

T R Chadha & Co LLP

Chartered Accountants

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Report of Independent Accountants

To the Stockholder of Seventus LLC (Formerly Sure Power LLC)

Opinion

We have audited the accompanying Balance Sheet of **Seventus LLC (Formerly Sure Power LLC)** (referred to as “the Company”) as at March 31, 2022 and 2021 and the related Statements of Profit and Loss and change in stockholder’s equity for the years then ended, and related notes to financial statement (collectively referred to as the “financials statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022 and March 31, 2021 and the financial performance and its cash flow for the years then ended in accordance with accounting principles generally accepted in India.

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 ethical requirements that are relevant to our audit of the financial statements in India, 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 26 of the financial statements which states that the Net Worth of the Company is negative \$ 23.15 million as at March 31, 2022. The Company has availed loan from EXIM Bank and also from affiliates and the outstanding value of the loan payable exceeds the realizable value of the assets. The Company had defaulted in debt servicing to EXIM Bank and submitted proposal for OTS / restructuring of the loan. OTS / restructuring proposal has failed. The Company is working on various measures including but not limited to restructuring of loan, waiver of loan etc. and based thereon, the Company and Management is confident to meet its financial obligations in foreseeable future. Accordingly, the financial statements have been prepared on the basis that the Company will continue as a going concern.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with accounting principles generally accepted in India 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,

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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.

Restriction of Use

This report is issued for internal consumption of the Management with respect to the consolidation purposes and for the use of existing Lenders of the company and should not be used for any other purpose. We do not accept or assume any liability or duty of care for any other purpose or any third parties to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For T R Chadha & Co LLP

Vinay Kumar

Chartered Accountants

Date: 31st May 2022

Place: Mumbai



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Seventus LLC**Balance sheet as at Mar 31, 2022**

All amounts in US Dollars, unless otherwise stated

Particulars	Notes	As at Mar 31, 2022	As at March 31, 2021
Assets			
Non-current assets			
Financial assets			
Other financial assets	6	344	344
		344	344
Current assets			
Inventories			
Inventories	7	0	18,670,881
Financial assets			
Cash and cash equivalents / (Overdraft)	8	8,389	1,153
Other financial assets	8A	7,100,014	-
Other current assets	9	-	386,484
		7,108,403	19,058,519
Total assets		7,108,747	19,058,863
Equity and liabilities			
Equity			
Other Equity:			
Share Premium	10	12,572,000	12,572,000
Retained earnings		(35,726,958)	(51,432,537)
		(23,154,958)	(38,860,537)
Non-current liabilities			
Financial liabilities			
Borrowings	11	-	18,225,106
		-	18,225,106
Current liabilities			
Financial liabilities			
Borrowings	11	21,921,615	34,313,601
Other financial liabilities	12	8,342,090	5,380,692
		30,263,705	39,694,293
Total equity and liabilities		7,108,747	19,058,863

For T R Chadha & Co LLP
Chartered Accountants
Firm Reg.No.006711N/N500028

Vikas Kumar

Vikas Kumar

Partner

Membership No 75363

Mumbai

Date : 31/05/2022



For Seventus LLC

Tejas Pamar

Tejas Pamar
Intl CEO

Place: Chicago

Date: 05/16/2022

Seventus LLC

Statement of profit and loss for the year ended Mar 31, 2022

All amounts in US Dollars, unless otherwise stated

Particulars	Notes	Mar 31, 2022	March 31, 2021
Income			
Other operating income	13	201,119	17,453
Other Income	17	18,876,639	2,130,000
		19,077,758	2,147,453
Expenses			
Changes in inventories of finished goods, work-in-progress and stock-in-trade		-	-
Direct Cost		-	386,484
Employee benefits expense	14	-	3,977
Finance costs	16	3,371,179	2,388,832
Other expenses	15	1,000	20,432
		3,372,179	2,799,725
Profit/ (loss) before tax		15,705,579	(652,272)
Tax expense		-	-
Profit/ (loss) after tax		15,705,579	(652,272)
Other comprehensive income		-	-
Total comprehensive income for the period		15,705,579	(652,272)

For T R Chadha & Co LLP
Chartered Accountants
Firm Reg No 006711N/N500028

Vikas Kumar
Partner
Membership No.75363
Mumbai
Dated: 31/05/2022



For Seventus LLC

Tejas Parmar
Intl CEO

Place: Chicago
Date: 05/16/2022

Seventus LLC
Statement of changes in equity for the year ended March 31, 2022

a. Equity

	US Dollars
At March 31, 2018	12,572,000
Equity contribution during the year	-
At March 31, 2019	12,572,000
Equity contribution during the year	-
At March 31, 2020	12,572,000

b. Other equity, attributable to the equity holders

Particulars	Retained earnings	Total equity
As at April 1, 2021	(51,432,537)	(51,432,537)
Profit/ (loss) for the year	15,705,579	15,705,579
Other comprehensive income	-	-
Total comprehensive income	(35,726,959)	(35,726,959)
Other movements	-	-
As at March 31, 2022	(35,726,959)	(35,726,959)
As at April 1, 2020	(50,780,265)	(50,780,265)
Profit/ (loss) for the year	(652,272)	(652,272)
Other comprehensive income	-	-
Total comprehensive income	(51,432,537)	(51,432,537)
Other movements	-	-
As at March 31, 2021	(51,432,537)	(51,432,537)

For T R Chadha & Co LLP
Chartered Accountants
Firm Reg No.006711N/N500028

Vikas Kumar
Partner
Membership No.75363
Mumbai
Date : 31/05/2022



For Seventus LLC

Tejjas Parmar

Tejjas Parmar
CEO

Place: Chicago
Date: 05/16/2022

Seventus LLC

Notes to financial statements for the year ended Mar 31, 2022

		Mar 31, 2022	March 31, 2021
6 Other financial assets			
Money Margin Deposit *		344	344
Total		344	344
* Deposit kept as margin for debts service reserve against borrowing.			
7 Inventories (valued at lower of cost and net realisable value)			
Wind Turbine and Components*		0	18,670,881
Total		0	18,670,881
* For details of inventories given as security to lenders refer Note 12			
8 Cash and cash equivalents			
Balances with banks in current accounts		8,389	1,153
Total		8,389	1,153
8A Other current financial assets			
Receivable from Exim Bank against inventory		7,100,014	-
Total		7,100,014	-
9 Other current assets			
Advances for Goods		-	386,484
Total		-	386,484
10 Other equity			
Share Premium			
Opening balance		12,572,000	12,572,000
Add: Fresh issue of share capital		-	-
Closing Balance		12,572,000	12,572,000
Retained earnings			
Opening balance		(51,432,537)	(50,780,265)
Add: Profit/(loss) for the year		15,705,579	(652,272)
Closing balance		(35,726,958)	(51,432,537)
Total		(23,154,958)	(38,860,537)
11 Borrowings			
Non-current			
Term loan from banks (Secured) - refer below note		21,921,615	34,313,601
Less : Current maturity of long term borrowings (refer note 13)		(21,921,615)	(34,313,601)
From related party (Unsecured)			
Loans from related parties (Interest rate at Applicable Federal Rate)		-	10,850,443
Loans from related parties (Holding company) (Interest rate at Applicable Federal Rate)		-	7,374,663
Total		-	18,225,106
Current			
Term loan from banks (Secured)		21,921,615	34,313,601
Loan from Related Parties		-	-
Total		21,921,615	34,313,601



The Company obtained a long term loan from Exim Bank of India - London Branch. Loan carries interest at USD LIBOR (6 months) + 500 bps p.a payable quarterly. The loan carried a moratorium period of 2 years. The loan was payable in 10 quarterly instalments. The company had paid the first instalment due on 02.01.2019, and partially for the second instalment, however, has defaulted on rest of the quarterly payments.

The Company approached EXIM Bank of India for restructuring of loan and submitted the proposal. The Company has submitted proposal for One Time Settlement (OTS) of the loan wherein the outstanding amount of loan and interest payable to be settled under OTS against restructured loan of USD 18.67 Mn (~INR 140 Crore). The restructured loan was supposed to be paid from the proceeds of realisation of inventory. EXIM Bank of India considered the proposal, however, it could not be agreed by the committee in the bank and hence the OTS has not been accepted yet.

Currently, the possession of the inventory has been taken by EXIM Bank of India and the bank is recovering the loan by selling the inventory in tranches and accordingly the amount of inventory taken over by EXIM Bank has been shown as recoverable from EXIM Bank. The inventory to the extent sold by EXIM Bank has been accounted by reducing the same form Inventory and EXIM borrowings. \$ 11.771 million worth of realization of inventory has already taken place and the loan has been recovered / repaid to this extent via inventory sales. It seems that the Exim Bank would not be able to recover the outstanding loan by selling the inventory under its possession. Also, Seventus LLC does not have any other assets to offer to Exim Bank of India for repayment of loan. The company will approach to the bank for waiver of the balance loan and interest once entire inventory is realized and the proceeds are allocated towards recovery of the loan and the interest thereon.

Covenant: The Borrower shall ensure that the DSRA is fully funded at all times in an amount equal to at least the Minimum Debt Service Amount applicable from time to time. DSRA balance was withdrawn by Exim bank at the time when the second instalment became due. Currently, there is a balance of \$ 344 in DSRA.

Security: The above facility is secured by all inventory (other than project under development), receivable, advances, actionable claims, equipment of the company including Wind Turbine Component and all components thereof and pledging of ownership interest of holding company. As of reporting date, inventory against which loan facilitated have been impaired to USD 18.67 Mn. The Exim Bank of India has taken over the possession of the entire inventory.

12 Other financial liabilities

	Mar 31, 2022	March 31, 2021
Current maturity of long-term borrowings	-	-
Others (Accrued Expenses)	8,342,090	5,380,692
Total	8,342,090	5,380,692

13 Other operating income

	Mar 31, 2022	March 31, 2021
Other miscellaneous income	201,119	17,453
Total	201,119	17,453

14 Employee benefits expense

	Mar 31, 2022	March 31, 2021
Salaries, wages, allowances and bonus	-	3,977
Total	-	3,977

15 Other expenses

	Mar 31, 2022	March 31, 2021
Rent		394,955
Auditors' remuneration and expenses		2,000
Consultancy charges	1,000	9,961
Total	1,000	406,916



16 Finance costs

	Mar 31, 2022	March 31, 2021
Interest		
Fixed loans	3,346,882	2,344,915
Others	18,533	38,110
Bank charges	5,764	5,806
Total	3,371,179	2,388,832

17 Other Income

	Mar 31, 2022	March 31, 2021
Inventory valuation		2,130,000
SWECO loan write back	10,850,443	
Tarilo loan write back	7,396,196	
Reversal of Impairment of Inventory	630,000	
Total	18,876,639	2,130,000

Seventus LLC had availed unsecured loans from its fellow subsidiaries, Suzlon Wind Energy Corporation (SWECO) and Tarilo B V (Tarilo). Seventus also had availed a secured loan from Export Import Bank of India (Exim Bank). The company has defaulted in repayment of loan to Exim Bank and hence Exim bank has taken over the control and possession of the inventory of the company w.e.f. 29th September, 2021. The value of the inventory is considered as \$18.872 million as on 30th September, 2021 whereas the outstanding loan as on date was \$34.313 million. Until 31st March, 2022, the Exim Bank has sold inventory worth \$ 11.771 million and the remaining inventory is \$ 7.1 million and the loan balance is \$ 21.921 million (After Including cash payment of \$ 0.6 million in December, 2021). The company does not have any other assets which can fetch cash into the company. The available inventory will not be sufficient for repayment of the loan. Under the fair valuation principle, the company has written back the outstanding liabilities of SWECO and Tarilo, totaling to \$ 18.246 million. The company has received Memorandum of Understanding (MOUs) from SWECO and Tarilo which state that the loans from these companies will be payable only in circumstances if and when Seventus has any leftover assets after repayment of Exim loan. In view of these circumstances, the company wrote back the loans from SWECO and Tarilo during current fiscal year.



18 Related party transactions

A. Related parties with whom transactions have taken place during the year

whom transactions have taken place during the year:

Sr. No.	Name of the entity	Nature of relationship
1	Tarilo Holdings BV (Tarilo)	Holding Company (79.9%)

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

Sl. No.	Name of the entity	Nature of relationship
1	Suzlon Wind Energy Corporation (SWECO)	Fellow Subsidiary
2	Suzlon Energy Limited (SEL)	Group Parent Company

Please see annexure of inter company transactions and balances for details of transactions with related parties.



Annexure to Note 18: Related Party Transactions

Name of the Entity **Seventus LLC**
 Certificate on Transactions and balances with Group Companies as at
 Reporting Currency **USD**

Sr.No	Particulars	Transaction / Original Currency	SWECO	SEL	Tarilo
	Transactions during the year				
1	Loans Received	USD		-	3,000
2	Interest Expenses	USD		-	18,533
3	Other Selling & Distribution Expenses	USD		386,484	
4	Loan (Including Interest) written back (Please see note 1)	USD	10,850,443		7,396,196
	Outstanding Balances as on March 31, 2022				
1	Loans Payable	USD		-	-
2	Advances Given to Suppliers	USD		-	-
3	Int. Payable	USD		-	-

Note 1
 Seventus LLC had availed unsecured loans from its fellow subsidiaries, Suzlon Wind Energy Corporation (SWECO) and Tarilo B V (Tarilo). Seventus also had availed a secured loan from Export Import Bank of India (Exim Bank). The company has defaulted in repayment of loan to Exim Bank and hence Exim bank has taken over the control and possession of the inventory of the company w.e.f. 29th September, 2021. The value of the inventory is considered as \$18.872 million as on 30th September, 2021 whereas the outstanding loan as on date was \$34.313 million. Until 31st March, 2022, the Exim Bank has sold inventory worth \$ 11.771 million and the remaining inventory is \$ 7.1 million and the loan balance is \$ 21.921 million (After including cash payment of \$ 0.6 million in December, 2021). The company does not have any other assets which can fetch cash into the company. The available inventory will not be sufficient for repayment of the loan. Under the fair valuation principle, the company has written back the outstanding liabilities of SWECO and Tarilo, totaling to \$ 18.246 million. The company has received Memorandum of Understanding (MOUs) from SWECO and Tarilo which state that the loans from these companies will be payable only in circumstances if and when Seventus has any leftover assets after repayment of Exim loan. In view of these circumstances, the company wrote back the loans from SWECO and Tarilo during current fiscal year.



Seventus LLC**Notes to financial statements for the year ended March 31, 2022****19 Contingent Liability - NIL, Previous year Nil****20 Capital Commitment - NIL, previous year Nil****21 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO of the Company. The Company operates only in one Business Segment i.e. development of utility-scale windfarms and the activities incidental thereto within United States of America, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments". The Company while presenting the consolidated financial statements has disclosed the segment information to the extent applicable as required under Indian Accounting Standard 108 "Operating Segments".

22 Fair value Measurement

Financial Instruments by category

(Amount in Rs.)

Particulars	3/31/2022			3/31/2021		
	FVPL	FVOCI	Amortised	FVPL	FVOCI	Amortised Cost
Financial Assets						
Other financials assets	-	-	344	-	-	344
Cash and Cash equivalents	-	-	8,389	-	-	1,153
Total financial assets	-	-	8,733	-	-	1,497
Financial liabilities						
Other financials liability	-	-	-	-	-	-
Borrowings	-	-	8,342,090	-	-	57,919,400
Total financial liabilities	-	-	8,342,090	-	-	57,919,400

The carrying amounts of cash and cash equivalent including other current bank balances and other liabilities including borrowings, etc. are considered to be the same as their fair values, due to current and short term nature of such balances.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

23 Capital management

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

24 Balances grouped under Non-Current and Current Liabilities and Non-Current and Current Assets in certain cases are subject to confirmation and reconciliation from respective parties. Impact of the same, if any, shall be accounted as and when determined.

25 The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

26 Going concern

The Company made a profit of \$ 15.7 million during the year ended 31 March 2022 (includes write back of loan due to fair valuation - \$ 18.8 million) (2021: Loss of \$ 0.65 million), and as of that date, the Company had a net asset deficiency of \$ 23.15 million (2021: \$ 38.860 million). The Company's position as at 31 March 2022 included cash and cash equivalents of \$ 0.008 million.



These factors indicate the existence of a material uncertainty that may cast doubt on the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company as well as the Group is working on various measures including but not limited to the sale of inventory, raising of equity capital, waiver of loan and refinancing of certain debt, and based thereon, the Company and Group Management is confident of raising adequate resources to meet its financial obligations in the foreseeable future.

Accordingly, the financial statements have been prepared on the basis that the Company will continue as a going concern.

27 Subsequent Event - Sale of Project under development

None

28 Lease commitments

The Company does not have any commitments towards leases for the year ended March 31, 2022 since the projects have been sold.

29 Financial risk management

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

The Company is exposed to market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.



a. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign currency risk. Financial instruments affected by market risk include loans and borrowings.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

ii) Foreign currency risk and sensitivity

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 does not have any exposure in foreign currency as on date.

b. Liquidity risk

Liquidity risk refers to that risk where the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirement. In doing this, management considers both normal and stressed conditions. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring cash flow forecast and by matching the maturity profiles of financial assets and liabilities.

30. STANDARDS ISSUED BUT NOT YET EFFECTIVE - No recent standard notified

31. Covid -19 Impact -

The company is a project company and developing project for wind energy. As of now company does not have any working project. Existing projects under development are under consideration for sale as on reporting date and sold subsequently. Further, the company does not have any operations which gets impact from lockdown at the location of operation except company not able to carried out physical verification of inventory as on or near by reporting date.

The company has analyzed various factors related to impact of COVID 19 on its financial reporting and is of the view that COVID 19 is not adversely impacting the financial reporting/operation of the Company.

For T R Chadha & Co LLP

Chartered Accountants

Firm Reg.No.006711N/N500028



Vikas Kumar

Partner

Membership No.75363

Mumbai

Date : 31/05/2022



For Seventus LLC



Tejjas Parmar

Authorized Signatory

Place: Chicago

Date: 05/16/2022

1. Company information

Seventus LLC ('the Company' or 'Seventus') was incorporated on May 11, 2010 to engage in the development of utility-scale windfarms. Until December 2016, Seventus was a wholly-owned subsidiary of either Valum Holding B.V. or Tarilo Holding B.V. ("Tarilo"), both wholly-owned entities within the Suzlon Group.

In December 2016, the Company admitted a new member, Pivot Power Partners, LLC ("Pivot"). Subsequent to this transaction, the Company's membership interests were held by Tarilo (79.9%) and Pivot (20.1%). The company used to be called 'Surepower LLC' until July 05, 2018, post which, the name was changed to Seventus LLC.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 together with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("the Rules").

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that is measured at fair value.

The financial statements are presented in USD and all values are rounded off to the nearest full number except when otherwise indicated.

2.2 Summary of significant accounting policies

a. Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

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

The Company classifies all other liabilities as non-current.

b. Foreign currencies



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

Transactions and balances

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

c. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. The company recognises revenue, when the amount of revenue can be reliably measured, when it is probable that future economic benefit will flow to the company and when the no significant uncertainty as to its collectability exists.

d. Borrowing costs

Borrowing cost includes interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

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.

e. Inventories

Inventories comprise of components, stores and spares and are valued at lower of cost and estimated net realisable value. Inventories include some materials that are repaired as well as repairable as at the balance sheet date. Cost of inventory is determined on a weighted average basis.

f. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will



be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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.

g. Retirement and other employee benefits

- The company recognized its liability towards social security contributions in Profit & Loss account.
- The company contributes to 401(k) program and recognized its contribution towards the fund in Profit & Loss account.
- Short-term compensated absences are provided based on estimates. The entire leave is presented as a current liability in the balance sheet, since the Company does not have an unconditional right to defer its settlement for 12 months after the reporting date.

h. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in 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.

i. Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resource embodying economic benefit will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Company does not recognise a contingent liability but discloses it as per Ind AS 37 in the financial statements unless the possibility of an outflow of resources embodying economic benefit is remote.

3. Significant accounting judgements, estimates and assumptions

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

a. Significant judgements in applying the Company's accounting policy

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

Revenue recognition and presentation

The Company assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as principal or as an agent. When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of



the agreement between the Company and its business partners are reviewed to determine each party's respective role in the transaction.

b. Significant accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Uncertainty about these assumption and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Allowance for trade receivables

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. The Company recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. Company is assessing ECL allowance on receivable from group companies on net off payables.

4. Fair value measurements

The company measures financial instruments at fair value in accordance with accounting policies at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the company

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

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

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

5. Financial instrument

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.

(a) Financial Assets:

Initial recognition and measurement:



The company measures its financial assets at fair value. In this context, quoted investments are fair valued adopting the techniques defined in Level 1 of fair value hierarchy of Ind-AS 113 "Fair Value Measurement" and unquoted investments, where the observable input is not readily available, are fair valued adopting the techniques defined in Level 3 of fair value hierarchy of Ind-AS 113 and securing the valuation report from the certified valuer. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- i. The Company's business model for managing the financial asset and
- ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

- i. Financial assets measured at amortized cost
- ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
- iii. Financial assets measured at fair value through profit or loss (FVTPL)

i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

- (a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and
- (b) 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.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company. Such financial assets are subsequently measured at amortized cost using the effective interest method. Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

ii. Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

- (a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) 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.

This category applies to Investments in Equity and Convertible Warrants. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss.

On De-recognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within equity.



iii. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

De-recognition

Financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either;
 - (a) The company has transferred substantially all the risks and rewards of the asset, or
 - (b) The company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

On De-recognition of a financial asset, (except as mentioned in (ii) above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Impairment of financial assets

The company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through other comprehensive income (FVTOCI)
- Financial assets measure at fair value through profit and loss (FVTPL)

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the company reverts to recognizing impairment loss allowance based on 12-months ECL.

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

