whether the Company will be able to collect all amounts due according to the original terms of accounts receivable.

(b) Financial assets

(i) Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risk and rewards of ownership.

(ii) Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also 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 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 assets (an incurred 'loss event') and that loss event (or events) has an impact on estimated future cash flow of the financial asset or a group of financial assets that can be reliably estimated. Evidence of impairment may include indication that the borrower or group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganization, default or delinquency in interest or principal payment and where observable data indicates there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic condition that correlate with defaults, if any.

(c) Financial liabilities

(i) Initial recognition

Financial liabilities (including borrowings and trade 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 trade 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 recognised in the statement of income.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

(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.

(d) Property and equipment

Property and equipment are carried at the cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives:

Machinery	15%
Furniture and fixtures	20%
Office equipment	15%
Vehicles	20%
Portacabins	10%

Capital work-in-progress represents all costs relating directly and indirectly to the on-going projects in progress and is capitalized as the property and equipment when the project is completed. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the statement of profit or loss.

(e) Impairment of non-financial assets other than inventories

Assets that are subject to depreciation or amortisation are assessed, at each reporting date, to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset might be impaired, the carrying value of the asset (or CGU to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Any impairment loss for a cash generating unit is first allocated to goodwill and then to other assets on pro rata basis. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

If an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

(f) Foreign currency transactions

Transactions in foreign currencies (which are not covered by a forward foreign exchange contract) are recorded in Saudi Riyals at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of income.

(g) Borrowing costs

All borrowing costs are recognised in the profit or loss in the period in which they are incurred.

(h) Provisions and contingencies

Provisions are 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

(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. 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 recognized as an expense in the period in which they are incurred.

Revenue recognized in excess of billings included in the current assets represents the cost 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 recognised in the statement of financial position is in respect of defined benefit. EOSB plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Past service costs are recognized immediately as an expense. Actuarial gains or losses are recognised in the statement of comprehensive income. Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in the statement of comprehensive income when the Company is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In the statement of comprehensive income and accumulated losses, the expense relating to defined benefit plan is presented of the amount recognised for a reimbursement.

(l) Termination benefits

The entity 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.

(m) Income tax charges

Tax provision and related annual charge are accounted for and disclosed in the accompanying financial statements in accordance with the Standard on Zakat issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). Tax return is prepared based on the tax regulations of the Zakat, Tax and Customs Authority (ZATCA) of the Kingdom of Saudi Arabia. Tax charge is taken to the statement of income.

(n) Leases

At its inception, a lease is classified either a finance lease or an operating lease. Finance leases transfer substantially all risks and rewards of ownership. All other leases are classified as operating leases.

(o) Finance leases

Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is apportioned between the liability and finance charges using the effective interest method. Rental obligations, net of finance charges, are included in the borrowings in the statement of financial position.

(p) Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Minimum lease payments receivable under operating leases are 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 on 31st December, 2021, cash and cash equivalents consist entirely bank balances.

5. CRITICAL ACCOUNTING JUDGMENTS 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.

Long-service payments

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.

Allowance for accounts receivable

Management has estimated the recoverability of accounts receivable and has considered the allowance required. Management has estimated the allowance for accounts receivable on the basis of prior experience and the current economic environment on the recovery of long outstanding accounts receivable. Estimating the amount of the allowance requires significant judgements and the use of estimates related to the amount and timing of estimated losses based on historical loss experience, current disputes, consideration of current economic trends and conditions, all of which may be susceptible to significant change. An allowance is charged to operations based on Management's periodic evaluation of the factors previously mentioned, as well as other pertinent factors. To the extent actual outcomes differ from Management estimates, additional allowance for doubtful debts or reversal of excess provisions could be made that could adversely or positively affect earnings or the financial position in future periods.

Useful lives of property and equipment

As described in Note 3, the Company estimates the useful lives of property and equipment at the end of each annual reporting period.

Provision for tax

Management has assessed the income tax position having regard to the local zakat and income tax legislation, decrees issued periodically and conventions. Interpretation of such legislation, decrees, and conventions is not always clear and entails completion of assessment by ZATCA.

6. CASH AND CASH EQUIVALENTS

	SR	As at 31-12-2020 SR	**₹ in '000s**	As at 31-12-2020 ₹ in '000s
Cash at bank	**1,77,739**	3,61,595	**3,528**	7,062

7. AMOUNTS DUE FROM CUSTOMERS UNDER CONSTRUCTION CONTRACTS

	SR	2020 SR	**₹ in '000s**	2020 ₹ in '000s
Contracts in progress at the end of the reporting period				
Construction costs incurred plus recognized profits less recognized losses to date	**4,77,34,514**	2,78,26,325	**9,47,530**	5,43,448
Less: Progress billings	**(4,36,34,531)**	(2,22,19,332)	**(8,66,145)**	(4,33,943)
Amount due from customers under construction contracts	**40,99,983**	56,06,993	**81,385**	1,09,505

8. TRADE RECEIVABLES, NET

	SR	As at 31-12-2020 SR	**₹ in '000s**	As at 31-12-2020 ₹ in '000s
Trade receivables	**12,53,021**	27,29,838	**24,873**	53,314
Provision for doubtful debts	**(4,32,973)**	(13,92,144)	**(8,595)**	(27,189)
	8,20,048	13,37,694	**16,278**	26,125

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

8. TRADE RECEIVABLES, NET (contd.)

The following provision movement during the year is as follows:

		As at 31-12-2020		As at 31-12-2020
	SR	SR	**₹ in '000s**	₹ in '000s
Balance at the beginning of the year	**13,92,144**	1,62,484	**27,189**	3,090
Charge for the year	**44,410**	12,29,660	**874**	23,708
Reclassification to retention and unbilled receivables	**(10,03,581)**	—	**(19,761)**	—
Balance at the ending of the year	**4,32,973**	13,92,144	**8,595**	27,189

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

Trade receivables ageing is as follows:

	1 to 6 months	**6 to 12 months**	**12 to 18 months**	**18 to 24 months**	**24 to 30 months**	**30 to 36 months**	**Above 36 Months**	**Total**
2021								
SR	**6,13,107**	—	—	—	—	—	**6,39,914**	**12,53,021**
₹ in '000s	**12,171**	—	—	—	—	—	**12,702**	**24,873**
2020								
SR	20,09,922	—	—	2,27,500	—	—	4,92,416	27,29,838
₹ in '000s	39,254	—	—	4,443	—	—	9,617	53,314

9. PREPAYMENTS AND OTHER DEBIT BALANCES, NET

		2020		2020
	SR	SR	**₹ in '000s**	₹ in '000s
Advances to suppliers	**4,51,178**	9,53,736	**8,956**	18,626
Employees advances	**1,39,677**	37,403	**2,772**	730
Prepaid expenses	**1,75,703**	2,30,622	**3,488**	4,504
Value added tax receivable	—	2,82,951	—	5,526
Other receivables	**8,46,052**	4,86,411	**16,794**	9,500
Provision for other receivables	**(8,44,052)**	(4,84,411)	**(16,754)**	(9,460)
	7,68,558	15,06,712	**15,256**	29,426

The following provision movement during the year is as follows:

		2020		2020
	SR	SR	**₹ in '000s**	₹ in '000s
Balance at the beginning of the year	**4,84,411**	4,84,411	**9,460**	9,213
Charge for the year	**1,11,147**	—	**2,188**	—
Reclassification from trade receivables	**2,48,494**	—	**4,893**	—
Balance at the ending of the year	**8,44,052**	4,84,411	**16,754**	9,460

10. RETENTIONS RECEIVABLES, NET

	SR	As at 31-12-2020 SR	₹ in '000s	As at 31-12-2020 ₹ in '000s
Retention receivable	**66,64,409**	44,84,527	**1,32,289**	87,583
Less: provision for retention receivable	**(11,77,170)**	(4,22,083)	**(23,367)**	(8,243)
	54,87,239	40,62,444	**1,08,922**	79,340

The following provision movement during the year is as follows:

	SR	As at 31-12-2020 SR	₹ in '000s	As at 31-12-2020 ₹ in '000s
Balance at the beginning of the year	**4,22,083**	4,22,083	**8,243**	8,028
Reclassification from account receivable	**7,55,087**	—	**14,868**	—
Balance at the end of the year	**11,77,170**	4,22,083	**23,367**	8,243

11. RELATED PARTIES' BALANCES AND TRANSACTIONS

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

Names	**Relationship**
Voltas Limited	Partner
Voltas Netherlands B.V.	Partner
Weathermaker Limited	Affiliate
Universal Voltas L.L.C.	Affiliate
Voltas Limited – UAE	Affiliate
Lalbuksh Voltas Engineering Services & Trading L.L.C.	Affiliate
Olayan Voltas Contracting Company Limited	Affiliate

The significant transactions and the related amounts are as follows:

	SR	2020 SR	₹ in '000s	2020 ₹ in '000s
Revenue from contracts	**50,000**	11,04,088	**985**	21,287
Purchases of materials and services	—	86,476	—	1,667
Expenses reimbursed to affiliates	**1,71,566**	1,31,890	**3,378**	2,543
Expenses incurred	**3,47,342**	5,549	**6,839**	107

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

Related party	SR	As at 31-12-2020 SR	₹ in '000s	As at 31-12-2020 ₹ in '000s
Olayan Voltas Contracting Company Limited	**4,83,000**	4,83,000	**9,588**	9,433

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

11. RELATED PARTIES' BALANCES AND TRANSACTIONS (contd.)

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

	SR	As at 31-12-2020 SR	₹ in '000s	As at 31-12-2020 ₹ in '000s
Weathermaker Limited	**1,25,445**	1,45,395	**2,490**	2,840
Voltas Limited-India	**2,10,939**	2,00,740	**4,187**	3,920
Voltas Limited - UAE	**6,00,868**	5,17,472	**11,927**	10,106
Universal Voltas LLC	**2,71,517**	2,71,517	**5,390**	5,303
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**2,74,193**	2,22,062	**5,443**	4,337
	14,82,962	13,57,186	**29,437**	26,506

12. CAPITAL

The capital of the Company is SR 2,61,50,000 divided into 2,61,500 shares valued at SR 100 each. The ownership of the Company as per its revised and amended Articles of Association is as per the 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	4,79,100
Voltas Netherlands B.V.	20,140	100	8%	20,14,000	39,978
	2,61,500	**100**	**100%**	**2,61,50,000**	**5,19,078**

13. STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia, the Company will establish a statutory reserve by the appropriation of 10% of the net income after recovering the accumulated losses until the reserve equals 30% of the capital. This reserve is not available for dividend.

14. EMPLOYEES' POST-EMPLOYMENT BENEFITS

	SR	2020 SR	₹ in '000s	2020 ₹ in '000s
Present value of the defined benefit obligation, opening balance	**27,08,855**	23,25,703	**52,904**	44,235
Service cost				
- Current service cost	**1,64,021**	1,48,595	**3,230**	2,865
- Past service cost	**15,166**	—	**299**	—
Interest on defined benefit obligations	**55,802**	52,328	**1,099**	1,009
Benefits paid during the period	**(10,52,327)**	(61,092)	**(20,720)**	(1,178)
Re-measurement (gain)/loss on post-employment benefits	**(3,85,247)**	2,43,321	**(7,586)**	4,691
Present value of post-employment benefits, closing balance	**15,06,270**	27,08,855	**29,899**	52,904

Below are the significant assumptions

	31-12-2021	31-12-2020
Discount rate for year-end obligation (% per annum)	**2.50%**	2.25%
Rate of change in salary (% per annum)	**3.00%**	2.50%
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**	

14. EMPLOYEES' POST-EMPLOYMENT BENEFITS (contd.)

Sensitivity Analysis on significant actuarial assumptions

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant.

		31-12-2020		31-12-2020
	SR	SR	**₹ in '000s**	₹ in '000s
Discount rate +1%	**14,27,136**	22,06,329	**28,100**	42,538
Discount rate -1%	**15,95,761**	24,63,268	**31,421**	47,492
Long term salary +1%	**15,95,572**	24,61,483	**31,417**	47,457
Long term salary -1%	**14,38,387**	22,05,507	**28,322**	42,522

15. BANK BORROWINGS

On 5th August, 2018, the Company had credit facilities from a bank amounting to SR 1,00,00,000 (₹ 19.85 crores) in aggregate and segregated into Letter of credit limit amount to SR 50,00,000 (₹ 9.93 crores), Letter of guarantees amount to SR 30,00,000 (₹ 5.96 crores) and Overdraft limit amount to SR 20,00,000 (₹ 3.97 crores) which bear SIBOR interest rates plus 2.5% and are secured by the Promissory Note from Company to the bank. The outstanding balance of overdraft as of 31st December, 2021 amount to SR 34,05,536 (₹ 6.76 crores) [2020: SR 20,18,978 (₹ 3.94 crores)].

16. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	SR	2020 SR	**₹ in '000s**	2020 ₹ in '000s
Salaries and other benefits	**4,62,963**	6,24,155	**9,190**	12,190
Accrued maintenance	**3,63,111**	4,42,620	**7,208**	8,644
Value added tax payable	**1,82,089**	—	**3,614**	—
Other liabilities	—	1,01,583	**—**	1,984
	10,08,163	11,68,358	**20,012**	22,818

17. INCOME TAX CALCULATION

(A) Tax Calculations as follows:

	SR	2020 SR	**₹ in '000s**	2020 ₹ in '000s
Adjustment for net income				
Net income for the year	**7,06,702**	11,70,958	**13,915**	22,576
Provision for doubtful debts	**1,55,557**	12,29,660	**3,063**	23,708
Provision end-of-services benefits	**2,34,989**	2,00,923	**4,627**	3,874
Difference in depreciation	**2,343**	—	**46**	—
Adjusted net income	**10,99,591**	26,01,541	**21,651**	50,158
Less:				
Accumulated losses not to exceed 25% of net income for the year	—	(6,50,385)	—	(12,539)
Employees' post-employment benefits paid	**(10,52,327)**	(61,092)	**(20,720)**	(1,178)
Tax base	**47,264**	18,90,064	**931**	36,441
Tax @ 20%	**9,453**	3,78,013	**186**	7,288

(B) Income tax movement:

	SR	2020 SR	**₹ in '000s**	2020 ₹ in '000s
Balance at beginning of the year	**3,78,013**	—	**7,383**	—
Provision for the year	**9,453**	3,78,013	**186**	7,288
Paid during the year	**(3,78,013)**	—	**(7,443)**	—
	9,453	3,78,013	**188**	7,383

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

(C) Outstanding assessments:

The tax returns for the year 2008 to 2016 are under review by the ZATCA. The Company has filed its tax return up to the year ended 31st December, 2020 and obtained relevant certificates from ZATCA.

18. CONTRACT COSTS

	SR	2020 SR	**₹ in '000s**	2020 ₹ in '000s
Material costs	**1,12,29,070**	1,09,62,263	**2,21,100**	2,11,353
Sub-contractor costs	**31,96,086**	24,02,033	**62,931**	46,311
Salaries and benefits	**22,18,735**	25,70,633	**43,687**	49,562
Other expenses	**10,88,518**	5,95,603	**21,433**	11,483
	1,77,32,409	1,65,30,532	**3,49,151**	3,18,709

19. GENERAL AND ADMINISTRATIVE EXPENSES

	SR	2020 SR	**₹ in '000s**	2020 ₹ in '000s
Salaries and benefits	**7,39,578**	12,88,961	**14,563**	24,851
Rent	**1,46,671**	1,39,728	**2,888**	2,694
Vehicle expenses	**79,342**	1,09,224	**1,562**	2,106
Communication, travel and insurance	**3,22,243**	3,65,225	**6,345**	7,042
Office expenses	**1,51,526**	2,10,966	**2,984**	4,067
Depreciation	**27,282**	24,977	**537**	482
Professional and legal fees	**2,02,000**	1,61,021	**3,977**	3,104
Other expenses	**2,01,374**	4,07,321	**3,965**	7,853
	18,70,016	27,07,423	**36,821**	52,199

20. TRANSACTIONS WITH MAJOR CUSTOMERS

Contract revenue during the year amount to SR 20.430 million (₹ 40.23 crores) [2020: SR 22.281 million (₹ 42.96 crores)] and there are three major customers amounting to SR 12.000 million (₹ 23.63 crores) [2020: SR 15.800 million (₹ 30.46 crores)], which represents approximately 59% (2020: 71%) of the total contract revenue.

21. CONTINGENT LIABILITIES

	SR	2020 SR	**₹ in '000s**	2020 ₹ in '000s
Letter of Guarantee	**12,83,755**	23,73,411	**25,482**	46,353
Letter of credit	**29,99,926**	66,82,781	**59,549**	1,30,515
	42,83,681	90,56,192	**85,031**	1,76,868

22. 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 this assessment of the current environment. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular segment of customers / projects.

The maximum exposure to credit risk at the reporting date is as follows:

	SR	2020 SR	**₹ in '000s**	2020 ₹ in '000s
Cash at bank	**1,77,739**	3,61,595	**3,528**	7,062
Amounts due from customer	**40,29,308**	56,06,993	**79,982**	1,09,505
Trade receivables	**8,90,723**	13,37,694	**17,681**	26,125
Other receivables	**9,85,729**	5,23,814	**19,567**	10,230
Retentions receivables	**54,87,239**	40,62,444	**1,08,922**	79,340
Due from a related party	**4,83,000**	4,83,000	**9,588**	9,433
	1,20,53,738	1,23,75,540	**2,39,268**	2,41,595

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' transactions are carried mostly is 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.

23. 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 accounts payable, bank borrowings and other accrued expenses other credit, 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.

24. PRIOR PERIOD ADJUSTMENTS

During the year, the Management identified that amount of SR 510,840 (₹ 0.98 crore) is recorded twice in cost of sale and in accrual to which contract cost and accrued expense and other credit balance both were over stated. Hence, the Management reduced the stated balances in the current year. As a result, in order to present an appropriate financial position of the Company, the prior period balances have been restated and reclassified as follows in the financial statements.

31st December, 2020	**Balance as previously stated**	**Restatement**	**Restated balance**	Restated balance
	SR	SR	**SR**	**₹ In '000s**
Contract costs	1,70,41,372	(5,10,840)	**1,65,30,532**	**3,18,709**
Accrued expenses and other credit balances	16,79,198	(5,10,840)	**11,68,358**	**22,818**
Accumulated losses	(2,88,27,422)	5,10,840	**(2,83,16,582)**	**(5,53,023)**

25. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Management on 10th April, 2022 corresponding to 9 Ramadan 1443H.

Jeddah, 10th April, 2022 *Director* **Mohammad Rashid**

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

Directors :

Anil George *Chairman (up to 11th April, 2022)*
Jitender Verma *(w.e.f. 11th April, 2022)*
Issa Lalbuksh Al Raisi
A. R. Suresh Kumar
Manish Desai
V. P. Malhotra *(w.e.f. 24th November, 2021)*
K. Prabhakar *(up to 24th November, 2021)*

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Annual Report and the Accounts for the year ended 31st December, 2021.

2. The Company has reported lower turnover of Rials Omani (RO) 4.057 million for the year ended 31st December, 2021, as compared to RO 4.557 million in the previous year. Net profit was also lower at RO 0.375 million as compared to RO 0.530 million in the previous year.

3. During the year under review, the Company had declared and paid an interim dividend of RO 0.200 million in November 2021, for the year ended 31st December, 2021. No final dividend is recommended (Previous year: RO 0.450 million).

4. Mr. V. P. Malhotra was appointed as a Director of the Company with effect from 24th November, 2021, in place of Mr. K. Prabhakar. Mr Jitender Verma was appointed as a Director of the Company in place of Mr. Anil George with effect from 11th April, 2022. The Directors placed on record their appreciation for the valuable contributions made by Mr. K. Prabhakar and Mr. Anil George during their respective tenures on the Board.

5. M/s. PKF L.L.C., Chartered Accountants, the retiring auditors, being eligible, offer themselves for reappointment.

On behalf of Board of Directors
Issa Lalbuksh Al Raisi
A. R. Suresh Kumar

Muscat, 11th April, 2022

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, 2021, 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, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of 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, 11th April, 2022.

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2021

	Notes	RO	As at 31-12-2020 RO	₹ in '000s	As at 31-12-2020 ₹ in '000s
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3	**57,902**	1,10,534	**11,200**	21,020
Contract assets	7	**4,13,962**	2,62,234	**80,077**	49,869
Other non-current financial assets	9	**2,95,254**	4,94,509	**57,114**	94,041
		7,67,118	8,67,277	**1,48,391**	1,64,930
CURRENT ASSETS					
Inventories	4	**36,859**	32,028	**7,130**	6,091
Contract and other receivables	5	**27,98,894**	32,17,210	**5,41,417**	6,11,817
Other current assets	6	**1,36,514**	1,52,433	**26,407**	28,988
Contract assets	7	**26,31,994**	24,42,516	**5,09,133**	4,64,493
Cash and cash equivalents	8	**2,91,995**	2,79,672	**56,484**	53,185
		58,96,256	61,23,859	**11,40,571**	11,64,574
TOTAL ASSETS		**66,63,374**	69,91,136	**12,88,962**	13,29,504
EQUITY AND LIABILITIES					
MEMBERS' FUNDS					
Share capital	10	**2,50,000**	2,50,000	**48,360**	47,542
Legal reserve		**83,334**	83,334	**16,120**	15,847
General reserve		**7,50,000**	7,50,000	**1,45,080**	1,42,628
Accumulated profits		**34,90,105**	34,65,219	**6,75,126**	6,58,981
Equity funds		**45,73,439**	45,48,553	**8,84,686**	8,64,998
NON-CURRENT LIABILITY					
Staff end-of-service gratuity		**2,97,712**	2,80,080	**57,589**	53,263
CURRENT LIABILITIES					
Trade and other payables	11	**11,88,497**	14,08,558	**2,29,202**	2,67,865
Contract liabilities	12	**5,39,684**	6,60,100	**1,04,397**	1,25,531
Current tax payable	20	**64,042**	93,845	**12,388**	17,847
		17,92,223	21,62,503	**3,46,687**	4,11,243
TOTAL EQUITY AND LIABILITIES		**66,63,374**	69,91,136	**12,88,962**	13,29,504

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) = ₹ 193.44 being the exchange rate prevailing as on 31st December, 2021. Previous year figures have been converted @ 1 RO = ₹ 190.17 being the exchange rate prevailing as on 31st December, 2020.

Directors **Issa Lalbuksh Al Raisi**
A. R. Suresh Kumar

Muscat, 11th April, 2022

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2021

	Notes	RO	2020 RO	₹ in '000s	2020 ₹ in '000s
CONTRACT REVENUE	13	**40,56,740**	45,57,421	**7,78,123**	8,55,337
Cost of works executed	14	**(35,36,652)**	(39,22,785)	**(6,78,365)**	(7,36,228)
GROSS PROFIT		**5,20,088**	6,34,636	**99,758**	1,19,109
Other operating income	15	**86,604**	1,84,869	**16,612**	34,696
Staff costs		**(84,973)**	(1,08,698)	**(16,299)**	(20,400)
Director's remuneration		**(8,700)**	(8,700)	**(1,669)**	(1,633)
Allowance for expected credit loss on contract and other receivables	5.2	**(15,654)**	(1,369)	**(3,003)**	(257)
Allowance for expected credit loss on contract assets	7.3	**(34,560)**	—	**(6,629)**	—
Depreciation on property, plant and equipment	3	**(2,111)**	(4,207)	**(405)**	(790)
Other operating expenses	16	**(70,960)**	(98,724)	**(13,611)**	(18,529)
PROFIT FROM OPERATING ACTIVITIES		**3,89,734**	5,97,807	**74,754**	1,12,196
Interest income	17	**37,911**	39,683	**7,272**	7,448
Finance costs		**(3,185)**	(11,885)	**(611)**	(2,231)
NET PROFIT FOR THE YEAR BEFORE TAX		**4,24,460**	6,25,605	**81,415**	1,17,413
Income tax expense for current year	20	**(49,574)**	(96,011)	**(9,509)**	(18,019)
NET PROFIT FOR THE YEAR AFTER TAX		**3,74,886**	5,29,594	**71,906**	99,394
Other comprehensive income for the year		**—**	—	**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,74,886**	5,29,594	**71,906**	99,394

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) = ₹ 191.81 being the average of the exchange rates prevailing as on 31st December, 2020 (1 RO = ₹ 190.17) and as on 31st December, 2021 (1 RO = ₹ 193.44). Previous year figures have been converted into Indian Rupees @ 1 RO = ₹ 187.68 being the average of the exchange rates prevailing as on 31st December, 2019 (1 RO = ₹ 185.18) and as on 31st December, 2020 (1 RO = ₹ 190.17).

Directors **Issa Lalbuksh Al Raisi**

Muscat, 11th April, 2022 **A. R. Suresh Kumar**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2021

	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, 2019	2,50,000	46,295	83,334	15,432	7,50,000	1,38,885	32,35,625	5,99,173	43,18,959	7,99,785
Total comprehensive income for the year	—	—	—	—	—	—	5,29,594	99,394	5,29,594	99,394
Dividend declared and paid	—	—	—	—	—	—	(3,00,000)	(56,304)	(3,00,000)	(56,304)
As at 31st December, 2020	2,50,000	47,542	83,334	15,847	7,50,000	1,42,628	34,65,219	6,58,981	45,48,553	8,64,998
Total comprehensive income for the year	—	—	—	—	—	—	3,74,886	71,906	3,74,886	71,906
Dividend declared and paid	—	—	—	—	—	—	(3,50,000)	(66,514)	(3,50,000)	(66,514)
As at 31st December, 2021	**2,50,000**	**48,360**	**83,334**	**16,120**	**7,50,000**	**1,45,080**	**34,90,105**	**6,75,126**	**45,73,439**	**8,84,686**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2021

		2020		2020
	RO	RO	**₹ in '000s**	₹ in '000s
Cash flows from operating activities				
Net profit for the year before tax	**4,24,460**	6,25,605	**81,416**	1,17,413
Adjustments for:				
Depreciation on property, plant and equipment	**53,765**	59,223	**10,313**	11,115
Profit on disposal of property, plant and equipment	**—**	(39,988)	**—**	(7,505)
Interest income	**(37,911)**	(39,683)	**(7,272)**	(7,448)
Finance costs	**3,185**	11,885	**611**	2,231
Operating profit before changes in operating assets and liabilities	**4,43,499**	6,17,042	**85,068**	1,15,806
Changes in inventories	**(4,831)**	1,259	**(1,039)**	73
Changes in contract and other receivables	**4,18,316**	(4,02,870)	**70,399**	(90,657)
Changes in other current assets	**15,919**	(32,791)	**2,581**	(6,833)
Changes in trade and other payables	**(2,20,061)**	(5,16,044)	**(37,963)**	(88,532)
Changes in staff gratuity liability	**17,632**	8,370	**4,327**	2,948
Changes in contract assets	**(3,41,206)**	10,61,143	**(74,847)**	1,83,006
Changes in contract liabilities	**(1,20,416)**	(2,16,818)	**(21,135)**	(36,856)
Cash generated from operating activities	**2,08,852**	5,19,291	**40,400**	98,754
Finance costs paid	**(3,185)**	(11,885)	**(611)**	(2,231)
Taxes paid	**(79,377)**	(1,27,923)	**(14,897)**	(23,453)
Net cash generated from operating activities (A)	**1,26,290**	3,79,483	**24,430**	72,166
Cash flows from investing activities				
Interest received	**37,911**	39,683	**7,272**	7,448
Changes in time deposits	**1,99,255**	(4,771)	**36,927**	(3,351)
Purchase of property, plant and equipment	**(1,133)**	(29,809)	**(217)**	(5,595)
Proceeds from disposal of property, plant and equipment	**—**	40,008	**—**	7,509
Net cash generated from investing activities (B)	**2,36,033**	45,111	**45,658**	8,579
Cash flows from financing activity				
Dividends paid	**(3,50,000)**	(3,00,000)	**66,514**	(56,304)
Net cash used in financing activity (C)	**(3,50,000)**	(3,00,000)	**(67,704)**	(57,051)
Net increase in cash and cash equivalents (A+B+C)	**12,323**	1,24,594	**3,298**	24,468
Cash and cash equivalents at beginning of year	**2,79,672**	1,55,078	**53,185**	28,717
Cash and cash equivalents at end of year	**2,91,995**	2,79,672	**56,484**	53,185

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021

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 drilling, 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.

The Company's Management has assessed the impact of COVID 19 on its liquidity, bank facilities, disruption of business operations, supply changes and demand drivers, impairment of its assets, etc., which may lead to solvency issue and have concluded that inspite of the challenges, the entity will remain solvent and continue as going concern in future.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are prepared in Rials Omani, which is the functional and presentation currency.

2.5 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is calculated on straight-line basis to write off the cost of property, plant and equipment less their estimated residual value, where material, in equal annual instalments over their estimated useful lives. Depreciation has been calculated from the date of acquisition at the following rates:

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 invoice value plus applicable landing charges. Net realisable value is based on estimated selling price less any estimated cost of completion and disposal.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

(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 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.

(i) Provisions

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

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

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

(j) Taxation

Taxation has been provided on the basis of the Company's taxable profits arrived at by making suitable adjustments for likely disallowances as per the tax law to the net profits as per the financial statements, and applying the tax rates specified in the Income Tax Law in Oman. Additional tax liability that may arise in future on completion of pending tax assessments for the tax years 2019 to 2021 are not expected to be material to the Company's financial position, and would be paid for and accounted in the financial statements of the year in which the tax assessments are completed. Deferred tax assets / liability arising on account of temporary differences between accounting and tax base has not been accounted since the impact is not material.

(k) Employees' benefit costs

The Company contributes to the Social Security Scheme under Royal Decree 72/91 (Defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with Omani Social Insurance Law 1991) for Omani employees, administered by the Government of Sultanate of Oman.

Accruals for employees' benefits comprising leave salary, passage and end-of-service gratuity for non-Omani employees is in accordance with Company's rules and is based on the liability, which would arise if the employment of all staff were terminated at the year-end. The total expense recognised in the statement of comprehensive income for staff end-of-service benefits amounts to RO 78,613 (₹ 1.51 crores) [Previous year: RO 66,998 (₹ 1.26 crores)].

(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 drilling, 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 recognizes 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.

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 recognized 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 contact cannot be estimated reliably, contract revenue is recognised only to the extent of contract cost incurred that are likely to be recoverable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

(n) Revenue (contd.)

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:

- 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.

(p) Leases (contd.)

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 recognized 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

(s) Financial Instruments (contd.)

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (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 derecognised, 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 cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, 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 derecognition (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.

(s) Financial Instruments (contd.)

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.

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).

COVID 19

The Entity's Management has exercised significant judgement while assessing the impact of COVID 19 on recoverability and impairment of assets, expected credit losses on financial assets, warranty obligations, delay cost / penalties, etc. and has concluded that there is no material impact of COVID 19 on aforementioned matters and the financial statements. The Management regularly reviews, estimates and suitably accounts for the possible financial impact of such matters based on their assessment, past experience and available information.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

2.6 SIGNIFICANT JUDGEMENTS, ASSUMPTIONS AND ESTIMATES (contd.)

(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 recognized 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, 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.

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 recognized 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

(i) There are no International Financial Reporting Standards, amendments thereto or interpretations that became effective for the first time for the current reporting period and which are applicable to the Company and which could have a material impact on the financial statements.

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

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) (1st January, 2022)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (1st January, 2023)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (1st January, 2023)
- Definition of Accounting Estimates (Amendments to IAS 8) (1st January, 2023)

3. PROPERTY, PLANT AND EQUIPMENT

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, 2021	99,901	18,998	3,35,806	63,860	1,38,705	26,378	6,72,516	1,27,824	12,46,568	2,37,060
Additions	—	—	—	—	1,133	217	—	—	1,133	217
As at 31st December, 2021	**99,901**	**19,325**	**3,35,806**	**64,958**	**1,39,838**	**27,050**	**6,72,156**	**1,30,022**	**12,47,701**	**2,41,355**
Accumulated depreciation										
As at 1st January, 2021	69,447	13,207	3,10,931	59,130	1,22,562	23,308	6,33,094	1,20,395	11,36,034	2,16,040
Depreciation for the year	13,050	2,503	8,024	1,539	6,244	1,198	26,447	5,073	53,765	10,313
As at 31st December, 2021	**82,497**	**15,958**	**3,18,955**	**61,699**	**1,28,806**	**24,916**	**6,59,541**	**1,27,582**	**11,89,799**	**2,30,155**
Net book value										
As at 31st December, 2020	30,454	5,791	24,875	4,730	16,143	3,070	39,062	7,429	1,10,534	21,020
As at 31st December, 2021	**17,404**	**3,367**	**16,851**	**3,259**	**11,032**	**2,134**	**12,615**	**2,440**	**57,902**	**11,200**

3.2 Two vehicles costing RO 21,740 (₹ 0.42 crore) [net book value RO 2 (₹ 386.88)] are registered in the name of a related party, and six vehicles costing RO 33,050 (₹ 0.64 crore) [net book value RO 6 (₹ 1,160.64)] 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:

		2020		2020
	RO	RO	**₹ '000s**	₹ '000s
Cost of work executed (Note 14)	**51,654**	55,016	**9,908**	10,325
Statement of comprehensive income	**2,111**	4,207	**405**	790
	53,765	59,223	**10,313**	11,115

4. INVENTORIES

		As at 31-12-2020		As at 31-12-2020
	RO	RO	**₹ in '000s**	₹ in '000s
4.1 Materials	**1,11,159**	1,06,328	**21,503**	20,221
Provision for slow moving inventories	**(74,300)**	(74,300)	**(14,373)**	(14,130)
	36,859	32,028	**7,130**	6,091

4.2 The movements in provision for slow moving inventories are as follows:

		As at 31-12-2020		As at 31-12-2020
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**74,300**	1,01,509	**14,130**	18,797
Reversal during the year (Note 14)	**—**	(27,209)	**—**	(5,107)
Closing balance	**74,300**	74,300	**14,373**	14,130

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

5. CONTRACT AND OTHER RECEIVABLES

			As at 31-12-2020		As at 31-12-2020
		RO	RO	**₹ in '000s**	₹ in '000s
5.1	Contract receivables – related parties	**2,03,765**	1,99,079	**39,416**	37,859
	Contract receivables – others	**21,71,868**	26,24,075	**4,20,126**	4,99,020
	Allowance for expected credit loss	**(1,70,099)**	(1,54,445)	**(32,904)**	(29,371)
		22,05,534	26,68,709	**4,26,638**	5,07,508
	Advances to staff	**44,242**	26,987	**8,558**	5,132
	Advances to related parties	**—**	1,385	**—**	263
	Inter corporate deposit given to related party	**5,00,000**	5,00,000	**96,720**	95,085
	Deposits	**9,990**	10,260	**1,932**	1,952
	Other receivables from related parties	**39,128**	9,869	**7,569**	1,877
		27,98,894	32,17,210	**5,41,417**	6,11,817

5.2 The movements in the allowances for expected credit losses account against contract receivables are as follows:

		2020		2020
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**1,54,445**	1,53,076	**29,371**	28,347
Expected credit loss allowance made during the year as per IFRS 9	**15,654**	1,369	**3,003**	257
Closing balance	**1,70,099**	1,54,445	**32,904**	29,371

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**
2021	**23,75,633**	**4,59,542**	**15,40,314**	**2,97,958**	**5,52,324**	**1,06,841**	**48,381**	**9,359**	**2,34,614**	**45,384**
2020	28,23,154	5,36,879	22,66,896	4,31,095	2,96,406	56,368	1,08,224	20,581	1,51,628	28,835

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 1,70,099 (₹ 3.29 crores) has been recognized as at the year end. Any difference between the said allowance for expected losses and actual credit losses that would be known / incurred in future would be charged to profit or loss in the future years in which the actual credit losses are incurred.

5.5 The inter corporate deposit given to related party is unsecured, carrying interest rate of 5% per annum and having maturity date of 30th June, 2022.

6. OTHER CURRENT ASSETS

		As at 31-12-2020		As at 31-12-2020
	RO	RO	**₹ in '000s**	₹ in '000s
Prepayments	**68,782**	44,178	**13,305**	8,401
Advance to supplier – related party	**209**	209	**40**	40
Advance to suppliers – others	**67,523**	1,08,046	**13,062**	20,547
	1,36,514	1,52,433	**26,407**	28,988

7. CONTRACTS ASSETS

			As at 31-12-2020		As at 31-12-2020
		RO	RO	**₹ in '000s**	₹ in '000s
7.1	Amounts due from customers for contract work	**22,27,517**	19,14,753	**4,30,890**	3,64,128
	Allowance for expected credit loss	**(75,426)**	(40,866)	**(14,590)**	(7,771)
		21,52,091	18,73,887	**4,16,300**	3,56,357
	Retentions receivable	**8,89,224**	8,27,156	**1,72,012**	1,57,300
	Interest accrued on bank fixed deposits	**4,641**	3,707	**898**	705
		30,45,956	27,04,750	**5,89,210**	5,14,362
	Disclosed as:				
	Non-current contract assets	**4,13,962**	2,62,234	**80,077**	49,869
	Current contract assets	**26,31,994**	24,42,516	**5,09,133**	4,64,493
		30,45,956	27,04,750	**5,89,210**	5,14,362

7.2 Amounts due from customers for contract work include RO 22,886 (₹ 0.44 crore) [Previous year: RO 19,532 (₹ 0.37 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:

		2020		2020
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**40,866**	99,173	**7,771**	18,365
Expected credit loss allowance made / (reversal) during the year as per IFRS 9	**34,560**	(58,307)	**6,629**	(10,943)
Closing balance	**75,426**	40,866	**14,590**	7,771

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**
2021	**8,89,224**	**1,72,012**	**3,07,258**	**59,437**	**1,58,558**	**30,671**	**3,91,184**	**75,671**	**32,224**	**6,233**
2020	8,27,156	1,57,300	3,84,169	73,057	4,10,763	78,115	—	—	32,224	6,128

8. CASH AND CASH EQUIVALENTS

			As at 31-12-2020		As at 31-12-2020
		RO	RO	**₹ in '000s**	₹ in '000s
8.1	Bank balances:				
	Current accounts	**2,88,710**	2,76,568	**55,849**	52,595
	Smart card balances	**3,285**	3,070	**635**	584
		2,91,995	2,79,638	**56,484**	53,179
	Cash on hand	**—**	34	**—**	6
		2,91,995	2,79,672	**56,484**	53,185

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

8. CASH AND CASH EQUIVALENTS (contd.)

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 10,04,000 (₹ 19.42 crores).

(d) Proportionate guarantee of Voltas Limited India for RO 5,02,000 (₹ 9.71 crores).

(e) Proportionate guarantee of Voltas Netherlands B.V. for RO 10,04,000 (₹ 19.42 crores).

(f) Corporate guarantee of Voltas Netherlands B.V. for RO 20,00,000 (₹ 38.69 crores)

(g) Corporate guarantee of Lalbuksh Trading and Contracting L.L.C. for RO 20,00,000 (₹ 38.69 crores)

(h) Corporate guarantee of Voltas Limited for RO 10,00,000 (₹ 19.34 crores)

(i) Irrecoverable contract proceeds of all projects financed with a value of more than USD 20,00,000 (₹ 15.15 crores)

(j) Corporate guarantee of RO 15,00,000 (₹ 29.02 crores) from Lalbuksh Contracting and Trading Establishment.

Bank facilities are subject to financial covenants.

9. OTHER FINANCIAL ASSETS

		As at 31-12-2020		As at 31-12-2020
	RO	RO	**₹ in '000s**	₹ in '000s
Fixed deposits with banks	**2,95,254**	4,94,509	**57,114**	94,041

Fixed deposits of RO 2,90,000 (₹ 5.51 crores) were pledged with banks as security against credit facilities in the previous year.

10. SHARE CAPITAL

The share capital comprises 2,50,000 shares (Previous year: 2,50,000 shares) of face value RO 1 each, fully paid.

11. TRADE AND OTHER PAYABLES

		As at 31-12-2020		As at 31-12-2020
	RO	RO	**₹ in '000s**	₹ in '000s
Trade payables	**7,53,925**	10,91,028	**1,45,839**	2,07,480
Accruals *	**3,75,845**	2,55,264	**72,703**	48,544
Amounts due to related parties	**58,727**	62,266	**11,360**	11,841
	11,88,497	14,08,558	**2,29,902**	2,67,865

* Accruals include RO 476 (₹ 0.01 crore) [Previous year: RO 843 (₹ 0.02 crore)] due to a related party.

12. CONTRACT LIABILITIES

		As at 31-12-2020		As at 31-12-2020
	RO	RO	**₹ in '000s**	₹ in '000s
(a) Amounts due to customers for contract work	**1,62,961**	1,33,135	**31,524**	25,318
(b) Advance from customers	**3,76,723**	5,26,965	**72,873**	1,00,213
	5,39,684	6,60,100	**1,04,397**	1,25,531
Disclosed as:				
Non-current contract liabilities	—	—	—	—
Current contract liabilities	**5,39,684**	6,60,100	**1,04,397**	1,25,531
	5,39,684	6,60,100	**1,04,397**	1,25,531

13. REVENUE

		2020		2020
	RO	RO	**₹ in '000s**	₹ in '000s
Contract works executed	**40,56,740**	45,57,421	**7,78,123**	8,55,337

- 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		2020		2020
	RO	RO	**₹ in '000s**	₹ in '000s
Sultanate of Oman	**40,56,740**	45,57,421	**7,78,123**	8,55,537
Major goods / service lines				
Contract work executed	**40,23,427**	45,33,113	**7,71,733**	8,50,775
Maintenance contracts	**33,313**	24,308	**6,390**	4,562
	40,56,740	45,57,421	**7,78,123**	8,55,337
Timing of revenue recognition				
Over period of time	**40,56,740**	45,57,421	**7,78,123**	8,55,337

14. COST OF WORKS EXECUTED

		2020		2020
	RO	RO	**₹ in '000s**	₹ in '000s
Materials consumed*	**9,23,318**	12,84,445	**1,77,101**	2,41,065
Labour expenses	**15,69,722**	15,35,662	**3,01,088**	2,88,213
Sub-contract expenses	**5,20,619**	6,53,635	**99,860**	1,22,674
Depreciation (Note 3.4)	**51,654**	55,016	**9,908**	10,325
Other direct expenses	**4,71,339**	3,94,027	**90,408**	73,951
	35,36,652	39,22,785	**6,78,365**	7,36,228

*Includes RO 27,209 (₹ 0.52 crore) reversal of inventory provision made during the year.

15. OTHER OPERATING INCOME

		2020		2020
	RO	RO	**₹ in '000s**	₹ in '000s
Credit balances written back	**27,715**	68,194	**5,316**	12,799
Profit on sale of fixed assets	**—**	39,988	**—**	7,505
Profit on sale of scrap	**12,000**	3,000	**2,302**	563
Write back of allowance for expected credit loss on contract assets (Note 7.3)	**—**	58,307	**—**	10,943
Miscellaneous income	**46,889**	15,380	**8,994**	2,886
	86,604	1,84,869	**16,612**	34,696

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

16. OTHER OPERATING EXPENSES

	RO	2020 RO	**₹ in '000s**	2020 ₹ in '000s
Rent	**23,635**	30,355	**4,534**	5,697
Repairs and maintenance	**3,165**	29,174	**607**	5,475
Insurance	**5,836**	4,949	**1,119**	929
Electricity and water charges	**5,818**	5,722	**1,116**	1,074
Telephones, fax and postage	**7,489**	8,766	**1,436**	1,645
Travelling and conveyance	**793**	554	**152**	104
Vehicle expenses	**4,565**	3,253	**876**	611
Printing and stationery	**4,592**	2,279	**881**	428
Miscellaneous expenses	**15,067**	13,672	**2,890**	2,566
	70,960	98,724	**13,611**	18,529

17. INTEREST INCOME

	RO	2020 RO	**₹ in '000s**	2020 ₹ in '000s
Interest income on:				
Inter corporate deposit to a related party	**25,000**	25,068	**4,796**	4,705
Fixed deposits	**12,911**	14,615	**2,476**	2,743
	37,911	39,683	**7,272**	7,448

18. DIVIDENDS

Dividend declared and paid of RO 3,50,000 (₹ 6.65 crores) [Previous year: RO 3,00,000 (₹ 5.63 crores)] represents dividend per share of RO 1.400 (₹ 266.06) [Previous year: RO 1.200 (₹ 225.22)].

19. RELATED PARTIES

The Company enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard 24: Related Party Disclosures. The Management considers such transactions to be in the normal course of business. Related parties comprise parent company, fellow subsidiaries, companies under common ownership and / or common management control and members. 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 RO	**Directors / Members RO**	**Total RO**	Total 2020 RO	**Total ₹ in '000s**	Total 2020 ₹ in '000s
Rent expense	**—**	**59,460**	**59,460**	69,855	**11,405**	13,110
Director's remuneration	**—**	**8,700**	**8,700**	8,700	**1,669**	1,633
Dividend paid	**—**	**3,50,000**	**3,50,000**	3,00,000	**66,514**	56,304
Purchases and expenses	**6,534**	—	**6,534**	7,185	**1,253**	1,348
Revenue	**3,353**	—	**3,353**	73,868	**643**	13,864
Interest on inter corporate deposit	**25,000**	—	**25,000**	25,068	**4,795**	4,705
Other income	**47,289**	—	**47,289**	—	**9,071**	—

20. TAXATION

20.1 The accounting net profit for the year has been adjusted in respect of provisions and other disallowances for the purpose of determining the taxable profit for the year. Taxation has been provided at the applicable effective rate of 14.85% (Previous year: 15%) in accordance with the Economic Stimulus Plan / Income Tax Law in Oman. Taxation for the tax years 2019 to 2021 are subject to agreement with the taxation authorities.

20.2 The income tax expense per the statement of comprehensive income comprises:

		2020		2020
	RO	RO	**₹ in '000s**	₹ in '000s
Current tax				
Charge for the current year	**49,574**	96,011	**9,509**	18,019
Income tax expenses	**49,574**	96,011	**9,509**	18,019

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:

		2020		2020
	RO	RO	**₹ in '000s**	₹ in '000s
	14.85%	15%	**14.85%**	15%
Tax on accounting profit of RO 4,24,460 (₹ 8.14 crores) [Previous year: RO 6,25,605 (₹ 11.74 crores)] at applicable tax rates	**63,032**	93,841	**12,091**	17,612
Add / less tax effect of:				
Expenses disallowable	**178**	180	**34**	34
Depreciation adjustment based on depreciation rates as per tax law	**3,778**	3,587	**725**	673
Expected credit loss allowance made for doubtful contract receivables and contract assets not considered as deductible expense for tax purposes	**7,457**	205	**1,430**	38
Profit on disposals of property, plant and equipment	**—**	(5,998)	**—**	(1,126)
Reversal of allowance for expected credit loss for contract assets and provision for inventories	**—**	(12,827)	**—**	(2,407)
Other disallowances / adjustments (net)	**(24,871)**	17,023	**(4,771)**	3,195
Tax expense per statement of comprehensive income	**49,574**	96,011	**9,509**	18,019

20.4 The movements in the current tax payable account are as follows:

	2021	2020	**2021**	2020
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**93,845**	1,25,757	**17,847**	23,288
(-) Payment made during the year	**(79,377)**	(1,27,923)	**(15,225)**	(23,453)
Provision for tax made for the year	**49,574**	96,011	**9,509**	18,019
	64,042	93,845	**12,388**	17,847

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

21. FINANCIAL INSTRUMENTS (contd.)

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 20,58,097 (₹ 39.81 crores) constituting 63% [Previous year: RO 22,59,713 (₹ 42.97 crores) constituting 62%] of contract debtors and retentions are due from three debtors (Previous year: three debtors).

(ii) Amounts due from customers for contract works of RO 16,47,134 (₹ 31.86 crores) [Previous year: RO 10,93,229 (₹ 20.79 crores)] constituting 74% (Previous year: 57%) are due from four customers (Previous year: four customers).

(iii) Inter corporate deposit of RO 5,00,000 (₹ 9.67 crores) constitutes 18% of contract and other receivables.

There are no other significant concentrations of credit risk with any single debtor or group of companies or to debtors outside the industry and the country in which the Company operates.

(1) Risk exposure on uncertified debts

At the year end, uncertified dues of RO 3,35,806 (₹ 6.50 crores) (comprising dues from main contract of RO 3,20,391 (₹ 6.20 crores) and dues of RO 15,415 (₹ 0.30 crore) for retentions) pertaining to different contracts, are outstanding for more than one year and are receivable from various customers, against which a provision of RO 1,70,099 (₹ 3.29 crores) has been made by the Company's Management. Whilst the ultimate outcome of the aforesaid contract matters, certification delays, variation orders, etc. is uncertain and subject to future negotiations, no further provision for possible loss on these dues has been made in the financial statements as the Management believes that the said matters would be suitably resolved in future without any material impact on the Company.

(2) Risk exposure on inter corporate deposit receivable from a related party

As at the year end, the inter corporate deposit of RO 5,00,000 (₹ 9.67 crores), contract and other receivables of RO 1,29,289 (₹ 2.50 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% to 3.25% per annum (Previous year: 2.25% to 3.50% per annum). Inter corporate deposit is at interest rate of 5% per annum. Most of the other financial assets and liabilities are non-interest bearing. Reasonably possible changes to interest rates at the year end are unlikely to have a significant impact on profit or equity.

(b) FAIR VALUES

The fair values of the Company's financial assets and financial liabilities approximate to their carrying values net of provisions. The fair values of cash and cash equivalents, contract 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	**1 year to 5 years**	**Total**	**Total**
	RO	**RO**	**RO**	**₹ in '000s**
As at 31st December, 2021				
Staff end-of-service gratuity	—	**2,97,712**	**2,97,712**	**57,589**
Trade and other payables	**11,88,497**	—	**11,88,497**	**2,29,903**
Contract liabilities	**5,39,684**	—	**5,39,684**	**1,04,396**
Current tax payable	**64,042**	—	**64,042**	**12,388**
	17,92,223	**2,97,712**	**20,89,935**	**4,04,276**

	Less than 1 year	1 year to 5 years	Total	Total
	RO	RO	RO	₹ in '000s
As at 31st December, 2020				
Staff end-of-service gratuity	—	2,80,080	2,80,080	53,263
Trade and other payables	14,08,558	—	14,08,558	2,67,865
Contract liabilities	6,60,100	—	6,60,100	1,25,531
Current tax payable	93,845	—	93,845	17,847
	21,62,503	2,80,080	24,42,583	4,64,506

22. CONTINGENT LIABILITIES

		2020		2020
	RO	RO	**₹ in '000s**	₹ in '000s
Banker's letters of guarantees and bonds	**22,76,894**	28,82,784	**4,40,442**	5,48,219
Unutilised letters of credit	**53,226**	2,26,972	**10,296**	43,163
	23,30,120	31,09,756	**4,50,738**	5,91,382

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**

Muscat, 11th April, 2022 **A. R. Suresh Kumar**

VOLTAS OMAN S.P.C.

(FORMERLY KNOWN AS VOLTAS OMAN L.L.C.)

Directors:
A. R. Suresh Kumar
Akber M. Sultan (*up to 25th November, 2021)*
Rajeev Sharma (*up to 25th November, 2021)*
K. Prabhakar (*up to 22nd December, 2021)*
V.P. Malhotra (w.e.f. *22nd December, 2021)*
Anil George (*up to 11th April, 2022)*
Jitender Verma (w.e.f. *11th April, 2022)*

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present the Eleventh Annual Report and Accounts for the year ended 31st December, 2021.

2. The Company has reported lower turnover of Rials Omani (RO) 2.549 million for the year ended 31st December, 2021, as compared to RO 3.137 million in the previous year. Net Profit was RO 0.337 million for the year under review as compared to loss of RO 2.927 million in the previous year.
3. Based on an understanding reached between the JV Partners, the 35% shareholding of Mustafa Sultan Enterprises L.L.C. (MSE), local partner was taken over by Voltas Netherlands B.V. (VNBV) in November 2021. Accordingly, the Company became a 100% wholly owned subsidiary of VNBV. As VNBV was the sole shareholder, a Sole Proprietor Company (SPC) Constitutive Contract was executed on 25th November, 2021, and a new Commercial Registration Certificate dated 25th November, 2021, was received by the Company from the Ministry of Commerce, Industry and Investment Promotion, Sultanate of Oman. The new name of Voltas Oman L.L.C. is "Voltas Oman SPC".
4. As a sequel to transfer of 35% shareholding by MSE, their nominated Directors, Mr. Akbar M. Sultan and Mr. Rajeev Sharma ceased to be the Directors of the Company with effect from 25th November, 2021.

   Mr. V. P. Malhotra was appointed as Director of the Company in place of Mr. K. Prabhakar with effect from 22nd December, 2021, and Mr Jitender Verma was appointed as Director of the Company in place of Mr. Anil George with effect from 11th April, 2022.

   The Directors placed on record their appreciation for the valuable contributions made by Mr. Akbar M. Sultan, Mr. Rajeev Sharma, Mr. K. Prabhakar and Mr. Anil George during their respective tenures on the Board.
5. Voltas Netherlands B.V. (the holding company) had on 16th February, 2022, remitted RO 1 million to the Company as an additional capital contribution. The process for increase in paid-up capital from RO 0.500 million to RO 1.500 million is in progress.
6. In view of the accumulated losses, the Directors do not recommend any dividend for the year ended 31st December, 2021 (Previous year: Nil).
7. 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
A. R. Suresh Kumar
V. P. Malhotra

Muscat, 11th April, 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS 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, 2021, 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, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note number 2.3 in the financial statements, which indicates that the Company has incurred significant accumulated losses of RO 37,65,131 (₹ 72.83 crores) and has a deficit in sole proprietor member's fund and equity fund of RO 31,57,440 (₹ 61.08 crores) as at 31st December, 2021. However, the sole proprietor member has agreed to continue with the operations of the Company and has infused RO 10,00,000 (₹ 19.34 crores) in February 2022. The Company's ability to continue as a going concern is dependent upon future profitable operations and continued financial support from the sole proprietor member to settle its liabilities. Accordingly, these financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Emphasis of Matters

We draw attention to:

- Note number 8(b) to these financial statements regarding accounting claims for material advances received in progress billings.
- Note number 22 to these financial statements regarding credit risk exposures and unapproved variations respectively.

Our opinion is not modified in respect of these matters.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

PKF L.L.C.
Chartered Accountants
Sultanate of Oman

Muscat, 11th April, 2022

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2021

	Notes	RO	As at 31-12-2020 RO	₹ in '000s	As at 31-12-2020 ₹ in '000s
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3	**61,049**	96,191	**11,809**	18,292
Right-of-use asset	4	**—**	—	**—**	—
Long term deposits	5	**1,018**	1,018	**197**	194
		62,067	97,209	**12,006**	18,486
CURRENT ASSETS					
Contract and other receivables	5	**6,39,312**	7,61,750	**1,23,669**	1,44,862
Other assets	6	**1,43,047**	80,727	**27,671**	15,352
Contract assets	7	**23,43,280**	46,22,274	**4,53,284**	8,79,018
Cash and cash equivalents	9	**3,14,456**	2,16,328	**60,828**	41,139
		34,40,095	56,81,079	**6,65,452**	10,80,371
TOTAL ASSETS		**35,02,162**	57,78,288	**6,77,458**	10,98,857
EQUITY AND LIABILITIES					
MEMBERS' FUNDS					
Share capital	10	**5,00,000**	5,00,000	**96,720**	95,085
Legal reserve		**1,07,691**	73,985	**20,832**	14,070
Accumulated losses		**(37,65,131)**	(40,68,485)	**(7,28,327)**	(7,73,704)
Deficit in members' and equity funds		**(31,57,440)**	(34,94,500)	**(6,10,775)**	(6,64,549)
NON-CURRENT LIABILITY					
Staff end-of-service gratuity		**1,20,223**	1,27,457	**23,256**	24,239
CURRENT LIABILITIES					
Bank Borrowings	11	**32,16,056**	42,06,833	**6,22,114**	8,00,013
Contract and other payables	12	**32,05,159**	40,43,719	**6,20,006**	7,68,994
Contract liabilities	13	**1,18,163**	8,93,150	**22,857**	1,69,850
Lease liability		**—**	—	**—**	—
Current tax payable	20	**1**	1,629	**0**	310
		65,39,379	91,45,331	**12,64,977**	17,39,167
TOTAL EQUITY AND LIABILITIES		**35,02,162**	57,78,288	**6,77,458**	10,98,857

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) = ₹ 193.44 being the exchange rate prevailing as on 31st December, 2021. Previous year figures have been converted @ 1 RO = ₹ 190.17 being the exchange rate prevailing as on 31st December, 2020.

Directors **A. R. Suresh Kumar**

Muscat, 11th April, 2022 **V. P. Malhotra**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2021

	Notes	RO	2020 RO	₹ in '000s	2020 ₹ in '000s
REVENUE	14	**25,49,357**	31,36,510	**4,88,993**	5,88,660
Cost of works executed	15	**(24,15,780)**	(36,74,946)	**(4,63,371)**	(6,89,714)
GROSS PROFIT / (LOSS)		**1,33,577**	(5,38,436)	**25,622**	(1,01,054)
Other operating income	16	**4,24,750**	19,538	**81,472**	3,667
Staff costs		**(18,850)**	(3,42,881)	**(3,616)**	(64,352)
Depreciation	3	**(1,474)**	(2,854)	**(283)**	(536)
Allowance for expected credit losses	5 & 7	**—**	(22,23,340)	**—**	(4,17,276)
Other operating expenses	17	**(64,525)**	(66,044)	**(12,377)**	(12,395)
PROFIT / (LOSS) FROM OPERATING ACTIVITIES FOR THE YEAR		**4,73,478**	(31,54,017)	**90,818**	(5,91,946)
Finance costs	18	**(1,38,034)**	(1,26,712)	**(26,476)**	(23,781)
Exceptional item	19	**—**	3,53,472	**—**	66,340
NET PROFIT (LOSS) FOR THE YEAR BEFORE TAX		**3,35,444**	(29,27,257)	**64,342**	(5,49,387)
Income tax credit	20	**1,616**	—	**310**	—
NET PROFIT / (LOSS) FOR THE YEAR AFTER TAX		**3,37,060**	(29,27,257)	**64,652**	(5,49,387)
Other comprehensive income / (loss) for the year		**—**	—	**—**	—
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		**3,37,060**	(29,27,257)	**64,652**	(5,49,387)

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) = ₹ 191.81 being the average of the exchange rates prevailing as on 31st December, 2021 (1 RO = ₹ 193.44) and as on 31st December, 2020 (1 RO = ₹ 190.17). Previous year figures have been converted into Indian Rupees @ 1 RO = ₹ 187.68 being the average of the exchange rates prevailing as on 31st December, 2020 (1 RO = ₹ 190.17) and as on 31st December, 2019 (1 RO = ₹ 185.18).

Directors **A. R. Suresh Kumar**

Muscat, 11th April, 2022 **V. P. Malhotra**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2021

	Share capital		**Legal reserve**		**Accumulated losses**		**Total**	
	RO	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**
As at 31st December, 2019	5,00,000	92,590	73,985	13,701	(11,41,228)	(2,11,333)	(5,67,243)	(1,05,042)
Total Comprehensive loss for the year	—	—	—	—	(29,27,257)	(5,49,388)	(29,27,257)	(5,49,388)
As at 31st December, 2020	5,00,000	95,085	73,985	14,070	(40,68,485)	(7,73,704)	(34,94,500)	(6,64,549)
Total Comprehensive income for the year	—	—	—	—	3,37,060	64,652	3,37,060	64,652
Transfer to legal reserve	—	—	33,706	6,465	(33,706)	(6,465)	—	—
As at 31st December, 2021	**5,00,000**	**96,720**	**1,07,691**	**20,832**	**(37,65,131)**	**(7,28,327)**	**(31,57,440)**	**(6,10,775)**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2021

	RO	2020 RO	₹ in '000s	2020 ₹in '000s
Cash flows from operating activities				
Net profit / (loss) for the year before tax	**3,35,444**	(29,27,257)	**64,342**	(5,49,387)
Adjustments for:				
Depreciation	**39,296**	62,803	**7,537**	11,787
Exceptional item	**—**	(3,53,472)	**—**	(66,340)
Finance costs	**1,38,034**	1,26,712	**26,476**	23,781
Operating profit / (loss) before changes in operating assets and liabilities	**5,12,774**	(30,91,214)	**98,355**	(5,80,159)
Changes in contract and other receivables	**1,22,438**	34,52,548	**21,193**	6,35,542
Changes in other assets	**(62,320)**	32,929	**(12,319)**	5,695
Changes in contract assets	**22,78,994**	27,92,240	**4,25,734**	4,94,002
Changes in contract and other payables	**(8,38,560)**	(13,14,349)	**(1,48,988)**	(2,23,213)
Changes in staff end-of-service gratuity	**(7,234)**	(8,574)	**(983)**	(952)
Changes in contract liabilities	**(7,74,987)**	(11,38,506)	**(1,46,993)**	(2,06,372)
Cash generated from operating activities	**12,31,105**	7,25,074	**2,38,145**	1,37,887
Tax paid	**(12)**	(46,367)	**(2)**	(8,501)
Net cash generated from operating activities (A)	**12,31,093**	6,78,707	**2,38,143**	1,29,070
Cash flows from investing activity				
Purchase of property, plant and equipment	**(4,154)**	(18,710)	**(797)**	(3,511)
Net cash used in investing activity (B)	**(4,154)**	(18,710)	**(804)**	(3,558)
Cash flows from financing activities				
Repayment of borrowings	**(9,90,777)**	(3,14,966)	**(1,77,900)**	(37,333)
Payment of lease liabilities	**—**	(7,500)	**—**	(1,408)
Finance costs paid	**(1,38,034)**	(1,26,143)	**(26,476)**	(23,675)
Net cash used in financing activities (C)	**(11,28,811)**	(4,48,609)	**(2,18,357)**	(85,312)
Net increase in cash and cash equivalents (A+B+C)	**98,128**	2,11,388	**19,689**	40,224
Cash and cash equivalents at beginning of year	**2,16,328**	4,940	**41,139**	915
Cash and cash equivalents at end of year	**3,14,456**	2,16,328	**60,828**	41,139

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021

1. LEGAL STATUS AND BUSINESS ACTIVITY

(a) **VOLTAS OMAN S.P.C.** is a Sole Proprietor Company (Previous year: Limited Liability Company), registered under the Commercial Companies Laws of the Sultanate of Oman.

(b) The sole proprietor member is Voltas Netherlands B.V. (Previous year: parent company) 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 an accumulated net losses of RO 37,65,131 (₹ 72.83 crores) and has a deficit in sole proprietor member's fund and equity funds of RO 31,57,440 (₹ 61.08 crores) as at 31st December, 2021. As per the current financial statements, the Company is dependent upon the continued support from its bankers, sole proprietor member and its related parties. The financial statements have been prepared on a going concern basis as:

  (i) The sole proprietor member 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; and,

  (ii) The Company will continue to receive financial support from the sole proprietor member in order that it can meet its liabilities.

The Company's Management has assessed the impact of COVID-19 on its liquidity, bank facilities, disruption of business operations, supply chains and demand drivers, impairment of its assets, etc., which may lead to solvency issue and have concluded that in spite of the challenges, the Company will remain solvent and continue as going concern in future.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are prepared in Rials Omani, which is the functional and presentation currency.

2.5 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is calculated on straight-line basis to write off the cost of property, plant and equipment less their estimated residual value, where material, in equal annual instalments over their estimated useful lives. Depreciation has been calculated from the date of acquisition at the following rates:

Temporary structures	15.00%
Equipment	15.00%
Furniture and fixtures	33.33%
Computers and software and other office equipment	15% - 33.33%
Vehicles	33.33%

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (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 costs of materials, labour, sub-contract costs and attributable overheads.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank current and smart card accounts.

(h) Equity

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

(i) Legal reserve

Legal reserve is created by appropriating 10% of the net profit for the year as required by the Commercial Companies Law of Oman. The Company may resolve to discontinue such annual transfers when the reserve totals 33.33% of the paid up share capital. The reserve is not available for distribution.

(j) Employees benefit costs

The Company contributes to the Social Security Scheme under Royal Decree 72/91 (Defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with Omani Social Insurance Law 1991) for Omani employees, administered by the Government of Sultanate of Oman.

Accruals for employees benefits comprising leave salary, and end-of-service gratuity for non-Omani employees is in accordance with Company's rules and is based on the liability which would arise if the employment of all staff were terminated at the year end. The total expense recognised in the statement of comprehensive income for staff end-of-service gratuity amounts to RO 42,094 (₹ 0.81 crore) [Previous year: RO 55,803 (₹ 1.05 crores)].

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 recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of 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 recognized 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 Law of Income Tax Law in Oman and as per Company's past completed income tax assessments to the net profit as per the Company's financial statements in view of the past accumulated loss incurred by the Company. As per the Income Tax Law in Oman, net tax losses incurred shall be carried forward for a period of five years after the expiry of the tax year in which it is incurred and shall be deducted in computation of taxable income of those years. The net accumulated tax loss of RO 10,29,473 (₹ 19.32 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 assessments for the tax years 2019 to 2021 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, 2021 (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 assets 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 recognition and financial assets at fair value through profit or loss.

Impairment of financial assets

The Company measures Expected Credit Loss (ECL) in a way that reflects:

(a) An un-biased and probability weighted amount that is determined by evaluating a range of possible outcomes;

(b) Time value of money;

(c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The Company recognises allowance for ECL for all debt instruments not held at fair value through profit or loss. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The credit loss arises even when the Company is expected to be settled in full but later than contractual due date. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are recognised in two stages:

- For credit exposure for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12-months.

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 ECL is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

  For contract receivables and contract assets, the Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognises allowance for expected credit losses based on lifetime ECL at each reporting date. The Company has established a provision model that is based on variety of data / factors that are determined to be predictive of the risk of loss (including but not limited to historical credit loss experience, forward looking information for contract receivables and contract assets, and available market information about customers). Accordingly, for the purpose of recognising ECL, contract receivables and contract assets are grouped on the basis of shared credit risk characteristics. ECL rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off. ECL rates are calculated separately for exposures in different segments based on the common credit risk characteristics. ECL rates are based on actual historic credit loss experience over the past few years. These rates are multiplied by forward looking adjustment factor to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

2.5 SIGNIFICANT ACCOUNTING POLICIES (contd.)

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application (1st January, 2019):

Right-of-use assets

Initial measurement

The Company recognises right-of-use assets at the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- present value of estimated restoration costs.

Subsequent measurement

Subsequent to initial measurement right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses adjusted for any re-measurement of lease liabilities. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-assets are depreciated on a straight-line basis over the shorter of asset's estimated useful life and the lease term.

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 recognized as an expense in the year in which they are incurred.

(t) Foreign currencies

Transactions in foreign currencies are translated into Rials Omani and recorded at the rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Rials Omani at the rates of exchange ruling at the year end. The resultant exchange gains and losses are recognised in the statement of comprehensive income.

2.6 SIGNIFICANT JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

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

Impairment

At each year end, Management conducts an assessment of property, plant, equipment to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, the assets are written down to their recoverable amount.

Classification of financial assets

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

Leases

Determining the lease term

In determining the lease term, Management considers all facts and circumstances including contractual and legal rights, that create an economic incentive to exercise an extension/renewal option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"), due to the absence of implicit rates in the lease contracts.

Management has applied judgements and estimates to determine the IBR at the commencement of lease, using borrowing rates that certain financial institutions would charge the Company against financing the different types of assets it leases over different terms and different ranges of values. Majority of the leases are present in the Oman and accordingly no adjustment for the economic environment was deemed required.

COVID 19

The Company's Management has exercised significant judgement while assessing the impact of COVID 19 on inventory obsolescence, inventory net realizable value, recoverability and impairment of assets, expected credit losses on financial assets, warranty obligations, delay cost / penalties, contingent liabilities, etc., and has concluded that there is no material impact of COVID 19 on aforementioned matters and the financial statements. The Company's Management regularly reviews, estimates and suitably accounts for the possible financial impact of such matters based on their assessment, past experience and available information.

(ii) Key assumptions made concerning the future and other key sources of estimation uncertainty at the year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future year affected:

Carrying values of property, plant and equipment

The useful lives and residual values of property, plant and equipment are estimated based on intended use of assets and their economic lives. Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Impairment

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

Impairment of financial assets

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

Contract work in progress

Contract revenues on contracts in progress at the year end are recognised on a percentage of completion basis, that requires the Company's Management to estimate the costs expected to be incurred in future to complete the contracts. Further, profits on contracts in progress are recognised only when the final outcome can be reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

2.6 SIGNIFICANT JUDGEMENTS, ASSUMPTIONS AND ESTIMATES (contd.)

Contract matters

In the contracting industry, there are various contractual matters relating to possible penalties for delays in job completion, claims of suppliers/ subcontractors, work disputes, recovery of uncertified contract / variation work dues, expected costs during job warranty and defect liability period, etc., that are subject to various sources of uncertainties and future negotiations. The Management regularly reviews, estimates and suitably accounts for the possible financial impact of such contractual matters based on their assessment, past experience and available information.

Staff end-of-service gratuity

The Company computes the liability to staff end-of-service gratuity assuming that all employees were to leave as of the year end. The Management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

2.7 ADOPTION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

(i) There are no International Financial Reporting Standards (IFRS), amendments thereto and Interpretations that became effective for the first time for the current reporting period and which are applicable to the Company and which could have a material impact on these financial statements.

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

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) (1st January, 2022).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (1st January, 2023).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (1st January, 2023).
- Definition of Accounting Estimates (Amendments to IAS 8) (1st January, 2023).

3. PROPERTY, PLANT AND EQUIPMENT

	Temporary structures		Equipment		Furniture and fixtures		Computers and software and other office equipment		Vehicles		Total	
	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s
Cost												
As at 1st January, 2021	2,00,787	38,184	55,166	10,491	51,112	9,720	1,54,298	29,343	31,350	5,962	4,92,713	93,700
Additions	—	—	—	—	—	—	4,154	797	—	—	4,154	797
As at 31st December, 2021	**2,00,787**	**38,840**	**55,166**	**10,671**	**51,112**	**9,887**	**1,58,452**	**30,651**	**31,350**	**6,064**	**4,96,867**	**96,113**
Accumulated depreciation												
As at 1st January, 2021	1,27,490	24,245	42,723	8,125	49,937	9,497	1,51,260	28,765	25,112	4,776	3,96,522	75,408
Charge for the year	26,995	5,178	4,792	919	241	46	1,485	285	5,783	1,109	39,296	7,537
As at 31st December, 2021	**1,54,485**	**29,884**	**47,515**	**9,191**	**50,178**	**9,706**	**1,52,745**	**29,547**	**30,895**	**5,976**	**4,35,818**	**84,304**
Net book value												
As at 31st December, 2020	73,297	13,939	12,443	2,366	1,175	223	3,038	578	6,238	1,186	96,191	18,292
As at 31st December, 2021	**46,302**	**8,956**	**7,651**	**1,480**	**934**	**181**	**5,707**	**1,104**	**455**	**88**	**61,049**	**11,809**

		2020		2020
	RO	RO	**₹ in '000s**	₹ in '000s
Depreciation charged to cost of works executed	**37,822**	53,064	**7,254**	9,959
Depreciation charged to other operating expenses	**1,474**	2,854	**283**	536
	39,296	55,918	**7,537**	10,495

4. RIGHT-OF-USE ASSET

		Camp
Asset under operating lease	**RO**	**₹ in '000s**
Cost		
As on 1st January, 2021	21,105	4,014
De-recognition on completion of lease term	(21,105)	(4,048)
As at 31st December, 2021	**—**	**—**
Accumulated depreciation		
As at 1st January, 2021	21,105	4,014
Adjustment for de-recognition on completion of lease term	(21,105)	(4,048)
As at 31st December, 2021	**—**	**—**
Net book value		
As at 31st December, 2020	—	—
As at 31st December, 2021	**—**	**—**

5. CONTRACT AND OTHER RECEIVABLES

		As at 31-12-2020		As at 31-12-2020
	RO	RO	**₹ in '000s**	₹ in '000s
Contract receivables */ **	**33,02,654**	30,35,680	**6,38,866**	5,77,296
Contract debtors billed on account materials at sites	**—**	4,961	**—**	943
Contract debtor billed for services	**2,52,881**	—	**48,917**	—
	35,55,535	30,40,641	**6,87,783**	5,78,239
Advance to staff	**8,449**	3,513	**1,634**	668
Deposits	**1,018**	1,018	**197**	194
Less: Allowance for expected credit losses	**(29,24,672)**	(22,82,404)	**(5,65,748)**	(4,34,045)
	6,40,330	7,62,768	**1,23,866**	1,45,056
Classified as long term deposits	**(1,018)**	(1,018)	**(197)**	(194)
	6,39,312	7,61,750	**1,23,669**	1,44,862

* Contract receivables includes RO Nil (₹ Nil) [Previous year: RO 31,010 (₹ 0.59 crore)] receivable from a related party on account of trade dealings.

** Refer to Note number 22 to these financial statements regarding credit risk exposures.

- The movement in the allowance for expected credit losses account is as follows:

	RO	2020 RO	**₹ in '000s**	2020 ₹ in '000s
Opening balance	**22,82,404**	13,17,440	**4,34,045**	2,43,964
Expected credit loss allowance made during the year as per IFRS 9	**6,42,268**	9,64,964	**1,23,193**	1,81,104
Closing balance	**29,24,672**	22,82,404	**5,65,748**	4,34,045

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (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 6 years	Above 7 years
2021							
RO	**35,55,535**	**97,950**	**17,08,682**	**32,587**	**10,44,454**	**6,56,862**	**15,000**
₹ in '000s	**6,87,783**	**18,948**	**3,30,527**	**6,304**	**2,02,039**	**1,27,063**	**2,902**
2020							
RO	30,35,680	74,939	1,35,234	10,22,893	16,88,260	99,354	15,000
₹ in '000s	5,77,296	14,252	25,717	1,94,524	3,21,056	18,894	2,853

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 29,24,672 (₹ 56.57 crores) (Previous year: RO 22,82,404 (₹ 43.40 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.

6. OTHER ASSETS

		As at 31-12-2020		As at 31-12-2020
	RO	RO	**₹ in '000s**	₹ in '000s
Prepayments	**70,349**	—	**13,608**	—
Advance to suppliers *	**72,698**	80,727	**14,063**	15,352
	1,43,047	80,727	**27,671**	15,352

*Advance to suppliers includes RO 8,219 (₹ 0.16 crore) [Previous year: RO 10,424 (₹ 0.20 crore) advance given to related parties.

7. CONTRACT ASSETS

		As at 31-12-2020		As at 31-12-2020
	RO	RO	**₹ in '000s**	₹ in '000s
(a) Amounts due from customers for contract works	**14,87,769**	38,92,466	**2,87,794**	7,40,230
(b) Retentions receivable	**11,22,723**	19,52,628	**2,17,179**	3,71,331
(c) Accrued income *	**28,081**	35,556	**5,432**	6,762
Less - Allowance for expected credit losses	**(2,95,293)**	(12,58,376)	**(57,121)**	(2,39,305)
	23,43,280	46,22,274	**4,53,284**	8,79,018
Disclosed as:				
Non-current contract assets	**—**	—	**—**	—
Current contract assets	**23,43,280**	46,22,274	**4,53,284**	8,79,018

*The Company has accrued income of RO 28,081 (₹ 0.54 crore) [Previous year: RO 35,556 (₹ 0.68 crore)] that includes RO 16,125 (₹ 0.31 crore) which has not been billed to the customers or recovered subsequently. Company's Management is confident about recovery of the same and accordingly, no allowance for expected credit losses against accrued income has been made at 31st December, 2021. Accrued income includes RO Nil (₹ Nil) [Previous year: RO 5,000 (₹ 0.10 crore)] to be billed to a related party on account of trade dealings.

7. CONTRACT ASSETS (contd.)

- The movement in the allowance for expected credit losses on contract assets is as follows:

	RO	As at 31-12-2020 RO	₹ in '000s	As at 31-12-2020 ₹ in '000s
Opening balance	**12,58,376**	—	**2,39,305**	—
Expected credit loss allowance made during the year as per IFRS 9	**—**	12,58,376	**—**	2,36,172
Allowance written back to other operating income in the statement of comprehensive income	**(9,63,083)**	—	**(1,84,729)**	—
Closing balance	**2,95,293**	12,58,376	**57,121**	2,39,305

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 2,95,293 (₹ 5.71 crores) [Previous year: RO 12,58,376 (₹ 23.93 crores)] has been recognised at the year end. Any difference between the said allowance for expected credit losses and actual credit losses that would be known / incurred in future would be charged to profit or loss in the future years in which the actual credit losses are incurred.

- The movement in impairment of an amount due from a customer for contract work is as follows:

	RO	As at 31-12-2020 RO	₹ in '000s	As at 31-12-2020 ₹ in '000s
Opening balance	**—**	3,53,472	**—**	65,456
Amount written back to statement of comprehensive income as an exceptional item (refer Note 19)	**—**	(3,53,472)	**—**	(66,340)
Closing balance	**—**	—	**—**	—

8. CONTRACT IN PROGRESS

	RO	As at 31-12-2020 RO	₹ in '000s	As at 31-12-2020 ₹ in '000s
Contract costs incurred plus recognized profits less recognised losses	**1,66,32,209**	3,41,98,113	**31,90,224**	64,18,302
Progress billings*	**1,51,44,440**	3,03,13,022	**29,04,855**	56,89,148
Advance on contracts	**82,923**	8,85,775	**16,041**	1,68,448
Retentions receivables	**7,66,407**	15,76,313	**1,48,254**	2,99,767

(a) Refer to Note number 22 (ii) to these financial statements regarding unapproved variations.

(b) * Progress billings include RO 3,45,762 (₹ 6.69 crores) billed against claims for material advances received and to that extent due from customers for contract works is understated and billings are overstated.

9. CASH AND CASH EQUIVALENTS

	RO	As at 31-12-2020 RO	₹ in '000s	As at 31-12-2020 ₹ in '000s
Bank balance on current accounts	**3,12,152**	2,12,995	**60,382**	40,505
Bank smart card accounts	**129**	1,083	**25**	206
Cash on hand	**2,175**	2,250	**421**	428
	3,14,456	2,16,328	**60,828**	41,139

10. SHARE CAPITAL	Share %	RO	As at 31-12-2020 Share %	As at 31-12-2020 RO	₹ in '000s	As at 31-12-2020 ₹ in '000s
Mustafa Sultan Enterprises L.L.C.	**—**	**—**	35	1,75,000	**—**	33,280
Voltas Netherlands B.V.	**100**	**5,00,000**	65	3,25,000	**96,720**	61,805
	100	**5,00,000**	100	5,00,000	**96,720**	95,085

The share capital comprises 5,00,000 shares of face value RO 1 each, fully paid up.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

11. BANK BORROWINGS

		As at 31-12-2020		As at 31-12-2020
	RO	RO	**₹ in '000s**	₹ in '000s
Short term loans*	**5,00,000**	5,00,000	**96,720**	95,085
Bank overdrafts	**16,33,163**	16,74,485	**3,15,919**	3,18,437
Bills discounting	**—**	6,26,310	**—**	1,19,105
Loan against trust receipts	**10,82,893**	14,06,038	**2,09,475**	2,67,386
	32,16,056	42,06,833	**6,22,114**	8,00,013

*Short term loans of RO 5,00,000 (₹ 9.67 crores) [Previous year: RO 5,00,000 (₹ 9.51 crores)] is from a related party, unsecured, @ 5% interest per annum and repayable on demand.

Bank facilities are secured against:

(a) Corporate guarantees from sole proprietor member of the Company and ex-member company to cover project specific facilities and additional allocation under umbrella project specific facilities to three banks.

(b) Irrevocable assignment of receivables from Company's projects financed under the umbrella project specific limits to three banks.

(c) Letter of undertaking from sole proprietor member unconditionally and irrevocably confirming to honor bank facilities granted by a bank to the Company.

The borrowing agreements with bank 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 unutilised 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.

12. CONTRACT AND OTHER PAYABLES

		As at 31-12-2020		As at 31-12-2020
	RO	RO	**₹ in '000s**	₹ in '000s
Contract payables *	**24,27,176**	30,30,080	**4,69,513**	5,76,230
Accruals**	**7,77,983**	9,85,248	**1,50,493**	1,87,365
Provision for expenses during defect liability period	**—**	28,391	**—**	5,399
	32,05,159	40,43,719	**6,20,006**	7,68,994

* Contract payables include RO 9,05,491 (₹ 17.52 crores) net [Previous year: RO 12,73,484 (₹ 24.22 crores) net] due to related parties, RO 57,206 (₹ 1.11 crores) [Previous year: RO 47,910 (₹ 0.91 crore)] due to sole proprietor member and RO 4,362 (₹ 0.08 crore) [Previous year: RO 3,408 (₹ 0.06 crore)] due to ultimate parent company on account of trade dealings.

**Accruals include RO 3,142 (₹ 0.06 crore) [Previous year: RO 4,279 (₹ 0.08 crore)] due to sole proprietor member and RO Nil (₹ Nil) [Previous year: RO 24,916 (₹ 0.47 crore)] due to member company.

The movement in provision for expenses during defect liability period account is as follows:

		As at 31-12-2020		As at 31-12-2020
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**28,391**	38,106	**5,399**	7,056
Expenses incurred against provision during the year	**(28,391)**	(9,715)	**(5,446)**	(1,823)
Closing balance	**—**	28,391	**—**	5,399

13. CONTRACT LIABILITIES

		As at 31-12-2020		As at 31-12-2020
	RO	RO	**₹ in '000s**	₹ in '000s
Amount due to a customer for contract work	**—**	7,375	**—**	1,402
Advances from customers	**1,18,163**	8,85,775	**22,857**	1,68,448
	1,18,163	8,93,150	**22,857**	1,69,850

14. REVENUE

		2020		2020
	RO	RO	**₹ in '000s**	₹ in '000s
Contract revenue	**20,07,151**	30,24,200	**3,84,993**	5,67,582
Maintenance and facility management service revenue	**3,40,932**	1,12,310	**65,394**	21,078
Trading revenue	**2,01,274**	—	**38,606**	—
	25,49,357	31,36,510	**4,88,993**	5,88,660

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.

		2020		2020
	RO	RO	**₹ in '000s**	₹ in '000s
Timing of revenue recognition				
At a point in time	**2,01,274**	—	**38,606**	—
Over a period of time	**23,48,083**	31,36,510	**4,50,387**	5,88,660
	25,49,357	31,36,510	**4,88,993**	5,88,660

15. COST OF WORKS EXECUTED

		2020		2020
	RO	RO	**₹ in '000s**	₹ in '000s
Materials consumed and related expenses	**6,50,567**	12,55,936	**1,24,785**	2,35,714
Wages and related expenses	**9,26,712**	15,47,974	**1,77,753**	2,90,524
Depreciation on property, plant and equipment	**37,822**	53,064	**7,255**	9,959
Sub contract costs	**2,14,728**	5,09,147	**41,187**	95,557
Depreciation on right-of-use of asset	**—**	6,885	**—**	1,292
Other direct costs	**1,37,357**	2,29,159	**26,346**	43,009
Total A	**19,67,186**	36,02,165	**3,77,326**	6,76,055
Maintenance and facility management service projects, trading and service costs	**4,48,594**	72,781	**86,045**	13,659
Total B	**4,48,594**	72,781	**86,045**	13,659
Grand Total A+B	**24,15,780**	36,74,946	**4,63,371**	6,89,714

16. OTHER OPERATING INCOME

		2020		2020
	RO	RO	**₹ in '000s**	₹ in '000s
Cost expensed out in previous year now reversed	**1,03,935**	—	**19,936**	—
Write back of allowances for expected credit loss	**3,20,815**	—	**61,536**	—
Miscellaneous income	**—**	19,538	**—**	3,667
	4,24,750	19,538	**81,472**	3,667

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

17. OTHER OPERATING EXPENSES

		2020		2020
	RO	RO	**₹ in '000s**	₹ in '000s
Rent	**9,720**	9,810	**1,865**	1,841
Repairs and maintenance	**23,473**	18,434	**4,503**	3,460
Insurance	**2,166**	524	**416**	98
Electricity and water	**4,240**	2,021	**813**	379
Telephones, fax and postage	**9,216**	6,485	**1,768**	1,217
Travelling and conveyance	**732**	1,427	**140**	268
Tender charges	**4,084**	10,045	**783**	1,885
Vehicle expenses	**3,593**	2,103	**689**	395
Advertisement and business promotion expenses	**609**	238	**117**	45
Legal and professional charges	**3,062**	7,241	**587**	1,359
Miscellaneous expenses	**3,630**	7,716	**696**	1,448
	64,525	66,044	**12,377**	12,395

18. FINANCE COSTS

		2020		2020
	RO	RO	**₹ in '000s**	₹ in '000s
Interest on short term loan from related party	**25,000**	19,031	**4,795**	3,572
Guarantee commission expenses net of previous accruals reversed	**24,153**	15,678	**4,632**	2,942
Interest on bank borrowings	**81,620**	81,457	**15,656**	15,288
Bank charges and exchange difference	**7,261**	10,546	**1,393**	1,979
	1,38,034	1,26,712	**26,476**	23,781

19. EXCEPTIONAL ITEM

		2020		2020
	RO	RO	**₹ in '000s**	₹ in '000s
Provision reversed for contract assets	**—**	3,53,472	**—**	66,340

20. 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 losses incurred by the Company. The applicable tax rate is 15% (Previous year: 15%) as per the Income Tax Law in Oman. Taxation for the tax years 2019 to 2021 are subject to agreement with the Taxation Authority.

(b) The income tax expense as per the statement of comprehensive income comprises:

		2020		2020
	RO	RO	**₹ in '000s**	₹ in '000s
Current tax				
Charge for the current year	**—**	—	**—**	—
Credit for the earlier year (net)	**1,616**	—	**310**	—
Income tax credit	**1,616**	—	**310**	—

(c) The reconciliation between the income tax expense (Previous year: income tax credit) on the accounting net profit (Previous year: net loss) and nil income tax (Previous year: nil income tax) in the statement of comprehensive income is as follows:

	RO	2020 RO	**₹ in '000s**	2020 ₹ in '000s
Income tax expense on accounting net profit of RO 3,35,444 (₹ 6.43 crores) [Previous year: tax credit on net loss of RO 29,27,257 (₹ 54.94 crores)] at applicable tax rates	**50,317**	(4,39,089)	**9,651**	(82,409)
Add / Less tax effect of:				
Depreciation adjustment based on depreciation rates as per tax Income Tax Law	**(930)**	836	**(178)**	157
Provisions reversed / write offs considered as deductible expense for income tax purpose	**(4,409)**	(1,457)	**(846)**	(273)
Expenses not considered as deductible expense for income tax purpose (net)	**150**	150	**29**	28
Allowance for expected credit losses (written back) / made (not considered) / considered as deductible expense for income tax purposes (net)	**(48,122)**	3,33,501	**(9,230)**	62,591
Net adjustment for leases	**—**	(91)	**—**	(17)
Provisions for exceptional item reversed not considered as taxable income for income tax purposes	**—**	(53,021)	**—**	(9,951)
Interest expense not considered as deductible expense for income tax purposes	**3,750**	3,845	**719**	722
Previous year's brought forward income tax loss set off against current year's taxable profit	**(1,55,326)**	—	**(29,793)**	—
Tax loss of RO 10,30,473 (₹ 19.77 crores) carried forward to set off against future taxable net profits	**(1,54,570)**	1,55,326	**(29,648)**	29,152
Income tax expenses	**—**	—	**—**	—

21. 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:

	Ex-Member RO	**Ultimate parent and parent company RO**	**Other Related Parties RO**	**Total RO**	2020 Total RO	**Total ₹ in '000s**	2020 Total ₹ in '000s
Revenue	—	—	**—**	**—**	5,668	**—**	1,064
Purchases from	**—**	**—**	**19,238**	**19,238**	20,423	**3,690**	3,833
Expenses from	**12,000**	**57,672**	**30,765**	**1,00,437**	1,15,176	**19,265**	21,616
Accrual reversal	**24,916**	—	**—**	**24,916**	—	**4,779**	—
Miscellaneous income	**—**	**—**	**403**	**403**	19,538	**77**	3,667
Expenses to	**—**	**—**	**1,50,737**	**1,50,737**	81,019	**28,913**	15,206
Subcontract costs	**—**	**—**	**31,188**	**31,188**	—	**5,982**	—
Interest expense	—	—	**25,000**	**25,000**	25,068	**4,795**	4,705
Material transfer	**—**	**—**	**6,246**	**6,246**	—	**1,198**	—

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, 2021 (contd.)

22. FINANCIAL INSTRUMENTS

Management of risk

The Management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed. The primary risks to which the business is exposed comprise credit, exchange rate, liquidity and interest rate risks.

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up. As part of the Company's credit risk management, where it is considered necessary, such receivables are covered by letters of credit or bank guarantees in favour of the Company, issued by reputed financial institutions.

The Company buys goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US dollars to which the Rials Omani is pegged.

Management continuously monitors its cash flows to determine its cash requirements and makes comparison with its funded and un-funded facilities with banks in order to manage exposure to liquidity risk.

Borrowing facilities are regularly reviewed to ensure that the Company obtains the best available pricing, terms and conditions on its borrowings.

Exposures to the aforementioned risks are detailed below:

- **Credit, interest rate and exchange rate risk exposures**

  Credit risk

  Financial assets which potentially expose the Company to credit risks and concentrations of credit risk comprise principally, cash equivalents, long term deposits, contract and other receivables and contract assets. The maximum credit risk exposure of financial assets recognised in the statement of financial position approximate to the carrying amount of the assets net of allowance.

  The Company's bank current and smart card accounts are placed with reputed financial institutions. The Management assesses the credit risk arising from contract and other receivables, long term deposits, contract assets and cash equivalents taking into account their financial position / results, past experience and other factors. As at year end, 74.66% (Previous year: 75.97%) 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) Contract receivable and retention aggregating to RO 1,52,366 (₹ 2.95 crores), that is outstanding for more than two years, are due from Unique Contracting Co. L.L.C. against which allowance for expected credit losses of RO 4,194 (₹ 0.08 crores) have been made. Though, as per Company's records payments from said debtor have been delayed, in the opinion of the Company's Management, no further allowance for expected credit losses is to be made against the same, as above dues are fully certified and fully recoverable. The Company does not expect any material impact on its profitability and financial position as RO 5,17,745 (₹ 10.01 crores) had been received during the year 2021 and RO 70,000 (₹ 1.35 crores) has been received in the year 2022 till date.

  (ii) Amounts due from customers for contract works of RO 14,87,769 (₹ 28.78 crores) (Previous year: RO 38,92,466 (₹ 74.02 crores)), that includes RO 67,067 (₹ 1.30 crores) over one year old against which RO 17,727 (₹ 0.34 crore) allowance for ECL have been recognised. Total contract values considered as per cost to completion exercise includes positive variations of RO 7,79,024 (₹ 15.07 crores) [Previous year: RO 14,21,012 (₹ 27.02 crores)] that incudes RO 7,61,368 (₹ 14.73 crores) over one year, and negative variations of RO 5,59,184 (₹ 10.82 crores) [Previous year: RO 5,22,908 (₹ 9.94 crores)] that includes RO 5,37,473 (₹ 10.40 crores) over one year old, that are pending for approval from main contractor. These total positive variations of RO 7,79,024 (₹ 15.07 crores) and total negative variations of RO 5,04,184 (₹ 9.75 crores) are due to remeasurement of contracts works and are part of the main re-measurable contract which will get certified progressively and upon completion of the contract. Above variations are considered based on, work quantified in engineer's instructions from main contractor and amounts certified by Company's Management for which the Company is confident that the same will be certified in due course by main contractor.

  (iii) Contract receivables includes certified receivable of RO 15,000 (₹ 0.29 crore) [Previous year: RO 15,000 (₹ 0.29 crore)] which is over 8 years old. However, an amount of RO 10,500 (₹ 0.20 crore) is payable to the same customer. Hence net exposure remains at RO 4,500 (₹ 0.09 crore). Against this net exposure of RO 4,500 (₹ 0.09 crore) an allowance for ECL of RO 1,919 (₹ 0.04 crore) is available in the books.

  (iv) The Company has accrued income of RO 28,081 (₹ 0.54 crore) [Previous year: RO 35,556 (₹ 0.68 crore)] that includes RO 16,125 (₹ 0.31 crore) out of which RO 12,625 (₹ 0.24 crore) has been billed and RO. 2,625 (₹ 0.05 crore) has been realised subsequently. Remaining amount has not been billed to the customers or realised subsequently. Company's Management is confident about recovery of the same and accordingly, no allowance for ECL against accrued income has been made as at 31st December, 2021.

  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 is @ 5% (Previous year: 5%) interest per annum. Bank current, overdraft and other borrowings are at floating rates at levels which are generally obtained in Sultanate of Oman and are therefore exposed to cash flow interest rate risk. There are no other significant interest rate risks as other financial assets and financial liabilities are non-interest bearing.

- **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 payable	Currency		2020		2020
		RO	RO	**₹ in '000s**	₹ in '000s
Sole proprietor member	Euros	**57,206**	47,910	**11,066**	9,111
Related party	Qatari Riyals	**90,943**	96,650	**17,592**	18,380

- **Fair Values**

  The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of cash equivalents, contract and other receivables, long term deposits, contract assets, bank borrowings, contract and other payables, current tax payable and contract liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- **Liquidity Risk**

  The Company limits its liquidity risk by ensuring that adequate bank facilities are available to enable it to meet its obligations as and when they fall due for payment. The maturity analysis of the Company's financial liabilities as at the year end is given below:

	Less than 3 months RO	**3 to 12 months RO**	**Above 1 year RO**	**Total RO**	**Total ₹ in '000s**
As at 31st December, 2021					
Staff end-of-service gratuity	—	—	**1,20,223**	**1,20,223**	**23,256**
Bank borrowings	**27,16,056**	**5,00,000**	**—**	**32,16,056**	**6,22,114**
Contract and other payables	**32,05,159**	**—**	**—**	**32,05,159**	**6,20,006**
Contract liabilities	**35,240**	**—**	**—**	**35,240**	**6,817**
Current tax payable	**1**	**—**	**—**	**1**	**—**
	59,56,456	**5,00,000**	**1,20,223**	**65,76,679**	**12,72,193**
As at 31st December, 2020					
Staff end of service gratuity	—	—	1,27,457	1,27,457	24,238
Bank borrowings	37,06,833	5,00,000	—	42,06,833	8,00,013
Contract and other payables	40,43,719	—	—	40,43,719	7,68,994
Contract liabilities	8,93,150	—	—	8,93,150	1,69,850
Current tax payable	1,629	—	—	1,629	310
	86,45,331	5,00,000	1,27,457	92,72,788	17,63,405

23. CONTINGENT LIABILITIES

		2020		2020
	RO	RO	**₹ in '000s**	₹ in '000s
Acceptances	**—**	3,20,427	—	60,936
Banker's letter of guarantee	**13,06,895**	14,19,844	**2,52,806**	2,70,012
Banker's letters of credit	**2,43,873**	48,561	**47,175**	9,235
	15,50,768	17,88,832	**2,99,981**	3,40,183

Bank facilities are secured against securities and several restrictive and financial covenants mentioned in Note number 11 to these financial statements.

24. 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 **A. R. Suresh Kumar**

Muscat, 11th April , 2022 **V. P. Malhotra**

VOLTAS QATAR W.L.L.

Directors:

A. R. Suresh Kumar

Manish Desai

Dhulipala Srinivas Murthy

Anil George *(up to 19th April, 2022)*

Jitender Verma *(w.e.f. 19th April, 2022)*

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present the Tenth Annual Report and Accounts for the year ended 31st December, 2021.

2. The Company has reported lower turnover of Qatari Riyals (QR) 291.158 million for the year ended 31st December, 2021, as compared to QR 308.677 million last year. However, due to better efficiency in execution of some of the projects / claims made, Net Profit was higher at QR 29.310 million for the year under review as compared to QR 12.710 million in the previous year. The overall order book position as at 31st December, 2021 was QR 158.477 million.

3. The Company had in February 2022, declared a maiden dividend of QR 10 million for the year ended 31st December, 2021. With a view to conserve cash resources, the Directors do not recommend any final dividend.

4. Mr. Jitender Verma was appointed as a Director of the Company in place of Mr. Anil George with effect from 19th April, 2022. The Directors place on record their appreciation for the valuable contribution made by Mr. Anil George during his tenure on the Board.

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

On behalf of the Board of Directors

A. R. Suresh Kumar
Dhulipala Srinivas Murthy
Directors

Doha,19th April, 2022

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, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31st December, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the applicable provisions of Qatar Commercial Companies' Law, and 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 Associations were committed during the year which would materially affect the Company's activities or its financial position.
- Reference to Note 3 to the financial statements, the Company is in the process of assessing the impact of the Qatar Commercial Companies' Law, as per Law No. 8 of 2021. Management believes that the said amendments will not have a material impact on the financial statements of the Company.

For **Deloitte & Touche**
Qatar Branch

Midhat Salha
Partner
License No. 257

Doha, 19th April, 2022

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2021

	Notes	**QR**	As at 31-12-2020 QR	**₹ in '000s**	As at 31-12-2020 ₹ in '000s
ASSETS					
CURRENT ASSETS					
Cash and bank balances	5	**2,62,82,666**	4,24,61,327	**5,37,481**	8,54,322
Accounts receivable	6	**13,40,63,476**	1,36,97,588	**27,41,598**	2,75,595
Retentions receivable	7	**4,12,28,888**	5,42,32,374	**8,43,131**	10,91,155
Contract assets	8(a)	**6,52,28,230**	19,74,41,571	**13,33,917**	39,72,524
Prepayments and other assets		**1,36,565**	1,44,719	**2,793**	2,912
Deferred tax	19(c)	**49,87,963**	16,93,668	**1,02,004**	34,077
Advances and other receivables		**12,32,281**	2,34,18,501	**25,200**	4,71,180
Total current assets		**27,31,60,069**	33,30,89,748	**55,86,124**	67,01,765
NON-CURRENT ASSETS					
Retentions receivable	7	**4,12,28,888**	1,80,46,895	**8,43,131**	3,63,104
Property and equipment	9	**7,55,500**	9,84,884	**15,450**	19,816
Intangible assets	10	**52,408**	54,423	**1,072**	1,095
Right-of-use assets		**1,09,928**	2,35,704	**2,248**	4,742
Contract assets	8(a)	**35,86,633**	60,25,791	**73,347**	1,21,239
Total non-current assets		**4,57,33,357**	2,53,47,697	**9,35,248**	5,09,996
Total assets		**31,88,93,426**	35,84,37,445	**65,21,372**	72,11,761
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Bank loans	11	**9,38,36,846**	—	**19,18,964**	—
Trade and other payables	12	**7,48,29,236**	17,17,86,274	**15,30,258**	34,56,340
Advances from customers		**3,17,63,795**	9,28,41,687	**6,49,570**	18,67,975
Contract liabilities	8(b)	**59,51,426**	73,12,381	**1,21,707**	1,47,125
Due to related parties	13(a)	**84,16,699**	1,66,14,259	**1,72,121**	3,34,279
Provision for anticipated losses		**2,18,840**	3,07,648	**4,475**	6,190
Lease liability		**96,791**	1,26,294	**1,979**	2,541
Income tax payable	19(a)	**69,95,213**	22,89,125	**1,43,052**	46,057
Total current liabilities		**22,21,08,846**	29,12,77,668	**45,42,126**	58,60,507
NON-CURRENT LIABILITIES					
Lease liability		**21,738**	1,11,948	**445**	2,252
Employees' end-of-service benefits	14	**30,78,567**	26,73,144	**62,957**	53,784
Total non-current liabilities		**31,00,305**	27,85,092	**63,402**	56,036
Total liabilities		**22,52,09,151**	29,40,62,760	**46,05,528**	59,16,543
EQUITY					
Share capital	1	**10,00,000**	10,00,000	**20,450**	20,120
Legal reserve	15	**5,00,000**	5,00,000	**10,226**	10,060
Retained earnings		**9,21,84,275**	6,28,74,685	**18,85,168**	12,65,038
Total equity		**9,36,84,275**	6,43,74,685	**19,15,844**	12,95,218
Total liabilities and equity		**31,88,93,426**	35,84,37,445	**65,21,372**	72,11,761

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) = ₹ 20.45, being the exchange rate prevailing as on 31st December, 2021. Previous year figures have been converted @ 1 QR = ₹ 20.12, being the exchange rate prevailing as on 31st December, 2020.

Directors **A. R. Suresh Kumar**

Doha, 19th April, 2022 **Dhulipala Srinivas Murthy**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2021

	Notes		2020		2020
		QR	QR	**₹ in '000s**	₹ in '000s
REVENUE		**29,11,58,702**	30,86,76,919	**59,07,610**	61,11,803
Cost of services and other direct costs	16	**(23,27,79,162)**	(28,50,43,711)	**(47,23,089)**	(56,43,865)
GROSS PROFIT		**5,83,79,540**	2,36,33,208	**11,84,521**	4,67,938
Other income	17	**1,80,31,737**	42,84,626	**3,65,864**	84,836
General and administrative expenses	18	**(3,85,93,421)**	(1,15,62,493)	**(7,83,061)**	(2,28,937)
Finance costs		**(42,30,036)**	(23,15,440)	**(85,827)**	(45,846)
PROFIT BEFORE INCOME TAX		**3,35,87,820**	1,40,39,901	**6,81,497**	2,77,991
Income tax	19(b)	**(42,78,230)**	(13,29,572)	**(86,805)**	(26,325)
PROFIT FOR THE YEAR		**2,93,09,590**	1,27,10,329	**5,94,692**	2,51,666
Other comprehensive income		**—**	—	**—**	—
Total comprehensive income for the year		**2,93,09,590**	1,27,10,329	**5,94,692**	2,51,666

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 = ₹ 20.29, being the average of the exchange rates prevailing as on 31st December, 2020 (1 QR = ₹ 20.12) and as on 31st December, 2021 (1 QR = ₹ 20.45). Previous year figures have been converted into Indian Rupees @ 1 QR = ₹ 19.80, being the average of the exchange rates prevailing as on 31st December, 2019 (1 QR = ₹ 19.48) and as on 31st December, 2020 (1 QR = ₹ 20.12).

Directors **A. R. Suresh Kumar**

Doha, 19th April, 2022 **Dhulipala Srinivas Murthy**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2021

	Share capital		**Legal reserve**		**Retained earnings**		**Total**	
	QR	**₹ in '000s**	**QR**	**₹ in '000s**	**QR**	**₹ in '000s**	**QR**	**₹ in '000s**
Balance at 1st January, 2020	10,00,000	19,480	5,00,000	9,740	5,01,64,356	9,77,202	5,16,64,356	10,06,422
Total comprehensive income for the year	—	—	—	—	1,27,10,329	2,51,666	1,27,10,329	2,51,666
Balance at 31st December, 2020	10,00,000	20,120	5,00,000	10,060	6,28,74,685	12,65,038	6,43,74,685	12,95,218
Total comprehensive income for the year	—	—	—	—	2,93,09,590	5,94,692	2,93,09,590	5,94,692
Balance at 31st December, 2021	**10,00,000**	**20,450**	**5,00,000**	**10,226**	**9,21,84,275**	**18,85,168**	**9,36,84,275**	**19,15,844**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2021

		2020		2020
	QR	QR	**₹ in '000s**	₹ in '000s
OPERATING ACTIVITIES				
Profit before income tax	**3,35,87,820**	1,40,39,901	**6,81,497**	2,77,991
Adjustments for:				
Depreciation of property and equipment	**3,22,228**	2,34,738	**6,538**	4,648
Amortisation of intangible assets	**6,155**	5,123	**125**	101
Amortisation of right-of-use assets	**1,25,776**	10,869	**2,552**	215
Profit on sale of property and equipment	**(16,496)**	(11,093)	**(335)**	(220)
Provisions for employees' end-of-service benefits	**7,04,462**	3,57,494	**14,294**	7,078
Reversal of loss allowance – Contract assets	**35,97,060**	34,26,226	**72,984**	67,839
Provision for loss allowance – accounts receivable	**1,37,198**	40,86,102	**2,784**	80,905
Provision for loss allowance – retentions receivable	**2,93,15,228**	18,16,301	**5,94,806**	35,963
Finance cost	**42,30,036**	23,15,440	**85,827**	45,846
Interest on lease liabilities	**17,243**	3,082	**350**	61
	7,20,26,710	2,62,84,183	**14,61,422**	5,20,427
Movement in working capital:				
Accounts receivable	**(12,05,03,086)**	2,54,09,199	**(24,70,640)**	4,82,652
Contract assets	**13,10,55,439**	(19,19,81,077)	**26,10,331**	(38,75,069)
Retentions receivable	**(3,94,93,735)**	(1,20,88,404)	**(8,32,787)**	(2,84,238)
Prepayments and other assets	**8,154**	(11,628)	**119**	(319)
Advances and other receivables	**2,21,86,220**	(1,75,93,124)	**4,45,980**	(3,57,702)
Trade and other payables	**(9,69,57,038)**	14,70,75,569	**(19,26,082)**	29,74,975
Advances from customers	**(6,10,77,892)**	2,35,57,183	**(12,18,405)**	5,18,313
Contract liabilities	**(13,60,955)**	(50,09,572)	**(25,418)**	(92,907)
Due to related parties	**(81,45,975)**	(45,77,944)	**(1,61,102)**	(78,545)
Cash used in operations	**(10,22,62,158)**	(89,35,615)	**(20,91,261)**	(1,79,785)
Employees' end-of-service benefits paid	**(3,50,624)**	(18,377)	**(7,114)**	(364)
Income tax paid	**(28,66,437)**	(5,51,154)	**(58,160)**	(10,913)
Finance cost paid	**(42,30,036)**	(23,15,440)	**(85,827)**	(45,846)
(Reversal) / provision of anticipated losses	**(88,808)**	2,07,262	**(1,802)**	4,104
Repayment of interest portion of lease liabilities	**(17,243)**	(3,082)	**(350)**	(61)
Net cash used in operations	**(10,98,15,306)**	(1,16,16,406)	**(22,45,723)**	(2,33,722)
INVESTING ACTIVITIES				
Additions to property and equipment	**(1,05,419)**	(10,86,632)	**(2,139)**	(21,515)
Addition to intangible assets	**(4,140)**	(27,370)	**(84)**	(542)
Proceeds from disposal of property and equipment	**29,071**	13,500	**590**	267
Net cash used in investing activities	**(80,488)**	(11,00,502)	**(1,646)**	(22,142)
FINANCING ACITIVITIES				
Net movement in bank loans	**9,38,36,846**	(2,53,27,700)	**19,18,964**	(4,93,384)
Repayment of principal portion of lease liabilities	**(1,19,713)**	(8,331)	**(2,429)**	(165)
Net cash from / (used in) financing activities	**9,37,17,133**	(2,53,36,031)	**19,16,515**	(5,09,761)
Net decrease in cash and cash equivalents	**(1,61,78,661)**	(3,80,52,939)	**(3,16,841)**	(7,14,096)
Cash and cash equivalents at the beginning of the year	**4,24,61,327**	8,05,14,266	**8,54,322**	15,68,418
Cash and cash equivalents at the end of the year (Note 5)	**2,62,82,666**	4,24,61,327	**5,37,481**	8,54,322

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021

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. Effective 2nd November, 2017, the ownership and profit-sharing structure of the Company was changed from Mr. Ahmed Mana Jashan to Architectural Fusion Trading Contracting. The Company's new equity and profit share are presented as follows:

Name	Profit distribution %	Ownership %	QR	₹ in '000s
Architectural Fusion Trading Contracting	2.25%	51%	5,10,000	10,430
Voltas Netherlands B.V.	97.75%	49%	4,90,000	10,020
	100%	**100%**	**10,00,000**	**20,450**

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.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New and amended IFRS Standards that are effective for the current year

Impact of the initial application of Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

Both the Phase 1 and Phase 2 amendments are not relevant to the Company because it does not have exposure to interest rate benchmark exposures and accordingly does not apply hedge accounting.

Impact of the initial application of Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16

On 28th May, 2020, the IASB issued Covid-19 - related rent concessions - amendment to IFRS 16 Leases, which provides relief to lessees from applying IFRS 16 on lease modification accounting for rent concessions arising as a direct consequence of the Covid -19 pandemic by introducing a practical expedient to IFRS 16. This practical expedient was available on rent concessions for which any reduction in lease payments affected payments originally due on or before 30th June, 2021.

In the current financial year, the Company has had no impact of the amendment of IFRS 16.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (contd.)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted

The Company has not early adopted the following new and amended standards and interpretations that have been issued but are not yet effective.

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 17 Insurance Contracts IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1st January, 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1st January, 2023. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.	1st January, 2023
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.	Available for optional adoption/ effective date deferred indefinitely.
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expense, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	1st January, 2023. Early application is permitted.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (contd.)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IFRS 3 – Reference to the Conceptual Framework The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1st January, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.	1st January, 2022
Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.	1st January, 2022. Early application permitted.
Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.	1st January, 2022. Early application permitted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (contd.)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

<table>
<tr><th>New and revised IFRSs</th><th>Effective for annual periods beginning on or after</th></tr>
<tr><td>Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.
Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.
The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.
The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:
● A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
— Right-of-use assets and lease liabilities
— Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.
● The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.
The amendments are effective for annual reporting periods beginning on or after 1st January, 2023, with earlier application permitted.</td><td>1st January, 2023</td></tr>
<tr><td>Annual Improvements to IFRS Standards 2018–2020
The Annual Improvements include amendments to four Standards.
IFRS 1 First-time Adoption of International Financial Reporting Standards
The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for de-recognition on financial liabilities
The amendment clarifies that in applying the '10 per cent' test to assess whether to de-recognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.
The amendment is effective for annual periods beginning on or after 1st January 2022, with early application permitted.

IFRS 16 Leases
The amendment removes the illustration of the reimbursement of leasehold improvements.</td><td>1st January, 2022. Early application permitted.</td></tr>
</table>

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (contd.)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
IAS 41 Agriculture The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.	
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) The amendments change the requirement in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments to IAS 1 are effective for annual periods beginning on or after 1st January, 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.	1st January, 2023
Definition of Accounting Estimates (Amendments to IAS 8) The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications: ● A change in accounting estimate that results from new information or new developments is not the correction of an error. ● The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments. The amendments are effective for annual periods beginning on or after 1st January, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.	1st January, 2023

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), and the applicable provisions of Qatar Commercial Companies' Law.

The financial statements comply with the requirements of Qatar Commercial Companies' Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021. Management is in the process of taking necessary actions needed to ensure full compliance with the amended law, including amending the Articles of Association of the Company where necessary, and has concluded that any non-compliance as at the reporting date does not have a material impact on the financial statements.

(b) Basis of preparation

These financial statements are prepared under the historical cost convention. These financial statements are presented in Qatari Riyal (QR), which is the Company's functional and presentation currency.

(c) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

(d) Property and equipment

Property and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Costs include expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is immediately de-recognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimates accounted for on prospective basis.

Following are the rates of depreciation used based on the estimated useful lives of the related assets:

Porta cabins	15%
Machinery	15%
Computers and office equipment	33.33%
Vehicles	20%

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss and other comprehensive income.

(e) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. A gain or loss arising from de-recognition of an intangible asset, is measured as the difference between the net disposal proceeds and the carrying amount of the asset, and recognised in the statement of profit or loss and other comprehensive income when the asset is de-recognised.

(f) Impairment of tangible and intangible assets

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

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

(g) Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(h) Financial assets

All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at amortised cost.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income - interest income" line item.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on trade receivables, 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.

The Company always recognises lifetime ECL for trade receivables and amounts due from related parties. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (contd.)

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost, exchange differences are recognised in the statement of profit or loss.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,

(2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and

(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event (see (ii) above);

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of expected credit losses

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 cash flows that the Company expects to receive, discounted at the original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (contd.)

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risk and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on de-recognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is classified to profit or loss. In contrast, on de-recognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(i) Financial liabilities

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

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in profit or loss.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and the payable is recognised in the statement of profit or loss and other comprehensive income.

(j) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimate to settle the present obligation, its carrying amount is the present value of those cash flows.

(k) Employees' end-of-service benefits

A provision is made for employees' end-of-service benefits which is payable on completion of employment. The provision is calculated in accordance with Qatari Labour Law based on employees' salary and accumulated period of service as at the reporting date.

(l) Revenue recognition

Revenue is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. Revenue is adjusted for expected discounts and volume discounts, which are estimated based on the historical data or forecast and projections. The Company recognises revenue when it transfers control over goods or services to its customers.

The stand-alone selling prices are determined based on the observable price at which the Company sells the products and services on a standalone basis. For items that are not sold separately, the Company estimates standalone selling prices using other methods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (contd.)

Contract assets and liabilities

The Company has determined that contract assets and liabilities are to be recognised at the performance obligation level and not at the contract level and both contract assets and liabilities are to be presented separately in the financial statements. The Company classifies its contract assets and liabilities as current and non-current based on the timing and pattern of flow of economic benefits.

Interest income

Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(m) Leases

The Company as lessee

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (contd.)

(n) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax provisions as prescribed by the current applicable Qatar Income Tax Law.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset 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 recognised in the statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(o) Foreign exchange difference

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in the statement of profit or loss and other comprehensive income in the period in which they arise except as otherwise stated in the Standards.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in compliance with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Management considers recognizing 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (contd.)

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 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 recognises 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

Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payments of Principal and Interest (SPPI) and the business model test (please see financial assets sections of Note 3). The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are de-recognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Judgement in identifying whether a contract includes a lease

The Management has assessed whether or not the Company has contracted for the rights to substantially all of the economic benefits from the use of the assets and whether the contract which contains a lease. As a result the Company has concluded that the contract does contain a lease.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (contd.)

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

(b) **Estimates**

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

Percentage-of-completion

The Company uses the input method to recognise revenue on the basis of entity's efforts or inputs to the satisfaction of a performance obligation in accounting for its construction contracts. This is done by measuring the costs incurred to date relative to the total expected costs to be incurred (forecast final costs).

At each reporting date, the Company is required to estimate stage of completion and costs to complete on its construction contracts. These estimates require the Company to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. These estimates also include the cost of potential claims by subcontractors and the cost of meeting other contractual obligations to the customers. Effects of any revision to these estimates are reflected in the year in which the estimates are revised. When it is probable that total contract costs will exceed total contract revenue, the total expected loss is recognised immediately, as soon as foreseen, whether or not work has commenced on these contracts. The Company uses its commercial teams together with project managers to estimate the costs to complete of construction contracts. Factors such as delays in expected completion date, changes in the scope of work, changes in material prices, increase in labour and other costs are included in the construction cost estimates based on best estimates updated on a regular basis.

Cost to complete

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

Contract variations

Contract variations are recognised as revenue to the extent that it is probable that they will result in revenue which can be reliably measured, which requires the exercise of judgement by Management based on prior experience, application of contract terms and relationship with the contract owners.

As of the reporting date, Management has recorded revenue from variations amounting to QR 46,48,501 (₹ 9.43 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, 2021 (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 31-12-2020		As at 31-12-2020
	QR	QR	**₹ in '000s**	₹ in '000s
Cash on hand	**1,07,270**	73,543	**2,194**	1,480
Bank balance - current account	**2,36,75,396**	2,98,87,784	**4,84,162**	6,01,342
Term deposit	**25,00,000**	1,25,00,000	**51,125**	2,51,500
	2,62,82,666	4,24,61,327	**5,37,481**	8,54,322

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.

The term deposit carry interest rate of 5% (2020 – 5%) per annum and will mature within three months from the reporting date.

6. ACCOUNTS RECEIVABLE

		As at 31-12-2020		As at 31-12-2020
	QR	QR	**₹ in '000s**	₹ in '000s
Accounts Receivable	**13,97,52,263**	1,92,49,177	**28,57,934**	3,87,293
Loss allowance	**(56,88,787)**	(55,51,589)	**(1,16,336)**	(1,11,698)
	13,40,63,476	1,36,97,588	**27,41,598**	2,75,595

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 56,88,787 (₹ 11.63 crores) [as at 31st December, 2020: QR 55,51,589 (₹ 11.17 crores)].

The average credit period is 60 days. No interest is charged on the overdue receivables.

The loss allowance as at 31st December, 2021 and 31st December, 2020 was determined for accounts receivable as follows:

31st December, 2021	**Less than 60 days**	**61 - 360 days**	**Over 360 days**	**Total**	**Total**
	QR	**QR**	**QR**	**QR**	**₹ in '000s**
Expected credit loss rate	—	—	**86%**	—	—
Estimated total gross carrying amount at default	**4,66,24,256**	**8,64,75,637**	**66,52,370**	**13,97,52,263**	**28,57,934**
Lifetime ECL	—	—	**(56,88,787)**	**(56,88,787)**	**(1,16,336)**
				13,40,63,476	**27,41,598**

6. ACCOUNTS RECEIVABLE (contd.)

31st December, 2020	Less than 60 days	61 - 360 days	Over 360 days	Total	Total
	QR	QR	QR	QR	₹ in '000s
Expected credit loss rate	—	—	34%	—	—
Estimated total gross carrying amount at default	10,30,295	19,62,639	1,62,56,243	1,92,49,177	3,87,293
Lifetime ECL	—	—	(55,51,589)	(55,51,589)	(1,11,698)
				1,36,97,588	2,75,595

Movement in loss allowance

		2020		2020
	QR	QR	**₹ in '000s**	₹ in '000s
Balance 1st January	**55,51,589**	14,65,487	**1,11,698**	28,548
Loss allowance during the year	**1,37,198**	40,86,102	**2,784**	80,905
Balance as at 31st December	**56,88,787**	55,51,589	**1,16,336**	1,11,698

7. RETENTIONS RECEIVABLE

		As at 31-12-2020		As at 31-12-2020
	QR	QR	**₹ in '000s**	₹ in '000s
Retentions receivable	**11,56,74,933**	7,61,81,198	**23,65,552**	15,32,766
Less - Loss allowance	**(3,32,17,157)**	(39,01,929)	**(6,79,290)**	(78,507)
	8,24,57,776	7,22,79,269	**16,86,262**	14,54,259
Analysed as:				
Short term	**4,12,28,888**	5,42,32,374	**8,43,131**	10,91,155
Long term	**4,12,28,888**	1,80,46,895	**8,43,131**	3,63,104
	8,24,57,776	7,22,79,269	**16,86,262**	14,54,259

Retentions receivable represent amounts retained by the customers ranging from 5% to 10% of billings and are collectible upon completion of the contracts.

The Company measures the loss allowance for retentions receivable at an amount equal to lifetime expected credit losses (ECL) using the simplified approach. The expected credit losses on retentions receivable are estimated in reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Company writes off a retention receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, and when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

In determining the recoverability of a retention receivable, the Company considers any change in the credit quality of the retention receivable from the date the amount was initially withheld from invoices up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

8.A. CONTRACT ASSETS

		As at 31-12-2020		As at 31-12-2020
	QR	QR	**₹ in '000s**	₹ in '000s
Cost plus attributable profits less losses, if any	**1,27,91,41,502**	1,01,79,84,987	**2,61,58,444**	2,04,81,858
Less: Progress billings	**(1,19,88,25,163)**	(80,66,13,209)	**(2,45,15,975)**	(1,62,29,058)
	8,03,16,339	21,13,71,778	**16,42,469**	42,52,800
Loss allowance	**(1,15,01,476)**	(79,04,416)	**(2,35,205)**	(1,59,037)
	6,88,14,863	20,34,67,362	**14,07,264**	40,93,763
Classified as:				
Short term	**6,52,28,230**	19,74,41,571	**13,33,917**	39,72,524
Long term	**35,86,633**	60,25,791	**73,347**	1,21,239
Total	**6,88,14,863**	20,34,67,362	**14,07,264**	40,93,763

Set out is the movement in the allowance for expected credit losses of contract assets:

		2020		2020
	QR	QR	**₹ in '000s**	₹ in '000s
Balance as at 1st January	**79,04,416**	44,78,190	**1,59,037**	87,235
Loss allowance for the year	**35,97,060**	34,26,226	**72,984**	67,839
Balance as at 31st December	**1,15,01,476**	79,04,416	**2,35,205**	1,59,037

Amounts relating to construction contracts are balances due from customers under construction contracts that arise when the Company receives payments from customers in line with a series of performance – related milestones. The Company will previously have recognised a contract assets for any work performed. Any amount previously recognised as a contract assets is reclassified to trade receivables at the point at which it is invoiced to the customer.

8. B. CONTRACT LIABILITIES

		2020		2020
	QR	QR	**₹ in '000s**	₹ in '000s
Value of work performed	**32,56,83,045**	31,23,15,606	**66,60,218**	62,83,790
Less: Progress billings	**(33,16,34,471)**	(31,96,27,987)	**(67,81,925)**	(64,30,915)
	(59,51,426)	(73,12,381)	**(1,21,707)**	(1,47,125)

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.

		2020		2020
	QR	QR	**₹ in '000s**	₹ in '000s
Classified as:				
Short term	**59,51,426**	73,12,381	**1,21,707**	1,47,125
Long term	**—**	—	**—**	—
Total	**59,51,426**	73,12,381	**1,21,707**	1,47,125

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, 2020	1,25,500	2,444	7,54,603	14,701	4,33,267	8,440	2,38,961	4,655	15,52,331	30,240
Additions during the year	79,000	1,564	15,735	312	9,91,897	19,640	—	—	10,86,632	21,516
Disposals during the year	(48,150)	(953)	—	—	—	—	—	—	(48,150)	(953)
At 31st December, 2020	1,56,350	3,146	7,70,338	15,499	14,25,164	28,674	2,38,961	4,808	25,90,813	52,127
Additions during the year	—	—	5,500	112	99,919	2,027	—	—	1,05,419	2,139
Disposals during the year	(57,050)	(1,158)	—	—	(23,560)	(478)	—	—	(80,610)	(1,636)
At 31st December, 2021	**99,300**	**2,031**	**7,75,838**	**15,866**	**15,01,523**	**30,705**	**2,38,961**	**4,887**	**26,15,622**	**53,489**
Accumulated depreciation										
At 1st January, 2020	1,19,224	2,322	7,01,998	13,676	3,88,308	7,564	2,07,404	4,040	14,16,934	27,602
Charge for the year	11,876	235	11,891	236	1,79,414	3,552	31,557	625	2,34,738	4,648
Disposals during the year	(45,743)	(906)	—	—	—	—	—	—	(45,743)	(906)
At 31st December, 2020	85,357	1,717	7,13,889	14,363	5,67,722	11,423	2,38,961	4,808	16,05,929	32,311
Charge for the year	26,346	534	16,491	335	2,79,391	5,669	—	—	3,22,228	6,538
Disposals during the year	(54,198)	(1,100)	—	—	(13,837)	(281)	—	—	(68,035)	(1,381)
At 31st December, 2021	**57,505**	**1,176**	**7,30,380**	**14,936**	**8,33,276**	**17,040**	**2,38,961**	**4,887**	**18,60,122**	**38,039**
Carrying value										
At 31st December, 2021	**41,795**	**855**	**45,458**	**930**	**6,68,247**	**13,665**	—	—	**7,55,500**	**15,450**
At 31st December, 2020	70,993	1,429	56,449	1,136	8,57,442	17,251	—	—	9,84,884	19,816

10. INTANGIBLE ASSETS

Software	**QR**	As at 31-12-2020 QR	**₹ in '000s**	As at 31-12-2020 ₹ in '000s
Cost				
At 1st January	**6,70,888**	6,43,518	**13,498**	12,536
Additions during the year	**4,140**	27,370	**84**	542
At 31st December	**6,75,028**	6,70,888	**13,805**	13,498
Accumulated amortisation				
At 1st January	**6,16,465**	6,11,342	**12,403**	11,909
Charge for the year	**6,155**	5,123	125	101
At 31st December	**6,22,620**	6,16,465	**12,733**	12,403
Carrying value				
At 31st December	**52,408**	54,423	**1,072**	1,095

Amortisation of intangible assets is calculated using the straight-line method over the term of the project.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

11. BANK LOANS

This represents short-term facilities from local bank at a profit rate of LIBOR + 2 % (2020 LIBOR + 1.6 %) per annum, rolled over every year. No collateral or liens are existing against these facilities.

12. TRADE AND OTHER PAYABLES

		As at 31-12-2020		As at 31-12-2020
	QR	QR	**₹ in '000s**	₹ in '000s
Trade payables	**2,56,61,190**	9,83,45,283	**5,24,771**	19,78,707
Accruals and other liabilities	**3,14,86,485**	6,31,06,576	**6,43,899**	12,69,704
Retentions payable	**1,61,62,758**	92,71,160	**3,30,528**	1,86,536
Leave salary	**15,18,803**	10,63,255	**31,060**	21,393
	7,48,29,236	17,17,86,274	**15,30,258**	34,56,340

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 to related parties*

		As at 31-12-2020		As at 31-12-2020
	QR	QR	**₹ in '000s**	₹ in '000s
Hamad & Mohamad Al Futtaim	**3,19,854**	5,17,594	**6,541**	10,414
Voltas Limited – Qatar Branch	**63,77,897**	1,35,66,029	**1,30,428**	2,72,949
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**4,53,173**	4,60,358	**9,267**	9,262
Weathermaker Limited	**—**	8,72,572	**—**	17,556
Voltas Netherlands B.V.	**77,223**	9,57,228	**1,579**	19,259
Voltas Limited – UAE Branch	**7,38,326**	25,885	**15,099**	521
Voltas Limited – Head office	**3,35,611**	2,14,593	**6,863**	4,318
Voltas Limited – Singapore	**1,14,615**	—	**2,344**	—
	84,16,699	1,66,14,259	**1,72,121**	3,34,279

(b) *Related party transactions*

		2020		2020
	QR	QR	**₹ in '000s**	₹ in '000s
Manpower costs	**2,37,90,818**	3,78,76,800	**4,82,716**	7,49,961
Subcontract	**3,52,241**	16,81,072	**7,147**	33,285
General expenses	**4,63,290**	10,88,772	**9,400**	21,558

14. EMPLOYEES' END-OF-SERVICE BENEFITS

		As at 31-12-2020		As at 31-12-2020
	QR	QR	**₹ in '000s**	₹ in '000s
Balance at 1st January	**26,73,144**	10,22,274	**53,784**	19,913
Provided during the year	**7,04,462**	3,57,494	**14,294**	7,078
Transferred from a related party	**51,585**	13,11,753	**1,047**	25,973
End-of-service benefits paid	**(3,50,624)**	(18,377)	**(7,114)**	(364)
Balance at 31st December	**30,78,567**	26,73,144	**62,957**	53,784

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. COST OF SERVICES AND OTHER DIRECT COSTS

		2020		2020
	QR	QR	**₹ in '000s**	₹ in '000s
Cost of materials	**17,69,09,302**	22,92,17,743	**35,89,490**	45,38,511
Manpower costs	**5,10,68,848**	4,99,51,323	**10,36,187**	9,89,036
Subcontract costs	**—**	1,12,100	**—**	2,220
(Reversal) / provision for anticipated losses	**(88,808)**	2,07,262	**(1,802)**	4,104
Site office maintenance	**3,80,174**	10,70,532	**7,714**	21,197
Depreciation of property and equipment (Note 9)	**3,31,148**	2,34,738	**6,719**	4,648
Printing and stationery	**4,18,401**	4,54,657	**8,489**	9,002
Amortisation of intangible assets (Note 10)	**6,155**	5,123	**125**	101
Amortisation of right-of-use assets	**1,25,776**	10,869	**2,552**	215
Transportation	**25,13,112**	19,56,940	**50,991**	38,747
Communication	**8,77,994**	9,96,914	**17,814**	19,739
Other direct costs	**2,37,060**	8,25,510	**4,810**	16,345
	23,27,79,162	28,50,43,711	**47,23,089**	56,43,865

17. OTHER INCOME

		2020		2020
	QR	QR	**₹ in '000s**	₹ in '000s
Profit on sale of property and equipment	**16,496**	11,093	**335**	220
Scrap sales	**3,73,185**	4,10,733	**7,572**	8,133
Interest income	**1,40,00,000**	—	**2,84,060**	—
Miscellaneous income	**36,42,056**	38,62,800	**73,897**	76,483
	1,80,31,737	42,84,626	**3,65,864**	84,836

18. GENERAL AND ADMINISTRATIVE EXPENSES

		2020		2020
	QR	QR	**₹ in '000s**	₹ in '000s
Services charges	**36,36,066**	8,67,313	**73,777**	17,172
Professional fees	**9,78,038**	1,94,905	**19,844**	3,859
Exchange loss	**7,86,161**	2,79,263	**15,951**	5,529
Provision for loss allowance – accounts receivable	**1,37,198**	40,86,102	**2,784**	80,905
Provision for loss allowance – retentions receivable	**2,93,15,263**	18,16,301	**5,94,807**	35,963
Provision for loss allowance – contract assets	**35,97,060**	34,26,226	**72,984**	67,839
Registration and licenses	**43,025**	56,442	**873**	1,118
Vehicle maintenance	**57,818**	35,944	**1,173**	712
Air passage and conveyance	**17,448**	2,24,322	**354**	4,442
Miscellaneous expenses	**25,344**	5,75,675	**514**	11,398
	3,85,93,421	1,15,62,493	**7,83,061**	2,28,937

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

19. INCOME TAX

			2020		2020
		QR	QR	**₹ in '000s**	₹ in '000s
(a)	Profit for the year before income tax	**3,35,87,820**	1,40,39,901	**6,81,497**	2,77,991
	Adjustments for:				
	Provision of loss allowance	**3,30,49,521**	93,28,629	**6,70,575**	1,84,707
	Gain-on disposal of property and equipment	**—**	(11,093)	**—**	(220)
	Non-deductible expense and adjustments	**49,24,941**	60,726	**99,927**	1,202
	Taxable income	**7,15,62,282**	2,34,18,163	**14,51,999**	4,63,680
	Income tax expense at 10%	**71,56,228**	23,41,816	**1,45,200**	46,368
	Share in taxes of foreign partner at 97.75% to be paid to Income Tax Department (Note 1)	**69,95,213**	22,89,125	**1,43,052**	46,057

(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:

		2020		2020
	QR	QR	**₹ in '000s**	₹ in '000s
Current income tax:				
Current year tax expense	**69,95,213**	22,89,125	**1,41,933**	45,325
Prior year income tax adjustment	**9,95,021**	(43,885)	**20,189**	(870)
Other adjustments	**(4,17,709)**	—	**(8,475)**	—
Deferred income tax:				
Deferred tax adjustment	**(32,94,295)**	(9,15,668)	**(66,842)**	(18,130)
Income tax expense reported in the statement of comprehensive income	**42,78,230**	13,29,572	**86,805**	26,325

(c) Deferred income tax

The tax effects of temporary differences that resulted in significant portions of the deferred tax assets as of 31st December are as follows:

		2020		2020
	QR	QR	**₹ in '000s**	₹ in '000s
Deferred tax assets:				
Allowances for impairment	**5,10,27,754**	1,73,26,527	**10,43,518**	3,48,610
Effective tax rates	**10%**	10%	**10%**	10%
Tax effect	**51,02,775**	17,32,653	**1,04,352**	34,681
Share in tax of foreign partner at 97.75%	**49,87,963**	16,93,668	**1,02,004**	34,077

Movements in the deferred tax asset are as follows:

		2020		2020
	QR	QR	**₹ in '000s**	₹ in '000s
Balance as at 1st January	**16,93,668**	7,78,000	**34,077**	15,155
Deferred tax adjustment	**32,94,295**	9,15,668	**66,841**	18,130
Balance as at 31st December	**49,87,963**	16,93,668	**1,02,004**	34,077

20. CONTINGENCIES

		2020		2020
	QR	QR	**₹ in '000s**	₹ in '000s
Performance bonds	**4,17,97,684**	11,59,20,000	**8,54,763**	23,32,310
Advance payment guarantees	**91,80,000**	—	**1,87,731**	—
Letters of credit	**6,48,63,943**	13,25,04,140	**13,26,468**	26,65,983

21. INTEREST IN JOINT ARRANGEMENT

The Company entered into a 50:50 unincorporated Joint Arrangement with Hamad & Mohamad Al Futtaim for the execution of the construction and design and development of the MEP services for the Doha Festival City Retail Mall and Vendome Mall in Doha, Qatar. During the period, the assets and liabilities and results of operations of the Joint Arrangement and the Company's share included in the accompanying financial statements are as follows:

	As recorded in the Joint Arrangement account	**Share of the Company (50%)**	
Statement of financial position	**QR**	**QR**	**₹ in '000s**
Current assets			
Cash and bank balances	1,26,64,177	63,32,088	1,29,491
Accounts receivable	43,51,071	21,75,535	44,490
Retentions receivables	6,52,62,431	3,26,31,216	6,67,308
Prepayments and other assets	8,483	4,242	87
Advances paid	43,64,218	21,82,109	44,624
Total current assets	**8,66,50,380**	**4,33,25,190**	**8,86,000**
Non-current assets			
Plant and equipment	64,927	32,464	664
Intangible assets	64,352	32,176	658
Total non-current assets	**1,29,279**	**64,640**	**1,322**
Total assets	**8,67,79,659**	**4,33,89,830**	**8,87,322**
Current liabilities			
Trade and other payables	2,41,14,430	1,20,57,215	2,46,570
Contract liabilities	1,19,02,851	59,51,426	1,21,707
Due to related parties	6,71,308	3,35,654	6,864
Total liabilities	**3,66,88,589**	**1,83,44,295**	**3,75,141**
Retained earnings	5,00,91,070	2,50,45,535	5,12,181
Total liabilities and retained earnings	**8,67,79,659**	**4,33,89,830**	**8,87,322**
Statement of profit or loss			
Contract revenue	2,67,34,879	1,33,67,440	2,71,225
Contract cost	(1,28,89,525)	(64,44,763)	(1,30,764)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2021 (contd.)

22. FINANCIAL INSTRUMENTS

Financial instruments represent any contractual agreement that creates a financial asset, financial liability or an equity instrument. Financial assets comprise cash and cash equivalents, retentions, accounts and other receivables. Financial liabilities comprise retentions, loans and borrowings, trade and other payables and due to related parties.

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The fair value of financial instruments is not materially different from their carrying values.

23. FINANCIAL RISK MANAGEMENT

The activities of the Company expose it to routine financial risk including the effects of defaults by customers, movement in interest rates and liquidity. The Company's Management seeks to minimise potential adverse effects on the financial performance of the Company by taking appropriate steps to address specific risk management such as credit risk, interest rate risk, liquidity risk and capital risk management.

Financial risk factors

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Company to credit risk, consist principally of bank balances accounts and retentions receivable. The Company manages this risk by placing its bank balances with high credit rated institutions. Credit risks with respect to trade receivables is limited due to dispersion across large number of customers. The Company considers the credit quality of amounts that are neither past due nor impaired to be good.

In order to minimize credit risk, the Company has tasked its Management to develop and maintain the Company's credit risk grading to categories exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Management uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The 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. A 5% increase / decrease in interest rates would have increased / decreased equity by QR 1,25,000 (₹ 0.26 crore) [2020: QR 62,500 (₹ 0.13 crore)].

Liquidity risk

Liquidity risk represents the risk that the Company will not be able to settle its financial obligations as they fall due. Management confirms that cash and liquidity sources are sufficiently available to cover future obligations of the Company.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

23. FINANCIAL RISK MANAGEMENT (contd.)

At 31st December, 2021

	Weighted average effective interest rate	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total	Total
	%	**QR**	**QR**	**QR**	**QR**	**₹ in '000s**
Trade and other payables	—	**7,48,29,236**	—	—	**7,48,29,236**	**15,30,258**
Due to Related parties	—	**84,16,699**	—	—	**84,16,699**	**1,72,121**
		8,32,45,935	—	—	**8,32,45,935**	**17,02,379**

At 31st December, 2020

	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	—	17,17,86,274	—	—	17,17,86,274	34,56,340
Due to Related parties	—	1,66,14,259	—	—	1,66,14,259	3,34,279
		18,84,00,533	—	—	18,84,00,533	37,90,619

Foreign currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not hedge its currency exposure. However, Management is of the opinion that the Company's exposure to currency risk is minimal as most of the transactions are carried out in Qatari Riyal.

Capital risk

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders.

The capital structure of the Company consists of cash and cash equivalents and equity, comprising issued capital and retained earnings.

24. IMPACT OF COVID-19

The outbreak of COVID-19 pandemic is causing significant disruption worldwide resulting in an economic slowdown across the globe.

The Company has considered the possible effects that may result from the pandemic on the recoverability of the carrying amounts of accounts receivable, retentions receivable, contract assets and other receivables (collectively the 'assets') of the Company. For assessing the recoverability of the assets, the Company has considered assumptions based on internal and external information for a period of at least twelve months from the date of approval of these financial statements. The Company has performed analysis on the assumptions used and based on current estimates expects that the carrying amount of these assets will be recovered and no material loss would result on this account.

Management has taken into account the possible effects which could be faced by the business and are satisfied that the Company is a going concern for a period of at least twelve months from the date of approval of these financial statements.

Therefore, the going concern basis of accounting in preparing the financial statements continues to be adopted.

25. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by Management of the Company and authorized for issue on 19th April, 2022.

Directors **A. R. Suresh Kumar**

Doha, 19th April, 2022 **Dhulipala Srinivas Murthy**

VOLTAS NETHERLANDS B.V.

Directors :

Anil George *(up to 19th April, 2022)*
V. P. Malhotra (*w.e.f. 19th April, 2022)*
Johann van der Linden (Representative of TMF Management B.V.)

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Twenty Third Annual Report and the Accounts for the year ended 31st March, 2022.

1. The Company has reported profit of Euro 2.391 million for the year ended 31st March, 2022, as compared to Euro 0.910 million in the previous year, due to higher dividend income earned from participations.

2. During the year under review, the Company has taken over the 35% shareholding of the local joint venture partner of Voltas Oman L.L.C., thereby increasing its shareholding from 65% to 100%. Further, an amount of Euro 2.305 million equivalent to Rials Omani 1 million was remitted to Voltas Oman in February 2022 towards capital infusion.

3. In order to explore business opportunities in Asia Region, the Company has on 4th August, 2021, incorporated a wholly owned subsidiary in the Republic of Singapore under the name and style "Universal MEP Projects Pte. Limited".

4. The Directors do not recommend any dividend for the year ended 31st March, 2022 (Previous Year: Euro 2.160 million).

5. Mr. V. P. Malhotra was appointed as a Director of the Company in place of Mr. Anil George with effect from 19th April, 2022. The Directors placed on record their appreciation for the valuable contribution made by Mr. Anil George during his tenure on the Board.

6. M/s, PKF Wallast, Accountants & Business Advisors, the retiring Auditors, being eligible, offer themselves for reappointment.

On behalf of the Board of Directors

V.P. Malhotra
Johann van der Linden

Amsterdam, 19th April, 2022

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, 2022 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, 2022 is prepared, in all material respects, in accordance with the accounting policies selected and disclosed by the entity, as set out in the notes to the special purpose financial information.

The special purpose financial information comprise:

1. Balance Sheet for the year ended 31st March, 2022;
2. Profit and Loss Account for the year then ended; and
3. Notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch Law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the special purpose financial information" section of our report.

We are independent of Voltas Netherlands B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags-en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis on the basis of accounting and restriction on distribution and use

We draw attention to the notes to the special purpose financial information, which describe the basis of accounting. The special purpose financial information is intended for Voltas Limited and is prepared for purposes of providing information to Voltas Limited to enable it to prepare the consolidated financial statements of the group.

As a result, the special purpose financial information is not a complete set of financial statements of Voltas Netherlands B.V. in accordance with Dutch Generally Accepted Accounting Principles and is not intended to give a true and fair view of the financial position of Voltas Netherlands B.V. as per 31st March, 2022, and of its result and its cash flows for the year then ended in accordance with Dutch Generally Accepted Accounting Principles.

The special purpose financial information may, therefore, not be suitable for another purpose. Therefore, our auditor's report is intended solely for Voltas Netherlands B.V. and Voltas Limited and should not be distributed to or used by other parties than Voltas Netherlands B.V. and Voltas Limited.

Our opinion is not modified in respect of this matter.

B. Description of responsibilities regarding the special purpose financial information

Responsibilities of Management for the special purpose financial information

Management is responsible for the preparation and fair presentation of the special purpose financial information in accordance with the accounting policies selected and disclosed by the entity, as set out in the notes to the special purpose financial information. Furthermore, Management is responsible for such internal control as Management determines is necessary to enable the preparation of special purpose financial information that is free from material misstatement, whether due to fraud or error.

Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the special purpose financial information.

Our responsibilities for the audit of the special purpose financial information

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this special purpose financial information. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the special purpose financial information, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- Concluding on the appropriateness of Management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the special purpose financial information, including the disclosures; and
- Evaluating whether the special purpose financial information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Schiphol – Rijk, The Netherlands.	**PKF Wallast**
15th April, 2022	Drs. E. Bakker RA CDPSE

BALANCE SHEET AS AT 31ST MARCH, 2022

	Euro	As at 31-3-2021 Euro	₹ in '000s	As at 31-3-2021 ₹ in '000s
SOURCES OF FUNDS				
Share Capital	**6,13,575**	6,18,729	**51,872**	53,235
Other reserve	**80,44,810**	56,54,187	**6,80,108**	4,86,486
Statutory reserve	**5,154**	—	**436**	—
Total Shareholders' Funds	**86,63,539**	62,72,916	**7,32,416**	5,39,721
APPLICATION OF FUNDS				
Participations (at cost)				
Saudi Ensas Company for Engineering Services W.L.L.	**3,38,684**	3,38,684	**28,632**	29,140
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**11,59,588**	11,59,588	**98,032**	99,771
Voltas Oman SPC (formerly: Voltas Oman L.L.C.)	**29,41,449**	6,36,945	**2,48,670**	54,803
Voltas Qatar W.L.L.	**1,01,056**	1,01,056	**8,543**	8,695
Universal Voltas L.L.C.	**37,63,260**	37,63,260	**3,18,146**	3,23,791
Universal MEP Projects Pte. Limited	**1**	—	**—**	—
	83,04,038	59,99,533	**7,02,023**	5,16,200
Less: Impairment previous years Saudi Ensas Company for Engineering Services W.L.L. due to negative asset value	**(3,38,684)**	(3,38,684)	**(28,632)**	(29,140)
	79,65,354	56,60,849	**6,73,391**	4,87,060
CURRENT ASSETS, LOANS & ADVANCES (NOMINAL VALUE)				
Receivables from participations	**—**	—	**—**	—
Trade receivables	**1,37,051**	16,473	**11,586**	1,417
Other receivables	**28,023**	1,11,301	**2,369**	9,576
Bank balances	**5,80,268**	6,11,031	**49,056**	52,573
Less: Current Liabilities	**(47,157)**	(1,26,738)	**(3,986)**	(10,905)
Net Current Assets	**6,98,185**	6,12,067	**59,025**	52,661
	86,63,539	62,72,916	**7,32,416**	5,39,721

Note: The Balance Sheet has been converted into Indian Rupees @ 1 Euro = ₹ 84.54 being the exchange rate prevailing as on 31st March, 2022. Previous year figures have been converted @ 1 Euro = ₹ 86.04 being the exchange rate prevailing as on 31st March, 2021.

Directors **V. P. Malhotra**

Amsterdam, 19th April, 2022 **Johann van der Linden**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2022

	Euro	2020-21 Euro	₹ in '000s	2020-21 ₹ in '000s
OTHER INCOME				
Dividends from participations	**25,33,329**	12,01,536	**2,16,068**	1,01,674
Fees Corporate Guarantee	**1,65,773**	3,67,142	**14,139**	31,068
	26,99,102	15,68,678	**2,30,207**	1,32,742
EXPENSES				
Operating and Administrative Expenses	**(3,08,421)**	(5,41,552)	**(26,305)**	(45,826)
Financial results	**(58)**	(1,16,679)	**(5)**	(9,873)
	(3,08,479)	(6,58,231)	**(26,310)**	(55,699)
Profit	**23,90,623**	9,10,447	**2,03,897**	77,043

Note: The Profit and Loss Account has been converted into Indian Rupees @ 1 Euro = ₹ 85.29 being the average of the exchange rates prevailing as on 31st March, 2021 (1 Euro = ₹ 86.04) and as on 31st March, 2022 (1 Euro = ₹ 84.54). Previous year figures have been converted into Indian Rupees @ 1 Euro = ₹ 84.62 being the average of the exchange rates prevailing as on 31st March, 2020 (1 Euro = ₹ 83.20) and as on 31st March, 2021 (1 Euro = ₹ 86.04).

Directors **V. P. Malhotra**

Amsterdam, 19th April, 2022 **Johann van der Linden**

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 realised 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, 2021 upto and including 31st March, 2022.

Participations

The participations consists of acquired interests in the capital of the following companies:

	%	Euro	₹ in '000s
Saudi Ensas Company for Engineering Services W.L.L.	**8**	**3,38,684**	**28,632**
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**40**	**11,59,588**	**98,032**
Voltas Oman SPC (formerly: Voltas Oman L.L.C.)	**100**	**29,41,449**	**2,48,670**
Voltas Qatar W.L.L.	**49**	**1,01,056**	**8,543**
Universal Voltas L.L.C.	**49**	**37,63,260**	**3,18,146**
Universal MEP Projects Pte. Limited	**100**	**1**	**—**
		83,04,038	**7,02,023**
Less: Impairment previous years Saudi Ensas Company for Engineering Services W.L.L. due to negative net asset value		**(3,38,684)**	**(28,632)**
		79,65,354	**6,73,391**

The participations are valued at cost and if applicable less impairments in value.

Voltas Oman SPC (formerly: Voltas Oman L.L.C.)	Euro	₹ in '000s
Balance as per 31st March, 2021	**6,36,945**	**54,803**
Additional capital contribution	**23,04,504**	**1,96,551**
Balance as per 31st March, 2022	**29,41,449**	**2,48,670**

During the financial year, Voltas Netherlands B.V. acquired the balance 35% shares in Voltas Oman L.L.C. at zero value. By virtue of 100% shareholding, Voltas Oman L.L.C. became a wholly owned subsidiary of Voltas Netherlands B.V. As per the local requirements in the Sultanate of Oman, Voltas Oman L.L.C. was converted into a Sole Proprietor Company (SPC) with a new name "Voltas Oman SPC".

Proposed changes in the organizational structure

Voltas Netherlands B.V. is in the process of transferring the shares held by it in Saudi Ensas Company for Engineering Services W.L.L., Lalbuksh Voltas Engineering Services & Trading L.L.C., Voltas Oman SPC (formerly: Voltas Oman L.L.C.), Voltas Qatar W.L.L. and Universal Voltas L.L.C. to its 100% wholly owned subsidiary in the Republic of Singapore – Universal MEP Projects Pte. Limited.

The process of transfer of shares and change of shareholder in the Commercial Registration Certificate would get completed after the Balance Sheet date.

NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd.)

Share Capital

The registered share capital amounts to Euro 10,12,500 (₹ 8.56 crores) (22,500 shares of Euro 45.00 (₹ 3,804/- each).

The entire paid up share capital of the Company, consisting 13,635 shares of Euro 45.00 (₹ 3,804/-) each, is held by Voltas Limited, Mumbai, India.

Share Capital

	Euro	₹ in '000s
Balance as per 31st March, 2021	6,18,729	53,235
Amendment Articles of Association	(5,154)	(440)
Balance as per 31st March, 2022	6,13,575	51,872

Other Reserve

	Euro	₹ in '000s
Balance as per 31st March, 2021	56,54,187	4,86,486
Profit for the period 2021-2022	23,90,623	2,03,897
Balance as per 31st March, 2022	80,44,810	6,80,108

Statutory Reserve

	Euro	₹ in '000s
Balance as per 31st March, 2021	—	—
Amendment Articles of Association	5,154	440
Balance as per 31st March, 2022	5,154	436

Receivables from Participations

	Euro	₹ in '000s
Dividend to be received from Saudi Ensas Company for Engineering Services W.L.L.	43,068	3,641
Less: Provision on dividend receivable from Saudi Ensas Company for Engineering Services W.L.L.	(43,068)	(3,641)
Balance as per 31st March, 2022	—	—

Trade Receivables	Euro	₹ in '000s
Corporate Guarantee fees [Voltas Oman SPC (formerly: Voltas Oman L.L.C.)]	1,35,971	11,495
Corporate Guarantee fees (Universal Voltas L.L.C.)	1,080	91
Balance as per 31st March, 2022	1,37,051	11,586

Other Receivables

	Euro	₹ in '000s
Prepayments (TMF Management B.V.)	10,867	919
Corporate Guarantee fees (Voltas Qatar W.L.L., Voltas Oman SPC (formerly: Voltas Oman L.L.C.), Lalbuksh Voltas Engineering Services & Trading L.L.C. and Universal Voltas L.L.C.)	17,156	1,450
Balance as per 31st March, 2022	28,023	2,369

Bank Balances

	Euro	₹ in '000s
ABN Amro Bank EURO	**38,470**	**3,252**
ABN Amro Bank USD	**5,40,642**	**45,706**
ABN Amro Bank Top Deposit EURO	**1,156**	**98**
Balance as per 31st March, 2022	**5,80,268**	**49,056**

Current Liabilities

	Euro	₹ in '000s
Corporate Guarantee fees (Voltas Limited)	**17,156**	**1,450**
Share capital (Universal MEP Projects Pte. Limited)	**1**	**—**
Audit, advisory and accounting costs	**30,000**	**2,536**
Balance as per 31st March, 2022	**47,157**	**3,986**

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 160 million (Euro 39.233 million) (₹ 331.68 crores).

The utilised amount as per Balance Sheet date amounts to QR 28.920 million (Euro 7.091 million) (₹ 59.95 crores).

(ii) HSBC Bank Middle East Limited, Doha, Qatar on behalf of Voltas Qatar W.L.L. for QR 25.500 million (Euro 6.253 million) (₹ 52.86 crores).

The utilised amount as per Balance Sheet date amounts to QR 1.240 million (Euro 0.304 million) (₹ 2.57 crores).

(iii) HSBC Bank Middle East Limited, Doha, Qatar on behalf of Voltas Qatar W.L.L. for QR 202 million (Euro 49.532 million) (₹ 418.75 crores).

The utilised amount as per Balance Sheet date amounts to QR 102.677 million (Euro 25.177 million) (₹ 212.85 crores).

(iv) HSBC Bank Oman S.A.O.G., Muscat, Oman on behalf of Voltas Oman SPC for RO 6 million (Euro 13.981 million) (₹ 118.19 crores).

The utilised amount as per Balance Sheet date amounts to RO 1.519 million (Euro 3.540 million) (₹ 29.93 crores).

(v) National Bank of Oman S.A.O.G., Muscat, Oman on behalf of Voltas Oman SPC for RO 4.350 million (Euro 10.136 million) (₹ 85.69 crores).

The utilised amount as per Balance Sheet date amounts to RO 1.883 million (Euro 4.387 million) (₹ 37.09 crores).

(vi) 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 4.660 million) (₹ 39.40 crores).

The utilised amount as per Balance Sheet date amounts to RO 0.613 million (Euro 1.428 million) (₹ 12.07 crores).

(vii) Bank Muscat S.A.O.G., Muscat, Oman on behalf of Lalbuksh Voltas Engineering Services & Trading L.L.C. for RO 1.004 million (Euro 2.339 million) (₹ 19.78 crores).

The utilised amount as per Balance Sheet date amounts to RO 0.216 million (Euro 0.503 million) (₹ 4.26 crores).

(viii) 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 10.145 million) (₹ 85.76 crores).

The utilised amount as per Balance Sheet date amounts to AED 15.452 million (Euro 3.773 million) (₹ 31.89 crores).

The aforesaid Corporate Guarantees were issued by Voltas Netherlands B.V., as Shareholder in the respective entities.

The total utilised amount as per Balance Sheet date amounts to Euro 46.204 million (₹ 390.61 crores).

NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd.)

Voltas Limited, as the sole Shareholder of Voltas Netherlands B.V., has issued Corporate Guarantees in favour of Voltas Netherlands B.V. as a collateral to the Corporate Guarantees issued by Voltas Netherlands B.V. to the bankers of Voltas Qatar W.L.L., Voltas Oman SPC (formerly: Voltas Oman L.L.C.), Lalbuksh Voltas Engineering Services & Trading L.L.C. and Universal Voltas L.L.C., aggregating Euro 87 million (₹ 735.50 crores), to the extent of actual utilisation of the credit facilities by the respective participations. These Corporate Guarantees are valid up to 31st March, 2024.

Dividends from Participations

	Euro	₹ in '000s
Lalbuksh Voltas Engineering Services & Trading L.L.C. (RO 80,000)	**1,81,272**	**15,461**
Voltas Qatar W.L.L. (QR 97,00,000)	**23,52,057**	**2,00,607**
	25,33,329	**2,16,068**

Fees Corporate Guarantee

	Euro	₹ in '000s
Voltas Qatar W.L.L.	**74,917**	**6,389**
Voltas Oman SPC (formerly: Voltas Oman L.L.C.)	**84,029**	**7,167**
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**1,545**	**132**
Universal Voltas L.L.C.	**5,282**	**451**
	1,65,773	**14,139**

The Company did not have any employees during 2021-2022 (2020-2021: Nil).

Operating and Administrative Expenses

	Euro	₹ in '000s
Fees Corporate Guarantee (Voltas Limited)	**1,65,773**	**14,139**
Management costs	**1,04,727**	**8,932**
Audit and advisory expenses	**36,278**	**3,094**
Legal fees	**1,537**	**131**
Other costs	**106**	**9**
	3,08,421	**26,305**

Financial Results

	Euro	₹ in '000s
Bank cost	**2,746**	**235**
Interest paid	**145**	**12**
Exchange rate differences	**(2,833)**	**(242)**
	58	**5**

Directors **V. P. Malhotra**

Amsterdam, 19th April, 2022 **Johann van der Linden**

UNIVERSAL MEP PROJECTS PTE. LIMITED

Directors:
Pradeep Kumar
Lai Foon Kuen

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their First Annual Report and the Accounts for the period ended 31st March, 2022.

2. The Company was incorporated on 4th August, 2021, as a wholly owned subsidiary of Voltas Netherlands B.V. in the Republic of Singapore, with a capital of Singapore Dollar (SGD) 1. The ultimate Parent Company is Voltas Limited, India. Mr. Pradeep Kumar and Ms. Lai Foon Kuen are the first Directors of the Company.

3. The business objectives of the Company are investment in overseas ventures, air conditioning, refrigeration, electromechanical projects as an EPC contractor and trading activities.

4. The Company has reported a loss of SGD 9,531 for the period between 4th August, 2021 and 31st March, 2022, mainly towards professional fees.

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
Lai Foon Kuen
Directors

Singapore, 25th April, 2022

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, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period from 4th August, 2021 to 31st March, 2022 then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31st March, 2022 and of the financial performance, changes in equity and cash flows of the Company for the period 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.14 to the financial statements with respect to the Company's ability to continue as a going concern. The Company incurred a net loss of SGD 9,531(₹ 5,28,399) during the year ended 31st March, 2022 and as of that date, the Company's total liabilities exceeded its total assets by SGD9,530 (₹ 5,33,394) and accumulated losses exceeded its paid-up capital as at 31st March, 2022. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

Other Information

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The Directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in 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, 25th April, 2022

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2022

	Note	As at 31-3-2022 SGD	As at 31-3-2022 ₹ in '000s
ASSETS LESS LIABILITIES			
Current Assets			
Other receivables	3	**1**	*
Current Liabilities			
Other payables	4	**9,531**	**533**
Net Current Liabilities		**(9,530)**	**(533)**
Capital and reserves attributable to equity holders of the Company			
Share capital	5	**1**	*
Accumulated losses		**(9,531)**	**(533)**
		(9,530)	**(533)**

(* : less than ₹ 100)

Note : The Statement of financial position has been converted into Indian Rupees @ 1 Singapore Dollar (SGD) = ₹ 55.97, being the exchange rate prevailing as on 31st March, 2022.

The accompanying notes form an integral part of these audited financial statements.

Directors **Pradeep Kumar**

Singapore, 25th April, 2022 **Lai Foon Kuen**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM 4TH AUGUST, 2021 TO 31ST MARCH, 2022

	Note	4-8-2021 to 31-3-2022 SGD	4-8-2021 to 31-3-2022 ₹ in '000s
Continuing operations			
Revenue		—	—
Administration expenses	6	**(9,531)**	**(528)**
Loss before taxation		**(9,531)**	**(528)**
Taxation		**—**	**—**
Loss for the period		**(9,531)**	**(528)**
Total comprehensive loss		**(9,531)**	**(528)**
Loss attributable to:			
Equity holder of the Company		**(9,531)**	**(528)**
Total comprehensive loss attributable to:			
Equity holder of the Company		**(9,531)**	**(528)**

Note: The Profit and Loss Account has been converted into Indian Rupees @ 1 SGD = ₹ 55.44, being the average of the exchange rates prevailing as on 4th August, 2021 (1 SGD = ₹ 54.90) and as on 31st March, 2022 (1 SGD = ₹ 55.97).

The accompanying notes form an integral part of these audited financial statements.

Directors **Pradeep Kumar**

Singapore, 25th April, 2022 **Lai Foon Kuen**

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 4TH AUGUST, 2021 TO 31ST MARCH, 2022

	Share Capital		Accumulated Loss		Total	
	SGD	₹ in '000s	SGD	₹ in '000s	SGD	₹ in '000s
As at 4th August, 2021 (Date of incorporation)	1	*	—	—	1	*
Total comprehensive loss for the period	—	—	(9,531)	(528)	(9,531)	(528)
As at 31st March, 2022	**1**	*****	**(9,531)**	**(533)**	**(9,530)**	**(533)**

(* : less than ₹ 100)

STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 4TH AUGUST, 2021 TO 31ST MARCH, 2022

	4-8.2021 to 31-3-2022 SGD	4-8-2021 to 31-3-2022 ₹ in '000s
CASH FLOWS FROM OPERATING ACTIVITY		
Loss before taxation	(9,531)	(528)
Operating loss before working capital changes	(9,531)	(528)
Working capital changes, excluding changes related to cash:		
- Other receivables	(1)	*
- Other payables	9,531	533
Net cash used in operating activities	(1)	*
CASH FLOWS FROM FINANCING ACTIVITY		
Issuance of ordinary share	1	*
Net cash generated from financing activities	1	*
Net increase/(decrease) in cash and cash equivalents	—	—
Cash and cash equivalents at the beginning of period	—	—
Cash and cash equivalents at the end of period	—	—

(* : less than ₹ 100)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2022

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, water management and treatment, construction equipment's and textile industry. The Company has no trading activities during the current financial period.

The immediate holding corporation is Voltas Netherlands B.V which is incorporated in the Netherlands and the ultimate holding corporation is Voltas Limited which is incorporated in India. Related corporations (companies) in these financial statements refer to members of ultimate holding company's group of companies.

The financial statement of the Company for the period ended 31st March, 2022 were authorised for issue in accordance with a resolution of the Directors on 25th April, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS). The financial statements, expressed in Singapore Dollar (SGD or S$) which is also the functional currency of the Company, are prepared on the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires Management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. There are no critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity to be disclosed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.1 Basis of Preparation (contd.)

The current financial year being the first year of operation, 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 4th August, 2021. 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, 2022, 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
Amendment to FRS 116 *Leases:* Covid-19-Related Rent Concessions beyond 30th June, 2021	1st April, 2021
Amendments to FRS 16 *Property, Plant and Equipment:* Proceeds before Intended Use	1st January, 2022
Amendments to FRS 37 *Provisions, Contingent Liabilities and Contingent Assets:* Onerous Contracts – Cost of Fulfilling a Contract	1st January, 2022
Annual Improvements to FRSs 2018-2020	1st January, 2022
Amendments to FRS 1 *Presentation of Financial Statements:* Classification of Liabilities as Current or Non-current	1st January, 2023
Amendments to FRS 1 *Presentation of Financial Statements and FRS Practice Statement 2:* Disclosure of Accounting Policies	1st January, 2023
Amendments to FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors:* Definition of Accounting Estimates	1st January, 2023
Amendments to FRS 12 *Income Taxes:* Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1st January, 2023
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
Amendments to FRS 103 *Business Combinations:* Reference to the Conceptual Framework	1st January, 2022
FRS 117 *Insurance Contracts*	1st January, 2023

The Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

2.2 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates use 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.

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2022 (contd.)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.3.1 *Financial Assets* (contd.)

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 thorough 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, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.4 Impairment of Financial Assets (contd.)

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 an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

2.7 Share Capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.8 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.9 Foreign Currency Transactions and Balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2022 (contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

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

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 generally concluded that it is the principal in its revenue arrangements, except for the agency services mentioned below, as it typically controls the goods or services before transferring them to the customer.

2.11.1 *Sale of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on handover of materials to transporter. The normal credit term is 7 to 30 days.

The Company provides preventive maintenance services on its certain products at the time of sale. These maintenance services are sold together with the sale of product. Contracts for such sales of product and preventive maintenance services comprise two performance obligations because the promises to transfer the product and to provide the preventive maintenance services are capable of being distinct. Accordingly, a portion of the transaction price is allocated to the preventive maintenance services and recognised as a contract liability. Revenue is recognised over the period in which the preventive maintenance service is provided based on the time elapsed.

2.11.2 *Warranty obligation*

The Company typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under FRS 37 Provisions, Contingent Liabilities and Contingent Assets.

2.11.3 *Revenue from services*

Revenue from services are recognised at the point in time when the services are rendered. Revenue from maintenance contracts are recognised over the period of contract on time elapsed.

In case of mining equipment's long-term maintenance contracts, revenue is recognised over the period of time based on input method where the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of performance obligation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.11.4 *Revenue from construction contract*

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.

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.

2.11.5 *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 Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.13.1 *Property Tax Rebate*

The Singapore Government had given remission of property tax (property tax rebates) under Section 6(8) of the Property Tax Act (Cap. 254) to qualifying non-residential properties in response to the COVID-19 pandemic.

For the portion of a non-residential property leased out to a lessee (tenant), the owner of the property (landlord) must transfer the benefit from the property tax rebate under Section 29 of the COVID-19 (Temporary Measures) Act, 2020. For the vacant portion of the property, the landlord itself will benefit from the property tax rebate.

2.13.2 *Jobs Support Scheme*

The Jobs Support Scheme provides wage support to employers to help them retain their local employees during this period of economic uncertainty. Employers who have made CPF contributions for their local employees will qualify for the payouts under the scheme.

2.13.3 *Rental Relief*

Qualifying property owners received support via a Government cash grant and they must in turn provide the necessary rental relief to their eligible Small and Medium Enterprises (SMEs) and Non-Profit organisations (NPOs) tenant - occupiers of the prescribed properties under the Rental Relief Framework.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2022 (contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.13.4 *Foreign Worker Levy Waiver and Rebate*

The Singapore Government provided business employers who hire foreign workers on work permits and S-passes with Foreign Worker Levy (FWL) and FWL rebates to ease the labour costs of such firms.

2.14 Going Concern

The Company incurred a net loss of SGD 9,531 (₹ 5,28,399) during the period ended 31st March, 2022 and as of that date, the Company's net current liabilities exceeded the current assets by SGD 9,530 (₹ 5,33,394) and the accumulated losses exceeded the share capital. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability as a going concern. The ability of the Company to continue as a going concern depends on the related party undertaking to provide continued financial support and not to recall amounts due to them until all creditors have been paid.

The financial statements have been prepared on the basis that the Company is a going concern as the immediate holding corporation fully financially supports the Company.

If the financial support is not forthcoming and as a result, the Company is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reflect the situation that the assets may need to be realised other than in the normal course of the business and at amounts which could differ significantly from the amounts stated in the statement of financial position. In addition, the Company may have to provide further liabilities which may arise and to reclassify long term assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

3. OTHER RECEIVABLES

	4-8-2021 to 31-3-2022 SGD	4-8-2021 to 31-3-2022 ₹ in '000s
Amount due from immediate holding company*	1	**

*The amount due from immediate holding company is unsecured, non-interest bearing and repayable on demand.

The maximum exposure of credit risk for trade receivables at the reporting date is Nil.

(** : less than ₹ 100)

4. OTHER PAYABLES

	4-8-2021 to 31-3-2022 SGD	4-8-2021 to 31-3-2022 ₹ in '000s
Accrued expenses	9,531	533

Other payables are unsecured, non-interest bearing and are normally settled on 30-day terms.

5. SHARE CAPITAL

	As at 31-3-2022 No. of shares	As at 31-3-2022 SGD	As at 31-3-2022 ₹ in '000s
Ordinary shares issued and fully paid:			
At beginning and end of the year	1	1	*
	1	1	*

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.

(* : less than ₹ 100)

6. ADMINISTRATION EXPENSES

Administration expenses include:

	4-8-2021 to 31-3-2022 SGD	4-8-2021 to 31-3-2022 ₹ in '000s
Professional fees	9,531	528

7. SIGNIFICANT RELATED PARTIES TRANSACTIONS

Significant related parties transactions on terms agreed between the Company and its related parties are as follows:

	4-8-2021 to 31-3-2022 SGD	4-8-2021 to 31-3-2022 ₹ in '000s
Immediate Holding Corporation		
Amount receivable	1	*

Balance with related parties at the statement of financial position date are set out in Note 3.

(* : less than ₹ 100)

8. FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of financial assets at amortized cost and financial liabilities at amortised cost were as follows:

	4-8-2021 to 31-3-2022 SGD	4-8-2021 to 31-3-2022 ₹ in '000s
Financial Assets		
Loans and receivable:		
Other receivables	1	*
Financial Liabilities		
Financial Liabilities measures at amortised cost:		
Other payables	9,531	533

(* : less than ₹ 100)

9. 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 period, 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.

9.1 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 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 3.

9.2 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.

9.3 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.

9.3.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their cash and cash equivalents.

The Company is not exposed to interest rate risk as it does not have any financial instruments bearing variable interest rate as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2022 (contd.)

9. FINANCIAL RISK MANAGEMENT (contd.)

9.3.2 Foreign Currency Risk

At present, the Company does not have any formal policy for hedging against 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.

10. FAIR VALUE

Other Receivables and Other Payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

11. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for its shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including trade and other payables as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity, as shown in the statement of financial position, plus net debts.

No specific gearing ratio has been determined by Management with the overall objective to keep the ratio as low as possible and such policy has not been changed since the date of incorporation.

The gearing ratios at 31st March, 2022 were as follows:

	4-8-2021 to 31-3-2022	4-8-2021 to 31-3-2022
	SGD	₹ in '000s
Total other payables	9,531	533
Less: Cash and cash equivalents	—	—
Net debts	9,531	533
Total equity	1	*
Total capital	9,532	534
Gearing ratio	0.99	0.99

The Company does not have any externally imposed capital requirements for the financial period ended 31st March, 2022.

(* : less than ₹ 100)

12. OTHER MATTER

An outbreak of the COVID-19 had been reported to the World Health Organisation in China on 31st December, 2019. On 31st January, 2020, the World Health Organisation announced then COVID-19 outbreak as a global health emergency. On 11th March, 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. The COVID-19 outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospects.

Management has reviewed the possible impact of the COVID-19 outbreak on the following matters:

(1) Changes in economic and market conditions that affect the fair values of the Company's financial and non-financial assets and liabilities.

(2) Additional expected credit losses due to a decline in the repayment ability of debtors.

Management assessment requires the exercise of judgement and careful consideration of Company's specific facts and circumstances. The Company operates in business segments that have remain relatively stable or unaffected by the outbreak and there may not be a significant increase in loss allowance as the Company's key customers are not in sectors severely affected by the outbreak, and they generally have good repayment history. The Company will continue to monitor any material impact due to changes in future economic conditions.

13. COMPARATIVE FIGURES

No comparative figures have been presented as this is the first set of financial statements prepared by the Management.

Directors **Pradeep Kumar**

Singapore, 25th April, 2022 **Lai Foon Kuen**

NOTES

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