

## Audit Report

### INDEPENDENT AUDITORS' REPORT

For the year ended March 31, 2023

Component Name	Sterling and Wilson Engineering Proprietary
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**From:** RSM South Africa Incorporated, Cape Town

**Date:** 04 April 2023

**Subject:** Audit of Sterling and Wilson Engineering Proprietary for the year ended March 31, 2023

To: Mr. Farad K. Lakdawala, Moore Stephens, UAE.

### Independent Auditors' Report on Sterling and Wilson Engineering Proprietary Limited

#### Report on the reporting pack

In accordance with your instructions dated 28/02/2023, we have audited the accompanying reporting pack of Sterling and Wilson Engineering Proprietary Limited ("the component") which comprises the Balance Sheet as of March 31, 2023, the Statement of Profit and Loss (*including Other Comprehensive Income*), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, annexed thereto, and explanatory notes (collectively referred to as the "reporting pack"), prepared in accordance with the group accounting policies followed by Sterling and Wilson International Solar FZCO ('SWFZCO or the Parent Company') with its subsidiaries (Parent Company and its subsidiaries together referred to as the "Group"). The reporting pack has been prepared solely to enable the Group to prepare its consolidated financial statements as of and for the year ended March 31, 2023.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid reporting pack give the information required in accordance with the instructions dated 28/02/2023, in the manner so required, and gives a true and fair view in conformity with the accounting policies followed by the Group, of the state of affairs of Sterling and Wilson Engineering Proprietary Limited as at March 31, 2023, of its profit/loss, other comprehensive income/loss, changes in equity and its cash flows for the year ended on that date and is suitable for inclusion in the consolidated financial statements of the Group.

## THE POWER OF BEING UNDERSTOOD

### AUDIT | TAX | CONSULTING

Directors E Bergh, B Com (Hons), CA(SA), C D Betty, B Acc, CA(SA), J Coetzer, B Compt (Hons), CA(SA), M G Q de Faria, B Bus Sc, CA(SA), B J Eaton, B Acc, H Dip Tax Law, CA(SA), B Frey, B Compt (Hons), CA(SA), M Com Ind & Org Psyc, A C Galloway, B Sc Mech Eng, CA(SA), M Greisdorfer, B Com (Hons), CA(SA), H Heymans, B Compt (Hons), M Com, FCCA, CA(SA), N C Hughes, B Compt (Hons), PG Cert Adv Tax, CA(SA), J Jones, B Com, B Acc, H Dip Tax Law, H Dip Int Tax Law, CA(SA), J Kitching, B Compt (Hons), CA(SA), M P Malematsa, B Compt (Hons), CA(SA), R Rawoot, B Compt (Hons), CA(SA), P D Schulze, B Acc Sc (Hons), PG Dip Tax Law, CA(SA), M Steenkamp, B Compt (Hons), M Com, CA(SA), A D Young, B Compt (Hons), CA(SA)

RSM South Africa Inc. Registration No. 2016/324649/21, Practice No. 900435 is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

**Basis for Opinion**

We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under those Standards are further described in *Auditor's Responsibilities for the Audit of the Reporting pack* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Reporting pack.

**Management's Responsibility for the Reporting pack**

The Company's Management and Board of Directors is responsible for the preparation and presentation of the Reporting pack in terms of the requirements of the accounting policies followed by the Group that give a true and fair view of the financial position, financial performance, changes in equity and the cash flows of Sterling and Wilson Engineering Proprietary Limited in accordance with group accounting policies followed by Sterling and Wilson Engineering Proprietary Limited. The Management and the Board of Directors of the Company are responsible for the maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Reporting pack that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the Reporting pack by the Management and Directors of the Company, as aforesaid.

In preparing the Reporting pack, the Management and Board of 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 Management and Board of Directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The Reporting pack has been prepared by the Management on the basis of instructions received in this regard from SWFZCO solely for the use in the preparation of its consolidated financial statements in accordance with the accounting policies followed by the Group.

**Auditors' Responsibility for the Reporting pack**

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

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

- Identify and assess the risks of material misstatement of the Reporting pack, 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 internal controls with reference to financial statements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and the Board of Directors.
- Conclude on the appropriateness of Management and Board of 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 appropriateness of this assumption. 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 Reporting pack 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 entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Reporting pack, including the disclosures, and whether the Reporting pack represent the underlying transactions and events in a manner that achieves fair presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Reporting pack.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of the users of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

We have communicated all matters of significance to you in the communications you requested in your referral instructions.

#### **Limitation of Use**

This report is intended solely for use by Moore Stephens, UAE in connection with its audit of the financial statements of the Group as at and for the year ended March 31, 2023, and should not be used for any other purpose.

DocuSigned by:

RSM South Africa Incorporated

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RSM South Africa Inc.

Rieyaaz Rawoot  
Chartered Accountant (SA)  
Registered Auditor  
Director



# Sterling and Wilson Engineering (Pty) Ltd

## Balance sheet

as at 31 March 2023

(Currency : ZAR)

	Note	31 March 2023	31 March 2022
<b>Assets</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	3	110 295	263 785
(b) Capital work-in-progress	3		
(c) Goodwill			
(d) Other intangible assets	4		
(e) Right-of-use assets	5		
(i) Investments			
(f) Deferred tax assets (net)	6	9 533 917	8 621 569
<b>Total non-current assets</b>		<u>9 644 212</u>	<u>8 885 354</u>
<b>2 Current assets</b>			
(a) Inventories	7	-	-
(b) Financial assets			
(i) Trade receivables	8	-	6 408 709
(ii) Cash and cash equivalents	9	27 680 864	39 110 637
(iii) Bank balances other than cash and cash equivalents	10	-	-
(iv) Loans	11	-	-
(vi) Other financial assets	12	-	-
(c) Current tax asset (net)			
(d) Other current assets	13	376 309	324 952
<b>Total current assets</b>		<u>28 057 173</u>	<u>45 844 298</u>
<b>Total assets</b>		<u>37 701 385</u>	<u>54 729 652</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	14	120	120
(b) Share holder current account			
(c) Other equity	15		
- Retained earnings		(33 301 695)	(30 811 950)
- Legal reserve		-	-
- Effective portion of cash flow hedge		-	-
- Foreign currency translation reserve			
- Capital reserve		-	-
<b>Total equity attributable to owners of the Company</b>		<u>(33 301 575)</u>	<u>(30 811 830)</u>
Shareholder's loan			
Non-controlling interest			
<b>Total equity</b>		<u>(33 301 575)</u>	<u>(30 811 830)</u>
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	16	-	-
(b) Provisions	17	-	-
<b>Total non-current liabilities</b>		<u>-</u>	<u>-</u>
<b>2 Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	71 042 418	86 980 006
(ii) Lease liabilities	19	-	-
(iii) Trade payables	20	482 595	224 351
(iv) Derivatives	21	-	-
(v) Other financial liabilities	22	-	-
(b) Other current liabilities	23	2 999 484	1 767 945
(c) Provisions	24	281 256	371 973
(d) Income tax liabilities (net)		(3 802 793)	(3 802 793)
<b>Total current liabilities</b>		<u>71 002 960</u>	<u>85 541 482</u>
<b>Total liabilities</b>		<u>71 002 960</u>	<u>85 541 482</u>
<b>Total equity and liabilities</b>		<u>37 701 385</u>	<u>54 729 652</u>

As per our report of even date attached.

For RSM South Africa Inc.  
Registered Auditors

  
Rieyaaz Rawoot  
Director

For and on behalf of the Board of Directors of  
Sterling & Wilson Engineering (Pty) Ltd



Place: South Africa, Cape Town  
Date: 04/04/2023

# Sterling and Wilson Engineering (Pty) Ltd

## Statement of profit and loss

for the year ended 31 March 2023

(Currency : ZAR)

	<i>Note</i>	Year ended 31 March 2023	Year ended 31 March 2022
<b>Income</b>			
Revenue from operations	25	27 053 493	27 724 730
Other income	26	1 046 306	37 553 686
<b>Total income</b>		<b>28 099 799</b>	<b>65 278 416</b>
<b>Expenses</b>			
Cost of construction materials, stores and spare parts	27	-	-
Purchase of traded goods	28	-	-
Direct project costs	29	7 225 666	5 526 627
Employee benefits expense	30	588 980	601 416
Finance costs	31	38	5 532 239
Depreciation and amortisation expense	32	170 385	204 971
Other expenses	33	23 516 823	71 528 738
<b>Total expenses</b>		<b>31 501 892</b>	<b>83 393 991</b>
<b>Consolidated profit before income tax</b>		<b>(3 402 093)</b>	<b>(18 115 575)</b>
<b>Tax expense:</b>			
Current tax		-	-
Current tax relating to earlier period		-	-
Deferred tax (credit)		(912 348)	(1 286 726)
		<b>(912 348)</b>	<b>(1 286 726)</b>
<b>Consolidated profit after income tax</b>		<b>(2 489 745)</b>	<b>(16 828 849)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
(i) Remeasurements of defined benefit liability			
(ii) Income tax relating to items that will not be reclassified to profit or loss			
<b>Items that will be reclassified subsequently to profit or loss</b>			
(i) Exchange differences in translating financial statements of foreign operations			
(ii) Effective portion of (losses) on hedging instruments in cash flow hedges			
(iii) Income tax relating to items that will be reclassified to profit or loss			
<b>Other comprehensive income for the year, net of income tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(2 489 745)</b>	<b>(16 828 849)</b>

As per our report of even date attached.

For **RSM South Africa Inc.**  
Registered Auditors



**Rieyaaz Rawoot**  
Director

For and on behalf of the Board of Directors of  
**Sterling & Wilson Engineering (Pty) Ltd**



Place: South Africa, Cape Town  
Date: 04/04/2023

# Sterling and Wilson Engineering (Pty) Ltd

## Statement of cash flow

for the year ended 31 March 2023

(Currency : ZAR)

	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>A) Cash flow from operating activities</b>		
Consolidated (loss) / profit before tax	(3 402 093)	(18 115 575)
<i>Adjustments for:</i>		
Depreciation and amortisation expense	170 385	204 971
Impairment of Goodwill		
(Writeback) / Provision for bad and doubtful debts		(81 111)
Bad debts written off		
Supplier balances/ liabilities written back		
Loss / (profit) on sale of property, plant and equipments (net)	(16 895)	
Provision for foreseeable losses (net)		
Provision for Liquidated damages		
Finance costs	-	5 532 239,00
Interest income	-	(9 044 077,00)
Unrealised foreign exchange loss / (gain) (net)	18 291 471	(2 109 442)
Provision for mark-to-market (gain) / loss on derivative instruments	-	8 202
Provision no longer required written back	-	(25 640 026)
Operating (loss) / profit before working capital changes	<u>15 042 868</u>	<u>(49 244 819)</u>
<b>Working capital adjustments:</b>		
(Increase)/ decrease in inventories		25 000 000
Decrease in trade receivables	6 356 945	211 455 262
Decrease / (increase) in loans and advances		
(Increase) in other current financial assets		
(Increase) in other current assets		
(Increase)/ Decrease in restricted cash		
Increase in trade payables, other current liabilities and provisions	1 390 414	(171 070 129)
Decrease in other non-current assets		
<b>Net change in working capital</b>	<u>7 747 359</u>	<u>65 385 133</u>
<b>Net cash flows generated from operating activities</b>	<u>22 790 227</u>	<u>16 140 314</u>
Income tax (paid) (net)	-	(1 942 177)
Effects of exchange differences on translation of assets and liabilities	-	-
<b>Net cash flows generated from operating activities</b>	<u>(A) 22 790 227</u>	<u>14 198 137</u>
<b>B) Cash flow from investing activities</b>		
(Purchase) of property, plant and equipment, capital work-in-progress and intangible assets	-	(55 425)
Redemption of / (investment in) fixed deposits (net)		
Proceeds from sale of property, plant and equipment		
(Investment) / redemption of mutual fund (net)	-	6 630 350
Interest received		
Loans repaid by related parties (net)		
Loans given to related parties		
Movement in escrow account		
(Investment) in subsidiary		
<b>Net cash flows generated from investing activities</b>	<u>(B) -</u>	<u>6 574 925</u>
<b>C) Cash flow from financing activities</b>		
(Repayment of) / proceeds from Secured Short-term borrowings (net)		
(Repayment of) unsecured short-term borrowings (net)	(34 220 000)	(6 732 858)
Finance costs paid		
Lease payments		
Proceeds from shareholder's loan		24 207
Dividend paid		
<b>Net cash flows (used in) financing activities</b>	<u>(C) (34 220 000)</u>	<u>(6 708 651)</u>
<b>Net movement in currency translation</b>	<u>(D)</u>	
<b>Net (decrease) / increase in cash and cash equivalents</b>	<u>(A+B+C+D) (11 429 773)</u>	<u>14 064 411</u>
<b>Cash and cash equivalents at the beginning of the year</b>	<u>39 110 637</u>	<u>25 046 225</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>27 680 864</u>	<u>39 110 636</u>

# Sterling and Wilson Engineering (Pty) Ltd

## Statement of cash flow

for the year ended 31 March 2023

(Currency : ZAR)

### Notes :

- 1 Cash comprises cash on hand and current accounts. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition).

	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>2 Components of cash and cash equivalents</b>		
Balance with banks		
- in current accounts	27 680 864	39 110 637
- in fixed deposit (with original maturity of less than 3 months)	-	-
Cheques on hand	-	-
Cash on hand	-	-
Less: Bank over draft	-	-
	<u>27 680 864</u>	<u>39 110 637</u>

- 3 Changes in liabilities arising from financing activity, including both changes arising from cash flows and non-cash changes

### Reconciliation of liabilities arising from financing activities

Particulars	At beginning of the period/year	Changes considered in statement of cash- flow	Non-cash changes on account of acquisition	At end of the period/year
Short-term bank borrowings (including interest accrued)	86 980 006	(34 220 000)	-	52 760 006
<b>31 March 2022</b>	<b>86 980 006</b>	<b>(34 220 000)</b>	<b>-</b>	<b>52 760 006</b>
Short-term bank borrowings (including interest accrued)	93 712 864	(6 732 858)	-	86 980 006
<b>31 March 2021</b>	<b>93 712 864</b>	<b>(6 732 858)</b>	<b>-</b>	<b>86 980 006</b>

As per our report of even date attached.

For **RSM South Africa Inc.**  
Registered Auditors



**Rieyaaz Rawoot**  
Director

For and on behalf of the Board of Directors of  
**Sterling & Wilson Engineering (Pty) Ltd**



Place: South Africa, Cape Town  
Date: 04/04/2023

# Sterling and Wilson Engineering (Pty) Ltd

## Consolidated statement of changes in equity

for the year ended 31 March 2023

(Currency : ZAR)

### A. Equity share capital

	31 March 2023	31 March 2022
Balance at the beginning of the year	120	120
Add: Issued during the year	-	-
Balance at the end of the year	120	120

### B. Other equity

	Attributable to the shareholder of the Parent Company							Subtotal	Attributable to non-controlling interests	Shareholder's loan	Total
	Share capital	Legal reserve	Capital reserve	Foreign currency translation reserve	Retained earnings	Effective portion of cash flow hedge	Shareholder's current account				
Balance as at 1 April 2022	120				(30 811 950)			(30 811 830)			(30 811 830)
<b>Adjustments:</b>											
<b>Total comprehensive income for the year</b>											
Profit for the year					(2 489 745)			(2 489 745)			(2 489 745)
<i>Items of OCI for the year, net of tax:</i>											
Remeasurement of the defined benefit liability								-			-
Effective portion of loss on hedging instruments in cash flow hedges								-			-
Exchange differences in translating financial statements of foreign operations								-			-
<b>Total comprehensive income</b>	-	-	-	-	(2 489 745)	-	-	(2 489 745)	-	-	(2 489 745)
<i>Transactions with owners, recorded directly in equity</i>											
Arising on change in ownership								-			-
Dividend paid								-			-
Movement during the year								-			-
<b>Balance as at 31 March 2023</b>	<b>120</b>	-	-	-	<b>(33 301 695)</b>	-	-	<b>(33 301 575)</b>	-	-	<b>(33 301 575)</b>

	Attributable to the shareholder of the Parent Company							Subtotal	Attributable to non-controlling interests	Shareholder's loan	Total
	Share capital	Legal reserve	Capital reserve	Foreign currency translation reserve	Retained earnings	Effective portion of cash flow hedge	Shareholder's current account				
Balance as at 1 April 2021								-			-
<b>Adjustments:</b>											
<b>Total comprehensive income for the year</b>											
Profit for the year								-			-
<i>Items of OCI for the year, net of tax:</i>											
Remeasurement of the defined benefit liability								-			-
Effective portion of loss on hedging instruments in cash flow hedges								-			-
Exchange differences in translating financial statements of foreign operations								-			-
<b>Total comprehensive income</b>	-	-	-	-	-	-	-	-	-	-	-
<i>Transactions with owners, recorded directly in equity</i>											
Arising on change in ownership								-			-
Dividend paid								-			-
Movement during the year								-			-
<b>Balance as at 31 March 2022</b>	<b>-</b>	-	-	-	-	-	-	<b>-</b>	-	-	<b>-</b>

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the financial statements (*Continued*)

as at 31 March 2023

(Currency : ZAR)

### 3 Property, plant and equipment and capital work-in-progress

#### Reconciliation of carrying amount

Particulars	Land	Office equipment	Furniture and fixtures	Plant and machinery	Motor vehicles	Tools and equipment	Leasehold improvements	Total (A)	Capital work-in progress (B)	Total (A+B)
<b>Gross carrying amount :</b>										
Balance as at 1 April 2022		896 080			95 716	216 155		1 207 951		1 207 951
Add: Additions during the year		21 608						21 608		21 608
Less: Disposals during the year		(74 294)						(74 294)		(74 294)
Add: Adjustments								-		-
Add: Exchange differences on translation of foreign operations								-		-
<b>Balance as at 31 March 2023</b>	-	<b>843 394</b>	-	-	<b>95 716</b>	<b>216 155</b>	-	<b>1 155 265</b>	-	<b>1 155 265</b>
<b>Accumulated depreciation and impairment losses:</b>										
Balance as at 1 April 2022		748 400			50 200	145 566		944 166		944 166
Add: Depreciation for the year		120 660			19 143	30 582		170 385		170 385
Less: Disposals during the year		(69 581)						(69 581)		(69 581)
Add: Adjustments								-		-
Add: Exchange differences on translation of foreign operations								-		-
<b>Balance as at 31 March 2023</b>	-	<b>799 479</b>	-	-	<b>69 343</b>	<b>176 148</b>	-	<b>1 044 970</b>	-	<b>1 044 970</b>
<b>Carrying amounts (net)</b>										
At 1 April 2022	-	147 680	-	-	45 516	70 589	-	263 785	-	263 785
At 31 March 2023	-	43 915	-	-	26 373	40 007	-	110 295	-	110 295

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the financial statements (*Continued*)

as at 31 March 2023

(Currency : ZAR)

### 4 Other intangible assets

#### Reconciliation of carrying amount

Particulars	Certification and licenses	Total
<b>Gross carrying amount :</b>		
<b>Balance as at 1 April 2021</b>		-
Add: Additions during the year		-
Less: Disposals during the year		-
Add: Adjustments		-
Add: Exchange differences on translation of foreign operations		-
<b>Balance as at 31 March 2022</b>	-	-
<b>Accumulated depreciation and impairment losses:</b>		
Balance as at 1 April 2021		
Add: Depreciation for the year		-
Less: Disposals during the year		-
Add: Adjustments		-
Add: Exchange differences on translation of foreign operations		-
<b>Balance as at 31 March 2022</b>	-	-
<b>Carrying amounts (net)</b>		
<b>At 1 April 2021</b>	-	-
<b>At 31 March 2022</b>	-	-

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the financial statements (Continued)

for the year ended 31 March 2023

(Currency : ZAR)

### 5 Disclosure under Ind AS 116, Leases

#### A) Right-of-use assets

	Land and Buildings	Total
<b>Cost</b>		
Balance as at 1 April 2021		-
Additions		-
Disposals		-
Add: Exchange differences on translation of foreign operations		-
<b>Balance at 31 March 2022</b>	<b>-</b>	<b>-</b>
<b>Accumulated depreciation and impairment</b>		
Balance as at 1 April 2021		-
Depreciation		-
Eliminated on disposals of assets		-
Add: Exchange differences on translation of foreign operations		-
<b>Balance at 31 March 2022</b>	<b>-</b>	<b>-</b>
<b>Carrying amounts</b>		
Balance as at 1 April 2021	-	-
Balance at 31 March 2022	-	-

#### B) Breakdown of lease expenses

	For the year ended 31 March 2023	For the year ended 31 March 2022
Short-term lease expense	151 064	17 415
Low value lease expense	-	-
<b>Total lease expense</b>	<b>151 064</b>	<b>17 415</b>

### 5 Disclosure under Ind AS 116, Leases (Continued)

#### C) Cash outflow on leases

	For the year ended 31 March 2023	For the year ended 31 March 2022
Repayment of lease liabilities		
Interest on lease liabilities		
Short-term lease expense		
Low value lease expense		
<b>Total cash outflow on leases</b>	<b>-</b>	<b>-</b>

#### D) Maturity analysis of lease liabilities

31 March 2022	Less than 1 year	Between 1 and 2 years	2 and 5 years	Over 5 years	Weighted average effective interest rate %
Lease liabilities	-	-	-	-	

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the financial statements (Continued)

as at 31 March 2023

(Currency : ZAR)

### 6 Deferred tax assets (net)

#### Movement in deferred tax balances for the year ended 31 March 2023

Particulars	Net asset/ (liability) 1 April 2022	Recognised in profit or loss during the period	Other adjustments/ Forex	Net asset/ (liability) 31 March 2023
Provision for interest not recoverable				
Provision for doubtful debts and advances				
Trade payables	-	95 742		95 742
Income in advance	420 475	95 754		516 229
Employee benefits	100 433	(24 494)		75 939
Tax losses available for set off against future taxable income	8 135 918	789 608		8 925 526
Deductible temporary difference on prepayments	(35 257)	(44 262)		(79 519)
Financial assets at fair value				
Trade receivables				
<b>Net deferred tax asset</b>	<b>8 621 569</b>	<b>912 348</b>	<b>-</b>	<b>9 533 917</b>

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the financial statements (*Continued*)

as at 31 March 2023

(Currency : ZAR)

31 March 2023                      31 March 2022

### 7 Inventories

(valued at lower of cost and net realisable value)

Construction materials, stores and spare parts

-	-
---	---

### 8 Trade receivables

(Unsecured)

Trade receivables

- Undisputed trade receivables - considered good

    Less than 6 months

    6 months - 1 year

    1-2 years

    2-3 years

    More than 3 years

- Significant increase in credit risk

- Undisputed trade receivables - credit impaired

    Less than 6 months

    6 months - 1 year

    1-2 years

    2-3 years

    More than 3 years

-	<b>6 408 709</b>
---	------------------

Loss allowance \*

- Doubtful

-	-
---	---

Trade receivables

-	<b>6 408 709</b>
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# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the financial statements (*Continued*)

as at 31 March 2023

(Currency : ZAR)

	31 March 2023	31 March 2022
<b>9 Cash and cash equivalents</b>		
Balances with Bank		
- in current accounts	27 680 864	39 110 637
- in fixed deposit (with original maturity of more than 3 months)		
Cheques on hand		
Cash on hand		
Cash and cash equivalents in the consolidated balance sheet	<u>27 680 864</u>	<u>39 110 637</u>
<b>10 Bank balances other than cash and cash equivalents</b>		
Balances with banks		
- in current accounts		
- in deposit accounts (with original maturity more than 3 months but less than 12 months)		
- Margin money deposits		
- Balances with banks in escrow account relating to acquisition of australian subsidiary		
	<u>-</u>	<u>-</u>
<b>11 Loans</b>		
<i>(Unsecured, considered good)</i>		
<i>To related parties</i>		
-Loan given to subsidiaries *		
-Less: Provision for doubtful advance		
	<u>-</u>	<u>-</u>
-Others **		
<i>To parties other than related parties</i>		
Loan to employees		
Loan to Others		
	<u>-</u>	<u>-</u>



# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the financial statements (*Continued*)

as at 31 March 2023

(Currency : ZAR)

	31 March 2023	31 March 2022
<b>14 Share capital</b>		
<b>Authorised</b>		
1 000 Equity shares at no par value	1 000	1 000
	<u>1 000</u>	<u>1 000</u>
<b>Issued, subscribed and fully paid-up:</b>		
120 Equity shares of no par value, fully paid-up	120	120
	<u>120</u>	<u>120</u>

### Reconciliation of shares outstanding at the beginning and at the end of year :

	31 March 2023		31 March 2022	
	Number	Amount	Number	Amount
<b>Equity shares</b>				
Balance as at the beginning and end of the year	120	120	120	120
Add: Issued during the year				
<b>Balance as at the end of the year</b>	<u>120</u>	<u>120</u>	<u>120</u>	<u>120</u>

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the financial statements (*Continued*)

as at 31 March 2023

(Currency : ZAR)

### 15 Other equity

	<i>Note</i>	<b>31 March 2023</b>	31 March 2022
Retained earnings	<i>(i)</i>	<b>(33 301 695)</b>	(30 811 950)
Legal reserve	<i>(ii)</i>	-	-
Foreign currency translation reserve	<i>(iii)</i>	-	-
Capital reserve	<i>(iv)</i>	-	-
		<u><b>(33 301 695)</b></u>	<u>(30 811 950)</u>

#### Notes:

	<b>31 March 2023</b>	31 March 2022
<b>(i) Retained earnings</b>		
Balance as at the beginning of the year	<b>(30 811 950)</b>	(13 983 101)
Add: Profit for the year	<b>(2 489 745)</b>	(16 828 849)
Add: Remeasurement of the defined benefit liability		
Less: Dividend paid		
Adjustment		
<b>Balance as at the end of the year</b>	<u><b>(33 301 695)</b></u>	<u>(30 811 950)</u>
<b>(ii) Legal reserve</b>		
Balance as at the beginning and end of the year		
<b>(iii) Foreign currency translation reserve</b>		
Balance as at the beginning of the year		
Add: Movement during the year		
Adjustment		
<b>Balance as at the end of the year</b>	<u><b>-</b></u>	<u>-</u>
<b>(iv) Effective portion of cash flow hedge</b>		
Balance as at the beginning of the year		
Add: Effective portion of loss on hedging instruments in cash flow hedges		
<b>Balance as at the end of the year</b>	<u><b>-</b></u>	<u>-</u>
<b>(v) Capital reserve</b>		
Balance as at the beginning and end of the year		

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the financial statements (Continued)

as at 31 March 2023

(Currency : ZAR)

	31 March 2023	31 March 2022
<b>16 Non-current lease liabilities</b>		
Land and Buildings	-	-
<b>17 Long-term provisions</b>		
<b>Provision for employee benefits</b>		
Gratuity	-	-
<b>18 Current borrowings</b>		
<i>Secured loans</i>		
- Working capital loan from banks (refer note a, b and c)		
- Trust receipts (refer note d)	-	-
<i>Unsecured loans</i>		
Trust receipts (refer note d)		
Loan from banks	71 042 418	86 980 006
Loan from holding company		
Loans from related parties	71 042 418	86 980 006
	<b>71 042 418</b>	<b>86 980 006</b>
<b>19 Current lease liabilities</b>		
Land and Buildings	-	-
<b>20 Trade payables</b>		
Undisputed dues - Others		
Less than 1 year	482 595	224 351
1-2 years		
2-3 years		
More than 3 years		
	<b>482 595</b>	<b>224 351</b>
<b>21 Derivatives</b>		
Foreign currency forward exchange contract liabilities	-	-
<b>22 Other financial liabilities</b>		
<i>To related parties</i>		
- Other payables		
<i>To parties other than related parties</i>		
Interest accrued and not due:		
- to banks		
Employee benefits payable		
- provision for employee terminal benefits		
- other employee benefits payable		
Payable for acquisition of subsidiary		
Other payables	-	-

## Sterling and Wilson Engineering (Pty) Ltd

### Notes to the financial statements (Continued)

as at 31 March 2023

#### 23 Other current liabilities

*To parties other than related parties*

Advances from customers	2 246 187	1 557 315
Statutory dues payable :		
- Vat payable	225 439	177 082
- Fringe Benefit Tax payable		
- Withholding tax payable		
- GST payable		
- PAYG tax payable		
- Employee tax payable		
Others	527 858	33 548
	<u>2 999 484</u>	<u>1 767 945</u>

#### 24 Short-term provisions

##### Provision for employee benefits

Gratuity		
Provision for bonus		
Compensated absences	281 256	371 973
Provision for air fare		

##### Other provisions

Provision for warranties		
Other provisions		
Provision for foreseeable losses		
	<u>281 256</u>	<u>371 973</u>

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the financial statements (Continued)

for the year ended 31 March 2023

(Currency : ZAR)

	Year ended 31 March 2023	Year ended 31 March 2022
<b>25 Revenue from operations</b>		
<b>Sale of services</b>		
Income from works contracts		
Revenue from operation and maintenance services	27 053 493	27 724 730
Revenue from Design and Engineering Services		
<b>Sale of products</b>		
Sale of traded goods		
<b>Other operating income</b>		
Sale of scrap		
Miscellaneous income		
	<u>27 053 493</u>	<u>27 724 730</u>
<b>26 Other income</b>		
Interest income under the effective interest method on:		
- deposits with banks	1 029 411	679 030
- loan to subsidiaries		
- loan to related parties		
- others	-	9 044 077
Foreign exchange gain (net)		2 109 442
Liabilities no longer required written back		25 640 026
Profit on sale of property, plant and equipments (net)	16 895	-
Other miscellaneous income		81 111
	<u>1 046 306</u>	<u>37 553 686</u>
<b>27 Cost of construction materials, stores and spare parts</b>		
<b>Construction materials, stores and spare parts</b>		
Inventory of materials at the beginning of the year		
Purchase		
Less : Inventory of materials at the end of the year		
	<u>-</u>	<u>-</u>
<b>28 Purchase of traded goods</b>		
Cost of traded goods purchased during the year		
	<u>-</u>	<u>-</u>

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the financial statements (Continued)

for the year ended 31 March 2023

(Currency : ZAR)

	Year ended 31 March 2023	Year ended 31 March 2022
<b>29 Direct project costs</b>		
Communication expenses		
Stores and spare parts consumed	2 839 373	1 297 660
Commission expenses		
Legal and professional fees		
Printing and stationery expenses		
Insurance costs		
Repairs and maintenance - others		
Selling and marketing expenses		
Traveling and conveyance expenses		
Rent (refer note 40)		
Rates and taxes		
Electricity, power and fuel		
Payment to auditors		
Foreign exchange loss (net)		
Loss on sale of property, plant and equipment (net)		
Security charges		
Handling and other charges		
Bank charges		
Liquidated Damages		
Provision for foreseeable losses (net)		
Miscellaneous expenses		
	<u>2 839 373</u>	<u>1 297 660</u>
<b>Employee benefits expense</b>		
Salaries, wages and bonus	4 386 293	4 228 967
Employee benefits payable		
Gratuity (refer note 43)		
Compensated absences		
Staff welfare expenses		
	<u>4 386 293</u>	<u>4 228 967</u>
Sub-contractor expenses		
	<u>7 225 666</u>	<u>5 526 627</u>
<b>30 Employee benefits expense</b>		
Salaries, wages and bonus	588 980	601 416
Employee benefits		
Gratuity		
Compensated absences		
Staff welfare expenses		
	<u>588 980</u>	<u>601 416</u>
<b>31 Finance costs</b>		
Interest expense		
- on secured loans		
- on related party		
- on shareholder		
- on lease liability		
- on others	38	5 532 239
	<u>38</u>	<u>5 532 239</u>

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the financial statements (Continued)

for the year ended 31 March 2023

(Currency : ZAR)

	Year ended 31 March 2023	Year ended 31 March 2022
<b>32 Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment	170 385	204 971
Amortisation of intangible assets		
	<u>170 385</u>	<u>204 971</u>
<b>33 Other expenses</b>		
Communication expenses	18 731	19 547
Stores and spare parts consumed		
Commission expenses		
Legal and professional fees	385 903	3 582 649
Printing and stationery expenses	2 797	3 921
Insurance costs	140 952	1 599 484
Repairs and maintenance - others	41 308	39 887
Selling and marketing expenses	2 473	-
Traveling and conveyance expenses	122 640	22 199
Rent (refer note 40)	151 064	17 415
Rates and taxes	-	-
Electricity, power and fuel	-	-
Payment to auditors (refer note (a) below)	2 088 547	789 500
Foreign exchange loss (net)	18 291 471	-
Loss on sale of property, plant and equipment (net)	-	-
Security charges	918 114	811 451
Donation	10 239	12 500
Handling charges		
Provision for doubtful Debts	-	-
Bad debts written off	-	63 714 769
Advances written off		
Investment written off		
Impairment of Goodwill		
Management support fees		
Bank charges	231 439	149 740
Miscellaneous expenses	1 111 145	765 676
	<u>23 516 823</u>	<u>71 528 738</u>

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the financial statements (Continued)

for the year ended 31 March 2023

(Currency : ZAR)

### 34 Income taxes

#### a) Amount recognised in the Consolidated statement of profit and loss

Particulars	For the year ended	For the year ended
	31 March 2023	31 March 2022
<b>Current tax expense :</b>		
Current year	-	-
Adjustment of tax relating to earlier years	-	-
	-	-
<b>Deferred tax (credit) :</b>		
Origination and reversal of temporary differences	(912 348)	(1 286 726)
	(912 348)	(1 286 726)
Tax expenses for the year	(912 348)	(1 286 726)

#### b) Income tax recognised in other comprehensive income

Particulars	31 March 2023		
	Before tax	Tax (expense) benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement (losses) on post employment defined benefit plan	-	-	-
<b>Items that will be reclassified to profit or loss</b>			
Exchange differences in translating financial statements of foreign operations	-	-	-
Effective portion of (losses) on hedging instruments in cash flow hedges	-	-	-

Particulars	31 March 2022		
	Before tax	Tax (expense) benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement (losses) on post employment defined benefit plan	-	-	-
<b>Items that will be reclassified to profit or loss</b>			
Exchange differences in translating financial statements of foreign operations	-	-	-
Effective portion of (losses) on hedging instruments in cash flow hedges	-	-	-

#### c) Reconciliation of effective tax rate

Particulars	For the year ended	For the year ended
	31 March 2023	31 March 2022
<b>Profit before tax</b>	(3 402 093)	(18 115 575)
Tax using the Company's domestic tax rate at 27% (PY: 28%)	(918 565)	(5 072 361)
<b>Tax effect of:</b>		
Difference in tax rates	-	319 317
Tax relating to previous periods	-	-
Tax losses utilised on which deferred tax was not created earlier		
Employee benefits		
Current year/period losses on which no deferred tax asset was recognised		
Items on which deferred tax was not recognised in the previous year/period, now recognised		
Effect of consolidation of profits of subsidiaries in tax free zone		
Deferred tax not created		
Impact due to consolidation adjustments		
Non-deductible expenses	46 313	3 136 412
Others	(40 096)	329 906
<b>Total tax expense</b>	(912 348)	(1 286 726)

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the financial statements (Continued)

for the year ended 31 March 2023

(Currency : ZAR)

### 34 Income taxes (Continued)

d) The major components of deferred tax (liabilities) / assets arising on account of timing differences are as follows:

#### Movement in deferred tax balances for the year ended 31 March 2023

Particulars	Net asset/ (liability) 1 April 2022	Recognised in profit or loss during the year	Recognised in OCI during year	Other adjustments/ Forex	Net asset/ (liability) 31 March 2023
Provision for doubtful debts and advances					
Trade payables	-	95 742			95 742
Income in advance	420 475	95 754			516 229
Employee benefits	100 433	(24 494)			75 939
Tax losses available for set off against future taxable income	8 135 918	789 608			8 925 526
Deductible temporary difference on prepayments	(35 257)	(44 262)			(79 519)
Trade receivables					
Increase in provision for tax losses					
Provision for interest not recoverable					
POC Margin adjustment					
Income in advance					
Trade receivables/payables					
Amortisation of expenses on merger					
Provision for onerous contracts					
Difference between written down value/capital work					
Fair valuation of financial Assets					
Others					
<b>Net deferred tax asset</b>	<b>8 621 569</b>	<b>912 348</b>	<b>-</b>	<b>-</b>	<b>9 533 917</b>

#### Movement in deferred tax balances for the period ended 31 March 2022

Particulars	Net asset/ (liability) 1 April 2021	Recognised in profit or loss during the year	Recognised in OCI during year	Other adjustments/ Forex	Net asset/ (liability) 31 March 2022
Provision for interest not recoverable					-
Provision for doubtful debts and advances	5 526 753	(5 526 753)			-
Trade payables					
Income in advance	908 185	(487 710)			420 475
Employee benefits	88 217	12 216			100 433
Tax losses available for set off against future taxable income	835 651	7 300 267			8 135 918
Deductible temporary difference on prepayments	(20 302)	(14 955)			(35 257)
Trade receivables					
Increase in provision for tax losses					
Provision for interest not recoverable					
POC Margin adjustment					
Income in advance					
Trade receivables/payables					
Amortisation of expenses on merger					
Provision for onerous contracts					
Difference between written down value/capital work in progress of fixed assets as per the books of					
Fair valuation of financial liabilities					
Others	(3 662)	3 662			
<b>Net deferred tax asset</b>	<b>7 334 842</b>	<b>1 286 727</b>	<b>-</b>	<b>-</b>	<b>8 621 569</b>

As at 31 March 2022, the Group has recognised deferred tax asset on unused tax losses of its subsidiary in South Africa and Spain to the extent that the same will be recoverable using the estimated future taxable income based on the approved business plans and budgets of its subsidiary companies.

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the financial statements (Continued)

for the year ended 31 March 2023

(Currency : ZAR)

### e) Unrecognised deferred tax assets

Deferred tax assets have not been recognised during the year in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom:

	31 March 2023		31 March 2022	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Carry forward losses				
Unabsorbed depreciation				
<b>Total</b>				
	-	-	-	-

As included in the table above, the subsidiary of the Company in US and Australia are subject to income tax in accordance with the countries' respective income tax laws. Since the subsidiaries had incurred losses in the current year, the management had decided not to consider the potential deferred tax assets arising from carry forward tax losses of the aforementioned subsidiaries in absence of convincing evidence that future profitability will be consistently demonstrated.

### f) Tax losses carried forward

Particulars	Year ended	Expiry date	Year ended	Expiry date
	31 March 2023		31 March 2022	
Expire				
Never expire	33 057 504		30 281 532	

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the consolidated financial statements (*Continued*)

for the year ended 31 March 2023

(Currency : ZAR)

### 35 Contingent liabilities and commitments

(to the extent not provided for)

#### A. Contingent Liabilities

Particulars	31 March 2023	31 March 2022
(a) Claims against the company not acknowledged as debts	<b>80609577</b>	80 609 557
(b) Letters of Credit		
Total	<u>80 609 577</u>	<u>80 609 557</u>

#### B. Capital and other commitments

Particulars	31 March 2023	31 March 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the consolidated financial statements (Continued) for the year ended 31 March 2023

(Currency : ZAR)

### 36 Related party disclosures (Continued)

#### 39.2 Transactions and balances with related parties

Sr. No Nature of transaction	31 March 2023				
	Ultimate Holding Company	Holding Company	Subsidiaries and Fellow subsidiaries	Key management personnel and their relatives	Total
I Income from works contracts	-	-	-	-	-
II Revenue from operation and maintenance services	-	-	-	-	-
III Sale of traded goods	-	-	-	-	-
IV Interest income	-	-	-	-	-
V Recoverable expenses	-	-	-	-	-
VI Remuneration	-	-	-	-	-
VII Interest expense	-	-	-	-	-
VIII Reimbursement of expenses	-	-	-	-	-
IX Management support fees	-	-	-	-	-
X Trade receivables	-	-	-	-	-
XI Other receivables	-	-	-	-	-
XII Trade Payable	-	-	-	-	-
XIII Other payable	-	-	-	-	-
XIV Advances from customers	-	-	-	-	-
XV Shareholder's loan	-	71 042 418	-	-	71 042 418

Sr. No Nature of transaction	31 March 2023			
	Ultimate Holding Company	Holding Company	Subsidiaries and Fellow subsidiaries	Key management personnel and their relatives
I Income from works contracts				
II Revenue from operation and maintenance services				
III Sale of traded goods				
IV Interest income				
V Recoverable expenses				
VI Remuneration				
VII Interest expense				
VIII Reimbursement of expenses				

Sterling and Wilson Engineering (Pty) Ltd

**Notes to the consolidated financial statements (Continued)**  
for the year ended 31 March 2023

(Currency : ZAR)

**36 Related party disclosures (Continued)**

**39.2 Transactions and balances with related parties**

Sr. No	Nature of transaction	31 March 2023			
		Ultimate Holding Company	Holding Company	Subsidiaries and Fellow subsidiaries	Key management personnel and their relatives
IX	Management support fees				
X	Trade receivables				
XI	Other receivables				
XII	Trade Payable				
XIII	Other payable				
XIV	Advances from customers				
XV	Shareholder's loan Sterling and Wilson International Solar FZCO				71 042 418

## Sterling and Wilson Engineering (Pty) Ltd

### Notes to the consolidated financial statements (*Continued*) for the year ended 31 March 2023

(Currency : ZAR)

#### 38 Financial instruments – Fair values and risk management

##### (a) Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value, if carrying amount is a reasonable approximation of fair value.

31 March 2023	FVTPL	Carrying amount		Total	Level 1 - Quoted price in active markets	Fair value		Total
		FVTOCI	Amortised Cost			Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	
<b>Financial assets</b>								
<b>Current</b>								
(i) Trade receivables	-	-	-	-	-	-	-	-
(ii) Cash and cash equivalents	-	-	27 680 864	27 680 864	-	-	-	-
(iii) Bank balances other than cash and cash equivalents	-	-	-	-	-	-	-	-
(iv) Loans	-	-	-	-	-	-	-	-
(v) Other financial assets	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>27 680 864</b>	<b>27 680 864</b>	-	-	-	-
<b>Financial liabilities</b>								
<b>Non Current</b>								
(i) Lease liabilities	-	-	-	-	-	-	-	-
<b>Current</b>								
(i) Borrowings	-	-	71 042 418	71 042 418	-	-	-	-
(ii) Lease liabilities	-	-	-	-	-	-	-	-
(iii) Trade payables	-	-	482 595	482 595	-	-	-	-
(iv) Derivatives	-	-	-	-	-	-	-	-
(v) Other financial liabilities	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>71 525 013</b>	<b>71 525 013</b>	-	-	-	-

## Sterling and Wilson Engineering (Pty) Ltd

### Notes to the consolidated financial statements (Continued)

for the year ended 31 March 2023

(Currency : ZAR)

### 38 Financial instruments – Fair values and risk management (Continued)

#### (a) Accounting classification and fair values (Continued)

31 March 2022	FVTPL	Carrying amount		Total	Level 1 - Quoted price in active markets	Fair value		Total
		FVTOCI	Amortised Cost			Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	
<b>Financial Assets</b>								
<b>Current</b>								
(i) Trade receivables	-	-	6 408 709	6 408 709	-	-	-	-
(ii) Cash and cash equivalents	-	-	39 110 637	39 110 637	-	-	-	-
(iii) Bank balances other than cash and cash equivalents	-	-	-	-	-	-	-	-
(iv) Loans	-	-	-	-	-	-	-	-
(v) Other financial assets	-	-	-	-	-	-	-	-
<b>TOTAL</b>	-	-	<b>45 519 346</b>	<b>45 519 346</b>	-	-	-	-
<b>Financial liabilities</b>								
<b>Non Current</b>								
(i) Lease liabilities	-	-	-	-	-	-	-	-
<b>Current</b>								
(i) Borrowings	-	-	86 980 006	86 980 006	-	-	-	-
(ii) Lease liabilities	-	-	-	-	-	-	-	-
(iii) Trade payables	-	-	224 351	224 351	-	-	-	-
(v) Other financial liabilities	-	-	-	-	-	-	-	-
<b>TOTAL</b>	-	-	<b>87 204 357</b>	<b>87 204 357</b>	-	-	-	-

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the consolidated financial statements (*Continued*)

for the year ended 31 March 2023

(Currency : ZAR)

### 38 Financial instruments – Fair values and risk management (*Continued*)

#### (b) Measurement of fair values

##### Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the statement of financial position as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Amortised cost: 1. Security deposits (Asset) 2. Borrowings 3. Lease liabilities	Discounted cash flow approach: The valuation model considers the present value of expected payments, discounted using a risk adjusted discount rate.	Not applicable	Not applicable

#### Transfers between Levels 1 and 2

There have been no transfers between Level 1 and Level 2 during the reporting year

#### Level 3 fair values

There are no items in Level 3 fair values.

#### (c) Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- i) Credit risk ;
- ii) Liquidity risk ; and
- iii) Market risk

#### (c) Financial risk management (*Continued*)

##### Risk management framework

The Holding Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of directors of the Holding Company oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of directors of the Holding Company is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of directors of the Holding Company.

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the consolidated financial statements (Continued)

for the year ended 31 March 2023

(Currency : ZAR)

### 38 Financial instruments – Fair values and risk management (Continued)

#### (c) Financial risk management (Continued)

##### ii Liquidity risk

##### Exposure to liquidity risk

The table below analyses the group's financial liabilities into relevant maturity groupings based on their contractual maturities for non derivative financial liabilities:

31 March 2023	Carrying amount	Total	Contractual cash flows			
			1 year or less	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Lease liabilities						
Secured loans						
Trust receipts						
Trade payables	3 763 335	3 763 335	3 763 335			
Interest accrued and not due						
Other current financial liabilities	71 042 418	71 042 418				
	<u>74 805 753</u>	<u>74 805 753</u>	<u>3 763 335</u>	<u>-</u>	<u>-</u>	<u>-</u>

31 March 2022	Carrying amount	Total	Contractual cash flows			
			1 year or less	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
Lease liabilities						
Secured loans						
Trust receipts						
Trade payables	2 364 269	2 364 269	2 364 269			
Interest accrued and not due						
Other current financial liabilities	86 980 006	86 980 006				
	<u>89 344 275</u>	<u>89 344 275</u>	<u>2 364 269</u>	<u>-</u>	<u>-</u>	<u>-</u>

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the consolidated financial statements (Continued)

for the year ended 31 March 2023

(Currency : ZAR)

### 38 Financial instruments – Fair values and risk management (Continued)

#### (c) Financial risk management (Continued)

##### iii Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Group is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Group's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

#### (a) Currency Risk

The Company is exposed to currency risk on account of its operating and financing activities. The functional currency of the Company is Indian Rupee.

##### Exposure to currency risk

The currency profile of financial assets and financial liabilities are as below:

Amounts in ZAR	31 March 2023			
	USD	EUR	AUD	Others *
<b>Financial assets</b>				
Trade Receivables	-	-	-	-
Cash and Cash Equivalents	-	-	-	-
Other receivables	-	-	-	-
<b>Exposure to foreign currency assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Forward exchange contract	-	-	-	-
<b>Net exposure to foreign currency Asset</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>				
Trade payables and other payable	-	14 470	-	1 013
<b>Exposure to foreign currency liabilities</b>	<b>-</b>	<b>14 470</b>	<b>-</b>	<b>1 013</b>
Forward exchange contract	-	-	-	-
<b>Net exposure to foreign currency liabilities</b>	<b>-</b>	<b>14 470</b>	<b>-</b>	<b>1 013</b>
<b>Net Exposure</b>	<b>-</b>	<b>(14 470)</b>	<b>-</b>	<b>(1 013)</b>

\*others include Indian Rupees (INR)

Amounts in ZAR	31 March 2022			
	USD	EUR	AUD	Others *
<b>Financial assets</b>				
Trade Receivable	-	-	-	-
Cash and Cash Equivalents	-	-	-	-
Other receivables	-	-	-	-
<b>Exposure to foreign currency assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Forward exchange contract	-	-	-	-
<b>Net exposure to foreign currency assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>				
Trade payables and other payable	-	-	-	-
<b>Exposure to foreign currency liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Forward exchange contract	-	-	-	-
<b>Net exposure to foreign currency liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net exposure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*others include Indian Rupees (INR)

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the consolidated financial statements (*Continued*)

for the year ended 31 March 2023

(Currency : ZAR)

### 38 Financial instruments – Fair values and risk management (*Continued*)

#### (c) Financial risk management (*Continued*)

##### iii Market risk (*Continued*)

##### (a) Currency Risk (*Continued*)

#### Sensitivity analysis

A 5% strengthening / weakening of the respective foreign currencies with respect to functional currency of Group would result in increase or decrease in profit or loss and equity as shown in table below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The following analysis has been worked out based on the exposures as of the date of statements of financial position.

Effect in ZAR	31 March 2023		31 March 2022	
	Profit and Loss		Profit and Loss	
	Strengthening	Weakening	Strengthening	Weakening
USD	-	-	-	-
EUR	(724)	724	-	-
AUD	-	-	-	-
Others *	(51)	51	-	-

\*others include Indian Rupees (INR)

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the consolidated financial statements (*Continued*)

for the year ended 31 March 2023

(Currency : ZAR)

### 38 Financial instruments – Fair values and risk management (*Continued*)

#### (c) Financial risk management (*Continued*)

#### iii Market risk (*Continued*)

#### (b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates to security deposits, loans given and borrowings from financial institutions.

For details of the Group's short-term and long-term loans and borrowings, including interest rate profiles, refer to Note 18 of these consolidated financial statements.

Particulars	31 March 2023	31 March 2022
<b>Fixed rate instruments</b>		
Financial Assets		
Financial liabilities		
	-	-
<b>Variable rate instruments</b>		
Financial assets		
Financial liabilities		
	-	-
	1 783	919
	(1 783)	(919)

#### Interest rate sensitivity - fixed rate instruments

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

#### Interest rate sensitivity - variable rate instruments

ZAR	31 March 2023		31 March 2022	
	Profit or loss		Profit or loss	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable-rate instruments	(18)	18	(9)	9
Cash flow sensitivity (net)	(18)	18	(9)	9
	(18)	18	(9)	9

# Sterling and Wilson Engineering (Pty) Ltd

## Notes to the consolidated financial statements (*Continued*)

for the year ended 31 March 2023

(Currency : ZAR)

### 38 Financial instruments – Fair values and risk management (*Continued*)

#### (c) Financial risk management (*Continued*)

##### iii Market risk (*Continued*)

#### (c) Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total borrowings, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Group's adjusted net debt to equity ratio is as follows:

Particulars	31 March 2023	31 March 2022
Non-Current Borrowings	-	-
Current Borrowings	71 042 418	86 980 006
<b>Gross debt</b>	<b>71 042 418</b>	<b>86 980 006</b>
Less : Cash and cash equivalents	27 680 864	39 110 637
<b>Adjusted net debt</b>	<b>43 361 554</b>	<b>47 869 369</b>
Total equity	(33 301 575)	(30 811 830)
Adjusted net debt to adjusted equity ratio	(1.30)	(1.55)