Triveni Turbines Africa (Pty) Ltd
(Registration number 2017/288407/07)
Financial statements
for the year ended 31 March 2023

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Trading and providing services in power generating equipment and solutions
Directors	Sachin Vithalrao Parab Satya Venkata Rama Krishnam Raju Buddaraju Deepak Kumar Sen Lalitkumar Ramkhiloni Agarwal Bharat Ramchandra Sangli
Registered office	252 Vonkprop Street Samcor Park Pretoria Gauteng 0184
Postal address	252 Vonkprop Street Samcor Park Pretoria Gauteng 0184
Holding company	Triveni Turbines DMCC Incorporated in United Arab Emirates
Ultimate holding company	Triveni Turbine Limited incorporated in India
Auditors	PHF Incorporated Chartered Accountants (SA) Registered Auditors
Company registration number	2017/288407/07
Tax reference number	9996370160
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 internally compiled by: Kapil Kumar Chartered Accountant
Issued	02 May 2023

Contents

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 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 International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The 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 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 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 financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 6 to 7.

The financial statements set out on pages 8 to 24, which have been prepared on the going concern basis, were approved by the directors on 02 May 2023 and were signed on their behalf by:

Approval of financial statements

Director

Director

Director's Report

The director has pleasure in submitting the audited financial statements of the Company for the period ended 31 March 2023.

1. The financial highlights:

The summary of financial results is as follows:

	Y.E. 31.3.2023	Y.E.31.3.2022
	ZAR	ZAR
Turnover	251,101,772	24,046,706
Profit Before tax	29,726,274	6,732,728
Profit After Tax	21,160,087	4,645,346
Share Capital	614,740	614,740
Reserves & Surplus	27,263,183	6,103,096

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.

1. Business Activities Overview

During the year, Company received a large order from a power utility Company in Southern Africa for overhauling and maintenance of their fleet of utility turbines. The estimated order value is 281.12 million zar of which 249.85 million zar is executed during the year. This resulted in substantial increase in revenue and profits during the year compared to previous year. The Reserves of the Company has also improved due to increase in profits. The Company has established its credentials well in this business and therefore is expecting similar orders for the next three years.

The performance has encouraged the Company to pursue and focus on similar business and we expect further orders of similar nature and value can be executed in the next few years. In view of same size of order, the year on year growth for next 3 years may remain stable, however, the Company is expected to earn similar revenues, and margins in view therefo, the liquidity of the Company is expected to further improve..

2. 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 dividend for the financial year ended March 31, 2023.

3. 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.

4. 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 themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities, if required, to meet its foreseeable cash requirements.

5. Auditors

PHF Incorporated was appointed as the company's auditors at the general meeting held on 16th January 2023. 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.

6. Secretary

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

7. Date of authorization for issue of financial statements

The annual financial statements have been authorised for issue by the directors on 2nd May 2023. No authority was given to anyone to amend the annual financial statements after the date of issue.

8. Acknowledgements

The Directors wish to take this opportunity to express their sincere appreciation to all stakeholders, customers, suppliers, employees, including employees of Triveni Turbine Ltd, Government agencies in South Africa and other business associates for their whole hearted support and cooperation. We look forward for their continued support and encouragement in coming years.

Approval of annual financial statements

Sachin Vithalrao Parab
Chairman of the board of directors

Willowvale Office Park, Building A, 15 Van Hoof Str,
Ruimsig, 1732

P.O Box 916, Paardekraal, 1752

Independent Auditor's Report

To the Shareholder of Triveni Turbines Africa (Pty) Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Triveni Turbines Africa (Pty) Ltd (the company) set out on pages 8 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Triveni Turbines Africa (Pty) Ltd as at 31 March 2023, and its financial performance and cash flows for the year 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 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 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 "Triveni Turbines Africa (Pty) Ltd financial statements for the year ended 31 March 2023", which includes the Directors' Report as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. 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 and will 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Willowvale Office Park, Building A, 15 Van Hoof Str,
Ruimsig, 1732

P.O Box 916, Paardekraal, 1752

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Independent Auditor's Report

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 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 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 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, 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.

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 Triveni Turbines Africa (Pty) Ltd for 6 years.

PHF Incorporated
Prof. M.G.H. Bester Ph.D CA(SA)
Registered Auditor
Chartered Accountants (SA)
Ruimsig

TRIVENI TURBINES AFRICA PTY LTD
Balance sheet as at March 31, 2023

	Notes	March 31, 2023	March 31, 2022
		ZAR	ZAR
ASSETS			
Non-current assets			
Property, Plant and Equipment		2,20,129	2,42,565
Deferred tax assets		30,709	30,709
		2,50,838	2,73,274
Current Assets			
Inventories	1	-	1,34,45,745
Financial assets			
(i) Trade receivables	2	6,02,30,496	56,70,872
(ii) Cash and cash equivalents	3	1,03,88,110	24,72,786
(iii) Other financial assets	4	76,92,636	-
Other current assets	5	1,46,92,734	1,12,17,936
		9,30,03,976	3,28,07,339
Total Assets		9,32,54,814	3,30,80,613
EQUITY AND LIABILITIES			
Equity			
Share capital	6	6,14,740	6,14,740
Other Equity	7	2,72,63,183	61,03,096
		2,78,77,923	67,17,836
Non-current liabilities			
Borrowings	8	3,56,00,000	
		3,56,00,000	-
Current liabilities			
Financial liabilities			
(i) Trade payables	9	1,19,17,343	47,04,648
(ii) Other financial liabilities	10	6,40,931	3,51,379
Income Tax Liabilities		5,65,478	4,45,804
Other current liabilities	11	1,66,53,139	2,08,60,946
		2,97,76,891	2,63,62,777
Total Equity and Liabilities		9,32,54,814	3,30,80,613

The accompanying note no. 1 to 16 form an integral part of the financial statements.

For and on behalf of the board of directors of
Triveni Turbines Africa Pty Ltd

Place: Pretoria
Date: 2nd May 2023

Sachin Vithalrao Parab
(Chairman)

Kapil Kumar
(CFO)

TRIVENI TURBINES AFRICA PTY LTD

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

	Notes	March 31, 2023 ZAR	March 31, 2022 ZAR
Income			
Revenue from operations	11	25,11,01,772	2,40,46,706
Other income	12	17,69,054	24,63,677
TOTAL		**25,28,70,826**	**2,65,10,383**
Expenses			
Cost of Sales	13	20,01,33,114	2,89,22,662
(Increase) / Decrease in Work - in - Progress	14	1,34,45,745	(1,25,66,726)
Employee benefits expense	15	45,30,683	19,83,926
Finance costs		3,72,799	-
Depreciation and amortisation expense		74,395	59,620
Other expenses	16	45,87,816	13,78,173
TOTAL		**22,31,44,552**	**1,97,77,655**
Profit before tax		**2,97,26,274**	**67,32,728**
Tax expense / (credit):			
Current tax		85,66,187	20,87,382
Profit for the period		**2,11,60,087**	**46,45,346**
Other comprehensive income		-	-
Total comprehensive income for the period		**2,11,60,087**	**46,45,346**

The accompanying note no. 11 to 16 form an integral part of the financial statements.

For and on behalf of the board of directors of
Triveni Turbines Africa Pty Ltd

Place: Pretoria
Date: 2nd May 2023

Sachin Vithalrao Parab
(Chairman)

Kapil Kumar
(CFO)

TRIVENI TURBINES AFRICA PTY LTD
Statement of Cash flow for the period ended 31st March 2023

	2023	2022
Cash flows from operating activities		
Profit before taxation	2,97,26,274	61,39,729
Adjustments for:		
Depreciation and amortisation	74,395	59,620
Finance costs	3,72,799	6
Interest income	(15,02,523)	(38,116)
Changes in working capital:		
Inventory	1,34,45,745	(1,19,73,726)
Trade and other receivables	(6,57,27,058)	(1,58,15,832)
Trade and other payables	32,94,440	2,23,25,629
Unrealised Foreign exchange loss/(gain)	(8,71,277)	
Cash generated from operations	**(2,11,87,205)**	**6,97,311**
Income Tax paid	(80,00,000)	(16,70,137.5)
	(2,91,87,205)	**(9,72,827)**
Cash flows from investing activities		
Purchase of Fixed Assets	-	(1,55,000.3)
Interest recevied	15,02,523	38,116
	15,02,523	**(1,16,884)**
Cash flows from financing activities		
Proceeds from long term borrowings	3,56,00,000	-
Interest Paid	-	-
	3,56,00,000	-
Total cash movement for the year	**79,15,318**	**(10,89,711)**
Total cash at the beginning of the year	24,72,792	35,62,503.0
Total cash at end of the year	1,03,88,110	24,72,792

For and on behalf of the board of directors of
Triveni Turbines Africa Pty Ltd

Place: Pretoria
Date: 2nd May 2023

Sachin Vithalrao Parab
(Chairman)

Kapil Kumar
(CFO)

TRIVENI TURBINES AFRICA PTY LTD

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

1. Inventories

	March 31, 2023 ZAR	March 31, 2022 ZAR
Work in Progress	-	1,34,45,745
	-	1,34,45,745

2.Trade Receivables

	March 31, 2023 ZAR	March 31, 2022 ZAR
Unsecured, considered good unless otherwise stated		
Outstanding for a period exceeding six months from the date they are due for payment		
Other receivables *	6,02,30,496	56,70,872
	6,02,30,496	56,70,872
* Includes Receivable from a related party		
Triveni Turbines DMCC	-	2,78,492

3. Cash and cash equivalents

	March 31, 2023 ZAR	March 31, 2022 ZAR
Cash and cash equivalents		
Balances with banks:		
- Current accounts	1,03,88,110	24,72,786
	1,03,88,110	24,72,786

4. Other financial assets

	March 31, 2023 ZAR	March 31, 2022 ZAR
Unsecured, considered good unless otherwise stated		
Unbilled Revenue	76,92,636	-
	76,92,636	-

TRIVENI TURBINES AFRICA PTY LTD

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

5. Other current assets

	March 31, 2023 ZAR	March 31, 2022 ZAR
Unsecured, considered good		
Prepaid expenses	77,523	-
Loan for BBBEE	50,000	
Advances to suppliers*	1,08,37,500	95,48,731
VAT Receivable	34,83,932	16,69,205
Income Tax Advance	-	-
WHT Tax Receivable	2,43,779	-
	1,46,92,734	1,12,17,936

* Includes Receivable from a related party		
Triveni Turbine Limited	**1,08,37,500**	**95,48,731**

6. Share Capital

	March 31, 2023 ZAR	March 31, 2022 ZAR
Issued, Subscribed and fully Paid-up shares:		
614,740 ordinary shares of no par value	6,14,740	6,14,740
Total issued, subscribed and fully paid-up share capital	6,14,740	6,14,740

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

	March 31, 2023 ZAR	March 31, 2022 ZAR
At the beginning of the year		
614,740 (31 March 2022: 614,740) ordinary shares of no par value	6,14,740	6,14,740
Add: Issued during the period	-	-
Outstanding at the end of the year		
614,740 (31 March 2022: 614,740) ordinary shares of no par value	6,14,740	6,14,740

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

	March 31, 2023 ZAR	March 31, 2022 ZAR
Triveni Turbines DMCC 614,740 (614,740 : 31 March 2022) ordinary shares of ZAR fully paid up no par value	6,14,740	6,14,740
% of shareholding	100%	100%

TRIVENI TURBINES AFRICA PTY LTD

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

7. Other Equity

	March 31, 2023 ZAR	March 31, 2022 ZAR
Reserves and surplus		
Retained earnings		
Balance at the beginning of the reporting period	61,03,096	14,57,750
Total Comprehensive income for the period	2,11,60,087	46,45,346
Balance at the end of the reporting period	2,72,63,183	61,03,096

8. Borrowings

	March 31, 2023 ZAR	March 31, 2022 ZAR
Loan from related Party*	3,56,00,000	-

*Loan from related party respresnts borrowing of USD 2 Mn from Triveni Turbine DMCC, the holding company on 21st Dec 2022 (USD 1.5 Mn) and 31st Mar 2023(USD 0.5 Mn) repayable on demand. This loan is secured by charge on collection from debtor and movable assets and carry interest at base lending rate prevalling in South Africa. (Currently base lending rate is 5%% P.A)

9. Trade Payables

	March 31, 2023 ZAR	March 31, 2022 ZAR
Trade Payable	1,19,17,343	47,04,648
* Includes Payable to a related party		
Triveni Turbine Ltd	2,53,268	7,23,342
TSE Engineering Pty Ltd.	20,59,952	-

10. Other Financial Liabilities

	March 31, 2023 ZAR	March 31, 2022 ZAR
Employees dues & Other payables	6,40,931	3,51,379
	6,40,931	3,51,379

11. Other Current Liabilities

	March 31, 2023 ZAR	March 31, 2022 ZAR
Statutory Dues payable	1,34,052	33,732
Interest accrud but not due	3,72,799	-
VAT Payable	39,76,745	-
Advance from customers	1,21,69,543	2,08,27,214
	1,66,53,139	2,08,60,946

TRIVENI TURBINES AFRICA PTY LTD

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

11. Revenue from operations

	March 31, 2023 ZAR	March 31, 2022 ZAR
Sale of Spars Parts	66,79,400	1,25,02,335
Servicing, operation and maintenance	24,44,22,372	1,09,57,150
Commission earned from sales*	-	5,87,221
	25,11,01,772	**2,40,46,706**

* From holding company - Triveni Turbines DMCC	-	5,87,221

12. Other income

	March 31, 2023 ZAR	March 31, 2022 ZAR
Marketing fee	-	18,00,203
Interest Income *	15,02,523	38,116
Gain on exchange fluctuation	2,66,531	4,82,851
Miscellaneous Income	-	1,42,507
	17,69,054	**24,63,677**

* Interest income is earned on advances given to suppliers and funds kept in 48 hours investment account with FNB bank

13. Cost of Sales

	March 31, 2023 ZAR	March 31, 2022 ZAR
Procurement of Goods & services	20,01,33,114	2,89,22,662
	20,01,33,114	**2,89,22,662**

TRIVENI TURBINES AFRICA PTY LTD

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

14. (Increase) / Decrease in Inventory

	March 31, 2023 ZAR	March 31, 2022 ZAR
Opening balance of Inventories	1,34,45,745	8,79,019
Closing balance of Inventories	-	1,34,45,745
	1,34,45,745	(1,25,66,726)

15. Employee benefits expenses

	March 31, 2023 ZAR	March 31, 2022 ZAR
Salaries, wages and bonus	44,80,588	19,80,204
Contribution to funds	50,095	3,722
	45,30,683	19,83,926

16. Other expenses

	March 31, 2023 ZAR	March 31, 2022 ZAR
Travelling and Conveyance	8,06,581	3,98,673
BBBEE Expenses	26,77,309	-
Rates and Taxes	-	-
Insurance Expenses	4,27,763	-
Certification & Consulting Charges	4,44,121	7,14,600
Bank charges	15,509	56,375
Audit fee	70,000	85,594
Miscellaneous Expenses	1,46,533	1,22,931
	45,87,816	13,78,173

Accounting Policies

Corporate information

Triveni Turbines Africa (Pty) Ltd is a private company incorporated and domiciled in South Africa.

The financial statements for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the directors on 2 May 2023.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The 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 financial statements and the Companies Act of South Africa of South Africa, as amended.

These 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 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 financial statements in conformity with IFRS 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 net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

Fair value estimation

Several assets and liabilities of the company are either measured at fair value or disclosure is made of their fair values.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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 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.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

1.3 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 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 year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

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
Plant and machinery	Straight line	15 years
IT equipment	Straight line	3 years
Tools	Straight line	3 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.

Accounting Policies

1.3 Property, plant and equipment (continued)

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.

1.4 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

Financial liabilities:
- Amortised cost; or

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

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

Accounting Policies

1.4 Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 5).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income.

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other receivables (note 5).

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

Accounting Policies

1.4 Financial instruments (continued)

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 5.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 5) and the financial instruments and risk management note.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Trade and other payables

Classification

Trade and other payables (note 9), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note.

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Accounting Policies

1.4 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.5 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 end of the reporting period.

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 STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC 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.

Accounting Policies

1.5 Hedge accounting (continued)

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.

1.6 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.

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 classified as equity.

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.

Accounting Policies

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.

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.

1.10 Revenue from contracts with customers

The company recognises revenue from the following major sources:
- Sales of goods
- Rendering of services

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

1.11 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.

1.12 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 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.

Notes to the Financial Statements

Figures in Rand	2023	2022

10. Taxation

Major components of the tax expense

	2023	2022
Current		
Local income tax - current period	8 566 092	2 107 034
Deferred		
Originating and reversing temporary differences	-	(19 651)
	8 566 092	**2 087 383**

11. Cash (used in)/generated from operations

	2023	2022
Profit before taxation	29 726 268	6 732 731
Adjustments for:		
Depreciation and amortisation	74 396	59 620
Gains on foreign exchange	(981 605)	(544 427)
Interest income	(1 502 523)	(38 116)
Finance costs	372 799	6
Rounding	(1)	(5)
Changes in working capital:		
Inventories	13 445 745	(12 566 726)
Trade and other receivables	(62 243 125)	(15 815 832)
Trade and other payables	(189 489)	22 325 629
	(21 297 535)	**152 880**

12. Related parties

Relationships

Ultimate holding company	Triveni Turbine Limited
Holding company	Triveni Turbines DMCC
Fellow Subsidiaries	TSE Engineering (Pty) Ltd

Related party balances

	2023	2022
Loan accounts - Owing (to) by related parties		
Triveni Turbines DMCC	(35 600 000)	-
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Triveni Turbine Limited	(253 268)	(723 343)
Triveni Turbine DMCC	-	278 491
TSE Engineering (Pty) Ltd	(2 059 952)	-

13. Going concern

The 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 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.

Triveni Turbines Africa (Pty) Ltd
(Taxpayer reference number 9996370160)
(Registration number: 2017/288407/07)
Financial Statements for the year ended 31 March 2023

Tax Computation

Figures in Rand	2023
Net profit per income statement	29 726 268
Permanent differences (Non-deductible/Non taxable items)	
Provision for expenses and fines	2 000 000
Imputed net income from CFC	-
Assessed loss brought forward	-
Taxable income for 2023	**31 726 268**
Tax thereon @ 27% in the Rand	**8 566 092**
Reconciliation of tax balance	
Amount owing/(prepaid) at the beginning of year	445 804
Prior year adjustment	-
Amount refunded/(paid) in respect of prior year	(446 512)
Amount owing/(prepaid) in respect of prior year	**(708)**
Tax owing/(prepaid) for the current year:	
Normal tax	
Per calculation	8 566 092
1st provisional payment	-
2nd provisional payment	(2 000 000)
Other payments	(6 000 000)
	566 092
Amount owing/(prepaid) at the end of year	**565 384**