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ANNUAL FINANCIAL STATEMENTS OF SUBSIDIARIES OF TEGA INDUSTRIES LIMITED FOR THE FINANCIAL YEAR 2022-23

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ANNEXURE A

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

TEGA HOLDINGS PTE. LIMITED
(Company Registration No: 201025465K)
(Incorporated in the Republic of Singapore)

31 March 2023

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

DIRECTORS

Madan Mohan Mohanka
Mehul Mohanka
Wadhvani Tarun Pahlaj

REGISTERED OFFICE

9 Temasek Boulevard #26-02A
Suntec Tower Two
Singapore 038989

COMPANY SECRETARY

Catherine Dorothy Hanam
Choo Lee Peng Geraldine

AUDITORS

JH Tan & Associates
Chartered Accountants Singapore

BANKERS

Citibank Singapore Ltd
Standard Chartered Bank
Ecobank - The Pan African Bank
Banco de Crédito del Perú

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DIRECTORS' STATEMENT

For the financial year ended 31 March 2023

The directors of the Company present their statement to the member together with the audited financial statements of TEGA HOLDINGS PTE. LIMITED (the "Company") for the financial year ended 31 March 2023.

In the opinion of the directors,

- a) the financial statements set out on pages 5 to 32 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2023, and the financial performance, changes in equity and cash flows for the financial year ended on that date in accordance with the provisions of the Companies Act 1967 and Financial Reporting Standards in Singapore; and
- b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors of the Company

The directors of the Company in office at the date of this statement are: -

Madan Mohan Mohanka
Mehul Mohanka
Wadhwani Tarun Pahlaj

Arrangement to enable director to acquire shares or debentures

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company is a party, to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the registers required to be kept under Section 164 of the Companies Act 1967, particulars of interests of directors, who held office at the end of the financial year, in shares or debentures of the Company are as follows: -

	Held in name of director		Deemed interest	
	Number of shares		Number of shares	
	As at 1/4/2022	As at 31/3/2023	As at 1/4/2022	As at 31/3/2023
The holding company				
<u>Tega Industries Limited: -</u>				
Madan Mohan Mohanka	-	-	100,280	100,280

By virtue of Section 7 of the Companies Act, the above director, with his shareholdings in the ultimate holding company, is deemed to have interests in the Company and all its related companies.

TEGA HOLDINGS PTE. LIMITED
(Company Registration No: 201025465K)
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT

For the financial year ended 31 March 2023 (cont'd)

Share options

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under options at the end of the financial year.

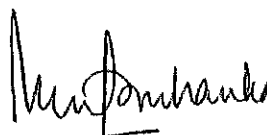
Auditors

The auditors, JH Tan & Associates, have expressed their willingness to accept re-appointment.

On behalf of the Board,



MADAN MOHAN MOHANKA
DIRECTOR



MEHUL MOHANKA
DIRECTOR

Date: 23 May 2023

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
TEGA HOLDINGS PTE. LIMITED**

*(Company Registration No: 201025465K)
(Incorporated in the Republic of Singapore)*

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

We have audited the financial statements of TEGA HOLDINGS PTE. LIMITED (the "Company"), which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors' Statement, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
TEGA HOLDINGS PTE. LIMITED**

(Company Registration No: 201025465K)
(Incorporated in the Republic of Singapore)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



JH TAN & ASSOCIATES
Public Accountants and
Chartered Accountants Singapore

Singapore, 23 May 2023

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	Note	2023 S\$	2022 S\$
Revenue	3	885,039	1,965,801
Cost of sales		(840,787)	(1,818,608)
Gross profit		44,252	147,193
Other operating income	4	3,458,172	5,628,496
Other operating expenses	5	(3,847,417)	(3,809,782)
Finance costs	7	(158,748)	(8,163)
(Loss)/Profit before taxation		(503,741)	1,957,744
Taxation	8	(110,151)	(168,514)
(Loss)/Profit for the year, representing total comprehensive (loss)/income for the year		<u>(613,892)</u>	<u>1,789,230</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	Note	2023 S\$	2022 S\$
ASSETS			
Non-current assets			
Plant and equipment	9	112,361	135,478
Investments in subsidiary companies	10	56,261,000	48,343,190
Due from subsidiary companies	11	3,981,000	6,164,737
Deferred tax assets	12	3,803	3,803
Other receivables	13	49,221	-
		<u>60,407,385</u>	<u>54,647,208</u>
Current assets			
Trade and other receivables	13	1,198,899	3,060,279
Due from subsidiary companies	11	6,371,519	7,239,778
Due from fellow subsidiary companies	14	-	17,380
Due from immediate holding company – non-trade	15	1,585,070	2,323,164
Cash and cash equivalents	16	469,163	272,873
		<u>9,624,651</u>	<u>12,913,474</u>
Total assets		<u>70,032,036</u>	<u>67,560,682</u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	17	80,693,726	80,693,726
Accumulated losses		(14,945,213)	(14,331,321)
		<u>65,748,513</u>	<u>66,362,405</u>
Non-current liabilities			
Due to immediate holding company – non-trade	19	3,118,450	-
Current liabilities			
Trade and other payables	18	950,150	856,414
Due to fellow subsidiary company	20	-	250,043
Due to immediate holding company – trade	21	-	840
Income tax payable		214,923	90,980
		<u>1,165,073</u>	<u>1,198,277</u>
Total equity and liabilities		<u>70,032,036</u>	<u>67,560,682</u>

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	<u>Share capital</u> S\$	<u>Accumulated losses</u> S\$	<u>Total</u> S\$
Balance as at 1 April 2021	12,350	(16,120,551)	(16,108,201)
Ordinary shares issued during the year (Note 17)	80,681,376	-	80,681,376
Total comprehensive income for the year	-	1,789,230	1,789,230
Balance as at 31 March 2022	<u>80,693,726</u>	<u>(14,331,321)</u>	<u>66,362,405</u>
Total comprehensive loss for the year	-	(613,892)	(613,892)
Balance as at 31 March 2023	<u><u>80,693,726</u></u>	<u><u>(14,945,213)</u></u>	<u><u>65,748,513</u></u>

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	2023 S\$	2022 S\$
Cash flows from operating activities			
(Loss)/Profit before taxation		(503,741)	1,957,744
Adjustments for: -			
Depreciation of plant and equipment	9	32,292	35,665
Interest income	4	(625,712)	(829,935)
Interest expenses	7	158,748	8,163
Allowance/(reversal) of expected credit losses		47	(139,545)
Reversal of impairment loss on investment in subsidiary company	4	-	(1,800,000)
Unrealised exchange differences		-	489,296
Operating loss before working capital changes		(938,366)	(278,612)
Changes in working capital: -			
Trade and other receivables		1,812,112	(562,977)
Advances to subsidiary companies, net		3,051,996	53,940
Advances to a fellow subsidiary company, net		(232,663)	6,513,338
Advances to immediate holding company, net		3,855,704	(7,149,758)
Trade and other payables		93,736	(98,398)
		8,580,885	(1,243,855)
Net cash generated from/(used in) operations		7,642,519	(1,522,467)
Interest received		625,712	829,935
Interest paid		(158,748)	(8,163)
Income tax refunded/(paid) net		13,576	(43,068)
Withholding tax paid		-	(44,842)
Net cash generated from/(used in) operating activities		8,123,059	(788,605)
Cash flows from investing activities			
Acquisition of ordinary shares in subsidiaries		(7,917,594)	-
Purchase of plant and equipment	9	(41,431)	(2,196)
Proceeds from sales of plant and equipment		32,256	-
Net cash used in investing activities		(7,926,769)	(2,196)
Net increase/(decrease) in cash and cash equivalents		196,290	(790,801)
Cash and cash equivalents at beginning of the year		272,873	1,063,674
Cash and cash equivalents at end of year	16	469,163	272,873

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

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. CORPORATE INFORMATION

The Company is incorporated and domiciled in the Republic of Singapore. Its principal activities are those of an investments holding company and general wholesale trade. There have been no significant changes in the nature of these activities during the financial year.

The Company's registered address and principal place of business is at 9 Temasek Boulevard #26-02A, Suntec Tower 2, Singapore 038989.

The principal activities of its subsidiary companies are set out under Note 10 to these financial statements.

The Company established the following four branches which act as marketing offices:

- i) Peruvian Branch, namely Tega Holdings Pte. Limited Sucursal del Peru whose principal activities are those of marketing activities of wear products;
- ii) Dubai Branch, namely Tega Holdings Pte Limited RAKFTZ whose principal activities are those of marketing activities of wear products;
- iii) Mali Branch, Tega Holdings Pte. Limited SARL, whose principal activities are those of the marketing activities of wear products.
- iv) Ghana Branch, Tega Holdings Pte. Limited, whose principal activities are those of the marketing activities of wear products.

The Company is wholly owned by Tega Industries Limited and its ultimate holding company is Nihal Fiscal Services Pvt Ltd. Both companies are incorporated in India.

The financial statements of the Company for the year ended 31 March 2023 were authorised for issue by the Board on the date of the Directors' statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") as required by the Companies Act. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The financial statements have been prepared on a historical cost basis modified where applicable and as disclosed in these notes. These financial statements are expressed in Singapore dollar.

b) Adoption of new and revised standards

In the current financial year, the Company has adopted all the new and revised FRSs and interpretation of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2022. The adoption of these new/revised FRSs and INT FRSs does not result in changes in the Company's accounting policies and has no material effect on the amounts reported for the current or prior year.

c) FRSs and INT FRSs not yet effective

The Company has not adopted the FRSs, INT FRSs and Amendments to FRSs that have been issued but not yet effective.

The directors expect that the adoption of those pronouncements will have no material impact on the financial statements in the period of initial application.

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. There were no significant judgements and estimates made during the year except as discussed below.

Key sources of estimation uncertainty

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

(i) *Loss allowance for trade receivables and loans*

The management establishes provision for impairment of trade receivables using a forward-looking expected credit loss model. On initial recognition of the financial asset, management has determined the expected credit loss rates by considering the credit risk profile of the customers and considered if there will be default payment. The Company's credit risk exposure for trade receivables are disclosed in Note 24(a). There is no allowance required as at 31 March 2023.

The carrying amount of the Company's trade receivables as at 31 March 2023 was S\$10,629 (2022: S\$152,731).

Loans to related companies

Management determines whether there is significant increase in credit risk of these counterparties since initial recognition. Management considers historical loss pattern, reasonable and supportable information that is relevant, various operating performance ratios as well as liquidity ratios of these counterparties. As at 31 March 2023, there is no significant increase in credit risk on these balances.

The carrying amounts of the Company's loans to subsidiaries and holding company as at 31 March 2023 totalled S\$11,937,589 (2022: S\$15,727,679) respectively.

(ii) *Impairment of investment in subsidiaries*

The Company's investments in subsidiaries comprised mainly investment in Tega Industries Chile SpA, Tega Holdings Pty Limited and Tega Investments South Africa Proprietary Limited and their subsidiaries. The management views each subsidiary as one cash-generating unit ("CGU").

The management follows the guidance of FRS 36 in determining whether the CGU is impaired. This determination requires significant judgements and estimates involved in key assumptions used. Management has obtained the valuation of each subsidiary from an independent professional valuer who estimates the value-in-use of the CGU by forecasting the expected future cash flows for a period up to 5 years including terminal value, where appropriate, using a suitable discount rate in order to calculate the present value of those cash flows. Other than terminal value and discount rate, other key assumptions were also considered such as future market conditions, revenue and cost growth rates and projected costs in forecasting the expected future cash flows. The recoverable amounts determined exceeded the carrying amounts of investments, hence no impairment allowance was recognised for the financial year.

The Company's carrying amount of investments in subsidiaries as at 31 March 2023 was S\$56,261,000 (2022: S\$48,343,190).

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) Significant accounting estimates and judgements (cont'd)

Critical judgements in applying accounting policies

Management is of the opinion that there are significant judgements made in applying the Company's accounting policies, as follows:

Determination of functional currency

The directors consider the currency of the primary economic environment in which the Company operates to be the Singapore dollar as this is the currency which in their opinion most faithfully represents the economic effects of the Company's underlying transactions, events and conditions. The Singapore dollar is the currency in which the Company measures its performance and reports its results.

e) Functional and foreign currency

Functional currency

The management has determined that the Singapore dollar (S\$) is the Company's functional currency, being the currency of the primary economic environment in which the Company operates. Revenue and major operating expenses are primarily influenced by fluctuations in Singapore dollar.

Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or a translating monetary item at the reporting date are recognised in the profit or loss.

f) Consolidation

These financial statements are the separate financial statements of Tega Holdings Pte. Limited. The Company is exempted from the requirement to prepare consolidated financial statements as the Company is a wholly owned subsidiary corporation of Tega Industries Limited, a corporation incorporated and domiciled in India. The immediate holding company prepares consolidated financial statements for the financial year ended 31 March 2023 that are publicly available. The registered office of the holding corporation is located at 147, Block G, Humayun Kabir Sarani, New Alipore, Kolkata 700053 India.

Subsidiary corporation

Subsidiary corporation are entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) Consolidation (cont'd)

Subsidiary corporation (cont'd)

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Accounting for subsidiary corporation by the Company

Investment in subsidiary company is stated in the Company's statement of financial position at cost less any accumulated impairment losses. On disposal of such investment, the difference between disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

g) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of the assets if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Depreciation is charged using the straight-line method so as to write off the cost of plant and equipment over their estimated useful lives, as follows:

Computers	-	3 - 5 years
Motor vehicles	-	5 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation method are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income ("FVOCI") and FVPL. The Company only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

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 attribute transaction costs.

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h) Financial instruments (cont'd)

Financial liabilities

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

i) Impairment of financial assets

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Company considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

j) Impairment of non-financial assets

The Company assesses at each reporting date whether there is indication that these assets may be impaired. If any such indication exists, 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 to sell 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

j) Impairment of non-financial assets (cont'd)

Impairment losses are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand, which are subject to an insignificant risk of changes in value.

l) 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 economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date 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.

m) Taxes

Current taxation

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the end of financial year.

Deferred taxation

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to the taxable profit in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the financial year-end.

Deferred tax assets are recognised for all deductible temporary difference, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference, carry-forward of unused tax assets and unused tax losses can be recognised.

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

m) Taxes (cont'd)

Deferred taxation (cont'd)

At each financial year end, the Company re-assesses recognised deferred tax assets and the carrying amount of deferred tax assets. The Company recognised a previously recognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered. The Company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax assets to be recognised.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred in 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
- 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.

n) Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is 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 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 governmental grant.

Special Employment Credit ("SEC") and Wage Credit Scheme ("WCS") are cash grants that are recognised upon receipt. During the financial year, due to Covid-19 Pandemic, government provided some support and relief such as Jobs Support Scheme ("JSS"), property tax rebate and rental relief.

o) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Sale of goods

Revenue from the sale of goods is recognised when performance obligation is satisfied which generally coincides with their delivery and acceptance.

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

o) Revenue recognition (cont'd)

Interest income

Interest income is recognised using the effective interest method.

Management fee income

Management fee income refers to fee charged for performing corporate and administrative services.

p) Borrowing costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

q) 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.

r) Employee benefits

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.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

s) Related parties

A related party is defined as follows:

- i) A person or a close member of that person's family is related to the Company if that person:
 - a. Has control or joint control over the Company;
 - b. Has significant influence over the Company; or
 - c. Is a member of the key management personnel of the Company or of a parent of the Company.
- ii) An entity is related to the Company if any of the following conditions applies:
 - a. The entity and the Company are members of the same group (which means that each subsidiary and fellow subsidiary is related to the others).
 - b. One entity is an associate or joint venture of the other entity (or an associate or joint venture or a member of a group which the other entity is a member).
 - c. Both entities are joint ventures of the same third party.
 - d. One entity is a joint venture of a third entity and the other entity is an associate of the entity.
 - e. 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 sponsor employers are also related to the Company.
 - f. The entity is controlled or jointly controlled by a person identified in i);
 - g. A person identified in i) a. has significant influence over the entity or is a member of the management personnel of the entity (or a parent of the entity).

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

3. REVENUE

	2023	2022
	S\$	S\$
Sale of goods – at a point in time	885,039	1,965,801

4. REVENUE

	2023	2022
	S\$	S\$
Interest income	625,712	829,935
Management fee income	2,814,118	2,530,404
Miscellaneous	14,951	236,555
Reversal of expected credit losses	-	139,545
Reversal of impairment loss on investment in subsidiary company	-	1,800,000
Others	3,391	92,057
	<u>3,458,172</u>	<u>5,628,496</u>

5. OTHER OPERATING EXPENSES

Other operating expenses include the following: -

	2023	2022
	S\$	S\$
Allowance for expected credit loss	47	-
Bank charges	25,568	33,284
Legal fees	7,649	6,509
Professional fees	341,316	389,287
Travelling expenses	284,954	164,815
Depreciation of plant and equipment	32,292	35,665
Loss on exchange difference	1,140,888	602,526
Employee costs (Note 6)	<u>1,444,533</u>	<u>2,013,323</u>

6. EMPLOYEE COSTS

	2023	2022
	S\$	S\$
Director's remuneration	-	496,323
Salaries and bonuses	1,444,533	1,516,868
Contributions to pension fund and social fund	-	132
	<u>1,444,533</u>	<u>2,013,323</u>

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

6. EMPLOYEE COSTS (cont'd)

The above included the following key management personnel compensation during the financial year: -

	2023	2022
	S\$	S\$
Director of the Company:		
- Director's salaries and bonus	-	489,123
- Rental - accommodation	-	7,200
	<u>-</u>	<u>496,323</u>

7. FINANCE COSTS

	2023	2022
	S\$	S\$
Interest expenses on loan from subsidiary companies	<u>158,748</u>	<u>8,163</u>

8. TAXATION

	2023	2022
	S\$	S\$
Current year taxation	110,151	115,376
Overprovision in prior years	-	(10,194)
Deferred taxation	-	4,124
Withholding tax	-	59,208
	<u>110,151</u>	<u>168,514</u>

A reconciliation of the tax expense and the results for the year is as follows:

(Loss)/Profit before taxation	<u>(503,741)</u>	<u>1,957,744</u>
Tax benefits at statutory rate of 17%	(85,635)	332,816
Non-taxable income	-	(346,214)
Non-deductible expenses	195,786	124,311
Stepped income exemption	-	(15,975)
Withholding tax	-	59,208
Others	-	24,562
	<u>110,151</u>	<u>178,708</u>
Overprovision in prior years	-	(10,194)
	<u>110,151</u>	<u>168,514</u>

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

9. PLANT AND EQUIPMENT

	Computers	Motor vehicles	Total
	S\$	S\$	S\$
<u>Cost</u>			
As at 1 April 2021	15,331	200,759	216,090
Addition	2,196	-	2,196
Disposals	(258)	(1,205)	(1,463)
As at 31 March 2022	17,269	199,554	216,823
Additions	41,431	-	41,431
Disposals	(980)	(71,869)	(72,849)
As at 31 March 2023	57,720	127,685	185,405
<u>Accumulated depreciation</u>			
As at 1 April 2021	9,899	37,244	47,143
Charge for the year	3,162	32,503	35,665
Disposals	(258)	(1,205)	(1,463)
As at 31 March 2022	12,803	68,542	81,345
Charge for the year	6,160	26,132	32,292
Disposals	(413)	(40,180)	(40,593)
As at 31 March 2023	18,550	54,494	73,044
<u>Net carrying amount</u>			
As at 31 March 2023	39,170	73,191	112,361
As at 31 March 2022	4,466	131,012	135,478

10. INVESTMENTS IN SUBSIDIARY COMPANIES

	2023	2022
	S\$	S\$
<u>At cost</u>		
Ordinary shares in unquoted subsidiary companies	16,773,302	16,773,086
0.1% non-cumulative preference shares	45,414,189	37,496,595
	62,187,491	54,269,681
<u>Less: Impairment allowance</u>		
At beginning of the year	(5,926,491)	(7,726,491)
Reversal during the year	-	1,800,000
At end of the year	(5,926,491)	(5,926,491)
	56,261,000	48,343,190

On 7 June 2022, the company acquired an additional 53,933 preference shares paid through the conversion of loan due from a subsidiary comprising principal amount of US\$4,555,000 and interest receivable of US\$1,186,547 totaling US\$5,741,547. This amounted to S\$7,917,594 upon conversion into Singapore dollar. The preference shares known as series C shares, are for the period to 31 December 2029 when they are convertible, at their subscription price, to ordinary shares with equal voting right.

The Company assessed the carrying amounts of its investments in subsidiaries and the loans advanced, Note 11, for indicators of impairment. The assessment is supported by the valuations performed by an independent professional valuer to determine the recoverable amounts of investments in subsidiaries. Based on this assessment, no impairment loss was recognised for the financial year.

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

10. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)

Details of the subsidiary companies as at the financial year end are as follows: -

Name of subsidiary companies	Country of incorporation & place of business	Principal activities	Proportion of ownership (interest)		Proportion of voting power held	
			2023	2022	2023	2022
			%	%	%	%
Tega Holdings Pty Limited	Australia	Investment holding	100	100	100	100
Tega Investments South Africa Proprietary Limited	South Africa	Investment holding	100	100	100	100
Tega Industries Chile SpA	Chile	Manufacturer of wear resistant product for mining application & slurry handling system	100	100	100	100

The following subsidiary companies are held by the above subsidiary companies at the financial year end: -

Name of subsidiary companies	Country of incorporation & place of business	Principal activities	Proportion of ownership (interest)		Proportion of voting power held	
			2023	2022	2023	2022
			%	%	%	%
<u>Held by Tega Holdings Pty Limited: -</u>						
Losugen Pty Ltd	Australia	Manufacturer of wear components, especially in rubber	100	100	100	100
<u>Held by Tega Industries Chile SpA: -</u>						
*Edoctum S.A.	Chile	Involvement and holding technical events, courses, seminars and congresses on mining industry	99.89	99.89	99.89	99.89

TEGA HOLDINGS PTE. LIMITED*(Company Registration No: 201025465K)**(Incorporated in the Republic of Singapore)***NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023****10. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)**

Name of subsidiary companies	Country of incorporation & place of business	Principal activities	Proportion of ownership (interest)		Proportion of voting power held	
			2023	2022	2023	2022
			%	%	%	%
<u>Held by Tega Industries Chile SpA: -</u>						
Edoctum Peru S.A.C. (held by Edoctum S.A.)	Chile	Involvement and holding technical events, courses, seminars and congresses on mining industry	100	100	100	100
<u>Held by Tega Investments South Africa Proprietary Limited: -</u>						
Tega Industries Africa Proprietary Limited	South Africa	Involvement and holding technical events, courses, seminars and congresses on mining industry	100	100	100	100

All of the above subsidiary companies are audited by other audit firms in their respective countries.

* The remaining shares in Edoctum S.A. are held by the Company.

Details of the 0.1% non-cumulative preference shares in subsidiary companies as at the financial year end is set out below: -

Name of Companies	Country of Incorporation & Place of Business	Principal Activities	Cost of 0.1% Non-cumulative Preference Shares (Percentage of)	
			2023	2022
			S\$	S\$
Tega Industries Chile SpA	Chile	Manufacturer of wear resistant product for mining application & slurry handling system	45,414,189 (100%)	37,496,595 (100%)
			<u>45,414,189</u>	<u>37,496,595</u>

The Company's investment in subsidiary, Tega Industries Chile SpA comprise of equity shares and redeemable preference shares with carrying amounts of S\$11,429,896 (2022: S\$11,429,896) and S\$45,414,189 (2022: S\$37,496,595) respectively. The Company regards the subsidiary as a long-term investment.

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

11. DUE FROM SUBSIDIARY COMPANIES

	2023	2022
	S\$	S\$
Due from subsidiary companies	10,352,519	13,404,515
Less: current portion of amount due from subsidiary companies	(6,371,519)	(7,239,778)
Non-current portion of due from subsidiary companies	<u>3,981,000</u>	<u>6,164,737</u>
Amount due from subsidiary companies are denominated in the following currencies: -		
Interest bearing advances:		
Australian dollar	6,371,519	7,239,778
United States dollar	<u>3,981,000</u>	<u>6,164,737</u>
	<u>10,352,519</u>	<u>13,404,515</u>

Due from subsidiary company denominated in Australian dollar is an unsecured loan with annual interest ranged from 4.58% to 7.10% (2022: 8.20%) and no fixed terms of repayment.

Due from subsidiary company denominated in United States dollar is an unsecured loan with annual interest ranged from 3.96% to 7.10% (2022: of 3.20% to 4.50%) and a repayment due after completion of 3 years from the date of crediting the loan amount.

The loans due from subsidiaries which are without collaterals, are assessed to be unimpaired as mentioned in Note 10, Investments in Subsidiary Companies.

12. DEFERRED TAX ASSETS

	Accelerated tax depreciation	Total
	S\$	S\$
At 1 April 2021	(7,927)	(7,927)
Charged to profit or loss (Note 8)	<u>4,124</u>	<u>4,124</u>
At 31 March 2022 and 2023	<u>(3,803)</u>	<u>(3,803)</u>

Deferred tax asset arose from tax losses and capital allowances.

13. TRADE AND OTHER RECEIVABLES

	2023	2022
	S\$	S\$
Trade receivables - third parties	12,351	154,407
Less: allowance for expected credit losses	<u>(1,722)</u>	<u>(1,676)</u>
	10,629	152,731
Other receivables:		
Interest on loans to subsidiaries	949,725	2,754,063
Security deposits	8,219	8,219
Other receivables	211,160	44,622
Prepayments:		
Prepaid expenses	<u>68,387</u>	<u>100,644</u>
	<u>1,248,120</u>	<u>3,060,279</u>

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

13. TRADE AND OTHER RECEIVABLES (cont'd)

	2023	2022
	S\$	S\$
<u>Trade and other receivables:</u>		
Non-current	49,221	-
Current	1,198,899	3,060,279
	<u>1,248,120</u>	<u>3,060,279</u>

Trade receivables are non-interest bearing and are generally on a 30 (2022: 30) day credit terms.

Other receivables are non-trade in nature, unsecured, interest-free and are repayable on demand.

Trade and other receivables are denominated in the following currencies: -

	2023	2022
	S\$	S\$
Australian dollar	752,693	1,194,327
Euro	14,575	152,739
Peruvian nuevo sol	34,109	30,030
Singapore dollar	236,534	74,017
United States dollar	210,209	1,609,166
	<u>1,248,120</u>	<u>3,060,279</u>

14. DUE FROM FELLOW SUBSIDIARY COMPANIES

Amount due from fellow subsidiary companies are denominated in Singapore.

Due from fellow subsidiary companies is trade in nature, non-interest bearing and are generally on a 30 day credit terms.

15. DUE FROM IMMEDIATE HOLDING COMPANY – NON-TRADE

Non-trade amount due from immediate holding company is unsecured, interest free and is payable on demand.

Amount due from immediate holding company is denominated in the following currencies.

	2023	2022
	S\$	S\$
Singapore dollar	970,611	2,311,615
United States dollar	614,459	11,549
	<u>1,585,070</u>	<u>2,323,164</u>

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

16. CASH AND CASH EQUIVALENTS

	2023	2022
	S\$	S\$
Cash at banks	467,634	265,412
Cash on hand	1,529	7,461
	<u>469,163</u>	<u>272,873</u>

Cash and cash equivalents are denominated in the following currencies: -

	2023	2022
	S\$	S\$
Australian dollar	8,808	29,043
West African CFA franc	51	1,046
Euro	7,679	1,104
Ghanaian cedi	26,102	3,791
Peruvian nuevo sol	3,563	23,891
Singapore dollar	103,328	56,225
United States dollar	319,632	157,773
	<u>469,163</u>	<u>272,873</u>

17. SHARE CAPITAL

	2023	2022
	S\$	S\$
Issued and fully paid-up share capital:		
100,280 (2022: 100,280) ordinary shares	<u>80,693,726</u>	<u>80,693,726</u>

In previous year, 87,930 ordinary shares were issued as part of the conversion of 595,250 redeemable preference shares at a consideration of S\$917.56 per share.

The ordinary shares in the capital are without par value. All ordinary shares carry one vote per share without restrictions.

The ordinary shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

18. TRADE AND OTHER PAYABLES

	2023	2022
	S\$	S\$
Trade payables	607,211	95,325
Interest payables on loans to fellow subsidiary company	-	16,461
Accruals for operating expenses	66,620	332,677
Provision for long service leave benefits	143,372	243,713
Other payables	132,947	168,238
	<u>950,150</u>	<u>856,414</u>

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

18. TRADE AND OTHER PAYABLES (cont'd)

Trade payables are normally settled within 30 (2022: 30) days. Other payables are non-trade in nature, unsecured, interest-free and are payable as due.

Trade and other payables are denominated in the following currencies: -

	2023	2022
	S\$	S\$
Ghanaian Cedi	193,657	80,553
Peruvian nuevo sol	127,614	216,985
Singapore dollar	218,100	530,617
United States dollar	410,779	28,259
	<u>950,150</u>	<u>856,414</u>

19. DUE TO IMMEDIATE HOLDING COMPANY – NON-TRADE

Amount due to immediate holding company is an unsecured loan with an interest ranged 4.48% to 7.00% per annum with repayment due more than 12 months from year-end. Amount due to immediate holding company is denominated in United States dollar.

20. DUE TO FELLOW SUBSIDIARY COMPANY

The amount due to fellow subsidiary company is an unsecured loan and repayable on demand. Interest is payable at Libor plus 300 basis point.

Amount due to subsidiary company is denominated in United States dollar.

21. DUE TO IMMEDIATE HOLDING COMPANY – TRADE

Trade amounts due to immediate holding company are unsecured, interest-free and are repayable on demand.

Amount due to immediate holding company – trade is denominated in Singapore dollar.

22. RELATED PARTY TRANSACTIONS

Significant inter-company transactions during the financial year, transacted on terms agreed between the parties, are: -

	2023	2022
	S\$	S\$
With immediate holding company: -		
Payment on behalf for immediate holding company, net	(1,741,595)	(1,185,750)
Management fee income	2,095,893	2,423,434
Purchases	<u>840,787</u>	<u>1,818,608</u>

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

22. RELATED PARTY TRANSACTIONS (cont'd)

	2023	2022
	S\$	S\$
With subsidiary companies: -		
Management fee income	602,310	230,492
Interest on loan charged to subsidiary companies	<u>625,712</u>	<u>790,222</u>
With fellow subsidiary companies: -		
Interest on loan charged by subsidiary companies	(4,685)	(8,163)
Loan repayment to fellow subsidiary companies	-	(2,845,794)
Interest on loan charged to fellow subsidiary companies	-	39,713
Management fee income	115,914	106,970
Payment on behalf	-	(40,169)
Sales	<u>-</u>	<u>1,445,913</u>

23. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table analyses the financial instruments in the statement of financial position, by their classes and categories: -

	2023	2022
	S\$	S\$
<u>Financial assets: -</u>		
At amortised cost	<u>13,375,325</u>	<u>18,932,945</u>
<u>Financial liabilities: -</u>		
At amortised cost	<u>3,858,608</u>	<u>868,827</u>

24. FINANCIAL RISK MANAGEMENT

The directors review management policies for the following financial risks which arise in the normal course of business: -

a) 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 and cash and cash equivalents. Trade receivables of the Company are mainly due from companies with good collection track record with the Company. Cash balances are placed with reputable banks and financial institutions which are regulated.

The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

24. FINANCIAL RISK MANAGEMENT (cont'd)

a) Credit risk (cont'd)

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 90 days, or there is significant difficulty of the counterparty.

To minimise credit risk, the Company has developed and maintained the Company's credit risk gradings to categories exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal crediting rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increase in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 60 days past due in making contractual payment.

The Company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Company categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

The Company's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >60 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

24. FINANCIAL RISK MANAGEMENT (cont'd)

a) Credit risk (cont'd)

The table below details the credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories: -

	Note	Category	12-month or lifetime ECL	Gross carrying amount S\$	Loss allowance S\$	Net carrying amount S\$
As at 31 March 2023: -						
Trade receivables	13	Note 1	Lifetime ECL (simplified)	12,351	(1,722)	10,629
Other receivables	13	I	12-month ECL	1,237,491	-	1,237,491
					(1,722)	
As at 31 March 2022: -						
Trade receivables	13	Note 1	Lifetime ECL (simplified)	154,407	(1,676)	152,731
Other receivables	13	I	12-month ECL	2,907,548	-	2,904,548
					(1,676)	

Trade receivables (Note 1)

For trade receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

	Trade receivables		
	Days past due		
	≤180 days	>180 days	Total
	S\$	S\$	S\$
As at 31 March 2023: -			
ECL rate	-	100%	
Estimated total gross carrying amount at default	-	12,351	12,351
ECL	-	(1,722)	(1,722)
			<u>10,629</u>
As at 31 March 2022: -			
ECL rate	-	100%	
Estimated total gross carrying amount at default	83,809	70,598	154,407
ECL	-	(1,676)	(1,676)
			<u>152,731</u>

Information regarding loss allowance movement of trade receivables is disclosed in Note 13.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have exonymic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

24. FINANCIAL RISK MANAGEMENT (cont'd)

a) Credit risk (cont'd)

Exposure to credit risk

The Company has no significant concentration of credit risk other than those balances with immediate holding company, subsidiary companies and fellow subsidiary companies. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

b) Foreign currency risk

The Company's foreign exchange risk results from cash flows transactions denominated in foreign currencies mainly in Australian dollar and United States dollar. It is the Company's policy not to enter into derivative forward foreign exchange contracts for hedging and speculative purposes.

The carrying amounts of significant monetary assets and monetary liabilities denominated in non-functional currencies are as follows: -

	Assets S\$	Liabilities S\$	Net S\$
As at 31 March 2023: -			
Australian dollar	7,133,020	-	7,133,020
United States dollar	5,125,300	(3,529,229)	1,596,071
As at 31 March 2022: -			
Australian dollar	8,463,148	-	8,463,148
United States dollar	7,943,225	(428,621)	7,514,604

Foreign currency sensitivity

The following table details the sensitivity to a 5% (2022: 5%) increase and decrease in the Singapore dollar against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2022: 5%) change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

If the Singapore dollar appreciates/(depreciates) by 5% (2022: 5%) against the relevant foreign currency, profit or loss will increase/(decrease) by: -

	Australian dollar impact		United States dollar impact	
	2023	2022	2023	2022
	S\$	S\$	S\$	S\$
Appreciates by 5% (2022: 5%): -				
Profit or loss	(356,651)	(423,157)	(79,804)	(375,730)
Depreciates by 5% (2022: 5%): -				
Profit or loss	356,651	423,157	79,804	375,730

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

24. FINANCIAL RISK MANAGEMENT (cont'd)

c) Interest rate risk

The Company's exposure to interest rate risk arises primarily from its advances to subsidiary companies and fellow subsidiary companies and bank borrowings. Movements in interest rates are monitored to ensure that borrowing rates are comparable to current incremental borrowing rates for similar type of borrowing arrangement.

As at the financial year end, the profile of the, Company's interest-bearing financial liabilities are as follows: -

	2023	2022
	S\$	S\$
Financial liabilities:		
Due to immediate holding company – non-trade	3,118,450	-
Due to fellow subsidiary company	-	250,043
	<u>3,118,450</u>	<u>250,043</u>

Interest rate risk sensitivity

As at the financial year end, if the interest rates had been 50 (2022: 50) basis points higher/lower with all variables held constant, profit or loss will increase/(decrease) by: -

	2023	2022
	S\$	S\$
Higher by 50 basis points: -		
Profit or loss	15,592	1,250
Lower by 50 basis points: -		
Profit or loss	<u>(15,592)</u>	<u>(1,250)</u>

d) Liquidity risk

Liquidity is the risk that the Company will not be able to meet its financial obligation as and when they fall due.

The directors maintain a level of cash and cash equivalents deemed adequate to finance the Company's operations and to mitigate cash flows fluctuation. Due to the dynamic nature of business, the Company also maintains flexibility in funding by ensuring that ample of credit facilities and working capital lives are available at any point in time.

25. CAPITAL RISK MANAGEMENT

The Company manages its capital to safeguard its ability to continue as a going concern in order to provide return to its shareholders and benefits for any other stakeholders. The capital structure of the Company consists of equity attributable to its shareholders, comprising share capital and accumulated losses.

The Company is not subject to any externally imposed capital requirements. No changes were made to the objectives, policies and processes during the financial years ended 31 March 2023 and 31 March 2022.

NOTES TO FINANCIAL STATEMENTS - 31 MARCH 2023

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and liabilities is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than a forced or liquidation sale.

Fair value hierarchy of assets and liabilities are categorised as follows: -

- a) quoted price (unadjusted) in active markets for identical assets or liabilities (Level 1);
- b) inputs other than quoted price included within Level 1 that are observable for the assets or liability, either directly (is as price) or indirectly (i.e. derived from prices) (Level 2); and
- c) inputs for the asset or liability that are not based on observable market price or rate (unobservable inputs) (Level 3).

Financial instruments whose carrying amount approximate fair value

The management has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, due from subsidiary companies, due from fellow subsidiary companies, due from immediate holding company, trade and other payables, due to fellow subsidiary company and due to immediate holding company are based on their notional amounts reasonably approximate their fair values because these are mostly short-term in nature or are repriced frequently within a year.

----- **End of the Audited Financial Statements** -----

**DETAILED PROFIT OR LOSS
 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	2023	2022
	S\$	S\$
<u>Revenue</u>		
Sales	885,039	1,965,801
<u>Less: Cost of sales</u>		
Purchases	840,787	1,818,608
Gross profit	44,252	147,193
<u>Add: Other operating income</u>		
Interest income	625,712	829,935
Management fee income	2,814,118	2,530,404
Miscellaneous income	14,951	236,555
Reversal of expected credit losses	-	139,545
Reversal of impairment loss on investment in subsidiary company	-	1,800,000
Others	3,391	92,057
	3,458,172	5,628,496
Less: Other operating expenses (Annex 1)	(3,847,417)	(3,809,782)
Less: Finance costs (Annex 1)	(158,748)	(8,163)
(Loss)/Profit before taxation	(503,741)	1,957,744

Annex 1

**DETAILED PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (cont'd)**

	2023	2022
	S\$	S\$
<u>Other operating expenses</u>		
Audit fee	13,000	23,510
Less overprovision of audit fee in prior year	(11,551)	-
Allowance for expected credit loss	47	-
Bank charges	25,568	33,284
Business support expense	-	13,228
Contributions to pension fund and social fund	-	132
Depreciation of plant and equipment	32,292	35,665
Director's remuneration	-	489,323
Loss on exchange differences	1,140,888	602,526
General expenses	350,637	384,078
Insurance	43,386	29,840
Legal fees	7,649	6,509
Motor vehicle expense	106,182	33,597
Postage and telephone	12,016	12,685
Professional fees	341,316	389,287
Rental - accommodation	42,873	54,956
Repair and maintenance	12,164	14,814
Subscription fee	-	1,905
Salaries and bonuses	1,444,533	1,516,868
Travelling expenses	284,954	164,815
Utilities	1,463	2,760
	<u>3,847,417</u>	<u>3,809,782</u>
<u>Finance costs</u>		
Interest expenses on loan from subsidiary companies	<u>158,748</u>	<u>8,163</u>

This schedule does not form part of the audited financial statements.

ANNEXURE B

Tega Industries Canada Inc
Balance Sheet as at 31 March 2023

(All amounts in CAD, unless otherwise stated)

Particulars	Note	31 March 2023	31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3(a)	94,974	70,408
Right-of-Use Assets	3(b)	239,317	167,658
Other intangible assets	3(c)	0	0
Financial assets			
Other financial assets	4	4,030	4,030
Deferred tax assets (net)	5	111,491	6,771
Other non-current assets	6	-	2,488
Total non-current assets		449,811	251,355
Current assets			
Inventories	7	573,483	2,201,084
Financial assets			
(i) Trade receivables and contract assets	8	2,545,277	3,087,405
(ii) Cash and cash equivalents	9	283,465	1,448,612
Current tax assets (net)	10	291,644	-
Other current assets	11	64,688	50,923
Total current assets		3,758,558	6,788,024
Total assets		4,208,368	7,039,379
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	50,000	50,000
Other equity	13	1,445,141	1,748,232
Total equity		1,495,141	1,798,232
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	14	45,687	11,815
(ii) Lease Liabilities	3(b)	164,851	125,618
Total non-current liabilities		210,538	137,433
Current liabilities			
Financial liabilities			
(i) Borrowings	15	70,965	70,817
(ii) Lease Liabilities	3(b)	76,137	49,064
(iii) Trade payables			
(a) Total outstanding dues of micro and small enterprises	16	-	-
(b) Total outstanding dues of creditors other than micro and small enterprises	16	1,265,713	4,416,577
(iv) Other financial liabilities	17	162,472	213,487
Provisions	18	4,253	32,399
Current tax liabilities (net)	19	-	169,177
Other current liabilities	20	923,149	152,193
Total current liabilities		2,502,689	5,103,714
Total liabilities		2,713,227	5,241,147
Total equity and liabilities		4,208,368	7,039,379

This is the Balance Sheet referred to in our report of even date

The accompanying notes are the integral part of this
Special Purpose Financial Information

For Goenka Suresh & Associates
Firm Regd No. 313139E
Chartered Accountants



(SURESH K GOENKA)
Proprietor
Membership No. 051226

Place : Kolkata
Date : 20th May, 2023

UDIN: 28051226 BGVWC3811

For and on behalf of Board of Directors

[Signature]
Director

[Signature]
Director

Tega Industries Canada Inc
Statement of Profit and Loss for the year ended 31 March 2023

(All amounts in CAD, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from operations	21	9,449,530	13,060,269
Other income	22	25,458	204,525
Total income		9,474,988	13,264,793
Expenses			
Purchase of Stock in Trade	23	6,045,285	10,107,321
Changes in inventories of stock in trade	24	1,627,601	(74,820)
Employee benefits expense	25	1,149,014	1,141,619
Finance costs	26	7,731	14,473
Depreciation and amortisation expenses	27	81,704	92,724
Other expenses	28	964,445	927,831
Total expenses		9,875,781	12,209,148
Profit before exceptional items and tax		(400,793)	1,055,646
Exceptional Items		-	-
Profit before tax		(400,793)	1,055,646
Income tax expense			
- Current tax	29	7,017	289,303
- Deferred tax	29	(104,720)	(1,619)
Total tax expense/ (credit)		(97,703)	287,684
Total Profit for the year (A)		(303,091)	767,962
Other comprehensive income for the year, net of tax (B)		-	-
Total comprehensive income for the year (A+B)		(303,091)	767,962
Earnings Per equity share:			
Basic	33	-6.06	15.36
Diluted	33	-6.06	15.36

This is the Statement of Profit and Loss referred to in our report of even date

The accompanying notes are the integral part of this Special Purpose
Financial Information

Firm Regn No. 313139E
Chartered Accountants


(SURESH K GOENKA)

Proprietor
Membership No. 051226

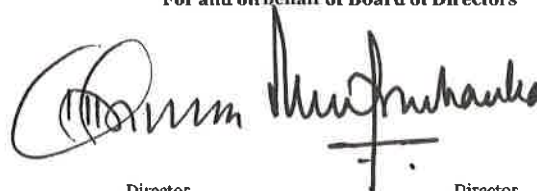
Place : Kolkata

Date : 20th May, 2023

UDIN : 23051226 BQUWC3811



For and on behalf of Board of Directors



Director

Director

Tega Industries Canada Inc
Statement of Cash Flows for the year ended 31 March 2023

(All amounts in CAD, unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
A. Cash flow from Operating Activities		
Net Profit before tax	(400,793)	1,055,647
Adjustments for:		
Depreciation and amortisation expenses	81,704	92,724
Finance costs	7,731	14,473
Interest income	-	(4)
Allowance for expected credit loss (including bad debts and advances written off)	13,641	160,456
Net Gain on sale of property, plant and equipment	(12,456)	-
Provision for slow moving/ non- moving and obsolete inventory	116,329	-
Effect of unrealised exchange differences (3rd party)	161,012	(36,939)
Effect of unrealised exchange differences (related party)	(6,597)	(5,833)
Operating profit before working capital changes	(39,429)	1,280,525
Changes in Working Capital:		
(Increase)/ decrease in Non Current/ Current financial and other assets	512,556	(1,039,773)
(Increase)/decrease in inventories	1,511,272	(74,820)
Increase/ (decrease) in Non Current/ Current financial and other liabilities/ provisions	(2,452,473)	1,556,159
Cash Generated from Operations	(468,074)	1,722,091
Direct Taxes paid (net of refunds)	(467,838)	(230,906)
Net cash generated from operating activities	(935,912)	1,491,186
B. Cash flow from Investing Activities:		
Purchase of capital assets	(63,937)	(12,783)
Sale of capital assets	25,250	-
Interest received	-	4
Net cash (used in) investing activities	(38,688)	(12,779)
C. Cash flow from Financing Activities		
Proceeds from/ (repayment of) Long term borrowings (net)	33,873	-
Proceeds from/ (repayment of) short term borrowings (net)	148	(220,390)
Finance cost paid	(2,724)	(7,107)
Finance cost paid on account of Lease Liability	(5,007)	(7,366)
Repayment of Lease Liability	(60,480)	(58,936)
Net cash (used in) financing activities	(34,190)	(293,799)
Net increase in cash and cash equivalents	(1,008,789)	1,184,607
Cash and cash equivalents at the beginning of the year	1,448,612	230,964
Cash & cash equivalents at the end of the year	439,822	1,415,571
Foreign Exchange (Gain)/Losses	156,357	(33,041)
Cash & cash equivalents at the end of the year	283,465	1,448,612
	31 March 2023	31 March 2022
Cash and Cash Equivalents comprise :		
Cash on hand	1,251	500
Balances with banks on current account	282,213	1,448,112
	283,465	1,448,612

Notes:

- The above cash flow statement has been prepared under the Indirect Method as set out in Ind AS - 7 "Statement of Cash Flows".

This is the Statement of Cash Flows referred to in our report of even date.

The accompanying notes are the integral part of this
Special Purpose Financial Information

For **Goenka Suresh & Associates**
Firm Regn No. 313139E
Chartered Accountants



(SURESH K GOENKA)
Proprietor
Membership No. 051226



For and on behalf of Board of Directors



Director



Director

Place : Kolkata

Date : **20th May, 2023**

UDIN: 23051226.BGU149C3811

Tega Industries Canada Inc
Statement of Changes in Equity for the year ended 31 March 2023

(All amounts in CAD, unless otherwise stated)

A. Equity share capital

Description	Notes	Amount
As at 1 April 2021	13A	50,000
Changes during the year		-
As at 31 March 2022	13A	50,000
Changes during the period		-
As at 31 March 2023	13A	50,000

B. Other equity

Description	Notes	Reserve and surplus	Total other equity	Total
		Retained earnings		
Balance as at 1 April 2022	13B	1,748,232	1,748,232	1,748,232
Profit for the year		(303,091)	(303,091)	(303,091)
Balance as at 31 March 2023		1,445,141	1,445,141	1,445,141

Description	Notes	Reserve and surplus	Total other equity	Total
		Retained earnings		
Balance as at 1 April 2021	13B	980,270	980,270	980,270
Profit for the year		767,962	767,962	767,962
Balance as at 31 March 2022		1,748,232	1,748,232	1,748,232

This is the Statement of Changes in Equity referred to in our report of even date.



Firm Regn No. 313139E
Chartered Accountants

[Signature]
(SURESH K GOENKA)
Proprietor

Membership No. 051226

The accompanying notes are the integral part of this Special
Purpose Financial Information

For and on behalf of Board of Directors

[Signature]
[Signature]

Director

Director

Place : Kolkata

Date : 20th May, 2023

TEGA INDUSTRIES CANADA Inc.
Notes to Special Purpose Financial Information

1. Company Information

Tega Industries Canada Inc. is a company limited by shares and is incorporated in Canada. The Company was engaged in the business of sale of mill liners, screen media, conveyor accessories wherein materials were sourced mainly from its group company in India and sold mostly within Canada. The parent company is Tega Industries Ltd., a company incorporated in India.

The Special Purpose Financial Informations as at 31 March 2023 present the financial position of the Company.

2. Summary of significant accounting policies

2.1 Basis of Preparation

(i) Compliance with Tega Industries Limited Group's Accounting Policies

These Special Purpose Financial Information (which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the Special Purpose Financial Information, including a summary of significant accounting policies and other explanatory information) of Tega Industries Canada Inc. have been prepared in accordance with the group accounting policies of Tega Industries Limited, which in turn are aligned with Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended). These Special Purpose Financial Information have been prepared to facilitate consolidation of the financial information of the subsidiary into the consolidated financial information of Tega Industries Limited. These Special Purpose Financial Information have been presented in accordance with Schedule III of the Companies Act, 2013 (as amended).

(ii) Historical Cost Convention

The Special Purpose Financial Information been prepared as going concern on accrual basis and under the historical cost convention except for the specified assets and liabilities which have been measured at fair value or revalued amount (if any).

(iii) Current versus Non Current Classification

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

2.2 Use of Estimates

The preparation of the financial statements require the Management to make estimates and assumptions considered in the reported amounts of the assets and liabilities including Contingent Liabilities as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any adjustments based on actuals are effected in the subsequent periods.

2.3 Property plant and equipment and Intangible assets

2.3.1 Property plant and equipment

Freehold land is carried at historical cost. All other items of property plant and equipment are stated at historical cost net of accumulated depreciation and accumulated impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

2.3.2 Intangible assets

Intangible Assets are stated at cost of acquisition net of accumulated amortisation and accumulated impairment, if any. Recognition of costs as an asset is ceased when the asset is complete and available for its intended use.

Subsequent to initial recognition, intangible assets with definite useful lives are reported at cost less accumulated amortisation and accumulated impairment, if any.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

Class of assets	Estimated useful life (in years)
Software	1 to 3 Years

2.4 Depreciation and Amortisation

Class of assets	Rate (%)
Computers	45% - 100%
Plant and Equipment	20%
Furniture and Fixtures	20%
Vehicles	30%
Office equipment	20%
Lease hold Improvement	20%

Lease Improvements are depreciated equally over the period of lease, which is 5 years.

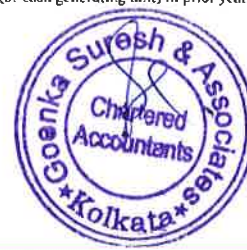
Depreciation in the year of addition is charged at 50% of the respective rate.

2.5 Impairment

At each balance sheet date, the Company reviews the carrying values of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying value of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company 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 for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the statement of profit and loss as and when the carrying value of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately.



2.6 Financial Instruments

Financial Assets

The financial assets are classified in the following categories:

1. financial assets measured at amortised cost,
2. financial assets measured at fair value through profit and loss, and
3. financial assets at fair value through other comprehensive income.

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

At initial recognition, the financial assets are measured at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss.

Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method. The losses arising from impairment are recognised in the statement of profit or loss.

Financial instruments measured at fair value through profit and loss (FVTPL)

Financial instruments included within fair value through profit and loss category are measured initially as well as at each reporting period at fair value plus transaction costs as applicable. Fair value movements are recorded in statement of profit and loss.

Investments in units of mutual funds are accounted for at fair value and the changes in fair value are recognised in statement of profit and loss.

Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

De-recognition of financial asset

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial assets and such transfer qualifies for de-recognition.

Impairment of financial assets

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

For trade receivables the simplified approach of lifetime expected credit losses has been recognised from initial recognition of the receivables.

Impairment loss allowance recognised /reversed during the year are charged/written back to statement of profit and loss.

Financial Liabilities

Financial liabilities are measured at amortised cost using the effective interest rate method.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

For trade and other payables maturing within one year from the balance sheet date, the carrying amount approximates fair value to short-term maturity of these instruments.

A financial liability (or a part of financial liability) is de-recognised from Company's balance sheet when obligation specified in the contract is discharged or cancelled or expired.

Cash and Cash Equivalents

In the Statement of Cash flows, cash and cash equivalents include cash on hand, demand deposits with banks, other short term highly liquid investments, if any, with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.7 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined on Weighted Average Basis. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.



2.8 Revenue Recognition

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The Company has adopted Ind AS 115 using the modified retrospective effect method. There is no material impact for the Company on adoption of the standard.

Revenue shall be recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

Sales of goods

Sales are recognised when control of the products has been transferred to the buyer, being when the products are dispatched/ delivered to the customer depending on the contract terms, as that is the point when the buyer has full discretion over the channel and price to sell and there is no unfulfilled obligation that could affect the buyer's acceptance of the products per the terms of the contract and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. It includes excise duty and excludes value added tax/sales tax/Goods and Service tax. No element of financing is deemed present as the sales are generally made with a credit term of upto 180 days, which is consistent with market practice.

Revenue is recognised based on the price specified in the contract.

Some contracts include multiple deliverables, such as sale of product and certain related services. However, the services are simple, does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on the expected cost plus margin. If contracts include the installation of product, revenue for the product is recognized at a point in time when the product is delivered, the legal title has passed and the customer has accepted the product.

In some contracts the Company's performance does not create an asset with alternative use to the Company and the Company has concluded that it has an enforceable right to payment for performance completed to date. In the said cases, the Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time. The Company uses the input method to recognize revenue

The Company has determined that the input method is the best method for measuring progress for these contracts because there is a direct relationship between the costs incurred by the Company and the transfer of goods and services to the customer.

A receivable is recognised when the goods are despatched or delivered, depending on the contract terms, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

A contract asset is recognized in respect of those performance obligations where the control of the goods has been transferred to the buyer, and only delivery of the goods is pending.

The Company does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

The Company generally provides for warranties which are assurance-type warranties under Ind AS 115, and are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Sale of services:

Sale of Services are recognised on rendering of the related services.

2.9 Government Grants

(i) Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

(ii) Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating income

(iii) Government grants relating to interest free loan: The difference between the fair value of the government loan on the transaction date and the proceeds received should be recognised as a government grant. This government grant shall be recognised in the profit or loss either immediately or amortised over a period of time depending upon the objective/purpose of granting this loan at below market rate of interest.

2.10 Borrowing Costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Premium in the form of fees paid on refinancing of loans are accounted for as an expense over the life of the loan using effective interest rate method. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

2.11 Foreign Currency Transactions

These financial statements of the Company are presented in Canadian Dollar (CAD), which is the functional currency of the Company and the presentation currency for the financial statements.

Initial Recognition: On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition: Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

2.12 Employee Benefits

a) Short-term Employee Benefits:

Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered.

b) Leave Encashment Benefits

Leave encashment benefit is in the nature of short term benefit and is accounted for on the basis given above. Liability is calculated based on the respective unavailed leave at year end and the salary of the concerned staff and the amount accrued during the year is recognised as a charge.

c) Defined Contribution Plan

Payments to defined contribution plans are charged as an expense in the period in which they accrue. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.



2.13 Current and Deferred Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.



2.14 Provision and Contingent Liabilities

The Company recognises a provision where there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources or there is a present obligation, reliable estimate of the amount of which cannot be made. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

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

Provision for warranty

The estimated Liability for the warranty is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence based on corrective actions on product failure. The timing of outflows will vary as and when the obligations will arise-being typically up to two years.

2.15 Earnings per Share

Basic earnings per share is calculated by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, if any, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.16 Leases

Company as a Lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset ("ROU") and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low-value assets. Payments associated with short term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in the Statement of Profit and Loss over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- (i) fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- (ii) variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- (iii) amounts expected to be payable by the Company under residual value guarantees,
- (iv) the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- (v) payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate can not be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Company is exposed to potential future increase in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. The lease liability will be reassessed and adjusted as & when such changes takes effect. 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. Lease liabilities are remeasured with a corresponding adjustment to the related right-of-use asset if the company changes its assessment of whether it will exercise an extension or a termination option.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Lease liability and right-of-use asset (ROU) have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

2.17 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

(ii) Critical judgement in determining the lease term

The Company determines the lease term on the basis of termination and renewal options in various lease contracts where the company applies its judgements. Refer note 3(b) for details.



Notes to the Special Purpose Financial Information

(All amounts in CAD, unless otherwise stated)

Note: 3(a) Property, plant and equipment

Particulars	Gross Block			Depreciation			Net Block	
	As at 1 April 2022	Additions during the year	Disposals/ Adjustments during the year	As at 31 March 2023	For the year	Disposals/ Adjustments during the year	As at 31 March 2023	As at 31 March 2022
Tangible assets								
(a) Buildings	16,338			16,338			16,338	-
(b) Plant and equipment	24,434	6,554		30,988	7,224		18,223	13,535
(c) Furniture and fixtures	11,413			11,413	1,859		8,305	3,108
(d) Vehicles - Owned	122,769	57,384	65,790	114,363	16,418	52,997	48,933	37,257
(e) Office equipment	49,693			49,693	1,077		36,122	14,649
Total	224,647	63,937	65,790	222,795	26,577	52,997	127,821	70,408

Particulars	Gross Block			Depreciation			Net Block	
	As at 1 April 2021	Additions during the year	Disposals/ Adjustments during the year	As at 31 March 2022	For the year	Disposals/ Adjustments during the year	As at 31 March 2022	As at 31 March 2021
Tangible assets								
(a) Buildings	16,338			16,338	1,044		16,338	1,045
(b) Plant and equipment	13,407	11,027		24,434	2,005		10,899	4,513
(c) Furniture and fixtures	11,413			11,413	1,919		6,446	6,886
(d) Vehicles - Owned	122,769			122,769	15,967		85,512	53,224
(e) Office equipment	47,937	1,756		49,693	7,562		35,045	20,450
Total	211,864	12,783	-	224,647	28,497	-	154,240	86,118



Notes to the Special Purpose Financial Information

(All amounts in CAD, unless otherwise stated)

Note 3(c): Other Intangible assets

Particulars	Gross Block			Amortisation			Net Block	
	As at 1 April 2022	Additions during the year	Disposals/ Adjustments during the year	As at 31 March 2023	For the year	Disposals/ Adjustments during the year	As at 31 March 2023	As at 31 March 2022
Intangible assets								
Computer software	1,032		-	1,032		-		
Total	1,032	-	-	1,032	-	-	1,032	-

Particulars	Gross Block			Amortisation			Net Block	
	As at 1 April 2021	Additions during the year	Disposals/ Adjustments during the year	As at 31 March 2022	For the year	Disposals/ Adjustments during the year	As at 31 March 2022	As at 31 March 2021
Intangible assets								
Computer software	1,032		-	1,032	160	-		160
Total	1,032	-	-	1,032	160	-	1,032	160



Note 3(b): Right-of-Use Assets

a) The company as a lessee

The Company's significant leasing arrangements include assets dedicated for use under long-term arrangements for Vehicles and Office Space. Lease of vehicle have lease terms between 3 to 5 years and Office have lease term of 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. For leases recognised under long term arrangements involving use of a dedicated asset, non-lease components are excluded based on the underlying contractual terms and conditions.

b) Amounts recognised in Balance Sheet

The balance sheet shows the following amounts relating to leases:

Particulars	31 March 2023	31 March 2022
Right-of-use assets		
Office	147,982	147,004
Vehicle	91,335	20,655
Total	239,317	167,659

Particulars	31 March 2023	31 March 2022
Lease Liabilities		
Current	76,137	49,064
Non-Current	164,851	125,618
Total	240,988	174,682

c) Following are the changes in carrying value of right-of-use assets

Particulars	Right-of-Use Office Equipment	Right-of-Use Vehicle	Total Right-of-Use Assets
Opening Balance as at 1 April 2022	192,574	94,834	287,408
Additions during the year	46,568	80,218	126,786
Early Termination of ROU Assets	-	-	-
Assets disposed / discarded during the year	-	-	-
Balance as at 31 March 2023	239,142	175,052	414,194
Accumulated depreciation as at 1 April 2022	45,570	74,179	119,749
Charge for the year*	45,590	9,538	55,128
Assets disposed / discarded during the year	-	-	-
Accumulated depreciation as at March 31, 2023	91,160	83,717	174,877
Carrying amount Balance as at March 31, 2023	147,982	91,335	239,317

Particulars	Right-of-Use Office Equipment	Right-of-Use Vehicle	Total Right-of-Use Assets
Opening Balance as at 1 April 2021 (At cost)	303,077	92,019	395,096
Additions during the year	-	26,533	26,533
Assets disposed / discarded during the year	(110,503)	(23,718)	(134,221)
Balance as at 31 March 2022 (At cost)	192,574	94,834	287,408
Accumulated depreciation as at 1 April 2021	116,936	49,250	166,186
Charge for the year *	39,137	24,929	64,066
Assets disposed / discarded during the year	(110,503)	-	(110,503)
Accumulated depreciation as at 31 March 2022	45,570	74,179	119,749
Carrying amount Balance as at 31 March 2022	147,004	20,655	167,659

* Included under Depreciation and Amortisation expense (Refer Note 27)

(d) Following are the changes in carrying value of lease liabilities

Particulars	31 March 2023	31 March 2022
Opening Balance	174,682	231,720
Additions during the year	126,786	26,533
Finance costs during the year	5,007	7,366
Early Cancellation of leases	-	(24,634)
Lease payments during the year	(65,487)	(66,303)
Closing Balance	240,988	174,682

(e) Amounts recognised in the Statement of Profit and Loss

The Statement of Profit and Loss shows the following amounts relating to leases:

Particulars	31 March 2022	31 March 2022
a. Depreciation charge of right-of-use assets (Refer Note 27)	55,128	64,066
b. Interest expense (included in finance costs) (Refer Note 26)	5,007	7,366
c. Expenses relating to short-term leases (included in other expenses) (Refer Note 28)	46,396	57,546
Total	106,531	128,978

(f) The company had a total cash outflow of CAD 65,487 for leases for the year ended 31 March 2023.

(g) Extension and termination options

Extension and termination options are included in the company's lease contracts. These are used to maximise operational flexibility in terms of managing the assets used in the company's operations. In majority of the lease contracts, the extension and termination options held are exercisable by mutual consent of both the lessor and the lessee and in few contracts, the option to terminate the lease is with lessee only.

For determining the lease term Land, Plant & Machinery, office Space and Office Equipments, the following factors are normally the most relevant:

- If there are significant penalty payments to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. During the previous year, the holding company has entered into a long-term lease for an office space which contains further renewal options and only the holding company can terminate the lease giving 6 months notice. Considering the above factors, the termination option with the holding company and the expected period of use, the lease term has been determined as 60 years which is shorter than the contractual duration.

(h) Residual value guarantees

There are no residual value guarantees in relation to any lease contracts.



Note: 4 Other financial assets - non current

Particulars	31 March 2023	31 March 2022
Unsecured, considered good (unless otherwise stated)		
Security Deposits	4,030	4,030
Total	4,030	4,030

Note: 5 Deferred tax assets (net)

Particulars	31 March 2023	31 March 2022
The balance comprises temporary differences attributable to:		
Deferred tax assets		
Lease liabilities	63,862	46,291
Other temporary difference	111,048	4,910
Total	174,910	51,201
Deferred tax liabilities		
Right-of-Use assets	63,419	44,429
Total	63,419	44,429
Deferred tax assets (net)	111,491	6,771
Refer note 29 for tax expenses		



Note: 6 Other non-current assets

Particulars	31 March 2023	31 March 2022
Unsecured, considered good		
Prepaid expenses	-	2,488
Total	-	2,488

Note: 7 Inventories

Particulars	31 March 2023	31 March 2022
Stock in Trade - at cost or net realisable value whichever is lower (Net of provision for diminution in value CAD 1,47,167 (31 March 2022 : CAD 30,838)	573,483	2,201,084
Total	573,483	2,201,084

Note: 8 Trade receivables and contract assets

Particulars	31 March 2023	31 March 2022
Current		
Trade Receivables		
(a) Unsecured, considered good	2,545,277	3,087,405
(b) Credit impaired	-	91,210
	2,545,277	3,178,615
Allowance for credit losses	-	(91,210)
Net Receivables	2,545,277	3,087,405
Contract assets		
(a) Unsecured, considered good	-	-
	-	-
Allowance for credit losses	-	-
Net Contract Assets	-	-
Total	2,545,277	3,087,405

Trade receivables ageing schedule: (i) As at 31 March 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 Months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good							
Other than Related Party	2,049,586	495,415	-	276			2,545,277
Related Party							-
(ii) Undisputed Trade Receivables - credit impaired							
Other than Related Party							-
Related Party							-
(iii) Disputed Trade Receivables - considered good							
Less: Credit impaired good							-
Other than Related Party							-
Related Party							-
Total	2,049,586	495,415	-	-	-	-	2,545,277

Trade receivables ageing schedule: (i) As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 Months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good							
Other than Related Party	2,665,980	421,425					3,087,405
Related Party							-
(ii) Undisputed Trade Receivables - credit impaired							
Other than Related Party			73,894	14,987	2,329		91,210
Related Party							-
(iii) Disputed Trade Receivables - considered good							
Less: Credit impaired good							-
Other than Related Party							-
Related Party							-
Total	2,665,980	421,425	73,894	14,987	2,329	-	3,178,615

Note:

- (i) There are no outstanding receivable due from directors or other officers of the company.
(ii) Refer note 31(A) for credit risk



Tega Industries Canada Inc
Notes to the Special Purpose Financial Information

(All amounts in CAD, unless otherwise stated)

Note: 9 Cash and cash equivalents

Particulars	31 March 2023	31 March 2022
Cash on hand	1,251	500
Balances with banks In current accounts	282,213	1,448,112
Total	283,465	1,448,612

Note: 10 Current tax assets (net)

Particulars	31 March 2023	31 March 2022
Advance Income Tax (Net of Provision for Income Tax)	291,644	-
Total	291,644	-

Note: 11 Other current assets

Particulars	31 March 2023	31 March 2022
Unsecured, considered good (unless otherwise stated)		
Prepaid expenses	36,917	32,631
Employee advances	27,771	18,291
Total	64,688	50,923



Note: 12 Equity share capital

(a) Authorised share capital

Particulars	Number of shares	Amount
As at 1 April 2021	Unlimited	Unlimited
Changes during the year	-	-
As at 31 March 2022	Unlimited	Unlimited
Changes during the period	-	-
As at 31 March 2023	Unlimited	Unlimited

(b) Issued, Subscribed and fully Paid -up Shares

Particulars	Number of shares	Amount
As at 1 April 2021	50,000	50,000
Changes during the year	-	-
As at 31 March 2022	50,000	50,000
Changes during the period	-	-
As at 31 March 2023	50,000	50,000

(c) Equity shares held by the holding company

Particulars	As at 31 March 2023		As at 31 March 2022	
	No.	% holding	No.	% holding
Ordinary Shares Tega Industries Limited	50,000	100.00%	50,000	100.00%

(d) Details of the shareholders holding more than 5% of equity shares of the company

Name of the shareholder	As at 31 March 2023		As at 31 March 2022	
	No.	% holding	No.	% holding
Ordinary Shares Tega Industries Limited	50,000	100.00%	50,000	100.00%

(e) Rights, preferences and restrictions attached to equity shares

The company has one class of equity shares having par value of CAD 1. All shares are fully paid up. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote at meeting of the Company. In the event of winding up of the Company, ordinary shareholders are entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of Ordinary Shares held by the shareholders.

(f) Shares held by the promoters : (i) As at 31st March 2023

Promoter name	No. of shares	% of total shares	% change during the period
Ordinary Shares Tega Industries Limited	50,000	100.00%	NIL

(ii) As at 31st March 2022

Promoter name	No. of shares	% of total shares	% change during the period
Ordinary Shares Tega Industries Limited	50,000	100.00%	NIL



Note: 13 Other equity

Particulars	Refer below	31 March 2023	31 March 2022
Retained earnings	(i)	1,445,141	1,748,232
Total		1,445,141	1,748,232

Particulars	31 March 2023	31 March 2022
(i) Retained earnings		
Balance at the beginning of the period	1,748,232	980,270
Profit for the year	(303,091)	767,962
Balance at the end of the year	1,445,141	1,748,232

Nature and purpose of other equity

(i) Retained Earnings

Retained earnings are the profit that the Company has earned till date, less any transfer to general reserve, dividends or other distributions paid to shareholders.



Note: 14 Borrowings - Non current

Secured	31 March 2023	31 March 2022
Secured		
Vehicle loans from banks (Refer (a) below)	56,652	24,103
Less: Current Maturities of Long Term Debt (Refer Note 15)	(10,965)	(12,288)
(a) Vehicle loans are secured by hypothecation of the vehicle purchased. The loan of CAD 24,103 as at 31 March 2022 was squared up during the year. The loan of CAD 56,652 is repayable in equal monthly instalments of CAD 913.75 each upto 30 May, 2028.		
Total Secured Borrowings	45,687	11,815
Unsecured		
Term Loans (Refer (b) below)*	60,000	58,529
Less: Current Maturities of Long Term Debt (Refer Note 15)	(60,000)	(58,529)
- RBC Credit Line under Canada Emergency Business Account		
(b) The loan is interest free upto 31st December, 2023 (extended from 31st December, 2022) and is eligible for forgiveness of CAD 20,000, if the balance amount of CAD 40,000 is repaid by the said date.		
Total Unsecured Borrowings	-	-
Total	45,687	11,815



Tega Industries Canada Inc
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(All amounts in CAD, unless otherwise stated)

Note: 15 Borrowings - current

Particulars	31 March 2023	31 March 2022
Unsecured		
Cash Credit from Banks (Refer (a) below)	-	-
Term Loan	60,000	58,529
Secured		
Current Maturities of Long Term Debt		
Vehicle loan from banks	10,965	12,288
Total	70,965	70,817



Note: 16 Trade payables

Particulars	31 March 2023	31 March 2022
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Acceptances		
(ii) Others	1,265,713	4,416,576
Total	1,265,713	4,416,576

Trade payables ageing schedule: (i) As at 31 March 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Due	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(a) Undisputed total outstanding dues of micro and small enterprises							-
(b) Undisputed total outstanding dues of creditors other than micro and small enterprises							
Other than Related Party	5,783	73,573	-	-	-	-	79,356
Related Party		1,186,357	-	-	-	-	1,186,357
(c) Disputed dues of micro and small enterprises	-	-	-	-	-	-	-
(d) Disputed total outstanding dues of creditors other than micro and small enterprises	-	-	-	-	-	-	-
Total	5,783	1,259,930	-	-	-	-	1,265,713

Trade payables ageing schedule: (i) As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Due	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(a) Undisputed total outstanding dues of micro and small enterprises							-
(b) Undisputed total outstanding dues of creditors other than micro and small enterprises							
Other than Related Party	27,346	71,401	5,552	-	-	-	104,309
Related Party		2,138,719	2,173,550	-	-	-	4,312,268
(c) Disputed dues of micro and small enterprises	-	-	-	-	-	-	-
(d) Disputed total outstanding dues of creditors other than micro and small enterprises	-	-	-	-	-	-	-
Total	27,346	2,210,120	2,179,112	-	-	-	4,416,577

Note: 17 Other financial liabilities- current

Particulars	31 March 2023	31 March 2022
Other payables		
Employee related liabilities	162,472	213,487
Total	162,472	213,487

Note: 18 Provisions - current

Particulars	31 March 2023	31 March 2022
Provision for employee benefits		
Provision for compensated absences	4,253	32,399
Total	4,253	32,399

Note: 19 Current tax liabilities (net)

Particulars	31 March 2023	31 March 2022
Provision for income tax (net of advances)		169,177
Total	-	169,177

Note: 20 Other current liabilities

Particulars	31 March 2023	31 March 2022
Advances received from customers	823,160	84,033
Other payables		
Statutory dues (Contribution to PF and ESIC, GST, Withholding Taxes, Entry Tax, etc.)	99,989	68,160
Total	923,149	152,193



Note: 21 Revenue from operations

Particulars	31 March 2023	31 March 2022
Revenue from operations		
Sale of products	9,449,530	13,060,269
Total	9,449,530	13,060,269

(i) Disaggregation of revenue from contracts with customers:

The company derives revenue from the transfer of goods and services in the following geographical regions:

Particulars	31 March 2023	31 March 2022
CANADA	9,449,530	13,060,269
Total	9,449,530	13,060,269

(ii) The company has recognised the following revenue-related contract assets and liabilities:

Particulars	31 March 2023	31 March 2022
Contract assets	-	-
Total contract assets	-	-
Contract liabilities - Advance from customers	823,160	84,033
Total contract liabilities	823,160	84,033

(iii) Revenue recognised in relation to contract liabilities:

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

Particulars	31 March 2023	31 March 2022
Revenue recognised that was included in the contract liabilities balance at the beginning of the period:		
Sale contracts	84,033	120,550

* These unfulfilled obligations are expected to be settled within the next 12 months.

Note: 22 Other income

Particulars	31 March 2023	31 March 2022
(a) Interest income		
on financial instruments at amortised cost	-	4
(b) Other non-operating income		
Government grant on account of Covid-19	6,671	211,138
Net gain on foreign currency transaction and translations	6,331	(54,999)
Miscellaneous receipts	12,456	48,382
Total	25,458	204,525



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(All amounts in CAD, unless otherwise stated)

Note: 23 Purchase of Stock in Trade

Particulars	31 March 2023	31 March 2022
Purchases	6,045,285	10,107,321
Total	6,045,285	10,107,321

Note: 24 Changes in inventories of stock in trade

Particulars	31 March 2023	31 March 2022
Inventories at the end of the year:		
Stock in trade	573,483	2,201,084
	573,483	2,201,084
Less : Inventories at the beginning of the year:		
Stock in trade	2,201,084	2,126,264
	2,201,084	2,126,264
(Increase)/decrease in stock in trade	1,627,601	(74,820)
(Increase)/decrease in stock in trade	1,627,601	(74,820)



Tega Industries Canada Inc
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(All amounts in CAD, unless otherwise stated)

Note: 25 Employee benefits expense

Particulars	31 March 2023	31 March 2022
Salaries and wages	997,163	1,005,986
Contribution to pension and other funds	83,744	73,587
Staff welfare expenses	68,107	62,046
Total	1,149,014	1,141,619

Note: 26 Finance costs

Particulars	31 March 2023	31 March 2022
Interest expense on		
Leases	5,007	7,366
Bank Borrowings and Others	2,724	7,107
Total	7,731	14,473

Note: 27 Depreciation and amortisation expenses

Particulars	31 March 2023	31 March 2022
Depreciation of property, plant and equipment [refer note 3(a)]	26,576	28,498
Depreciation of Right of Use of Asset [refer note 3(b)]	55,128	64,066
Amortisation of intangible assets [refer note 3(d)]	-	160
Total	81,704	92,724

Note: 28 Other expenses

Particulars	31 March 2023	31 March 2022
Rent	46,396	57,546
Repairs to others	8,665	12,989
Insurance expenses	52,514	53,497
Bank charges	8,878	8,789
Rates and taxes	32	142
Travelling and conveyance	515,977	230,107
Packing and forwarding (net)	-	146,714
Postage, telephone and fax	30,334	28,342
Sales promotion expenses	63,107	16,211
Subcontract	69,325	92,128
Professional fees	49,999	30,347
	13,641	160,456
Allowance for expected credit loss (including bad debts and advances written off) [refer note 31]		
Miscellaneous expenses	105,579	90,561
Total	964,445	927,831



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(All amounts in CAD, unless otherwise stated)

Note: 29 Income tax expense

(a) Movement in deferred tax liability/ (assets)

Particulars	Loan Liability	Right-of-Use Assets	Accumulated Losses	Amounts allowable for tax purpose on payment basis	Lease Liabilities	Others	Total
At 1 April 2021	(4,407,00)	60,661	-	-	-61,406	-	(5,152)
Charged/ (credited):							
- to profit or loss #	(503)	(16,232)	-	-	15,115	-	(1,620)
- to other comprehensive income	-	-	-	-	-	-	-
At 31 March 2022	(4,910)	44,429	-	-	(46,291)	-	(6,772)
At 1 April 2022	(4,910)	44,429	-	-	(46,291)	-	(6,772)
Charged/ (credited):							
- to profit or loss #	(390)	18,990	(105,748)	-	(17,571)	-	(104,719)
- to other comprehensive income	-	-	-	-	-	-	-
At 31 March 2023	(5,300)	63,419	(105,748)	-	(63,862)	-	(111,491)

(b) Income Tax Expense

Particulars	31 March 2023	31 March 2022
Current tax		
Current tax on profits for the period	7,017	289,303
Adjustments for current tax of prior periods		
Total current tax expense	7,017	289,303
Deferred tax		
Decrease/ (increase) in deferred tax assets		
(Decrease)/ increase in deferred tax liabilities	(104,720)	(1,619)
Exchange difference on translation		
Total deferred tax expense/ (benefit)	(104,720)	(1,619)
Total tax expense/ (credit)	(97,703)	287,684

(c) Reconciliation of tax expense and the accounting profit multiplied by tax rate:

Particulars	31 March 2023	31 March 2022
Profit before tax	(400,793)	1,055,646
Tax on above calculated at rates applicable to the company 2023 26.5% (2022: 26.5%)	(106,210)	279,746
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax benefit on losses for which deferred tax asset was not created	-	-
Items on which deferred tax asset has been recognised	8,507	(1,619)
Others		9,557
Total tax expense/ (credit)	(97,703)	287,684



Note: 30 Fair value measurements

Financial instruments by category

Particulars	31 March 2023		31 March 2022	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Trade receivables	-	2,545,277	-	3,087,405
Cash and cash equivalents	-	283,465	-	1,448,612
Other financial assets	-	4,030	-	4,030
Total financial assets	-	2,832,772	-	4,540,047
Financial liabilities				
Borrowings	-	116,652	-	82,631
Trade payables	-	1,265,713	-	4,416,576
Other financial liabilities	-	162,472	-	213,487
Total financial liabilities	-	1,544,838	-	4,712,695



Note: 31 Financial risk management

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (i.e. foreign currency risk, interest rate risk and price risk).

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk:

Risk	Exposure arising from	Management
<i>Credit risk</i>	Cash and cash equivalents, trade receivables and contract assets and other financial assets measured at amortised cost.	Diversification of bank deposits and investments. Entering into transactions with customers of repute / customers having sound financial position.
<i>Liquidity risk</i>	Financial liabilities that are settled by delivering cash or another financial asset.	Projecting cash flows and considering the level of liquid assets necessary to meet the liabilities.
<i>Market risk – foreign exchange</i>	Future commercial transactions and recognised financial assets and liabilities not denominated in Indian rupee (INR).	Entering into forward contracts, options and interest rate swaps.
<i>Market risk – interest rate</i>	Long-term borrowings at variable rates.	Entering into derivative contracts such as interest rate swaps and currency swaps.

(A) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables and contract assets) including deposits with banks, investments and other financial instruments. The company periodically monitors the recoverability and credit risks of its other financial assets including security deposits and other receivables.

i) Trade receivables and contract assets

Customer credit risk is managed by the management subject to the company's established policy, procedures and control relating to customer credit risk management. Trade receivables and contract assets are non-interest bearing. Outstanding customer receivables are regularly monitored.

At each reporting date the company measures loss allowance for certain class of financial assets based on historical trend industry practice and the business environment in which the company operates.

ii) Financial instruments and cash deposits

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

The company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2023 is the carrying amounts of trade receivables and contract assets, investments, balances with bank and other financial assets.

Provision for expected credit loss

In determination of the allowance for credit losses on receivables, the company has used a practical experience by computing the expected credit losses based on provision matrix, which has taken into account historical credit loss experience and adjusted for forward looking information. The company also analyses all its receivables periodically for recoverability assessment and wherever they have analysed that the receivable may be credit impaired on account of non recoverability, loss allowance on such receivables have been provided in full.

Details of allowances for expected credit loss are provided hereunder :-

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
At the beginning of the year	91,210	2,329
Provisions created/ (written back) during the period (net)(a)	(91,210)	88,881
Closing at the end of the year	-	91,210
Bad debts and advances written off (b)	104,851	71,575
Total Charge to Statement of Profit & Loss (a+b)	13,641	160,456



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Note: 31 Financial risk management (continued)

(B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

(i) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity company tags based on their contractual maturities:

The amounts disclosed in the table are the contractual undiscounted cash flows:

Contractual maturities of financial liabilities 31 March 2023	Carrying Value	Contractual Cash Flows	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Non-derivatives	116,652	116,652	70,965	32,895	12,793	
Borrowings - Other than Related Party						
Borrowings - Related Party						
Lease Liabilities	240,988	243,926	78,597	134,620	30,709	
Trade payables - Other than Related Party	79,356	79,356	79,356			
Trade payables - Related Party	1,186,357	1,186,357	1,186,357			
Total non-derivative financial liabilities	1,623,354	1,626,291	1,415,276	167,515	43,501.22	-

** Based on closing rates

Contractual maturities of financial liabilities 31 March 2022	Carrying Value	Contractual Cash Flows	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Non-derivatives	82,631	82,632	70,817	11,815	-	-
Borrowings - Other than Related Party						
Borrowings - Related Party						
Lease Liabilities	174,682	185,591	50,979	97,905	36,707	-
Trade payables - Other than Related Party	104,309	104,309	104,309	-	-	-
Trade payables - Related Party	4,312,268	4,312,268	4,312,268	-	-	-
Total non-derivative financial liabilities	4,673,890	4,684,798	4,538,372	109,720	36,707	-

** Based on closing rates



(All amounts in CAD, unless otherwise stated)

Note: 31 Financial risk management (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the company's long-term debt obligations with floating interest rates.

The company's main interest rate risk arises from long-term borrowings with variable rates, which expose the company to cash flow interest rate risk.

The company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

On Financial Liabilities:

The exposure of the company's financial liabilities to interest rate risk is as follows:

Particulars	31 March 2023	31 March 2022
Variable rate borrowings	-	-
Fixed rate borrowings	116,652	82,631
Total borrowings	116,652	82,631

(b) Sensitivity

Profit or loss is sensitive to higher/ lower interest expense from borrowings as a result of changes in interest rates as below:

Particulars	Impact on profit before tax	
	31 March 2023	31 March 2022
Interest expense rates – increase by 50 basis points (50 bps)*	-	-
Interest expense rates – decrease by 50 basis points (50 bps)*	-	-

* Holding all other variables constant



Note: 31 Financial risk management (continued)
(C) Market risk

(i) Foreign currency risk

The company deals with foreign currency bank accounts, trade receivables and contract assets, borrowings, trade payables and is therefore exposed to foreign exchange risk associated with exchange rate movement.

The company operates internationally and portion of the business is transacted in several currencies and consequently the company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies. The company primarily uses derivatives to hedge its risk against foreign currency balances of borrowings, trade payables, trade receivables and contract assets. Such exposures are managed within approved policy parameters utilising foreign exchange forward contracts and options. Further, the company also has variable interest rate loan in foreign currency. To manage its risk against interest rate movements the company has taken an interest rate swap. The company also enter into derivative contracts to hedge forecast sales and purchase transactions using forward contracts.

Foreign currency risk exposure

The company's exposure to foreign currency risk for major currencies at the end of the reporting period expressed in USD (foreign currency amount multiplied by closing rate), are as follows:-

Particulars	AUD	CAD	EUR	31 March 2023 USD	ZAR	GBP	GHS
Financial assets							
Trade receivables and contract assets							
Other than Related Party				556,369			
Bank balances				154,950			
Net exposure to foreign currency risk (assets)	-	-	-	711,318	-	-	-
Financial liabilities							
Trade and other payables							
Third Party				(142)			
Related Party				(771,806)			
Net exposure to foreign currency risk (liabilities)	-	-	-	(771,948)	-	-	-
Net exposure	-	-	-	(60,629)	-	-	-

Particulars	AUD	CAD	EUR	31 March 2022 USD	ZAR	GBP	GHS
Financial assets							
Trade receivables and contract assets							
Other than Related Party				23,947			
Bank balances				597,492			
Net exposure to foreign currency risk (assets)	-	-	-	621,439	-	-	-
Financial liabilities							
Trade and other payables							
Related Party				(356,309)			
Net exposure to foreign currency risk (liabilities)	-	-	-	(356,309)	-	-	-
Net exposure	-	-	-	265,130	-	-	-

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	AUD	CAD	EUR	Impact on profit before tax USD	ZAR	GBP	GHS
31 March 2023							
CAD appreciates by 5%*	-	-	-	3,031	-	-	-
CAD depreciates by 5%*	-	-	-	(3,031)	-	-	-
31 March 2022							
CAD appreciates by 5%*	-	-	-	(13,257)	-	-	-
CAD depreciates by 5%*	-	-	-	13,257	-	-	-

* Holding all other variables constant



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(All amounts in CAD, unless otherwise stated)

Note: 32 Capital management

(a) Risk management

The company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, long term borrowings and short term borrowings.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

Net debt reconciliation

This section sets out an analysis of debt and the movements in net debt for the current period

Particulars	31 March 2023	31 March 2022
Cash and cash equivalents	283,465	1,448,612
Non-current borrowings	(45,687)	(11,815)
Current borrowings	(70,963)	(70,817)
Lease liabilities	(240,988)	(174,682)
Total	(74,176)	1,191,299

Particulars	Other assets Cash and cash equivalents	Non-current borrowings	Current borrowings	Lease liabilities	Total
Net debt as at 1 April 2022*		(82,631)	-	(174,682)	1,191,299
Cash flows	1,448,612	(34,021)	-	-	(1,355,526)
Acquisition of lease	(1,321,504)	-	-	(126,786)	(126,786)
Principal repayment of lease	-	-	-	60,480	60,480
Interest expense	-	(2,794)	-	(5,007)	(7,731)
Interest paid	-	2,724	-	5,007	7,731
Repayment of Loan	-	-	-	-	-
Non-cash movements:					
Unrealised foreign exchange	156,357	-	-	-	156,357
Others Adjustment for lease	-	-	-	-	-
Net debt as at 31 March 2023*	283,465	(116,652)	-	(240,988)	(74,176)

*balances include interest accrued on borrowings

Particulars	Other assets Cash and cash equivalents	Non-current borrowings	Current borrowings	Lease liabilities	Total
Net debt as at 1 April 2021		(93,021)	(210,000)	(231,719)	(303,776)
Cash flows	330,954	10,390	210,000	-	1,471,079
Acquisition of Lease	1,250,689	-	-	(26,533)	(96,533)
Principal Repayment of Lease	-	-	-	24,634	24,634
Interest expense	-	(7,107)	-	58,936	51,829
Interest paid	-	7,107	-	(7,366)	(259)
Repayment of Loan	-	-	-	7,366	-
Non-cash movements:					
Unrealised foreign exchange	(33,041)	-	-	-	(33,041)
Others Adjustment for lease	-	-	-	-	-
Net debt as at 31 March 2022*	1,448,612	(82,631)	-	(174,682)	1,191,299

*balances include interest accrued on borrowings



Note: 33 Earnings per share

	Particulars	31 March 2023	31 March 2022
	Computation of Earnings for Equity Shares		
A	Net Profit attributable to the shareholders of the company	-303,091	767,962
B	Weighted average number of equity shares outstanding during the period other than which are dilutive	50,000	50,000
C	Effect of equity shares which are dilutive	-	-
D = (B+C)	Weighted average number of equity shares outstanding during the period (dilutive)	50,000	50,000
	Earnings per equity share		
A/B	Earnings per share - Basic	(6.06)	15.36
A/D	Earnings per share - Diluted	(6.06)	15.36



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Note: 34 Related party Transaction

Related party disclosure pursuant to Ind AS 24 prescribed under the act

Details of related parties:

Description of relationship	Names of related parties
Ultimate Holding Company	Nihai Fiscal Services Private Limited (Incorporated in India)
Holding Company	Tega Industries Limited (TIL) (Subsidiary of Nihai Fiscal Services Private Limited)
Fellow Subsidiaries	<p>Tega Industries Inc, USA (TII)</p> <p>Tega Holdings Pte Ltd. (THPTE) (including Tega Peru Branch)</p> <p>Tega Industries Australia Pty Ltd, Australia (TIAPL)</p> <p>Tega Do Brasil Serviços Técnicos Limitda, Brasil (TDBSTL)</p> <p>Tega Investment Limited, Bahamas (TIL) (Ceased to be Subsidiary w.e.f November 14, 2022)</p> <p>Losugen Pty Ltd, Australia (LPL)</p> <p>Tega Holdings Pty Ltd, Australia (THPTY)</p> <p>Tega Investment South Africa Pty Ltd, South Africa (TISAPL)</p> <p>Tega Industries Africa Pty Ltd, South Africa (TIAPL)</p> <p>Tega Industries Chile SpA (TICS)</p> <p>Edoctum S.A, Chile</p> <p>Edoctum Peru S.A.C, Peru</p> <p>McNally Sayaji Engineering Limited (Subsidiary w.e.f February 24, 2023)</p> <p>MBE Coal & Mineral Technology India Pvt. Ltd. (Became Subsidiary on February 24, 2023 and Ceased to be subsidiary on March 29, 2023)</p>
Joint Venture	Tega Equipment Private Limited (Subsidiary w.e.f December 02, 2022 upto March 29, 2023)
Key Management Personnel (KMP)	<p>Hosch Equipment (India) Limited (Joint Venture of Tega Industries Limited)</p> <p>Madan Mohan Mohanka (Unpaid Position)</p> <p>Mehul Mohanka (Unpaid Position)</p>

Note: Related parties have been identified by the Management.

Details of related party transactions for the period ended 31 March 2023 and balances outstanding as at 31 March 2023:						
Particulars	TIL	THPL	TIAPL	TICS	TDBSTL	TII
Purchase of Goods	5,795,410					9,396
Recovery of Expenses	70,304					
Business Support Service Expense	-					
Balances outstanding at the end of the period	1,179,220					7,137
Trade Payables						
						5,804,805.43
						70,304.00
						-
						1,186,357



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Details of related party transactions for the year ended 31 March 2022 and balances outstanding as at 31 March 2022:						
Particulars	TIL	THPL	TIAPL	TICS	TDBSTL	TII
Purchase of Goods	9,642,678					
Recovery of Expenses	256,081					
Business Support Service Expenses	189					
<u>Balances outstanding at the end of the year</u>						
Trade Payables	4,312,269					
						9,642,678
						256,081
						189
						4,312,269

Note: 35 Relationship with Struck off Companies

The Company does not have any transactions/outstanding balances including investments in securities with any companies struck off under the Companies Act, 2013.

Note: 36 Transaction in Crypto Currency

The Company has not traded or invested in Crypto Currency or virtual currency during the financial year.

Note: 37

The Company has not during the year and previous year advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

The Company has not during the year and previous year received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

For Goenka Suresh & Associates

Firm Regd. No. 313139E
Chartered Accountants



For and on behalf of Board of Directors

(Signature)
(SURESH K GOENKA)
Proprietor
Membership No. 051226

(Signature)

Director

Director

Place : Kolkata

Date : **20th May, 2023**

UDIN: 2305122604U1923811

ANNEXURE C

Tega Industries Australia Pty Ltd

ABN 72 100 864 944

Special Purpose Financial Report

For the financial year ended 31 March 2023

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Tega Industries Australia Pty Ltd
ABN 72 100 864 944

Compilation Report

We have compiled the accompanying special purpose financial statements of Tega Industries Australia Pty Ltd which comprise the statement of financial position as at 31 March 2023, statement of profit or loss and other comprehensive income and statement of changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1.

THE RESPONSIBILITY OF THE DIRECTORS

The Directors of Tega Industries Australia Pty Ltd are solely responsible for the information contained in the special purpose financial statements, the reliability, accuracy and completeness of the information and for the determination that the basis of accounting used is appropriate to meet their needs and for the purpose that financial statements were prepared.

OUR RESPONSIBILITY

On the basis of information provided by the Directors of Tega Industries Australia Pty Ltd we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting as described in Note 1 to the financial statements and APES 315 Compilation of Financial Information.

We have applied our expertise in accounting and financial reporting to compile these financial statements in accordance with the basis of accounting described in Note 1 to the financial statements. We have complied with the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the Directors provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements were compiled exclusively for the benefit of the Directors of Tega Industries Australia Pty Ltd.

To the extent permitted by law, we do not accept liability for any loss or damage that any person, other than Tega Industries Australia Pty Ltd, may suffer arising from any negligence on our part.

No person should rely on the special purpose financial statements without having an audit or review conducted.

Agnieszka Vacca

KPMG

Dated: 16-Jun-2023

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Liability limited by a scheme approved under Professional Standards Legislation.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2023

		Mar 2023	Mar 2022
	Note	\$	\$
Revenue	2	8,055,813	10,684,333
Cost of Sales		(6,760,896)	(8,601,364)
GROSS PROFIT		1,294,917	2,082,969
Depreciation and Amortisation Expenses		(31,820)	(55,591)
Employment Expenses		(663,046)	(708,848)
Financing Costs		-	(213)
Impairment Losses		(244,457)	-
Other Operating Expenses		(621,649)	(549,006)
PROFIT/(LOSS) BEFORE INCOME TAX		(266,054)	769,312
Income Tax		79,389	130,897
PROFIT/(LOSS)		(186,665)	900,209
TOTAL COMPREHENSIVE INCOME		(186,665)	900,209

Statement of Financial Position

As at 31 March 2023

		Mar 2023	Mar 2022
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	3	585,243	465,808
Trade and Other Receivables	4	1,391,537	2,867,740
Inventories	5	521,773	795,279
Other Current Assets	6	11,508	14,500
TOTAL CURRENT ASSETS		2,510,061	4,143,326
NON CURRENT ASSETS			
Property, Plant and Equipment	7	133,203	186,376
Deferred Tax Assets		355,605	276,216
Other Non Current Assets	6	-	1,767
TOTAL NON CURRENT ASSETS		488,808	464,358
TOTAL ASSETS		2,998,869	4,607,684
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	8	1,088,947	2,506,051
Provisions	9	49,899	59,636
TOTAL CURRENT LIABILITIES		1,138,846	2,565,687
NON CURRENT LIABILITIES			
Provisions	9	60,099	55,408
TOTAL NON CURRENT LIABILITIES		60,099	55,408
TOTAL LIABILITIES		1,198,945	2,621,095
NET ASSETS		1,799,923	1,986,589
EQUITY			
Share Capital	10	85,000	85,000
Retained Earnings	11	1,714,923	1,901,589
TOTAL EQUITY		1,799,923	1,986,589

Statement of Changes in Equity

For the year ended 31 March 2023

	Share Capital	Retained Earnings	Total Equity
	\$	\$	\$
BALANCE AT 1 APRIL 2021	85,000	1,001,380	1,086,380
COMPREHENSIVE INCOME			
Profit for the Year	-	900,209	900,209
TOTAL COMPREHENSIVE INCOME	-	900,209	900,209
BALANCE AT 31 MARCH 2022	85,000	1,901,589	1,986,589
COMPREHENSIVE INCOME			
Profit/(Loss) for the Year	-	(186,665)	(186,665)
TOTAL COMPREHENSIVE INCOME	-	(186,665)	(186,665)
BALANCE AT 31 MARCH 2023	85,000	1,714,923	1,799,923

Notes to the Financial Statements

For the year ended 31 March 2023

Note 1 Accounting Policies

BASIS OF PREPARATION

Tega Industries Australia Pty Ltd ("the Company"), is a Company limited by shares, incorporated and domiciled in Australia.

In the opinion of the Directors, the Company is not publicly accountable nor a reporting entity. The special purpose financial statements have been prepared for distribution to the Shareholders.

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

STATEMENT OF COMPLIANCE

Unless otherwise noted, the special purpose financial statements have been prepared in accordance with the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The financial statements do not include the disclosure requirements of applicable AASB's, except for the following:

- AASB 101: Presentation of Financial Statements (excluding cash flow statements)
- AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 1048: Interpretation of Standards

The financial statements do not comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Directors on the same date as the signing of the Directors' declaration.

BASIS OF MEASUREMENT

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

FUNCTIONAL & PRESENTATION CURRENCY

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

CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

EVENTS AFTER THE REPORTING PERIOD

There were no events subsequent to the end of the reporting date to the date of issue of this report.

INCOME TAX

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relate to items recognised directly in equity or in other comprehensive income ("OCI").

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax liability arising from dividends.

Notes to the Financial Statements

For the year ended 31 March 2023

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profit will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related benefit will be realised.

Tax Exposures

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value.

PROPERTY PLANT & EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Depreciation

Property, plant and equipment excluding freehold land, is depreciated over the asset's useful life to the Company commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over their estimated useful life.

LEASES

The Company initially applied AASB 16 Leases using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 17 and AASB Interpretation 4.

Policy applicable from 1 April 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into, on or after 1 April 2019.

Notes to the Financial Statements

For the year ended 31 March 2023

AS A LESSEE

The Company recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurements of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Non-lease components

At inception or on modification of a contract that contains a lease component, the Company has chosen to combine lease and any associated non-lease components and account for them as lease components.

AS A LESSOR

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rental income'.

Notes to the Financial Statements

For the year ended 31 March 2023

FINANCIAL INSTRUMENTS

I) RECOGNITION AND INITIAL MEASUREMENT

Unless otherwise noted below, all financial assets and financial liabilities are initially recognised when the Company becomes party to the contractual provisions of the instrument.

Trade receivables are initially recognised when they are originated.

A financial asset or financial liability is initially measured at fair value plus, for an item not measured at Fair Value through Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

The exception to this is a trade receivable without a significant financing component which is initially measured at its transaction price.

II) CLASSIFICATION AND SUBSEQUENT MOVEMENT

Financial Assets

On initial recognition, a financial asset is classified and measured at:

- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) - debt investment;
- FVOCI - equity investment; or
- FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

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

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held on the basis of different classes of assets. The objectives of the business are considered when determining the business model type.

Notes to the Financial Statements

For the year ended 31 March 2023

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by any impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt instruments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A Financial liability is classified as FVTPL if it is classified as held-for-trading it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

IMPAIRMENT OF ASSETS

At the end of each reporting period the Company determines whether there is evidence of impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

EMPLOYEE BENEFITS

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period.

Notes to the Financial Statements

For the year ended 31 March 2023

PROVISIONS

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash with original maturities of three months or less and which are subject to an insignificant risk of change in value.

REVENUE & OTHER INCOME

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

A) SALE OF GOODS

Revenue is recognised when the goods are delivered and have been accepted by customers at their premises. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Therefore, the amount of revenue recognised is adjusted for expected returns.

Customers obtain control of products when the goods are delivered and have been accepted at their premises. Invoices are generated at that point in time.

B) RENDERING OF SERVICES

Revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits as the Company performs;
- The customer controls the asset as the Company creates or enhances it; or
- The Company's performance does not create an asset for which they have an alternative use and there is an enforceable right to payment for performance to date.

C) INTEREST REVENUE

Interest revenue is recognised when received.

D) OTHER INCOME

Other income is recognised on an accruals basis when the Company is entitled to it.

GOODS AND SERVICES TAX (GST)

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Tega Industries Australia Pty Ltd
ABN 72 100 864 944

Notes to the Financial Statements

For the year ended 31 March 2023

COMPARATIVE AMOUNTS

Comparatives are consistent with prior years, unless otherwise stated.

Notes to the Financial Statements

For the year ended 31 March 2023

	Mar 2023	Mar 2022
Note	\$	\$
Note 2 Revenue and Other Income		
REVENUE		
Interest received	-	7
Other revenue	162,209	141,922
Foreign currency exchanges	(21,147)	(24,255)
Gain on sale of assets	379	-
Sales	7,914,372	10,566,660
TOTAL REVENUE	8,055,813	10,684,333
Note 3 Cash and Cash Equivalents		
Cheque account	585,243	465,808
TOTAL CASH AND CASH EQUIVALENTS	585,243	465,808
Note 4 Trade and Other Receivables		
CURRENT		
Sundry Debtors	1,500	1,369
TRADE DEBTORS		
Trade Debtors	1,634,494	3,007,088
Less: Provision for Doubtful Debts	(244,457)	(140,718)
TOTAL TRADE DEBTORS	1,390,037	2,866,370
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	1,391,537	2,867,740
Note 5 Inventories		
Stock on Hand	619,483	892,989
Less Provision for Obsolete Stock	(97,710)	(97,710)
TOTAL INVENTORIES	521,773	795,279
Note 6 Other Assets		
CURRENT		
Prepayments	11,508	14,500
TOTAL OTHER CURRENT ASSETS	11,508	14,500
NON CURRENT		
Deposits paid	-	1,767
TOTAL OTHER NON CURRENT ASSETS	-	1,767
Note 7 Property, Plant and Equipment		
OFFICE FITOUT		
Office fitout	500	47,792
Less accumulated depreciation	(312)	(15,537)
TOTAL OFFICE FITOUT	188	32,254

Notes to the Financial Statements

For the year ended 31 March 2023

	Note	Mar 2023 \$	Mar 2022 \$
EQUIPMENT AND FURNITURE			
Equipment and furniture		188,009	196,394
Less accumulated depreciation		(114,144)	(117,781)
TOTAL EQUIPMENT AND FURNITURE		73,866	78,613
MOTOR VEHICLES			
Motor vehicles		231,466	231,466
Less accumulated depreciation		(172,316)	(155,957)
TOTAL MOTOR VEHICLES		59,150	75,509
TOTAL PROPERTY, PLANT AND EQUIPMENT		133,203	186,376
Note 8 Trade and Other Payables			
CURRENT			
Advanced customer deposits		73,612	109,519
Trade Creditors		821,854	2,094,736
Other payables		78,334	109,247
Goods and services tax		102,582	175,651
FBT payable		6,041	5,768
PAYG Withheld		6,524	11,130
TOTAL CURRENT TRADE AND OTHER PAYABLES		1,088,947	2,506,051
Note 9 Provisions			
CURRENT			
Provision for annual leave		50,851	56,401
Provision for payroll tax		(952)	3,235
TOTAL CURRENT PROVISIONS		49,899	59,636
PROVISIONS			
Provision for long service leave		60,099	55,408
TOTAL PROVISIONS		60,099	55,408
Note 10 Share Capital			
Opening balance		85,000	85,000
TOTAL SHARE CAPITAL		85,000	85,000
Note 11 Retained Earnings			
Opening Balance		1,901,589	1,001,380
Current Year Earnings		(186,665)	900,209
TOTAL RETAINED EARNINGS		1,714,923	1,901,589

Directors' Declaration

In the opinion of the Directors of Tega Industries Australia Pty Ltd (the "Company"):

- a) The Company is not publicly accountable nor a reporting entity;
- b) The financial statements and notes, as set out in these financial statements, are prepared in accordance with the basis of accounting described in Note 1, and other mandatory reporting requirements, so as to present fairly the financial position of the Company as at 31 March 2023 and its performance, as represented by the results of its operations for the financial year ended on that date; and
- c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

In respect of the year ended 31 March 2023 the Company has:

- a) Kept such accounting records as to correctly record and explain its transactions and financial position;
- b) Kept its accounting records so that a true and fair financial report of the Company can be prepared from time to time; and
- c) Kept its accounting records so that the financial report of the Company can be conveniently and properly audited or reviewed in accordance with the Corporations Act 2001.

Signed in accordance with a resolution of the Directors.



Satyamurti Joe Viranna
Director
Date: 13.06.2023

Detailed Operating Statement

For the year ended 31 March 2023

	Mar 2023	Mar 2022
	\$	\$
REVENUE		
Interest received	-	7
Other revenue	162,209	141,922
Foreign currency exchanges	(21,147)	(24,255)
Gain on sale of assets	379	-
Sales	7,914,372	10,566,660
TOTAL REVENUE	8,055,813	10,684,333
COST OF SALES		
Opening Stock	892,989	1,262,051
Closing Stock	(619,483)	(892,989)
Purchases	6,487,390	8,232,302
TOTAL COST OF SALES	6,760,896	8,601,364
GROSS PROFIT	1,294,917	2,082,969
GROSS PROFIT %	16.07%	19.50%
EXPENSES		
Advertising & Marketing	63,094	50,664
Bad Debts Written Off	244,457	-
Bank Charges	781	548
Consultancy Fees	-	211,746
Contract work	7,900	545
Depreciation	31,820	55,591
Donations	640	-
Electricity	1,591	1,730
Employees' Amenities	910	838
Freight & Cartage	2,183	232
Fringe Benefits Tax	24,682	23,072
Insurance	17,817	18,059
Interest Paid	-	213
Motor vehicle expenses	44,823	36,817
Payroll Tax	30,160	59,611
Printing & Stationery	1,244	2,444
Professional Fees	4,268	26,759
Rent	69,628	20,950
Repairs & Maintenance	6,076	14,149
Salaries & Wages	555,009	575,741
Other	262,089	58,447
Staff Training & Welfare	422	10,092
Sundry Expenses	40	-
Fixed Assets Write Off	35,312	-
Superannuation Contributions	53,196	50,424
Telephone	10,280	10,519
Travelling Expenses	72,497	80,880
Hire Charges	16,390	-
Uniforms	822	1,768

Detailed Operating Statement

For the year ended 31 March 2023

	Mar 2023	Mar 2022
	\$	\$
Entertainment expenses	2,842	1,820
TOTAL EXPENSES	1,560,972	1,313,657
PROFIT/(LOSS) BEFORE TAX	(266,054)	769,312

ANNEXURE D

Particulars	Note	31 March 2023	31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3	40,140	50,893
Total non-current assets		40,140	50,893
Current assets			
Financial assets			
(i) Trade receivables and contract assets	4	-	96,294
(ii) Cash and cash equivalents	5	343,588	184,330
(iv) Other financial assets	6	3,000	3,000
Other current assets	7	1,238	-
Total current assets		347,826	283,624
Total assets		387,966	334,517
EQUITY AND LIABILITIES			
Equity			
Equity share capital	8	430,547	430,547
Other equity	9	(345,588)	(499,441)
Total equity		104,959	(41,894)
Liabilities			
Current liabilities			
Financial liabilities			
(i) Trade payables			
(a) Total outstanding dues of micro and small enterprises	10	-	-
(b) Total outstanding dues of creditors other than micro and small enterprises	10	91,254	86,545
(ii) Other financial liabilities	11	64,137	255,173
Provisions	12	17,793	14,016
Current tax liabilities (net)	13	20,796	-
Other current liabilities	14	87,633	10,508
Total current liabilities		271,613	355,632
Total liabilities		376,572	313,738
Total equity and liabilities		387,966	334,517

For BMA & ASSOCIATES

Chartered Accountants
(Firm Registration No: 307444E)

The accompanying notes are the integral part of this Special Purpose Financial Information

For and on behalf of Board of Directors

Pravin Kumar Mittal
Pravin Kumar Mittal
Partner
Membership No: 060808
UDIN: 23069868B6ZYPV2754
Dated: 20th May 2023
Place: Kolkata



(Signature)

Director

(Signature)

Director

Tega Du Brasil Service Technicos Ltda
Statement of Profit and Loss for the period ended 31 March 2023

(All amounts in BRL, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from operations	15	2,263,907	2,010,057
Other income	16	(84,094)	10,327
Total income		2,179,813	2,020,384
Expenses			
Purchase of stock-in-trade	17	-	183,643
Employee benefits expense	18	902,296	942,481
Depreciation and amortisation expenses	19	30,752	12,090
Other expenses	20	1,070,899	900,543
Total expenses		1,083,947	1,038,716
Profit before exceptional items and tax		1,095,866	981,668
Exceptional items		-	(20,217)
Profit before tax		1,095,866	961,451
Income tax expense			
- Current tax	21	49,713	66,766
- Deferred tax	21	-	-
Total tax expense/(credit)		49,713	66,766
Total Profit for the period (A)		1,046,153	894,685
Other comprehensive income for the period, net of tax (B)		-	-
Total comprehensive income for the period (A+B)		1,046,153	894,685
Earnings Per equity share:			
Basic	25	0.32	-0.39
Diluted	25	0.30	-0.39

For RMA & ASSOCIATES

Chartered Accountants
(Firm Registration No. 327444E)

The accompanying notes are the integral part of this Special Purpose Financial Information

For and on behalf of Board of Directors

Pravin Kumar Mittal

Pravin Kumar Mittal
Partner

Membership No: 069808
UDIN: 230618688621PV2754
Dated: 20th May 2023
Place: Kolkata



[Signature]
Director

Director

Tega Do Brasil Services Techncos Ltda
Statement of Cash Flows for the period ended 31 Feb 2023

(All amounts in BRL, unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
A. Cash flow from Operating Activities		
Net Profit before tax	146,856	(20,217)
Adjustments for:		
Depreciation and amortisation expenses	10,752	12,290
Allowance for expected credit loss (including bad debts and advances written off)	-	72,438
Effect of unrealised exchange differences (related party)	5,720	-
Operating profit before working capital changes	263,328	64,511
Changes in Working Capital:		
(Increase)/ decrease in Non Current/ Current financial and other assets	93,050	(147,623)
(Increase) in inventories	-	-
Increase/ (decrease) in Non Current/ Current financial and other liabilities/ provisions	(120,285)	180,907
Cash Generated from Operations	236,093	103,695
Direct Taxes paid (net of refunds)	(26,066)	(50,833)
Net cash generated from operating activities	209,027	52,862
B. Cash flow from Investing Activities		
Net cash (used in) investing activities	-	-
C. Cash flow from Financing Activities		
Net cash (used in) financing activities	-	-

Net increase in cash and cash equivalents
Cash and cash equivalents at the beginning of the period
Cash & cash equivalents at the end of the period

159,058
184,330
343,388

31 March 2023 31 March 2022

Cash and Cash Equivalents comprise :
Balances with banks on current account
Balances with banks in deposit account (less than three months maturity)

343,388
184,330
343,388 184,330

Notes:

1. The above cash flow statement has been prepared under the Indirect Method as set out in Ind AS - 7 "Statement of Cash Flows".

For BMA & ASSOCIATES

Chartered Accountants
(Firm Registration No: 327444E)

The accompanying notes are the integral part of this Special Purpose Financial Information

For and on behalf of Board of Directors

Pravin Kumar Mittal

Pravin Kumar Mittal
Partner
Membership No: 069308
UDIN: 23069868B42YPV2754
Dated: 20th May 2023
Place: Kolkata



(Signature)

Director

(Signature)

Director

Tega Do Brasil Serviços Técnicos Ltda
Statement of Changes in Equity for the year ended 31 March 2023

(All amounts in BRL, unless otherwise stated)

A. Equity share capital

Description	Notes	Amount
As at 1 April 2021	9	450,547
Changes during the year		-
As at 31 March 2022	9	450,547
Changes during the period		-
As at 31 March 2023	9	450,547

C. Other equity

Description	Notes	Reserve and surplus Retained earnings	Total other equity	Total
Balance as at 1 April 2021	10	(492,441)	(492,441)	(492,441)
Profit for the period		146,153	146,153	146,153
Balance as at 31 March 2023		(346,288)	(346,288)	(346,288)

Description	Notes	Reserve and surplus Retained earnings	Total other equity	Total
Balance as at 1 April 2021	10	(405,459)	(405,459)	(405,459)
Profit for the year		(86,983)	(86,983)	(86,983)
Balance as at 31 March 2022		(492,441)	(492,441)	(492,441)

For BMA & ASSOCIATES
Chartered Accountants
(Firm Registration No: 32744E)

Ravin Kumar Mittal

Pravin Kumar Mittal

Partner

Membership No: 069808

UDIN: 23069868842YFV2354

Dated: 20th May 2023

Place: Kolkata



[Signature]

Director

[Signature]

Director

The accompanying notes are the integral part of this Special Purpose Financial Information

For and on behalf of Board of Directors

Tega do Brasil Services Technicas Ltda
Notes to Special Purpose Financial Information

1. Company Information

Tega Do Brasil Services Technicas Ltda is a company limited by shares and is incorporated in Brazil. The ultimate parent company is Tega Industries Ltd, a company incorporated in India. The Company was engaged during the year mainly in marketing and supplying the products required for mining, mineral processing and bulk handling wherein materials were sourced mainly from its parent company and group company in Chile, namely, Tega Industries Chile SPA and sold mostly within Brazil & Latin America.

The Special Purpose Financial Information as at 31 March, 2023 presents the financial position of the Company.

2. Summary of significant accounting policies

2.1 Basis of Preparation

(i) Compliance with Tega Industries Limited Group's Accounting Policies

These Special Purpose Financial Information (which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the Special Purpose Financial Information, including a summary of significant accounting policies and other explanatory information) of Tega do Brasil Services Technicas Ltda have been prepared in accordance with the group accounting policies of Tega Industries Limited, which in turn are aligned with Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended). These Special Purpose Financial Information have been prepared to facilitate consolidation of the financial information of the subsidiary into the consolidated financial information of Tega Industries Limited. These Special Purpose Financial Information have been presented in accordance with Schedule III of the Companies Act, 2013 (as amended).

(ii) Historical Cost Convention

The Special Purpose Financial Information been prepared as going concern on accrual basis and under the historical cost convention except for the specified assets and liabilities which have been measured at fair value or revalued amount (if any).

(iii) Current versus Non Current Classification

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current - non-current classification of assets and liabilities.

2.2 Use of Estimates

The preparation of the financial statements require the Management to make estimates and assumptions considered in the reported amounts of the assets and liabilities including Contingent Liabilities as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any adjustments based on actuals are effected in the subsequent periods.

2.3 Property plant and equipment and Intangible assets

2.3.1 Property plant and equipment

Freehold land is carried at historical cost. All other items of property plant and equipment are stated at historical cost net of accumulated depreciation and accumulated impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

2.3.2 Intangible assets

Intangible Assets are stated at cost of acquisition net of accumulated amortisation and accumulated impairment, if any. Recognition of costs as an asset is ceased when the asset is complete and available for its intended use. Subsequent to initial recognition, intangible assets with definite useful lives are reported at cost less accumulated amortisation and accumulated impairment, if any.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

Class of assets	Estimated useful life (in years)
Software	3 to 5 Years



2.4 Depreciation and Amortisation

i) Depreciation is provided on a prorata basis on a straight line method at the rate determined based on estimated useful lives of property, plant and equipment. The estimated useful lives of the property, plant and equipment have been presented below:

Class of assets	Estimated useful life
Office equipment	3 years
Furniture and Fixtures	2-10 years
Vehicles	4-5 years

2.5 Impairment

At each balance sheet date, the Company reviews the carrying values of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying value of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company 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 for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the statement of profit and loss as and when the carrying value of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately.

2.6 Financial Instruments

Financial Assets

The financial assets are classified in the following categories:

1. financial assets measured at amortised cost,
2. financial assets measured at fair value through profit and loss, and
3. financial assets at fair value through other comprehensive income.

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

At initial recognition, the financial assets are measured at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss.

Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method. The losses arising from impairment are recognised in the statement of profit or loss.

Financial instruments measured at fair value through profit and loss (FVTPL)

Financial instruments included within fair value through profit and loss category are measured initially as well as at each reporting period at fair value plus transaction costs as applicable. Fair value movements are recorded in statement of profit and loss.

Investments in units of mutual funds are accounted for at fair value and the changes in fair value are recognised in statement of profit and loss.

Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

De-recognition of financial asset

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial assets and such transfer qualifies for de-recognition.

Impairment of financial assets

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

For trade receivables the simplified approach of lifetime expected credit losses has been recognised from initial recognition of the receivables.

Impairment loss allowance recognised /reversed during the year are charged/written back to statement of profit and loss.



Financial Liabilities

Financial liabilities are measured at amortised cost using the effective interest rate method.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

For trade and other payables maturing within one year from the balance sheet date, the carrying amount approximates fair value to short-term maturity of these instruments.

A financial liability (or a part of financial liability) is de-recognised from Company's balance sheet when obligation specified in the contract is discharged or cancelled or expired.

Cash and Cash Equivalents

In the Statement of Cash Flows, cash and cash equivalents include cash on hand, demand deposits with banks, other short term highly liquid investments, if any, with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.7 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined on Weighted Average Basis. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.8 Revenue Recognition

The Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue.

Revenue shall be recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

Sales of goods

Sales are recognised when control of the products has been transferred to the buyer, being when the products are dispatched/ delivered to the customer depending on the contract terms, as that is the point when the buyer has full discretion over the chosen and price to sell and there is no unfulfilled obligation that could affect the buyer's acceptance of the products per the terms of the contract and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. It includes excise duty and excludes value added tax/sales tax/Goods and Service tax. No element of financing is deemed present as the sales are generally made with a credit term of upto 180 days, which is consistent with market practice.

Revenue is recognised based on the price specified in the contract.

Some contracts include multiple deliverables, such as sale of product and certain related services. However, the services are simple, does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on the expected cost plus margin. If contracts include the installation of product, revenue for the product is recognised at a point in time when the product is delivered, the legal title has passed and the customer has accepted the product.

In some contracts the Company's performance does not create an asset with alternative use to the Company and the Company has concluded that it has an enforceable right to payment for performance completed to date. In the said cases, the Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time. The Company uses the input method to recognise revenue.

The Company has determined that the input method is the best method for measuring progress for these contracts because there is a direct relationship between the costs incurred by the Company and the transfer of goods and services to the customer.

A receivable is recognised when the goods are dispatched or delivered, depending on the contract terms, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

2.9 Other Income

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

Dividend: Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

2.10 Borrowing Costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings in the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Premiums in the form of fees paid on refinancing of loans are accounted for as an expense over the life of the loan using effective interest rate method. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.



2.11 Foreign Currency Transactions

These financial statements of the Company are presented in Brazilian Real (BRL), which is the functional currency of the Company and the presentation currency for the financial statements.

Initial Recognition: On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition: Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

2.12 Employee Benefits

a) Leave Encashment Benefits

Leave encashment benefit is in the nature of short-term employee benefit (i.e. payable within one year) and is recognised in the period in which employees' services are rendered.

b) Pension and other Funds (Defined Contribution)

Contributions paid to the respective funds are recognised as expenses and unpaid contribution is provided for.

2.13 Current and Deferred Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.14 Provision and Contingent Liabilities

The Company recognises a provision where there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources or there is a present obligation, reliable estimate of the amount of which cannot be made. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

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

2.15 Earnings per Share

Basic earnings per share is calculated by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, if any, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



2.16 Leases

Company as a Lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset ("ROU") and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low-value assets. Payments associated with short term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in the Statement of Profit and Loss over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- (i) fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- (ii) variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- (iii) amounts expected to be payable by the Company under residual value guarantees,
- (iv) the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- (v) payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate can not be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Company is exposed to potential future increase in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. The lease liability will be reassessed and adjusted as & when such changes takes effect. 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. Lease liabilities are reassessed with a corresponding adjustment to the related right-of-use asset if the company changes its assessment of whether it will exercise an extension or a termination option.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Lease liability and right-of-use asset (ROU) have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

2.17 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.



Note 3 Property, plant and equipment

Particulars	Gross Block			Depreciation			Net Block
	As at 1 April 2022	Additions during the period	Disposals/Adjustments during the year	As at 31 March 2023	For the period	Disposals/Adjustments during the year	As at 31 March 2023
Tangible assets							
(a) Furniture and fixtures	81,928	-	-	81,928	3,250	-	5,230
(b) Vehicles	79,443	-	-	79,443	9,432	-	35,647
(c) Office equipment	81,001	-	-	81,001	-	-	2,864
Total	222,370	-	-	222,370	12,682	-	40,540

Particulars	Gross Block			Depreciation			Net Block
	As at 1 April 2022	Additions during the year	Disposals/Adjustments during the year	As at 31 March 2022	For the year	Disposals/Adjustments during the year	As at 31 March 2022
Tangible assets							
(a) Furniture and fixtures	81,928	-	-	81,928	3,518	-	7,120
(b) Vehicles	79,443	-	-	79,443	9,432	-	40,879
(c) Office equipment	81,001	-	-	81,001	541	-	2,864
Total	222,370	-	-	222,370	13,490	-	50,863



Note 4 Trade receivables and contract assets

Particulars	31 March 2023	31 March 2022
Current		
Trade Receivables	-	95,224
(a) Unsecured, considered good	8,009	8,009
(b) Credit impaired	8,009	104,153
	(8,009)	(8,009)
Allowance for credit losses	-	95,224
Net Receivables		
Contract assets		
(a) Unsecured, considered good	-	-
	-	-
Allowance for credit losses	-	-
Net Contract Assets	-	-
Total	-	95,224

Trade receivables ageing schedule (I) As at 31 March 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 Months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good							-
Other than Related party							-
Related Party	-						-
(ii) Undisputed Trade Receivables - credit impaired							-
Other than Related party							-
Related Party							-
(iii) Disputed Trade Receivables - considered good							-
Less: Credit impaired good							-
Other than Related party							-
Related Party	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

Trade receivables ageing schedule (i) As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 Months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good							-
Other than Related party							95,224
Related Party	95,224						-
(ii) Undisputed Trade Receivables - credit impaired						8,009	8,009
Other than Related party							-
Related Party							-
(iii) Disputed Trade Receivables - considered good							-
Less: Credit impaired good							-
Other than Related party							-
Related Party							-
Total	95,224	-	-	-	-	8,009	104,153

Notes

- (i) There are no outstanding receivable due from directors or other officers of the company.
(ii) Refer note 20 for credit risk.



Note: 5 Cash and cash equivalents

Particulars	31 March 2023	31 March 2022
Balances with banks		
In current accounts	343,388	184,330
In deposit account (less than three months maturity)	-	-
Total	343,388	184,330

Note: 6 Other financial assets - Current

Particulars	31 March 2023	31 March 2022
Unsecured, considered good		
Security deposits	3,000	3,000
Total	3,000	3,000

Note: 7 Other current assets

Particulars	31 March 2023	31 March 2022
Unsecured, considered good (unless otherwise stated)		
Advance to suppliers		
Considered good	-	-
Considered doubtful	171,416	171,416
Less: Provision for doubtful advances	(171,416)	(171,416)
Prepaid expenses	1,232	-
Total	1,232	-



Notes 8 Equity share capital

(a) Authorised share capital

Particulars	Number of shares	Amount
As at 1 April 2021	500,000	500,000
Changes during the year	-	-
As at 31 March 2022	500,000	500,000
Changes during the period	-	-
As at 31 March 2022	500,000	500,000

(b) Issued, Subscribed and Fully Paid-up Shares

Particulars	Number of shares	Amount
As at 1 April 2021	439,547	439,547
Changes during the year	-	-
As at 31 March 2022	439,547	439,547
Changes during the period	-	-
As at 31 March 2022	439,547	439,547

(c) Equity shares held by the parent company of the company

Particulars	As at 31 March 2022		As at 31 March 2021	
	No.	% holding	No.	% holding
Equity shares	-	-	-	-
Tega Industries Limited	439,547	99.99%	439,547	99.99%

(d) Details of the shareholders holding more than 5% of equity shares of the company

Name of the shareholder	As at 31 March 2022		As at 31 March 2021	
	No.	% holding	No.	% holding
Equity shares	-	-	-	-
Tega Industries Limited	439,547	99.99%	439,547	99.99%

(e) Rights, preferences and restrictions attached to equity shares

The company has one class of equity shares having par value of ₹1. All shares are fully paid up. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote at meeting of the Company. In the event of winding up of the Company, ordinary shareholders are entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of Ordinary Shares held by the share holders.

(g) Shares held by the promoters : (i) As at 31 March 2022

Promoter name	No. of shares	% of total shares	% change during the period
Equity shares	-	-	-
Tega Industries Limited	439,547	99.99%	NIL

Shares held by the promoters : (i) As at 31st March 2021

Promoter name	No. of shares	% of total shares	% change during the period
Equity shares	-	-	-
Tega Industries Limited	439,547	99.99%	NIL



Note 9 Other equity

Particulars	Refer herein	31 March 2021	31 March 2022
Retained earnings	(i)	(346,288)	(492,441)
Total		(346,288)	(492,441)

Particulars	31 March 2021	31 March 2022
(i) Retained earnings		
Balance at the beginning of the year	(492,441)	(605,459)
Profit for the year	146,153	(86,983)
Balance at the end of the year	(346,288)	(492,441)

Nature and purpose of other equity

Retained Earnings

Retained earnings are the profit that the Company has earned till date, less any transfer to general reserve, dividends or other distributions paid to shareholders.



Notes to Trade payables

Particulars	31 March 2022	31 March 2021
Total outstanding dues of creditors other than micro, small and medium enterprises		
Others	90,280	80,545
Total	90,280	80,545

Trade payables arising schedule (I) As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unsettled Due	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(a) Unsettled total outstanding dues of micro and small enterprises							-
(b) Unsettled total outstanding dues of creditors other than micro and small enterprises							-
Other than Related party	90,280				20,000	20,000	1,30,000
Related Party							80,545
(c) Disputed dues of micro and small enterprises	-	-	-	-	-	-	-
(d) Disputed total outstanding dues of creditors other than micro and small enterprises	-	-	-	-	-	-	-
Total	90,280	-	-	-	20,000	20,000	1,30,000

Trade payables arising schedule (II) As at 31 March 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Unsettled Due	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(a) Unsettled total outstanding dues of micro and small enterprises							-
(b) Unsettled total outstanding dues of creditors other than micro and small enterprises							-
Other than Related party	90,280			70,000	-	-	1,60,280
Related Party							70,000
(c) Disputed dues of micro and small enterprises	-	-	-	-	-	-	-
(d) Disputed total outstanding dues of creditors other than micro and small enterprises	-	-	-	-	-	-	-
Total	90,280	-	-	70,000	-	-	1,60,280

Notes to Other financial liabilities - interest

Particulars	31 March 2022	31 March 2021
Other payables		
Bank loan related liabilities	54,400	50,175
Total	54,400	50,175

Notes to Provisions - current

Particulars	31 March 2022	31 March 2021
(a) Provisions for employee benefits		
Provision for compensated absence	17,500	10,000
Total	17,500	10,000

Notes to Current tax liabilities (total)

Particulars	31 March 2022	31 March 2021
Provision for income tax (as per law)	50,000	-
Total	50,000	-

Notes to Other current liabilities

Particulars	31 March 2022	31 March 2021
Advances received from Customers	40,000	-
Other payables		
Sundry dues (Distribution to PF and ESI, GST, Withholding Taxes, Salary Tax, etc.)	40,000	10,000
Total	80,000	10,000



Note: 15 Revenue from operations

Particulars	31 March 2023	31 March 2022
Revenue from operations	2,263,907	2,010,067
Total	2,263,907	2,010,067

The company has recognised the following amounts relating to revenue in the Consolidated Statement of Profit and Loss:

Particulars	31 March 2023	31 March 2022
(i) Sale of products	-	88,473
(ii) Sale of services	-	-
	-	88,473
(iii) Other operating revenue	-	-
Marketing Fees Income	2,263,907	1,921,594
Total	2,263,907	2,010,067

(i) Disaggregation of revenue from contracts with customers:

The company derives revenue from the transfer of goods and services in the following geographical regions:

Particulars	31 March 2023	31 March 2022
South America	-	88,473
Total	-	88,473

Note: 16 Other income

Particulars	31 March 2023	31 March 2022
(a) Interest income	-	-
on financial instruments at amortised cost	1,222	939
(c) Other non-operating income	-	-
Liabilities/ Provisions no longer required written back	-	-
Gain on sale of property, plant and equipment (Net)	-	-
Net gain/(loss) on foreign currency transaction and translations	(85,317)	9,639
Provision for doubtful debt written back	-	-
Total	(84,094)	10,577



Tega Do Brasil Servicos Tecnicos Ltda
Notes to the Special Purpose Financial Information

(All amounts in BRL, unless otherwise stated)

Note: 17 Purchase of stock-in-trade

Particulars	31 March 2023	31 March 2022
Purchases	-	185,645
Total	-	185,645



Tega Do Brasil Servicos Tecnicos Ltda
Notes to the Special Purpose Financial Information

(All amounts in BRL, unless otherwise stated)

Note: 18 Employee benefits expense

Particulars	31 March 2023	31 March 2022
Salaries and wages	597,333	677,385
Contribution to provident and other funds	180,863	156,347
Staff welfare expenses	124,100	108,750
Total	902,296	942,481

Note: 19 Depreciation and amortisation expenses

Particulars	31 March 2023	31 March 2022
Depreciation of property, plant and equipment [refer note 3]	10,752	12,090
Total	10,752	12,090

Note: 20 Other expenses

Particulars	31 March 2023	31 March 2022
Rent	99,042	117,821
Repairs to others	3,407	9,401
Bank charges	10,506	3,594
Rates and taxes	2,806	3,862
Travelling and conveyance	545,537	424,353
Packing and forwarding (net)	5,848	11,269
Product installation expenses	48,842	15,780
Postage, telephone and fax	12,768	21,503
Sales promotion expenses	257,264	39,845
Professional fees	83,588	97,911
	-	112
Allowance for expected credit loss (including bad debts and advances written off) [refer note 23A]	-	-
Provision for Doubtful Advances	-	72,426
Miscellaneous expenses	1,291	82,771
Total	1,070,809	900,645



Tega Do Brasil Serviços Técnicos Ltda
Notes to the Special Purpose Financial Information

(All amounts in BRL, unless otherwise stated)

Note 21 Income tax expense

Particulars	31 March 2023	31 March 2022
Current tax		
Current tax on profits for the period	49,713	61,755
Adjustments for current tax of prior periods	-	5,090
Total current tax expense	49,713	66,766
Deferred tax		
Decrease/ (increase) in deferred tax assets	-	-
(Decrease)/ increase in deferred tax liabilities	-	-
Exchange difference on translation	-	-
Total deferred tax expense/ (benefit)	-	-
Total tax expense/ (credit)	49,713	66,766

(b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:

Particulars	31 March 2023	31 March 2022
Profit before tax	195,866	(20,227)
Tax on above calculated at rates applicable to the company	49,713	(6,308)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Items not deductible in tax	-	387,128
Taxes for earlier years	-	5,010
Others	-	(110,684)
Total tax expense/ (credit)	49,713	66,766



Notes to the Special Purpose Financial Information

Financial instruments by category

Particulars	31 March 2023		31 March 2022	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Trade receivables	-	-	-	93,234
Cash and cash equivalents	-	343,380	-	184,330
Other financial assets	-	3,000	-	3,000
Total financial assets	-	346,380	-	280,564
Financial liabilities				
Trade payables	-	81,261	-	85,683
Total financial liabilities	-	81,261	-	85,683



Note: 23 Financial risk management

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk:

Risk	Exposure arising from	Management
Credit risk	Cash and cash equivalents, trade receivables and contract assets and other financial assets measured at amortised cost.	Diversification of bank deposits and investments. Entering into transactions with customers of repute / customers having sound financial position.
Liquidity risk	Financial liabilities that are settled by delivering cash or another financial asset.	Projecting cash flows and considering the level of liquid assets necessary to meet the liabilities.
Market risk – foreign exchange	Future commercial transactions and recognised financial assets and liabilities not denominated in Indian rupee (INR).	Entering into forward contracts, options and interest rate swaps.

(A) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables and contract assets) including deposits with banks, investments and other financial instruments. The company periodically monitors the recoverability and credit risks of its other financial assets including security deposits and other receivables.

i) Trade receivables and contract assets

Customer credit risk is managed by the management subject to the company's established policy, procedures and control relating to customer credit risk management. Trade receivables and contract assets are non-interest bearing. Outstanding customer receivables are regularly monitored.

At each reporting date the company measures loss allowance for certain class of financial assets based on historical trend industry practice and the business environment in which the company operates.

ii) Financial instruments and cash deposits

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

The company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2023 is the carrying amounts of trade receivables and contract assets, investments, balances with bank and other financial assets.

Provision for expected credit loss

In determination of the allowance for credit losses on receivables, the company has used a practical experience by computing the expected credit losses based on provision matrix, which has taken into account historical credit loss experience and adjusted for forward looking information. The company also analyses all its receivables periodically for recoverability assessment and wherever they have analysed that the receivable may be credit impaired on account of non recoverability, loss allowance on such receivables have been provided in full.

Details of allowances for expected credit loss are provided hereunder :-

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
At the beginning of the period	8,929	8,929
Provisions created/ (written back) during the period (net) (a)	0	0
Closing at the end of the period	8,929	8,929
Bad debts and advances written off (b)	-	112
Total Charge to Statement of Profit & Loss (a+b)	-	112



Note 23 Financial risk management (continued)

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to cover unexpected cash requirements. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

(i) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity company legs based on their contractual maturities:
The amounts disclosed in the table are the contractual undiscounted cash flows

Contractual maturities of financial liabilities 31 March 2023	Carrying Value	Contractual Cash Flows	Less than 1 year	1 - 1 years	3 - 5 years	More than 5 years
Non-derivatives						
Other financial liabilities - Other than Related party	64,137	64,137	64,137			
Other financial liabilities - Related Party	-	-	-			
Trade payables - Other than Related party	9,250	9,250	9,250			
Trade payables - Related Party	82,014	82,014	82,014			
Total non-derivative financial liabilities	155,401	155,401	155,401	-	-	-

** Based on closing rates

Contractual maturities of financial liabilities 31 March 2022	Carrying Value	Contractual Cash Flows	Less than 1 year	1 - 1 years	3 - 5 years	More than 5 years
Non-derivatives						
Other financial liabilities - Other than Related party	255,173	255,173	255,173			
Other financial liabilities - Related Party	-	-	-			
Trade payables - Other than Related party	10,390	10,390	10,390			
Trade payables - Related Party	76,105	76,105	76,105			
Total non-derivative financial liabilities	341,668	341,668	341,668	-	-	-

** Based on closing rates



Note 23 Financial risk management (continued)
(C) Market risk

(i) Foreign currency risk

The company deals with foreign currency bank accounts, trade receivables and contract assets, borrowings, trade payables and is therefore exposed to foreign exchange risk associated with exchange rate movement.

The company operates internationally and portion of the business is transacted in several currencies and consequently the company is exposed to foreign exchange risk through its sales in contracts and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, receivables and services in the respective currencies. The company primarily uses derivatives to hedge its risk against foreign currency balances of borrowings, trade payables, trade receivables and contract assets. Such exposures are managed within approved policy parameters utilizing foreign exchange forward contracts and options. Further, the company also has variable interest rate loan in foreign currency. To manage its risk against interest rate movements the company has taken an interest rate swap. The company also enters into derivative contracts to hedge interest rates and purchase transactions using forward contracts.

Foreign currency risk exposure

The company's exposure to foreign currency risk for major currencies at the end of the reporting period expressed in BRL (foreign currency amount multiplied by closing rate), are as follows:-

Particulars	AUD	CAD	EUR	31 March 2023 USD	ZAR	GBP	CHF
Financial assets							
Trade receivables and contract assets							
Other than Related party							
Related Party							
Bank balances							
Offset by derivatives							
Foreign exchange forward contracts							
Net exposure to foreign currency risk (assets)	-	-	-	-	-	-	-
Financial liabilities							
Trade and other payables							
Other than Related party							
Related Party				(89,014)			
Other financial liabilities							
Other than Related party							
Related Party							
Borrowings							
Other than Related party							
Related Party							
Offset by derivatives							
Foreign exchange forward contracts/ Foreign Currency option contracts							
Net exposure to foreign currency risk (liabilities)	-	-	-	(89,014)	-	-	-
Net exposure	-	-	-	(89,014)	-	-	-

Particulars	AUD	CAD	EUR	31 March 2022 USD	ZAR	GBP	CHF
Financial assets							
Trade receivables and contract assets							
Other than Related party				95,894			
Related Party							
Bank balances							
Offset by derivatives							
Foreign exchange forward contracts							
Net exposure to foreign currency risk (assets)	-	-	-	95,894	-	-	-
Financial liabilities							
Trade and other payables							
Other than Related party							
Related Party				(96,795)			
Other financial liabilities							
Other than Related party							
Related Party							
Borrowings							
Other than Related party							
Related Party							
Offset by derivatives							
Foreign exchange forward contracts/ Foreign Currency option contracts							
Net exposure to foreign currency risk (liabilities)	-	-	-	(76,795)	-	-	-
Net exposure	-	-	-	19,099	-	-	-

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	AUD	CAD	EUR	Impact on profit before tax USD	ZAR	GBP	CHF
31 March 2023							
BRL appreciates by 5%	-	-	-	4,490.78	-	-	-
BRL depreciates by 5%	-	-	-	(4,490.78)	-	-	-
31 March 2022							
BRL appreciates by 5%	-	-	-	948	-	-	-
BRL depreciates by 5%	-	-	-	(948)	-	-	-

* Holding all other variables constant



Tega Do Brasil Services Technicos Ltda
Notes to the Special Purpose Financial Information

(All amounts in BRL, unless otherwise stated)

Note: 2.4 Capital management

(a) Risk management

The company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, long term borrowings and short term borrowings.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

Net debt reconciliation

This section sets out an analysis of debt and the movements in net debt for the current period.

Particulars	31 March 2023	31 March 2022
Cash and cash equivalents	343,388	134,330
Total	343,388	134,330

Particulars	Other assets	Liabilities from financing activities		Total
	Cash and cash equivalents	Non-current borrowings	Current borrowings	
Net debt as at 1 April 2022*	186,836	-	-	186,836
Cash flows	159,058	-	-	159,058
Net debt as at 31 March 2023*	345,894	-	-	345,894

*balances include interest accrued on borrowings

Particulars	Other assets	Liabilities from financing activities		Total
	Cash and cash equivalents	Non-current borrowings	Current borrowings	
Net debt as at 1 April 2021	153,023	-	-	153,023
Cash flows	33,812	-	-	33,812
Net debt as at 31 March 2022*	186,836	-	-	186,836

*balances include interest accrued on borrowings



Note: 25 Earnings per share

	Particulars	31 March 2023	31 March 2022
	<i>Computation of Earnings for Equity Shares</i>		
A	Net Profit attributable to the shareholders of the company	146,153	(56,983)
B	Weighted average number of equity shares outstanding during the year other than which are dilutive	450,547	450,547
C	Effect of equity shares which are dilutive	-	-
D = (B+C)	Weighted average number of equity shares outstanding during the year (dilutive)	450,547	450,547
	<i>Earnings per equity share</i>		
A/B	Earnings per share - Basic	0.32	(0.13)
A/D	Earnings per share - Diluted	0.32	(0.13)



Tega De Brasil Services Technics Ltda
Notes to the Special Purpose Financial Information

(All amounts in BRL, unless otherwise stated)

Notes on Related party Transactions

Related party disclosure pursuant to Ind AS 94 prescribed under the act

Details of related parties:	
Description of relationship	Names of related parties
Ultimate Holding Company	Global Rural Services Private Limited (Incorporated in India)
Holding Company	Tega Industries Limited (Subsidiary of Global Rural Services Private Limited)
Below Subsidiaries	Tega Industries Inc, USA (ITI)
	Tega Industries Canada Inc, Canada (TIC)
	Tega Industries Australia Pty Ltd, Australia (TIAUPL)
	Tega Investments Limited, Bahamas (TIL) (Liquidated w.e.f 14.11.2023)
	Tega Holdings Pte Ltd. (THPTL) (Including Tega Peru Branch) (Subsidiary of Tega Industries Limited)
	Loosen Pty Ltd, Australia (LPL)
	Tega Holdings Pty Ltd, Australia (THPTV)
	Tega Investments South Africa Pty Ltd, South Africa (TISAPL)
	Tega Investments Africa Pty Ltd, South Africa (TIAPL)
	Tega Industries Chile SpA (TICS)
	Edson S.A. Chile (ESA)
	Edson Peru S.A.C. Peru (EPF)
	Tega Equipments Private Limited (Subsidiary w.e.f December 01, 2023 upto March 31, 2023)
Joint Venture	McNally Road Engineering Limited (Subsidiary w.e.f February 14, 2023)
	MMR Coal & Mineral Technology India Pvt. Ltd. (Became Subsidiary w.e.f February 14, 2023 and Ceased to be subsidiary w.e.f March 31, 2023)
	Hitech Equipment (India) Limited - Joint Venture of Tega Industries Limited
Key Management Personnel (KMP)	Mahesh Mohan Mohanka - Director
	Shital Mohanka - Director

Note: Related parties have been identified by the Management.

Details of related party transactions for the year ended 31 March 2023 and balances outstanding as at 31 March 2023:			
Particulars	TIL	TICS	Total
Marketing Fee Income	527,619	-	-
Purchase of Goods	-	1,611,587	1,611,587
Balances outstanding at the end of the year:			
Trade Receivables	-	-	-
Trade Payables	-	82,014	82,014
Advance Received	-	53,970	53,970



Tega Do Brasil Services Technologies Ltda.
Notes to the Special Purpose Financial Information

(All amounts in BRL, unless otherwise stated)

Particulars	31 March 2022 and balances outstanding as at 31 March 2021	
	2022	2021
Marketing Fee Income		1,001,594
Purchase of Goods	82,096	82,096
Re-investment of Expenses		-
Balance outstanding at the end of the year		919,498
Trade Payables	76,215	76,215
		995,713

Note: 27 Relationship with Struck off Companies

The Company does not have any transactions/outstanding balances including investments in securities with any struck off companies under the Companies Act, 2013.

Note: 28 Transactions in Crypto Currency

The Company has not traded or invested in Crypto Currency or virtual currency during the financial year.

Note: 29

The worth of the Company has become positive due to surplus profits during the current year. It will be able to continue its operations in the foreseeable future without curtailing the scale of its operations with financial support from its holding company as and when required.

The outbreak of Covid-19 pandemic has triggered a significant downturn globally. The management has evaluated the impact of the pandemic on the Company and the business model in which it operates and does not see any risk in its ability to continue as a going concern.

In view of the above these financial statements have been prepared on a going concern assumption.

Note: 30

The Company has not during the year and previous year advanced or loaned or invested funds (which included funds or loans or grants or any other source or kind of funds) to any other person(s) or entity(ies), including foreign entities (interrelated) with the understanding (whether recorded in writing or otherwise) that the intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- The Company has not during the year and previous year received any fund from any person(s) or entity(ies), including foreign entities (Pursuing Party) with the understanding (whether recorded in writing or otherwise) that the group shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Pursuing Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

For BMA & ASSOCIATES
Chartered Accountants
(Firm Registration No: 2774442)

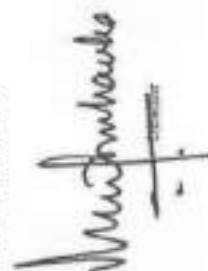
Per and on behalf of Board of Directors



Director



Pravin Kumar Mittal
Partner
Membership No: 2069868
UDIN: 23069868BAYPV2754
Date: 20 May 2023
Place: Kolkata



ANNEXURE E

Tega Holdings Pty Ltd

ABN 16 147 692 840

Special Purpose Financial Report

For the financial year ended 31 March 2023

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Tega Holdings Pty Ltd
ABN 16 147 692 840

Compilation Report

We have compiled the accompanying special purpose financial statements of Tega Holdings Pty Ltd which comprise the statement of financial position as at 31 March 2023, statement of profit or loss and other comprehensive income and statement of changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1.

THE RESPONSIBILITY OF THE DIRECTORS

The Directors of Tega Holdings Pty Ltd are solely responsible for the information contained in the special purpose financial statements, the reliability, accuracy and completeness of the information and for the determination that the basis of accounting used is appropriate to meet their needs and for the purpose that financial statements were prepared.

OUR RESPONSIBILITY

On the basis of information provided by the Directors of Tega Holdings Pty Ltd we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting as described in Note 1 to the financial statements and APES 315 Compilation of Financial Information.

We have applied our expertise in accounting and financial reporting to compile these financial statements in accordance with the basis of accounting described in Note 1 to the financial statements. We have complied with the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the Directors provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements were compiled exclusively for the benefit of the Directors of Tega Holdings Pty Ltd.

To the extent permitted by law, we do not accept liability for any loss or damage that any person, other than Tega Holdings Pty Ltd, may suffer arising from any negligence on our part.

No person should rely on the special purpose financial statements without having an audit or review conducted.

Agnieszka Vacca

KPMG
Dated: 16-Jun-2023

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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2023

	Mar 2023	Mar 2022
	\$	\$
Other Operating Expenses	(11,291)	(12,416)
Interest Income	2	4
Less: Interest Expense	(405,115)	(594,631)
Loss before Income Tax	(416,405)	(607,043)
Income Tax	124,921	184,662
Loss after Income Tax	(291,484)	(422,381)

Statement of Financial Position

As at 31 March 2023

		Mar 2023	Mar 2022
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	2	20,809	111,957
Trade and Other Receivables	3	6,200	411,838
Other Financial Assets	4	13,879,113	13,879,113
Current Tax Assets	5	22,297	3,718
Total Current Assets		13,928,419	14,406,626
NON CURRENT ASSETS			
Deferred Tax Assets	5	3,323	150,943
Total Non Current Assets		3,323	150,943
Total Assets		13,931,742	14,557,569
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	6	859,657	1,194,000
Total Current Liabilities		859,657	1,194,000
NON CURRENT LIABILITIES			
Borrowings	7	7,146,163	7,146,163
Total Non Current Liabilities		7,146,163	7,146,163
Total Liabilities		8,005,820	8,340,163
Net Assets		5,925,922	6,217,406
EQUITY			
Share Capital	8	5,000	5,000
Retained Earnings	9	5,920,922	6,212,406
Total Equity		5,925,922	6,217,406

Statement of Changes in Equity

For the year ended 31 March 2023

	Share Capital	Retained Earnings	Total Equity
	\$	\$	\$
Balance at 1 April 2021	5,000	6,634,787	6,639,787
Profit/(Loss) for the Year	-	(422,381)	(422,381)
Balance at 31 March 2022	5,000	6,212,406	6,217,406
Profit/(Loss) for the Year	-	(291,484)	(291,484)
Balance at 31 March 2023	5,000	5,920,922	5,925,922

Notes to the Financial Statements

For the year ended 31 March 2023

Note 1 Accounting Policies

BASIS OF PREPARATION

Tega Holdings Pty Ltd ("the Company"), is a Company limited by shares, incorporated and domiciled in Australia.

In the opinion of the Directors, the Company is not publicly accountable nor a reporting entity. The special purpose financial statements have been prepared for distribution to the Shareholders.

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

STATEMENT OF COMPLIANCE

Unless otherwise noted, the special purpose financial statements have been prepared in accordance with the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The financial statements do not include the disclosure requirements of applicable AASB's, except for the following:

- AASB 101: Presentation of Financial Statements (excluding cash flow statements)
- AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 1048: Interpretation of Standards
- AASB 1057: Application of Australian Accounting Standards

The financial statements do not comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Directors on the same date as the signing of the Directors' declaration.

BASIS OF MEASUREMENT

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

FUNCTIONAL & PRESENTATION CURRENCY

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

CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

EVENTS AFTER THE REPORTING PERIOD

There were no events subsequent to the end of the reporting date to the date of issue of this report.

GOING CONCERN

The financial report of the Company has been prepared on a going concern basis.

INCOME TAX

On 3 October 2016, the company elected to form a tax consolidated group, effective 1 April 2014. Tega Holdings Pty Ltd is the head company of the tax consolidated group.

Notes to the Financial Statements

For the year ended 31 March 2023

Income tax is calculated using the tax payable method of accounting. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year. As the company is the head entity of the tax consolidated group, it recognises the income tax payable or receivable on behalf of the tax consolidated group. Any amount of tax payable or receivable relating to other members of the tax consolidated group are recognised as loans owing from or to these members, as agreed between the entities.

This is a departure from the requirements of AASB 112 Income Taxes in that no allowance has been made for the deferred tax assets or liabilities. No assessment has been made as to the materiality of the non recognition of these assets or liabilities or their impact on future tax liabilities of the Company.

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

Current tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

LEASES

On 1 July 2019, AASB 16 Leases was introduced to replace existing lease guidance provided under AASB 117 Leases.

AASB 16 presents a single, on-balance sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the previous standard, whereby lessors continue to classify leases as finance or operating leases.

The Directors has determined that AASB 16 would not have a material impact on these Special Purpose Financial Statements in the current year, and has decided not to adopt this standard in the preparation of these financial statements.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the life of the lease term.

FINANCIAL INSTRUMENTS

I) RECOGNITION AND INITIAL MEASUREMENT

Unless otherwise noted below, all financial assets and financial liabilities are initially recognised when the Company becomes party to the contractual provisions of the instrument.

Trade receivables are initially recognised when they are originated.

A financial asset or financial liability is initially measured at fair value plus, for an item not measured at Fair Value through Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

The exception to this is a trade receivable without a significant financing component which is initially measured at its transaction price.

Notes to the Financial Statements

For the year ended 31 March 2023

II) CLASSIFICATION AND SUBSEQUENT MOVEMENT

Financial Assets

On initial recognition, a financial asset is classified and measured at:

- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) - debt investment;
- FVOCI - equity investment; or
- FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

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

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held on the basis of different classes of assets. The objectives of the business are considered when determining the business model type.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest, are recognised in profit or loss.

Notes to the Financial Statements

For the year ended 31 March 2023

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by any impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt instruments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A Financial liability is classified as FVTPL if it is classified as held-for-trading it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

IMPAIRMENT OF ASSETS

At the end of each reporting period the Company determines whether there is evidence of impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash with original maturities of three months or less and which are subject to an insignificant risk of change in value. Bank overdrafts also form part of cash equivalents and are presented within current liabilities on the Statement of Financial Position.

Notes to the Financial Statements

For the year ended 31 March 2023

REVENUE & OTHER INCOME

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

A) INTEREST REVENUE

Interest revenue is recognised when received.

B) DIVIDEND REVENUE

Dividends are recognised when the right to receive payment is established.

C) OTHER INCOME

Other income is recognised on an accruals basis when the Company is entitled to it.

GOODS AND SERVICES TAX (GST)

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

COMPARATIVE AMOUNTS

Comparatives are consistent with prior years, unless otherwise stated.

Notes to the Financial Statements

For the year ended 31 March 2023

	Mar 2023	Mar 2022
Note	\$	\$
Note 2 Cash and Cash Equivalents		
CASH AND CASH EQUIVALENTS		
Cash at bank	20,809	111,957
Total Cash and Cash Equivalents	20,809	111,957
Note 3 Trade and Other Receivables		
CURRENT		
Loan - Losugen Pty Ltd	5,201	411,838
Goods and Services Tax	999	-
Total Current Trade and Other Receivables	6,200	411,838
Note 4 Other Financial Assets		
CURRENT		
Shares in Losugen Pty Ltd	13,879,113	13,879,113
Total Current Other Financial Assets	13,879,113	13,879,113
Note 5 Income Tax		
CURRENT ASSETS		
Income tax	22,297	3,718
Total Current Tax Assets	22,297	3,718
NON CURRENT ASSETS		
Deferred tax asset	3,323	150,943
Total Non Current Tax Assets	3,323	150,943
Note 6 Trade and Other Payables		
CURRENT		
Interest payable	844,206	1,178,883
Trade creditors	11,081	10,067
Withholding taxes payable	4,371	5,050
Total Current Trade and Other Payables	859,657	1,194,000
Note 7 Borrowings		
NON CURRENT		
Loan - Tega Holdings Pte Ltd	7,146,163	7,146,163
Total Non Current Borrowings	7,146,163	7,146,163

Notes to the Financial Statements

For the year ended 31 March 2023

	Note	Mar 2023	Mar 2022
		\$	\$
<hr/>			
Note 8 Share Capital			
Fully paid ordinary shares		5,000	5,000
Total Share Capital		5,000	5,000
<hr/>			
Note 9 Retained Earnings			
Opening Balance		6,212,406	6,634,787
Current Year Earnings		(291,484)	(422,381)
Total Retained Earnings		5,920,922	6,212,406
<hr/>			

Directors Declaration

In the opinion of the Directors of Tega Holdings Pty Ltd (the "Company"):

- a) The Company is not publicly accountable nor a reporting entity;
- b) The financial statements and notes, as set out in these financial statements, are prepared in accordance with the basis of accounting described in Note 1, and other mandatory reporting requirements, so as to present fairly the financial position of the Company as at 31 March 2023 and its performance, as represented by the results of its operations for the financial year ended on that date; and
- c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

In respect of the year ended 31 March 2023 the Company has:

- a) Kept such accounting records as to correctly record and explain its transactions and financial position;
- b) Kept its accounting records so that a true and fair financial report of the Company can be prepared from time to time; and
- c) Kept its accounting records so that the financial report of the Company can be conveniently and properly audited or reviewed in accordance with the Corporations Act 2001.

Signed in accordance with a resolution of the Directors.



Satyamurti Joe Viranna
Director
Date: 13.06.2023

Detailed Operating Statement

For the year ended 31 March 2023

	Mar 2023	Mar 2022
	\$	\$
EXPENSES		
Professional fee	11,291	12,140
Filing fee	-	276
Total Expenses	11,291	12,416
EBIT	(11,291)	(12,416)
Interest Income	2	4
Less: Interest Expense	405,115	594,631
Loss before Income Tax	(416,405)	(607,043)

ANNEXURE F

Tega Industries Africa Proprietary Limited
(Registration number 1984/010576/07)
Annual Financial Statements
for the year ended 31 March 2023

Tega Industries Africa Proprietary Limited

Formerly Tega Industries South Africa Proprietary Limited

(Registration number 1984/010576/07)

Annual Financial Statements for the year ended 31 March 2023

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Designing, manufacturing and marketing of rubber equipment for mining and allied industries
Directors	M. Mohanka M.M. Mohanka S.Y. Imam
Registered office	2 Uranium Road Vulcania Brakpan 1541
Holding company	Tega Investments South Africa Proprietary Limited incorporated in South Africa
Ultimate holding company	Tega Industries Limited incorporated in India
Bankers	ABSA Bank Limited Nedbank Limited Mercantile Bank
Auditor	PricewaterhouseCoopers Inc.
Secretary	The company had no secretary for the year under review
Company registration number	1984/010576/07
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The annual financial statements were independently compiled by: Melissa McGill CA(SA)
Issued	24 May 2023

Tega Industries Africa Proprietary Limited

Formerly Tega Industries South Africa Proprietary Limited

(Registration number 1984/010576/07)

Annual Financial Statements for the year ended 31 March 2023

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The reports and statements set out below comprise the annual financial statements presented to the shareholder:

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Tega Industries Africa Proprietary Limited

Formerly Tega Industries South Africa Proprietary Limited

(Registration number 1984/010576/07)

Annual Financial Statements for the year ended 31 March 2023

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.


The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2024 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.


The directors of the company are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders and to the Companies and Intellectual Property Commission.

The annual financial statements have been audited by the independent auditing firm, PricewaterhouseCoopers Inc., who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholder, the board of directors and committees of the board of directors. The board of directors believes that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 6 to 8.

The directors report on pages 4 to 5 and the annual financial statements set out on pages 9 to 30, which have been prepared on the going concern basis, were approved by the board of directors on 24 May 2023 and were signed on their behalf by:



M. Mohanka



S.Y. Imam

Tega Industries Africa Proprietary Limited

Formerly Tega Industries South Africa Proprietary Limited

(Registration number 1984/010576/07)

Annual Financial Statements for the year ended 31 March 2023

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Tega Industries Africa Proprietary Limited for the year ended 31 March 2023.

1. Nature of business

Tega Industries Africa Proprietary Limited was incorporated in South Africa with interests in the manufacturing and marketing of rubber equipment for mining and allied industries. The company operates principally in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Stated capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board of directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board of directors may pass on the payment of dividends.

Given the current state of the global economic environment, the board of directors believes that it would be more appropriate for the company to conserve cash and maintain adequate debt headroom to ensure that the company is best placed to withstand any prolonged adverse economic conditions. Therefore the board of directors has resolved to declare no dividend for the financial year ended 31 March 2023 (2022: RNil).

5. Directorate

The directors in office at the date of this report are as follows:

Directors	Nationality
M. Mohanka	Indian
M.M. Mohanka	Indian
S.Y. Imam	Indian

6. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

7. Holding company

The company's holding company is Tega Investments South Africa Proprietary Limited which holds 100% (2022: 100%) of the company's equity. Tega Investments South Africa Proprietary Limited is incorporated in South Africa.

8. Ultimate holding company

The company's ultimate holding company is Tega Industries Limited which is incorporated in India.

9. Special resolutions

No special resolutions, the nature of which might be significant to the shareholder in their appreciation of the state of affairs of the company were made by the company during the period covered by this report.

Tega Industries Africa Proprietary Limited

Formerly Tega Industries South Africa Proprietary Limited

(Registration number 1984/010576/07)

Annual Financial Statements for the year ended 31 March 2023

Directors' Report

10. Events after the reporting period

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

11. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

12. Auditor

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 of the Companies Act of South Africa.

13. Secretary

The company had no secretary for the year under review.

14. Solvency and liquidity

The directors has performed the required liquidity and solvency tests as required by the Companies Act of South Africa.

15. Investment property

Management did obtain valuations with regard to Farm 110, portion 224, Klippoortjie, Gauteng during the financial year ended 31 March 2023 and did take it into consideration and found that there was no material impact on the Financial Position of the company.



Independent auditor's report

To the Shareholders of Tega Industries Africa Proprietary Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tega Industries Africa Proprietary Limited (the Company) as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

What we have audited

Tega Industries Africa Proprietary Limited's financial statements set out on pages 9 to 30 comprise:

- the statement of financial position as at 31 March 2023;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Chief Executive Officer: L S Machaba

The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Tega Industries Africa Proprietary Limited Annual Financial Statements for the year ended 31 March 2023”, which includes the Directors’ Report as required by the Companies Act of South Africa. 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 an audit opinion or any form of assurance conclusion thereon.

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

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The



risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers Inc
PricewaterhouseCoopers Inc.
Director: Saaleha Akoojee
Registered Auditor
Johannesburg, South Africa
24 May 2023

Tega Industries Africa Proprietary Limited

Formerly Tega Industries South Africa Proprietary Limited

(Registration number 1984/010576/07)

Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Position as at 31 March 2023

	Notes	2023 R	2022 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	48,843,127	44,680,215
Investment property	3	7,800,000	7,800,000
		56,643,127	52,480,215
Current Assets			
Inventories	5	59,456,868	48,596,057
Trade and other receivables	6	115,740,377	76,422,997
Current tax receivable		4,010,462	-
Cash and cash equivalents	7	15,459,214	7,285,083
		194,666,921	132,304,137
Total Assets		251,310,048	184,784,352
Equity and Liabilities			
Equity			
Share capital	8	100	100
Retained income		178,579,652	134,862,610
		178,579,752	134,862,710
Liabilities			
Non-Current Liabilities			
Deferred tax	4	1,413,693	6,802,474
Current Liabilities			
Trade and other payables	9	71,316,603	37,749,531
Current tax payable		-	1,198,466
Bank overdraft	7	-	4,171,171
		71,316,603	43,119,168
Total Liabilities		72,730,296	49,921,642
Total Equity and Liabilities		251,310,048	184,784,352

The notes on pages 13 to 30 form an integral part of the annual financial statements.

Tega Industries Africa Proprietary Limited

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Statement of Profit or Loss and Other Comprehensive Income

	Notes	2023 R	2022 R
Revenue	10	354,412,529	286,942,346
Cost of sales	12	(247,000,471)	(196,803,821)
Gross profit		107,412,058	90,138,525
Other operating income	11	13,555,215	2,786,969
Other operating expenses	12	(68,446,062)	(52,766,752)
Operating profit		52,521,211	40,158,742
Investment income	13	474,296	381,393
Finance costs	14	(52,007)	(481,486)
Profit before taxation		52,943,500	40,058,649
Taxation	15	(9,226,457)	(11,636,634)
Profit for the year		43,717,043	28,422,015
Other comprehensive income		-	-
Total comprehensive Income for the year		43,717,043	28,422,015

The notes on pages 13 to 30 form an integral part of the annual financial statements.

Tega Industries Africa Proprietary Limited

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Statement of Changes in Equity

	Share capital	Retained income	Total equity
	R	R	R
Balance at 01 April 2021	100	106,440,595	106,440,695
Profit for the year	-	28,422,015	28,422,015
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	28,422,015	28,422,015
Balance at 01 April 2022	100	134,862,609	134,862,709
Profit for the year	-	43,717,043	43,717,043
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	43,717,043	43,717,043
Balance at 31 March 2023	100	178,579,652	178,579,752
Note	8		

The notes on pages 13 to 30 form an integral part of the annual financial statements.

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Statement of Cash Flows

	Note(s)	2023 R	2022 R
Cash flows from operating activities			
Cash generated from operations	16	42,229,209	17,090,685
Interest received	13	474,296	381,393
Interest paid	14	(52,007)	(481,486)
Dividends paid		-	-
Tax paid	17	(19,824,166)	(17,972,240)
Net cash from operating activities		22,827,332	(981,648)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(10,734,204)	(1,939,026)
Proceeds from sale of property, plant and equipment	2	252,174	54,871
Net cash from investing activities		(10,482,030)	(1,884,155)
Cash flows from financing activities			
Repayments of loans from group companies		-	(30,918,469)
Dividends paid		-	(150,000)
Net cash from financing activities		-	(31,068,469)
Total cash movement for the year		12,345,302	(33,934,272)
Cash and cash equivalents at the beginning of the year		3,113,912	37,048,184
Cash and cash equivalents at the end of the year	7	15,459,214	3,113,912

The notes on pages 13 to 30 form an integral part of the annual financial statements.

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Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards for Small and Medium-sized Entities and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act of South Africa as amended.

These annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. 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 and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated selling price less costs to complete and sell. Where an impairment is necessary, inventory items are written down to selling price less costs to complete and sell. The write down is included in operating expenses.

Residual values and expected useful lives

Residual values and useful lives of property, plant and equipment are assessed when there is an indication of a material change. Estimates and judgements in this regard are based on historical experience and expectations of the manner in which assets are to be used, together with the expected proceeds likely to be realised when assets are disposed off at the end of their useful lives. Such expectations could change over time and therefore impact both depreciation charges and carrying values of property, plant and equipment in future. Residual value assessments consider issues such as future market conditions, the remaining life of the assets and projected disposal values.

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Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Expected manner of realisation of deferred tax

Deferred taxation assets are recognised to the extent that it is probable that taxable income will be available in the future against which these can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation, taxation rates and competitive forces.. Refer to note 4 - Deferred tax.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.3 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement. Subsequently, investment property is recognised at fair value. Land is not depreciated.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset 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.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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Accounting Policies

1.4 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10 to 20 Years
IT equipment	Straight line	5 to 10 Years
Land	Straight line	Indefinite
Motor vehicles	Straight line	5 to 10 Years
Office equipment	Straight line	20 Years
Plant and machinery	Straight line	10 to 20 Years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.5 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

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Accounting Policies

1.5 Financial instruments (continued)

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Impairment of financial assets

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determines the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale. Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

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Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.5 Financial instruments (continued)

Loans to (from) group companies

These include loans to and from holding companies and fellow subsidiaries are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables, and are subsequently measured at amortised cost.

Loans from group companies are classified as financial liabilities measured at amortised cost, and are subsequently measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

Bank overdraft

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

1.6 Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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Accounting Policies

1.6 Taxation (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period 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.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.8 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the weighted average cost basis.

Inventories includes a "right to returned goods asset" which represents the company right to recover products from customers where customers exercise their right of return under the company returns policy. The company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. A corresponding adjustment is recognised against cost of sales.

1.9 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

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Accounting Policies

1.9 Impairment of assets (continued)

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

1.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.12 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation 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 obligation.

Contingent assets and contingent liabilities are not recognised.

1.13 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

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Accounting Policies

1.13 Revenue (continued)

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the company receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the company initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, company determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

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Notes to the Annual Financial Statements

	2023 R	2022 R
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2. Property, plant and equipment

	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	8,966,709	-	8,966,709	8,966,709	-	8,966,709
Buildings	27,636,057	(10,630,721)	17,005,336	27,415,655	(9,286,147)	18,129,508
Plant and machinery	73,055,063	(51,705,693)	21,349,370	63,032,920	(46,901,490)	16,131,430
Furniture and fixtures	956,510	(466,493)	490,017	956,992	(420,821)	536,171
Motor vehicles	1,080,829	(1,080,829)	-	1,080,829	(1,080,829)	-
Office equipment	318,172	(191,958)	126,214	318,172	(178,604)	139,568
IT equipment	3,861,577	(2,956,096)	905,481	3,619,874	(2,843,045)	776,829
Total	115,874,917	(67,031,790)	48,843,127	105,391,151	(60,710,936)	44,680,215

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Land	8,966,709	-	-	-	8,966,709
Buildings	18,129,508	220,402	-	(1,344,574)	17,005,336
Plant and machinery	16,131,430	10,272,099	(17,718)	(5,036,441)	21,349,370
Furniture and fixtures	536,171	-	-	(46,154)	490,017
Office equipment	139,568	-	-	(13,354)	126,214
IT equipment	776,829	241,703	-	(113,051)	905,481
	44,680,215	10,734,204	(17,718)	(6,553,574)	48,843,127

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Land	8,966,709	-	-	-	8,966,709
Buildings	19,466,735	-	-	(1,337,227)	18,129,508
Plant and machinery	19,053,919	1,650,867	-	(4,573,356)	16,131,430
Furniture and fixtures	582,326	-	-	(46,155)	536,171
Office equipment	152,922	-	-	(13,354)	139,568
IT equipment	601,022	288,159	(33,650)	(78,702)	776,829
	48,823,633	1,939,026	(33,650)	(6,048,794)	44,680,215

Details of properties

Erf 98, 99, 101 Vulcania Extension 2, Brakpan, Ekurhuleni Metropolitan Municipality, Gauteng, held under title deed T27531/2013

- Purchase price: 1 March 2013	35,454,264	35,454,264
- Additions since purchase or valuation	1,908,876	1,688,474
- Accumulated depreciation	(10,630,721)	(9,286,147)
- Disposals	(760,374)	(760,374)
	25,972,045	27,096,217

Tega Industries Africa Proprietary Limited

Formerly Tega Industries South Africa Proprietary Limited

(Registration number 1984/010576/07)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
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3. Investment property

	2023		2022	
	Cost / Valuation	Carrying value	Cost / Valuation	Carrying value
Investment property	7,800,000	7,800,000	7,800,000	7,800,000

Reconciliation of investment property - 2023

	Opening balance	Total
Investment property	7,800,000	7,800,000

Reconciliation of investment property - 2022

	Opening balance	Total
Investment property	7,800,000	7,800,000

Valued by: SAIV on 11 April 2023, Independent valuer and appraiser for the Master of the Supreme Court (Pretoria) and has the appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

Directors have decided that the difference between fair value and stated value is not significant.

Details of property

Farm number 110, portion 224, Klippoortjie, Gauteng, held under title deed number T38235/2009

- Purchase price: 1 December 2017	6,142,125	6,142,125
- Capitalised expenditure	576,934	576,934
- Fair value adjustments in previous years	1,080,941	1,080,941
	7,800,000	7,800,000

4. Deferred tax

Deferred tax (liabilities) / assets

Accelerated capital allowances on property, plant and equipment	(4,138,267)	(9,400,452)
Investment property	(233,483)	(242,131)
Provision for leave pay	216,493	174,654
Bonus provision	94,245	95,161
Provision for doubtful debt	81,134	529,837
Provision for obsolete inventory	2,459,226	1,701,541
Income received in advance	123,972	355,073
Prepayments	(17,013)	(16,157)
Total deferred tax liability	(1,413,693)	(6,802,474)

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	(1,413,693)	(6,802,474)
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Tega Industries Africa Proprietary Limited

Formerly Tega Industries South Africa Proprietary Limited

(Registration number 1984/010576/07)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
4. Deferred tax (continued)		
Reconciliation of deferred tax liability		
At beginning of year	(6,802,474)	(9,779,720)
Property, plant and equipment (excl land)	31,087	1,229,321
Investment property	8,648	-
Income received in advance	(231,101)	355,073
Provision for leave pay	41,839	(1,594)
Bonus provision	(916)	(22,689)
Prepayments	(856)	(16,157)
Provision for doubtful debt	(448,703)	201,116
Provision for obsolete inventory	757,685	1,232,176
Prior period under provision	5,231,098	-
	(1,413,693)	(6,802,474)
5. Inventories		
Raw materials, components	36,332,340	33,547,268
Work in progress	1,449,872	1,492,917
Finished goods	13,417,989	7,589,641
Goods in transit	8,256,667	5,966,231
	59,456,868	48,596,057
The company has taken provision of R9 108 244 (2022: R6 076 931) against slow moving, non-moving and obsolete inventory.		
Inventories recognised as an expense during the year ended 31 March 2022 amount to R210 080 635 (2022: R161 900 089), these were included as cost of sales in profit or loss.		
6. Trade and other receivables		
Financial instruments:		
Trade receivables	105,269,459	71,837,605
Trade receivables - related parties	30,550	25,887
Loss allowance	(500,828)	(3,153,794)
Trade receivables at amortised cost	104,799,181	68,709,698
Deposits	833,427	833,427
Other receivable	2,811,519	1,826,599
Non-financial instruments:		
Value added taxation	7,233,240	4,995,570
Prepayments	63,010	57,703
Total trade and other receivables	115,740,377	76,422,997
Split between non-current and current portions		
Current assets	115,740,377	76,422,997

Tega Industries Africa Proprietary Limited

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(Registration number 1984/010576/07)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
6. Trade and other receivables (continued)		
Categorisation of trade and other receivables		
Trade and other receivables are categorised as follows in accordance with IFRS applicable to small and medium sized entities:		
At amortised cost	108,444,127	71,369,724
Non-financial instruments	7,296,250	5,053,273
	115,740,377	76,422,997
Trade and other receivables pledged as security		
No Trade and other receivables were pledged as security.		
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	25,159	24,250
Bank balances	15,434,055	7,260,833
Bank overdraft	-	(4,171,171)
	15,459,214	3,113,912
Current assets	15,459,214	7,285,083
Current liabilities	-	(4,171,171)
	15,459,214	3,113,912
The following ratings were obtained from Moody's		
ABSA Bank	Ba1	Ba1
Nedbank	Ba1	Ba1
Mercantile Bank	BB-	Ba1
The following facilities are in place with ABSA		
Amount ceded	38,290	38,290
The following facilities are in place with Nedbank Limited		
General banking facility	17,000,000	17,000,000
Revolving credit line facility	2,000,000	2,000,000
Securities	10,000,000	10,000,000
	29,038,290	29,038,290

Tega Industries Africa Proprietary Limited

Formerly Tega Industries South Africa Proprietary Limited

(Registration number 1984/010576/07)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
8. Share capital		
Authorised		
4 000 Ordinary shares	-	-
Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		
Issued		
100 Ordinary shares fully paid	100	100
9. Trade and other payables		
Financial instruments:		
Trade payables	9,438,343	10,594,142
Trade payables - related parties	53,682,914	12,512,061
Employee costs payable	1,691,114	1,512,942
PAYE payable	667,319	548,146
Other accrued expenses	5,424,256	12,169,583
Withholding taxes	412,657	412,657
	71,316,603	37,749,531
10. Revenue		
Sale of goods	354,412,529	286,942,346
11. Other operating income		
Bad debt provision reversal	2,652,966	-
Discount received	1,506,091	1,684,859
Profit on sale of property, plant and equipment	234,456	21,221
Other Income	314,609	1,080,889
Profit on exchange differences	8,847,093	-
	13,555,215	2,786,969

Tega Industries Africa Proprietary Limited

Formerly Tega Industries South Africa Proprietary Limited

(Registration number 1984/010576/07)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
12. Expenses by nature		
Cost of sales		
Changes in inventories of finished goods and work in progress	(5,785,303)	(4,030,509)
Raw materials and consumables used	210,080,635	161,900,089
Repairs and maintenance	3,102,662	2,905,627
Utilities	2,812,514	3,650,312
Depreciation	5,036,441	4,573,357
Transport	14,936,179	12,538,684
Employee cost	13,938,832	13,401,678
Other	2,878,511	1,864,583
	247,000,471	196,803,821
Operating expenses		
Audit fees	1,321,505	887,668
Advertising	125,630	246,652
Bank charges	326,206	224,045
Bad debt provision raised	11,805,343	1,197,118
Car hire charges	632,395	762,691
Commission paid	5,468,941	4,489,381
Donations	103,111	1,810,761
Employee costs	19,652,891	18,269,309
Entertainment	648,478	286,975
Consulting and professional fees	7,107,542	4,751,850
Depreciation	1,517,133	1,475,437
Fixed Assets discarded or written off	-	13,304
Insurance	1,738,562	1,474,896
IT expenses	344,551	300,629
Loss on exchange differences	2,506,943	4,548,950
Motor vehicle expenses	3,680,233	1,808,012
Packaging	2,575,630	1,320,278
Security	526,201	1,089,221
Staff welfare	707,635	575,648
Telephone and fax	608,513	675,894
Training	293,175	1,638,000
Travel expenses	2,608,682	1,450,149
Other expenses	4,146,762	3,469,884
	68,446,062	52,766,752
	315,446,533	249,570,573
13. Investment income		
Interest income		
Investments in financial assets:		
Bank and other cash	474,296	381,393
14. Finance costs		
Bank overdraft	51,499	41,527
Interest on loans	-	439,027
Other interest paid	508	932
Total finance costs	52,007	481,486

Tega Industries Africa Proprietary Limited

Formerly Tega Industries South Africa Proprietary Limited

(Registration number 1984/010576/07)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
15. Taxation		
Major components of the tax expense		
Current		
Local income tax - current period	14,615,238	14,613,880
Deferred		
Originating and reversing temporary differences	(157,684)	(2,977,246)
Arising from prior period adjustments	(5,231,097)	-
	(5,388,781)	(2,977,246)
	9,226,457	11,636,634
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	52,943,500	40,058,649
Tax at the applicable tax rate of 27% (2022: 28%)	14,294,745	11,216,422
Tax effect of adjustments on taxable income		
Non-deductible expenses	390,874	420,212
Learnership agreements	(320,850)	-
Rate change	92,785	-
Prior year under provision - deferred tax	(5,231,097)	-
	9,226,457	11,636,634
16. Cash generated from operations		
Profit before taxation	52,943,500	40,058,649
Adjustments for non-cash items:		
Depreciation, amortisation, impairments and reversals of impairments	6,553,574	6,048,794
Gains on sale of assets and liabilities	(234,456)	(21,221)
Adjust for items which are presented separately:		
Interest income	(474,296)	(381,393)
Finance costs	52,007	481,486
Changes in working capital:		
Movement in inventories	(10,860,811)	(17,493,654)
Movement in trade and other receivables	(39,317,380)	(22,414,972)
Movement in trade and other payables	33,567,071	10,812,996
	42,229,209	17,090,685
17. Tax paid		
Balance at beginning of the year	(1,198,466)	(4,556,826)
Current tax recognised in profit or loss	(14,615,238)	(14,613,880)
Balance at end of the year	(4,010,462)	1,198,466
	(19,824,166)	(17,972,240)

Tega Industries Africa Proprietary Limited

Formerly Tega Industries South Africa Proprietary Limited

(Registration number 1984/010576/07)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
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18. Related parties

Relationships

Ultimate holding company

Holding company

Holding company Directors

Tega Industries Limited

Tega Investments South Africa Proprietary Limited

S.Y Imam

M.M. Mohanka

M. Mohanka

Group companies

Tega Investments Limited (Bahamas)

Tega Industries Chile SpA

Tega Industries Incorporated (USA)

Tega do Brasil Servicos Tecnicas Limited

Tega Industries Canada Incorporated

Tega Holdings PTE Limited

Losugen Proprietary Limited

Related party balances

Amounts included in Trade receivables(Trade payables) regarding related parties - 2023

Tega Industries Limited

Tega Investments Africa Proprietary Limited

SGD	USD	ZAR	Total in ZAR
-	(2,987,396)	-	(53,682,914)
-	-	30,550	30,550
-	(2,987,396)	30,550	(53,652,364)

Amounts included in Trade receivables(Trade payables) regarding related parties - 2022

Tega Industries Limited

Tega Holdings Pte Limited (Singapore)

Tega Investments Africa Proprietary Limited

SGD	USD	ZAR	Total in ZAR
-	(850,969)	-	(12,326,120)
(17,379)	-	-	(185,941)
-	-	25,887	25,887
(17,379)	(850,969)	25,887	(12,486,174)

Trade receivables from related parties are due within 30 to 90 days. Trade payables to related parties are payable within 30 to 90 days.

Tega Industries Africa Proprietary Limited

Formerly Tega Industries South Africa Proprietary Limited

(Registration number 1984/010576/07)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
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18. Related parties (continued)

Related party transactions

Principal and Interest paid to related parties - 2022

	USD	ZAR	Total in ZAR
Tega Holdings Pte Ltd (Singapore) - Principal	(1,624,400)	-	(25,128,864)
Tega Holdings Pte Ltd (Singapore)	(478,856)	-	(6,228,538)
	(2,103,256)	-	(31,357,402)

Purchases from (sales to) related parties - 2023

	SGD	USD	ZAR	Total in ZAR
Tega Industries Limited	-	8,366,796	-	146,598,104
Tega Industries Limited	-	36,836	-	656,716
Tega Industries Limited	-	339,343	-	5,846,001
Tega Investments South Africa Proprietary Limited	-	-	(57,434)	(57,434)
	-	8,742,975	(57,434)	153,043,387

Purchases from (sales to) related parties - 2022

	SGD	USD	ZAR	Total in ZAR
Tega Industries Limited	-	7,539,093	-	112,438,470
Tega Industries Limited	-	(81,583)	-	(1,218,084)
Tega Holdings PTE Limited	75,081	29,397	-	1,272,458
Tega Investments South Africa Proprietary Limited	-	-	(25,887)	(25,887)
Tega Investments South Africa Proprietary Limited	-	-	150,000	150,000
	75,081	7,486,907	124,113	112,616,957

19. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2023

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	6	108,444,127	108,444,127	108,444,127
Cash and cash equivalents	7	15,459,214	15,459,214	15,459,214
		123,903,341	123,903,341	123,903,341

2022

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	6	71,369,724	71,369,724	71,369,724
Cash and cash equivalents	7	7,285,083	7,285,083	7,285,083
		78,654,807	78,654,807	78,654,807

Tega Industries Africa Proprietary Limited

Formerly Tega Industries South Africa Proprietary Limited

(Registration number 1984/010576/07)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023	2022
	R	R

19. Financial instruments and risk management (continued)

Categories of financial liabilities

2023

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	9	68,958,170	68,958,170	68,958,170

2022

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	9	37,201,389	37,201,389	37,201,389
Bank overdraft	7	4,171,171	4,171,171	4,171,171
		41,372,560	41,372,560	41,372,560

20. Directors' emoluments

The registered directors' in office for the current year have not received remuneration from the company.

21. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors is satisfied is that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors is not aware of any new material changes that may adversely impact the company. The directors also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

22. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

ANNEXURE G

Tega Investments South Africa Proprietary Limited
(Registration number 2006/011811/07)
Financial statements
for the year ended 31 March 2023

Tega Investments South Africa Proprietary Limited

(Registration number: 2006/011811/07)

Financial Statements for the year ended 31 March 2023

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The main business activity of the company is that of investment holdings and all business related thereto
Directors	Mehul Mohanka Madan Mohan Mohanka Syed Yaver Imam
Registered office	2 Uranium Road Vulcania Brakpan Johannesburg 1554
Business address	2 Uranium Road Vulcania Brakpan Johannesburg 1554
Postal address	PO Box 268 Florida Hills 1716
Holding company	Tega Holdings Pte Ltd incorporated in Singapore
Ultimate holding company	Tega Industries Limited incorporated in India
Bankers	ABSA Bank Limited
Auditor	Johan Barn & Partners Chartered Accountant (SA)
Company registration number	2006/011811/07
Tax reference number	9977/654/14/5
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The financial statements were independently compiled by: Melissa McGill CA(SA)
Issued	<u>29 May 2023</u>

Tega Investments South Africa Proprietary Limited

(Registration number: 2006/011811/07)

Financial Statements for the year ended 31 March 2023

Contents

The reports and statements set out below comprise the financial statements presented to the shareholder:

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Tega Investments South Africa Proprietary Limited

(Registration number: 2006/011811/07)

Financial Statements for the year ended 31 March 2023

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of Internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

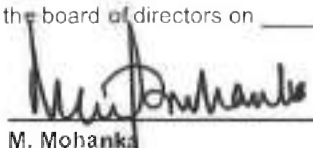
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, They are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor were given unrestricted access to all financial records and related data, including minutes of meetings. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The external auditor is responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and their report is presented on pages 6 to 7.

The financial statements set out on pages 4 to 17, which have been prepared on the going concern basis, were approved by the board of directors on 29 May 2023 and were signed on its behalf by:



M. Mohanka

Tega Investments South Africa Proprietary Limited

(Registration number: 2006/011811/07)

Financial Statements for the year ended 31 March 2023

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Tega Investments South Africa Proprietary Limited for the year ended 31 March 2023.

1. Nature of business

Tega Investments South Africa Proprietary Limited was incorporated in South Africa and is an investment holding company. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Dividends

Given the current state of the global economic environment, the board of directors believes that it would be more appropriate for the company to conserve cash and maintain adequate debt headroom to ensure that the company is best placed to withstand any prolonged adverse economic conditions. Therefore the board of directors has resolved not to declare a dividend for the financial year ended 31 March 2023 (2022: R0).

5. Directors

The directors in office at the date of this report are as follows:

Directors

Mehul Mohanka

Madan Mohan Mohanka

Syed Yaver Imam

There have been no changes to the directorate for the period under review.

6. Holding company

The company's holding company is Tega Holdings Pte Ltd which holds 100% (2022: 100%) of the company's equity. Tega Holdings Pte Ltd is incorporated in Singapore.

7. Ultimate holding company

The company's ultimate holding company is Tega Industries Limited which is incorporated in India.

8. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

9. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Tega Investments South Africa Proprietary Limited

(Registration number: 2006/011811/07)

Financial Statements for the year ended 31 March 2023

Directors' Report

10. Auditors

Johan Bam & Partners continued as auditors for the company for 2023 in accordance with Section 90 of the Companies Act of South Africa.

11. Secretary

The company had no secretary for the year under review.

12. Solvency and liquidity

The directors has performed the required liquidity and solvency tests as required by the Companies Act of South Africa.

13. Consolidated financial statements

The company has decided not to prepare consolidated financial statements as the ultimate holding company, Tega Industries Limited (incorporated in India) prepares consolidated financial statements. This exemption is allowed under Section 9 of the International Financial Reporting Standard for Small and Medium-sized Entities.

Johan Bam & Partners / Vennote

Chartered Accountants (S.A.)
Geoktrooieerde Rekenmeesters (S.A.)



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Independent Auditor's Report

To the shareholder of Tega Investments South Africa Proprietary Limited

Opinion

I have audited the financial statements of Tega Investments South Africa Proprietary Limited set out on pages 8 to 17, which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Tega Investments South Africa Proprietary Limited as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of my report. I am independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. I have fulfilled my other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa, which we obtained prior to the date of this report. Other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report

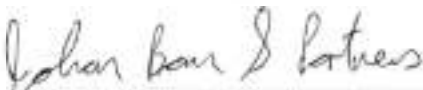
Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with 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 I identify during my audit.



Johan Bam & Partners
Johan Bam
Partner
Chartered Accountant (SA)
Registered Auditors

29 May 2023

Tega Investments South Africa Proprietary Limited

(Registration number: 2006/011811/07)

Financial Statements for the year ended 31 March 2023

Statement of Financial Position as at 31 March 2023

	Notes	2023 R	2022 R
Assets			
Non-Current Assets			
Investment in subsidiary	2	9 317 231	9 317 231
Current Assets			
Cash and cash equivalents	3	81 670	139 777
Total Assets		9 398 901	9 457 008
Equity and Liabilities			
Equity			
Stated capital	4	2 125 800	2 125 800
Retained income		7 207 757	7 269 535
		9 333 557	9 395 335
Liabilities			
Current Liabilities			
Trade and other payables	5	65 344	61 673
Total Liabilities		65 344	61 673
Total Equity and Liabilities		9 398 901	9 457 008

Tega Investments South Africa Proprietary Limited

(Registration number: 2006/011811/07)

Financial Statements for the year ended 31 March 2023

Statement of Comprehensive Income

	Note(s)	2023 R	2022 R
Other income		-	2 974
Operating expenses		(61 778)	(53 140)
Operating loss	6	(61 778)	(50 166)
Investment revenue		-	150 000
(Loss) profit before taxation		(61 778)	99 834
Taxation	7	-	-
(Loss) profit for the year		(61 778)	99 834
Other comprehensive income		-	-
Total comprehensive (loss) income for the year		(61 778)	99 834

Tega Investments South Africa Proprietary Limited

(Registration number: 2006/011811/07)

Financial Statements for the year ended 31 March 2023

Statement of Changes in Equity

	Stated capital R	Retained income R	Total equity R
Balance at 01 April 2021	2 125 800	7 169 701	9 295 501
Profit for the year	-	99 834	99 834
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	99 834	99 834
Balance at 01 April 2022	2 125 800	7 269 535	9 395 335
Loss for the year	-	(61 778)	(61 778)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(61 778)	(61 778)
Balance at 31 March 2023	2 125 800	7 207 757	9 333 557

Notes

4

Tega Investments South Africa Proprietary Limited

(Registration number: 2006/011811/07)

Financial Statements for the year ended 31 March 2023

Statement of Cash Flows

	Notes	2023 R	2022 R
Cash flows from operating activities			
Cash used in operations	8	(58 107)	(9 784)
Dividends received			150 000
Net cash from operating activities		(58 107)	140 216
Total cash movement for the year		(58 107)	140 216
Cash at the beginning of the year		139 777	(439)
Total cash at end of the year	3	81 670	139 777

Tega Investments South Africa Proprietary Limited

(Registration number: 2006/011811/07)

Financial Statements for the year ended 31 March 2023

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, except where otherwise stated, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Impairment testing

The company reviews and tests the carrying value of its assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.2 Investment in subsidiary

Investment in subsidiary is measured at cost less any accumulated impairment losses.

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Tega Investments South Africa Proprietary Limited

(Registration number: 2006/011811/07)

Financial Statements for the year ended 31 March 2023

Accounting Policies

1.3 Financial instruments (continued)

Financial instruments at amortised cost

These include trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences and for the carry forward of unused tax losses and unused tax credits.

Deferred tax assets and liabilities are measured at an amount that includes the effect of the possible outcomes of a review by the tax authorities using tax rates that, on the basis of enacted or substantively enacted tax law at the end of the reporting period, are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax asset balances are reviewed at every reporting date. When necessary, a valuation allowance is recognised against the deferred tax assets so that the net amount equals the highest amount that is more likely than not to be realised on the basis of current or future taxable profit.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Tega Investments South Africa Proprietary Limited

(Registration number: 2006/011811/07)

Financial Statements for the year ended 31 March 2023

Accounting Policies

1.5 Impairment of assets

The company assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) 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 group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.6 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.7 Foreign exchange

Foreign currency transactions

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

All transactions in foreign currencies are initially recorded in Rand, using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in profit or loss.

1.8 Statement of cash flows

The statement of cash flows is prepared on the direct method, whereby the major classes of gross receipts and gross cash payments are disclosed.

For the purposes of the cash flow statements, cash and cash equivalents comprise of cash on hand and deposits held on call with banks net of bank overdrafts, all of which are available for use by the company unless otherwise stated.

Investing and financing operations that do not require the use of cash and cash equivalents are excluded from the cash flow statement.

Tega Investments South Africa Proprietary Limited

(Registration number: 2006/011811/07)

Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

	2023 R	2022 R
2. Investment in subsidiary		
Name of subsidiary	% holding 2023	% holding 2022
Tega Industries Africa Proprietary Limited	100,00 %	100,00 %
	Carrying amount 2023	Carrying amount 2022
	9 317 231	9 317 231
The carrying amounts of subsidiaries are shown gross of impairment losses.		
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	81 670	139 777
Credit rating		
ABSA Bank Limited	Ba2	Ba2
4. Stated capital		
Authorised		
1 000 Ordinary shares		
Issued		
400 Ordinary shares	2 125 800	2 125 800
5. Trade and other payables		
Trade payables	34 794	35 786
Amounts due to related parties	30 550	25 887
	65 344	61 673
6. Operating loss		
Operating loss for the year is stated after accounting for the following:		
Income from subsidiary		
Dividends		150 000
Other expenses		
Audit fees	39 849	21 290
Bank charges	2 033	2 515
Consulting fees	16 594	29 335
	58 476	53 140
Loss / (Profit) on exchange differences	3 302	(2 974)

Tega Investments South Africa Proprietary Limited

(Registration number: 2006/011811/07)

Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

	2023 R	2022 R
7. Taxation		
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting (loss) profit	(61 778)	99 834
Tax at the applicable tax rate of 27% (2022: 28%)	(16 680)	27 954
Tax effect of adjustments on taxable income		
Exempt income		
Dividend received	-	(42 000)
	<u>-</u>	<u>(42 000)</u>
Other		
Deferred tax asset not raised	16 680	14 046
	<u>16 680</u>	<u>14 046</u>
	<u>-</u>	<u>-</u>

No provision has been made for 2023 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R 1 160 767 (2022: R 1 098 989).

8. Cash used in operations

(Loss) profit before taxation	(61 778)	99 834
Adjustments for:		
Dividends received	-	(150 000)
Changes in working capital:		
Trade and other payables	3 671	40 382
	<u>(58 107)</u>	<u>(9 784)</u>

9. Related parties

Relationships

Ultimate holding company
Holding company
Subsidiary
Directors

Tega Industries Limited
Tega Holdings Pte Ltd
Refer to note 2
SY Imam
M Mohanka
MM Mohanka

Related party balances

Amounts included in trade and other payables regarding related parties

Tega Industries Africa Proprietary Limited	30 550	25 887
--	--------	--------

Related party transactions

Dividends received from related parties

Tega Industries Africa Proprietary Limited	-	150 000
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10. Directors' remuneration

No emoluments were paid to the directors or any individuals holding a prescribed office during the year (2022: R-).

Tega Investments South Africa Proprietary Limited

(Registration number: 2006/011811/07)

Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

11. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

12. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of issue of this report.

13. Consolidated financial statements

The company has decided not to prepare consolidated financial statements as the ultimate holding company, Tega Industries Limited (incorporated in India) prepares consolidated financial statements. This exemption is allowed under Section 9 of the International Financial Reporting Standard for Small and Medium-sized Entities.

14. Categories of financial instruments

Categories of financial instruments - 2023

	Loans and receivables	Financial liabilities at amortised cost
Trade and other payables	*	65 344
Cash and cash equivalents	81 670	*
	81 670	65 344

Categories of financial instruments - 2022

	Loans and receivables	Financial liabilities at amortised cost
Trade and other payables	*	61 673
Cash and cash equivalents	139 777	*
	139 777	61 673

ANNEXURE H

R&A CPAs

A PROFESSIONAL CORPORATION

TEGA INDUSTRIES, INC.

(A WHOLLY-OWNED SUBSIDIARY OF
TEGA INDUSTRIES LIMITED)

FINANCIAL STATEMENTS, OTHER
INFORMATION, AND INDEPENDENT
AUDITORS' REPORT

YEARS ENDED
MARCH 31, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Tega Industries, Inc.
Tucson, Arizona

To the Shareholders of Tega Industries, Inc.

Opinion

We have audited the accompanying financial statements of Tega Industries, Inc. (a wholly owned subsidiary of Tega Industries Limited) (the "Company"), which comprise the balance sheets as of March 31, 2023 and 2022, and the related statements of operations, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with Indian Accounting Standards ("IND AS").

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IND AS, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with ISAs, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information

Management is responsible for the other information. The other information comprises the special purpose financial information and notes of the Company as of March 31, 2023 and 2022, but does not include the financial statements and our auditors' report thereon.

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



A Professional Corporation

Tucson, Arizona
May 22, 2023

BALANCE SHEETS AS OF MARCH 31, 2023 AND 2022

ASSETS	2023	2022
<i>CURRENT ASSETS:</i>		
Cash and cash equivalents	\$ 118,320	\$ 536,103
Accounts receivable, net of allowance for doubtful accounts of \$26,638 and \$14,936, respectively	1,617,586	1,146,200
Inventories, net of reserve for obsolescence of \$16,508 and \$16,508, respectively	640,372	1,125,969
Prepaid expenses	19,267	34,366
Due from related parties	601,437	74,730
Prepaid income taxes	11,966	136,727
Employee advances	5,661	13,730
Deposits	1,300	1,300
<i>Total current assets</i>	3,015,909	3,069,125
<i>LONG-TERM ASSETS:</i>		
Property and equipment, net of accumulated depreciation of \$106,090 and \$114,486, respectively	30,063	86,130
Deferred tax asset	10,579	16,622
<i>Total long-term assets</i>	40,642	102,752
<i>TOTAL ASSETS</i>	\$ 3,056,551	\$ 3,171,877
LIABILITIES AND SHAREHOLDERS' EQUITY		
<i>CURRENT LIABILITIES:</i>		
Accounts payable	\$ 45,533	\$ 12,324
Income taxes payable	297	-
Accrued expenses	89,072	129,613
Due to related parties	318,656	613,296
<i>Total current liabilities</i>	453,558	755,233
<i>SHAREHOLDERS' EQUITY:</i>		
Common stock – 5,000 shares of \$100 par value authorized; 2,000 shares issued and outstanding	200,000	200,000
Retained earnings	2,402,993	2,216,644
<i>Total shareholders' equity</i>	2,602,993	2,416,644
<i>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</i>	\$ 3,056,551	\$ 3,171,877

STATEMENTS OF OPERATIONS FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

NET INCOME	2023	2022
REVENUES:		
Sales, net of returns, discounts and allowances	\$ 6,389,248	\$ 5,115,551
Freight income	90,506	77,738
Total revenues	6,479,754	5,193,289
COST OF SALES:		
Product	5,021,960	3,904,165
Freight	194,967	234,131
Total cost of sales	5,216,927	4,138,296
Gross profit	1,262,827	1,054,993
OPERATING EXPENSES:		
Wages	450,818	445,429
Professional services	216,239	325,949
Commissions and selling costs	89,872	43,625
Employee benefits	52,800	133,433
Travel expenses	37,955	44,275
Payroll taxes	34,262	32,566
Vehicle expenses	28,352	22,674
Insurance	24,748	27,385
Rent	24,586	26,035
Advertising	20,686	201,070
Depreciation	15,240	21,125
Telephone and utilities	12,236	12,244
Office supplies and other	8,956	10,349
Dues and subscriptions	4,352	4,527
Postage and miscellaneous	3,781	2,131
Reimbursed expenses	(12,835)	(369,566)
Total operating expenses	1,012,048	983,251
Income from operations	250,779	71,742
Other income (expense):		
Currency translation	(3,091)	1,325
Interest income	-	27
Bad debt expense	(11,702)	(8,597)
Gain (loss) on sale of property and equipment	(1,127)	-
Interest expense	(33)	-
Total other income (expense)	(15,953)	(7,245)
NET INCOME BEFORE TAXES	234,826	64,497
Provision for income taxes	48,477	21,240
NET INCOME	\$ 186,349	\$ 43,257

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED
MARCH 31, 2023 AND 2022

	Shares	Common stock	Retained earnings	Total shareholders' equity
SHAREHOLDERS' EQUITY				
BALANCE, MARCH 31, 2021	2,000	\$ 200,000	\$ 2,173,387	\$ 2,373,387
Net income	-	-	43,257	43,257
BALANCE, MARCH 31, 2022	2,000	200,000	2,216,644	2,416,644
Net income	-	-	186,349	186,349
BALANCE, MARCH 31, 2023	2,000	\$ 200,000	\$ 2,402,993	\$ 2,602,993

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

CASH FLOWS FROM OPERATING ACTIVITIES	2023	2022
<i>NET INCOME</i>	\$ 186,349	\$ 43,257
<i>ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</i>		
Depreciation	15,240	21,125
Allowance for doubtful accounts	11,702	8,597
(Gain) loss on sale of property and equipment	1,127	-
<i>CHANGES IN OPERATING ASSETS AND LIABILITIES:</i>		
Accounts receivable	(483,088)	585,038
Inventories	485,597	56,678
Prepaid expenses	15,099	10,837
Due from related parties	(526,707)	(74,730)
Income tax prepaid	124,761	(116,544)
Employee advances	8,069	(1,430)
Deferred tax asset	6,043	(720)
Accounts payable	33,209	(82,519)
Accrued expenses	(40,541)	37,298
Due to related party	(294,640)	60,547
Income taxes payable	297	(189,997)
<i>Net cash flows (used in) provided by operating activities</i>	<u>(457,483)</u>	<u>357,437</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of property and equipment	39,700	-
Purchase of property and equipment	<u>-</u>	<u>(14,019)</u>
<i>Net cash flows provided by (used in) investing activities</i>	<u>39,700</u>	<u>(14,019)</u>
<i>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</i>	(417,783)	343,418
Cash and cash equivalents at beginning of year	<u>536,103</u>	<u>192,685</u>
<i>CASH AND CASH EQUIVALENTS AT END OF YEAR</i>	<u>\$ 118,320</u>	<u>\$ 536,103</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 33	\$ -
Cash paid for taxes	<u>\$ -</u>	<u>\$ 16,953</u>

NOTES TO FINANCIAL STATEMENTS

NOTE A. SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied by Tega Industries, Inc. (a wholly owned subsidiary of Tega Industries Limited) (the “Company”) in the preparation of its financial statements follows.

ORGANIZATION AND BUSINESS ACTIVITY

The Company was incorporated in the State of Delaware on November 27, 2001, for the purpose of distributing specialized wear resistant rubber products in North America, primarily to the mining and material handling industries. The majority of the Company’s products are manufactured by its parent company, Tega Industries Limited, located in India.

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when the obligation is incurred in accordance with accounting principles generally accepted in the United States of America.

USE OF ESTIMATES

The preparation of financial statements in conformity with IND AS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of any contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Company considers all short-term investments with a purchased maturity of three months or less to be cash equivalents.

INVENTORIES

Inventories are composed entirely of finished goods and are carried at the lower of cost or net realizable value. Cost of goods sold is determined on a first-in, first-out basis. In-bound shipping costs are included in cost of goods sold as incurred.

ACCOUNTS RECEIVABLE

Accounts receivable represents uncollateralized customer obligations due under normal trade terms generally requiring payment within 30 days from the invoice date. Statements for unpaid balances are not generated, and delinquency fees are not assessed. Payments of accounts receivable are applied to the specific invoices identified on the customer’s remittance advice.

Trade accounts are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts by regularly evaluating individual receivables and considering a customer’s financial condition, credit history, and current economic conditions.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is provided for in amounts sufficient to relate the cost of the assets to operations over their estimated service lives. The straight-line method is used for all assets over the following lives:

	<u>Years</u>
Office equipment and furniture	5 - 7
Warehouse equipment	5 - 7
Vehicles	5

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation is removed from the respective accounts, and any resulting gain or loss is recognized. Depreciation expense for the years ended March 31, 2023 and 2022 totaled \$15,240 and \$21,125, respectively.

ADVERTISING AND PROMOTION

Advertising costs are expensed as incurred. Advertising expenses during the fiscal years ended March 31, 2023 and 2022 were \$- and \$5,010, respectively.

REVENUE RECOGNITION

The Company recognizes revenue upon transfer of title to the customer or when the customer has full control over the products and there are no unfulfilled obligations on the part of the Company that could affect the customer's acceptance of the products in accordance with the terms of the sales contract and no uncertainty exists regarding the amount of consideration that will be derived from the sale. Accordingly, depending on the contractual terms, revenue is recognized either when the products are shipped to, or received by, the customer. Cost of shipping is generally reimbursed by the customer and any reimbursements reduce cost of goods sold. All out-bound shipping costs are recorded as a component of cost of goods sold reduced by customer reimbursements. Customers are invoiced upon shipment and payment terms are generally net 30 days and, therefore, no element of financing is deemed present in the sales contracts and no adjustments are made to the transaction price for time value of money.

Some contracts include multiple deliverables, such as sale of product and certain related services. However, the services are simple, do not include an integration service, and could be performed by another party. It is therefore accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on the expected cost, plus margin. If contracts include the installation of the product, revenue for the product is recognized at a point in time when the product is delivered, the legal title has passed and the customer has accepted the product.

In some contracts the Company's performance does not create an asset with alternative use to the Company and the Company has concluded that it has an enforceable right to payment for performance completed to date. In the said cases, the Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time. The Company uses the input method to recognize revenue.

For the years ended March 31, 2023 and 2022, all sales were recognized at a point-in-time. Consequently, no revenue was deferred as of March 31, 2023 and 2022, respectively.

CONCENTRATIONS

The Company places its cash and cash equivalents with various financial institutions. At times, such balances may be in excess of the Federal Deposit Insurance Corporation insurance limits of \$250,000; however, management does not believe it is exposed to any significant credit risk on cash and cash equivalents.

INCOME TAXES

The Company recognizes deferred income taxes for temporary differences between financial statements and income tax reporting. Deferred tax liabilities and assets are determined based on the differences between financial statement and tax basis of assets and liabilities using the enacted tax rates in effect for the years in which the differences are expected to reverse. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized. The principal temporary differences that will result in deferred tax assets and liabilities are property and equipment, intangible assets, and net operating loss carryforwards.

The Company follows the requirements of IND AS No. 12 and applicable appendices for the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Company's tax returns. Management believes that the Company does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company or its shareholders will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Company's tax returns remain open for federal income tax examination for three years from the date of filing and four years for the State of Arizona.

FINANCIAL INSTRUMENTS

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The total loss that would occur if the accounts became uncollectible is the stated balance of the financial instruments reported in the accompanying balance sheets.

NOTE B. INVENTORIES

Inventories consisted of the following as of March 31:

	2023	2022
Inventory-on-hand	\$ 338,224	\$ 358,491
Inventory-in-transit	318,656	783,986
Less reserve for obsolete inventory	(16,508)	(16,508)
Total inventories, net	\$ 640,372	\$ 1,125,969

NOTE C. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of March 31:

	2023	2022
Office equipment and furniture	\$ 10,088	\$ 10,088
Warehouse equipment	3,071	3,071
Vehicles	122,994	187,457
Property and equipment	136,153	200,616
Less accumulated depreciation	(106,090)	(114,486)
Property and equipment, net	\$ 30,063	\$ 86,130

NOTE D. RELATED PARTY TRANSACTIONS

The majority of the Company's products are manufactured by its parent company, Tega Industries Limited, located in India. Significant transactions with the shareholders and with entities under common control during 2023 and 2022 were as follows:

The Company had the following trade receivables from the parent company and other related entities as of March 31:

	2023	2022
Tega Industries Limited	\$ 601,437	\$ 74,730
Total trade receivables	\$ 601,437	\$ 74,730

The Company had the following trade payables to the parent company and other related entities as of March 31:

	2023	2022
Officer (Tega Industries, Inc)	\$ -	\$ 1,122
Tega Industries Limited	318,656	612,174
Total trade payables	\$ 318,656	\$ 613,296

The Company purchased goods and services from the parent company and other related entities throughout the fiscal year which totaled the following as of March 31:

	2023	2022
Tega Industries Canada Inc	\$ 1,100	\$ -
Tega Industries Limited	1,679,979	3,325,725
Tega Industries Chile S.P.A.	70,720	1,856
Total purchased goods & services	\$ 1,751,799	\$ 3,327,581

The Company recorded reimbursements as a result from cost sharing from the parent company and other related entities throughout the fiscal year which totaled the following as of March 31:

	2023	2022
Tega Industries Limited	\$ 12,835	\$ 369,566
Total received reimbursements	\$ 12,835	\$ 369,566

NOTE E. INCOME TAXES

The income tax expense for the Company as of March 31, consisted of the following:

	2023	2022
Current tax expense:		
Federal	\$ 40,297	\$ 13,306
State	2,137	8,654
Total current tax expense	42,434	21,960
Deferred tax expense (benefit):		
Federal	5,671	(676)
State	372	(44)
Total deferred tax expense (benefit)	6,043	(720)
Total income tax expense, net	\$ 48,477	\$ 21,240

The components of the Company's net deferred taxes are as follows:

	2023	2022
Allowance for doubtful accounts	\$ 5,879	\$ 3,296
Reserve for inventory obsolescence	3,643	3,643
Bonus accrual	5,848	18,797
Difference in depreciation method	(4,791)	(9,114)
Total net deferred tax asset	\$ 10,579	\$ 16,622

The reconciliation of the provision for income taxes at the statutory rates to the Company's effective rate as of March 31, 2023 and 2022 are as follows:

	2023	2022
Taxes, at statutory rates	\$ 54,670	\$ 15,016
Foreign sales exempt from state taxes	(6,193)	-
Meals and entertainment	-	194
Prior period book to return reconciliation	-	6,857
Other	-	(827)
Total income tax expense	\$ 48,477	\$ 21,240

NOTE F. LEASE OBLIGATIONS

The Company leases office and warehouse space under an operating lease. The Company renewed the office and warehouse space lease for an additional year on March 1, 2023, which expires on February 28, 2024 and provides for a monthly rent of \$2,022. Total lease expense was \$23,556 and \$22,929 for the fiscal years ended March 31, 2023 and 2022, respectively. Total minimum payments due for the fiscal year ending March 31, 2024 are \$22,242.

NOTE G. RETIREMENT PLAN

On January 1, 2015, the Company began offering a 401(k) profit sharing plan. Employees may contribute on either a pre-tax salary deferral basis or to a Roth plan in amounts up to limits established under Federal law. The Company makes safe harbor matching contributions equal to 100% of the first 3% of eligible earnings deferral and an additional 50% of the next 2% of eligible earnings deferral. Additionally, the Company may make nonelective contributions to the Plan, although it is not required to do so. Employees are always 100% vested in any elective deferrals they make and become vested in the Company's safe harbor matching contributions and nonelective contributions according to the length of time they have worked for the Company over a 6-year period.

For the fiscal years ended March 31, 2023 and 2022, total employer contributions under the plan were \$12,054 and \$15,856, respectively.

NOTE H. MARKET CONCENTRATIONS

The Company's sales are to customers all over the United States, as well as in North and Central America. Substantially all of these customers are extended credit with regard to these sales.

The Company had two customers which made up 33% of total revenues for the fiscal year ended March 31, 2023. At March 31, 2023, three customers comprised 79% of trade accounts receivables.

The Company had three customers which made up 36% of total revenues for the fiscal year ended March 31, 2022. At March 31, 2022, five customers comprised 84% of trade accounts receivables.

NOTE I. SUBSEQUENT EVENTS

The Company discloses the date through which subsequent events were evaluated when determining whether adjustment to or disclosure in the financial statements is required. A subsequent event is an event or transaction that occurs after the balance sheet date but before the financial statements are issued. The Company evaluated subsequent events through May 22, 2023, which represents the date the financial statements were available to be issued.

OTHER INFORMATION – SPECIAL PURPOSE FINANCIAL INFORMATION

Tega Industries Inc
Balance Sheet as at 31 March 2023

(All amounts in USD, unless otherwise stated)

Particulars	Note	31 March 2023	31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3	30,063	86,130
Financial assets			
(i) Other financial assets	4	1,300	1,300
Deferred tax assets (net)	5	10,579	16,622
Total non-current assets		41,942	104,052
Current assets			
Inventories	6	640,372	1,125,969
Financial assets			
(i) Trade receivables and contract assets	7	1,622,859	1,220,930
(ii) Cash and cash equivalents	8	118,320	536,103
Current tax assets (net)	9	11,966	136,727
Other current assets	10	302,436	48,096
Total current assets		2,695,953	3,067,825
Total assets		2,737,895	3,171,877
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	200,000	200,000
Other equity	12	2,402,996	2,216,644
Total equity		2,602,996	2,416,644
Current liabilities			
Financial liabilities			
(i) Trade payables			
(a) Total outstanding dues of micro and small enterprises	13	-	-
(b) Total outstanding dues of creditors other than micro and small enterprises	13	84,142	650,080
(ii) Other financial liabilities	14	39,900	100,113
Current tax liabilities (net)	15	297	-
Other current liabilities	16	10,560	5,040
Total current liabilities		134,899	755,233
Total liabilities		134,899	755,233
Total equity and liabilities		2,737,895	3,171,877

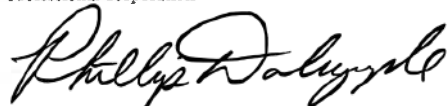
This is the Balance Sheet referred to in our report of even date

The accompanying notes are the integral part of this Special Purpose

Financial Information

For R&A CPAs
Professional Corporation

For and on behalf of Board of Directors



Place : Tucson, Arizona
Date : May 22, 2023

Director


Director

Tega Industries Inc
Statement of Profit and Loss for the year ended 31 March 2023

(All amounts in USD, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from operations	17	6,389,248	5,115,551
Other income	18	(4,218)	1,349
Total income		6,385,030	5,116,900
Expenses			
Purchase of Traded Goods	19	4,536,363	3,847,488
Changes in inventories of finished goods	20	485,597	56,678
Employee benefits expense	21	537,880	611,429
Finance costs	22	33	-
Depreciation and amortisation expenses	23	15,240	21,125
Other expenses	24	575,088	515,683
Total expenses		6,150,201	5,052,403
Profit before tax		234,829	64,497
Income tax expense			
- Current tax	25	42,434	21,960
- Deferred tax	25	6,043	(720)
Total tax expense/ (credit)		48,477	21,240
Total Profit for the year (A)		186,352	43,257
Other comprehensive income for the year, net of tax (B)		-	-
Total comprehensive income for the year (A+B)		186,352	43,257
Earnings Per equity share:			
Basic	29	93	22
Diluted	29	93	22

This is the Statement of Profit and Loss referred to in our report of even date

The accompanying notes are the integral part of this Special Purpose
Financial Information

For R&A CPAs
Professional Corporation



Place : Tucson, Arizona
Date : May 22, 2023

For and on behalf of Board of Directors



Director

Director

Tega Industries Inc
Statement of Changes in Equity for the year ended 31 March 2023

(All amounts in USD, unless otherwise stated)

A. Equity share capital

Description	Notes	Amount
As at 1 April 2021	11	200,000
Changes during the year		-
As at 31 March 2022	11	200,000
Changes during the year		-
As at 31 March 2023	11	200,000

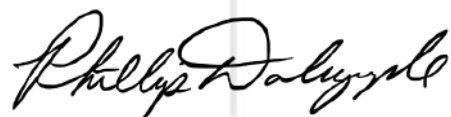
B. Other equity

Description	Notes	Reserve and surplus		Total
		Retained earning		
Balance as at 1 April 2022	12	2,216,644	2,216,644	2,216,644
Profit for the year		186,352	186,352	186,352
Balance as at 31 March 2023		2,402,997	2,402,997	2,402,997

Description	Notes	Reserve and surplus	Total other equity	Total
		Retained earning		
Balance as at 1 April 2021	12	2,173,387	2,173,387	2,173,387
Profit for the year		43,257	43,257	43,257
Balance as at 31 March 2022		2,216,644	2,216,644	2,216,644

This is the Statement of Changes in Equity referred to in our report of even date.

For R&A CPAs
Professional Corporation



Place : Tucson, Arizona
Date : May 22, 2023

The accompanying notes are the integral part of this Special
Purpose Financial Information

For and on behalf of Board of Directors



Director

Director

Tega Industries Inc
Statement of Cash Flows for the year ended 31 March 2023

(All amounts in USD, unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
A. Cash flow from Operating Activities		
Net Profit before tax	234,829	64,497
Adjustments for:		
Depreciation and amortisation expenses	15,240	21,125
Finance costs	33	-
Interest income	-	(27)
Allowance for expected credit loss (including bad debts and advances written off)	11,702	8,597
Net Loss on sale of property, plant and equipment	1,127	-
Operating profit before working capital changes	262,931	94,192
Changes in Working Capital:		
(Increase)/ decrease in Non Current/ Current financial and other assets	(667,971)	519,715
(Increase) in inventories	485,597	56,678
Increase/ (decrease) in Non Current/ Current financial and other liabilities/ provisions	(620,631)	15,326
Cash Generated from Operations	(540,074)	685,911
Direct Taxes paid (net of refunds)	82,624	(328,501)
Net cash generated from operating activities	(457,450)	357,410
B. Cash flow from Investing Activities:		
Purchase of capital assets	-	(14,019)
Sale of capital assets	39,700	-
Interest received	-	27
Net cash (used in) investing activities	39,700	(13,992)
C. Cash flow from Financing Activities		
Finance cost paid	(33)	-
Net cash (used in) financing activities	(33)	-
Net increase in cash and cash equivalents	(417,783)	343,418
Cash and cash equivalents at the beginning of the year	536,103	192,685
Cash & cash equivalents at the end of the year	118,320	536,103

Cash and Cash Equivalents comprise :
Balances with banks on current account

31 March 2023	31 March 2022
118,320	536,103
118,320	536,103

Notes:

1. The above cash flow statement has been prepared under the Indirect Method as set out in Ind AS - 7 "Statement of Cash Flows".

This is the Statement of Cash Flows referred to in our report of even date.

The accompanying notes are the integral part of this
Special Purpose Financial Information

For R&A CPAs
Professional Corporation

For and on behalf of Board of Directors



Place : Tucson, Arizona
Date : May 22, 2023

Director



Director

Tega Industries Inc
Notes to Special Purpose Financial Information

1. Company Information

Tega Industries Inc is a company limited by shares and is incorporated in United States. The ultimate parent company is Tega Industries Ltd, a company incorporated in India. The principle business of the Company is amongst others, engaging in the business of distribution and sale of wear resistant products to the mining and mineral processing and material handling industries.

The Special Purpose Financial Information as at 31 March 2023 present the financial position of the Company.

2. Summary of significant accounting policies

2.1 Basis of Preparation

(i) Compliance with Tega Industries Limited Group's Accounting Policies

These Special Purpose Financial Information (which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the Special Purpose Financial Information, including a summary of significant accounting policies and other explanatory information) of Tega Industries Inc. have been prepared in accordance with the group accounting policies of Tega Industries Limited, which in turn are aligned with Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended). These Special Purpose Financial Information have been prepared to facilitate consolidation of the financial information of the subsidiary into the consolidated financial information of Tega Industries Limited. These Special Purpose Financial Information have been presented in accordance with Schedule III of the Companies Act, 2013 (as amended).

(ii) Historical Cost Convention

The Special Purpose Financial Information been prepared as going concern on accrual basis and under the historical cost convention except for the assets and liabilities which have been measured at fair value or revalued amount (if any).

(iii) Current versus Non Current Classification

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

2.2 Use of Estimates

The preparation of the financial statements require the Management to make estimates and assumptions considered in the reported amounts of the assets and liabilities including Contingent Liabilities as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any adjustments based on actuals are effected in the subsequent periods.

2.3 Property plant and equipment and Intangible assets

2.3.1 Property plant and equipment

All items of property plant and equipment are stated at historical cost net of accumulated depreciation and accumulated impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

On transition to Ind AS, the company has elected to continue with the carrying value of its property plant and equipment measured at the previous GAAP and use that carrying value as the deemed cost of property plant and equipment.

2.3.2 Intangible assets

Intangible Assets are stated at cost of acquisition net of accumulated amortisation and accumulated impairment, if any. Recognition of costs as an asset is ceased when the asset is complete and available for its intended use.

Subsequent to initial recognition, intangible assets with definite useful lives are reported at cost less accumulated amortisation and accumulated impairment, if any.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

Class of assets	Estimated useful life (in years)
Software	3 Years

2.4 Depreciation and Amortisation

Depreciation is provided on a prorata basis on a straight line method at the rate determined based on estimated useful lives of property, plant and equipment. The estimated useful lives of the property, plant and equipment have been presented below:

Class of assets	Estimated useful life
Vehicles	5 years

2.5 Impairment

At each balance sheet date, the Company reviews the carrying values of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying value of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company 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 for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the statement of profit and loss as and when the carrying value of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately.

2.6 Financial Instruments

Financial Assets

The financial assets are classified in the following categories:

1. financial assets measured at amortised cost,
2. financial assets measured at fair value through profit and loss, and
3. financial assets at fair value through other comprehensive income.

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

At initial recognition, the financial assets are measured at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss.

Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method. The losses arising from impairment are recognised in the statement of profit or loss.

Financial instruments measured at fair value through profit and loss (FVTPL)

Financial instruments included within fair value through profit and loss category are measured initially as well as at each reporting period at fair value plus transaction costs as applicable. Fair value movements are recorded in statement of profit and loss.

Investments in units of mutual funds are accounted for at fair value and the changes in fair value are recognised in statement of profit and loss.

Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

De-recognition of financial asset

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial assets and such transfer qualifies for de-recognition.

Impairment of financial assets

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

For trade receivables the simplified approach of lifetime expected credit losses has been recognised from initial recognition of the receivables.

Impairment loss allowance recognised /reversed during the year are charged/written back to statement of profit and loss.

Financial Liabilities

Financial liabilities are measured at amortised cost using the effective interest rate method.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

For trade and other payables maturing within one year from the balance sheet date, the carrying amount approximates fair value to short-term maturity of these instruments.

A financial liability (or a part of financial liability) is de-recognised from Company's balance sheet when obligation specified in the contract is discharged or cancelled or expired.

Cash and Cash Equivalents

In the Statement of Cash flows, cash and cash equivalents include cash on hand, demand deposits with banks, other short term highly liquid investments, if any, with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.7 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined on Weighted Average Basis. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.8 Revenue Recognition

Revenue shall be recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

Sales of goods

Sales are recognised when control of the products has been transferred to the buyer, being when the products are dispatched/ delivered to the customer depending on the contract terms, as that is the point when the buyer has full discretion over the channel and price to sell and there is no unfulfilled obligation that could affect the buyer's acceptance of the products per the terms of the contract and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. No element of financing is deemed present as the sales are generally made with a credit term upto 180 days which is consistent with market practice.

Revenue is recognised based on the price specified in the contract

Some contracts include multiple deliverables, such as sale of product and certain related services. However, the services are simple, does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on the expected cost plus margin. If contracts include the installation of product, revenue for the product is recognised at a point in time when the product is delivered, the legal title has passed and the customer has accepted the product.

In some contracts the Company's performance does not create an asset with alternative use to the Company and the Company has concluded that it has an enforceable right to payment for performance completed to date. In the said cases, the Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time. The Company uses the input method to recognize revenue.

The Company has determined that the input method is the best method for measuring progress for these contracts because there is a direct relationship between the costs incurred by the Company and the transfer of goods and services to the customer.

A receivable is recognised when the goods are despatched or delivered, depending on the contract terms, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

A contract asset is recognised in respect of those performance obligations where the control of the goods has been transferred to the buyer, and only delivery of the goods is pending. In these cases the consideration is due after the shipping obligation is complete, accordingly these are classified as contract assets as the consideration is conditional on something other than the passage of time.

The Company does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Sale of Services

Sale of services are recognised on rendering of the related services.

2.9 Other Income

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

Dividend: Dividend income is recognised when the right to receive dividend is established and it is probable that economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be measured reliably.

2.10 Government Grants

(i) Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

(ii) Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating income.

2.11 Borrowing Costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Premium in the form of fees paid on refinancing of loans are accounted for as an expense over the life of the loan using effective interest rate method. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

2.12 Foreign Currency Transactions

These financial statements of the Company are presented in United States Dollar (USD), which is the functional currency of the Company and the presentation currency for the financial statements.

Initial Recognition: On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition: Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

2.13 Employee Benefits

a) Short-term Employee Benefits:

Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered.

b) Defined contribution plans

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

c) Other Long-term Employee Benefits:

Compensated absences

Accumulated compensated absences which are expected to be availed or encashed within twelve months from the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlements as at the year end.

Accumulated compensated absences which are expected to be availed or encashed beyond twelve months from the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial loss/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

2.14 Current and Deferred Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.15 Provision and Contingent Liabilities

The Company recognises a provision where there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources or there is a present obligation, reliable estimate of the amount of which cannot be made. Where there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

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

2.16 Earnings per Share

Basic earnings per share is calculated by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, if any, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.17 Leases:

Short term leases - A lease that, at the commencement date, has a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease.

The Company has certain lease of office warehouse with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for this lease.

2.18 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

2.20 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where 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. 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.

Note: 3 Property, plant and equipment

Particulars	Gross Block				Depreciation			Net Block	
	As at 1 April 2022	Additions during the year	Disposals/ Adjustments during the year	As at 31 March 2023	As at 1 April 2022	For the year	Disposals/ Adjustments during the year	As at 31 March 2023	As at 31 March 2023
Tangible assets (a) Vehicles	115,500	-	64,464	51,036	29,370	15,240	23,637	20,973	30,063
Total	115,500	-	64,464	51,036	29,370	15,240	23,637	20,973	30,063

Particulars	Gross Block				Depreciation			Net Block	
	As at 1 April 2021	Additions during the year	Disposals/ Adjustments during the year #	As at 31 March 2022	As at 1 April 2021	For the year	Disposals/ Adjustments during the year #	As at 31 March 2022	As at 31 March 2022
Tangible assets (a) Vehicles	101,481	14,019	-	115,500	8,245	21,125	-	29,370	86,130
Total	101,481	14,019	-	115,500	8,245	21,125	-	29,370	86,130

Note: 4 (i) Other financial assets - non current

Particulars	31 March 2023	31 March 2022
Unsecured, considered good (unless otherwise stated):		
Security Deposits	1,300	1,300
Total	1,300	1,300

Note: 5 Deferred tax assets (net)

Particulars	31 March 2023	31 March 2022
The balance comprises temporary differences attributable to:		
Deferred tax assets		
Allowance for doubtful debts and advances	5,879	3,296
Reserve for Inventory obsolescence	3,643	3,643
Amounts allowable for tax purpose on payment basis	5,848	18,797
Other temporary difference	(4,791)	(9,114)
Total Deferred Tax Assets	10,579	16,622

Refer note 25 for tax expenses

Note: 6 Inventories

Particulars	31 March 2023	31 March 2022
Finished goods (Including Goods in Transit USD 318,656 (31 March 2021 : USD 783,986)	640,372	1,125,969
Total	640,372	1,125,969

Note:

(i) The company has expensed inventory of USD NIL (31 March 2022 : USD NIL) for writing down the value of inventories towards slow moving, non-moving and obsolete inventory.

(ii) The mode of valuation of inventories has been stated in Note 2.7

Note: 7 Trade receivables and contract assets

Particulars	31 March 2023	31 March 2022
Current		
Trade Receivables		
(a) Unsecured, considered good	1,622,859	1,220,930
(b) Credit impaired	26,638	14,936
	1,649,497	1,235,866
Allowance for credit losses	(26,638)	(14,936)
Net Receivables	1,622,859	1,220,930
Net Contract Assets	-	-
Total	1,622,859	1,220,930

Trade receivables ageing schedule: (i) As at 31 March 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 Months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good							
Third Party	617,880	999,706	-				1,617,586
Related Party	5,273						5,273
(ii) Undisputed Trade Receivables - credit impaired							
Third Party		20,299		6,339			26,638
Related Party							-
(iii) Disputed Trade Receivables - considered good							
Less: Credit impaired good							
Third Party							
Related Party							
Total	623,153	1,020,005	-	6,339	-	-	1,649,497

Trade receivables ageing schedule: (i) As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 Months	6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good							
Third Party	754,175	390,945	1,081.00				1,146,201
Related Party	74,730						74,730
(ii) Undisputed Trade Receivables - credit impaired							
Third Party		8,597		6,339			14,936
Related Party							-
(iii) Disputed Trade Receivables - considered good							
Less: Credit impaired good							
Third Party							
Related Party							
Total	828,905	399,542	1,081	6,339	-	-	1,235,866

Note:

(i) There are no outstanding receivable due from directors or other officers of the company.

(i) There are contract assets and unbilled dues at each reporting dates.

(iii) Refer note 26(A) for credit risk

Tega Industries Inc
Notes to the Special Purpose Financial Information

(All amounts in USD, unless otherwise stated)

Note: 8 Cash and cash equivalents

Particulars	31 March 2023	31 March 2022
Balances with banks		
In current accounts	118,320	536,103
Total	118,320	536,103

Note: 9 Current tax assets (net)

Particulars	31 March 2023	31 March 2022
Advance Income Tax (Net of Provision for Income Tax)	11,966	136,727
Total	11,966	136,727

Note: 10 Other current assets

Particulars	31 March 2023	31 March 2022
Unsecured, considered good (unless otherwise stated)		
Advance to Related Parties(Suppliers)	277,508	-
Prepaid expenses	19,267	34,366
Employee advances	5,661	13,730
Total	302,436	48,096

Note: 11 Equity share capital

(a) Authorised share capital

Particulars	Number of shares	Amount
As at 1 April 2021	5,000	500,000
Changes during the year	-	-
As at 31 March 2022	5,000	500,000
Changes during the year	-	-
As at 31 March 2023	5,000	500,000

(b) Issued, Subscribed and fully Paid -up Shares

Particulars	Number of shares	Amount
As at 1 April 2021	2,000	200,000
Changes during the year	-	-
As at 31 March 2022	2,000	200,000
Changes during the year	-	-
As at 31 March 2023	2,000	200,000

(c) Equity shares held by the parent company of the company

Particulars	As at 31 March 2023		As at 31 March 2022	
	No.	% holding	No.	% holding
Equity shares				
Tega Industries Limited	2,000	100.00%	2,000	100.00%

(d) Details of the shareholders holding more than 5% of equity shares of the company

Name of the shareholder	As at 31 March 2023		As at 31 March 2022	
	No.	% holding	No.	% holding
Equity shares				
Tega Industries Limited	2,000	100.00%	2,000	100.00%

(e) Rights, preferences and restrictions attached to equity shares

The company has one class of common shares having par value of USD 100 per share. All shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote at meeting of the Company. In the event of winding up of the Company, ordinary shareholders shall rank after creditors and are fully entitled to any proceeds on liquidation.

(g) Shares held by the promoters : (i) As at 31st March 2023

Promoter name	No. of shares	% of total shares	% change during the year
Equity shares			
Tega Industries Limited	2,000	100%	NIL

Shares held by the promoters : (i) As at 31st March 2022

Promoter name	No. of shares	% of total shares	% change during the year
Equity shares			
Tega Industries Limited	2,000	100%	NIL

Note: 12 Other equity

Particulars	Refer below	31 March 2023	31 March 2022
Retained earnings	(i)	2,402,996	2,216,644
Total		2,402,996	2,216,644

Particulars	31 March 2023	31 March 2022
(i) Retained earnings		
Balance at the beginning of the year	2,216,644	2,173,387
Profit for the year	186,352	43,257
Balance at the end of the year	2,402,996	2,216,644

Nature and purpose of other reserves

Retained Earnings

Retained earnings are the profit that the Company has earned till date, less any transfer to general reserve, dividends or other distributions paid to shareholders.

Note: 13 Trade payables

Particulars	31 March 2023	31 March 2022
(a) Total outstanding dues of micro enterprises and small enterprises		
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Acceptances		
(ii) Others	84,142	650,080
Total	84,142	650,080

Trade payables ageing schedule: (i) As at 31 March 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Due	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(a) Undisputed total outstanding dues of micro and small enterprises							-
(b) Undisputed total outstanding dues of creditors other than micro and small enterprises							-
Third Party	49,172	34,970					84,142
Related Party	-	-					-
(c) Disputed dues of micro and small enterprises							-
(d) Disputed total outstanding dues of creditors other than micro and small enterprises							-
Total	49,172	34,970	-	-	-	-	84,142

Trade payables ageing schedule: (i) As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Due	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(a) Undisputed total outstanding dues of micro and small enterprises							-
(b) Undisputed total outstanding dues of creditors other than micro and small enterprises							-
Third Party	29,500	8,407					37,907
Related Party	-	612,173					612,173
(c) Disputed dues of micro and small enterprises							-
(d) Disputed total outstanding dues of creditors other than micro and small enterprises							-
Total	29,500	620,580	-	-	-	-	650,080

Note: 14 Other financial liabilities- current

Particulars	31 March 2023	31 March 2022
Employee related liabilities	39,900	100,113
Total	39,900	100,113

Note: 15 Current tax liabilities (net)

Particulars	31 March 2023	31 March 2021
Provision for income tax (net of advances)	297	-
Total	297	-

Note: 16 Other current liabilities

Particulars	31 March 2023	31 March 2022
Advances received from customers	10,560	5,040
Total	10,560	5,040

Note: 17 Revenue from operations

Particulars	31 March 2023	31 March 2022
Revenue from operations	6,389,248	5,115,551
Total	6,389,248	5,115,551

The company has recognised the following amounts relating to revenue in the Consolidated Statement of Profit and Loss:

Particulars	31 March 2023	31 March 2022
(i) Sale of products	6,389,248	5,115,551
(ii) Sale of services	-	-
Total	6,389,248	5,115,551

(i) Disaggregation of revenue from contracts with customers:

The company derives revenue from the transfer of goods and services in the following geographical regions:

Particulars	31 March 2023	31 March 2022
North America [including USD 7,063 (31 March 2022 : USD NIL) from Related Parties]	6,389,248	5,115,551
Total	6,389,248	5,115,551

(ii) The company has recognised the following revenue-related contract assets and liabilities:

Particulars	Notes	31 March 2023	31 March 2022
Contract assets	7	-	-
Total contract assets		-	-
Contract liabilities - Deferment of Revenue	16	-	-
Contract liabilities - Advance from customers	16	10,560	5,040
Total contract liabilities		10,560	5,040

(iii) Revenue recognised in relation to contract liabilities:

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

Particulars	31 March 2023	31 March 2022
Revenue recognised that was included in the contract liabilities balance at the beginning of the year:	5,040	27,720
Sale contracts	-	-

(iv) Unsatisfied long-term sale contracts:

The following table shows unsatisfied performance obligations resulting from long-term sale contracts.

Particulars	31 March 2023	31 March 2022
Aggregate amount of the transaction price allocated to long-term sale contracts that are partially or fully unsatisfied:	-	-

All other sale contracts are for periods of one year or less or are billed based on time incurred. As permitted under Ind-AS 115, the transaction price allocated to these unsatisfied contracts is not disclosed.

(v) The following table shows reconciliation of revenue recognised with contract price.

Particulars	31 March 2023	31 March 2022
Contract Price		
Adjustments for:		
Refund Liabilities - Claims/ Liquidating damages	-	-
Contract Liabilities - Unfulfilled obligations*	-	-
Total	-	-

* These unfulfilled obligations are expected to be settled within the next 12 months.

Note: 18 Other income

Particulars	31 March 2023	31 March 2022
(a) Interest income		
on financial instruments at amortised cost	-	27
(b) Other non-operating income		
Gain on sale of property, plant and equipment (Net)	(1,127)	-
Government grant#	-	(3)
Net gain on foreign currency transaction and translations	(3,091)	1,325
Total	(4,218)	1,349

#Government grant is received on account of COVID.

Tega Industries Inc
Notes to the Special Purpose Financial Information

(All amounts in USD, unless otherwise stated)

Note: 19 Purchase of Traded Goods

Particulars	31 March 2023	31 March 2022
Add: Purchases	4,536,363	3,847,488
Purchase of Traded Goods	4,536,363	3,847,488

Note: 20 Changes in inventories of finished goods

Particulars	31 March 2023	31 March 2022
Inventories at the end of the year:		
Finished Goods	640,372	1,125,969
	640,372	1,125,969
Less : Inventories at the beginning of the year:		
Finished Goods	1,125,969	1,182,647
	1,125,969	1,182,647
(Increase)/Decrease in finished goods	485,597	56,678
(Increase)/Decrease in finished goods	485,597	56,678

Tega Industries Inc
Notes to the Special Purpose Financial Information

(All amounts in USD, unless otherwise stated)

Note: 21 Employee benefits expense

Particulars	31 March 2023	31 March 2022
Salaries and wages	481,031	545,101
Contribution to provident and other funds	12,054	15,856
Staff welfare expenses	44,795	50,472
Total	537,880	611,429

Note: 22 Finance costs

Particulars	31 March 2023	31 March 2022
Interest expense on		
Bank Borrowings and Others	33	-
Total	33	-

Note: 23 Depreciation and amortisation expenses

Particulars	31 March 2023	31 March 2022
Depreciation of property, plant and equipment [refer note 3]	15,240	21,125
Total	15,240	21,125

Note: 24 Other expenses

Particulars	31 March 2023	31 March 2022
Rent	24,586	26,035
Repairs to others	2,794	363
Insurance expenses	24,748	27,385
Bank charges	688	59
Rates and taxes	1,406	70
Travelling and conveyance	66,474	65,564
Commission to selling agents	89,669	41,749
Packing and forwarding (net)	104,461	81,663
Postage, telephone and fax	12,479	12,845
Sales promotion expenses	8,054	11,753
Professional fees	216,238	222,305
Allowance for expected credit loss (including bad debts and advances written off)	11,702	8,597
Miscellaneous expenses	11,789	17,296
Total	575,088	515,683

Tega Industries Inc
Notes to the Special Purpose Financial Information

(All amounts in USD, unless otherwise stated)

Note: 25 Income tax expense
(a) Movement in deferred tax liability/ (assets)

Particulars	Provisions	Amounts allowable for tax purpose on payment basis	Others	Total
At 1 April 2021	(5,042)	(17,425)	6,565	(15,902)
Charged/ (credited):				
- to profit or loss #	(1,897)	(1,372)	2,549	(720)
- to other comprehensive income	-	-	-	-
At 31 March 2022	(6,939)	(18,797)	9,114	(16,622)
Charged/ (credited):				
- to profit or loss #	(2,583)	12,949	(4,323)	6,043
- to other comprehensive income	-	-	-	-
At 31 March 2023	(9,522)	(5,848)	4,791	(10,579)

(b) Income Tax Expense

Particulars	31 March 2023	31 March 2022
<i>Current tax</i>		
Current tax on profits for the year	42,434	21,960
Adjustments for current tax of prior years		
Total current tax expense	42,434	21,960
<i>Deferred tax</i>		
Origination & reversal of temporary differences	6,043	(720)
Total deferred tax expense/ (benefit)	6,043	(720)
Total tax expense/ (credit)	48,477	21,240

(c) Reconciliation of tax expense and the accounting profit multiplied by tax rate:

Particulars	31 March 2023	31 March 2022
Profit before tax	234,829	64,497
Tax on above @23.28% (31 March 2022 : 23.28%)	54,671	15,016
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax on Permanent Differences	(6,193)	-
Non deductible expenses	-	(633)
Taxes for earlier years	-	6,857
Total tax expense/ (credit)	48,478	21,240

Note: 26 Fair value measurements

Financial instruments by category

Particulars	31 March 2023		31 March 2022	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Investments				
- Mutual funds	-	-	-	-
Trade receivables	-	1,622,859	-	1,220,930
Cash and cash equivalents	-	118,320	-	536,103
Other financial assets	-	1,300	-	1,300
Total financial assets	-	1,742,479	-	1,758,333
Financial liabilities				
Trade payables	-	84,142	-	650,080
Other financial liabilities	-	-	-	-
Total financial liabilities	-	84,142	-	650,080

Note: 26 Financial risk management (continued)
(C) Market risk

(i) Foreign currency risk

The company deals with foreign currency bank accounts, trade receivables and contract assets, borrowings, trade payables and is therefore exposed to foreign exchange risk associated with exchange rate movement.

The company operates internationally and portion of the business is transacted in several currencies and consequently the company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies. The company primarily uses derivatives to hedge its risk against foreign currency balances of borrowings, trade payables, trade receivables and contract assets. Such exposures are managed within approved policy parameters utilising foreign exchange forward contracts and options. Further, the company also has variable interest rate loan in foreign currency. To manage its risk against interest rate movements the company has taken an interest rate swap. The company also enter into derivative contracts to hedge forecast sales and purchase transactions using forward contracts.

Foreign currency risk exposure

The company's exposure to foreign currency risk for major currencies at the end of the reporting period expressed in AUD (foreign currency amount multiplied by closing rate), are as follows:-

Particulars	AUD	CAD	EUR	31 March 2023 USD	ZAR	GBP	GHS
Financial assets							
Trade receivables and contract assets							
Third Party							
Related Party							
Bank balances							
Net exposure to foreign currency risk (assets)	-	-	-	-	-	-	-
Financial liabilities							
Trade and other payables							
Third Party							
Related Party							
Net exposure to foreign currency risk (liabilities)	-	-	-	-	-	-	-
Net exposure	-	-	-	-	-	-	-

Particulars	AUD	CAD	EUR	31 March 2022 USD	ZAR	GBP	GHS
Financial assets							
Trade receivables and contract assets							
Third Party							
Related Party							
Bank balances							
Net exposure to foreign currency risk (assets)	-	-	-	-	-	-	-
Financial liabilities							
Trade and other payables							
Third Party							
Related Party							
Net exposure to foreign currency risk (liabilities)	-	-	-	-	-	-	-
Net exposure	-	-	-	-	-	-	-

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	AUD	CAD	EUR	Impact on profit before tax USD	ZAR	GBP	GHS
31 March 2023							
USD appreciates by 5%*	-	-	-	-	-	-	-
USD depreciates by 5%*	-	-	-	-	-	-	-
31 March 2022							
USD appreciates by 5%*	-	-	-	-	-	-	-
USD depreciates by 5%*	-	-	-	-	-	-	-

* Holding all other variables constant

Note: 26 Financial risk management (continued)

(B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

(i) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity companyings based on their contractual maturities:

The amounts disclosed in the table are the contractual undiscounted cash flows:

Contractual maturities of financial liabilities 31 March 2023	Carrying Value	Contractual Cash Flows	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Non-derivatives						
Trade payables - Third Party	84,142	84,142	84,142			
Trade payables - Related Party	-	-	-			
Total non-derivative financial liabilities	84,142	84,142	84,142	-	-	-

** Based on closing rates

Contractual maturities of financial liabilities 31 March 2022	Carrying Value	Contractual Cash Flows	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Non-derivatives						
Trade payables - Third Party	37,907	37,907	37,907			
Trade payables - Related Party	612,173	612,173	612,173			
Total non-derivative financial liabilities	650,080	650,080	650,080	-	-	-

** Based on closing rates

Note: 26 Financial risk management

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (i.e. foreign currency risk, interest rate risk and price risk).

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk:

Risk	Exposure arising from	Management
Credit risk	Cash and cash equivalents, trade receivables and contract assets and other financial assets measured at amortised cost.	Diversification of bank deposits and investments. Entering into transactions with customers of repute / customers having sound financial position.
Liquidity risk	Financial liabilities that are settled by delivering cash or another financial asset.	Projecting cash flows and considering the level of liquid assets necessary to meet the liabilities.

(A) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables and contract assets) including deposits with banks, investments and other financial instruments. The company periodically monitors the recoverability and credit risks of its other financial assets including security deposits and other receivables.

i) Trade receivables and contract assets

Customer credit risk is managed by the management subject to the company's established policy, procedures and control relating to customer credit risk management. Trade receivables and contract assets are non-interest bearing. Outstanding customer receivables are regularly monitored.

At each reporting date the company measures loss allowance for certain class of financial assets based on historical trend industry practice and the business environment in which the company operates.

ii) Financial instruments and cash deposits

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

The company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2023 is the carrying amounts of trade receivables and contract assets, investments, balances with bank and other financial assets.

Provision for expected credit loss

In determination of the allowance for credit losses on receivables, the company has used a practical experience by computing the expected credit losses based on provision matrix, which has taken into account historical credit loss experience and adjusted for forward looking information. The company also analyses all its receivables periodically for recoverability assessment and wherever they have analysed that the receivable may be credit impaired on account of non recoverability, loss allowance on such receivables have been provided in full.

Details of allowances for expected credit loss are provided hereunder :-

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
At the beginning of the year	14,936	6,339
Provisions created/ (written back) during the year (net) (a)	11,702	8,597
Closing at the end of the year	26,638	14,936

Note: 27 Capital management

(a) Risk management

The company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, long term borrowings and short term borrowings.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

Net debt reconciliation

This section sets out an analysis of debt and the movements in net debt for the current year

Particulars	31 March 2023	31 March 2022
Cash and cash equivalents	118,320	536,103
Total	118,320	536,103

Particulars	Other assets	Liabilities from financing activities		Total
	Cash and cash equivalents	Non-current borrowings	Current borrowings	
Net debt as at 1 April 2022*	536,103	-	-	536,103
Cash flows	(417,783)	-	-	(417,783)
Net debt as at 31 March 2023*	118,323	-	-	118,323

*balances include interest accrued on borrowings

Particulars	Other assets	Liabilities from financing activities		Total
	Cash and cash equivalents	Non-current borrowings	Current borrowings	
Net debt as at 1 April 2021	192,685	-	-	192,685
Cash flows	343,418	-	-	343,418
Net debt as at 31 March 2022*	536,103	-	-	536,103

*balances include interest accrued on borrowings

Note: 28 Segment information

The Company is primarily engaged in the business of distributing specialised wear resistant rubber products in North America, primarily to the mining and material handling industries. In accordance with Ind AS-108 "Operating Segments", the Company has presented the segment information on the basis of its Consolidated Financial Statements

Note: 29 Earnings per share

	Particulars	31 March 2023	31 March 2022
	Computation of Earnings for Equity Shares		
A	Net Profit attributable to the shareholders of the company	186,352	43,257
B	Weighted average number of equity shares outstanding during the year other than which are dilutive	2,000	2,000
C	Effect of equity shares which are dilutive	-	-
D = (B+C)	Weighted average number of equity shares outstanding during the year (dilutive)	2,000	2,000
	Earnings per equity share		
A/B	Earnings per share - Basic	93	22
A/D	Earnings per share - Diluted	93	22

Note: 30 Related party Transaction

Related party disclosure pursuant to Ind AS 24 prescribed under the act

Details of related parties:

Description of relationship	Names of related parties
Ultimate Holding Company	Nihal Fiscal Services Private Limited (Incorporated in India)
Holding Company	Tega Industries Limited (Subsidiary of Nihal Fiscal Services Private Limited)
Fellow Subsidiaries	Tega Industries Chile SpA (TICS) Tega Industries Canada Inc, Canada (TIC) Tega Industries Australia Pty Ltd, Australia (TIAPL) Tega Do Brasil Servicos Tecnicos Limitda, Brasil (TDBSTL) Tega Investment Limited, Bahamas (TIL) (Ceased to be Subsidiary w.e.f November 14, 2022) Losugen Pty Ltd, Australia (LPL) Tega Holdings Pty Ltd, Australia (THFTY) Tega Holdings Pte Ltd, Singapore (THPTE) Tega Investment South Africa Pty Ltd, South Africa (TISAPL) Tega Industries Africa Pty Ltd, South Africa (TIAFL) Tega Equipment (Subsidiary w.e.f December 02, 2022 upto March 29, 2023) McNally Sayaji Engineering Limited (Subsidiary w.e.f February 24, 2023) MBE Coal & Mineral Technology India Pvt. Ltd. (Became Subsidiary on February 24, 2023 and Ceased to be subsidiary w.e.f March 29, 2023)
Joint Venture	Hosch Equipment (India) Limited
Key Management Personnel (KMP)	Madan Mohan Mohanka (Unpaid Position) Mehul Mohanka (Unpaid Position) Sandeep Biswas (upto 7th September 2022)

Note: Related parties have been identified by the Management.

Details of related party transactions for the year ended 31 March 2023 and balances outstanding as at 31 March 2023:

Particulars	TIL	TICS	TIC	Total
Purchase of Goods & Services	4,258,858	70,720	-	4,329,578
Sale of Goods & Services	-	-	7,063	7,063
Re-imbursement of Expenses	4,000	-	-	4,000
<u>Balances outstanding at the end of the year:</u>				
Trade Receivables	-	-	5,273	5,273
Advance to Suppliers	277,508	-	-	277,508

Details of related party transactions for the year ended 31 March 2022 and balances outstanding as at 31 March 2022:

Particulars	TIL	TICS	Total
Purchase of Goods & Services	3,563,952	1,856	3,565,808
Business Support Service Expense	100	-	100
Recovery of Expenses	369,566	-	369,566
Re-imbursement of Expenses	-	-	-
<u>Balances outstanding at the end of the year:</u>			
Trade Receivables	74,730	-	74,730
Trade Payables	612,173	-	612,173

Remuneration to KMP

During the year, the Company recognised an amount of USD 139,442 (31 March 2022 : 260,398 USD) as remuneration to key managerial personnel. The details of such remuneration is as below:

Particulars	31-Mar-23	31-Mar-22
Remuneration to KMP	139,442	260,398

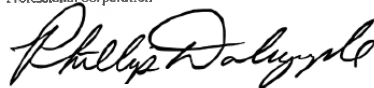
Note: 31 Relationship with Struck off Companies

The Company does not have any transactions/outstanding balances with any companies registered under the Companies Act, 2013 except for Tega Industries Limited.

Note: 32 Transaction in Crypto Currency

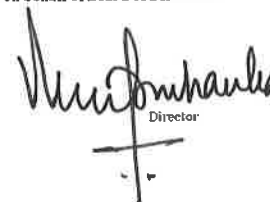
The Company has not traded or invested in Crypto Currency or virtual currency during the financial year.

For R&A CPAs
Professional Corporation



Place : Tucson, Arizona
Date : May 22, 2023

For and on behalf of Board of Directors



Director

Director

ANNEXURE I

TEGA INDUSTRIES CHILE SPA.

Estados financieros Consolidados

Al 31 de marzo de 2023 y 2022

CONTENIDO

Informe del auditor independiente
Estados consolidados de situación financiera
Estados consolidados de resultados
Estados consolidados de resultados integrales
Estados consolidados de cambios en el patrimonio
Estados consolidados de flujos de efectivo
Notas a los estados financieros consolidados

M\$ - Miles de pesos Chilenos

UF - Unidad de fomento





INFORME DEL AUDITOR INDEPENDIENTE

Santiago, 24 de mayo de 2023

Señores Accionistas y Directores
Tega Industries SpA.

Hemos efectuado una auditoría a los estados financieros consolidados adjuntos de Tega Industries SpA y subsidiaria, que comprenden los estados consolidados de situación financiera al 31 de marzo de 2023 y 2022 y los correspondientes estados consolidados de resultados, de resultados integrales, de cambios en el patrimonio y de flujos de efectivo por los años terminados en esas fechas y las correspondientes notas a los estados financieros consolidados.

Responsabilidad de la Administración por los estados financieros consolidados

La Administración es responsable por la preparación y presentación razonable de estos estados financieros consolidados de acuerdo con Normas Internacionales de Información Financiera. Esta responsabilidad incluye el diseño, implementación y mantención de un control interno pertinente para la preparación y presentación razonable de estados financieros consolidados que estén exentos de representaciones incorrectas significativas, ya sea debido a fraude o error.

Responsabilidad del auditor

Nuestra responsabilidad consiste en expresar una opinión sobre estos estados financieros consolidados a base de nuestras auditorías. Efectuamos nuestras auditorías de acuerdo con Normas de Auditoría Generalmente Aceptadas en Chile. Tales normas requieren que planifiquemos y realicemos nuestro trabajo con el objeto de lograr un razonable grado de seguridad de que los estados financieros consolidados están exentos de representaciones incorrectas significativas.

Una auditoría comprende efectuar procedimientos para obtener evidencia de auditoría sobre los montos y revelaciones en los estados financieros consolidados. Los procedimientos seleccionados dependen del juicio del auditor, incluyendo la evaluación de los riesgos de representaciones incorrectas significativas de los estados financieros consolidados, ya sea debido a fraude o error. Al efectuar estas evaluaciones de los riesgos, el auditor considera el control interno pertinente para la preparación y presentación razonable de los estados financieros consolidados de la entidad con el objeto de diseñar procedimientos de auditoría que sean apropiados en las circunstancias, pero sin el propósito de expresar una opinión sobre la efectividad del control interno de la entidad. En consecuencia, no expresamos tal tipo de opinión. Una auditoría incluye, también, evaluar lo apropiadas que son las políticas de contabilidad utilizadas y la razonabilidad de las estimaciones contables significativas efectuadas por la Administración, así como una evaluación de la presentación general de los estados financieros consolidados.

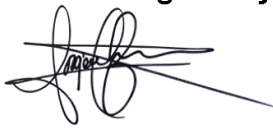
Consideramos que la evidencia de auditoría que hemos obtenido es suficiente y apropiada para proporcionarnos una base para nuestra opinión.



Santiago, 24 de mayo de 2023
Tega Industries SpA
2

Opinión

En nuestra opinión, los mencionados estados financieros consolidados presentan razonablemente, en todos sus aspectos significativos, la situación financiera de Tega Industries SpA y subsidiaria al 31 de marzo de 2023 y 2022, los resultados de sus operaciones y los flujos de efectivo por los años terminados en esas fechas de acuerdo con Normas Internacionales de Información Financiera.

DocuSigned by:

5F5C425C239947A...
Bruno Forgione M.
RUT: 25.177.640-7

PricewaterhouseCoopers

Tega Industries Chile S.P.A. y subsidiaria

Estados consolidados de Situación Financiera
al 31 de marzo de 2023 y 2022

Activos	Nota	2023 M\$	2022 M\$
Activos corrientes			
Efectivo y equivalentes al efectivo	6	361.467	871.394
Otros activos no financieros	7	1.930.958	923.440
Deudores comerciales y otras cuentas por cobrar	8	8.614.474	6.065.533
Cuentas por cobrar a entidades relacionadas	9a	60.122	68.176
Inventarios	10a	6.080.179	5.666.414
Activos por impuestos corrientes	11a	60.579	34.465
Total activos corrientes		<u>17.107.779</u>	<u>13.629.422</u>
Activos no corrientes			
Activos intangibles distintos de la plusvalía	12	96.975	114.414
Propiedades, planta y equipos	13	7.610.313	4.318.549
Activos por derecho de uso	14	4.334.789	2.372.574
Activos por impuestos diferidos	11c	555.121	1.116.585
Total activos no corrientes		<u>12.597.198</u>	<u>7.922.122</u>
Total activos		<u><u>29.704.977</u></u>	<u><u>21.551.544</u></u>

Las notas adjuntas forman parte integral de estos estados financieros consolidados.

Tega Industries Chile S.P.A. y subsidiaria

Estados consolidados de Situación Financiera
al 31 de marzo de 2023 y 2022

Pasivos y patrimonio	Nota	2023 M\$	2022 M\$
Pasivos corrientes			
Otros pasivos financieros	15a	5.198.381	4.080.096
Cuentas por pagar comerciales y otras cuentas por pagar	16	3.186.817	2.888.533
Cuentas por pagar a entidades relacionadas	9b	1.824.497	3.479.433
Pasivos por Impuestos corrientes	11b	754.238	5.234
Provisiones por beneficios a los empleados	17	197.002	168.017
Otros pasivos no financieros	18	-	11.668
Total pasivos corrientes		<u>11.160.935</u>	<u>10.632.981</u>
Pasivos no corrientes			
Cuentas por pagar a entidades relacionadas	9c	2.371.230	3.589.249
Otros pasivos financieros	15a	4.184.966	3.143.024
Pasivos por impuestos diferidos	11d	-	-
Total pasivos no corrientes		<u>6.556.196</u>	<u>6.732.273</u>
Total pasivos		<u>17.717.131</u>	<u>17.365.254</u>
Patrimonio			
Capital social	20a	28.758.994	24.062.466
Resultados acumulados		(16.458.790)	(19.563.870)
Otras reservas		<u>(312.492)</u>	<u>(312.418)</u>
Patrimonio atribuible a los propietarios de la controladora		11.987.712	4.186.178
Participaciones no controladoras	19	134	112
Patrimonio total		<u>11.987.846</u>	<u>4.186.290</u>
Total pasivos y patrimonio		<u>29.704.977</u>	<u>21.551.544</u>

Las notas adjuntas forman parte integral de estos estados financieros consolidados.

Tega Industries Chile S.P.A. y subsidiaria

Estados consolidados de resultados
Por los años terminados al 31 de marzo de 2023 y 2022

	Nota	31-03-2023 M\$	31-03-2022 M\$
Ingresos de actividades ordinarias	21a	31.756.686	23.090.869
Costo de ventas	21b	<u>(17.657.468)</u>	<u>(13.221.265)</u>
Margen bruto		14.099.218	9.869.604
Gastos de administración	21d	(7.721.995)	(5.643.362)
Otros ingresos	21c	106.401	168.787
Depreciación y amortización	21e	(1.705.415)	(1.299.771)
Ingresos financieros	21h	-	-
Costos financieros	21g	(954.324)	(582.203)
Diferencias de cambio, neto	21f	<u>(12.083)</u>	<u>(498.302)</u>
Resultado antes de impuesto a las ganancias		3.811.802	2.014.753
(Gasto)/beneficio por impuesto a las ganancias	21i	<u>(706.700)</u>	<u>(388.755)</u>
Ganancia del ejercicio		<u>3.105.102</u>	<u>1.625.998</u>

Las notas adjuntas forman parte integral de estos estados financieros consolidados.

Tega Industries Chile S.P.A. y subsidiaria

Estados consolidados de Resultados integrales
por los años terminados al 31 de marzo de 2023 y 2022

	31-03-2023	31-03-2022
Ganancia del ejercicio	3.105.102	1.625.998
Otros resultados integrales		
Ganancias (pérdidas) por diferencias de cambio de conversión de subsidiaria en el exterior	<u>(74)</u>	<u>12.481</u>
Resultado integral total	<u>3.105.028</u>	<u>1.638.479</u>
Resultado integral atribuible a:		
Propietarios de la controladora	3.105.006	1.638.647
Participaciones no controladoras	<u>22</u>	<u>(168)</u>
	<u>3.105.028</u>	<u>1.638.479</u>

Las notas adjuntas forman parte integral de estos estados financieros consolidados.

Tega Industries Chile S.P.A. y subsidiaria

Estados consolidados de Cambios en el Patrimonio
por los años terminados al 31 de marzo de 2023 y 2022

	Capital Social M\$	Conversión de moneda extranjera M\$	Otras Reservas M\$	Total Otras Reservas M\$	Ganancias (pérdidas) Acumuladas M\$	Patrimonio atribuible a los propietarios de la controladora M\$	Participaciones no controladoras M\$	Patrimonio total M\$
Saldo inicial al 1 de abril de 2022	24.062.466	281	(312.699)	(312.418)	(19.563.870)	4.186.178	112	4.186.290
Aumento (Disminución) de capital	4.696.528	-	-	-	-	4.696.528	-	4.696.528
Resultado integral:								
Ganancia del ejercicio	-	-	-	-	3.105.080	3.105.080	22	3.105.102
Otro resultado integral	-	-	(74)	(74)	-	(74)	-	(74)
Total cambios en el patrimonio	4.696.528	0	(74)	(74)	3.105.080	7.801.534	22	7.801.556
Saldo al 31 de marzo de 2023	28.758.994	281	(312.773)	(312.492)	(16.458.790)	11.987.712	134	11.987.846

	Capital Social M\$	Conversión de moneda extranjera M\$	Otras Reservas M\$	Total Otras Reservas M\$	Ganancias (pérdidas) Acumuladas M\$	Patrimonio atribuible a los propietarios de la controladora M\$	Participaciones no controladoras M\$	Patrimonio Total M\$
Saldo inicial al 1 de abril de 2021	24.062.466	(12.200)	(312.699)	(324.899)	(21.190.036)	2.547.531	280	2.547.811
Aumento (Disminución) de capital	-	-	-	-	-	-	-	-
Resultado integral:								
Ganancia del ejercicio	-	-	-	-	1.626.166	1.626.166	(168)	1.625.998
Otro resultado integral	-	12.481	-	12.481	-	12.481	-	12.481
Total cambios en el patrimonio	-	12.481	-	12.481	1.626.166	1.638.647	(168)	1.638.479
Saldo al 31 de marzo de 2022	24.062.466	281	(312.699)	(312.418)	(19.563.870)	4.186.178	112	4.186.290

Las notas adjuntas forman parte integral de estos estados financieros consolidados.

Tega Industries Chile S.P.A. y subsidiaria

Estados consolidados de Flujos de Efectivo
por los años terminados al 31 de marzo de 2023 y 2022

	Nota	2023 M\$	2022 M\$
Flujo originado por actividad de la operación			
Cobro procedentes de ventas de bienes y prestación servicios		67.490.567	31.688.404
Pago a proveedores por el suministro de bienes y servicios		<u>(83.279.035)</u>	<u>(34.386.520)</u>
Total flujos de efectivo netos usados en actividades de la operación		<u>(15.788.468)</u>	<u>(2.698.116)</u>
Flujo originado por actividades de inversión			
Deposito Plazo		-	-
Venta de propiedades, planta y equipos		11.300	28.000
Compra de propiedades, planta y equipos		<u>(4.257.730)</u>	<u>(1.508.983)</u>
Total flujos de efectivo netos usados en actividades de inversión		<u>(4.246.430)</u>	<u>(1.480.983)</u>
Flujo originado por actividades de financiamiento			
Operaciones con factoring		17.733.189	4.489.735
Préstamos de empresas relacionadas		2.378.211	-
Préstamos bancarios		<u>(586.429)</u>	<u>(545.178)</u>
Total flujos de efectivo netos provenientes de actividades de financiamiento		<u>19.524.971</u>	<u>3.944.557</u>
Variación neta de efectivo y efectivo equivalente		<u>(509.927)</u>	<u>(234.542)</u>
Saldo inicial de efectivo y efectivo equivalente		<u>871.394</u>	<u>1.105.936</u>
Saldo final de efectivo y efectivo equivalente		<u>361.467</u>	<u>871.394</u>

Las notas adjuntas forman parte integral de estos estados financieros consolidados.

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Las notas adjuntas forman parte integral de estos estados financieros consolidados.

Notas a los estados financieros consolidados

Al 31 de marzo de 2023 y 2022

1 Información general

Tega Industries Chile SPA, en adelante “la Sociedad” o “Matriz”, se constituyó en Chile como sociedad anónima cerrada estando sujeta a la Ley de Sociedades Anónimas N° 18.046 del 22 de octubre de 1981 y modificaciones posteriores.

La Sociedad fue constituida por escritura pública de fecha 05 de febrero de 1990 ante el Notario Público don Aliro Veloso Muñoz. Su legalización se publicó en el Diario Oficial de fecha 07 de febrero de 1990, y se inscribió en el Registro de Comercio del Conservador de Bienes Raíces de Santiago a fojas 17121 N° 8739 en el año 1992.

Para efectos de tributación en Chile, el rol único tributario (RUT) es el N° 96.574.420-7.

La Sociedad tiene por objeto la compra, venta, transformación y/o comercialización de toda clase de bienes corporales muebles, pudiendo también realizar importaciones, exportaciones y, en general, cualquier operación de comercio exterior, la representación de empresas y bienes relacionados con lo anterior, la intermediación de los mismos bienes, el asesoramiento en aspectos técnicos y comerciales y, por último, todas las operaciones o negocios que acuerden los accionistas y que tengan relación con su objeto. La duración de la Sociedad será indefinida.

Propiedad

a) La propiedad de la Sociedad al 31 de marzo de 2023 es la siguiente:

Accionistas	N° acciones clase A	N° acciones clase B	N° acciones clase C
Tega Holding Pte. Ltd.	38.727	-	271.173
Total	38.727	-	271.173

b) La propiedad de la Sociedad al 31 de marzo de 2022 es la siguiente:

Accionistas	N° acciones clase A	N° acciones clase B	N° acciones clase C
Tega Holding Pte. Ltd.	38.727	-	217.218
Total	38.727	-	217.218

Por lo tanto, el controlador de la Sociedad es Tega Holding Pte. Ltd.

El domicilio social y las oficinas principales de la Sociedad se encuentran en la comuna de Quilicura, Chile, en calle Av. Galvarino N° 7701, teléfono N° (56-2) 24848301.

La Sociedad mantiene dos subsidiarias las que se mencionan en Nota 2.

El personal que integra Tega Industries Chile SPA al 31 de marzo de 2023 y 2022 se distribuye de la siguiente forma:

Áreas	Gerencial		Técnicos		Trabajadores		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Comercial	2	3	6	6	4	4	12	13
Administración	11	8	41	43	-	-	52	51
Producción	2	2	16	16	56	52	74	70
Totales	15	13	63	65	60	56	138	134

2 Resumen de principales políticas contables

A continuación, se describen las principales políticas contables adoptadas por el Grupo en la preparación y presentación de los presentes estados financieros consolidados.

Tal como lo requieren las NIIF, estas políticas contables han sido diseñadas en función a las NIIF vigentes al 31 de marzo de 2023.

Bases de preparación

Los presentes estados financieros consolidados de la Sociedad por los doce meses terminados el 31 de marzo de 2023 han sido preparados de acuerdo con Normas Internacionales de Información Financiera (NIIF) emitidas por el International Accounting Standards Board (IASB).

En la preparación de estos estados financieros consolidados la Administración de la Sociedad ha aplicado su mejor entendimiento de las NIIF, sus interpretaciones y de los hechos y circunstancias que están vigentes a la fecha de su preparación, lo que representa de manera integral explícita y sin restricciones de las normas internacionales.

La preparación de los presentes estados financieros consolidados, conforme a las NIIF, exige el uso de ciertas estimaciones y criterios contables. También exige a la Administración de la Sociedad que ejerza su juicio en el proceso de aplicar las políticas contables. En Nota sobre Responsabilidad de la información y estimaciones y criterios contables se revelan las áreas que implican un mayor grado de juicio o complejidad o las áreas donde las estimaciones son significativas para las cuentas reveladas.

El criterio general usado por la Sociedad para la valorización contable de sus activos y pasivos es el costo, excepto ciertos activos financieros que se registran a valor razonable.

Períodos contables

Los presentes estados financieros consolidado comprenden los períodos que a continuación se mencionan:

- Estados consolidados de situación financiera al 31 de marzo de 2023 y 2022.
- Estados consolidados de resultados por los períodos comprendidos entre el 1 de abril de 2022 y 2020 y el 31 de marzo de 2023 y 2022.
- Estados consolidados de resultados integrales por los períodos comprendidos entre el 1 de abril de 2022 y 2020 y el 31 de marzo de 2023 y 2022.
- Estados consolidados de cambios en el patrimonio por los períodos comprendidos entre el 1 de abril de 2022 y 2020 y el 31 de marzo de 2023 y 2022.
- Estados consolidados de flujos de efectivo por los períodos comprendidos entre el 1 de abril de 2022 y 2020 y el 31 de marzo de 2023 y 2022.

Bases de presentación

Los estados financieros consolidados se presentan en miles de pesos chilenos, sin decimales, por ser ésta la moneda de presentación del Grupo.

En los estados consolidados de situación financiera adjuntos, los activos y pasivos se clasifican en función de sus vencimientos entre corrientes, aquellos con vencimiento igual o inferior a doce meses, y no corrientes, aquellos cuyo vencimiento es superior a doce meses, de acuerdo con la NIC N°1.

A su vez, en los estados consolidados de resultados se presentan los gastos clasificados por función, identificando las depreciaciones y gastos del personal en base a su naturaleza y el estado consolidado de flujos de efectivo se presenta por el método directo.

El estado consolidado de situación financiera al 31 de marzo de 2023 se presenta comparado con los correspondientes al 31 de marzo 2022.

Los estados consolidados de resultados, de resultados integrales, de flujos de efectivo y de cambios en el patrimonio muestran los movimientos de los períodos comprendidos entre el 1 de abril de 2022 y 2020 y el 31 de marzo de 2023 y 2022.

Bases de consolidación

a) Grupo Tega Industries Chile

Al 31 de marzo de 2023 y 2022 Tega Industries Chile SpA controla directamente una subsidiaria.

En sus estados financieros consolidados Tega Industries Chile SpA ha consolidado todas aquellas sociedades en las cuales posee el control de la operación en sus negocios.

A continuación, se muestra el Grupo Tega Industries Chile SpA a las fechas que se indican, precisando su principal línea de negocios, tipo de Sociedad, país y moneda funcional:

Sociedades	Tipo	País	Moneda funcional	31.03.2023 %	31.03.2022 %
Tega Industries Chile SpA	Matriz	Chile	Pesos		-
Edoctum S.A.	Matriz / Subsidiaria	Chile	Pesos	99,89%	99,89%
Edoctum Perú S.A.C.	Subsidiaria indirecta	Perú	Pesos	-	-

b) Subsidiaria

Subsidiaria es toda entidad dependiente sobre las que Tega Industries Chile SpA tiene poder para dirigir las políticas financieras y de explotación que viene acompañado generalmente de una participación superior a la mitad de los derechos de voto.

A la hora de evaluar si Tega Industries Chile SpA controla otra entidad se considera la existencia y el efecto de los derechos potenciales de voto que sean ejercibles o convertibles a la fecha de cierre de los estados financieros.

Las subsidiarias se consolidan a partir de la fecha en que se transfiere el control a Tega Industries Chile SpA y se excluyen de la consolidación en la fecha en que cesa el mismo.

Para contabilizar la compra de subsidiarias, Tega Industries Chile SpA utiliza el método de adquisición.

Este método de adquisición establece que el costo de adquisición corresponde al valor razonable de los activos entregados y de los pasivos incurridos o asumidos en la fecha de intercambio.

b) Subsidiaria (Continuación)

Los activos identificables adquiridos y los pasivos y contingencias identificables asumidos en una combinación de negocios se valoran inicialmente por su valor razonable a la fecha de adquisición, con independencia del alcance de las participaciones no controladoras. El exceso del costo de adquisición sobre el valor razonable de la participación de la Sociedad en los activos netos identificables adquiridos se reconoce como un activo denominado Plusvalía. Si el costo de adquisición es menor que el valor razonable de los activos netos de la subsidiaria adquirida, la diferencia se reconoce directamente en resultados.

Como parte del proceso de consolidación se eliminan las transacciones, los saldos por cobrar y/o pagar y los resultados no realizados por operaciones entre la Sociedad matriz con sus subsidiarias y entre sus subsidiarias.

Las políticas contables de las subsidiarias son uniformes con las de Tega Industries Chile SpA.

Las participaciones no controladoras se presentan en el rubro patrimonio neto del estado consolidado de situación financiera clasificado.

La ganancia o pérdida atribuible a la participación no controladora se presenta en el estado consolidado de resultados por función conformando la ganancia (pérdida) del ejercicio.

Los resultados de las transacciones entre los accionistas no controladores y los accionistas de las empresas donde se comparte la propiedad se registran dentro del patrimonio y, por lo tanto, se muestran en el estado consolidado de cambios del patrimonio neto.

b.1) Subsidiaria en Chile

Edoctum S.A.: la principal actividad de la Sociedad es la participación y realización de eventos técnicos, cursos, seminarios y congresos.

b.2) Subsidiaria indirecta en Perú

Edoctum Perú S.A.C.: la principal actividad de la Sociedad es brindar servicios de asesoramiento empresarial.

Transacciones en moneda extranjera**a) Moneda funcional, de presentación y extranjera**

Los importes incluidos en los estados financieros consolidados de la Sociedad se valoran utilizando la moneda del entorno económico principal en que la entidad opera (moneda funcional).

La moneda de presentación de los estados financieros consolidados de la Sociedades pesos chilenos, siendo esta moneda no hiperinflacionaria durante los ejercicios reportados.

Todas las operaciones que realiza la Sociedad en una moneda diferente a la moneda funcional son tratadas como moneda extranjera y se registran a tipo de cambio vigente a la fecha de la transacción.

Los saldos de activos y pasivos monetarios denominados en moneda extranjera se presentan valorizados a tipo de cambio de cierre de cada ejercicio.

Transacciones en moneda extranjera (Continuación)

b) Tipo de cambio de moneda extranjera y variación de la unidad de fomento

Los tipos de cambio de las principales divisas y las variaciones de unidades de fomento utilizadas en los procesos contables la Sociedad, respecto al peso chileno, al 31 de marzo de 2023 y 2022 son los siguientes:

Moneda Unidad reajuste	31.03.2023	31.03.2022
Dólar americano	790,41	787,98
Unidad de fomento	35.575,48	31.727,74

Efectivo y equivalentes al efectivo

Se considera efectivo y equivalentes al efectivo los saldos de dinero mantenido en caja y en cuentas corrientes bancarias, los depósitos a plazo y otras inversiones financieras seguras (valores negociables de fácil liquidación) con vencimiento a menos de 90 días desde la fecha de inversión.

Las líneas de sobregiros bancarias utilizadas se incluyen en los préstamos que devengan intereses en el ítem otros pasivos financieros corrientes.

Criterios de valorización de activos y pasivos financieros

De acuerdo con NIIF 9, inicialmente todos los activos y pasivos financieros deben ser valorizados según su valor razonable más o menos, en el caso de activos o pasivos financieros que se contabilice como a valor razonable con cambios en resultados, los costos de transacción que son directamente identificables a la adquisición o emisión del activo financiero o del pasivo financiero.

Las valorizaciones posteriores de los activos y pasivos financieros dependerán de la categoría en la que se hayan clasificado, la Sociedad mantiene las siguientes categorías:

- Activos y pasivos (instrumentos) financieros medidos a costo amortizado,
- Activos y pasivos (instrumentos) financieros a valor razonable con cambios en resultados y otros resultados integrales.

Los instrumentos financieros se dan de baja cuando los derechos a recibir o pagar flujos de efectivo de estos instrumentos han vencido o se han transferido y la Sociedad ha traspasado sustancialmente todos los riesgos y ventajas derivados de su titularidad.

a) Activos y pasivos (instrumentos) financieros medidos a costo amortizado

Los instrumentos financieros no derivados con pagos fijos o determinables que no cotizan en un mercado activo.

Se incluyen en esta categoría los deudores comerciales, otras cuentas por cobrar, pasivos financieros, otras cuentas por pagar del activo y pasivo corriente, excepto aquellos deudores o acreedores cuyos vencimientos son superiores a 12 meses desde la fecha del estado financiero consolidado que se clasifican como activo o pasivo no corriente.

Su reconocimiento se realiza a través del costo amortizado, registrándose directamente en resultados el devengamiento de las condiciones pactadas.

La Sociedad evalúa en la fecha de cada estado financiero consolidado si existe evidencia objetiva de que un instrumento/activo financiero o un grupo de instrumentos/activos financieros puedan haber sufrido pérdidas por deterioro.

a) Activos y pasivos (instrumentos) financieros medidos a costo amortizado (Continuación)

En el caso Deudores y otras cuentas por cobrar se incluyen en la definición de activos financieros y la medición de estos activos se ha realizado en el modelo de Costo Amortizado. De acuerdo con el modelo de costo amortizado, un activo financiero se clasifica como medido posteriormente al costo amortizado según la NIIF 9 si cumple con los dos criterios siguientes:

- Prueba de espera para recopilar el modelo de negocio: el activo se mantiene dentro de un modelo de negocio cuyo objetivo es mantener el activo financiero para recopilar los flujos de efectivo contractuales.
- La existencia de dificultades financieras significativas por parte del deudor, la probabilidad de que el deudor entre en quiebra o reorganización financiera y la falta o mora excesiva en los pagos se consideran indicadores de que la cuenta a cobrar se podría haber deteriorado.

En la aplicación del interés efectivo se aplica materialidad (considerando montos y plazos).

Importes por cobrar hasta un año se registran a sus valores nominales. Cuando excede dicho plazo, se procede a su descuento, a fin de reconocer la porción de ingresos financieros.

b) Activos y pasivos (instrumentos) financieros a valor razonable con cambios en resultados y otros resultados integrales

Los activos y pasivos financieros a valor razonable con cambios en resultados son instrumentos financieros mantenidos para negociar.

Un instrumento financiero se clasifica en esta categoría si se adquiere principalmente con el propósito de venderse en el corto plazo.

Los derivados también se clasifican como adquiridos para su negociación a menos que sean designados como coberturas.

Los instrumentos de esta categoría se clasifican como activos y pasivos corrientes.

Su valorización posterior se realiza mediante la determinación de su valor razonable, registrándose en resultados, en otras ganancias (pérdidas) los cambios de valor.

Deudores comerciales y otras cuentas por cobrar (neto de provisión para deterioros de valor)

Las cuentas comerciales se reconocen como activo cuando la Sociedad genera su derecho de cobro, en base a los criterios de reconocimiento de ingresos que se exponen más adelante.

Las cuentas comerciales por cobrar se reconocen inicialmente por su valor razonable y posteriormente por su costo amortizado de acuerdo con el método del tipo de interés efectivo, menos la provisión por pérdidas por deterioro del valor.

Para cuantificar el monto del deterioro comprometido, la administración evalúa periódicamente los casos particulares y sujetos a ser considerados como incobrables, realizando análisis cuantitativos y cualitativos.

Provisión para pérdidas crediticias esperadas

En la determinación de la provisión para pérdidas crediticias en deudores comerciales, la compañía ha utilizado una experiencia práctica al calcular las pérdidas crediticias esperadas en función de construir una matriz/tabla de recuperación de créditos de los últimos tres períodos contables de 12 meses, que ha tenido en cuenta la experiencia histórica de pérdidas crediticias y se ha ajustado para la información prospectiva, determinando un valor estimado de créditos no recuperados a la fecha de cierre de los estados financieros, adicionalmente, se analiza el comportamiento de cada cliente evaluando individualmente cada saldo de cuenta por cobrar para identificar riesgos de incobrabilidad para ser provisionada 100%.

Inventarios

La Sociedad valoriza sus inventarios al menor valor entre el costo y el valor neto realizable. Se entiende por valor neto realizable el precio de venta estimado en el transcurso normal de los negocios, menos los costos estimados para realizar la venta.

En aquellos casos que el valor neto realizable es menor al costo, se realiza una provisión por el diferencial del valor con cargo a resultados del ejercicio.

Los inventarios corresponden a materias primas PU, cañerías, adaptadores e insumos.

Obsolescencia de inventario

La política de provisiones por obsolescencia de la Sociedad contempla los siguientes criterios:

- a. Todo el producto terminado que se encuentra en el inventario durante más de 3 años, se requiere una provisión del 100% por obsolescencia
- b. Todo el material que se clasifica como Suministros y se encuentra en el inventario por más de 2 años, se requiere una provisión del 100% por obsolescencia
- c. Toda la materia prima está agrupada en 5 categorías:
 - i. Cerámica: Toda la cerámica que tenga más de 2 años en el inventario requerirá la provisión; siguiendo la siguiente tabla:

Año / Detalle	3-4 años	4-5 años	5-6 años	6-7 años	>7 años
% de provisión	20%	40%	60%	80%	100%

- ii. Poliuretano: todo el poliuretano que se encuentra en el inventario por más de 3 años requerirá la provisión a una tasa del 100%
- iii. Refuerzo: Todos los refuerzos que tengan más de 2 años en el inventario requerirán la provisión; siguiendo la siguiente tabla:

Año / Detalle	2-3 años	3-4 años	>4 años
% de provisión	30%	60%	100%

- iv. Caucho: Todos los refuerzos que tienen más de 2 años en el inventario requerirán la provisión a una tasa del 100%

Obsolescencia de inventario (Continuación)

- v. Tubería: Todos los refuerzos que se encuentran más de 3 años en el inventario requerirán la provisión, pero hasta un máximo del 50%; según la siguiente tabla:

Año / Detalle	3-4 años	4-5 años	5-6 años	6-7 años	>7 años
% de provisión	10%	20%	30%	40%	50%

Activos intangibles distintos a la plusvalía

Los activos intangibles corresponden principalmente a derechos de marca, gastos de adquisición y desarrollo de software computacionales y adquisición de licencias de uso de software.

a) Derechos de marca

Los derechos de marca adquiridos por la Sociedad corresponden al registro comercial de las principales marcas utilizadas tanto en el mercado nacional como en el extranjero.

b) Costos de adquisición y desarrollo de software computacional

Los costos de adquisición y desarrollo de software computacional relevante y específico para la Sociedad son activados y amortizados en el ejercicio en que se espera generar ingresos por su uso.

c) Licencias de uso de software

La Sociedad mantiene activado licencias de uso de software, las que amortiza en sus respectivos periodos de cobertura.

Propiedades, planta y equipos

Se clasifican en propiedades, planta y equipos aquellos elementos de activos fijos utilizados en las actividades operacionales de la Sociedad.

a) Valorización inicial

Los elementos de activo fijo incluidos en propiedades, planta y equipos, salvo terrenos y obras en curso, se reconocen por su costo inicial menos depreciación y pérdidas por deterioro acumuladas, si las hubiera.

Los terrenos y obras en curso se presentan a sus costos iniciales netos de pérdidas por deterioro acumuladas, si las hubiera.

El costo inicial de propiedades, planta y equipos incluye todas aquellas erogaciones directamente atribuibles a la adquisición y/o construcción del activo fijo y hasta la fecha en que quede en condiciones de cumplir con el objetivo para el cual fue adquirido y/o construido.

En el financiamiento de un activo a través de créditos directos e indirectos, respecto de los intereses, la política es capitalizar dichos costos durante el periodo de construcción o adquisición.

Las adquisiciones pactadas en una moneda diferente a la moneda funcional o en una unidad reajutable se convierten a dicha moneda funcional al tipo de cambio o unidad reajutable vigente al día de la adquisición.

b) Valorización posterior

La Sociedad opta por valorizar los elementos de propiedades, planta y equipos al costo neto de depreciaciones y pérdidas por deterioro acumuladas, si correspondiere.

Los costos derivados de mantenimientos diarios y reparaciones comunes son reconocidos en el resultado del ejercicio.

Las reposiciones de partes o piezas importantes y de repuestos estratégicos se capitalizan y deprecian a lo largo del resto de la vida útil de los activos, sobre la base del enfoque por componentes.

Los costos posteriores se incluyen en el valor del activo inicial o se reconocen como un activo separado, sólo cuando es probable que los beneficios económicos futuros asociados con los elementos del activo fijo vayan a fluir a la Sociedad y el costo del elemento pueda determinarse de forma fiable.

Reparaciones y mantenciones a los activos fijos se cargan en el resultado del ejercicio en el que se incurren.

Cuando el valor de un activo fijo es superior a su importe recuperable estimado, su valor se reduce de forma inmediata hasta su importe recuperable, con cargo a los resultados del ejercicio (a menos que pueda ser compensada con una revaluación positiva anterior, con cargo a patrimonio).

Las pérdidas o ganancias por la venta de propiedades, planta y equipos se calculan comparando los ingresos obtenidos por la venta, con el valor en libros del activo (neto de depreciación y deterioro acumulado) y se incluyen en el estado consolidado de resultados.

a) Depreciación y amortización

La depreciación se calcula utilizando el método lineal distribuyéndose en forma sistemática a lo largo de su vida útil.

La vida útil de los activos se ha determinado principalmente en base al deterioro natural esperado y su obsolescencia técnica o comercial.

A continuación, las vidas útiles y valores residuales:

Clase de activos en propiedad, planta y equipos	Vidas útiles (en años)	
	Desde	Hasta
Planta y equipos	3	16
Equipamiento de tecnologías de la información	3	6
Instalaciones fijas y accesorias	4	10
Vehículos de motor	4	10
Otras propiedades, planta y equipos	3	10

Además, en el caso de activos en bienes arrendados su vida útil puede amortizarse hasta la duración del contrato de arrendamiento.

El valor residual y la vida útil de los activos se revisan, y ajustan si es necesario, en cada cierre de los estados financieros consolidados anuales.

Arrendamientos

La adopción de la IFRS 16 ha dado lugar a que la Compañía reconozca un activo por derecho de uso y un pasivo por arrendamiento relacionado con todos los arrendamientos operativos anteriores, excepto aquellos identificados como de bajo valor o que tienen un plazo de arrendamiento restante de menos de 12 meses desde la fecha de la aplicación inicial.

La Norma ha sido aplicada usando el enfoque retrospectivo modificado, con el activo por derecho de uso reconocido a un monto igual al valor presente del pasivo por arrendamiento, ajustado por el monto de cualquier pago de arrendamiento pagado anticipado o acumulado relacionado con esos arrendamientos. Los períodos anteriores no se han actualizado.

Para los arrendamientos con un plazo de arrendamiento restante de menos de 12 meses y para los arrendamientos de activos de bajo valor, la Compañía ha aplicado las exenciones opcionales para no reconocer los activos por derecho de uso pero para contabilizar el gastos de arrendamiento sobre una base lineal durante el plazo restante del arrendamiento.

La Compañía contabiliza cada componente de arrendamiento dentro del contrato como un arrendamiento por separado de los componentes del contrato que no son de arrendamiento y asigna la contraprestación en el contrato a cada componente de arrendamiento sobre la base del precio independiente relativo del componente de arrendamiento y el agregado. precio independiente de los componentes no arrendados. La Compañía reconoce el activo por derecho de uso que representa su derecho a usar el activo subyacente durante el plazo del arrendamiento en la fecha de inicio del arrendamiento. El costo del activo por derecho de uso medido al inicio comprende el monto de la medición inicial del pasivo por arrendamiento ajustado por cualquier pago de arrendamiento realizado en o antes de la fecha de comienzo.

Ciertos acuerdos de arrendamiento incluyen opciones para extender o terminar el arrendamiento antes de que finalice el plazo del arrendamiento. Los activos por derecho de uso y los pasivos por arrendamiento incluyen estas opciones cuando hay una certeza razonable de que dichas opciones se ejercerían.

Los activos por derecho de uso se miden posteriormente al costo menos cualquier depreciación acumulada, pérdidas por deterioro acumuladas, si las hubiera, y se ajustan por cualquier nueva medición del pasivo por arrendamiento. Los activos por derecho de uso se deprecian utilizando el método de línea recta desde la fecha de inicio sobre el plazo más corto del arrendamiento o la vida útil del activo por derecho de uso.

Los activos por derecho de uso se someten a pruebas de deterioro siempre que exista algún indicio de que su valor en libros puede no ser recuperable. La pérdida por deterioro, si la hubiera, se reconoce en el estado de pérdidas y ganancias.

El pasivo por arrendamiento se mide al valor presente de los pagos por arrendamiento que no se pagan en la fecha de inicio del arrendamiento. Los pagos del arrendamiento se descuentan utilizando la tasa de interés implícita en el arrendamiento, si esa tasa se puede determinar fácilmente. Si esa tasa no se puede determinar fácilmente, la Compañía utiliza la tasa de interés incremental. El pasivo por arrendamiento se vuelve a medir posteriormente aumentando el valor en libros para reflejar los intereses sobre el pasivo por arrendamiento, reduciendo el valor en libros para reflejar los pagos de arrendamiento realizados y volviendo a medir el valor en libros para reflejar cualquier reevaluación o modificación del arrendamiento. La Compañía reconoce el monto de la nueva medición del pasivo por arrendamiento como un ajuste al activo por derecho de uso. Cuando el valor en libros del activo por derecho de uso se reduce a cero y hay una reducción adicional en la medición del pasivo por arrendamiento, la Compañía reconoce cualquier monto restante de la nueva medición en el estado de pérdidas y ganancias.

Los pagos variables por arrendamiento no incluidos en la medición de los pasivos por arrendamiento se cargan al estado de resultados en el período en el que ocurren los eventos o condiciones que desencadenan esos pagos.

Pérdidas por deterioro de valor de los activos no financieros

Los activos fijos sujetos a amortización (Propiedades, planta y equipos) se someten a pruebas de pérdidas por deterioro siempre que algún suceso o cambio en las circunstancias del negocio indique que el valor libros de los activos puede no ser recuperable.

Se reconoce una pérdida por deterioro cuando el valor libros es mayor que su valor recuperable. El valor recuperable de un activo es el mayor entre el valor razonable de un activo menos los costos de venta y su valor en uso.

A efectos de evaluar el deterioro, los activos se agrupan al nivel más bajo para el que existen flujos de efectivo identificables por separado.

Los activos no financieros distintos de la Plusvalía comprada que hubieran sufrido una pérdida por deterioro en periodos anteriores se someten a prueba en cada fecha de cierre del estado financiero consolidado para verificar si se hubiesen producido reversiones de las pérdidas.

Las pérdidas por deterioro de valor pueden ser reversadas contablemente sólo hasta el monto de estas pérdidas reconocidas en ejercicios/periodos anteriores, de tal forma que el valor libros de estos activos no supere el valor que hubiesen tenido de no efectuarse dichos ajustes. Este reverso se registra en la cuenta otras ganancias (pérdidas).

Capital emitido

Las acciones ordinarias se clasifican como patrimonio neto.

Cuentas por pagar comerciales y otras cuentas por pagar

Los proveedores se reconocen inicialmente a su valor razonable y posteriormente se valoran por su costo amortizado utilizando el método de tasa de interés efectivo, para aquellas transacciones significativas de plazos superiores a un año.

Préstamos que devengan intereses

Los Préstamos que devengan intereses, clasificados dentro del rubro otros pasivos financieros, se reconocen inicialmente a su valor razonable, el que corresponde al valor en la colocación descontado de todos los gastos de transacción directamente asociados a ella, para luego ser controlados utilizando el método del costo amortizado en base a la tasa efectiva.

Impuesto a las ganancias e impuestos diferidos

a) Impuesto a las ganancias

El gasto por impuesto a las ganancias se calcula en función del resultado contable antes de impuestos, aumentado o disminuido, según corresponda, por las diferencias derivadas de los ajustes para dar cumplimiento a las disposiciones tributarias vigentes.

b) Impuestos diferidos

Los impuestos diferidos se calculan, de acuerdo con el método de balance, sobre las diferencias temporarias que surgen entre las bases fiscales de los activos y pasivos y sus importes en libros en las cuentas anuales.

El impuesto diferido se determina usando las tasas de impuesto (y leyes) aprobadas o a punto de aprobarse en la fecha del balance y que se espera aplicar cuando el correspondiente activo por impuesto diferido se realice o el pasivo por impuesto diferido se liquide.

Los activos por impuestos diferidos se reconocen en la medida en que es probable que vaya a disponerse de beneficios fiscales futuros con los cuales se puede compensar las diferencias temporarias, o existan diferencias temporarias imponibles suficientes para absorberlos.

Beneficios a los empleados

La Sociedad reconoce el gasto por vacaciones del personal mediante el método del devengo. Este beneficio corresponde a todo el personal y equivale a un importe fijo según los contratos particulares de cada trabajador. Este beneficio es registrado a su valor nominal.

La Sociedad no mantiene el beneficio del pago de indemnizaciones por años de servicio a todo evento, por lo que no se provisiona importe alguno.

Provisiones

Las provisiones son reconocidas cuando se tiene una obligación jurídica actual o constructiva como consecuencia de acontecimientos pasados, cuando se estima que es probable que algún pago sea necesario para liquidar la obligación y cuando se puede estimar adecuadamente el importe de esa obligación.

Reconocimiento de ingresos

De acuerdo con lo establecido en NIIF 15 “Ingresos de contratos a clientes”, los ingresos ordinarios se reconocen por un monto que refleja las contraprestaciones recibidas o a recibir que la Sociedad tiene derecho a cambio de transferir bienes o servicios a un cliente. La sociedad ha analizado y tomado en consideración todos los hechos y circunstancias relevantes al aplicar cada paso del modelo establecido por NIIF 15 a los contratos con sus clientes:

- (a) Identificación del contrato;
- (b) Identificar obligaciones de desempeño;
- (c) Determinar el precio de la transacción;
- (d) Asignar el precio; y
- (e) Reconocer el ingreso.

Reconocimiento de ingresos (continuación)

La Sociedad también ha evaluado la existencia de costos incrementales de la obtención de un contrato y los costos directamente relacionados con el cumplimiento de un contrato, por lo cual, la Sociedad, reconoce los ingresos cuando se han cumplido satisfactoriamente los pasos establecidos en la norma y, es probable que los beneficios económicos futuros vayan a fluir a ellas y se cumplen las condiciones específicas para cada una de las actividades de la Sociedad, tal y como se describe a continuación:

- a) Tega Industries Chile SpA
 - Venta de productos y soluciones para abrasión, desgaste, corrosión y sistemas de transporte de líquidos en la industria minera.
 - La prestación de servicios de administración al resto del Holding, sobre base devengada.
- b) Edoctum S.A. y Edoctum Perú S.A.C.

Los ingresos de estas Sociedades corresponden a la organización de cursos y congresos centrados en el rubro de la minería. Estos cursos y congresos se dictan en hoteles dentro y fuera de Santiago y Lima; y las materias a tratar son relacionadas con el rubro minero.

- c) Los otros ingresos por función se reconocen cuando se establece el derecho a recibir el pago.

Medio ambiente

En el caso de existir pasivos ambientales se registran sobre la base de la interpretación actual de leyes y reglamentos ambientales, cuando sea probable que una obligación actual se produzca y el importe de dicha responsabilidad se pueda calcular de forma fiable.

Las inversiones en obras de infraestructura destinadas a cumplir requerimientos medioambientales son activadas siguiendo los criterios contables generales para Propiedades, planta y equipos.

Investigación y desarrollo

Estos gastos son presentados en la cuenta gastos de administración del estado consolidado de resultados integrales. Estos gastos son registrados en el ejercicio/período en que se incurren.

Gastos en publicidad

Los gastos de publicidad se reconocen en resultados cuando son devengados.

Gastos por seguros de bienes y servicios

Los pagos de las diversas pólizas de seguro que contrata la Sociedad son reconocidos en gastos en proporción al periodo de tiempo que cubren, independiente de los plazos de pago. Los valores pagados y no consumidos se reconocen como otros activos no financieros en el activo corriente y no corrientes, según corresponda.

Los costos de los siniestros se reconocen en resultados inmediatamente después de conocidos. Los montos por recuperar se registran en el rubro deudores comerciales y otras cuentas por cobrar como un activo a recibir de las compañías de seguros, calculados de acuerdo con lo establecido en las pólizas de seguro, una vez que se cumple con todas las condiciones que garantizan su recuperación.

3 Gestión de riesgos financieros

La Gerencia de la Sociedad, ha determinado que la administración del riesgo financiero será gestionada directamente, la cual será responsable de proveer de financiamiento y administrar los riesgos de tasa de interés, liquidez, riesgo de inflación y riesgo de crédito, de acuerdo con los procedimientos y objetivos determinados. Esta función opera de acuerdo con un marco de políticas y procedimientos que es revisado regularmente para cumplir con el objetivo de administrar el riesgo proveniente de las necesidades del negocio y las variables del mercado.

3.1 Riesgo de liquidez

La Sociedad define el riesgo de liquidez a la dificultad que se presenta al no poder cumplir con las obligaciones asociadas con sus pasivos financieros. En consecuencia, la empresa se ha enfocado en asegurar en forma constante y suficiente la liquidez con el objeto de cumplir con sus obligaciones, ya sea para condiciones de crisis o normales.

El riesgo de liquidez de la empresa es mitigado periódicamente a través de la determinación anticipada de las necesidades de financiamiento, necesarias para el desarrollo de sus planes de inversión, financiamiento del capital de trabajo y cumplimiento de obligaciones financieras. Estas fuentes de financiamiento se componen de la generación de flujos propios obtenidos de la operación y fuentes de financiamiento interno y externo, para los cuales, la administración mantiene indicadores de solvencia que permitan contar con líneas de financiamiento disponibles y abiertas que permitan abordar eventuales necesidades de financiamiento en óptimas condiciones crediticias.

La Sociedad actualiza sus proyecciones de flujos de caja y recurrentemente efectúa un análisis de la situación financiera, del entorno económico y análisis del mercado de deuda con el objeto de, en caso de requerirlo, contratar nuevos financiamientos o reestructurar créditos existentes a plazos que sean coherentes con la capacidad de generación de flujos del negocio en que participa la Sociedad.

La deuda de la Sociedad se encuentra concentrada en el corto plazo, que a su vez corresponde a deudas con entidades financieras, proveedores y empresas relacionadas, sin embargo, la liquidez de la compañía no se ve afectada, dado que esta se encuentra garantizada en su totalidad por la casa matriz Tega Industries Limited en India.

3.2 Riesgo de crédito

La Sociedad define riesgo de crédito a la pérdida posible de originarse debido a la cesación de pago de un cliente, cuyo origen está en los Deudores comerciales y otras cuentas por cobrar. No obstante, dada la calidad de los clientes (empresas mineras de primer nivel), el riesgo es muy bajo.

La Sociedad atiende principalmente a una multiplicidad de clientes del área minera, en la zona norte y centro en Chile, además en Perú.

Al cierre del ejercicio, los deudores comerciales y otras cuentas por cobrar, netos de deterioro, que han sido clasificadas dentro de esta categoría y su exposición es la siguiente:

Tipo de deudores	31.03.2023		31.03.2022	
	M\$	% Sobre activos totales	M\$	% Sobre activos totales
Total activo	29.704.977	100%	21.551.544	100%
Deudores por ventas	8.574.415	28,87%	6.037.651	28,02%
Cientes en cartera	7.011.620	23,61%	4.260.429	19,77%
Cientes en factoring	1.673.559	5,63%	1.885.973	8,75%
Estimación de deterioro por incobrables	(110.764)	(0,37%)	(108.751)	(0,50%)
Otras cuentas por cobrar	40.059	0,13%	27.882	0,11%
Cuentas corrientes con el personal	40.059	0,13%	27.882	0,11%
Otras cuentas por cobrar	-	-	-	-
Total deudores comerciales y otras cuentas por cobrar	8.614.474	29,00%	6.065.533	28,13%

3.3 Riesgo de tasa de interés

La Sociedad busca tener la mayor parte de su deuda en tasa de interés fija y en moneda nacional, de tal forma de evitar la exposición a fluctuaciones de otras monedas que puedan ocurrir en la tasa de interés variable y que puedan aumentar los gastos financieros de manera descontrolada. En este sentido, la Sociedad posee una muy baja exposición al riesgo asociado a las fluctuaciones de las tasas de interés en el mercado.

Actualmente, la Sociedad mantiene una posición conservadora en cuanto a su política de inversión en instrumentos financieros afectos a tasa de interés, los que en este momento no mantiene instrumentos de renta fija o variable. A la fecha de cierre de estos Estados financieros consolidados, la sociedad no mantiene deudas financieras afecta a tasas de interés variable, por lo tanto, no existe riesgo por esta naturaleza.

Actualmente, la Sociedad ha realizado y/o mantiene obligaciones financieras en sociedades bancarias cuya clasificación de riesgo es la siguiente:

Bancos	Solvencia al 31 de marzo de 2023				
	Feller Rate	Fitch Chile	Humphreys	ICR	S&P
Banco de Chile	AAA	AAA	-	-	A
Factoring ACF Capital	-	AAA	AAA	-	-
Comercial de Valores Factoring SpA - COVAL	BBB	-	BBB	-	-

Los Pasivos financieros que mantiene la Sociedad están remunerados a tasas de interés fija, eliminando el riesgo de las variaciones en las tasas de interés de mercado.

3.4 Riesgo por fluctuaciones del tipo de cambio

La Administración ha determinado como política mantener un equilibrio entre los flujos operacionales y los flujos de sus pasivos financieros, con el objetivo de minimizar la exposición al riesgo de variaciones en el tipo de cambio. La Sociedad opera principalmente con deudas en pesos chilenos, sin embargo, mantiene deudas con empresas relacionadas significativas que podrían verse afectadas en caso de fluctuaciones del tipo de cambio.

Al cierre del ejercicio, la Sociedad posee saldos significativos en monedas distintas de la funcional, que tienen exposición significativa al riesgo de tipo de cambio. A continuación, se muestra el siguiente detalle:

Tipo de deuda	Moneda	País	31.03.2023		31.03.2022	
			M\$	% Sobre total pasivo	M\$	% Sobre total pasivo
Total pasivo			17.717.131	100%	17.365.254	100%
Tega Industries Ltd.	Dólar americano	India	1.676.930	9,47%	2.592.968	14,94%
Tega Industries Agencia en Chile	Dólar americano	Chile	30.208	0,17%	30.208	0,17%
Edoctum Perú S.A.C.	Dólar americano	Perú	-	-	-	-
Tega Holding Pte.	Dólar americano	Singapur	117.359	0,66%	856.257	4,93%
Cuentas por pagar a entidades relacionadas, corrientes			1.824.497	10,30%	3.479.433	20,04%

4 Responsabilidad de la información y estimaciones y criterios contables

La información contenida en estos estados financieros consolidados es responsabilidad del Directorio de la Sociedad, que manifiesta expresamente que se han aplicado en su totalidad los principios y criterios contables incluidos en las NIIF.

En la preparación de los estados financieros consolidados se han utilizado estimaciones y juicios realizados por la Gerencia de la Sociedad, para cuantificar algunos de los activos, pasivos, ingresos, gastos y compromisos que figuran registrados en ellos.

Las estimaciones y juicios se evalúan continuamente y se basan en la experiencia histórica y otros factores, incluidas las expectativas de sucesos futuros que se creen razonables bajo las circunstancias.

Por ello los resultados reales que se observen en fechas posteriores pueden diferir de estas estimaciones. Las principales estimaciones y juicios se refieren básicamente a:

- Vidas útiles de propiedades, planta y equipo, intangibles, entre otros.

5 Nuevos pronunciamientos contables

a) Normas, interpretaciones y enmiendas obligatorias por primera vez para los ejercicios financieros iniciados el 1 de enero de 2023.

NIIF 17 “Contratos de Seguros”. Publicada en mayo de 2017, reemplaza a la actual NIIF 4. La NIIF 17 cambiará principalmente la contabilidad para todas las entidades que emitan contratos de seguros y contratos de inversión con características de participación discrecional. La norma se aplica a los períodos anuales que comiencen a partir del 1 de enero de 2023.

Enmiendas a la NIC 1 “Presentación de estados financieros” y NIC 8 “Políticas Contables, Cambios en las Estimaciones Contables y Errores”, publicada en febrero de 2021. Las modificaciones tienen como objetivo mejorar las revelaciones de políticas contables y ayudar a los usuarios de los estados financieros a distinguir entre cambios en las estimaciones contables y cambios en las políticas contables. Esta enmienda debe ser aplicada a los períodos anuales que comiencen a partir del 1 de enero de 2023.

Modificación de la NIC 12 - Impuestos diferidos relacionados con activos y pasivos que surgen de una sola transacción. Estas modificaciones requieren que las empresas reconozcan impuestos diferidos sobre transacciones que, en el reconocimiento inicial, dan lugar a montos iguales de diferencias temporarias imponibles y deducibles. Esta enmienda debe ser aplicada a los períodos anuales que comiencen a partir del 1 de enero de 2023.

La adopción de las normas, enmiendas e interpretaciones antes descritas, no tienen un impacto significativo en los estados financieros consolidado de la Sociedad.

5 Nuevos pronunciamientos contables (continuación)**b) Normas, interpretaciones y enmiendas emitidas, cuya aplicación aún no es obligatoria, para las cuales no se ha efectuado adopción anticipada.**

Normas, interpretaciones y enmiendas	Obligatoria para ejercicios iniciados a partir de
Enmienda a la NIC 1 “Pasivos no corrientes con covenants”, la modificación tiene como objetivo mejorar la información que una entidad entrega cuando los plazos de pago de sus pasivos pueden ser diferidos dependiendo del cumplimiento de covenants dentro de los doce meses posteriores a la fecha de emisión de los estados financieros.	01/01/2024
Enmiendas a la IFRS 16 “Arrendamientos” sobre ventas con arrendamiento posterior, la que explica como una entidad debe reconocer los derechos por uso del activo y como las ganancias o pérdidas producto de la venta y arrendamiento posterior deben ser reconocidas en los estados financieros.	01/01/2024

La administración de la Sociedad estima que la adopción de las normas, interpretaciones y enmiendas antes descritas, no tendrá un impacto significativo en los estados financieros consolidado de la Sociedad en el período de su primera aplicación.

6 Efectivo y equivalentes al efectivo

El Efectivo y equivalentes al efectivo, corresponde a los saldos en dinero y en cuentas corrientes bancarias que mantiene la Sociedad, además de depósitos a plazo con vencimiento a menos de 90 días.

La composición del efectivo y equivalentes al efectivo al 31 de marzo de 2023 y 2022 es la siguiente:

Efectivo y equivalentes al efectivo	31.03.2023 M\$	31.03.2022 M\$
Caja y banco	104.198	603.651
Depósito a plazo	257.269	232.034
Boletas de Garantía	-	35.709
Totales	361.467	871.394

a) Disponible

Corresponde a saldos en efectivo y en cuentas corrientes bancarias.

b) Depósito a plazo

Corresponde a saldos en depósito a plazo al 31-03-2023 con vencimientos menores a 90 días.

c) Boleta de Garantía

Corresponde a boletas de garantía entregadas en efectivo a los clientes.

7 Otros activos no financieros

Su desglose a las fechas que se indican es el siguientes:

Otros activos no financieros	31.03.2023 M\$	31.03.2022 M\$
Anticipos a proveedores	1.612.876	823.087
Garantía de arriendos	213.743	43.015
Otros gastos anticipados	104.339	57.338
Totales	1.930.958	923.440

8 Deudores comerciales y otras cuentas por cobrar

- a) La composición de deudores comerciales y otras cuentas por cobrar, neto es la siguiente a las fechas que se indican:

	31.03.2023		31.03.2022	
	M\$	%	M\$	%
Deudores por ventas	8.574.415	99,53%	6.037.651	99,54%
Cientes en cartera	7.011.620	81,39%	4.260.429	70,24%
Cientes en factoring	1.673.559	19,43%	1.885.973	31,09%
Estimación de deterioro por incobrables	(110.764)	(1,29%)	(108.751)	(1,79%)
Otras cuentas por cobrar	40.059	0,47%	27.882	0,46%
Cuentas corrientes con el personal	40.059	0,47%	27.882	0,46%
Otras cuentas por cobrar	-	-	-	-
Total deudores comerciales y otras cuentas por cobrar, neto	8.614.474	100%	6.065.533	100%

- b) La antigüedad de los deudores comerciales y otras cuentas por cobrar corrientes, neto es la siguiente:

Antigüedad de saldos	31.03.2023	31.03.2022
	M\$	M\$
Menos de 30 días de vencidos	-	870.372
31 a 60 días de vencidos	-	-
61 a 90 días de vencidos	59.887	1.908
91 a 180 días de vencidos	-	26.712
Más de 180 días vencidos	63.945	53.129
Deudores no vencidos	8.601.406	5.222.163
Total, sin incluir estimación de deterioro	8.725.238	6.174.284
Menos estimación de deterioro por incobrables	(110.764)	(108.751)
Total	8.614.474	6.065.533

- c) El desglose por moneda de los deudores comerciales y otras cuentas a cobrar corrientes, neto es el siguiente:

Saldos por monedas	31.03.2023	31.03.2022
	M\$	M\$
Pesos chilenos	7.434.142	5.896.628
Dólares americanos	1.180.332	168.905
Total	8.614.474	6.065.533

- d) El movimiento para los períodos reportados de la estimación de deterioros por incobrables se muestra a continuación:

Movimiento estimación de deterioros por incobrables	Período	Período
	2023-2022	2022-2020
	M\$	M\$
Saldo inicial	(108.751)	(379.629)
Usos de estimaciones	(2.013)	270.878
Saldo final	(110.764)	(108.751)

9 Transacciones entre entidades relacionadasa) Cuentas por cobrar a entidades relacionadas, corrientes

RUT relacionada	Nombre parte relacionada	Naturaleza de la relación	País origen	Saldos al		Tipo moneda o reajuste	Plazo de la transacción
				31.03.2023 M\$	31.03.2022 M\$		
-	Tega Holding Pte. Lts. Sucursal de Perú	Matriz en común	Perú	47.457	-	Pesos	-12 meses
-	Tega Industries Limited	Matriz en común	India	-	55.549	Pesos	-12 meses
-	Tega Industries Inc	Socio en común	EUA	-	-	Pesos	-12 meses
76.008.208-2	Edoctum S.A.	Subsidiaria	Chile	-	-	Pesos	-12 meses
-	Tega Do Brasil Servicio Ltda.	Matriz en común	Brasil	12.665	12.627	Pesos	-12 meses
Total activo corriente				60.122	68.176		

b) Cuentas por pagar a entidades relacionadas, corrientes

RUT relacionada	Nombre parte relacionada	Naturaleza de la relación	País origen	Saldos al		Tipo moneda o reajuste	Plazo de la transacción
				31.03.2023 M\$	31.03.2022 M\$		
	Tega Industries Ltd.	Matriz en común	India	1.676.930		Dólar	Indefinido
					2.592.968		
59.163.230-2	Tega Industries Agencia en Chile	Matriz en común	Chile	30.208	30.208	Dólar	-12 meses
-	Edoctum Perú S.A.C.	Subsidiaria indirecta	Perú	-	-	Dólar	-12 meses
-	Tega Holding Pte. (intereses)	Accionista	Singapur	117.359	908.113	Dólar	-12 meses
	Tega Holding Pte. Lts. Sucursal de Perú	Matriz en común	Perú		(51.856)	Dólar	-12 meses
Total pasivo corriente				1.824.497	3.479.433		

c) Cuentas por pagar a entidades relacionadas, no corrientes

RUT relacionada	Nombre parte relacionada	Naturaleza de la relación	País origen	Saldos al		Tipo moneda o reajuste	Plazo de la transacción
				31.03.2023 M\$	31.03.2022 M\$		
-	Tega Holding Pte. (Capital)	Accionista	Singapur	2.371.230	3.589.249	Dólar	18 meses
Total pasivo no corriente				2.371.230	3.589.249		

9 Transacciones entre entidades relacionadas (Continuación)

d) El directorio de la sociedad matriz y sus subsidiarias está conformado por:

Nombre y apellido	Cargo	Duración	Remuneración
Mehul Mohanka	Director	Indefinido	Cargo no remunerado
Madan Mohanka	Director	Indefinido	Cargo no remunerado
Syed Yaver Iman	Director	Indefinido	Cargo no remunerado
Ashwani Maheshwari	Director Independiente	Indefinido	Cargo no remunerado

d.1) El personal clave dentro de la organización de la sociedad matriz es:

Nombre y apellido	Cargo	Vínculo con la organización
Juan Bustamante	Gerente General	Representante Legal
Manish Manwani	Gerente de Finanzas	Representante Legal

10 Inventarios

La composición de los inventarios a las fechas que se indican es el siguiente:

Inventarios	31.03.2023 M\$	31.03.2022 M\$
Productos terminados	888.967	324.993
Productos en proceso	131.453	614.785
Materias primas y materiales	5.243.573	4.916.379
Estimación de deterioro por obsolescencia	(183.814)	(189.743)
Totales	6.080.179	5.666.414

El movimiento para los períodos reportados de la estimación de deterioro por obsolescencia se muestra a continuación:

Movimiento estimación de deterioro por obsolescencia	Período 2023/2022 M\$	Período 2022/2021 M\$
Saldo inicial	(189.743)	(122.419)
Estimación del período	-	(67.324)
Usos de estimaciones (*)	5.929	-
Saldo final	(183.814)	(189.743)

(*) la Sociedad realizó el uso de estimación en obsolescencia de inventarios por M\$ 5.929 bajo el concepto de venta de material obsoleto como chatarra en el periodo terminado al 31 de marzo de 2023.

El costo de los inventarios reconocido como Costo de ventas en el ejercicio terminado el 31 de marzo de 2023 asciende a M\$ 17.657.468 (M\$ 13.221.265 en el período terminado al 31 de marzo de 2022).

Durante los períodos reportados no se han entregado inventarios en prenda como garantía.

El valor en libros de los inventarios no supera los precios actuales de realización, descontados los gastos de venta (valor neto de realización).

11 Activos y pasivos por impuestos corrientes y diferidos no corrientes

a) Activos por impuestos corrientes

Los Activos por impuestos corrientes se detallan a continuación:

	31.03.2023 M\$	31.03.2022 M\$
Pagos provisionales mensuales	-	-
Otros impuestos por recuperar	60.579	34.465
Totales	60.578	34.465

11 Activos y pasivos por impuestos corrientes y diferidos no corrientes (Continuación)

b) Pasivos por impuestos corrientes

Los pasivos por impuestos corrientes se detallan a continuación:

	31.03.2023 M\$	31.03.2022 M\$
Impuesto a las ganancias por pagar	146.083	5.234
Impuesto Adicional a Interese	147.199	-
I.V.A. Por Pagar	460.956	-
Totales	754.238	5.234

c) Activos por impuestos diferidos no corriente

Los impuestos diferidos corresponden al monto de impuesto sobre las ganancias que el Grupo tendrá que pagar (pasivos) o recuperar (activos) en períodos futuros, relacionados con diferencias temporarias entre la base fiscal o tributaria y el importe contable en libros de ciertos activos y pasivos.

Los Activos por impuestos diferidos se detallan a continuación:

	31.03.2023 M\$	31.03.2022 M\$
<u>No Corrientes</u>		
Provisión de vacaciones	53.191	45.365
Provisión deudores incobrables	29.906	29.363
Provisión obsolescencia	49.630	51.231
Provisión de intereses	31.687	219.524
Variación neta entre existencia	73.669	58.108
Variación entre activo fijo tributario y financiero (neto)	232.579	87.595
Impacto arrendamientos operativos NIIF 16	84.459	70.902
Perdida tributaria	-	554.497
Totales activos por impuestos diferidos, no corrientes	555.121	1.116.585

d) Pasivos por impuestos diferidos no corrientes

Los Pasivos por impuestos diferidos se detallan a continuación:

	31.03.2023 M\$	31.03.2022 M\$
<u>No Corrientes</u>		
Variación entre activo fijo tributario y financiero (neto)	-	-
Impacto arrendamientos operativos NIIF 16	-	-
Totales pasivos por impuestos diferidos, no corrientes	-	-

12 Activos intangibles distintos de plusvalía

a) Los importes de intangibles para los períodos reportados se muestran a continuación:

<u>Intangibles actuales</u>	Software M\$	Derechos de marca M\$	Total M\$
Saldo inicial al 01 de abril de 2022			
Valor bruto	234.283	35.518	269.801
Amortización acumulada	(119.869)	(35.518)	(155.387)
<u>Variaciones</u>			
Aumentos	43.658	-	43.658
Amortización del período	(61.097)	-	(61.097)
Saldo final al 31 de marzo de 2023	96.975	-	96.975
<u>Intangibles anteriores</u>			
Saldo inicial al 01 de abril de 2021			
Valor bruto	106.708	35.518	142.226
Amortización acumulada	(70.054)	(35.518)	(105.572)
<u>Variaciones</u>			
Aumentos	127.576	-	127.576
Amortización del período	(49.816)	-	(49.816)
Saldo final al 31 de marzo de 2022	114.414	-	114.414

b) Efecto en resultados por amortización de intangibles

	31.03.2023 M\$	31.03.2022 M\$
Gastos de depreciación y amortización	61.097	49.816
Totales	61.097	49.816

13 Propiedades, planta y equipos, neto

Propiedades, planta y equipos se registra contablemente conforme a las políticas contables informadas en la Nota 2.

a) Saldos al 31 de marzo de 2023 y 2022

Clases de propiedades, planta y equipos	31.03.2023			31.03.2022		
	Valor bruto M\$	Depreciación acumulada M\$	Valor neto M\$	Valor bruto M\$	Depreciación acumulada M\$	Valor neto M\$
Terreno	2.717.713	-	2.717.713	-	-	-
Planta y equipos	10.046.566	(6.226.732)	3.819.834	8.606.114	(5.561.987)	3.044.127
Equipamiento de tecnologías de la información	323.430	(260.832)	62.598	305.104	(217.029)	88.075
Instalaciones fijas y accesorias	1.393.147	(738.384)	654.763	1.185.550	(525.730)	659.820
Vehículos de motor	109.281	(109.281)	-	137.120	(130.672)	6.448
Instalaciones en Curso	355.405	-	355.405	520.079	-	520.079
Otras propiedades, planta y equipos	108.715	(108.715)	-	108.715	(108.715)	-
Totales	15.054.257	(7.433.944)	7.610.313	10.862.682	(6.544.133)	4.318.549

b) Movimiento para los períodos 2023 y 2022

<u>Movimiento período 2023-2022</u>	Terreno	Planta y equipos	Equipamiento tecnologías de la información	Instalaciones Fijas y accesorias	Vehículos de Motor	Instalaciones en Curso	Otras propiedades, planta y equipo	Total
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
Saldo inicial al 01.04.2022	-	3.044.128	88.075	659.820	6.448	520.079	-	4.318.550
Adiciones/ (Bajas)	2.717.713	1.478.769	18.327	207.596	-	(164.675)	-	4.257.730
Gastos por depreciación	-	(703.062)	(43.804)	(212.653)	(6.448)	-	-	(965.967)
Saldo final al 31.03.2023	2.717.713	3.819.835	62.598	654.763	-	355.404	-	7.610.313

<u>Movimiento período 2022-2021</u>	Terreno	Planta y equipos	Equipamiento tecnologías de la información	Instalaciones Fijas y accesorias	Vehículos de Motor	Instalaciones en Curso	Otras propiedades, planta y equipo	Total
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
Saldo inicial al 01.04.2021	-	3.068.872	20.847	332.447	16.870	196.975	631	3.636.642
Adiciones/ (Bajas)	-	685.055	95.949	404.874	-	323.104	-	1.508.982
Gastos por depreciación	-	(709.799)	(28.721)	(77.501)	(10.422)	-	(631)	(827.074)
Saldo final al 31.03.2022	-	3.044.128	88.075	659.820	6.448	520.079	-	4.318.550

13 Propiedades, planta y equipos, neto (Continuación)

c) Deterioro de valor

Durante el período reportado no se han generado deterioros de valor de propiedades, planta y equipos.

d) Propiedades, planta y equipos en garantía

El Grupo no presenta garantías en relación con propiedades planta y equipos.

14 Activos por derechos de uso

Los activos por derechos de uso se registran contablemente conforme a las políticas contables informadas en la Notas 2 y 6.

a) Saldos al 31 de marzo de 2023 y 2022

Clases de propiedades, planta y equipo	31-03-2022			Valor bruto M\$	Depreciación acumulada M\$	Valor neto M\$
	Valor bruto M\$	Depreciación acumulada M\$	Valor neto M\$			
Planta y equipo	5.161.315	(1.037.174)	4.124.141	2.757.031	(390.207)	2.366.824
Vehículos de motor	261.424	(50.776)	210.648	38.423	(32.673)	5.750
Totales	5.422.739	(1.087.950)	4.334.789	2.795.454	(422.880)	2.372.574

b) Movimiento para los períodos 2023 y 2022

	Planta y equipo M\$	Vehículos de motor M\$	Total M\$
Movimiento año 2023-2022	M\$	M\$	M\$
Saldo inicial	2.366.824	5.750	2.372.574
Aumentos	2.044.224	246.329	2.290.553
Aumento por variación en índices (UF)	334.626	15.387	350.013
Gastos por depreciación	(621.533)	(56.818)	(678.351)
Saldo final	4.124.141	210.648	4.334.789

Movimiento para los períodos 2022 y 2021

	Planta y equipo M\$	Vehículos de motor M\$	Total M\$
Movimiento año 2022-2021	M\$	M\$	M\$
Saldo inicial	2.292.916	36.706	2.329.622
Adiciones	261.142	-	261.142
Aumento por variación en índices (UF)	202.973	1.717	204.690
Gastos por depreciación	(390.207)	(32.673)	(422.880)
Saldo final	2.366.824	5.750	2.372.574

15 Otros pasivos financieros

- a) A continuación, se muestran los principales pasivos financieros corrientes y no corrientes vigentes a las fechas que se indican:

	Corrientes		No corrientes	
	31-03-2023 M\$	31-03-2022 M\$	31-03-2023 M\$	31-03-2022 M\$
Otros pasivos financieros				
Préstamos que devengan intereses	3.412.551	3.775.338	518.706	812.605
Pasivos por arrendamiento	1.785.830	304.758	3.666.260	2.330.419
Totales	5.198.381	4.080.096	4.184.966	3.143.024

15 Otros pasivos financieros (Continuación)

b) Detalle de otros pasivos financieros corriente y no corrientes

Al 31 de Marzo de 2023

Prestamos que devengan intereses

	Acreeedor	Hasta 30 días	Entre 31 y 90 días	Más 90 días hasta 1 año	Total corriente	Más 1 año hasta 3 años	Entre 3 y 5 años	Mas de 5 años	Total no corriente	Tipo Amortiza- ción	Tasa nominal promedio
Préstamo Banco de Chile	Banco Chile	-	-	1.501.779	1.501.779	-	-	-	-	Mensual	0,60%
Forward Banco Chile	Banco Chile	146.041	-	-	146.041	-	-	-	-	Trimestral	
Forward Banco BCI	Banco Chile Banco BCI	-	-	36.310	36.310	-	-	-	-	Semestral	
Préstamo Banco Chile Fogape	Banco Chile	-	63.488	-	63.488	-	-	-	-	Mensual	0,32%
Prestamo Axis Bank	Axis Bank	-	-	-	-	-	518.706	-	518.706	Mensual	0,40%
Factoring BCI	BCI Factoring	1.047.520	-	-	1.047.520	-	-	-	-	Mensual	0,72%
Factoring Consorcio	Consorcio	617.413	-	-	617.413	-	-	-	-	Mensual	1,20%
Total		1.810.974	63.488	1.538.089	3.412.551	-	518.706	-	518.706		
Obligaciones Financieras											

Pasivos por arrendamientos

	Acreeedor	Hasta 30 días	Entre 31 y 90 días	Más 90 días hasta 1 año	Total corriente	Más 1 año hasta 3 años	Entre 3 y 5 años	Mas de 5 años	Total no corriente	Tipo Amortiza- ción	Tasa nominal promedio
Arrendamiento de vehículo	Econorent y Avis	-	-	71.996	71.996	146.054	-	-	146.054	Mensual	0,91%
Arrendamiento planta y equipos	Inversión Slam Ltda.	-	-	168.621	168.621	162.199	-	-	162.199	Mensual	0,42%
Arrendamiento	Inmobiliaria MIP Ltda.	-	-	48.561	48.561	-	-	2.446.425	2.446.425	Mensual	0,71%

planta y equipos											
Arrendamiento	Inmobiliaria	-	-	9.448	9.448	-	-	-	-	Mensual	0,36%
planta y equipos	Ruta 26										
Arrendamiento											
planta y equipos	Banco BCI	-	-	1.126.232	1.126.232	-	-	-	-	Mensual	0,97%
Arrendamiento											
planta y equipos	Banco Chile	-	-	100.910	100.910	-	422.633	-	422.633	Mensual	0,86%
Arrendamiento	Rentas										
planta y equipos	Buenaventura	-	-	251.439	251.439	471.600	-	-	471.600	Mensual	0,91%
Arrendamiento	Atco Sabinco	-	-	8.623	8.623	17.349	-	-	17.349	Mensual	0,91%
planta y equipos											
Total, pasivos				1.785.830	1.785.830	797.202	422.633	2.446.425	3.666.260		
por											
arrendamientos											
Totales		1.810.974	63.488	3.323.919	5.198.381	797.202	941.339	2.446.425	4.184.966		

15 Otros pasivos financieros (Continuación)

c) Detalle de otros pasivos financieros corriente y no corrientes

Al 31 de Marzo de 2022

Prestamos que devengan intereses

	Acreedor	Hasta 30 días	Entre 31 y 90 días	Más 90 días hasta 1 año	Total corriente	Más 1 año hasta 3 años	Entre 3 y 5 años	Mas de 5 años	Total no corriente	Tipo Amortización	Tasa nominal promedio
Préstamo Banco de Chile	Banco Chile	-	-	1.497.162	1.497.162	-	-	-	-	Mensual	0,24%
Forward Banco Chile	Banco Chile	-	75.899	-	75.899	-	-	-	-	Trimestral	
Forward Banco BCI	Banco Chile Banco BCI	-	-	14.138	14.138	-	-	-	-	Semestral	
Préstamo Banco Chile Fogape	Banco Chile	-	-	311.913	311.913	-	-	-	-	Mensual	0,32%
Prestamo Axis Bank	Axis Bank	-	-	-	-	-	812.605	-	812.605	Mensual	0,40%
Factoring BCI	BCI Factoring	1.368.223	-	-	1.368.223	-	-	-	-	Mensual	0,72%
FActoring ACF Capital	ACF Capital	508.003	-	-	508.003	-	-	-	-	Mensual	1,20%
Total		1.876.226	75.899	1.823.213	3.775.338	-	812.605	-	812.605		
Obligaciones Financieras											

Pasivos por arrendamientos

	Acreedor	Hasta 30 días	Entre 31 y 90 días	Más 90 días hasta 1 año	Total corriente	Más 1 año hasta 3 años	Entre 3 y 5 años	Mas de 5 años	Total no corriente	Tipo Amortización	Tasa nominal promedio
Arrendamiento de vehículo	Econorent	-	-	6.449	6.449	-	-	-	-	Mensual	0,38%
Arrendamiento planta y equipos	Inversión Slam Ltda.	-	-	143.007	143.007	-	295.040	-	295.040	Mensual	0,42%
Arrendamiento planta y equipos	Inmobiliaria MIP Ltda.	-	-	46.733	46.733	-	-	2.035.379	2.035.379	Mensual	0,71%

Arrendamiento	Inmobiliaria	-	-	8.479	8.479	-	-	-	-	Mensual	0,36%
planta y equipos	Ruta 26										
Arrendamiento	Inmobiliaria			100.090	100.090	-	-	-	-		
planta y equipos	Ferrocarril										
Total pasivos por arrendamientos		-	-	304.758	304.758	-	295.040	2.035.379	2.330.419		
Totales		1.876.226	75.899	2.127.971	4.080.096	-	1.107.645	2.035.379	3.143.024		

16 Cuentas por pagar comerciales y otras cuentas por pagar

A continuación, las cuentas por pagar comerciales y otras cuentas por pagar a las fechas que se indican:

Tipo de cuenta por pagar	Al 31 de marzo de 2023				Al 31 de marzo de 2022			
	Hasta 30 días M\$	Entre 31 y 90 días M\$	Más 90 días hasta 1 año M\$	Total corriente M\$	Hasta 30 días M\$	Entre 31 y 90 días M\$	Más 90 días hasta 1 año M\$	Total corriente M\$
Proveedores nacionales	1.744.174	-	-	1.744.174	1.338.539	1.061	-	1.339.600
Proveedores extranjeros	469.213	-	-	469.213	753.065	-	-	753.065
Retenciones trabajadoras	91.220	-	-	91.220	70.224	-	-	70.224
Provisiones varias	473.004	-	-	473.004	499.004	-	-	499.004
Otras cuentas por pagar	409.206	-	-	409.206	226.640	-	-	226.640
Totales	3.186.817	-	-	3.186.817	2.887.472	1.061	-	2.888.533

17 Provisiones y pasivos contingentes

- a) Las provisiones por beneficio a los empleados se muestran a continuación a las fechas que se indican:

Provisiones por beneficios a los empleados, corrientes	Corrientes Vacaciones al personal M\$	Total M\$
Saldo inicial al 01 de abril de 2022	168.017	168.017
Aumentos	28.985	28.985
Disminuciones	-	-
Saldo final al 31 de marzo de 2023	197.002	197.002
Saldo inicial al 01 de abril de 2021	134.429	134.429
Aumentos	33.588	33.588
Disminuciones	-	-
Saldo final al 31 de marzo de 2022	168.017	168.017

- b) Garantías indirectas

El Grupo no presenta garantías indirectas.

- c) Restricciones

No existen restricciones al 31 de marzo de 2023 y 2022.

- d) Juicios, trámites y/o procedimientos judiciales, prendas y otros

No existen Juicios al 31 de marzo 2022 y 2020.

18 Otros pasivos no financieros

A continuación, se muestran otros pasivos no financieros corrientes y no corrientes a las fechas que se indican:

	Otros pasivos financieros			
	Corrientes		No corrientes	
	31.03.2023 M\$	31.03.2022 M\$	31.03.2023 M\$	31.03.2022 M\$
Anticipos de clientes	-	11.668	-	-
Totales	-	11.668	-	-

19 Participaciones no controladoras

La porción del patrimonio de la subsidiaria perteneciente a terceras personas al cierre de cada período es el siguiente:

a) Al 31 de marzo de 2023

Razón social	Porcentaje participación no controladora %	Patrimonio neto de la subsidiaria M\$	Resultados de la subsidiaria M\$	Participaciones no controladoras M\$	Ganancia (pérdida) atribuible a participaciones no controladoras M\$
Edoctum S.A.	0,11	(373.313)	(18.536)	134	22
Totales		(373.313)	(18.536)	134	22

b) Al 31 de marzo de 2022

Razón social	Porcentaje participación no controladora %	Patrimonio neto de la subsidiaria M\$	Resultados de la subsidiaria M\$	Participaciones no controladoras M\$	Ganancia (pérdida) atribuible a participaciones no controladoras M\$
Edoctum S.A.	0,11	(243.685)	(129.628)	112	(168)
Totales		(243.685)	(129.628)	112	(168)

20 Patrimonio neto

a) Capital emitido

La Sociedad al 31 de marzo de 2023 y 2022 cuenta con un capital suscrito y pagado de M\$28.758.994 y M\$24.062.466 respectivamente.

Serie	Acciones	Capital Emitido
C	271.173	23.604.173
A	38.727	5.154.821
	309.900	28.758.994

Al 31 de marzo 2023 y 2022 Tega Holding Pte. Ltd es propietario del 100% de las acciones de Tega Industries Chile SpA.

20 Patrimonio neto (Continuación)

b) Aumento y disminución de capital y/o pagados por los períodos 2018 hasta 2022

Fecha	Empresa emisora	Monto M\$	Condición
07/08/2018	Tega Industries Chile SpA	1.306.905	Se pagó mediante la capitalización de un crédito entre Tega Holding PTE Ltd. (Singapur) y Tega Industries Chile SpA
31/12/2018	Tega Industries Chile SpA	537.848	Se pagó mediante la capitalización de un crédito entre Tega Holding PTE Ltd. (Singapur) y Tega Industries Chile SpA
28/03/2019	Tega Industries Chile SpA	18.907.644	Se pagó mediante la capitalización de un crédito entre Tega Holding PTE Ltd. (Singapur) y Tega Industries Chile SpA
01/07/2022	Tega Industries Chile SpA	4.696.528	Se pagó mediante la capitalización de un crédito entre Tega Holding PTE Ltd. (Singapur) y Tega Industries Chile SpA
Total, aumentos de capital y/o pagados		25.448.925	
Fecha	Empresa emisora	Monto M\$	Condición
31/03/2020	Tega Industries Chile SpA	156.285	Se disminuyó capital de propia acción de Tega Industries Chile SpA
Total, disminución de capital		156.285	
Fecha	Empresa emisora	Monto M\$	Condición
31/12/2020	Tega Industries Chile SpA	3.600.608	Se disminuyó capital de propia acción de Tega Industries Chile SpA
Total, disminución de capital		3.600.608	

c) Situación financiera Tega Industries Chile SpA y Subsidiaria

e.1) Al 31 de marzo de 2023

Al 31 de marzo de 2023, la Sociedad presenta capital de trabajo positivo de M\$ 5.946.844, ganancia del ejercicio de M\$ 3.105.102.

e.1) Al 31 de marzo de 2022

Al 31 de marzo de 2022, la Sociedad presenta capital de trabajo positivo de M\$ 2.996.440, ganancia del ejercicio de M\$ 1.625.998.

21 Cuentas de resultados

Las cuentas de resultados por los periodos terminados al 31 de marzo de 2023 y 2022, son los siguientes:

	01.04.2022 31.03.2023 M\$	01.04.2021 31.03.2022 M\$
a) Ingresos de actividades ordinarias		
Ingresos de explotación	31.756.686	23.090.869
Totales	31.756.686	23.090.869
b) Costo de ventas		
Costo de venta	(17.657.468)	(13.221.265)
Totales	(17.657.468)	(13.221.265)
c) Otros ingresos		
Otros ingresos por función	106.401	168.787
Totales	106.401	168.787
d) Gastos de administración		
Comunicación	(60.730)	(28.439)
Gastos de viajes	(362.398)	(103.366)
Remuneraciones	(4.101.561)	(3.458.929)
Servicios de Terceros	(1.315.630)	(1.094.065)
Otros	(1.881.676)	(958.563)
Totales	(7.721.995)	(5.643.362)
e) Depreciación y amortización		
Depreciaciones del período	(1.644.318)	(1.249.956)
Amortizaciones del período	(61.097)	(49.815)
Totales	(1.705.415)	(1.299.771)
f) Diferencias de cambio		
Diferencia de cambio	(12.083)	(498.302)
Totales	(12.083)	(498.302)

21 Cuentas de resultados (continuación)

	01.04.2022 31.03.2023 M\$	01.04.2021 31.03.2022 M\$
g) Costos financieros		
Costos financieros	(954.324)	(582.203)
Totales	(954.324)	(582.203)
	01.04.2022 31.03.2023 M\$	01.04.2021 31.03.2022 M\$
h) Otros gastos por función		
Otros gastos por función	-	-
Totales	-	-
	01.04.2022 31.03.2023 M\$	01.04.2021 31.03.2022 M\$
i) Ingresos por impuesto a las ganancias, neto		
Gasto impuesto a las ganancias / (perdida)	(145.236)	(5.234)
Impuestos diferidos, neto	(561.464)	(383.521)
Impuesto a las ganancias, neto	(706.700)	(388.755)

22 Información por segmentos de negocios

Los segmentos de negocios están dados por las subsidiarias.

23 Compromisos

El Grupo no posee compromisos que mencionar.

24 Medio ambiente

Al cierre de los períodos 2023 y 2022 no existen asuntos del ámbito medio ambiental que informar.

25 Hechos posteriores

En el período comprendido entre el 31 de marzo de 2023 y la fecha de presentación de los presentes estados financieros consolidados, no han ocurrido hechos posteriores que afecten significativamente a los mismos.

26 Aprobación de los presentes estados financieros consolidados

Los presentes estados financieros consolidados de Tega Industries Chile SpA y Subsidiaria, han sido aprobados por el directorio de la Sociedad el 17 de mayo de 2023, siendo autorizado su Gerente General para su entrega a terceros interesados.

ANNEXURE J

Losugen Pty Ltd

ABN 26 097 626 849

Annual Financial Report

For the financial year ended 31 March 2023

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Directors' Report

The Directors present their report together with the financial statements of Losugen Pty Ltd (the "Company") for the year ended 31 March 2023 and the auditor's report thereon.

1. Directors

The Directors of the Company at any time during or since the end of the financial year are:

Madan Mohan Mohanka	Appointed 25/01/2011
Mehul Mohanka	Appointed 25/01/2011
Satyamurti Joe Viranna	Appointed 01/03/2019

2. Company particulars

Losugen Pty Ltd is a company limited by shares and is incorporated in Australia. The immediate parent of the company is Tega Holdings Pty Ltd and the ultimate parent is Nihal Fiscal Services Private Limited, a company incorporated in India.

PRINCIPAL PLACE OF BUSINESS

Unit 2, 26 Biscayne Way
Jandakot, WA 6164

REGISTERED OFFICE

Level 8, 235 St Georges Terrace
Perth, WA 6000

3. Environmental regulation

The Company's operations are subject to the laws of Australia, which impose environmental compliance and reporting obligations. The directors are not aware of any significant breaches during the period covered by this report.

4. Principal activities

The Company is an engineering and manufacturing company that specialises in the manufacture of wear components, especially rubber. The Company designs and manufactures products for a wide range of duties and industries, from grinding mill linings, trommels, screens, and custom design chute linings. Services that have been provided over the course of the year include rubber lining, polyurethane, site installation, fabrication and water cutting.

There were no significant changes in the nature of the activities of the Company during the year.

5. Review of operations and results of those operations

OVERVIEW OF THE COMPANY

These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards - Simplified Disclosures. In the prior year, the financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements.

There was no impact on the amounts recognised, measured and classified in the statements of financial position, financial performance and cash flows of the Company as a result of the change in basis of preparation.

The profit of the Company after income tax is \$1,137,669 (Mar 2022: \$201,990). The Directors are satisfied with the performance and operations of the Company during the financial year.

Directors' Report

6. Significant changes in the state of affairs

In the opinion of the directors, there were no other significant changes in the state of affairs of the Company that occurred during the year under review.

7. Dividends

No dividends were paid by the Company to members since the end of the previous financial year (2022: \$0).

8. Events subsequent to reporting date

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.

9. Likely developments

Information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

10. Indemnification and insurance of officers and auditors

INDEMNIFICATIONS

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

INSURANCE PREMIUMS

During the financial year the Company paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 31 March 2023 and since the financial year, the Company has not paid premiums in respect of such insurance contracts for the year ending 31 March 2024.



Satyamurti Joe Viranna
Director
Date: 25.05.2023

Statement of Financial Position

As at 31 March 2023

	Note	Mar 2023 \$	Mar 2022 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	2	806,087	1,125,544
Trade and Other Receivables	3	2,311,922	1,690,569
Inventories	4	1,565,623	1,578,991
Total Current Assets		4,683,632	4,395,104
NON CURRENT ASSETS			
Property, Plant and Equipment	5	571,223	466,274
Deferred Tax Assets	6	252,842	257,144
Total Non Current Assets		824,065	723,418
Total Assets		5,507,697	5,118,522
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	7	1,383,884	2,009,260
Lease liabilities		151,125	172,690
Employee benefits	8	178,142	140,557
Total Current Liabilities		1,713,151	2,322,507
NON CURRENT LIABILITIES			
Lease liabilities		-	147,293
Employee benefits	8	106,723	98,568
Total Non Current Liabilities		106,723	245,861
Total Liabilities		1,819,874	2,568,368
Net Assets		3,687,823	2,550,154
EQUITY			
Share Capital	9	2	2
Retained Earnings		3,687,821	2,550,152
Total Equity		3,687,823	2,550,154

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2023

		Mar 2023	Mar 2022
	Note	\$	\$
Revenue	10	12,289,829	7,556,427
Cost of Sales		(6,204,293)	(4,448,002)
Gross profit		6,085,536	3,108,425
Other Income		179,486	344,570
Personnel expenses		(2,241,935)	(2,012,163)
Depreciation	5	(249,259)	(192,658)
Other expenses		(2,142,512)	(956,199)
Results from operating activities		1,631,316	291,975
Finance income	11	704	748
Finance costs	11	(4,850)	(2,958)
Net finance cost		(4,146)	(2,210)
Profit for the year before income tax		1,627,170	289,765
Income Tax	6	(489,501)	(87,775)
Profit for the year		1,137,669	201,990
Total comprehensive income for the year		1,137,669	201,990

Statement of Changes in Equity

For the year ended 31 March 2023

	Shares fully paid - share capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 April 2021	2	2,348,162	2,348,164
COMPREHENSIVE INCOME			
Profit for the Year	-	201,990	201,990
Total Comprehensive Income	-	201,990	201,990
Balance at 31 March 2022	2	2,550,152	2,550,154
COMPREHENSIVE INCOME			
Profit for the Year	-	1,137,669	1,137,669
Total Comprehensive Income	-	1,137,669	1,137,669
Balance at 31 March 2023	2	3,687,821	3,687,823

Cash Flow Statement

For the year ended 31 March 2023

	Note	Mar 2023 \$	Mar 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Customers		12,783,120	7,271,833
Cash Paid to Suppliers and Employees		(11,689,242)	(7,239,002)
Cash Generated from Operations		1,093,878	32,831
Income Taxes Paid		(891,836)	(60,000)
Net Cash from Operating Activities		202,042	(27,169)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment		(354,553)	(9,412)
Proceeds from Disposal		7,496	5,000
Interest Received		704	748
Net Cash used in Investing Activities		(346,353)	(3,664)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of Lease Liabilities		(175,146)	(116,288)
Net Cash used in Financing Activities		(175,146)	(116,288)
Net Decrease in Cash and Cash Equivalents		(319,457)	(147,121)
Cash and Cash Equivalents at the Beginning of the Year		1,125,544	1,272,665
Cash and Cash Equivalents at the End of the Year	2	806,087	1,125,544

Notes to the Financial Statements

For the year ended 31 March 2023

Note 1 Accounting Policies

FINANCIAL REPORTING FRAMEWORK

The Company does not have 'public accountability' as defined in AASB 1053 Application of Tiers of Australian Accounting Standards and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards. Accordingly, the information in these financial statements has been prepared in accordance with the recognition and measurement requirements in Australian Accounting Standards and the disclosures in AASB 1060 Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.

For the purposes of preparing the financial statements, the Company is a for-profit entity.

REPORTING ENTITY

Losugen Pty Ltd (the "Company") is a Company domiciled in Australia. The address of the Company's registered office is Level 8, 235 St Georges Tce, Perth 6000. The Company is a for-profit entity and primarily is involved in the manufacture of wear products.

BASIS OF PREPARATION

a) Statement of Compliance

These financial statements are general purpose financial statements for distribution to the members. They have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures made by the Australian Accounting Standards Board.

These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards - Simplified Disclosures. In the prior year the financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit and loss and other comprehensive income and cash flows of the Company as a result of the change in the basis of preparation.

These financial statements were authorised for issue by the Board of Directors as of the date of the Directors' Declaration.

b) Basis of measurement

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

d) Use of judgements and estimates

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Details of the specific judgement, estimates and assumptions that have the most significant effects on the amounts recognised in the financial statements are summarised in the Notes.

Notes to the Financial Statements

For the year ended 31 March 2023

e) Comparatives

Certain prior financial year amounts have been reclassified for consistency with the current financial year presentation.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has initially adopted the following standard and amendments from 1 July 2021.

- AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For- Profit and Not- for- Profit Tier 2 Entities;

The above standard and amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

A number of other new standards are also effective from 1 July 2021 but they do not have a material effect on the Company's financial statements.

INCOME TAX

On 3 October 2016, the Company elected to form a tax consolidated group, effective 1 April 2014. Tega Holdings Pty Ltd is the head company of the tax consolidated group.

Tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year (determined as though the Company was not part of a tax consolidated group, but excluding transactions with entities within the tax consolidated group), using tax rates enacted or substantially enacted at the reporting date, and any adjustment to current tax in respect of previous years. As the Company is a member of a tax consolidated group, it does not recognise any tax payable. Instead, any amount of tax payable is recognised as a loan owing to the head company of the tax consolidated group, as agreed between the two companies.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different

Notes to the Financial Statements

For the year ended 31 March 2023

tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

A deferred tax asset is recognised for deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each balance date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated by using weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bring them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

PROPERTY PLANT & EQUIPMENT

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance is expensed as incurred.

iii. Depreciation

During the year, the Company has adopted the straight-line method of depreciation for all of its assets.

As a result, all items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Plant and equipment	2 -13 years
Motor vehicles	4 - 5 years
Office furniture and fittings	2 - 10 years
Buildings	30 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Notes to the Financial Statements

For the year ended 31 March 2023

LEASES

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised insubstance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes to the Financial Statements

For the year ended 31 March 2023

FINANCIAL INSTRUMENTS

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has financial assets carried at amortised cost.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities in the category “at amortized cost” are mainly liabilities (borrowings) to banks and trade accounts payables.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Notes to the Financial Statements

For the year ended 31 March 2023

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

IMPAIRMENT OF ASSETS

i. Financial assets

Financial instruments and contract assets

The Company recognises loss allowances for Expected Credit Losses ("ECLs") on financial assets measured at amortised cost and contract assets.

The Company also recognises loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables.

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances 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.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

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

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

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

Notes to the Financial Statements

For the year ended 31 March 2023

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

ii. *Non-financial assets*

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

SHARE CAPITAL

i. *Ordinary shares*

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with AASB 112.

REVENUE & OTHER INCOME

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Notes to the Financial Statements

For the year ended 31 March 2023

A) SALE OF GOODS

Revenue is recognised when the goods are delivered and have been accepted by customers at their premises. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur.

Therefore, the amount of revenue recognised is adjusted for expected returns.

Customers obtain control of products when the goods are delivered and have been accepted at their premises. Invoices are generated at that point in time.

B) RENDERING OF SERVICES

The Company recognises revenue from rendering of services based on the cost to cost method or when timesheets for services provided are approved and subsequently invoiced.

If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone selling prices. The stand-alone selling price is determined based on that list prices at which the Company sells the services in separate transactions.

GOODS AND SERVICES TAX (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

GOVERNMENT GRANTS

The Company initially recognises government grants related to assets as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

FINANCE INCOME AND FINANCE COSTS

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings and foreign exchange gains/losses.

Notes to the Financial Statements

For the year ended 31 March 2023

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

	Mar 2023	Mar 2022
	\$	\$
Note 2 Cash and Cash Equivalents		
Cash and Bank Balances	806,087	1,125,544
Cash and cash equivalents in the statement of cash flows	806,087	1,125,544

	Mar 2023	Mar 2022
	\$	\$
Note 3 Trade and Other Receivables		
CURRENT		
Trade receivables	2,241,734	1,638,477
Prepayments	50,188	32,092
Fixed deposit	20,000	20,000
Total Current Trade and Other Receivables	2,311,922	1,690,569

Trade receivables are represented net of provision for expected credit losses of \$181,397 (2022: \$48,962).

	Mar 2023	Mar 2022
	\$	\$
Note 4 Inventories		
CURRENT		
Stock on hand	1,856,959	1,799,549
Less: Provision for stock obsolescence	(410,369)	(334,469)
Stores and spares	119,033	113,911
Total Current Inventories	1,565,623	1,578,991

In 2023, inventories of \$3,462,975 (2022: \$2,627,913) were recognised as an expense during the period and included in the 'cost of sales'.

In addition, during the 2023 inventories of \$75,899 (2022: \$79,756) were written down to net realisable value. The write-downs are included in 'cost of sales'.

Notes to the Financial Statements

For the year ended 31 March 2023

Note 5 Property, Plant and Equipment

	Land and buildings	Plant and equipment	Motor vehicles	Office furniture	Lease improvements	Total
RECONCILIATION OF CARRYING AMOUNT						
Gross carrying amount	794,604	826,614	325,902	300,081	144,425	2,391,626
Accumulated depreciation and impairment losses	(481,337)	(765,577)	(267,534)	(266,517)	(144,387)	(1,925,352)
Net carrying amount at 1 April 2022	313,267	61,037	58,368	33,564	38	466,274
Additions	2,374	332,666	4,250	8,111	7,152	354,553
Depreciation	(174,523)	(42,879)	(15,630)	(10,956)	(5,271)	(249,259)
Disposals: gross carrying amount	-	(93,042)	-	-	-	(93,042)
Disposals: depreciation offset	-	92,697	-	-	-	92,697
Net carrying amount at 31 March 2023	141,118	350,479	46,988	30,719	1,919	571,223
BALANCE AT 31 MARCH 2023:						
Gross carrying amount	796,978	1,066,238	330,152	308,192	151,577	2,653,137
Accumulated depreciation and impairment losses	(655,860)	(715,759)	(283,164)	(277,473)	(149,658)	(2,081,914)
Net carrying amount at 31 March 2023	141,118	350,479	46,988	30,719	1,919	571,223

Property, plant and equipment includes right-of-use assets of \$141,118 related to leased properties (see Note 13).

Notes to the Financial Statements

For the year ended 31 March 2023

Note 6 Income Tax

A. AMOUNTS RECOGNISED IN PROFIT OR LOSS

	Mar 2023	Mar 2022
	\$	\$
CURRENT TAX EXPENSE		
Current year	485,199	156,317
	485,199	156,317
DEFERRED TAX EXPENSE		
Origination and reversal of temporary differences	4,302	(68,542)
	4,302	(68,542)
Tax expense on continuing operations	489,501	87,775

B. RECONCILIATION OF EFFECTIVE TAX RATE

	2023	2022
Profit for the year	1,137,672	201,989
Total tax expense	489,501	87,775
Profit excluding income tax	1,627,173	289,764
Tax using the Company's domestic tax rate (30.00%)	488,152	86,929
- Non-deductible expenses (0.08%)/(0.30%)	1,349	846
	489,501	87,775

Notes to the Financial Statements

For the year ended 31 March 2023

C. MOVEMENT IN DEFERRED TAX BALANCES

				Balance at 31 March	
2022	Net balance at 01 April	Recognised in profit or loss	Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(17,719)	(5,779)	(23,498)	(23,498)	-
Receivables	(9,000)	(5,689)	(14,689)	(14,689)	-
Right-of-use assets	5,049	88,933	93,982	-	93,982
Inventories	(76,414)	(23,927)	(100,341)	(100,341)	-
Prepayments	4,205	(486)	3,719	-	3,719
Employee benefits	(50,390)	(54,665)	(105,055)	(105,055)	-
Other items	(44,333)	(66,929)	(111,262)	(111,262)	-
Tax (assets) liabilities before set off	(188,602)	(68,542)	(257,144)	(354,845)	97,701
Set-off of tax				97,701	(97,701)
Net tax (assets) liabilities	(188,602)	(68,542)	(257,144)	(257,144)	-

				Balance at 31 March	
2023	Net balance at 01 April	Recognised in profit or loss	Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(23,498)	92,817	69,319	-	69,319
Receivables	(14,689)	(39,730)	(54,419)	(54,419)	-
Right-of-use assets	93,982	(51,647)	42,335	-	42,335
Inventories	(100,341)	(22,770)	(123,111)	(123,111)	-
Prepayments	3,719	5,180	8,899	-	8,899
Employee benefits	(105,055)	(22,738)	(127,793)	(127,793)	-
Other items	(111,262)	43,189	(68,073)	(68,073)	-
Tax (assets) liabilities before set-off	(257,144)	4,301	(252,843)	(373,396)	120,553
Set-off of tax				120,553	(120,553)
Net tax (assets) liabilities	(257,144)	4,301	(252,843)	(252,843)	-

Notes to the Financial Statements

For the year ended 31 March 2023

	Mar 2023	Mar 2022
	\$	\$
Note 7 Trade and Other Payables		
CURRENT		
Trade payables	1,098,449	1,347,556
GST Payable	53,206	79,200
Payroll Liabilities	200,708	167,867
Intercompany payable	5,201	411,838
Sundry creditors	26,320	2,799
Total Current	1,383,884	2,009,260

The intercompany payable is payable to Tega Holdings Pty Ltd and includes the portion of tax payable by the tax consolidated group that is attributable to the Company.

	Mar 2023	Mar 2022
	\$	\$
Note 8 Employee Benefits		
CURRENT		
Annual leave provision	178,142	140,557
Total Current	178,142	140,557
NON-CURRENT		
Long service leave provision	106,723	98,568
Total Non-Current	106,723	98,568

Note 9 Capital and Reserves

Share capital

	2023	2022
On issue at 1 April 2022	2	2
On issue at 31 March 2023	2	2

The Company does not have authorised capital or par value in respect of its issued capital. All shares issued are fully paid.

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds on liquidation.

Dividends

No dividends were paid by the Company to members since the end of the previous financial year (2022: \$0).

Notes to the Financial Statements

For the year ended 31 March 2023

	Mar 2023	Mar 2022
	\$	\$
Note 10 Revenue		
DISAGGREGATION OF REVENUE		
REVENUE FROM CONTRACTS WITH CUSTOMERS		
Sale of goods	8,522,824	5,716,505
Provision of services	3,767,005	1,839,922
Total Revenue from contracts with customers	12,289,829	7,556,427
Total	12,289,829	7,556,427
	Mar 2023	Mar 2022
	\$	\$
Timing of revenue recognition		
Products transferred at a point in time	8,522,824	5,716,505
Products and services transferred over time	3,767,005	1,839,922
	12,289,829	7,556,427
	Mar 2023	Mar 2022
	\$	\$
Primary geographical markets		
Asia Pacific (South East Asia and Australia)	12,289,829	7,556,427
	12,289,829	7,556,427
	Mar 2023	Mar 2022
	\$	\$
Note 11 Net Finance Costs		
INTEREST INCOME		
Interest income	704	748
Total Interest Income	704	748
LESS: INTEREST EXPENSE		
Interest expenses	3,915	1,720
Bank charges	935	1,238
Total Less: Interest Expense	4,850	2,958
Total net finance income/(cost)	(4,146)	(2,210)

Notes to the Financial Statements

For the year ended 31 March 2023

Note 12 Financial Instruments

ACCOUNTING CLASSIFICATIONS

The following table shows the carrying amounts of financial assets and financial liabilities.

	Mar 2023	Mar 2022
	\$	\$
FINANCIAL ASSETS MEASURED AT AMORTISED COST		
Trade Receivables	2,311,922	1,690,569
Cash and Cash Equivalents	806,087	1,125,544
	3,118,009	2,816,113
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Loan from Related Party	(5,201)	(411,838)
Trade Payables	(1,330,678)	(1,930,060)
	(1,335,879)	(2,341,898)

Note 13 Leases

LEASES AS LESSEE

The Company leases its warehouse and manufacturing unit.

Information about leases for which the Company is a lessee is presented below.

i. Right-of-Use Assets

Right-of-use assets related to leased properties are presented as property, plant and equipment.

	Land and Buildings	Total
Balance at 1 April 2022	313,267	313,267
Additions to Right-of-Use Assets	2,374	2,374
Depreciation Charge for the Year	(174,523)	(174,523)
Balance at 31 March 2023	141,118	141,118

ii. Amounts Recognised in Profit Or Loss

	Mar 2023	Mar 2022
	\$	\$
Interest on lease liabilities	3,915	1,720
Depreciation of right-of-use assets	174,523	113,167
Expenses relating to short-term leases	63,165	113,612
	241,603	228,499

Notes to the Financial Statements

For the year ended 31 March 2023

iii. Future Lease Payments

The total of future lease payments (including those lease payments that are not included in the measurement of the lease liability, eg for short-term leases and leases of low-value items) are disclosed for each of the following periods.

	Mar 2023	Mar 2022
	\$	\$
Less than one year	151,125	175,147
One to five years	-	152,325
More than five years	-	-
	151,125	327,472

Note 14 Commitments

The Company had not committed capital expenditure as at 31 March 2023 (2022: \$226,141).

Note 15 Related Parties

A) Parent and ultimate controlling party

The immediate parent of the company is Tega Holdings Pty Ltd and the ultimate parent is Nihal Fiscal Services Private Limited, a company incorporated in India.

B) Transactions with key management personnel

Key management personnel compensation comprised short-term employee benefits and post-employment benefits.

The key management personnel compensation was \$289,241 for the year ended 31 March 2023 (2022: \$256,455).

Notes to the Financial Statements

For the year ended 31 March 2023

C) Other related party transactions

	Transaction value for the year ended	
	2023	2022
PURCHASE OF GOODS AND SERVICES		
Tega Industries Limited	3,312,091	2,471,269
Tega Industries Australia (Pty) Ltd	52,696	402,610
MANAGEMENT FEES		
Tega Industries Limited	123,711	11,630
Tega Industries Australia (Pty) Ltd	190,001	211,746
OTHER EXPENSE / (INCOME)		
Tega Industries Limited	7,223	4,936
Tega Industries Australia (Pty) Ltd	111,078	82,887
	Balance outstanding as at	
	2023	2022
Tega Industries Limited	816,168	903,708
Tega Industries Australia (Pty) Ltd	3,668	37,006
Tega Holdings Pty Ltd (Australia)	5,201	411,838

All outstanding balances with related parties are priced on an arm's length basis. None of the balances are secured. No expense has been recognised in the current year or period year for bad or doubtful debts in respect of amounts owed by related parties. No guarantees have been given or received.

Note 16 Contingencies

The Company has no material contingent liabilities as at 31 March 2023 (2022: nil).

	Mar 2023	Mar 2022
	\$	\$
Note 17 Auditors Remuneration		
AUDIT SERVICES		
Auditor of the Company		
KPMG Australia:		
Audit of financial reports	41,000	37,000
	41,000	37,000

Notes to the Financial Statements

For the year ended 31 March 2023

	Mar 2023	Mar 2022
	\$	\$
Note 17 Auditors Remuneration		
OTHER SERVICES		
Taxation services	5,220	1,700
Accounting services	6,920	8,820
	12,140	10,520
	53,140	47,520

Note 18 Subsequent Events

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.

Directors' Declaration

In the opinion of the Directors of Losugen Pty Ltd (the "Company"):

- a) The Company is not publicly accountable;
- b) The financial statements and notes, as set out in these financial statements, are prepared in accordance with the basis of accounting described in Note 1, and other mandatory reporting requirements, so as to present fairly the financial position of the Company as at 31 March 2023 and its performance, as represented by the results of its operations for the financial year ended on that date; and
- c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

In respect of the year ended 31 March 2023 the Company has:

- a) Kept such accounting records as to correctly record and explain its transactions and financial position;
- b) Kept its accounting records so that a true and fair financial report of the Company can be prepared from time to time; and
- c) Kept its accounting records so that the financial report of the Company can be conveniently and properly audited or reviewed.

Signed in accordance with a resolution of the Directors.



Satyamurti Joe Viranna
Director
Date: 25.05.2023



Independent Auditor's Report

To the Directors of Losugen Pty Ltd

Opinion

We have audited the **Financial Report** of Losugen Pty Ltd (the Company).

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of Losugen Pty Ltd as at 31 March 2023, and of its financial performance and its cash flows for the year then ended, in accordance with Australian Accounting Standard – Simplified Disclosures Framework.

The **Financial Report** comprises:

- Statement of financial position as at 31 March 2023;
- 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 including a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Restriction on use and distribution

The Financial Report has been prepared to assist the Directors of Losugen Pty Ltd for the purpose of fulfilling their financial reporting obligations.

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Directors of Losugen Pty Ltd and should not be used by parties other than the Directors of Losugen Pty Ltd. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the Directors of Losugen Pty Ltd or for any other purpose than that for which it was prepared.



Other Information

Other Information is financial and non-financial information in Losugen Pty Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. Management are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Management for the Financial Report

Management are responsible for:

- the preparation and fair presentation of the Financial Report in accordance with the financial reporting requirements of the Australian Accounting Standard – Simplified Disclosures Framework;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.



A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Perth, WA

25 May 2023

ANNEXURE K

V. SINGHI & ASSOCIATES

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of MCNALLY SAYAJI ENGINEERING LIMITED

Report on the Audit of the Special Purpose Consolidated Financial Information

Opinion

We have audited the accompanying Special Purpose Consolidated Financial Information of McNally Sayaji Engineering Limited (hereinafter referred to as "the Holding Company") and its subsidiary (collectively referred to as "the Group") for the period from 25th February, 2023 to 31st March, 2023, which comprise the Consolidated Balance Sheet as at 31st March, 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the period then ended, and notes to the Consolidated Financial Information including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Special Purpose Consolidated Financial Information").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Consolidated Financial Information give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, (Ind AS) and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2023, and their consolidated profit, their consolidated other comprehensive income, their consolidated changes in equity and their Statement of cash flows for the period ended from 25th February, 2023 to 31st March, 2023.

Basis for Opinion

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

Emphasis of Matter

a) Basis of Preparation and Restriction on Distribution and Use

The Special Purpose Consolidated Financial Information of McNally Sayaji Engineering Limited ("the Holding Company") and its subsidiary (the Holding Company and subsidiary together referred to as 'the Group') is prepared in accordance with the group accounting policies of Tega Industries Limited, which in turn are aligned with Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and further adjusted for fair valuation adjustment to assets and liabilities pursuant to acquisition of the Holding Company by Tega Industries Limited in accordance with Ind AS 103 – Business Combinations. This Special Purpose Consolidated Financial is prepared to facilitate consolidation of the Group into the consolidated financial information of Tega Industries Limited. The Consolidated Special Purpose Financial Information has been presented in accordance with Schedule III of the Companies Act, 2013.



V. SINGHI & ASSOCIATES

CHARTERED ACCOUNTANTS

We draw attention to Note 44 to the Special Purpose Consolidated Financial Information which describes the basis of accounting. The aforesaid Special Purpose Consolidated Financial Information have been prepared by the management solely for the limited purpose to assist Tega Industries Limited ("the Ultimate Holding Company") or its consolidation purpose and to comply with the requirements under the Act. As a result, these Special Purpose Consolidated Financial Information may not be suitable for another purpose. This report is issued solely for the aforementioned purpose and intended only for the management and accordingly should not be referred to or distributed for any other purpose or to any other party without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

b) Accounting treatment for the effects of the Resolution Plan

We draw your attention to Note 45 I to the Special Purpose Consolidated Financial Information regarding the implementation of resolution plan and scheme of arrangement and amalgamation as approved by the Hon'ble NCLT, Kolkata Bench on 24th February, 2023 for relief, concessions and approvals sought thereon.

Our report is not modified in respect of the above matters

Responsibilities of Management and Those Charged with Governance for the Special Purpose Consolidated Financial Information

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Special Purpose Consolidated Financial Information that give a true and fair view of the consolidated financial position, consolidated financial performance, including total comprehensive income, consolidated changes in equity and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards prescribed under Section 133 of the Act read with the relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Special Purpose Consolidated Financial Information that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Financial Information

Our objectives are to obtain reasonable assurance about whether the Special Purpose Consolidated Financial Information 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 Special Purpose Consolidated Financial Information.

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



V. SINGHI & ASSOCIATES

CHARTERED ACCOUNTANTS

- Identify and assess the risks of material misstatement of the Special Purpose Consolidated Financial Information, 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 expressing an opinion on whether the Company has adequate internal financial controls with reference to financial statements in place or the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Audit Report to the related disclosures in the Special Purpose Consolidated 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 Audit Report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Special Purpose Consolidated Financial Information, including the disclosures, and whether the Special Purpose Consolidated 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 deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Special Purpose Consolidated Financial Information of the current period and are therefore the key audit matters. We describe these matters in our Audit Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters Paragraph

a) Merger of Tega Equipments Private Limited (TEPL) with the Holding Company

We draw your attention to Note 45 II D to the Special Purpose Consolidated Financial Information in respect of Scheme of Merger (the "Scheme") between the Holding Company and TEPL ("Transferor Company"), a wholly owned subsidiary of Tega Industries Limited, from the appointed date of 29th March, 2023, pursuant to the Resolution Plan approved by Hon'ble NCLT on 24th February, 2023, immediately upon the issuance of the equity shares of the Holding Company to TEPL, as part of that Resolution Plan, on the terms and conditions set out in the scheme of merger without any further act, instrument or deed.



V. SINGHI & ASSOCIATES

CHARTERED ACCOUNTANTS

Further, in accordance with the Scheme referred to in Note No. 45 II D to the Special Purpose Consolidated Financial Information, the Financial Statements of the Transferor Company which reflect total assets of Rs. 16,550.07 Lakhs as at 31st March, 2023, net assets of Rs. (6.91) lakhs as at 29th March, 2023, total net loss after tax of Rs. 11.22 Lakhs for the period from 1st April, 2022 to 29th March, 2023, have been included in these Financial Statements. The said Financial Statements have not been audited by us but audited by other auditor, whose report have been furnished to us and have been relied upon by us.

b) Fair Valuation

These Special Purpose Consolidated Financial Information have been prepared by the Holding Company's management on a fair valuation based on the valuation report provided by an independent valuer. Its purpose is to assist its Holding Company and Ultimate Holding Company for its consolidation purpose and to comply with the requirements under the Act.

c) Unaudited Financial Information of the Subsidiary Company

The Special Purpose Consolidated Financial Information include the unaudited Financial Information of one subsidiary whose financial information reflects the Group's share of total revenue of Rs.73 Lakhs for the period from 25th February 2023 to 29th March 2023 and the Group's share of total net loss of Rs. 49 Lakhs for that period. The Financial Information has been furnished to us by the management and our opinion on the Special Purpose Consolidated Financial Information, in so far as it relates to the amounts and disclosures included in respect of the entity is based solely on such interim financial information. In our opinion and according to the information and explanations given to us by the management, this interim financial information is not material to the Group.

Our report is not modified in respect of the above matters.

For V. Singhi & Associates
Chartered Accountants
Firm Registration No. 311017E



Sunil Singhi
Partner

Membership No. 060854
UDIN: 23060854BGVPRY8336

Place: Kolkata
Date: 29th May, 2023

(All amounts are in Rs lakhs, unless otherwise stated)

Particulars	Notes	As at 31st March, 2023	As at 24th February, 2023
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	17,422	17,541
Investment Property	4	-	-
Intangible Assets	5	251	259
Financial Assets			
Trade Receivables	6	-	-
Other Financial Assets	9	84	158
Deferred Tax Assets (Net)	14	12	-
Other Non-current Assets	10	27	27
Total Non-Current Assets		17,796	17,988
Current Assets			
Inventories	11	5,277	5,535
Financial Assets			
Trade Receivables	6	6,573	3,101
Cash and Cash Equivalents	7	1,686	2,528
Bank Balances Other than Cash and Cash Equivalents	8	284	261
Other Financial Assets	9	164	161
Current Tax Assets (Net)	12	81	117
Other Current Assets	13	1,301	2,042
Total Current Assets		15,368	16,095
Total Assets		33,164	34,076
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	15(a)	6,562	-
Share Capital Suspense Account	15(b)	-	6,307
Other Equity	16	15,300	6,130
Total Equity		19,862	12,697
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	17	10,000	-
Lease Liabilities	19	159	160
Provisions	22	239	237
Total Non-Current Liabilities		10,398	397
Current Liabilities			
Financial Liabilities			
Borrowings	18	-	14,537
Lease Liabilities	19	47	47
Trade Payables	21	12	7
A. Total Outstanding Dues of Micro Enterprises and Small Enterprises		12	7
B. Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises		1,590	1,401
Other Financial Liabilities	20	144	3,594
Provisions	22	158	219
Other Current Liabilities	23	948	1,276
Total Current Liabilities		2,899	10,581
Total Liabilities		13,297	21,378
Total Equity and Liabilities		33,164	34,076

Significant Accounting Policies:

The accompanying notes 1 to 50 form an integral part of the Consolidated Financial Statements.
As per our report of even date

For V. Singhi & Associates
Chartered Accountants
Firm Registration No. 310287E

V. Singhi
(Sanil Singhi)
Partner
Membership No: 060854
Place : Kolkata
Date : 29th May, 2023



1 & 2

For McNally Sayaji Engineering Limited

Madan Mohan Mohanka
Madan Mohan Mohanka
Director
DIN 00549385

Manoj Kumar Sinha
Manoj Kumar Sinha
Director
DIN 02309092

Parajit Roy
Parajit Roy
Chief Financial Officer

Saikat Ghosh
Saikat Ghosh
Company Secretary

McNally Sayaji Engineering Limited

Consolidated Statement of Profit and Loss for the period from 25th February, 2023 to 31st March, 2023

(All amounts in Rs lakhs, unless otherwise stated)

Particulars	Notes	For the period from 25th February, 2023 to 31st March, 2023	For the period from 1st April, 2022 to 24th February, 2023
Income			
Revenue From Operations	25	3,597	15,277
Other Income	26	44	1,583
Total Income		3,641	16,860
Expenses			
Cost of Materials Consumed	27	2,251	9,159
Changes in Inventories of Finished Goods and work-in-progress	28	(97)	(83)
Employee Benefits Expense	29	257	2,501
Finance Costs	30	22	327
Depreciation and Amortisation Expense	31	134	669
Loss on Revaluation		-	1,981
Other Expenses	32	477	4,286
Total Expenses		3,045	18,779
Loss before Tax and Exceptional Items		596	(1,919)
Exceptional Items (Refer Note No 45)		-	10,234
Profit/(Loss) before Tax		596	8,315
Tax Expense	33		
- Current Tax (including excess/short provision for earlier years of Rs 23 lakhs) [Previous Period Rs 22 lakhs]		-	(23)
- Deferred Tax		(18)	4,327
Profit (Loss) for the period		614	4,011
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		22	(32)
Revaluation on Property, Plant and Equipments and Intangible Assets		-	8,355
Additional Depreciation on account of Revaluation		-	-
Income Tax relating to the item above	33		
Remeasurements of post-employment benefit obligations		(6)	2
Revaluation on Property, Plant and Equipments and Intangible Assets		-	(1,905)
Other Comprehensive Income for the period (net of Tax)		16	6,430
Total Comprehensive Income for the period		631	10,441
Earnings per share	38		
(Face Value Rs 10/- each):			
- Basic		3.45	-
- Diluted		3.45	-

Significant Accounting Policies

1 & 2

The accompanying notes 1 to 50 form an integral part of the Consolidated Financial Statements

As per our report of even date

For V. Singhi & Associates

Chartered Accountants

Firm Registration No. 311017E

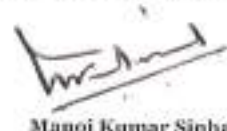
For McNally Sayaji Engineering Limited




(Sunil Singhi)
Partner
Membership No: 060854
Place : Kolkata
Date : 29th May, 2023


Madan Mohan Mohanka
Director
DIN 00049388


Purajit Roy
Chief Financial Officer


Manoj Kumar Sinha
Director
DIN 03310902


Saikat Ghosh
Company Secretary

McNally Sayaji Engineering Limited
Consolidated Statement of Cash Flows

Particulars	For the period from 29th February, 2023 to 31st March, 2023
Cash flow from operating activities	
Profit/(Loss) before Tax	296
Adjustments for:-	
Exceptional Items	-
Depreciation and Amortisation Expense	514
Remeasurement of Defined Benefit Plans through OCI	18
Interest Income	(10)
Finance Costs	22
Provision for Warranty	-
Provision for doubtful advances and deposits	-
Advances and others receivables written off	-
Provision no longer required written back	14
Net foreign exchange differences	(6)
Cash flow from operating activities before change in operating assets and liabilities	787
Decrease / (Increase) in Trade Receivables and Other Assets	(742)
Decrease / (Increase) in Inventories	258
Increase / (Decrease) in Trade & Other Payables	(3,548)
Cash generated from operations	(3,274)
Income taxes (paid) / received (not of refund)	36
Net cash inflow from operating activities	(3,238)
Cash flows from investing activities	
Purchase of property, plant and equipment	(9)
Interest received	19
Fixed deposit matured/(investment)	351
Net cash inflow (outflow) from investing activities	261
Cash flows from financing activities	
Proceeds from issue of Equity Shares	6,539
Share issue Expenses	(12)
Repayment of Borrowings	(14,237)
Proceeds from Borrowings	11,910
Repayment of lease liabilities	(4)
Finance Costs paid	(12)
Net cash outflow from financing activities	(1,974)
Net increase (decrease) in cash and cash equivalents	(903)
Cash and cash equivalents at beginning of the year	2,528
Add: Cash and cash equivalents pursuant to Merger	11
Cash and cash equivalents at end of the period	1,636
Net changes in cash and cash equivalents	(903)
Reconciliation of cash and cash equivalents as per the cash flow statement Cash and cash equivalents as per above comprise of the following	31st March, 2023
Cash and cash equivalents	1,636
Balances as per statement of Cash Flows	1,636

Particulars	2022-23
Cash and cash equivalents comprise:	
Cash on hand	2
Balances with banks on current account	1,634
Deposit with original maturity for less than three months	-
	1,636

1. The above Consolidated Statement of Cash Flow has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard 7 on 'Statement of Cash Flows'.

2. Previous period figures have been rearranged/re-grouped wherever necessary.

This is the Consolidated Statement of Cash Flows referred to in our Report of even date

For V. Singhi & Associates
Chartered Accountants
Firm Registration No. 311171E


Manoj Kumar Mohanika
Director
DIN 00149388

Parajit Roy
Chief Financial Officer


Manoj Kumar Sinha
Director
DIN 03109402

Saikat Ghosh
Company Secretary


(V. Singhi)
Partner
Membership No. 060854
Place: Kolkata
Date: 29th May, 2023

McNally Sanyal Engineering Limited
Consolidated Statement of Changes in Equity

A Equity Share Capital

(All amounts are in Rs lakhs, unless otherwise stated)

Particulars	Notes	Amount
As at 1st April, 2022		1,299
Less: Capital reduction and cancellation during the year*		1,299
As at 24th February, 2023		-
Add: Shares issued during the year*	16	6,539
Less: Cancellation of shares pursuant to Merger*		6,539
Add: Share issued pursuant to the Merger*		10
Add: Share issued on conversion of loan*		6,857
As at 31st March, 2023		6,667

* Pursuant to the Approved Resolution Plan, the Authorized Share Capital and Issued, Subscribed and Paid up Share Capital have undergone change as mentioned in Note 45

B Other Equity

Particulars	Reserve and Surplus					Total
	Security Premium	General Reserve	Retained Earnings	Equity Capital Suspense	Capital Reserve	
Balance as at 31st March, 2022	5,712	1,520	(12,887)	-	6,663	1,008
Profit/(Loss) for the year	-	-	4,011	-	-	4,011
Other Comprehensive Income*	-	-	6,420	-	-	6,420
Total Comprehensive Income for the Year	-	-	10,431	-	-	10,431
Reduction of equity share capital	-	-	1,299	-	-	1,299
Equity Share suspense account	-	-	-	(6,567)	-	(6,567)
Balance as at 24th February, 2023	5,712	1,520	(1,997)	(6,567)	6,663	5,131
Profit/(Loss) for the year	-	-	614	-	-	614
Other Comprehensive Income*	-	-	16	-	-	16
Equity Share issue expense	-	-	(12)	-	-	(12)
Reserve Pursuant to the Merger	-	-	(17)	-	-	(17)
Equity Share suspense account	-	-	-	6,567	-	6,567
Balance as at 31st March, 2023	5,712	1,520	(595)	-	6,663	13,300

* Represents Remeasurements of post employment benefit obligation (net of tax)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes from 1 to 50.

This is the Consolidated Statement of Changes in Equity referred to in our Report of even date.

For V. Singhi & Associates
Chartered Accountants
Firm Registration No. 311077B


(Sunil Singh)

Partner
Membership No: 050854

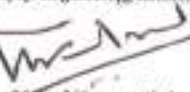
Place : Kolkata
Date : 29th May, 2023




Madan Mohan Mohanka
Director
DIN 00049388


Parajit Roy
Chief Financial Officer

For McNally Sanyal Engineering Limited


Manoj Kumar Sinha
Director
DIN 03310905


Sanku Ghosh
Company Secretary

McNally Sayaji Engineering Limited

Notes forming part of the Special Purpose Consolidated Financial Information for the period from 25th February, 2023 to 31st March, 2023

Note 1: Significant Accounting Policies

Corporate Information

McNally Sayaji Engineering Limited (MSEL) was incorporated in the year 1943 as a Public Limited Company under the provision of the Companies Act 1956 and domiciled in India. The registered office of the company is located at Campus 2B, Ecospace Business Park, 11F/12, Rajarhat, Newtown Kolkata WB 700160. The Company is engaged in manufacturing and marketing of crushing, screening, grinding, material handling and mineral processing equipments with integrated customer support and after sales service. The Company has four manufacturing facilities: Kumardubi in Jharkhand, Asansol in West Bengal, Bengaluru and Vadodara.

The Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench vide order dated 11/02/2021 while admitting section 7 application under Insolvency and Bankruptcy Code, 2016 of ICICI Bank Limited, one of the financial creditors, initiated Corporate Insolvency Resolution Process against McNally Sayaji Engineering Limited. Pursuant to its order dated 24th February, 2023 ("NCLT Order") the Adjudicating Authority approved the resolution plan ("Approved Resolution Plan") submitted by M/s Tega Industries Limited ("Resolution Applicant") ("RA") for the Company under Section 31 of the Insolvency and Bankruptcy Code, 2016 ("Code"). As per the terms of Section 31 of the Code, the Approved Resolution Plan shall be binding on the Company, its employees, members, creditors, guarantors and other stakeholders involved in the Resolution Plan.

Further, as per the terms of the approved Resolution Plan, a Management Committee/ Supervision Committee (MC/SC) is required to be constituted which shall comprise of 5 (five) members: (a) 2 (Two) member appointed by the Resolution Applicant or his representative; (b) 2 (two) members appointed by CoC; and (c) Resolution Professional, the Monitoring Committee was accordingly been formed to maintain the Company as a going concern and to supervise the implementation of the Approved Resolution Plan.

This note provides a list of significant accounting policies adopted in the preparation of these Special Purpose Consolidated Financial Information. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation of Special Purpose Consolidated Financial Information

(i) Compliance with Ind AS

The Special Purpose Consolidated Financial Information have been prepared to comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in these Special Purpose Consolidated Financial Information.

(ii) Historical cost convention

The Special Purpose Consolidated Financial Information have been prepared as going concern on accrual basis and under the historical cost convention, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Certain financial assets and liabilities (including derivative instruments) measured at fair value (refer accounting policy regarding financial instruments); and
- Defined benefit plans – plan assets measured at fair value.
- Share-based payments



McNally Sayaji Engineering Limited

Notes forming part of the Special Purpose Consolidated Financial Information for the period from 25th February, 2023 to 31st March, 2023

(iii) Current versus Non Current Classification

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

(iv) Use of estimates and judgements

The estimates and judgements used in the preparation of the Special Purpose Consolidated Financial Information are continually evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Actual results may differ from these estimates. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

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

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

(b) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker(CODM) comprises of the Chief Operating Officer and the Chief Financial Officer. The CODM reviews the Company's performance on the analysis of profit before tax at an overall level. Accordingly, there is no other separate reportable segment than the geographical segment as defined by Ind AS 108 "Operating Segments".

(c) Foreign Currencies

The fair value of financial assets 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 liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognised in 'Other Income'. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the Standalone Statement of Profit and Loss.

(i) Functional Currency

Items included in the Special Purpose Consolidated Financial Information of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Special Purpose Consolidated Financial Information are presented in Indian Rupee (INR), which is the functional currency.



McNally Sayaji Engineering Limited

Notes forming part of the Special Purpose Consolidated Financial Information for the period from 25th February, 2023 to 31st March, 2023

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year end exchange rates are generally recognized in the Standalone Statement of Profit and Loss.

Foreign exchange differences regarded as adjustment to borrowing costs are presented in the Standalone Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Profit and Loss on a net basis with other gains / (losses).

Non – monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(d) Revenue Recognition

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.

(i) Sale of Goods and Services

For contracts with customers in which the sale of equipment is generally expected to be the only performance obligation, adoption of Ind AS 115 does not have any material impact on the Company's revenue and profit or loss. The Company has concluded that the revenue recognition is to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods as per the terms of the contracts with the customers.

Revenue from the sale of goods is recognised when the goods are delivered and titles have been passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from Services is recognized in accounting period in which services are rendered. Revenue is recognized based on the actual service provided till the end of the reporting period as a proportion of the total services to be provided (percentage of completion method).



McNally Sayaji Engineering Limited

Notes forming part of the Special Purpose Consolidated Financial Information for the period from 25th February, 2023 to 31st March, 2023

(ii) Dividend and Interest Income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by 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 assets to that asset's net carrying amount on initial recognition.

(iii) Export Benefits

Export incentives are accounted for in the year in which the entitlements are realised.

(iv) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating revenue.

(c) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax expense/ (income).

(i) Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Standalone Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Special Purpose Consolidated Financial Information and the corresponding tax bases used till 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 utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 deferred tax asset to be utilised.



McNally Sayaji Engineering Limited

Notes forming part of the Special Purpose Consolidated Financial Information for the period from 25th February, 2023 to 31st March, 2023

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in Equity. In cases, the tax are also recognised in Other Comprehensive Income or directly in Equity, as the case may be.

(f) Leases

At the inception of a contract, the entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a Lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The Company recognizes a Right-of-use Asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee at the lease commencement date, except for leases with a term of twelve months or less (short-term leases) and low value leases. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, if applicable. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include options to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that such options would be exercised.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re-measurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the Statement of Profit and Loss.

Lease liability is measured at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications. The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in statement of profit and loss.

Variable lease payments not included in the measurement of the lease liabilities are expensed to the statement of profit and loss in the period in which the events or those payments occur.

As a Lessor

Lease income from operating lease where the Company is a lessor is recognised in income. The respective leased assets are included in the Standalone Balance Sheet based on their nature.



McNally Sayaji Engineering Limited

Notes forming part of the Special Purpose Consolidated Financial Information for the period from 25th February, 2023 to 31st March, 2023

(g) Impairment of Non-financial Assets

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

Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately.

(h) Cash and Cash Equivalents

For the purpose of presentation in the Standalone Statement of Cash Flows, Cash and Cash Equivalents include cash on hand, demand deposits with banks, other short-term deposit, highly liquid investments, if any, with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Standalone Balance Sheet.

(i) Trade Receivables

Trade receivables are recognized initially at transaction price and subsequently measured at amortized cost less provision for impairment.

(j) Inventories

Inventories consists of raw materials and components, stores and spares, loose tools which are valued at cost and work in progress and finished goods which are stated at lower of cost or net realizable value. Cost of inventories comprises cost of purchases. Cost of work in progress and finished goods comprise direct material, direct labour and an appropriate portion of variable and fixed overhead expenditure. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average method. Cost of purchases in relation to inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Obsolete, slow moving and defective stocks are identified at the time of physical verification of stocks and wherens required to complete the plan indicate that



McNally Sayaji Engineering Limited

Notes forming part of the Special Purpose Consolidated Financial Information for the period from 25th February, 2023 to 31st March, 2023

(k) Financial Liabilities

Financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

(i) Classification

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in the Standalone Statement of Profit and Loss. Where there is a breach of a material provision of a long term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

(ii) Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortized cost, as required by Ind AS 109. All financial liabilities are recognised initially at fair value and, in the case of liabilities measured at amortized cost net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and derivative financial instruments.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Gains and losses are recognised in the Standalone Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

(iii) De-recognition of financial liabilities:

A financial liability (or a part of financial liability) is de-recognised from Company's balance sheet when obligation specified in the contract is discharged or cancelled or expired.



McNally Sayaji Engineering Limited

Notes forming part of the Special Purpose Consolidated Financial Information for the period from 25th February, 2023 to 31st March, 2023

(I) Investments and Other Financial Assets

Financial assets are recognised when an entity becomes a party to the contractual provisions of the instruments.

(i) Classification

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

- Those to be measured subsequently at fair value through profit or loss,
- Those to be measured subsequently at fair value through other comprehensive income, and
- Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

For assets measured at fair value, gains and losses will be recorded in the Standalone Statement of Profit and Loss. For Investments in debt instruments, this will depend on the business model in which the investment is held.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Standalone Statement of Profit and Loss. However, trade receivables that do not contain a significant financing component are measured at transaction price. Further, in respect of retention amount receivable from customers the management generally has intention to provide bank guarantee to get an instant release of retention amount from customers. Therefore, the retention amounts are generally carried at amortized cost less provision for impairment.

Investment in Subsidiary, Joint Venture and Associates is recognized at cost as per Ind AS 27 "Separate Financial Instruments" less impairment provision, if any, as per Ind AS 36 "Impairment of Financial Assets". Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, joint venture and Associates the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

Debt instruments measured at amortized cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method.



McNally Sayaji Engineering Limited

Notes forming part of the Special Purpose Consolidated Financial Information for the period from 25th February, 2023 to 31st March, 2023

(iii) Impairment of Financial Assets

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not valued through profit or loss. Loss allowance for all financial assets is measured at an amount equal to lifetime ECL. The Company provides for expected credit loss allowance by taking into consideration historical trend, industry practices and the business environment in which the Company operates. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Standalone Statement of Profit and Loss.

For trade receivables and dues from customers, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(iv) Derecognition of Financial Assets

A financial asset is derecognized only when the contractual rights to receive the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

(m) Derivatives that are not designated as hedges

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Such contracts are accounted for at fair value through profit or loss and are included in other gains / losses. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(n) Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Standalone Balance Sheet where 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.

(o) Property, Plant and Equipment

The cost of an item of Property, Plant and Equipment is recognized as an asset if, and only if:

- i.) it is probable that future economic benefits associated with the item will flow to the entity; and
- ii.) the cost of an item can be measured reliably.

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance including spare parts are charged to Statement of Profit and Loss during the reporting period in which they are incurred.

- Depreciation methods, estimated useful lives and residual value.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values which is considered as Rs.1, on the basis of useful lives prescribed in Schedule II to the Act except the below mentioned cases, which are also supported by technical evaluation.



McNally Sayaji Engineering Limited

Notes forming part of the Special Purpose Consolidated Financial Information for the period from 25th February, 2023 to 31st March, 2023

Estimated useful lives of the assets (years) whose useful lives are different from the useful lives prescribed in Schedule II of the Companies Act 2013 are as follows:

- Motor Vehicles - 8 to 10 years
- Plant & Machinery - 8 to 15 years

The assets' residual values and useful lives are reviewed by the management, and adjusted if appropriate, at the end of each reporting period.

Freehold Land and Leasehold Land (perpetual lease) are not depreciated. Other leasehold land is amortized over the period of lease.

- Impairment of Property, Plant & Equipment

An asset's carrying amount is written down immediately to its recoverable amount if, and only if, the recoverable amount of an asset is less than its carrying amount and an impairment loss shall be recognized immediately in the Standalone Statement of Profit and Loss. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Standalone Statement of Profit and Loss within other gains/ losses.

(p) Investment Properties

Property that is held for long term rental yields or for capital appreciation or both, and is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance cost are charged to Statement of Profit and Loss during the reporting period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced cost is derecognized.

Investment properties are depreciated using straight line method over the estimated useful lives.

On transition to Ind AS, the group has elected to continue with the carrying value of its investment properties measured at the previous GAAP and use that carrying value as the deemed cost of investment properties.

(q) Intangible Assets

Intangible Assets are stated at cost of acquisition net of accumulated amortisation and accumulated impairment, if any.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

On transition to Ind AS, the Company has elected to continue with the carrying value of its intangible assets measured at the previous GAAP and use that carrying value as the deemed cost of intangible assets.

(i) Design and Drawings, Technical knowhow and other rights

Separately acquired Design and Drawings, Technical knowhow and other rights are shown at historical cost.

(ii) Computer software

Costs associated with maintaining software programmes are recognized as an expense as incurred. Cost of purchased software are recorded as intangible assets and amortized from the point at which the asset is available for use.



McNally Sayaji Engineering Limited

Notes forming part of the Special Purpose Consolidated Financial Information for the period from 25th February, 2023 to 31st March, 2023

(iii) Research and Development

Expenditure on Research and Development that does not meet the criteria laid out in the standard are recognized as expenses as and when incurred. Development costs previously recognized as an expense are not recognized as an asset in subsequent period.

Development costs are recognised as intangible assets when the following criteria are met:

1. it is technically feasible to complete the intangible asset so that it will be available for use
2. management intends to complete the intangible asset and use or sell it
3. there is an ability to use or sell the intangible asset
4. it can be demonstrated how the intangible asset will generate probable future economic benefits
5. adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available, and
6. the expenditure attributable to the intangible asset during its development can be reliably measured.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

(iv) Amortisation methods and periods

The Company amortises technical know-how over a period of five years and designs and drawing power over a period of seven years under straight line method. Computer software are amortised on a straight line basis over a period of two to five years depending upon their useful lives.

(r) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at transaction cost or their fair value as applicable and subsequently measured at amortized cost using the effective interest method.

(s) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit and loss over the period of borrowings using the effective interest method.

Borrowings are derecognised from the Standalone Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the Standalone Statement of Profit and Loss as other gains/ losses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.



McNally Sayaji Engineering Limited

Notes forming part of the Special Purpose Consolidated Financial Information for the period from 25th February, 2023 to 31st March, 2023

(i) Borrowing Costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost.

Borrowing Costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use or sale.

Other borrowing costs are expensed to the Standalone Statement of Profit and Loss in the period in which they are incurred.

(u) Provisions, Contingent Liabilities and Contingent Assets

Provision is recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and amount of the obligation can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The discount rate does not reflect risks for which future cash flow estimates have been adjusted. The increase in the provision due to the passage of time is recognised as interest expense in the Standalone Statement of Profit and Loss.

A disclosure for contingent liabilities is made 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 embodying economic benefits will be required to settle the obligation or amount of the obligation cannot be measured with sufficient reliability.

When there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.



McNally Sayaji Engineering Limited

Notes forming part of the Special Purpose Consolidated Financial Information for the period from 25th February, 2023 to 31st March, 2023

Contingent Assets are not recognised but are disclosed when an inflow of economic benefits is probable. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

Provision for warranty

The estimated liability for warranty is recorded when products are sold. These estimates are established using historical information of previous 18 months sales on an average, management estimates regarding possible future incidence based on corrective actions on product failure.

(v) Employee Benefits

(i) Short-term Employee Benefits

Short term Employee Benefits (i.e. benefits falling due within one year after the end of the period in which employee render the related service) are recognized as expense in the period in which employee services are rendered as per the Company's scheme based on expected obligations on undiscounted basis.

(ii) Other Long-term Employee Benefits

The cost of providing long-term employee benefits is determined using Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income.

(iii) Post-employment Benefit Plans

- Provident Fund

This is a defined contribution plan for certain employees and contributions are remitted to Provident Fund authorities in accordance with relevant statute and charged to the profit or loss in the period in which the related employee services are rendered. The Company has no further obligations for future Provident Fund benefits other than its monthly contributions.

Certain employees of the Company receive provident fund benefits, which are administered by the independent Provident Fund Trust. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employees and the Company make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust. The Company has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Company's obligation to meet the shortfall, there is a defined benefit plan. Actuarial valuation of the Company's liability under such scheme is carried out under the Projected Unit Credit Method at the year end and the charge/ gain, if any, is recognized in the Statement of Profit and Loss.

- Superannuation Fund

This is the defined contribution plan. The Company contributes a certain percentage of the eligible salary for employees covered under the scheme towards superannuation fund administered by the Trustees. The Company has no further obligations for future superannuation benefits other than its contributions and recognizes such contributions as expense in the period in which the related employee services are rendered.

- Gratuity

This is a defined benefit plan. The schemes, which are funded with SBI Life Insurance Co. Ltd. and Life Insurance Corporation of India (LIC), are administered by independent trusts. The liability is determined based on year-end actuarial valuation using Projected Unit Credit Method.



McNally Sayaji Engineering Limited

Notes forming part of the Special Purpose Consolidated Financial Information for the period from 25th February, 2023 to 31st March, 2023

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the Standalone Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Standalone Statement of Changes in Equity and in the Standalone Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the Statement of Profit and Loss as past service cost.

- Bonus plans

The Company recognizes a liability and an expense for bonus. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Non- Current Assets held for sale.

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded as met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Non-Current Assets held for sale and disposal groups are measured at the lower of their carrying amount and the fair value less cost to sell. Assets and liabilities classified as held for sale are presented separately in the Balance Sheet.

Other Assets held for sale

Any other asset (tangible or intangible) held for sale is disclosed separately in Financial Statements, as appropriate. PPE and Intangible Assets once classified as held for sale are not depreciated or amortised.



McNally Sayaji Engineering Limited

Notes forming part of the Special Purpose Consolidated Financial Information for the period from 25th February, 2023 to 31st March, 2023

Exceptional items

When items of income and expenses within the statement of profit and loss from ordinary activities are of such size, nature and or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

(w) Contributed Equity

Equity Shares of the company are classified as equity. The issue expenses of securities which qualify as equity instruments are written off against securities premium.

(x) Dividends Payment

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(y) Earnings Per Share

(i) Basic Earnings Per Share

Basic Earnings Per Share is calculated by dividing:

- Profit/ (Loss) attributable to equity shareholders of the Company
- By the weighted average number of Equity Shares outstanding during the financial year.

(ii) Diluted Earnings Per Share

Diluted Earnings Per Share adjusts the figures used in their determination of basic earnings per share to take into account

- Profit/(Loss) after income tax effect of interest and other financing costs associated with dilutive potential Equity Shares, and
- The weighted average number of additional Equity Shares that would have been outstanding assuming the conversion of all dilutive potential Equity Shares.



McNally Sayaji Engineering Limited

Notes forming part of the Special Purpose Consolidated Financial Information for the period from 25th February, 2023 to 31st March, 2023

(Z) Recent pronouncements

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, the effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Rules are stated below:

Ind AS 1 - Presentation of Financial Statements -

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The Company has evaluated the amendment and the impact of the amendment is insignificant in the Special Purpose Consolidated Financial Information.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors -

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The Company has evaluated the amendment and there is no impact on its Special Purpose Consolidated Financial Information.

Ind AS 12 - Income Taxes -

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The Company has evaluated the amendment and there is no impact on its Special Purpose Consolidated Financial Information.

Ind AS 107 - Financial Instruments Disclosures -

This amendment has made an addition which says that "Information about the measurement basis for financial instruments used in preparing the financial statements is material accounting policy information and is to be disclosed." The Company has evaluated the amendment and there is no impact on its Special Purpose Consolidated Financial Information.

Rounding off amounts

All amounts disclosed in the Special Purpose Consolidated Financial Information and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III to the Act, unless otherwise stated.



McNally Sayaji Engineering Limited

Notes forming part of the Special Purpose Consolidated Financial Information for the period from 25th February, 2023 to 31st March, 2023

Note : 2 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Special Purpose Consolidated Financial Information requires management to make judgements, estimates and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures relating to contingent liabilities at the date of the Special Purpose Consolidated Financial Information and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these Special Purpose Consolidated Financial Information. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Special Purpose Consolidated Financial Information in the periods required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. No

In the process of applying the group's accounting policies, the following management estimates, judgements and assumptions, have a significant effect on the amounts recognised and disclosed in the Special Purpose Consolidated Financial Information:

1. Going Concern Assumptions in the preparation of the Special Purpose Consolidated Financial Information.
2. Fair Value Measurement of Financial Instruments.
3. Recognition of Deferred Tax Assets for carried forward tax losses
4. Impairment of Trade Receivables and due from customers
5. Provisions, Claims and Contingent Liabilities
6. Estimation of Defined Benefits Obligation
7. Useful life of Property, Plant and Equipment

Estimates and judgements are continually evaluated on an ongoing basis. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.



McNally-Singh Engineering Limited
Notes forming part of the Consolidated Financial Statements

Note 9 - Property, Plant and Equipment

1. All amounts are in ₹ lakhs, unless otherwise stated.

Particulars	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT	
	As at 31st April, 2024	Additions	Other Adjustments	As at 31st April, 2024	Due to Depreciation	Other Adjustments	As at 31st April, 2024	Due to Depreciation	As at 31st April, 2024	As at 31st April, 2024
Plant and Machinery	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Plant and Machinery - Depreciable	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Plant and Machinery - Non-Depreciable	-	-	-	-	-	-	-	-	-	-
Land and Buildings	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Land and Buildings - Depreciable	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Land and Buildings - Non-Depreciable	-	-	-	-	-	-	-	-	-	-
Other Assets	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Other Assets - Depreciable	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Other Assets - Non-Depreciable	-	-	-	-	-	-	-	-	-	-
Right to Use Assets	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Right to Use Assets - Depreciable	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Right to Use Assets - Non-Depreciable	-	-	-	-	-	-	-	-	-	-
Total	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000

Notes: Refer to the notes to the financial statements.

Particulars	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT	
	As at 31st April, 2024	Additions	Other Adjustments	As at 31st April, 2024	Due to Depreciation	Other Adjustments	As at 31st April, 2024	Due to Depreciation	As at 31st April, 2024	As at 31st April, 2024
Plant and Machinery	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Plant and Machinery - Depreciable	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Plant and Machinery - Non-Depreciable	-	-	-	-	-	-	-	-	-	-
Land and Buildings	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Land and Buildings - Depreciable	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Land and Buildings - Non-Depreciable	-	-	-	-	-	-	-	-	-	-
Other Assets	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Other Assets - Depreciable	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Other Assets - Non-Depreciable	-	-	-	-	-	-	-	-	-	-
Right to Use Assets	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Right to Use Assets - Depreciable	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Right to Use Assets - Non-Depreciable	-	-	-	-	-	-	-	-	-	-
Total	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000

Notes: Refer to the notes to the financial statements.

Amount is before providing off-balance sheet items.

Refer to the notes to the financial statements.

Refer to the notes to the financial statements.

Refer to the notes to the financial statements.

Refer to the notes to the financial statements.



McNally Special Engineering Limited
 Notes forming part of the Consolidated Financial Statements

Notes to Property, Plant and Equipment (Contd.)

Table Details of Immovable Properties are held in the name of the company as under:-

Relevant Item	Class of Assets	Description of item of property	Area Covered (Sq. Ft.)	This details held in the name of	Whether the said holder is a previous director, holding director or employee of the company or director	Property held name, which date (Financial Year)	Remarks for and being held in the name of the company
Immovable Properties	Freehold Land	Freehold land measuring 12000 sqm located at Baramulla District in Poonch in the State of Jammu and Kashmir	12000	This details held in the name of Poonch Building Co.	Yes	20th November 1974	The title deeds are in the name of McNally Road Engineering Company Limited which was incorporated in 1974. The property of McNally Road Engineering Company Limited was transferred to the name of McNally Special Engineering Limited in 2000.
Property Plant and Equipment	Right to Use Assets	Leasehold land measuring 12000 sqm located at Baramulla District in Poonch in the State of Jammu and Kashmir	12000	This details held in the name of Poonch Building Co.	No	20th November 1974	The title deeds are in the name of McNally Road Engineering Company Limited which was incorporated in 1974. The property of McNally Road Engineering Company Limited was transferred to the name of McNally Special Engineering Limited in 2000.
Property Plant and Equipment	Right to Use Assets	Leasehold land measuring 12000 sqm located at Baramulla District in Poonch in the State of Jammu and Kashmir	12000	This details held in the name of Poonch Building Co.	No	20th November 1974	The title deeds are in the name of McNally Road Engineering Company Limited which was incorporated in 1974. The property of McNally Road Engineering Company Limited was transferred to the name of McNally Special Engineering Limited in 2000.



(All amounts are in Rs lakhs, unless otherwise stated)

Note 4: Investment Property (Leasehold land)

Particulars	31st March, 2023	24th February, 2023
Gross Carrying Amount		
Opening Gross Carrying Amount / Deemed cost	-	397
Less Transfer to Property, Plant and Equipment	-	397
Closing Gross Carrying Amount	-	-
Accumulated Depreciation		
Opening Balance	-	42
Add :For the period	-	-
Less Transfer to Property, Plant and Equipment	-	42
Closing Accumulated Depreciation	-	-
Net Carrying Amount	-	-

(i) Leasing Arrangements

Investment properties are leased to tenants under cancellable operating leases with rentals payable monthly.

(ii) Fair value

Particulars	31st March, 2023	24th February, 2023
Investment Property*	-	2,250

Estimation of fair value

* The fair valuation is based on reported value as on 21.03.2019 in active market for similar properties. The main inputs used are quantum, area, location, demand, restrictive entry and trend of fair market rent in the area of property located.

The valuation is based on valuation performed by an accredited independent valuer. All resulting fair value estimates for investment properties are included in level 2.



Note 3: Intangible Assets

(All amounts are in Rs. lakhs, unless otherwise stated)

Particulars	GROSS CARRYING AMOUNT					ACCUMULATED AMORTISATION					NET CARRYING AMOUNT				
	As at 1st February, 2022	Additions	Other Adjustments	Sale/ Adjustment	Adjustment on account of Fair Valuation	As at 31st March, 2022	Upto 1st February, 2022	For the period	Due to Fair valuation	Other Adjustments	Sale/ Adjustment	Adjustment on account of Fair Valuation	Upto 31st March, 2022	As at 1st February, 2022	As at 31st March, 2022
Design and Drawings	2,320	-	-	-	-	2,320	2,320	-	-	-	-	-	2,320	-	-
Computer Software	200	-	-	-	-	200	128	-	-	-	-	-	128	-	-
Technical Knowhow	10	-	-	-	-	10	10	-	-	-	-	-	10	-	-
Brand	853	-	-	-	-	853	-	-	5	-	-	-	5	-	233
	3,383	-	-	-	-	3,383	2,458	-	5	-	-	-	2,463	248	236
Previous Year															
Particulars	GROSS CARRYING AMOUNT					ACCUMULATED AMORTISATION					NET CARRYING AMOUNT				
	As at 1st April, 2021	Additions	Other Adjustments	Sale/ Adjustment	Adjustment on account of Fair Valuation	As at 1st February, 2021	Upto 1st April, 2021	For the Period	Due to Fair valuation	Other Adjustments	Sale/ Adjustment	Adjustment on account of Fair Valuation	Upto 1st February, 2021	As at 1st February, 2021	As at 31st March, 2021
Design and Drawings	2,320	-	-	-	-	2,320	2,320	-	-	-	-	-	2,320	-	-
Computer Software	200	-	-	-	-	200	200	-	-	-	-	-	200	-	-
Technical Knowhow	10	-	-	-	-	10	-	-	-	-	-	-	-	-	-
Brand	853	-	-	-	-	853	-	-	-	-	-	-	-	-	-
	3,383	-	-	-	-	3,383	2,484	-	-	-	-	-	2,484	248	248

Refer Note 44 for fair valuation



Note 6 : Trade Receivables

Particulars	31st March, 2023	24th February, 2023
Unsecured (Refer Note-43)		
- Considered Good	6,640	5,303
- which have significant increase in Credit Risk	-	-
- Credit Impaired	4,042	4,098
Less: Allowance for Doubtful trade receivables*	4,109	4,098
Total Receivables	6,573	5,303
Current portion	6,573	5,303
Non-current portion**	-	-

*Includes Excepted Credit Loss of Rs 67 Lakhs (24th February, 2023 Rs 52 Lakhs)

**Represents retention amount falling due after one year from reporting date

Trade Receivables Aging as at 31st March, 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due*	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - Considered Good	2,606	2,024	379	794	100	25	6,444
Undisputed Trade Receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - Credit Impaired	-	0	0	992	336	529	3,747
Disputed Trade Receivables - Considered Good	-	-	0	10	84	93	187
Disputed Trade Receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - Credit Impaired	-	-	0	-	5	843	848
Total Trade Receivables	2,606	2,024	379	804	420	648	6,881
Less: Allowance for Doubtful trade receivables							4109
Net Total Trade Receivables							6,573

*Includes Rs 539 Lakhs retention amount falling due after one year from reporting date

Trade Receivables Aging as at 24th February, 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due*	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - Considered Good	2,818	956	631	683	67	32	4,967
Undisputed Trade Receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables - Credit Impaired	-	-	93	151	445	2,804	3,393
Disputed Trade Receivables - Considered Good	-	-	31	28	15	93	167
Disputed Trade Receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables - Credit Impaired	-	-	0	-	5	637	642
Total Trade Receivables	2,818	956	755	862	527	3,026	9,104
Less: Allowance for Doubtful trade receivables							4,098
Net Total Trade Receivables							5,006

*Includes Rs 643 Lakhs retention amount falling due after one year from reporting date

Note 7 : Cash and Cash Equivalents

Particulars	31st March, 2023	24th February, 2023
Balance with Banks		
- in Current Accounts	1,686	1,428
Bank Deposits with maturity of less than three months	-	1,449
Cash on hand (as certified by the Management)	2	1
Total Cash and Cash equivalents	1,688	2,878



(All amounts are in Rs lakhs, unless otherwise stated)

Note 8: Bank Balances Other Than Cash & Cash Equivalents

Particulars	31st March, 2023	24th February, 2023
Bank deposits with original maturity greater than three months and maturing within twelve months*	284	261
Total Bank Balances Other Than Cash & Cash Equivalents	284	261
*To the extent held as margin money or security against the guarantees	284	261

Note 9: Other Financial Assets

Particulars	31st March, 2023		24th February, 2023	
	Non-Current	Current	Non-Current	Current
Unsecured, Considered Good				
Security Deposits	12	-	12	-
Security Deposit for Electricity	73	-	73	-
Interest Receivables on Deposit	-	3	-	-
Bank deposits with original maturity greater than twelve months*	-	-	74	-
Balance with Government Authority	-	34	-	34
Fixed Money Deposit	-	131	-	132
Total	84	168	158	166
Less: Provision Doubtful Fixed Money Deposit	-	(3)	-	(3)
Total Other Financial Assets	84	164	158	163
*To the extent held as margin money or security against the guarantees	-	-	74	-

Note 10: Other Non Current Assets

Particulars	31st March, 2023	24th February, 2023
Security Deposits - considered good		
Deposit for Others	27	27
Deposit for Others-Credit impaired	39	39
Total	66	66
Less: Provision for Doubtful Deposits	(39)	(39)
Total Other Non Current Assets	27	27

Note 11: Inventories

Particulars	31st March, 2023	24th February, 2023
Raw Materials (includes in transit Rs 104 Lakhs)	1,424	1,710
Work-in-Progress	2,929	2,846
Stores and Spares	759	804
Loose Tools	61	53
Finished Goods (includes in transit Rs 44 Lakhs)	44	-
Total Inventories	5,117	5,313

The Company has expensed inventory by Rs 864 Lakhs for writing down the value of inventories towards slow moving, non-moving and obsolete inventory.

Note 12: Current Tax Assets (Net)

Particulars	31st March, 2023	24th February, 2023
Income Tax (Net of Provision Rs 3,001 Lakhs (24th February, 2023: Rs 3,001 Lakhs))	81	117
Closing Balance	81	117

Note 13: Other Current Assets

Particulars	31st March, 2023	24th February, 2023
Unsecured, unless stated otherwise		
Balance with Government Authorities *	459	584
Advance for goods and services		
To Related Parties (Refer Note - 41)		
- Considered Good	-	144
- Considered Doubtful	-	144
To Others		
- Considered Good	714	1,356
- Considered Doubtful	994	99
Less: Provision for doubtful Advances	994	99
Others :-		
Advance To Employees	23	20
Prepaid Expenses	103	97
Security Deposits	33	53
Total Other Current Assets	6,302	5,842

* Includes Input Tax Credit of Rs. 46 Lakhs blocked by Goods and Service Tax Department, West Bengal (Refer Note 49)



Note 14: Deferred Tax Assets (Net)

Particulars	31st March, 2023	24th February, 2023
The balance comprises temporary differences attributable to:		
Deferred Tax Asset on account of		
Unabsorbed Tax Depreciation/Loss	1,553	1,553
Items allowable for tax purpose on payment basis	102	102
Allowance for doubtful debts and doubtful advances	505	505
Others	81	81
Total Deferred Tax Assets	2,300	2,300
Deferred Tax Liability on account of		
Property, Plant and Equipment, Investment Property and Intangible Assets	2,288	2,300
Total Deferred Tax Liabilities	2,288	2,300
Net Deferred Tax Assets/(Liabilities)	12	-

Significant Estimates

The Company has unabsorbed depreciation and carry forward business losses available for set off under Income tax Act, 1961. However, in view of inability to assess future taxable income, the extent of deferred tax assets which may be adjusted in subsequent years is not ascertainable with virtual certainty at this stage, and accordingly the deferred tax asset has been recognised only to the extent of deferred tax liability.



Note 19(a): Equity Share Capital

Particulars	31st March, 2023		24th February, 2023	
	Number of shares	Amount	Number of shares	Amount
(A) Authorized				
Equity Shares of Rs.10/- each	10,000,000	6,700	10,000,000	6,500
Convertibly Convertible Redeemable Preference Shares of Rs. 10/- each*	1,000,000	400	1,000,000	399
Total		7,100		7,000

*Refer Note 45

Particulars	31st March, 2023		24th February, 2023	
	Number of shares	Amount	Number of shares	Amount
(B) Issued, Subscribed and Paid up				
Equity Shares				
83,569,077 Equity Shares (24th February, 2023: 83,569,077 Equity Shares) of Rs.10/- each*	83,569,077	8,357	-	-
Total		8,357		-

*Refer Note 45

Particulars	31st March, 2023		24th February, 2023	
	Number of shares		Number of shares	
Equity Shares held by the holding Company				
Tega Industries Limited		83,569,077		-
McNally Sayaji Engineering Company Limited		-		-

Pursuant to the Approved Share Buyback Plan, the Authorized Share Capital and Issued, Subscribed and Paid up Share Capital have undergone change as mentioned in Note 19(a)

(iv) Reconciliation of shares

Particulars	31st March, 2023		24th February, 2023	
	Number of shares	Amount	Number of shares	Amount
Equity Shares				
Shares outstanding at the beginning of the period	-	-	-	-
Less: Capital reduction and cancellation during the period	-	-	-	-
Add: Shares issued during the period	83,569,077	8,357	-	-
Less: Share cancellation pursuant to Merge	83,569,077	8,357	-	-
Add: Shares issued pursuant to Merge	83,569,077	8,357	-	-
Add: Shares issued on conversion of loan	83,569,077	8,357	-	-
Shares outstanding at the end of the period	83,569,077	8,357	-	-

(v) Terms/Rights attached to Equity Shares

The Company has only one class of Equity Share having a par value of Rs.10/- per share. Each holder of equity is entitled to one vote per share. The dividend proposed by the board of directors is subject to the approval of the shareholders in the meeting Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount in proportion to their shareholding.

(vi) Details of shareholders holding more than 5% of the aggregate equity shares in the Company

Name of Shareholder	31st March, 2023		24th February, 2023	
	Number of shares held	% of Holding	Number of shares held	% of Holding
Tega Industries Limited	83,569,077	100	-	-

Shares held by Promoters at the end of the period		31st March, 2023		24th February, 2023		% Change during the period
Promoter Name		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	
Tega Industries Limited		83,569,077	100	-	-	100
Total		83,569,077		-	-	

Note 19(b): Share Capital Reserve Account

Particulars	31st March, 2023		24th February, 2023	
	No. of Shares	Amount	No. of Shares	Amount
Equity Share reserve account (contra)*	-	-	-	6,507
Total				6,507

*Pursuant to the approved resolution plan, the existing paid-up equity share has been reduced and cancelled. Therefore pending allotment of fresh equity shares to the resolution applicant, the same has been shown as a share capital reserve account with the corresponding debit to equity share reserve Amount (contra) in other equity.



McNally Sayaji Engineering Limited
Notes forming part of the Consolidated Financial Statements

(All amounts are in Rs lakhs, unless otherwise stated)

Note 16: Other Equity

Particulars	31st March, 2023	24th February, 2023
General Reserve	1,520	1,520
Retained Earnings	(596)	(1,198)
Securities Premium	5,712	5,712
Capital Reserve	6,663	6,663
Equity Share suspense account	-	(6,567)
Total Reserves and Surplus	13,300	6,130

(i) General Reserve

Particulars	31st March, 2023	24th February, 2023
As per last Financial Statement	1,520	1,520

(ii) Retained Earnings

Particulars	31st March, 2023	24th February, 2023
As per last Financial Statement	(1,198)	(12,888)
Add: Net profit / (loss) for the period	614	4,011
Add: Reduction and Cancellation of Equity Share Capital	-	1,259
Add: Reserve Pursuant to Merger	(17)	-
Less: Share Issue Expenses	(12)	-
<i>Items of other comprehensive income recognised directly in retained earnings</i>		
- Remeasurements of post-employment benefit obligation, net of tax	16	-
- Revaluation Reserve	-	6,420
Closing Balance	(596)	(1,198)

(iii) Securities Premium

Particulars	31st March, 2023	24th February, 2023
As per last Financial Statement	5,712	5,712

(iv) Capital Reserve

Particulars	31st March, 2023	24th February, 2023
As per last Financial Statement	6,663	6,663

(v) Equity Share Suspense Account

Particulars	31st March, 2023	24th February, 2023
Equity Share suspense account (Contra)	-	(6,567)

Nature & Purpose of Other Reserves

- General Reserve**
General Reserve is created and utilised in compliance with the provisions of the Act.
- Securities Premium**
Securities Premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.
- Capital Reserve**
Represents the amount transferred from the transferor company pursuant to the Scheme of Amalgamation.
- Equity Share Suspense Account**
Represents corresponding credit to equity share suspense account.



(All amounts are in Rs lakhs, unless otherwise stated)

Note 17: Non-Current Borrowings

Particulars	31st March, 2023	24th February, 2023
Secured Loans from Banks		
Term Loan [Refer Note 45]	10,000	-
Current maturities of long-term debt	-	-
Total Non-Current Borrowings*	10,000	-

***Nature of Security, terms of repayment and rate of interest for Secured Borrowings**

Nature of Security	Terms of Repayment and Rate of Interest
Term loan sanctioned from Axis Bank Ltd. of Rs 12,000 Lakhs is secured by first pari passu charge on entire fixed assets of the Company and second pari passu charge on entire current assets of the Company. The Holding Company has also provided Corporate Guarantee for the same. However as on reporting date only an amount of Rs 10,000 Lakhs has been drawn.	Loan is repayable in 24 quarterly installments, the first installment being due on March 29, 2023. The terms of repayment are as follows: i. 4 equal quarterly installments of Rs. 200 Lakhs each, ii. 15 equal quarterly installments of Rs. 400 Lakhs each, iii. 4 equal quarterly installments of Rs. 600 Lakhs each, and iv. 1 installment of Rs. 800 Lakhs. Interest rate is payable at Repo Rate + 1.90% p.a. Interest payment being started from date of disbursement i.e. 29th March 2023 and every month thereafter. (Presently effective rate 8.4%)

Note 18: Current Borrowings

Particulars	31st March, 2023	24th February, 2023
Secured Loans from Banks		
Repayable on demand	-	14,537
Total Current Borrowings	-	14,537

Nature of Security on Secured Loans availed from Banks

Working Capital facilities sanctioned from Axis Bank Limited on 18th March, 2023 are secured by first pari passu charge on entire current assets of the Company and second pari passu charge on the entire fixed assets of the Company. However as on reporting date the company has not drawn or utilized any amount from such facility.

In addition to the above, the interest expense were not provided in the books of account on the bank borrowings and Inter-Corporate Borrowings till 24th February, 2023. Pursuant to the continuing defaults of the Company in repayment of borrowings in previous years, CIRP under the IBC was initiated against the Holding Company vide an Order of the Hon'ble NCLT dated 10th July, 2022. On 24th February, 2023, the Hon'ble NCLT approved the terms of the Resolution Plan submitted by TIL. The accounting for the borrowings have been carried out considering the terms of such Resolution Plan. Refer Note 44 for details of effect of resolution plan. As all the borrowings were settled on 29th March, 2023, and e-form for satisfaction of charge, created against such borrowings, has been approved by the Registrar of the Companies, the details of security in respect of such borrowings are not given.

Ind AS 7 Statement of Cashflows requires entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flow and non cash changes (such as foreign exchange gains or losses). The Group has provided the information for current period as under:

Particulars	24th February, 2023	Cash Flow	Other Adjustments	31st March, 2023
Borrowings (Refer Note 17)	-	10,000	-	10,000
Total	-	10,000	-	10,000



McNally Sayaji Engineering Limited
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(All amounts are in Rs lakhs, unless otherwise stated)

Note 19: Lease Liabilities

Particulars	31st March, 2023		24th February, 2023	
	Non Current	Current	Non Current	Current
Lease Obligation	159	47	160	47
Total Lease Liabilities	159	47	160	47

Note 20: Other Financial Liabilities

Particulars	31st March, 2023	24th February, 2023
Interest accrued and due on borrowings	7	-
Employee Benefits Payable	335	169
Others Payable	-	3,211
Earnest Money from Applicant (CHP)	-	-
- Related Party (Refer Note 43)	2	2
- Others	-	212
Total Current	344	3,594
Total Other Financial Liabilities	344	3,594

Note 21: Trade Payables (Refer note-43 and 47)

Particulars	31st March, 2023	24th February, 2023
Total outstanding dues of Micro Enterprises and Small Enterprises	13	7
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	1,590	1,401
Total Trade Payables	1,602	1,408

Trade payables Ageing as on 31st March, 2023

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	-	12	-	-	-	12
Others	273	1,270	10	12	-	1,565
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-

Trade payables Ageing Schedule as on 24th February, 2023

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	-	7	-	-	-	7
Others	272	1,060	42	29	-	1,403
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-



(All amounts are in Rs lakhs, unless otherwise stated)

Note 22: Provisions

Particulars	31st March, 2023		24th February, 2023	
	Current	Non-current	Current	Non-current
Warranty	57	-	59	-
Gratuity	61	234	117	232
Leave Encashment	39	-	42	-
Longterm service Award	1	5	1	5
Total	158	239	219	237

(i) Warranty

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

The Group offers 12 to 18 months warranties for its products. Management estimates the related provision for future warranty claims based on historical warranty claims information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior year. As at 31st March, 2023 this particular provision had a carrying amount of Rs 57 lakhs (24th February, 2023 : Rs 59 lakhs). Where claims costs differ by 10% from management's estimates, the warranty provisions would be an estimated Rs 5 lakhs higher or lower (24th February, 2023 : Rs 5 lakhs higher or lower).

(ii) Movements in provision

Movements in each class of provision during the period, are set out below:

Particulars	31st March, 2023	24th February, 2023
	Warranty	Warranty
Balance as at the beginning of the period	59	53
Provision made	13	32
Provision used/Adjusted	(15)	(7)
Balance as at the end of the period	57	59

iii) Gratuity

In keeping with the Group's gratuity scheme, eligible employees are entitled for gratuity benefit as per The Payment of Gratuity Act, 1972 on retirement / death/ incapacitation/ termination etc. Also refer Note 1.viii for accounting policy related to gratuity. The following Table sets forth the particulars in respect of the Defined Benefit Plans (funded) :

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at 24th February, 2023	486	(137)	349
Current service cost	0	-	0
Interest expense/(income)	3	(2)	1
Total amount recognised in statement of profit and loss	3	(2)	1
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	2	2
(Gain)/loss from change in financial assumptions	(27)	-	(27)
Experience (gains)/losses	(1)	-	(1)
Total amount recognised in Other Comprehensive Income	(28)	2	(26)
Employer contributions/premiums paid	-	(29)	(29)
Benefit payments	(4)	4	-
As at 31st March, 2023	457	(162)	295



Note 22: Provisions (Contd.)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at 1st April, 2022	498	(129)	369
Current service cost	28	-	28
Interest expense/(income)	32	(8)	24
Total amount recognised in statement of profit and loss	60	(8)	52
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	3	3
(Gain)/loss from change in financial assumptions	33	-	33
Experience (gains)/losses	(27)	-	(27)
Total amount recognised in other comprehensive income	5	3	8
Employer contributions/premiums paid	-	(81)	(81)
Benefit payments	(78)	78	-
As at 24th February, 2023	486	(137)	349

The net liability disclosed above relates to funded and unfunded plans are shown below:

	31st March, 2023	24th February, 2023
Present value of funded obligations	457	486
Fair value of plan assets	(162)	(137)
Deficit of funded plans	295	349

Major Categories of Plan Assets as a percentage of fair value of the total plan assets:

The defined benefit plans are funded with insurance companies of India. The Group does not have any liberty to manage the funds provided to insurance companies. Thus the composition of each major category of plan assets has not been disclosed.

Principal Actuarial assumptions used:

	31st March, 2023	24th February, 2023
Discount rate	7.40%	7.40%
Salary escalation rate	4%	4%
Withdrawal rate	1% to 8%	1% to 8%
Mortality rate	In accordance with standard table Indian Assured Lives Mortality (2012-14) ultimate	

The estimates of future salary increases, considered in actuarial valuations, taken on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investment of funds during the estimated term of the obligation.

The contribution expected to be made by the Group for the year ended 31st March, 2024 is Rs. 67 Lakhs.

Expected Payout

The weighted average duration for 2022-23 of the defined benefit obligation is 3.59 years (24th February, 2023 : 3.66 years).

The expected maturity analysis of undiscounted gratuity is as follows:

	31st March, 2023	24th February, 2023
Less than a year	94	89
Between 1 to 2 years	74	82
Between 2 to 5 years	111	110
More than 5 Years*	122	123
Total	401	404

Considered Above 5 year to 10 Year



McNally Sayaji Engineering Limited
Notes forming part of the Consolidated Financial Statements

Note 22: Provisions (Contd.)

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

Sensitivity Analysis	31st March, 2023	24th February, 2023
Under Base scenario	450	484
Increase in discount rate by 1%	422	424
Decrease in discount rate by 1%	471	473
Increase in salary escalation by 1%	473	475
Decrease in salary escalation by 1%	420	421
Increase in Withdrawal rate by 1%	451	452
Decrease in Withdrawal rate by 1%	439	440

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

Risk exposure

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
Interest risk	A decrease in the interest rate on plan assets will increase the plan liability.
Life expectancy	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan liability.

b) Provident Fund

Contributions towards provident funds are recognised as expense for the period. The Group contributes to the provident funds trusts set up by the ensemble holding company in respect of certain categories of employees which is administered by Trustees. Both the employees and the Group make monthly contributions to the Funds at specified percentage of the employee's salary and aggregate contributions along with interest thereon are paid to the employees/their nominees at retirement, death or cessation of employment. The Trusts invest funds following a pattern of investment prescribed by the Government. The interest rate payable to the members of the Trusts is not lower than the rate of interest declared annually by the Government under The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, on account of interest is to be made by the Group.

In terms of the Guidance Note on 'Employee Benefits' issued by the Accounting Standards Board of The Institute of Chartered Accountants of India (ICAI), a provident fund trust set up by the Group are treated as defined benefit plan in view of the Group's obligation to meet shortfall, if any, on account of interest.

The Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligation as at the Balance Sheet date using Projected Unit Credit Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Group as at the Balance Sheet date. Further during the year, the Group's contribution of Rs 90 Lakhs (24th February, 2023: Rs. 82 Lakhs) to the Provident Fund Trust has been expensed under the " Contributions to Provident and Other Funds" in Note 29. Disclosures given hereunder are restricted to the information available as per the Actuary's report -



McNally Sayaji Engineering Limited

Notes forming part of the Consolidated Financial Statements

(All amounts are in Rs lakhs, unless otherwise stated)

Note 22: Provisions (Contd.)

Particulars	31st March, 2023	24th February, 2023
Discount rate	7.49%	7.49%
Expected Return on Exempted Fund	8.15%	8.15%

Post Employment Defined Contribution Plan

Contribution to Defined Contribution Plans, recognised as expense in Statement of Profit and Loss for the period is as under:

Particulars	31st March, 2023	24th February, 2023
Employer's Contribution to Provident Fund	107	100

It includes Rs. 18 Lakhs (24th February, 2023: Rs 18 Lakhs) other than MBEPF Trust

Note 23: Other Current Liabilities

Particulars	31st March, 2023	24th February, 2023
Advance received from customers		
Others	901	1,156
Dues payable to government authorities	47	20
Total other current liabilities	948	1,176

Note 24 : Decommissioning Liability

The Company has made provision as at year end for all material losses, if any, on long term contracts.



McNally Sayaji Engineering Limited
Notes forming part of the Consolidated Financial Statements

(All amounts are in Rs lakhs, unless otherwise stated)

Note 25: Revenue from Operations

Particulars	For the period from 25th February, 2023 to 31st March, 2023	For the period from 1st April, 2022 to 24th February, 2023
Sale of Products	3,349	14,538
Sale of Services	224	631
Other Operating Revenue	24	108
Total Revenue from Operations	3,697	15,277

Note 26: Other Income

Particulars	For the period from 25th February, 2023 to 31st March, 2023	For the period from 1st April, 2022 to 24th February, 2023
Rental Income	-	-
Interest Income from Financial Assets at Amortised Cost	20	47
Liability no longer required written back	-	-
Provision no longer required written back	(14)	133
Interest on Refund	2	2
Net Foreign Exchange Gain	6	19
Provision for Warranty written back	(19)	-
Duty Drawback Income	-	1
Net Gain on fair value of disposal group	49	1,379
Miscellaneous Income	-	2
Total Other Income	44	1,583

Note 27: Cost of Materials Consumed

Particulars	For the period from 25th February, 2023 to 31st March, 2023	For the period from 1st April, 2022 to 24th February, 2023
Raw Materials at the beginning of the period	1,972	2,075
Add: Purchases	1,733	9,056
Less: Raw Materials at the end of the period	1,454	1,972
Total Cost of Materials Consumed	2,251	9,159

Note 28: Changes in Inventories of Finished Goods and Work-in-Progress

Particulars	For the period from 25th February, 2023 to 31st March, 2023	For the period from 1st April, 2022 to 24th February, 2023
Opening balance		
Work-in progress	2,896	2,812
Finished Goods	-	-
Total opening balance	2,896	2,812
Closing balance		
Work-in progress	2,949	2,896
Finished Goods	44	-
Total closing balance	2,993	2,896
Total Changes in Inventories of Finished Goods and Work-in-Progress	(97)	(83)



Note 29: Employee Benefits Expense

Particulars	For the period from 25th February, 2023 to 31st March, 2023	For the period from 1st April, 2022 to 24th February, 2023
Salaries, Wages and Bonus	230	2,202
Contribution to Provident and Other Funds	13	182
Staff Welfare Expense	14	117
Total Employee Benefits Expense	257	2,501

Note 30: Finance Costs

Particulars	For the period from 25th February, 2023 to 31st March, 2023	For the period from 1st April, 2022 to 24th February, 2023
Finance Charge		
Interest Expenses		
On Bank Borrowings	7	239
On Lease Liabilities	3	26
Other Borrowing Cost	12	62
Total Finance Costs	22	327

Note 31: Depreciation and Amortisation Expense

Particulars	For the period from 25th February, 2023 to 31st March, 2023	For the period from 1st April, 2022 to 24th February, 2023
Depreciation on Property, Plant and Equipment	129	606
Amortisation of Intangible Asset	5	3
Total Depreciation and Amortisation Expense	134	609

Note 32: Other Expenses

Particulars	For the period from 25th February, 2023 to 31st March, 2023	For the period from 1st April, 2022 to 24th February, 2023
Consumption of Stores and Spares	87	877
Fabrication and Other Charges	117	1,076
Power	29	268
Repairs and Maintenance:		
To Plant and Machinery	6	49
To Buildings	-	4
To Others	13	85
Professional Fees	25	166
Rental Expenses	4	56
Subscriptions and Donations	1	2
Rates and Taxes	4	36
Insurance	7	48
Freight	51	222
Travel and Conveyance	37	296
Commission Expenses	-	15
Security Services	17	127
Provision for doubtful deposit and advances	-	237
Provision for Warranty	-	-
Loss on sale of Undertaking	49	-
Advance and other receivables written off	-	279
Payment to auditors [refer note 32 (a)]	13	17
CIRP Expenses [refer note 32 (b)]	-	179
Miscellaneous Expenses	17	255
Total Other Expenses	477	4,286



McNally Sayaji Engineering Limited
Notes forming part of the Consolidated Financial Statements

(All amounts are in Rs lakhs, unless otherwise stated)

Note 32(a): Payment to auditor

Particulars	For the period from 25th February, 2023 to 31st March, 2023	For the period from 1st April, 2022 to 24th February, 2023
Auditors Remuneration		
As Auditors	1	8
For Limited Review	-	9
Total Auditors Remuneration	1	17

Note 32(b): CIRP Expenses includes :

Particulars	For the period from 25th February, 2023 to 31st March, 2023	For the period from 1st April, 2022 to 24th February, 2023
Resolution Professional Fees	-	94
Interim Management Fees	-	7
Legal and Professional Fees	-	26
IRBI Fees	-	52
IT Services and others	-	-
Total CIRP Expenses	-	179

Note 32(c): Corporate Social Responsibility :

Section 135 of the Companies Act, 2013 is not applicable as none of the threshold limit as specified in the section exceeds as per Financial Statements.



Note 33: Income Tax Expense

This note provides an analysis of the Group's income tax expense, shows amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax positions.

	31st March, 2023	24th February, 2023
(a) Income Tax Expense		
Current tax-Earlier year	-	(23)
Current tax on profits for the year	-	-
Total Current Tax Expense	-	(23)
Deferred Tax	-	-
Decrease (increase) in deferred tax assets	-	2,424
(Decrease) increase in deferred tax liabilities	(24)	-
Total Deferred Tax Charge / (credit)	(24)	2,424
Income Tax Expense		
-through Profit and Loss	(24)	4,394
-through Other Comprehensive Income	(6)	(1,903)

(b) Reconciliation of tax expense and the accounting profit multiplied by applicable tax rates:

	31st March, 2023	24th February, 2023
Profit/(Loss) before Income Tax Expense	590	8,315
Other Comprehensive Income	22	(32)
	618	8,283
Tax at the Indian tax rate of 26% (2021-22 - 26%)		
Add : Deferred Tax Asset created for Unabsorbed business loss	-	-
Add / (Less) : Adjustment for temporary differences		
Deductions on items for tax purpose on payment basis	-	-
Disallowance for doubtful debts and doubtful advances	-	-
Change in carrying value of assets under Income tax and books	18	1,903
Others	6	(2)
Income Tax Expense	24	1,903

Note 34: Contingent Liabilities

As per the approved Resolution Plan, contingent liabilities (which have/are capable of being crystallised) prior to 24th February, 2023 stand extinguished (Refer Note 44)



Note 35: Fair Value Measurements Financial Instruments by category

	31st March, 2023			24th February, 2023		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets						
Investments	-	-	-	-	-	-
Trade Receivables	-	-	6,573	-	-	5,101
Cash and Cash Equivalents	-	-	1,686	-	-	2,578
Bank Balances other than Cash and Cash Equivalents	-	-	284	-	-	561
Other Financial Assets	-	-	248	-	-	310
Total Financial Assets	-	-	8,791	-	-	8,550
Financial Liabilities						
Borrowings	-	-	10,000	-	-	14,537
Lease Obligation	-	-	205	-	-	207
Trade Payables	-	-	1,602	-	-	1,408
Other Financial Liabilities	-	-	541	-	-	4,050
Total Financial Liabilities	-	-	12,348	-	-	20,202

(i) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value (b) measured at amortised cost and for which fair value are disclosed in the Financial Statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Quoted (unadjusted) prices in active market for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of foreign currency option contracts is determined using the Black Scholes valuation model

(iii) Fair value of the financial asset and liabilities measured at amortised cost

The management considers that the carrying amounts of financial assets and liabilities recognized in the Financial Statements are carried at amortised cost approximate their fair value as on 31st March, 2023 and 24th February, 2023.



Note 36: Financial Risk Management

The Group's activities are exposed to market risk, liquidity risk and credit risk. In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and interest rate swaps are used to hedge variable interest rate exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

The Group's risk management is carried out by a central treasury department (Group Treasury) under policies approved by the management. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the group's operating units. The management provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Credit Risk

Credit risk arises from Cash & Cash Equivalents, Other Bank Balances, Investments, Trade receivables and other financial assets carried at amortised cost and deposits with other financial institutions, as well as credit exposures to outstanding receivables.

(i) Credit Risk Management

The Group assigns the following credit ratings to each class of financial assets based on assumptions, inputs and factors specific to the class of financial assets.

VL1: High-quality assets, negligible credit risk ; VL2: Quality assets, low credit risk ; VL3: Standard assets, moderate credit risk ; VL4: Substandard assets, relatively high credit risk ; VL5: Low quality assets, very high credit risk ; VL6: Doubtful assets, credit impaired.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant changes in the operating results of the payer
- significant increase in credit risk on other financial instruments of the same payer
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behavior of the payer, including changes in the operating results of the payer.

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model.

Financial assets are written off when there is no reasonable expectations of recovery, such as debtor failing to engage in a repayment plan with the Group or where payer/borrower does not have financial capability to repay its debts. Where loans or receivables have been written off, the Group continues to engage in enforcement activities to attempt to recover the receivables due.

(ii) Provision for Expected Credit Losses

The Group provides for expected credit loss of trade receivables and other financial assets based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Wherever required, past trend is adjusted to reflect the effects of the current conditions and forecasts of future conditions that did not affect the period on which the historical data is based, and to remove to effects of the conditions in the historical period that are not relevant to the future contractual cash flows.

(iii) Reconciliation of loss allowance provision- Trade Receivables

Particulars	As at 31st March, 2023	As at 24th February, 2023
Loss allowance at opening balance sheet date	4,094	4,221
Changes in loss allowance	15	(127)
Loss allowance at closing balance sheet date	4,109	4,094

The Group has receivables from certain customers against whom insolvency proceedings have been initiated under the Insolvency and Bankruptcy Code, 2016. In view of the same, the Group has made adequate provision for its future financial losses.



McNally Sayaji Engineering Limited
Notes forming part of the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

Note 36: Financial Risk Management (Contd.)

(B) Liquidity Risk

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

Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based in their contractual maturities for:

(i) all non-derivative financial liabilities, and ;

(ii) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

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.

Contractual maturities of financial liabilities 31 March, 2023	Carrying Value	Contractual Cash Flows	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Borrowings	10,000	10,000	-	1,200	3,200	5,600
Lease Liabilities	205	310	49	101	105	58
Trade Payables	1,602	1,602	1,602	-	-	-
Other Financial Liabilities	137	137	137	-	-	-
Interest payable on above borrowings	7	4,067	872	1,692	1,286	817
Total Liabilities	11,951	16,716	2,659	2,994	4,591	6,473

Contractual maturities of financial liabilities 24th February, 2023	Carrying Value	Contractual Cash Flows	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Borrowings	14,537	14,537	14,537	-	-	-
Lease Liabilities	207	342	42	91	100	110
Trade Payables	1,408	1,408	1,406	-	-	-
Other Financial Liabilities	3,594	3,594	3,594	-	-	-
Interest payable on above borrowings	-	-	-	-	-	-
Total Liabilities	19,746	19,880	19,579	92	100	110



McNally Sayaji Engineering Limited**Notes forming part of the Financial Statements for the year ended 31st March, 2023***(All amounts in Rs lakhs, unless otherwise stated)***Note 36: Financial Risk Management (Contd.)****(C) Market Risk****(i) Foreign Currency Risk**

The Group is exposed to foreign exchange risk arising from foreign currency transactions primarily with respect to the US\$ and EURO. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Group's functional currency Rs. 242 Lakhs. The risk is measured through the expected foreign currency cash flows based on the Group's receipt and repayment schedule for recognised assets and liabilities denominated in a currency other than Rupees. The objective of the hedging is to minimize the volatility of the INR cash flows of such recognised assets and liabilities.

(a) Foreign currency risk exposure:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR is as follows

	As at 31st March, 2023		As at 24th February, 2023	
	USD	EURO	USD	EURO
Receivables				
Trade Receivables	242	-	238	-
	242	-	238	-

(b) Sensitivity:

Impact on profit

	As at 31st March, 2023		As at 24th February, 2023	
	USD	EURO	USD	EURO
Increase by 5% #	12	-	12	-
Decrease by 5% #	(12)	-	(12)	-

Holding all other variables constant

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. During the period ended 31st March, 2023 the Group's borrowings at variable rate were mainly denominated in INR. The Group's fixed rate borrowings are carried at amortised cost. These are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

The exposure of the Group's borrowings to interest rate changes at end of reporting period are as follows:

	As at 31st March, 2023	As at 24th February, 2023
Variable rate borrowings	10,000	14,537
Fixed rate borrowings	-	-

The Group has not entered in Interest rate swap for certain loan to monitor foreign currency interest exposure.

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

	As at 31st March, 2023	As at 24th February, 2023
Increase in interest rates by 50 basis points (50 bps) #	(1)	-
Decrease in interest rates by 50 basis points (50 bps) #	1	-

Holding all other variables constant



Note 37: Capital Management**Risk Management**

The Group aims to manage its capital efficiency so as to safeguard its ability to continue as going concern and to optimise returns to the shareholders.

The Group's objective for capital management is to maximize shareholders' wealth, safeguard business continuity and support the growth of the Group. The Group determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through equity, borrowings and operating cash flows as required. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return on capital to shareholders, issue new shares or sell assets to reduce debt.

Net Debt Reconciliation

Particulars	Other Assets	Liabilities from financing activities*			Total
	Cash and Cash Equivalents	Non-Current borrowings	Current borrowings	Lease Liabilities	
Net debt as at 24th February, 2023	2,578	-	(14,537)	(207)	(12,166)
Cash Flows	(903)	(10,000)	14,537	4	3,638
Cash Flows pursuant to merger	11	-	-	-	11
Principal Repayment of Lease	-	-	-	-	-
Interest expense on Lease	-	-	-	(3)	(3)
Non-cash movements:					
Extinguishment of liabilities	-	-	-	-	-
Addition in Lease during the year	-	-	-	-	-
Interest Accrued on Term loan	-	(7)	-	-	(7)
Net debt as at 31st March, 2023	1,685	(10,007)	-	(205)	(8,527)

*Borrowings include interest accrued on borrowings.



Note 38: Earnings per Share

	31st March, 2023	24th February, 2023
Basic Earnings per Share		
Net Profit/(Loss) after tax	614	4,011
Weighted average number of equity share used as the denominator in calculating basic earnings per share	17,824,541	-
Basic Earnings per Share (in Rs.)	3.45	-
Diluted Earnings per Share		
Net Profit/(Loss)	614	4,011
Weighted average number of equity share used as the denominator in calculating diluted earnings per share	17,824,541	-
Diluted Earnings per Share (in Rs.)	3.45	-
Weighted average number of shares used as the denominator		
Weighted average number of equity shares at the end of the period	17,824,541	-

Note 39: Commitments

(a) Capital Commitments

There is a capital commitment of Rs 119 Lakhs (24th February, 2023 Rs. Nil) as at the Balance Sheet date.

(b) Leases

Recognition

All lease taken as lessee, except lease for short-term and lease of low value assets, shall be recognized in the Financial Statements as an asset (Right-of-Use asset) and a corresponding Lease Liability (as borrowings) by discounting the lease payments over the lease term. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance cost in the Statement of Profit and Loss, unless the same are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs.

- The Lease Liability shall be measured at the present value of all the lease payments due over the lease term.
 - The Right-of-Use Asset shall be measured at cost that comprises of initial value of lease liability, lease payments made on or before the commencement of lease, initial direct costs incurred and an initial estimated cost of dismantling & removing the leased asset and restoring the site on which the asset is located.
 - Discount rate to be used shall be the rate implicit in the lease. If it is impracticable to determine the implicit rate, NBBL incremental borrowing rate for the quarter earlier to the quarter in which the lease is entered is used.
 - In case of composite contracts, the lease and non-lease components need to be segregated (unless impracticable) as per relative prices and only lease component needs to be discounted. If segregation of contract is impracticable, the entire component will be treated as lease component and shall be discounted accordingly.
- Subsequently, at each balance sheet date, the right-of-use asset shall be depreciated and lease liability shall be increased by interest amount & decreased by amount paid.

(i) As Lessee

Nature of Leasing Activities

The Company has entered into lease arrangements such as land and buildings for purpose of its plants, facilities, offices.

Details of some significant leases (including in substance leases) are as under:

Company has entered into lease arrangement for lease of land for Office Space.

Amount Recognized in the Statement of Profit and Loss Account or Carrying amount of another Asset

Particulars	For the period from 25th February, 2023 to 31st March, 2023	For the period from 1st April, 2022 to 24th February, 2023
Depreciation recognized	6	58
Interest on lease liabilities	3	25
Expenses relating to short-term leases & of low-value assets	4	48
Total cash outflow for leases	6	40
Additions to ROU during the period	-	-
Net Carrying Amount of ROU at the end the period	8757	8781

The details of ROU Asset included in Property, Plant and Equipment (Note 31) held as lessee by class of underlying asset is presented below :-

Asset Class	Right to use Land	Right to Use Building
Balance as at 24th February, 2023		
Balance as at 24th February, 2023	3,993	364
Additions during the period	-	-
Adjustments during the period	6,739	-
Balance as at 31st March, 2023	9,664	264
Accumulated depreciation as at 24th February, 2023		
Accumulated depreciation as at 24th February, 2023	349	111
Charge during the period	2	5
Adjustments during the period	-	-
Accumulated depreciation as at 31st March, 2023	351	116
Carrying amount Balances as at 31st March, 2023	9,313	148

ii) As Lessor

Operating Lease

The lease rentals are recognized as income in these statements as per the rentals agreements:



Particulars	For the period ended 31st March, 2023	For the period ended 24th February, 2023
Lease rentals recognized as income during the period	-	-



(All amounts in Rs lakhs, unless otherwise stated)

Note 40 : Details of dues to Micro And Small Enterprises:

Particulars	31st March, 2023	24th February, 2023
(i) Principal Amount due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at period end	11	5
(ii) Interest due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at period end	3	2
(iii) Principal amount paid to suppliers registered under the MSMED Act, 2006 beyond the appointed day	-	-
(iv) Interest due and payable for principal already paid	-	-
(v) Total interest accrued and remaining unpaid at the end of each accounting period	3	2
(vi) Amount of future interest remaining due and payable over in the succeeding periods	-	-

The above information has been compiled in respect of parties to the extent they could be identified as Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 on the basis of information available with the Group. Management has not recognised interest on disputed parties.

Note 41

Revenue Expenditure on Research and Development Rs Nil (24th February, 2023 : Nil)

Note 42

The Group is primarily engaged in a single business segment, viz. "manufacturing and designing of engineering products" and predominantly operates in one Geographical segment. Hence, in the opinion of the Chief Operating decision maker, the Company's operation comprises of only one reportable segment. Accordingly, there are no separate reportable segments, as per Indian Accounting Standard 108 on "Segment Reporting".

Disclosure required under Ind AS 108 "Operating Segments" for Companies with single segment are as follows :

	31st March, 2023	24th February, 2023
Revenue from Customers		
- India	3,435	14,316
- Outside India	169	962
Total Assets		
- India	39,909	33,836
- Outside India	342	243



McNally Sayaji Engineering Limited
Notes forming part of the Consolidated Financial Statements

Note 43: Related Party Transactions

i) Ultimate Holding Company

Nihal Fiscal Services Private Limited (w.e.f. 24th February, 2023)

ii) Holding Company

Tega Industries Limited (TIL) (w.e.f. 24th February 2023)

McNally Bharat Engineering Company Limited (MBECL) (up to 24th February, 2023)

Tega Equipments Private Limited (w.e.f. 24th February, 2023 and amalgamated with the Company on 29th March, 2023)

iii) Wholly Owned Subsidiary

MBE Coal & Mineral Technologies India Private Limited (MCMTI) (upto 29th March, 2023)

iv) Fellow subsidiaries*

Tega Industries Inc. (w.e.f. 24th February, 2023)

Tega Industries Australia Pty. Ltd. (w.e.f. 24th February, 2023)

Tega Industries Canada Inc. (w.e.f. 24th February, 2023)

Tega Do Brasil Servicos Tecnicos Ltda (w.e.f. 24th February, 2023)

Tega Holdings Pte. Ltd (w.e.f. 24th February, 2023)

Tega Investments South Africa Proprietary Limited (w.e.f. 24th February, 2023)

Tega Holdings Pty Limited

Losugen Pty Limited

Tega Industries Chile SpA

Edoctum S.A.

Edoctum Peru S.A.C.

McNally Bharat Equipments Limited (upto 24th February, 2023)

MBE Mineral Technologies Pte Limited (upto 24th February, 2023)

MBE Minerals Zambia Ltd (upto 24th February, 2023)

v) Post employment benefit plan of the Company

McNally Bharat Executive Staff Gratuity Fund (MBESGF)(upto 24th February, 2023)

McNally Bharat Employees Provident Fund (MBEPF)(upto 24th February, 2023)

vi) Key Managerial Personnel

Mr. Purajit Roy – Chief Financial Officer

Mr. Saikat Ghosh - Company Secretary

Mr. Madan Mohan Mohanka - Non Executive Director (w.e.f. 29th March, 2023)

Mr. Mehal Mohanka - Non- Executive Director (w.e.f. 29th March, 2023)

Mr. Manoj Kumar Sinha - Executive Director (w.e.f. 29th March, 2023)

Mr. Ashwani Maheshwari - Non Executive Independent Director(w.e.f. 29th March, 2023)

Mr. Aditya Khaitan - Non Executive Director (Vacated w.e.f. 29th March, 2023)

Mr. Aseem Krishanmohan Srivastav- CEO & Whole Time Director (Resigned w.e.f 19th May, 2022)

Mr. Nilotpal Roy - Non Executive Independent Director (Vacated w.e.f. 29th March, 2023)

Ms. Kastruri Roy Choudhury - Non Executive Independent Director (Vacated w.e.f. 29th March, 2023)

Mr. Abhishek Pal (Director) (Appointed on 01.02.2022) (upto 29th March, 2023)

Mr. Partho Basu (Director) (Appointed on 12.08.2022) (upto 29th March, 2023)

Mr. Sanjay Kumar (Director) (Appointed on 12.08.2022) (upto 29th March, 2023)

Mr. Tapan Kumar Datta (Director) (Resigned on 31.08.2022)

vi) Key Managerial Personnel of Holding Company

Mr. Syed Yaver Imam - Wholetime Director (w.e.f. 24th February, 2023)

Ms. Madhu Dubhashi - Independent Director (w.e.f. 24th February, 2023)

Mr. Jagdishwar Prasad Sinha - Independent Director (w.e.f. 24th February, 2023)

Ms. Manjuree Rai - Company Secretary (w.e.f. 24th February, 2023)

Mr. Srinivash Singh – Managing Director (upto 24th February, 2023)

Mr. Brij Mohan Soni - Chief Financial Officer (upto 24th February, 2023)

Ms. Indrani Ray- Company Secretary (upto 24th February, 2023)

* No transactions during the period.



Note 44

The Special Purpose Consolidated Financial Statements have been prepared on fair values based on the valuation report provided by an independent valuer solely for the limited purpose to assist Tega Industries Limited ("Ultimate Holding Company") to assist Tega Industries Limited ("the Ultimate Holding Company") or its consolidation purpose and to comply with the requirements under the Act. As a result, these Special Purpose Consolidated Financial Statements may not be suitable for any other purpose.

Based on the Valuation Report, the revaluation of assets and liabilities of the Holding Company resulted in a net gain of Rs. 6,375 Lakhs which comprise of net gain of Rs. 6,122 Lakhs for Property, Plant and Equipment, Rs. 253 Lakhs for intangible assets and recognition of net deferred tax liability of Rs. 1,391 Lakhs.

Class of Assets Revalued

Carrying Amount	Amount (in Lakhs)
Freehold Land	289
Building	8183
Plant and Machinery	691
Furnitures and Fixtures	17
Refrigerators and Air Conditioners	4
Office Equipments	12
Motor Vehicles	21
Right to Use Assets	2,426
Brand	-
Total	11,643

Note 45

I. A) The Hon'ble National Company Law Tribunal, Kolkata Bench ("Hon'ble NCLT") on 24 February 2023, under the Corporate Insolvency Resolution Process ("CIRP") of the Insolvency and Bankruptcy Code 2016 ("Code") passed an order regarding the implementation of resolution plan and scheme of arrangement and amalgamation for relief, concessions and approvals.

B) Vide the said order, Hon'ble NCLT of Kolkata also approved the merger of TEPL with the company and consequently the company has become a direct wholly-owned subsidiary of Tega Industries Limited (Ultimate Holding Company).

C) The scheme of arrangement and amalgamation had been given effect in the consolidated financial statements in accordance with the provisions of Ind AS 103 – "Business Combinations".

II. Pursuant to the Resolution Plan and Scheme of arrangement and amalgamation as approved by the Hon'ble National Company Law Tribunal ("NCLT"), Kolkata



Bench on February 24, 2023 under section 30 & 31 of the Insolvency and Bankruptcy Code, 2016 ("code") for relief, concessions and approvals sought thereon:

A) Constitution of the Board

The office of the directors who were suspended during CIRP stands vacated and new Board of Directors as nominated by the SRA (Tega Industries Limited) is constituted to take over the control of MSEL.

B) Delisting of shares

- i) The Holding Company was listed in Metropolitan Stock Exchange in India. On application of the company dated 27th February, 2023 for de-listing the equity shares from the Exchange records as per the Resolution Plan approved by the Hon'ble NCLT, Kolkata Bench, the Stock Exchange vide circular dated 11th April, 2023 informed as under:
 - a. The company will be suspended for trading from the Exchange w.e.f. 13th April, 2023; and
 - b. The equity shares of the company will be delisted from the Exchange records w.e.f. 20th April, 2023

C) Alteration of Capital

- i) To alter the Authorised Share Capital of the Holding Company from Rs. 5,400 Lakhs (Rupees Five Thousand Four Hundred Lakhs Only) divided into 5,00,00,000 (Five Crores) equity shares of Rs. 10/- (Rupees Ten Only) each and 40,00,000 (Forty Lakhs) Compulsorily Convertible Redeemable Preference Shares of Rs. 10/- (Rupees Ten Only) to Rs. 7,000 Lakhs (Rupees Seven Thousand Lakhs Only) divided into 6,60,00,000 (Six Crore Sixty Lakhs) equity shares of Rs. 10/- (Rupees Ten Only) and 40,00,000 (Forty Lakhs) Compulsorily Convertible Redeemable Preference Shares of Rs. 10/- (Rupees Ten Only) each ranking pari passu in all respects with the existing equity shares of the Company.
- ii) The entire issued, subscribed and paid-up share capital of the company comprising 1,25,89,273 (One Crore Twenty-Five Lakhs Eighty-Nine Thousand Two Hundred And Seventy-Three Only) equity shares of Rs 10/- (Rupees Ten Only) each shall stand reduced and cancelled from the transfer date i.e. 29th March, 2023. There shall be no requirement of adding "and reduced" in the name of MSEL pursuant to the reduction.
- iii) In accordance with such approved Resolution Plan, the aforesaid reduction of the share capital will be without any payment outgo either from McNally Sayaji Engineering Limited (MSEL) or Tega Industries Limited (TIL) to the respective shareholders.

Following the reduction of the existing share capital as stated above, all rights, entitlements, Liabilities (including arrears of dividend, lien and other rights) arising out of or relating to dues from any Person who held such Equity Shares shall also be reduced on the Transfer Date.

D) Arrangement & Amalgamation

- i) Simultaneous with the capital reduction as contemplated in such Plan, MSEL shall issue 6,53,86,000 number of fresh Equity Shares of Rs.10/- (Rupees Ten Only), constituting 100% of the post issued capital to Tega Equipments Private Limited. (TEPL) which is a Special



McNally Sayaji Engineering Limited**Notes forming part of the Special Purpose Consolidated Financial Statements**

purpose vehicle and was incorporated by TIL, as a limited liability company under the Companies Act, 2013 and whose shareholding is entirely held by TIL on the Transfer Date.

- ii) Immediately upon the issuance of the equity shares to TEPL it shall stand amalgamated into MSEL on the terms and conditions set out in the merger scheme forming part of such plan.
- iii) MSEL, the Transferee Company, shall without any requirement of any further act or deed issue and allot to the existing equity shareholders of TEPL i.e. Transferor Company, 1,00,000 number of equity shares of MSEL, in same proportion as such shareholders hold shares in TEPL.
- iv) Pursuant to issuance of the equity shares as aforesaid, the shares of TEPL held by their shareholders and the shares held by the TEPL in the MSEL shall be deemed to have been automatically cancelled and be of no effect on and from the Transfer Date.
- v) Consequent to and as part of amalgamation of TEPL with MSEL herein, the authorized share capital of TEPL shall stand transferred to and be amalgamated/combined with the authorized share capital of the MSEL.
- vi) All assets and liabilities and reserves of TEPL transferred to MSEL under the Scheme shall be recorded in the books of account of MSEL at their existing carrying amounts and in the same form as recorded in the books of TEPL. The identity of reserves of TEPL shall be preserved and they would appear in the financial statements of MSEL in the same form in which they appeared in the financial statements of the TEPL.
- vii) The value of the identifiable assets and liabilities of the TEPL as at the date of amalgamation and purchase consideration is as under:

(All amounts are in Rs lakhs, unless otherwise stated)

Particulars	Rs. in Lakhs
Assets	
Investments	6,539
Cash and Cash Equivalents	11
Short-term Loans & Advances	10,000
Total (A)	16,550
Liabilities	
Long Term Borrowings	10,000
Short-term Borrowings	6,557
Other Current liabilities*	0
Reserves & Surplus	(17)
Total (B)	16,540
Total identifiable net assets acquired (C) = (A-B)	10
Equity Shares issued to the Shareholders of TEPL i.e. TIL (D) (Face Value Rs. 10/- each)	10

*amount is below rounding off norms adopted by the Company.



E) Others

- i) The Secured and Unsecured Financial Creditors' outstanding dues as admitted in the CIRP have been settled as per the approved terms of the Resolution Plan, a brief summary as under:
- the admitted liabilities towards Secured Financial Creditors have been settled against payment of Rs.16,400 lakhs.
 - In addition to above, the Secured Financial Creditors have also been paid out of remaining Cash and Cash equivalent amounting to Rs. 1212.98 lakhs after adjustment of shortfall CIRP Cost and shortfall of Interim Management Cost.
 - In full and final settlement of the admitted liabilities towards Unsecured Financial Creditors payment of Rs. 0.30 lakhs has been made.
 - Full and final settlement of the admitted liabilities towards Unsecured Financial Creditors (Related Party) has been made with payment of Rs. 0.30 lakhs.

(All amounts are in Rs lakhs, unless otherwise stated)

Financial Creditors	Details of Claim received	Details of Claim admitted	Settlement amount
(A) Secured Financial Creditors being lenders of the Company	3,21,725	29,416	14,537
(B) Unsecured Financial Creditors	18,174	63	0*
(C) Unsecured Related Parties Financial Creditors	5,897	4,212	0*
(D) CIRP Cost	-	-	78
(E) Corporate Guarantee	5,950	-	2,998
Total (A+B+C+D+E)			17,613

*amount is below rounding off norms adopted by the Company.

- ii) The Operational Creditors' (including Trade Creditors-Related Party, Trade Creditors-Unrelated Party, Workmen & Employees and Statutory Liabilities) outstanding dues as admitted in the CIRP have been settled in terms of the approved Resolution Plan as under:

(All amounts are in Rs lakhs, unless otherwise stated)

Operational Creditors	Details of Claim received	Details of Claim admitted	Settlement amount
(A) Operational Creditors who are Workmen & Employees	2	2	2
(B) Operational Creditors towards Govt. Taxes & Duties	8,869	1,609	1
(C) Operational Creditors towards Trade Creditors	3,362	2,694	135
(D) Operational Creditors towards Related Parties	7,375	3,211	0*
Total (A + B + C + D)	19,608	7,516	138

*amount is below rounding off norms adopted by the Company.



- iii) Counter Bank Guarantee aggregating to Rs. 1329 lakhs towards the BG-counter guarantee to the extent remained alive.
- iv) The encumbrances and/ or collateral over the assets (created for the debt availed by the Company or the erstwhile holding company) stand duly satisfied.
- v) In respect of de-recognition of financial & operational creditors, differences amounting to Rs. 6324 Lakhs for Financial Creditors and Rs. 6908 Lakhs for Operational Creditors between the carrying amount of financial liabilities extinguished and consideration paid, are recognized in the statement of Profit & Loss Account as "Exceptional Items" in accordance with the provision prescribed under Ind AS 109 and Section 133 of the Companies Act, 2013. Further claim against corporate guarantee of Rs. 5950 Lakhs given by the Company in favor of the lenders of the erstwhile holding company has also been settled against the payment of Rs. 2998 Lakhs. The same has been recognized in the statement of Profit & Loss Account as "Exceptional Item".
- vi) All liabilities in relation to any period prior to the completion date or arising on account of the acquisition of control by the Resolution Applicant over the Company pursuant to the Resolution Plan shall be written off in full and shall stand permanently extinguished and the Company shall at no point of time be directly or indirectly held responsible or liable in relation thereto.
- vii) The management of the Company is of the Opinion that while the Resolution Plan provides for extinguishment of all liabilities of the Company owed to Financial Creditors and Operational Creditors as of the Insolvency Commencement Date i.e. 11th February, 2021, the implementation of the Resolution Plan does not have any such similar effect over claims or receivables owed to the Company. Accordingly, the Company has concluded that any receivables due to the Company, evaluated based on merits of underlying litigations, from various governmental agencies (presented under Other Financial Assets – Current and Other Current Assets) continue to subsist.
- viii) The Resolution Applicant shall have the right to recover and take necessary action of all actionable claims including loans and advances (provided or not provided or written off).
- ix) The Company can recast its books of accounts to give effect to this Resolution Plan i.e., to inter alia give effect to reduction of capital, set off the balance in the security premium reserve, impairment of assets, write back/write off the debt/Liabilities etc., and make the consequential adjustment in retained earning without requiring to comply with any procedure.

NOTE 46

Pursuant to the Approved Resolution Plan, the erstwhile Company TEPL deposited an amount of Rs. 17,752 Lakhs in a separate escrow account, for payment to the financial and operational creditors of the Company. Out of the amount deposited in such escrow account, an amount of Rs. 21 Lakhs is still unpaid to the operational creditors and same balance to the extent is lying in the escrow account. The management is of the opinion that such escrow account is being operated



McNally Sayaji Engineering Limited
Notes forming part of the Special Purpose Consolidated Financial Statements

and controlled by the erstwhile Resolution Professional. Consequently, both the bank balance in escrow account and unpaid liability is not to reflect in these Financial Statements. This financial statement is prepared accordingly.

Note 47

Exceptional Items

(All amounts are in Rs lakhs, unless otherwise stated)

Particulars	For the period from 25th February, 2023 to 31st March, 2023	For the period from 1st April, 2022 to 24th February, 2023
A) Due to effects of implementation of Resolution Plan, there has been a net gain of Rs. 10234 lakhs on account of the following:		
- Extinguishment of Financial Creditors	-	6,324
- Extinguishment of Operational Creditors	-	6,908
- Payment made on account of Corporate Guarantee	-	(2998)
B) Write Down of Inventory to Net Realisable Value in previous year		-
Total (A+B)	-	10,234

Note 48

The Board of Directors of TEPL has discussed and decided in their meeting held on 27th February, 2023 that, on reconstitution of the Board of Directors of the Company pursuant to the Resolution Plan, the investment in wholly owned subsidiary MBE Coal & Mineral Technology India Private Limited ('MBE CMTI') shall be disposed of. Pursuant to this the reconstituted board of the Directors and the members of the company approved the said disposal at their respective meeting held on 29th March, 2023, the Company has disposed of its investment in MBE CMTI on the same date.

Note 49

The Central Goods & Services Tax Commissioner of Bolpur carried out investigation against the company for availing irregular Input tax credit and issued summons dated 8th February, 2020 under section 70 of the Central Goods & Services Tax Act, 2017 directing the company to pay Rs 867 Lakhs. Further, the department blocked input credit of Rs 10 Lakhs and company has paid Rs 46 Lakhs through DRC-03 by debiting the balance available in the electronic credit ledger. Thereafter, the department instructed the company to pay the balance amount. However, in view of the CIRP and approved Resolution Plan the demand was vacated and input credit blocked earlier of Rs. 10 Lakhs was subsequently unblocked by the department and refund/input of Rs. 46 lakhs is yet to be received.

Note 50

These Special Purpose Consolidated Financial Statement have been prepared for the specific purpose of specific users, for an interim period from 25th February, 2023 to 31st March, 2023 i.e.



McNally Sayaji Engineering Limited

Notes forming part of the Special Purpose Consolidated Financial Statements

5 weeks approximately and therefore the figures of current period are not comparable with those of previous period from 1st April, 2022 to 24th February, 2023.

Signature to the Notes 1 to 50
As per our Report of even date
For V. Singhi & Associates
Chartered Accountants
Firm Registration No: 311017E


Sunil Singh

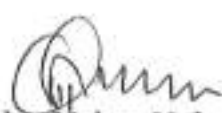
Membership No.: 060854


Place : Kolkata

Date : 29th May, 2023



For McNally Sayaji Engineering Limited


Madan Mohan Mohanka
Director
DIN : 00049388


Manoj Kumar Sinha
Director
DIN : 03310902


Purajit Roy
Chief Financial Officer


Saikat Ghosh
Company Secretary