

**TSE Engineering (Pty) Ltd
(Registration number 2015/062275/07)
Annual Financial Statements
for the period ended 31 March 2023**

TSE Engineering (Pty) Ltd

(Registration number 2015/062275/07)

Annual Financial Statements for the period ended 31 March 2023

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	General mechanical high precision engineering, repairs and manufacturing
Directors	Sachin Vithalrao Parab Deepak Kumar Sen Bharat Ramchandra Sangli Arto van de Erve Christo du Plooy Mark Wayne Brits
Registered office	252 Vonkprop Street Samcor Park Pretoria Gauteng 0184
Postal address	252 Vonkprop Street Samcor Park Pretoria Gauteng 0184
Auditors	PHF Incorporated Chartered Accountants (SA) Registered Auditors
Company registration number	2015/062275/07
Tax reference number	9507677178
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 internally compiled by: Kapil Kumar Chartered Accountant
Issued	24 April 2023

TSE Engineering (Pty) Ltd

(Registration number 2015/062275/07)

Annual Financial Statements for the period ended 31 March 2023

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TSE Engineering (Pty) Ltd

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Annual Financial Statements for the period 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 period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards 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 period 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.

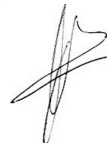
The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 7 to 8.

The annual financial statements set out on pages 9 to 24, which have been prepared on the going concern basis, were approved by the board of directors on 24 April 2023 and were signed on their behalf by:

Approval of financial statements



Director



Director

TSE Engineering (Pty) Ltd – A Triveni Turbine Company

(Registration number 2015/062275/07)

Annual Financial Statements for the year ended March 31, 2023

Director's Report

The Directors has pleasure in submitting the audited financial statements of the Company for the period ended 31 March 2023. This financial statement is drawn up for the period 1st March 2022 to 31st March 2023 comprising of 13 months since the Company has changed the Accounting period from March – February cycle to April – March cycle w.e.f accounting year ended 31st March 2023. Thus, while the previous year audited figures comprises for the period 1st March 2021 to 28th February 2022 (12 months), the current year figures comprises of 13 months figures, that is 1st March 2022 to 31st March 2023.

1. Financial highlights:

The summary of financial results is as follows:

	YE 31.3.2023	YE 28.2.2022
	(13 months)	(12 months)
Turnover	38 561 118	16 466 035
Profit Before tax	3 295 096	1 726 200
Profit After Tax	2 389 288	1 229 743
Share Capital	100	100
Reserves & Surplus	5 834 384	3 444 945

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior period.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

2. Business Activities Overview

With the new organisation coming into effect on 1 April 2022, and looking at the financial results contained in this report, the success of the acquisition has partially met expectations during the year. .

During the year, the company has adopted certain renewed business strategy that is expected to I yield improved results in the medium and long term.

With a strong technical support of the ultimate holding company viz, Triveni Turbine Limited along with its own resources, the Company has laid the foundation for successful business model in the near future. The investment into machinery and plant has already started shown desired results, however not yet to the full extend expected. The Company is hopeful to derive the full benefit of the investments in near future.

The outlook in the market still remains positive, and the learnings from the past year, will definitely allow the organisation to be shaped, to be lean, efficient and ready for the ever-changing market conditions and in the competitive landscape.

In general, customers have been very acceptive and supportive of this new venture, and welcomed this long-term investment by Triveni Turbine in the SADC market region.

TSE Engineering (Pty) Ltd – A Triveni Turbine Company

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Annual Financial Statements for the year ended March 31, 2023

We are still on track to meet our growth aspirations, and a strong focus on Sales and Marketing in the new financial year, will set the foundations for success in the near future.

The Company believes that there are good opportunities and markets that hold potential for us and our strategic plans will ensure success and benefit in near future. The Company believes with our technology and competitive pricing, whilst maintaining high quality, the Company can support the customers, whilst creating value for all stakeholders.

The Board of Directors supports the actions taken, and remains positive that the success will be achieved in the short term as per our business plan.

3. Dividends

The Directors believes that it would be more appropriate for the Company to conserve cash and maintain adequate liquidity to ensure that the company is best placed to make its own financial strength for growth and improvement of profitability in near future. Therefore, the directors have proposed not to declare a dividend for the financial year ended March 31, 2023.

4. Events after the reporting period

No material event which occurred after the reporting date and up to the date of this report, has come to the notice of the Directors.

5. Going concern

The directors believes 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 director has satisfied himself 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.

6. Auditors

PHF Incorporated was appointed as the company's auditors at the general meeting held on, 14th October 2022. The auditors, being eligible for reappointment for the financial year 2023-23, the Directors proposed to appoint the same auditors at a fee as agreed upon.

7. Secretary

The company had appointed Mackridge & Associates, for all secretarial work.

8. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on Monday, 24th April 2023. No authority was given to anyone to amend the annual financial statements after the date of issue.

TSE Engineering (Pty) Ltd – A Triveni Turbine Company

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Annual Financial Statements for the year ended March 31, 2023

9. Acknowledgements

The Directors recognize the contributions and extend thanks to all stakeholders, including employees of the Company and Triveni Turbine Ltd, Consultants and Government agencies for putting their best efforts and extending support, which made possible this business acquisition successful.



Sachin Vithalrao Parab

Chairman of the Board of Directors



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Independent Auditor's Report

To the Shareholders of TSE Engineering (Pty) Ltd

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of TSE Engineering (Pty) Ltd (the company) set out on pages 9 to 23, which comprise the 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 period then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of TSE Engineering (Pty) Ltd as at 31 March 2023, and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. 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 annual 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). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "TSE Engineering (Pty) Ltd annual financial statements for the period 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 annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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 Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual 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.

Director - Prof MGH Bester Ph.D. CA (SA)

Reg: 2005/032588/07



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Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 annual financial statements.

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

- Identify and assess the risks of material misstatement of the annual 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 annual 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 annual financial statements, including the disclosures, and whether the annual 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 terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PHF Incorporated has been the auditor of TSE Engineering (Pty) Ltd for 1 year.

PHF Incorporated Chartered Accountants (SA)
Director: Prof. M.G.H. Bester Ph.D CA(SA)

24 April 2023
Ruimsig

Director - Prof MGH Bester Ph.D. CA (SA)

Reg: 2005/032588/07

TSE ENGINEERING (PTY) LTD
Balance sheet as at March 31, 2023

	Notes	Audited March 31, 2023 (13 Month Period) ZAR	Audited Feb 28, 2022 (12 Month Period) ZAR
ASSETS			
Non-current assets			
Property, Plant and Equipment	1	1,67,70,273	20,37,849
Capital Work in Progress	1	-	
Deferred tax assets			
		1,67,70,273	20,37,849
Current Assets			
Inventories	2	24,38,956	29,31,319
Financial assets			
(i) Trade receivables	3	1,08,14,550	25,73,665
(ii) Cash and cash equivalents	4	79,02,754	11,417
(iii) Other financial assets	5	39,56,317	-
		2,51,12,577	55,16,401
Total Assets		4,18,82,850	75,54,250
EQUITY AND LIABILITIES			
Equity			
Share capital	6	100	100
Other Equity	7	58,34,386	34,45,097
		58,34,486	34,45,197
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	8	2,00,00,000	-
		2,00,00,000	-
Current liabilities			
Financial liabilities			
(i) Borrowings	9	-	23,69,124
(ii) Trade payables	10	1,30,61,063	11,01,653
(iii) Other financial liabilities	11	12,82,391	35,886
Other current liabilities	12	17,49,101	1,19,895
Income tax liabilities (net)		(44,191)	4,82,495
		1,60,48,364	41,09,053
Total Equity and Liabilities		4,18,82,850	75,54,250

The accompanying notes No. 1 to 12 form an integral part of the financial statements.

For and on behalf of the board of directors of
TSE ENGINEERING (PTY) LTD



Sachin Vitalrao Parab
(Chairman)



Christo du Plooy
(Managing Director)



Arto van de Erve
(Director)



Mark Wayne Brits
(Director)



Kapil Kumar
(CFO)

Place : Pretoria
Date: 24th April 2023

TSE ENGINEERING (PTY) LTD

Statement of Profit and Loss for the period ended March 31, 2023

	Notes	Audited March 31, 2023 (13 Month Period) ZAR	Audited Feb 28, 2022 (12 Month Period) ZAR
Income			
Revenue from operations	13	3,85,61,118	1,64,66,035
Other income	14	2,54,452	39,335
TOTAL		3,88,15,570	1,65,05,370
Expenses			
Purchase Raw Material and Sub Contractor Cost	15	2,10,51,925	40,88,534
(Increase) / Decrease in Inventories	16	4,92,363	1,13,467
Employee benefits expense	17	84,58,216	62,13,434
Finance costs		6,27,828	49,913
Depreciation and amortisation expense	1	5,68,075	3,39,290
Other expenses	18	43,22,066	39,74,531
TOTAL		3,55,20,473	1,47,79,169
Profit before tax		32,95,097	17,26,201
Tax expense			
Current tax		9,05,808	4,96,457
Deferred tax		-	-
		9,05,808	4,96,457
Profit after tax for the period		23,89,289	12,29,744
Other comprehensive income		-	-
Total comprehensive income for the period		23,89,289	12,29,744

The accompanying notes no. 1 to 18 form an integral part of the financial statements.



Sachin Vithalrao Parab
(Chairman)



Christo du Plooy
(Managing Director)



Arto van de Erve
(Director)



Mark Wayne Brits
(Director)



Kapil Kumar
(CFO)

Place : Pretoria

Date: 24th April 2023

TSE ENGINEERING (PTY) LIMITED

Statement of Cash Flows for the period ended March 31, 2023

(in ZAR)

	March 31, 2023 (13 month ended)	February 28, 2022 (12 month ended)
Cash flows from operating activities		
Profit before tax	32,95,097	17,26,201
Adjustments for		
Depreciation and amortisation expense	5,68,075	3,39,290
Profit on sale of Property, plant and equipment		(8,932)
Net foreign exchange differences		
Finance costs	6,27,828	49,913
Interest income	(96,984)	(3,973)
Unrealised foreign exchange (gain)	(1,70,567)	1,869
Working capital adjustments :		
Change in inventories	4,92,363	1,13,467
Change in trade receivables	(82,40,885)	(16,67,660)
Change in other financial assets	(39,56,317)	6,14,369
Change in trade payables	1,19,59,410	7,03,399
Change in other financial liabilities	12,46,505	35,886
Change in other liabilities	16,29,206	1,19,895
Cash generated from operations	73,53,731	20,23,724
Income tax paid	(14,32,494)	(3,11,539)
Net cash inflow from operating activities	59,21,237	17,12,185
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,53,00,499)	(14,81,721)
Proceeds from sale of property, plant and equipment	-	3,91,561
Interest received	-	3,973
Net cash inflow from investing activities	(1,53,00,499)	(10,86,187)
Cash flows from financing activities		
Proceeds from long term borrowings	2,00,00,000	
Repayment of long term borrowings	(23,69,124)	(6,44,738)
Interest paid	(3,60,277)	(49,913)
Net cash inflow/(outflow) from financing activities	1,72,70,599	(6,94,651)
Net increase in cash and cash equivalents	78,91,337	(68,653)
Cash and cash equivalents at the beginning of the Period	11,417	80,070
Cash and cash equivalents at the end of the Period	79,02,754	11,417

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

For and on behalf of the board of directors of
TSE ENGINEERING (PTY) LTD**Sachin Vithalrao Parab**
(Chairman)**Christo du Plooy**
(Managing Director)

Place : Pretoria

Date: 24th April 2023

Arto van de Erve
(Director)**Mark Wayne Brits**
(Director)**Kapil Kumar**
(CFO)

TSE ENGINEERING (PTY) LTD

Note 1

Notes to the financial statements for the year ended March 31, 2023

Property, plant and equipment

(IN ZAR)

	Freehold Land	Building	Plant and equipment	Furniture and fixtures	Vehicles	Computers	Total
Period ended 28 February 2022							
Gross carrying amount							
Opening gross carrying amount	-	-	13,33,767	4,74,964	7,63,009	3,43,790	29,15,530
Additions	-	-	-	-	-	-	-
Closing gross carrying amount	-	-	13,33,767	4,74,964	7,63,009	3,43,790	29,15,530
Accumulated depreciation							
Opening accumulated depreciation	-	-	3,91,152	77,960	2,78,245	1,30,324	8,77,681
Depreciation charge during the Month	-	-	-	-	-	-	-
Closing accumulated depreciation	-	-	3,91,152	77,960	2,78,245	1,30,324	8,77,681
Net carrying amount	-	-	9,42,615	3,97,004	4,84,764	2,13,466	20,37,849
Period ended 31 March 2023							
Gross carrying amount							
Opening gross carrying amount	-	-	13,33,767	4,74,964	7,63,009	3,43,790	29,15,530
Additions	50,00,000	96,99,336	2,83,822	2,70,387	-	46,954	1,53,00,499
Closing gross carrying amount	50,00,000	96,99,336	16,17,589	7,45,351	7,63,009	3,90,744	1,82,16,029
Accumulated depreciation							
Opening accumulated depreciation	-	-	3,91,152	77,960	2,78,245	1,30,324	8,77,681
Depreciation charge during the Month	-	2,03,243	1,15,649	50,480	76,865	1,21,838	5,68,075
Closing accumulated depreciation	-	2,03,243	5,06,801	1,28,440	3,55,110	2,52,162	14,45,756
Net carrying amount	50,00,000	94,96,093	11,10,788	6,16,911	4,07,899	1,38,582	1,67,70,273

TSE ENGINEERING (PTY) LTD

Notes to Financial Statements for the period ended March 31, 2023

2. Inventories	ZAR	ZAR
	Audited	Audited
	March 31, 2023	Feb 28, 2022
	(13 Month Period)	(12 Month Period)
Work- in Progress	24,38,956	29,31,319
	24,38,956	29,31,319

3. Trade Receivables

	Audited	Audited
	March 31, 2023	Feb 28, 2022
	(13 Month Period)	(12 Month Period)
Trade receivables (at amortised cost)*	1,08,14,550	25,73,665
Less: Allowance for bad and doubtful debts	-	-
	1,08,14,550	25,73,665
<u>* Includes Receivable from a related party</u>		
Triveni Turbine Africa Pty Ltd	10,72,677	-

4. Cash and cash equivalents

	Audited	Audited
	March 31, 2023	Feb 28, 2022
	(13 Month Period)	(12 Month Period)
Cash and cash equivalents		
Balances with banks:		
- Current accounts	78,71,588	9,637
Cash on hand	31,166	1,780
	79,02,754	11,417

5. Other Financial Assets

	Audited	Audited
	March 31, 2023	Feb 28, 2022
	(13 Month Period)	(12 Month Period)
Loan to Employee	-	-
Prepaid Expenses	27,528	
VAT Receivable	19,34,126	
Capital Advances	19,94,663	
	39,56,317	-

TSE ENGINEERING (PTY) LTD

Notes to Financial Statements for the period ended March 31, 2023

6. Share Capital

	Audited March 31, 2023 (13 Month Period)	Audited Feb 28, 2022 (12 Month Period)
Authorized capital		
1000 No Par value shares of ZAR 1 each (in ZAR)	1,000	1,000
Issued, Subscribed and fully Paid-up shares:		
100 No Par Value Shares	100	100
Total issued, subscribed and fully paid-up share capital	100	100

6a. Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	Audited March 31, 2023 (13 Month Period)	Audited Feb 28, 2022 (12 Month Period)
At the beginning of the year	100	100
100 No Par value shares of ZAR 1 each		
Add: Issued during the period	-	-
Outstanding at the end of the year	100	100
100 No Par value shares of ZAR 1 each		

6b. Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

	Audited March 31, 2023 (13 Month Period)	Audited Feb 28, 2022 (12 Month Period)
Triveni Turbines DMCC	70	-
[70 (March 2022 : 70) No Par Value shares of ZAR 1 each fully paid up]		
% of shareholding	70	-

7. Other Equity

	Audited March 31, 2023 (13 Month Period)	Audited Feb 28, 2022 (12 Month Period)
Reserves and surplus		
Retained earnings		
Balance at the beginning of the reporting period	34,45,097	22,15,353
Total Comprehensive income for the period	23,89,289	12,29,744
Balance at the end of the reporting period	58,34,386	34,45,097

8 Long term Borrowing

	Audited March 31, 2023 (13 Month Period)	Audited Feb 28, 2022 (12 Month Period)
Loan from a related party*	2,00,00,000	
	2,00,00,000	-

Loan from related party represents borrowing of ZAR 20 Mn from Triveni Turbine DMCC, the holding company on 29th June 2022(15 Mn) and 21st Dec 2022(5 Mn) repayable after 3 years in 3 equal installments from the date of each loan disbursement. This loan is secured by way of hypothecation on movable and non movable fixed assets acquired out of proceeds of such borrowings and carry interest at base lending rate prevailing in South Africa. (Currently base lending rate is 4.75% P.A)

TSE ENGINEERING (PTY) LTD**Notes to Financial Statements for the period ended March 31, 2023****9 Short term Borrowing**

	Audited March 31, 2023 (13 Month Period)	Audited Feb 28, 2022 (12 Month Period)
From Banks		
Vehicles Loan**	-	2,86,482
Standard Bank - Covid Loan	-	11,42,127
Standard Bank -Revolving Credit	-	9,40,515
Overdraft with Standard Bank	-	
	<u>-</u>	<u>23,69,124</u>

** Vehicle Loan represents loan from WES bank for purchase of 1 vehicle which are hypothecated as security for the loan. These loan carry interest @ 11% P.A and are repayable in 48 equal installments of ZAR 4216.

10. Trade Payables

	Audited March 31, 2023 (13 Month Period)	Audited Feb 28, 2022 (12 Month Period)
Trade Payables - current ***	1,30,61,063	11,01,653
	<u>1,30,61,063</u>	<u>11,01,653</u>

*** Includes payable to related parties Triveni Turbine Limited, ultimate holding company 1,01,92,765

11. Other Financial Liabilities

	Audited March 31, 2023 (13 Month Period)	Audited Feb 28, 2022 (12 Month Period)
Capital creditors	-	35,886
Employee benefits & other dues payable	10,14,840	-
Interest accrued but not due	2,67,551	
	<u>12,82,391</u>	<u>35,886</u>

12. Other Current Liabilities

	Audited March 31, 2023 (13 Month Period)	Audited Feb 28, 2022 (12 Month Period)
Statutory dues payable	17,49,101	1,19,895
Deferred Revenue	-	-
	<u>17,49,101</u>	<u>1,19,895</u>

TSE ENGINEERING (PTY) LTD**Notes to Financial Statements for the period ended March 31, 2023****13. Revenue from operations**

	ZAR	ZAR
	Audited	Audited
	31st March 2023	Feb 28, 2022
	(13 Month Period)	(12 Month Period)
Sales of Services (Refurbishment, Repairs etc)	2,99,95,429	1,64,66,035
Sale of goods(Spare Parts)	85,65,689	-
	3,85,61,118	1,64,66,035
Revenue from Fellow Subsidiary	68,08,196	

14. Other income

	Audited	Audited
	31st March 2023	Feb 28, 2022
	(13 Month Period)	(12 Month Period)
Gain on exchange fluctuation	-	19,043
Profit on sale of property, plant and equipment	-	8,932
Miscellaneous Income	1,57,468	7,387
Interest Income	96,984	3,973
	2,54,452	39,335

15. Cost of Material Consumed and Sub Contractor Cost

	Audited	Audited
	31st March 2023	Feb 28, 2022
	(13 Month Period)	(12 Month Period)
Cost of Material Consumed/Sub-contractor cost	2,10,51,925	40,88,534
	2,10,51,925	40,88,534

16. (Increase) / Decrease in inventories

	Audited	Audited
	31st March 2023	Feb 28, 2022
	(13 Month Period)	(12 Month Period)
Opening balance of work in progress	29,31,319	30,44,786
Closing balance of work in progress	24,38,956	29,31,319
	4,92,363	1,13,467

TSE ENGINEERING (PTY) LTD**Notes to Financial Statements for the period ended March 31, 2023****17. Employee benefits expense**

	Audited	Audited
	31st March 2023	Feb 28, 2022
	(13 Month Period)	(12 Month Period)
Salaries, wages and bonus*	83,34,444	61,74,409
Contribution to Workmen Compensation	92,113	39,025
Staff Welfare	31,659	
	84,58,216	62,13,434
* Includes Director Remuneration		
Arto	14,00,000	4,44,205
Wayne	14,00,000	4,61,250
	28,00,000	9,05,455

18. Other expenses

	Audited	Audited
	31st March 2023	Feb 28, 2022
	(13 Month Period)	(12 Month Period)
Stores,spares and tools consumed	5,10,828	2,68,443
Power & Fuel Expenses	4,73,383	4,92,192
Repair & Maintenance	2,05,661	4,57,189
Rent and Hire charges	4,54,524	6,80,750
Tax under Protest	59,747	
Legal and Professional charges	16,960	92,742
Audit fee	89,412	72,567
Printing & Stationery	9,533	6,623
Insurance	1,81,499	2,20,178
Travelling and Conveyance	14,40,982	9,09,734
Bank charges	1,26,665	2,72,798
Loss on exchange fluctuation	2,94,985	(10,219)
Miscellaneous expenses	4,56,659	3,70,643
	43,22,066	39,74,531

TSE Engineering (Pty) Ltd

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Annual Financial Statements for the period ended 31 March 2023

Notes to the Annual Financial Statements

Figures in Rand	13 months ended 31 March 2023	12 months ended 28 February 2022
10. Cash generated from operations		
Profit before taxation	3 295 096	1 726 200
Adjustments for:		
Depreciation and amortisation	568 075	339 290
Gains on disposals, scrappings and settlements of assets and liabilities	(2 609)	(8 932)
Losses (gains) on foreign exchange	294 985	(17 174)
Interest income	(30)	(3 973)
Finance costs	670 456	241 474
Other non-cash items	152	(297 851)
Changes in working capital:		
Inventories	492 363	113 467
Trade and other receivables	(10 641 873)	(1 665 800)
Trade and other payables	13 295 416	792 254
	7 972 031	1 218 955
11. Related parties		
Relationships		
Ultimate holding company	Triveni Turbine Limited	
Holding company	Triveni Turbines DMCC	
Shareholder with significant influence	C.A.S. Familie Trust A+A Familie Trust	
Members of key management	Sachin Vithalrao Parab Deepak Kumar Sen Bharat Ramchandra Sangli Arto van de Erve Mark Wayne Brits Christo du Plooy	
Related party balances		
Loan accounts - Owing (to) by related parties		
Triveni Turbines DMCC	20 000 000	-
TSE Trust	35 886	35 886
Related party transactions		
Rent paid to (received from) related parties		
JVB Properties	454 524	-
Employee cost		
Agy van de Erve (Wife of Arto van de Erve)	302 860	-
Leendert van de Erve (Son of Arto van de Erve)	291 325	-
Compensation to directors and other key management		
Short-term employee benefits	2 800 000	905 455

12. Comparative figures

The reporting period is longer/shorter than a year, therefore comparative amounts are not comparable to the current balances.

Certain comparative figures have been reclassified.

TSE Engineering (Pty) Ltd

(Registration number 2015/062275/07)

Annual Financial Statements for the period ended 31 March 2023

Notes to the Annual Financial Statements

	13 months ended 31 March 2023	12 months ended 28 February 2022
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Figures in Rand

13. 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 director 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.

TSE Engineering (Pty) Ltd

(Registration number 2015/062275/07)

Annual Financial Statements for the period ended 31 March 2023

Statement of Changes in Equity

Figures in Rand	Share capital	Retained income	Total equity
Balance at 01 March 2021	100	2 215 202	2 215 302
Total comprehensive income for the period	-	1 229 743	1 229 743
Balance at 01 March 2022	100	3 445 096	3 445 196
Total comprehensive income for the period	-	2 389 288	2 389 288
Balance at 31 March 2023	100	5 834 384	5 834 484

TSE Engineering (Pty) Ltd

(Registration number 2015/062275/07)

Annual Financial Statements for the period 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 ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act of South Africa 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 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 period.

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 and adjustments in respect of hedge accounting, 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 period 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. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. 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.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	30 years
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	10 years
Office equipment	Straight line	10 years
IT equipment	Straight line	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. 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 period is recognised in profit or loss unless it is included in the carrying amount of another asset.

TSE Engineering (Pty) Ltd

(Registration number 2015/062275/07)

Annual Financial Statements for the period ended 31 March 2023

Accounting Policies

1.2 Property, plant and equipment (continued)

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.

1.3 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

1.4 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

TSE Engineering (Pty) Ltd

(Registration number 2015/062275/07)

Annual Financial Statements for the period ended 31 March 2023

Accounting Policies

1.4 Leases (continued)

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.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

1.5 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

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.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

Projects that are started in the year but not completed at year end, are included as work in progress under inventory. The value is calculated by taking the actual cost of components incurred up to year end as well as the labour costs incurred for the same period.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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.

1.6 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.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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.

TSE Engineering (Pty) Ltd

(Registration number 2015/062275/07)

Annual Financial Statements for the period ended 31 March 2023

Accounting Policies

1.6 Impairment of assets (continued)

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

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.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 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 recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the company in which they are declared.

1.8 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.

1.9 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.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

TSE Engineering (Pty) Ltd

(Registration number 2015/062275/07)

Annual Financial Statements for the period ended 31 March 2023

Accounting Policies

1.9 Provisions and contingencies (continued)

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

1.10 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

TSE Engineering (Pty) Ltd

(Taxpayer reference number 9507677178)

(Registration number: 2015/062275/07)

Annual Financial Statements for the period ended 31 March 2023

Tax Computation

Figures in Rand	2023
Net profit per income statement	3 295 096
Temporary differences	
SARS - Penalties and Interest	59 747
Imputed net income from CFC	-
Assessed loss brought forward	-
Taxable income for 2023	3 354 843
Tax thereon @ 27% in the Rand	905 808
Reconciliation of tax balance	
Amount owing/(prepaid) at the beginning of year	482 495
Prior year adjustment	-
Amount refunded/(paid) in respect of prior year	(482 495)
Amount owing/(prepaid) in respect of prior year	-
Tax owing/(prepaid) for the current period:	
Normal tax	
Per calculation	905 808
1st provisional payment	(400 000)
2nd provisional payment	(549 999)
Other payments	-
	(44 191)
Amount owing/(prepaid) at the end of year	(44 191)