Walker Chandiok & Co LLP
Chartered Accountants
21st floor, DLF Square, Jacaranda Marg,
DLF Phase II, Gurugram 122002

G. D. Singhal & Associates
Chartered Accountants
Malwal Road, Ferozepur City,
Punjab 152002, India

Independent Auditor's Report

To the Members of Canal Solar Energy Private Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Canal Solar Energy Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, 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.

Information other than the Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors are responsible for the other information. Other information does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and we do not express 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.

   The Director Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

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

5. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G. D. SINGHAL & ASSOCIATES ★ FRN : 017648N ★ FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS ★

equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. In preparing the financial statements, the 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 Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

7. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

8. 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 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.

9. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism 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. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

   - Conclude on the appropriateness of 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 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; and





- 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.

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

Report on Other Legal and Regulatory Requirements

11. Based on our audit, we report that the Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable.

12. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

13. Further to our comments in Annexure A, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The financial statements dealt with by this report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;

e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2023 and the operating effectiveness of such controls, refer to our separate Report in Annexure B wherein we have expressed an unmodified opinion; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigation which would impact its financial position as at 31 March 2023;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023;

iv. a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 39(h) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ FRN : 017648N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS ★

intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The management has represented that, to the best of its knowledge and belief, other than as disclosed in note 37 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The Company has not declared or paid any dividend during the year ended 31 March 2023.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Nalin Jain
Partner
Membership No.:503498
UDIN: 23503498BGRGCM3331

Place: New Delhi
Date: 10 July 2023

For **G. D. Singhal & Associates**
Chartered Accountants
Firm Registration No.: 017648N

Gagan Deep Singhal
Partner
Membership No.: 098947
UDIN: 23098947BGUNUO3335

Place: New Delhi
Date: 10 July 2023

Annexure A referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Canal Solar Energy Private Limited on the financial statements for the year ended 31 March 2023

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.

(B) The Company does not have any intangible assets and accordingly, reporting under clause 3(i)(a)(B) of the Companies (Auditor's Report) Order, 2020 (hereinafter referred to as 'the Order') is not applicable to the Company.

(b) The Company has a regular program of physical verification of its property, plant and equipment and right of use assets under which the assets are physically verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment and right of use assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 3 to the financial statements are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment and right of use assets during the year. Further, the Company does not hold any intangible assets.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.

(ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii) (a) of the Order is not applicable to the Company.

(b) The Company has not been sanctioned working capital limits by banks or financial institutions on the basis of security of current assets during any point of time of the year. Accordingly, reporting under clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) (a) The Company has provided loan or guarantee to Others during the year as per details given below

Particulars	Guarantees (Rs. in thousands)	Loans (Rs. In thousands)
Aggregate amount provided during the year - Others	12,040,000.00	385,000.00
Balance outstanding as at balance sheet date in respect of above cases: - Others	11,859,400.00	385,000.00

(b) In our opinion, and according to the information and explanations given to us, the guarantees provided and the terms and conditions of the grant of all loans are, prima facie, not prejudicial to the interest of the Company.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

G.D. SINGHAL & ASSOCIATES * CHARTERED ACCOUNTANTS * FRN : 017648N FEROZEPUR CITY

Annexure A referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Canal Solar Energy Private Limited on the financial statements for the year ended 31 March 2023 (continued)

(c) In respect of loans granted by the Company, the schedule of repayment of principal and the payment of the interest has not been stipulated and accordingly, we are unable to comment as to whether the repayments/receipts of principal interest are regular.

(d) In the absence of stipulated schedule of repayment of principal and payment of interest in respect of loans, we are unable to comment as to whether there is any amount which is overdue for more than 90 days. Reasonable steps have been taken by the Company for recovery of such principal amounts and interest.

(e) In respect of loans granted by the Company, the schedule of repayment of principal and interest has not been stipulated. According to the information and explanation given to us, such loans and interest have not been demanded for repayment as on date.

(f) The Company has granted loans which are repayable on demand or without specifying any terms or period of repayment, as per details below:

(Rs. In thousands)

Particulars	All Parties	Promoters	Related Parties
Aggregate of loans/advances in nature of loan - Repayable on demand (A) - Agreement does not specify any terms or period of repayment (B)	385,000.00 -	- -	385,000.00 -
Total (A+B)	385,000.00	-	385,000.00
Percentage of loans/advances in nature of loan to the total loans	100%	-	100%

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 of the Act. As the Company is engaged in providing infrastructural facilities as specified in Schedule VI of the Act, provisions of section 186 except sub-section (1) of the Act are not applicable to the Company. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sub-section (1) of section 186 in respect of investments, as applicable.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been deemed to be deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/ services / business activities. Accordingly, reporting under clause 3(vi) of the Order is not applicable.

(vii) (a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.





Annexure A referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Canal Solar Energy Private Limited on the financial statements for the year ended 31 March 2023 (continued)

(b) According to the information and explanations given to us, there are no statutory dues referred to in subclause (a) above that have not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.

(ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender. Further, loans amounting to Rs. 64,777.84 thousand are repayable on demand and no interest is receivable on such loan. Further, such loans have not been demanded for repayment as on date.

(b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.

(e) According to the information and explanations given to us, the Company does not have any subsidiaries, associates or joint ventures. Accordingly, reporting under clause 3(ix)(e) and clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.

(b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.





Annexure A referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Canal Solar Energy Private Limited on the financial statements for the year ended 31 March 2023 (continued)

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 188 of the Act. Further, the details of such related party transactions have been disclosed in the financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act. Further, according to the information and explanations given to us, the Company is not required to constitute an audit committee under section 177 of the Act.

(xiv) According to the information and explanations given to us, the Company is not required to and consequently, does not have an internal audit system as per the provisions of section 138 of the Act Accordingly, reporting under clause 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi)(a), (b) and (c) of the Order are not applicable to the Company.

(b) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.

(xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) According to the information and explanations given to us, the Company does not meet the criteria as specified under sub-section (1) of section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and according, reporting under clause 3(xx) of the Order is not applicable to the Company.

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ CHARTERED ACCOUNTANTS ★ FRN : 017648N FEROZEPUR CITY

Annexure A referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Canal Solar Energy Private Limited on the financial statements for the year ended 31 March 2023 (continued)

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Nalin Jain
Partner
Membership No.: 503498
UDIN: 23503498BGRGCM3331

Place: New Delhi
Date: 10 July 2023

For **G.D. Singhal & Associates**
Chartered Accountants
Firm Registration No.: 017648N

Gagan Deep Singhal
Partner
Membership No.: 098947
UDIN: 23098947BGUNUO3335

Place: New Delhi
Date: 10 July 2023

Annexure B to the Independent Auditor's Report of even date to the members of Canal Solar Energy Private Limited on the financial statements for the year ended 31 March 2023

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Canal Solar Energy Private Limited ('the Company') as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential component of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3)

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ CHARTERED ACCOUNTANTS ★ FRN : 017648N FEROZEPUR CITY

Annexure B to the Independent Auditor's Report of even date to the members of Canal Solar Energy Private Limited on the financial statements for the year ended 31 March 2023 (continued)

provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Nalin Jain
Partner
Membership No.: 503498
UDIN: 23503498BGRGCM3331

Place: New Delhi
Date: 10 July 2023

For **G.D. Singhal & Associates**
Chartered Accountants
Firm Registration No.: 017648N

Gagan Deep Singhal
Partner
Membership No.: 098947
UDIN: 23098947BGUNUO3335

Place: New Delhi
Date: 10 July 2023

Canal Solar Energy Private Limited
CIN-U40300PB2017PTC045990
Balance Sheet as at 31 March 2023

In Rs. thousands unless otherwise stated

Particulars	Notes	As at 31 March 2023	As at 31 March 2022
Assets			
Non current assets			
Property, plant and equipment	3	5,38,204.07	5,64,859.84
Right-of-use assets	3	10,478.63	10,954.58
Deferred tax assets (net)	4	18,674.04	13,558.27
Non-current tax assets (net)	5	1,981.71	485.31
Total non current assets		**5,69,338.45**	**5,89,858.00**
Current assets			
Financial assets			
Trade receivables	6	7,938.54	6,919.11
Cash and cash equivalents	7	3,926.09	4,759.33
Bank balances other than cash and cash equivalents	8	36,225.55	19,667.29
Loans	9	3,97,246.16	-
Other financial assets	10	164.00	150.00
Other current assets	11	23.92	25.71
Total current assets		**4,45,524.26**	**31,521.44**
Total assets		**10,14,862.71**	**6,21,379.44**
Equity and liabilities			
Equity			
Equity share capital	12	2,30,000.00	2,30,000.00
Other equity	13	(50,820.40)	(36,039.99)
		1,79,179.60	**1,93,960.01**
Liabilities			
Non current liabilities			
Financial liabilities			
Borrowings	14	5,40,416.55	1,21,395.82
Lease liabilities	15	10,526.95	10,697.18
Provisions	16	275.39	300.41
Other non current liabilities	17	1,57,508.37	1,65,767.73
Total non current liabilities		**7,08,727.26**	**2,98,161.14**
Current liabilities			
Financial liabilities			
Borrowings	18	1,17,297.08	15,143.53
Lease liabilities	15	170.23	158.82
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	19	93.49	2,262.18
Other financial liabilities	20	407.00	1,03,397.99
Other current liabilities	21	8,825.76	8,289.63
Provisions	22	162.29	6.14
Total current liabilities		**1,26,955.85**	**1,29,258.29**
Total equity and liabilities		**10,14,862.71**	**6,21,379.44**

Summary of significant accounting policies
The accompanying notes are an integral part of the financial statements

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Nalin Jain
Partner
Membership no. 503498

For G.D. Singhal & Associates
Chartered Accountants
Firm's Registration No.: 017648N

Gagan Deep Singhal
Partner
Membership no. 098947

For and on behalf of the Board of Directors

Jasbir Singh
Managing Director
DIN no- 01668231

Sukhbir Singh
Director
DIN no - 01785240

Shahzad Ali
Company Secretary
Membership no. A48314

Place: New Delhi
Date: 10 July 2023

Canal Solar Energy Private Limited
CIN-U40300PB2017PTC045990
Statement of Profit and Loss for the year ended 31 March 2023

In Rs. thousands unless otherwise stated

Particulars	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue			
Revenue from operations	23	36,513.35	39,279.63
Other income	24	22,907.07	9,379.01
Total revenue		**59,420.42**	**48,658.64**
Expenses			
Employee benefits expense	25	2,585.94	2,722.66
Finance costs	26	42,616.62	14,986.61
Depreciation and amortisation expense	27	27,131.72	27,204.75
Other expenses	28	6,985.31	5,529.48
Total expense		**79,319.59**	**50,443.50**
Loss before tax		**(19,899.17)**	**(1,784.86)**
Tax expense			
Current tax		-	-
Deferred tax benefit	4	(5,116.55)	(48,789.58)
Total tax benefit		**(5,116.55)**	**(48,789.58)**
(Loss)/ Profit for the year		**(14,782.62)**	**47,004.72**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurements of defined benefit plans		2.99	-
Income tax relating to items that will not be reclassified to profit or loss		(0.78)	-
Total other comprehensive income/ (loss)		**2.21**	**-**
Total comprehensive (loss)/ income		**(14,780.41)**	**47,004.72**
(Loss)/ earnings per share	33		
Basic (loss)/ earnings per share		(0.64)	2.04
Diluted (loss)/ earnings per share		(0.64)	2.04
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Nalin Jain
Partner
Membership no. 503498

For G.D. Singhal & Associates
Chartered Accountants
Firm's Registration No.: 017648N

Gagan Deep Singhal
Partner
Membership no. 098947

For and on behalf of the Board of Directors

Jasbir Singh
Managing Director
DIN no- 01668231

Sukhbir Singh
Director
DIN no - 01785240

Shahzad Ali
Company Secretary
Membership no. A48314

Place: New Delhi
Date: 10 July 2023

Canal Solar Energy Private Limited
CIN-U40300PB2017PTC045990
Statement of Cash Flows for the year ended 31 March 2023

In Rs. thousands unless otherwise stated

	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
A	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Loss before tax	(19,899.17)	(1,784.86)
	Adjustments for:		
	Depreciation and amortisation expense	27,131.72	27,204.75
	Finance costs	42,616.62	14,986.61
	Interest income on bank deposits	(1,036.72)	(1,115.51)
	Amortisation of deferred revenue	(8,263.50)	(8,263.50)
	Operating profit before working capital changes	**40,548.95**	**31,027.50**
	Movement in working capital		
	Increase in trade receivables	(1,019.43)	(52.33)
	Increase in other current and non-current financial assets	(14.00)	-
	Decrease in other current and non-current assets	1.79	477.18
	Decrease in trade payables	(2,168.68)	(997.90)
	(Decrease)/ Increase in other current and non-current financial liabilities	(1,00,079.47)	250.35
	Increase in provisions	134.11	306.55
	Increase in other current and non-current liabilities	540.27	18.41
	Cash flows generated from operating activities post working capital changes	**(62,056.46)**	**31,029.76**
	Income tax paid (net)	(1,496.40)	(90.82)
	Net cash generated from operating activities (A)	**(63,552.86)**	**30,938.94**
B	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Payment made for property, plant and equipment (including capital work-in-progress, capital creditors and capital advances)	-	979.16
	Interest received	1,036.72	1,115.51
	Fixed deposits made during the year	(16,558.26)	2,894.19
	Loans to related parties (net)	(3,97,246.16)	-
	Net cash generated from investing activities (B)	**(4,12,767.70)**	**4,988.86**
C	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Repayment of non current borrowings	(1,48,750.00)	(15,800.00)
	Proceeds from non current borrowings	6,10,000.00	-
	Proceeds from/ (Repayment) of current borrowing (net)	64,777.84	(5,900.04)
	Finance costs paid	(49,415.52)	(15,328.24)
	Payment of lease liabilities	(1,125.00)	(1,125.00)
	Net cash from financing activities (C)	**4,75,487.32**	**(38,153.28)**
	Decrease in cash and cash equivalents (A+B+C)	(833.24)	(2,225.48)
	Cash and cash equivalents at the beginning of the year	4,759.33	6,984.81
	Cash and cash equivalents at the end of the year	3,926.09	4,759.33

*Refer note 35 for reconciliation of liabilities from financing activities

Summary of significant accounting policies 2
The accompanying notes are an integral part of the financial statements

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Nalin Jain
Partner
Membership no. 503498

For G.D. Singhal & Associates
Chartered Accountants
Firm's Registration No.: 017648N

Gagan Deep Singhal
Partner
Membership no. 098947

For and on behalf of the Board of Directors

Jasbir Singh
Managing Director
DIN no- 01668231

Sukhbir Singh
Director
DIN no - 01785240

Shahzad Ali
Company Secretary
Membership no. A48314

Place: New Delhi
Date: 10 July 2023

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

Canal Solar Energy Private Limited

Canal Solar Energy Private Limited
CIN-U40300PB2017PTC045990
Statement of Changes in Equity for the year ended 31 March 2023

A Equity share capital — **In Rs. thousands unless otherwise stated**

Particulars	Balance as at 1 April 2021	Issue of equity share capital during the year	Balance as at 31 March 2022	Issue of equity share capital during the year	Balance as at 31 March 2023
Equity share capital	2,30,000.00	-	2,30,000.00	-	2,30,000.00

B Other equity — **In Rs. thousands unless otherwise stated**

Particulars	Reserve and surplus	Total
	Retained earnings	
Balance as at 1 April 2021	**(83,044.71)**	**(83,044.71)**
Profit for the year	47,004.72	47,004.72
Balance as at 31 March 2022	**(36,039.99)**	**(36,039.99)**
Loss for the year	(14,782.62)	(14,782.62)
Other comprehensive income	2.21	2.21
Balance as at 31 March 2023	**(50,820.40)**	**(50,820.40)**

Summary of significant accounting policies 2
The accompanying notes are an integral part of the financial statements

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Nalin Jain
Partner
Membership no. 503498

For G.D. Singhal & Associates
Chartered Accountants
Firm's Registration No.: 017648N

Gagan Deep Singhal
Partner
Membership no. 098947

For and on behalf of the Board of Directors

Jasbir Singh
Managing Director
DIN no- 01668231

Sukhbir Singh
Director
DIN no - 01785240

Shahzad Ali
Company Secretary
Membership no. A48314

Place: New Delhi
Date; 10 July 2023

Canal Solar Energy Private Limited
CIN-U40300PB2017PTC045990
Notes to financial statements for the year ended 31 March 2023

1 **i) Corporate information**

The Company Canal Solar Energy Private Limited was incorporated as of 02 January 2017 under the Companies Act, 2013. The Company is domiciled in India with its registered office situated at Faridkot Road, Guruharsahai, Distt. Ferozepur, Punjab. The Company is primarily involved in renewable power generation and having solar power generation plant at of 7.5MW Ghaggar Link jalkheri,District Fatehgarh Sahib Patiala, Punjab.The project is intend to sell the power generated under long term Power Purchase Agreement with Punjab State Power Corporation Limited.

The financial statements have been authorised for issue by the Board of Directors on 10 July 2023

ii) Amended Accounting Standards (Ind AS) and interpretations effective during the year

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The amendment did not have any material impact on financial statements of the Company.

Ind AS 16 – Proceeds before intended use

The amendment specifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The amendment did not have any material impact on financial statements of the Company.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment did not have any material impact on financial statements of the Company.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The amendment did not have any material impact on financial statements of the Company.

2 **Significant accounting policies**

2.01 Basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 read with Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time), Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and the relevant provisions of the Act. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Refer 1 (ii) above for certain amendments to the standards which have become effective for annual periods beginning on or after 1 April 2022.

The financial statements are presented in INR and all values are rounded to the nearest thousands with two decimals except where otherwise indicated.

Historical cost convention

The financial statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities (including derivatives instruments) at fair value, if any.

2.02 Use of estimates

The preparation of financial statement in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

2.03 Foreign currency translation

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. All monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities if any that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. All exchange differences, except those relating to long-term monetary foreign currency items, are dealt with in the Statement of Profit and Loss.

2.04 Revenue

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

A) Sale of electricity

i) Revenue from supply of power is recognised net of consumption when the power is supplied as it best depicts the value of the customer and complete satisfaction of performance obligation.

Revenue from sale of power is recognized when persuasive evidence of an arrangement exists, the fee is fixed or determinable, energy kilowatts are supplied and collectability is reasonably assured. Revenue is based on the energy kilowatts actually supplied to customers multiplied by the rate per kilo-watt hour agreed to in the respective power purchase agreement (PPAs). The energy kilowatts supplied by the entity are validated by the customer prior to billing and recognition of revenue.

B) Interest income

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of the financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the Statement of Profit and Loss.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

G.D. SINGHAL & ASSOCIATES * FRN : 017648N FEROZEPUR CITY * CHARTERED ACCOUNTANTS *

Canal Solar Energy Private Limited

2.05 Borrowing costs

Borrowing costs directly attributable to the acquisitions, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

2.06 Property, plant and equipment

Property, plant and equipments are carried at cost less accumulated depreciation. The cost of items of the property, plant and equipment comprises its purchase price net of any trade discount and rebate, any import duties and other taxes (other than those subsequently recoverable from tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment upto the date the asset is ready for its intended use.

Whenever significant parts of the property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in statement of Profit and Loss as incurred.

Based on technical assessment made by technical expert and management estimate, the Company have assessed the estimated useful lives of certain property, plant and equipment that are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively.

Depreciation on assets provided as follows:-

Estimated useful life

Asset category	Estimated useful life (in years)
Buildings	25
Plant and equipments	25
Office equipments	5

Method of depreciation

- Depreciation is provided on straight line method (SLM) for all class of assets of the Company.

2.07 Leased assets and right of use

The Company assesses at contract inception whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.
To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:
- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).
The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.
At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.
Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.
Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.
When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.
The Company has presented the right-of-use assets and lease liabilities on the face of statement of financial position.
The Company applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low-value assets recognition exemption that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.08 Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The date used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses are charged in the Statement of Profit and Loss. Further, impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount. The reversal is limited so that the carrying of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior period.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

G.D. SINGHAL & ASSOCIATES * FRN : 017648N FEROZEPUR CITY * CHARTERED ACCOUNTANTS

Canal Solar Energy Private Limited

2.09 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grant will be received.

Government grants relating to income are determined and recognised in the Statement of Profit and Loss over the period necessary to match them with the cost that they are intended to compensate, on a systematic basis and presented within other income.

Government grants relating to the assets are presented as deferred income and such income are recognised in the Statement of Profit and Loss over the period on a systematic basic within other income.

2.10 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and, except for trade receivables which do not contain a significant financing component, these are measured initially at:

a) fair value, in case of financial instruments subsequently carried at fair value through Profit and Loss (FVTPL);
b) fair value adjusted for transaction costs, in case of all other financial instruments.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when the underlying obligation specified in the contract is discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Different criteria to determine impairment are applied for each category of financial assets, which are described below.

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets, derivatives and equity instruments at FVTPL

(1) Financial assets at amortised cost

Classification and subsequent measurement of financial assets

Financial assets

The financial assets is measured at the amortised cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Profit and Loss. When the financial asset is derecognised or impaired, the gain or loss is recognised in the statement of Profit and Loss.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company is required to consider :

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

The Company applies simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, life time impairment loss is provided otherwise provides for 12 month expected credit losses.

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

Financial assets at fair value through other comprehensive income (FVOCI). Financial assets that meet the following conditions are measured initially as well as at the end of each reporting date at fair value, recognised in other comprehensive income (OCI).

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The contractual terms of the asset give rise on specified dates to cash flows that represent solely payment of principal and interest.

(3) Financial assets at fair value through Profit and Loss (FVTPL)

Financial assets at fair value through profit or loss (FVTPL). Financial assets that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

(4) Financial liability

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in Profit and Loss. For trade and other payables maturing with in one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity os these instruments.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ FRN : 017648N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS ★

Canal Solar Energy Private Limited ★

2.11 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ noncurrent classification.

An entity shall classify an asset as current when-

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

(d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when-

(a) it expects to settle the liability in its normal operating cycle;

(b) it holds the liability primarily for the purpose of trading;

(c) the liability is due to be settled within twelve months after the reporting period; or

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in it settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

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

Operating cycle

Based on the nature of the operations and the time between the acquisition of assets for processing and their realisation in cash or cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current/non-current classification of assets and liabilities.

2.12 Income taxes

Tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable on the taxable income for the year. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria is met. Current Income tax related to items recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or in equity as the case may be.

Deferred tax

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

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss either in comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition. Cash and cash equivalent are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

2.14 Provisions, contingent assets and contingent liabilities

Provisions are recognized only when there is a present obligation, as a result of past events, and measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligations as a whole.

Any reimbursement that the entities forming part of Company is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resource is remote.

Contingent liabilities are disclosed by way of note unless the possibility of outflow is remote. Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ FRN : 017648N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS ★

Canal Solar Energy Private Limited ★

2.15 Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including nonmonetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are classified as short-term employee benefits. These benefits include salaries and wages, short-term bonus, pension, incentives etc. These are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Post-employment benefits plans

The Company provides post-employment benefits through various defined contribution and defined benefit plans.

Defined contribution plans

The Company pays fixed contribution into independent entities in relation to several state plans and insurances for individual employees. The Company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

Defined benefit plans

Under the Company's defined benefit plans, the amount of benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the entities forming part of company, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The liability recognised in the balance sheet for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets.

Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in other comprehensive income.

Service cost of the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in Profit and Loss. Gains and losses resulting from re-measurements of the net defined benefit liability are included in other comprehensive income.

Other long-term employee benefits

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year and are treated as short term employee benefit. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end. Accumulated compensated absences, which are expected to be available or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields on Government securities. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss in the period in which they arise. Past-service costs are recognised immediately in the statement of profit and loss.

The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

2.16 Significant management judgement in applying accounting policies

When preparing the financial statement, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

2.17 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ FRN : 017648N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS ★

Canal Solar Energy Private Limited ★

2.18 Amendment to Accounting Standards (Ind AS) issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. MCA, vide its circular dated 31 March 2023 has issued Companies (Indian Accounting Standards) Amendment Rules, 2023 to further amend the Companies (Indian Accounting Standards) Rules, 2015 as below:

Ind AS 1 Presentation of Financial Statement

Requirement to disclose 'material accounting policies' instead of 'significant accounting policies' and related guidance included to determine whether the policy is material or not.

Ind AS 8 Accounting Policies, Change in Accounting Estimates and Errors

Definition of 'accounting estimates' now included in the standard enabling distinction between change in accounting estimates from change in accounting policies.

Ind AS 12 Income Taxes

Transactions that does not give rise to equal taxable and deductible temporary differences at the time of initial transaction have now been included in the exemptions for recognition of deferred tax liability and deferred tax assets in case of taxable temporary differences.

The Company is currently evaluating the impact of the above amendments on its financial statements and does not expect any significant impact on its financial statements.

(This space has been intentionally left blank)

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ FRN : 017648N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS

Canal Solar Energy Private Limited ★

3 Property, plant and equipment

Details of company's property, plant and equipment and their carrying amounts are as follows:

In Rs. thousands unless otherwise stated

Particulars	Freehold land^	Buildings	Plant and equipments	Office equipments	Total	Right of use asset
Gross block						
Balance as at 1 April 2021	**5,895.39**	**2,27,193.91**	**4,32,342.45**	**2,641.18**	**6,68,072.93**	**12,383.73**
Addition during the year	-	-	739.37	-	739.37	-
Disposal	-	-	-	-	-	-
Balance as at 31 March 2022	**5,895.39**	**2,27,193.91**	**4,33,081.82**	**2,641.18**	**6,68,812.30**	**12,383.73**
Addition during the year	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Balance as at 31 March 2023	**5,895.39**	**2,27,193.91**	**4,33,081.82**	**2,641.18**	**6,68,812.30**	**12,383.73**
Accumulated depreciation						
Balance as at 1 April 2021	-	**25,922.39**	**49,744.65**	**1,556.62**	**77,223.66**	**953.20**
Charge during the year	-	8,975.97	17,231.09	521.74	26,728.80	475.95
Disposal	-	-	-	-	-	-
Balance as at 31 March 2022	-	**34,898.36**	**66,975.74**	**2,078.36**	**1,03,952.46**	**1,429.15**
Charge during the year	-	8,951.44	17,184.02	520.31	26,655.77	475.95
Disposal	-	-	-	-	-	-
Balance as at 31 March 2023	-	**43,849.80**	**84,159.76**	**2,598.67**	**1,30,608.23**	**1,905.10**
Net block						
Balance as at 31 March 2022	**5,895.39**	**1,92,295.55**	**3,66,106.08**	**562.82**	**5,64,859.84**	**10,954.58**
Balance as at 31 March 2023	**5,895.39**	**1,83,344.11**	**3,48,922.06**	**42.51**	**5,38,204.07**	**10,478.63**

Refer note 34 for details of assets pledged.

^The title deeds of all the freehold land are in the name of the Company and are pledged with the lender.

(This space has been intentionally left blank)

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ CHARTERED ACCOUNTANTS ★ FRN : 017648N FEROZEPUR CITY

Canal Solar Energy Private Limited ★

In Rs. thousands unless otherwise stated

Particulars	As at 31 March 2023	As at 31 March 2022
4 Deferred tax assets/liabilities (net)		
Deferred tax assets arising on:		
Unabsorbed depreciation and business losses	53,145.08	46,098.21
Employee benefits	113.02	79.70
Deferred revenue grant	43,100.69	45,249.20
Lease liabilities	-	25.63
Deferred tax liabilities arising on:		
Lease liabilities	56.82	-
Property, plant and equipment	(77,741.57)	(77,894.47)
	18,674.04	**13,558.27**

Particulars (2022-23)	As at 31 March 2022	(Expenses)/ benefit recognised in statement of profit and loss	Recognised in other comprehensive income/ other equity	As at 31 March 2023
Assets				
Unabsorbed depreciation and business losses	46,098.21	7,046.87	-	53,145.08
Employee benefits	79.70	34.10	(0.78)	113.02
Deferred revenue grant	45,249.20	(2,148.51)	-	43,100.69
Liabilities				
Lease liabilities	25.63	31.19	-	56.82
Property, plant and equipment	(77,894.47)	152.90	-	(77,741.57)
Total	**13,558.27**	**5,116.55**	**(0.78)**	**18,674.04**

Particulars (2021-22)	As at 31 March 2021	(Expenses)/ benefit recognised in statement of profit and loss	Recognised in other comprehensive income/ other equity	As at 31 March 2022
Assets				
Unabsorbed depreciation and business losses	43,823.05	2,275.16	-	46,098.21
Employee benefits	-	79.70	-	79.70
Deferred revenue grant	-	45,249.20	-	45,249.20
Lease liabilities	-	25.63	-	25.63
Liabilities				
Property, plant and equipment	(79,054.36)	1,159.89	-	(77,894.47)
Total	**(35,231.31)**	**48,789.58**	**-**	**13,558.27**

(This space has been intentionally left blank)

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ FRN : 017648N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS

Canal Solar Energy Private Limited ★

Effective tax reconciliation

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Loss before tax	(19,899.17)	(1,784.86)
Applicable tax rate*	26.00%	26.00%
Expected tax expense [A]	**(5,173.79)**	**(464.06)**
Earlier years taxes	-	(48,385.72)
Others	57.22	60.19
Total adjustments [B]	**57.22**	**(48,325.52)**
Actual tax expense [C=A+B]	**(5,116.55)**	**(48,789.58)**
Total tax incidence	(5,116.55)	(48,789.58)
Tax expense recognized in statement of profit and loss [D]	**(5,116.55)**	**(48,789.58)**

The applicable tax rate is the domestic tax rate applicable to the Company - 31 March 2023 : 26.00% (31 March 2022: 26.00%).

*Pursuant to the Taxation Law (Amendment) Ordinance, 2019 ('Ordinance') issued by Ministry of Law and Justice (Legistive Department) which is effective 1 April 2019, domestic companies have the option to pay corporate income tax at a concessional tax rate of 25.17% accompanied with immediate expiry of carry forward balance of Minimum Alternative Tax credit and certain other concessional tax rate benefits enjoyed presently by the Company as per Sec 115BAA of the Income Tax Act, 1961.

During the previous year and current year , the Company has reviewed the implications of Ordinance on its tax liability for the year and has not opted the concessional tax rate of 25.17%. The Company has filed its income tax return for Financial Year 2021-22 (AY 2022-23) under old tax regime by not opting concessional tax regime as per Sec 115BAA of the Income Tax Act, 1961.

(This space has been intentionally left blank)

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

G.D. SINGHAL & ASSOCIATES * CHARTERED ACCOUNTANTS * FRN : 017648N FEROZEPUR CITY

Canal Solar Energy Private Limited

In Rs. thousands unless otherwise stated

Particulars	As at 31 March 2023	As at 31 March 2022
5 Non-current tax assets (net)		
Advance income tax (net of provision)	1,981.71	485.31
	1,981.71	**485.31**
6 Trade receivables		
Considered good	7,938.54	6,919.11
	7,938.54	**6,919.11**

Notes
Refer note 34 for information on assets under charges.
Refer note 29 for exposure the credit risk, loss allowance and aging analysis related to trade receivable.

Trade receivable ageing schedule as at 31 March 2023

31 March 2023	Outstanding for following periods from the due date of payment							
	Unbilled dues	Not due	Less than 6 months	6 months to 1 years	1-2 years	2-3years	More than 3 years	Total
Undisputed trade receivable								
Considered good	-	7,938.54	-	-	-	-	-	**7,938.54**
Credit impaired	-	-	-	-	-	-	-	-
Disputed trade receivable								
Considered good	-	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-	-
	-	**7,938.54**	-	-	-	-	-	**7,938.54**

Trade receivable ageing schedule as at 31 March 2022

31 March 2022	Outstanding for following periods from the due date of payment							
	Unbilled dues	Not due	Less than 6 months	6 months to 1 years	1-2 years	2-3years	More than 3 years	Total
Undisputed trade receivable								
Considered good	-	6,919.11	-	-	-	-	-	**6,919.11**
Credit impaired	-	-	-	-	-	-	-	-
Disputed trade receivable								
Considered goods	-	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-	-
	-	**6,919.11**	-	-	-	-	-	**6,919.11**

7 Cash and cash equivalents		
Cash on hand	58.30	116.56
Balances with bank - current accounts	3,867.79	622.25
Fixed deposit with original maturity of less than three months	-	4,020.52
	3,926.09	**4,759.33**
8 Bank balances other than cash and cash equivalents		
Fixed deposits with remaining maturity more than 3 months and less than 12 months*	36,225.55	19,667.29
	36,225.55	**19,667.29**

*Deposits of Rs.36,225.55 thousands (31 March 2022: Rs. 16,410.41 thousands) is pledged with banks on account of Debt Service Reserve Account and margin against Bank Guarantee.

(This space has been intentionally left blank)

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ FRN : 017648N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS ★

Canal Solar Energy Private Limited ★

In Rs. thousands unless otherwise stated

Particulars	As at 31 March 2023	As at 31 March 2022
9 Loans		
Loans to related parties*#	3,97,246.16	-
	3,97,246.16	**-**

*Includes loans of Rs. 385,000.00 thousands (31 March 2022: Rs. nil) that are chargeable to interest @ 10.00% p.a. (31 March 2022: nil) and are repayable on demand.
Includes interest accrued of Rs. 12,246.16 thousands (31 March 2022: Rs.nil) (refer note 31).

Details of loans or advances in the nature of loans granted to promoter, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are:
(a) repayable on demand; or
(b) without specifying any terms or period of repayment

As at 31 March 2023

Type of borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total loans and advances in the nature of loans
Promoter	-	-
Directors	-	-
KMPs	-	-
Related parties	3,85,000.00	100.00%

As at 31 March 2022

Type of borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total loans and advances in the nature of loans
Promoter	-	-
Directors	-	-
KMPs	-	-
Related parties	-	-

10 Other financial assets		
Security deposits	164.00	150.00
	164.00	**150.00**
11 Other current assets		
Prepaid expenses	23.92	25.71
	23.92	**25.71**

(This space has been intentionally left blank)

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ FRN : 017648N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS

Canal Solar Energy Private Limited ★

12 Equity share capital

The financial statements represent a legal entity structure. The share capital of the company as below.

In Rs. thousands unless otherwise stated

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of shares	Amount	Number of shares	Amount
Authorised	2,30,00,000	2,30,000.00	2,30,00,000	2,30,000.00
Issued and subscribed and fully paid up	2,30,00,000	2,30,000.00	2,30,00,000	2,30,000.00
Total	**2,30,00,000**	**2,30,000.00**	**2,30,00,000**	**2,30,000.00**

1. Reconciliation of equity share capital outstanding at the beginning and at the end of the reporting year

Particulars	For the year ended 31 March 2023		For the year ended 31 March 2022	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	2,30,00,000	2,30,000.00	2,30,00,000	2,30,000.00
Issued during the year	-	-	-	-
Outstanding at the end of the year	2,30,00,000	2,30,000.00	2,30,00,000	2,30,000.00

2. Shares held by Holding Company

Particulars	Number of shares	Amount	Number of shares	Amount
SAEL Limited*	2,30,00,000	2,30,000.00	2,30,00,000	2,30,000.00

*including share held by nominee shareholder

3. Number of shares held by each shareholder holding more than 5% Shares in the Company

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of Shares	% of holding	No. of Shares	% of holding
SAEL Limited*	2,30,00,000	100.00	2,30,00,000	100.00
Total	**2,30,00,000**	**100.00**	**2,30,00,000**	**100.00**

*including share held by nominee shareholder

4. Disclosure of shareholdings of promoters as follows

Promoter Name	As at 31 March 2023		As at 31 March 2022		% change in shareholding pattern
	No. of Shares	% of holding	No. of Shares	% of holding	
SAEL Limited	2,29,99,999	99.99	2,29,99,999	99.99	-
Jasbir Singh - (nominee of SAEL Limited)	1	0.01	1	0.01	-
Total	**2,30,00,000**	**100.00**	**2,30,00,000**	**100.00**	-

5. Terms/rights attached to equity shares

The Company have only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. If declared, the Comapny will pay dividends in Indian rupees.

In the event of liquidation of Company, the holders of equity shares of such Company will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders of the Company.

6. Details of shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and brought back during the last 5 years for each class of shares.

The Company has not issued any shares pursuant to a contract without payment being received in cash, allotted as fully paid up by way of bonus shares nor has there been any buy-back of shares in the current year and immediately preceding five years.

(This space has been intentionally left blank)

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ CHARTERED ACCOUNTANTS ★ FRN : 017648N FEROZEPUR CITY

Canal Solar Energy Private Limited ★

Particulars	In Rs. thousands unless otherwise stated As at 31 March 2023	 As at 31 March 2022
13 Other equity		
Retained earnings		
Opening balance	(36,039.99)	(83,044.71)
Net (loss) / profit during the year	(14,782.62)	47,004.72
Remeasurement of post-employment benefit obligation during the year	2.99	-
Tax effect on remeasurement during the year	(0.78)	-
Balances at the end of the year	**(50,820.40)**	**(36,039.99)**
Total other equity	**(50,820.40)**	**(36,039.99)**

Retained earnings
All the profits or losses made by the company are transferred to retained earnings from statement of profit and loss.

(This space has been intentionally left blank)

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ FRN : 017648N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS

Canal Solar Energy Private Limited ★

In Rs. thousands unless otherwise stated

Particulars	As at 31 March 2023	As at 31 March 2022
14 Borrowings		
Secured*		
Term loan from financial institution	-	1,21,395.82
Non convertible debentures	5,40,416.55	-
	5,40,416.55	**1,21,395.82**
* Refer note 30 for terms of borrowings.		
15 Lease liabilities*		
Non current	10,526.95	10,697.18
Current	170.23	158.82
	10,697.18	**10,856.00**
***Lease liabilities movement**		
Opening balance	10,856.00	11,001.84
Addition during the year	-	-
Add: Interest expense accrued on lease liabilities	966.18	979.16
Less: lease liabilities paid	(1,125.00)	(1,125.00)
Closing balance	**10,697.18**	**10,856.00**
16 Provisions (non-current)		
Provision for employee benefits		
Provision for gratuity (refer note 32)	275.39	204.16
Provision for compensated absences	-	96.25
	275.39	**300.41**
17 Other non current liabilities		
Deferred grant	1,57,508.37	1,65,767.73
	1,57,508.37	**1,65,767.73**
18 Borrowings		
Current maturity of non current borrowings		
Non convertible debentures*	52,519.24	-
Current maturity of non current borrowings	-	15,143.53
Loan from related party**	64,777.84	-
	1,17,297.08	**15,143.53**

Refer note 30 for terms of borrowings.
** Loan from related party are interest free and repayble on demand.

(This space has been intentionally left blank)

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ FRN : 017648N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS

Canal Solar Energy Private Limited ★

In Rs. thousands unless otherwise stated

Particulars	As at 31 March 2023	As at 31 March 2022
19 Trade payables		
Due to micro enterprises and small enterprises (refer note below)	-	-
Due to others	93.49	2,262.18
	93.49	**2,262.18**
Note:-		
a Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act, 2006'):	-	-
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
ii) The amount of interest paid by the buyer in terms of section 16, along with the amounts of the payments made to the supplier beyond the appointed day during accounting year	-	-
iii) The amount of interest due and payable for the period of delay in making payments (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
iv) The amount if interest accrued and remaining unpaid at the end of each accounting year, and	-	-
v) The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-
	-	-

The above information regarding dues to Micro, Small and Medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006 has been determined to the extend identified and information available with the Company pursuant to Section 22 of the Micro, Small and Medium enterprises Development Act (MSMED), 2006.

Trade payable ageing schedule as at 31 March 2023 and 31 March 2022

31 March 2023	Outstanding for following periods from the due date of payment					
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues - MSME*	-	-	-	-	-	-
Undisputed dues - Others	-	93.49	-	-	-	93.49
Disputed dues - MSME*	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Total trade payables	**-**	**93.49**	**-**	**-**	**-**	**93.49**

31 March 2022	Outstanding for following periods from the due date of payment					
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues - MSME*	-	-	-	-	-	-
Undisputed dues - Others	-	2,262.18	-	-	-	2,262.18
Disputed dues - MSME*	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Total trade payables	**-**	**2,262.18**	**-**	**-**	**-**	**2,262.18**

*MSME as per the Micro, Small and Medium Enterprises Development Act, 2006.

20 Other financial liabilities		
Interest accrued but not due	-	2,911.52
Employee related liabilities	-	288.95
Retention money	-	1,00,000.00
Others	407.00	197.52
	407.00	**1,03,397.99**
21 Other current liabilities		
Payable to statutory authorities	562.26	21.98
Deferred grant	8,263.50	8,267.65
	8,825.76	**8,289.63**
22 Provisions (Current)		
Provision for employee benefits		
Provision for gratuity (refer note 32)	4.94	1.96
Provision for compensated absences	157.35	4.18
	162.29	**6.14**

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ FRN : 017648N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS

Canal Solar Energy Private Limited ★

In Rs. thousands unless otherwise stated

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
23 Revenue from operations		
Sale of electricity	36,513.35	39,279.63
	36,513.35	**39,279.63**
24 Other income		
Interest income on		
- bank deposits	1,036.72	1,115.51
- loans to related party	13,606.85	-
Amortisation of deferred grant	8,263.50	8,263.50
	22,907.07	**9,379.01**

Revenue from contracts with customers

a) Disaggregation of revenue

Set out below is the disaggregation of the company revenue from contracts with customers:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
(A) Revenue from contracts with customers		
Based on nature of goods/services		
Sale of electricity	36,513.35	39,279.63
(B) Other revenue		
(i) Interest income on bank deposits	1,036.72	1,115.51
(ii) Interest income on loans to related party	13,606.85	-
(ii) Amortisation of deferred grant	8,263.50	8,263.50
Total revenue	**59,420.42**	**48,658.64**

b) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contract with customers:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Contract assets		
Unbilled revenue other than passage of time	-	-
Total contract assets	-	-
Revenue recognised in relation to contract liabilities		
a. Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	-	-
b. Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous period	-	-
Total contract liabilities	-	-

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liability is the entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer in advance. Contract assets are transferred to receivables when the rights become unconditional and contract liabilities are recognized as and when the performance obligation is satisfied.

There are no contract assets and the contract liabilities during the year (31 March 2022: nil), therefore disclosure regarding significant changes in contract assets and contract liabilities is not given.

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ FRN : 017648N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS

Canal Solar Energy Private Limited ★

In Rs. thousands unless otherwise stated

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
c) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price		
Revenue as per contract	37,089.90	40,049.83
Adjustments: rebate and discounts	576.55	770.20
Revenue from contract with customers	**36,513.35**	**39,279.63**

d) Transaction price - remaining performance obligation

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts as the revenue recognised corresponds directly with the value to the customer of the Company's performance completed till the reporting period.

e) There is no significant estimate involved in the recognition of revenue from contract.

25 Employee benefits expense		
Salaries, wages and bonus	2,325.62	2,586.70
Staff welfare expenses	260.32	135.96
	2,585.94	**2,722.66**
26 Finance costs		
Interest costs on:		
- term loan	9,586.90	14,007.45
- non convertible debentures	21,238.03	-
- lease liabilities	966.18	979.16
Other borrowing cost	10,825.51	-
	42,616.62	**14,986.61**
27 Depreciation and amortisation expenses		
Depreciation and amortisation expenses (refer note 3)	26,655.77	26,728.80
Amortisation of right of use of assets (refer note 3)	475.95	475.95
	27,131.72	**27,204.75**
28 Other expenses		
Repairs and maintenance		
- Plant and equipments		
- Others	3,607.24	2,487.94
Rent and hire charges	314.47	331.58
Rates and taxes	820.53	469.25
Insurance	795.50	790.17
Travelling and conveyance	482.83	401.88
Legal and professional fees	186.85	59.00
Printing & stationary	6.94	4.98
Payment to auditors (refer note a below)	389.73	250.00
Bank charges	8.89	1.10
Telephone expenses	17.32	18.36
Miscellaneous expenses	355.01	715.22
	6,985.31	**5,529.48**
note:-		
a) payment to auditors as		
- auditors	350.00	250.00
- out of pocket expenses	39.73	-
	389.73	**250.00**

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS

S.D. SINGHAL & ASSOCIATES ★ FRN : 017648N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS

Canal Solar Energy Private Limited ★

29 Financial instruments

(i) Fair value hierarchy

There are no financial assets or liabilities measured at fair value in these financial statements.

(ii) Financial instruments by category

In Rs thousand unless otherwise stated

Particulars	31 March 2023		31 March 2022	
	FVTPL*	Amortised cost	FVTPL*	Amortised cost
Financial assets				
Loans	-	3,97,246.16	-	-
Trade receivable	-	7,938.54	-	6,919.11
Cash and cash equivalents	-	3,926.09	-	4,759.33
Other bank balances	-	36,225.55	-	19,667.29
Other financial assets	-	164.00	-	150.00
Total financial assets	-	**4,45,500.34**	-	**31,495.73**
Financial liabilities				
Borrowings	-	6,57,713.63	-	1,36,539.35
Lease liabilities	-	10,697.18	-	10,856.00
Other financial liabilities	-	407.00	-	1,03,397.99
Trade payables	-	93.49	-	2,262.18
Total financial liabilities	-	**6,68,911.31**	-	**2,53,055.52**

*Fair value through Profit and Loss

The amortised cost of the financial assets and liabilities approximate to the fair value on the respective reporting dates.

(iii) Risk management

The Company activities expose it to credit risk, liquidity risk and market risk. The Company board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. This note explains the sources of risk which the Company is exposed to and how the Company manages the risk and the related impact in the financial statements.

(A) Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

a) Credit risk management

i) Credit risk rating

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk on financial reporting date
B: Moderate credit risk
C: High credit risk

The Company provides for expected credit loss based on the following:

Asset group	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, trade receivable and other financial assets	12 month expected credit loss

Based on business environment in which the Company operates, there have been no defaults on financial assets of the Company by the counterparties. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. There have been no cases of write off with the Company.

In Rs thousands unless otherwise stated

Credit rating	Particulars	31 March 2023	31 March 2022
A: Low credit risk	Cash and cash equivalents,loans, other bank balances, trade receivable and other financial assets	4,45,500.34	31,495.73

b) Credit risk exposure

(i) Provision for expected credit losses

The Company provides for 12 month expected credit losses for following financial assets –

31 March 2023

In Rs thousands unless otherwise stated

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	3,926.09	-	3,926.09
Other bank balances	36,225.55	-	36,225.55
Loans	3,97,246.16	-	3,97,246.16
Trade receivable	7,938.54	-	7,938.54
Other financial assets	164.00	-	164.00

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

G.D. SINGHAL & ASSOCIATES FRN : 017648N FEROZEPUR CITY CHARTERED ACCOUNTANTS

Canal Solar Energy Private Limited

31 March 2022 — In Rs thousands unless otherwise stated

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	4,759.33	-	4,759.33
Other bank balances	19,667.29	-	19,667.29
Trade receivable	6,919.11	-	6,919.11
Other financial assets	150.00	-	150.00

The credit risk for cash and cash equivalents and other bank balances is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Company major trade receivables and other receivables are with, government owned counterparty. Therefore, these receivables are considered high quality and accordingly no life time expected credit losses are recognised on such receivables based on simplified approach.

(B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the Company liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the Company operates.

Financial arrangement

The Company has access to the followings undrawn borrowings facilities at the end of the reporting period

Particulars	31 March 2023	31 March 2022
Borrowings other than cash credit facilities	-	39,260.02

Maturities of financial liabilities

The tables below analyse the Company financial liabilities into relevant maturity groupings based on their contractual maturities.

In Rs thousands unless otherwise stated

31 March 2023	On demand	Less than 1 year	1 - 5 years	More than 5 years	Total
Non-derivatives					
Borrowings (including interest)	64,777.84	1,09,207.66	4,17,934.39	3,84,827.83	9,76,747.72
Lease liabilities	-	1,125.00	4,500.00	19,125.00	24,750.00
Trade payables	-	93.49	-	-	93.49
Other financial liabilities	-	407.00	-	-	407.00
Total	**64,777.84**	**1,10,833.15**	**4,22,434.39**	**4,03,952.83**	**10,01,998.21**

In Rs thousands unless otherwise stated

31 March 2022	On demand	Less than 1 year	1 - 5 years	More than 5 years	Total
Non-derivatives					
Borrowings (including interest)	-	28,968.74	1,01,449.71	71,621.73	2,02,040.18
Lease liabilities	-	1,125.00	4,500.00	20,250.00	25,875.00
Trade payables	-	2,262.18	-	-	2,262.18
Other financial liabilities	-	1,03,397.99	-	-	1,03,397.99
Total	**-**	**1,35,753.91**	**1,05,949.71**	**91,871.73**	**3,33,575.35**

(C) Market risk

a) Foreign exchange risk

The Company does not have any foreign exchange risk as there are no foreign currency transactions.

b) Interest rate risk

i) Liabilities

The Company policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2023, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Company investments in fixed deposits all pay fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

In Rs thousands unless otherwise stated

Particulars	31 March 2023	31 March 2022
Variable rate borrowing	-	1,36,539.35
Fixed rate borrowing	5,92,935.78	-
Total borrowings	**5,92,935.78**	**1,36,539.35**

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ FRN : 017648N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS

Canal Solar Energy Private Limited ★

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

Particulars	31 March 2023	31 March 2022
Interest sensitivity*		
Interest rates – increase by 100 basis points (31 March 2022: 100 basis points)	-	1,365.39
Interest rates – decrease by 100 basis points (31 March 2022: 100 basis points)	-	(1,365.39)

* Holding all other variables constant

ii) Assets

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

Interest rate risk exposure

Below is the overall exposure of the deposits:

In Rs thousands unless otherwise stated

Particulars	31 March 2023	31 March 2022
Fixed rate deposits	36,225.55	23,687.80
Total deposits	**36,225.55**	**23,687.80**

c) Price risk

The Company does not have any other price risk than interest risk as disclosed above.

(D) Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep an optimum gearing ratio. The Company includes within net debt, interest bearing loans and borrowings, trade payables, less cash and cash equivalents.

In Rs thousands unless otherwise stated

Particulars	31 March 2023	31 March 2022
Borrowings	6,57,713.63	1,36,539.35
Trade payables	93.49	2,262.18
Other financial liabilties	407.00	1,03,397.99
Less: Cash & cash equivalents	3,926.09	4,759.33
Net debt	**6,54,288.03**	**2,37,440.19**
Equity	1,79,179.60	1,93,960.01
Total equity	**1,79,179.60**	**1,93,960.01**
Capital and net debt	8,33,467.63	4,31,400.19
Gearing ratio (%)	**78.50%**	**55.04%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the lender to immediately call loans and borrowings.

(This space has been intentionally left blank)

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ FRN : 017648N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS

Canal Solar Energy Private Limited ★

30 Term of borrowings

S. No.	Nature of loan	Borrowing from	Name of Bank/ Financial Institution	Nature of security	Terms of repayment and interest rate
1	Non-Convertible Debentures	Financial Institutions	India Infradebt Limited	1 First pari passu charge by way of:- (a) mortgage of entire immovable property (b) Charge by way of hypothecation on the entire movable properties (c) Charge on the entire cash flows, receivables, book debts and revenues. (d) Charge by way of assignment or hypothecation of all the rights, title etc in project documents. (e) Charge on DSRA (f) First ranking pari passu pledge of 100% of the equity shares of issuer (g) Personal guarantee (h) Unconditional guarantee from each guarantor in favour of common security trustee.	Non convertible debenture is of Rs 592,935.79 thousands (31 March 2022 : Nil) @ 9.85% p.a. (In the previous year: Nil). subject to an increase of 0.25% for each notch of a downgrade of External Credit Rating. Interest is payable on a monthly basis. The loan is repayable in 40 installments starting from March 2023 and ending in November 2032. Mandatory cash sweep is repayable in 21 installments starting from March 2023 and ending in November 2032.
2	Term Loan	Financial institution	Power Finance Corporation Limited	(A) Primary security:- The first mortgage shall rank pari passu, amongst the participating term lenders and working capital lenders on reciprocal basis and in addition, banks/ financial institution giving project gurantees and letter of credit in favour of customers, subject to maximum of 5% of the cost of the project. (B) Collateral security:- i) Atleast 26% of project equity till currency of PFC loan with non disposal undertaking for additional 25% till 50% of loan is repaid. ii) DSRA- Atleast 2 quarters on repayment of 50% loan, DSRA requirement may be brought down to 1 quarter. iii) Personal guarantee for an amount not less than Rs. 101,600.00 thousands by promoters.	Power Finance Corporation Limited term loan is of Rs Nil (31 March 2022 : Rs 136,539.35 thousands) @ 10.00% p.a. to 10.50% p.a. (In the previous year:-10.00% p.a.) The loan has been repaid during the year .

(This space has been intentionally left blank)

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ FRN : 017648N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS

Canal Solar Energy Private Limited ★

31 Related parties

I Names of related parties and related party relationship

The names of related parties where control exists and/or with whom transactions have taken place during the year and description of relationship as identified by the management are:

Ultimate Holding Company
SAEL Industries Limited (w.e.f 04 July 2022)

Intermediate Holding Company
SAEL Limited

a) Directors
Mr. Jasbir Singh
Mr. Sukhbir Singh

b) Key Managerial Person other than Directors
Mr. Shahzad Ali (Company Secretary)

c) Relatives of Directors and Key Managerial Person
Mrs. Palki Awla

II Transactions with related parties and outstanding balances

In Rs thousand unless otherwise stated

S. No.	Particular	For the year ended 31 March 2023	For the year ended 31 March 2022
(A)	**Transaction with related parties**		
1	**Repayment of short term borrowings**		
	Jasbir Singh	-	3,500.00
	Palki Awla	-	2,400.00
2	**Services received from related parties**		
	SAEL Limited	136.97	1,011.76
3	**Repayment of retention money**		
	SAEL Limited	1,00,000.00	-
4	**Loan given to Ultimate Holding company**		
	SAEL Industries Limited	3,85,000.00	-
5	**Interest income on loan given**		
	SAEL Industries Limited	13,606.85	-
6	**Loan taken from Holding company**		
	SAEL Limited	64,777.84	-

(This space has been intentionally left blank)

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ FRN : 017648N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS

Canal Solar Energy Private Limited ★

Canal Solar Energy Private Limited
CIN-U40300PB2017PTC045990
Notes to financial statements for the year ended 31 March 2023

S. No.	Particular	As at 31 March 2023	As at 31 March 2022
(B)	**Outstanding balances**		
1	**Trade payables**		
	SAEL Limited	-	2,175.24
2	**Other financial liabilities**		
	SAEL Limited	136.97	1,00,000.00
3	**Loan given to Ultimate Holding company**		
	SAEL Industries Limited	3,97,246.16	-
4	**Loan taken from Holding company**		
	SAEL Limited	64,777.84	-
5	**Co-guarantee given by Intermediate Holding Company and fellow subsidiaries forming part of restricted group with respect to non convertible debentures of the Company**		
	SAEL Limited, Laxjeet Renewable Energy Private Limited, Sunfree Paschim Renewable Energy Private Limited, Universal Biomass Energy Private Limited	6,00,850.00	-
6	**Co-guarantee given by the Company with respect to non convertible debentures of Intermediate Holding Company and fellow subsidiaries forming part of restricted group**		
	SAEL Limited (Holding Company)	98,02,720.00	-
	Laxjeet Renewable Energy Private Limited	2,08,820.00	-
	Sunfree Paschim Renewable Energy Private Limited	8,72,710.00	-
	Universal Biomass Energy Private Limited	9,75,150.00	-

(This space has been intentionally left blank)

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS

G.D. SINGHAL & ASSOCIATES ★ FRN : 017648N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS

Canal Solar Energy Private Limited ★

32 Employee benefits

Defined contribution

Contributions are made to the recognised provident and family pension fund, cover all eligible employees under applicable Acts. Both the employees and the Company make pre-determined contributions to the provident fund. The contributions are normally based upon a proportion of the employee's salary. The Company has recognized an amount of Nil (31 March 2022: Nil) towards employer's contribution in provident fund and other funds in the statement of profit and loss.

Defined benefit obligation

Provision for gratuity, payable to eligible employees on retirement/separation, is based upon an actuarial valuation as at the balance sheet date. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. The obligations are actuarially determined using the 'Projected Unit Credit Method' as at the balance sheet date. Gains/ losses on changes in actuarial assumptions are accounted in Other Comprehensive Income as identified by the management of the Company.

Other long term employee benefits

Provision for compensated absences, payable to eligible employees on availment/ retirement/ separation, is based upon an actuarial valuation as at the balance sheet date. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. The obligation are actuarially determined using the 'Projected Unit Credit Method' as at the balance sheet date. Gains/ losses on changes in actuarial assumptions are accounted in Other Comprehensive Income.

In Rs thousands unless otherwise stated

Particulars	Gratuity	
	31 March 2023	31 March 2022
Reconciliation of liability recognised in the Balance sheet:		
Present value of commitments	280.33	206.12
Net liability in the balance sheet	280.33	206.12
Movement in net liability recognised in the Balance sheet:		
Net liability as at the beginning of the year	206.12	-
Net amount recognised as expenses in the statement of profit and loss	77.20	206.12
Remeasurements-actuarial (gains) / losses	(2.99)	-
Net liability as at the end of the year	**280.33**	**206.12**
Expenses recognised in the statement of profit and loss		
Current service cost	62.24	43.30
Past service cost	-	162.82
Interest cost	14.96	-
Expenses charged to the statement of profit and loss	**77.20**	**206.12**
Component of defined benefit cost recognised in other comprehensive income	**(2.99)**	-

In Rs thousands unless otherwise stated

Particulars	Gratuity	
	31 March 2023	31 March 2022
Reconciliation of defined-benefit commitments:		
Obligations as at the beginning of the year	206.12	-
Current service cost	62.24	43.30
Past service cost	-	162.82
Interest cost	14.96	-
Remeasurements- actuarial (gains) / losses	(2.99)	-
Obligations as at the end of the year	**280.33**	**206.12**

Breakup of actuarial (gain) / loss

Particulars	31 March 2023	31 March 2022
Actuarial (gain)/loss for the year on PBO	(2.99)	-
Total actuarial (gain)/loss	**(2.99)**	-

The actuarial valuation in respect of commitments and expenses relating to unfunded Gratuity are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expenses:

(a) Economic assumptions

Particulars	31 March 2023	31 March 2022
Discount rate	7.36%	7.26%
Expected rate of salary increase	8.00%	8.00%

(b) Demographic assumptions

Particulars	31 March 2023	31 March 2022
Retirement age	58 years	58 years
Mortality table	Indian Assured Lives Mortality (IALM) (2012-14)	Indian Assured Lives Mortality (IALM) (2012-14)

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ FRN : 017548N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS

Canal Solar Energy Private Limited ★

(c) Sensitivity analysis of defined benefit obligation

In Rs thousands unless otherwise stated

Particulars	Gratuity	
	31 March 2023	31 March 2022
a) Impact of the change in discount rate		
i) Impact due to increase of 0.50%	(25.60)	(19.76)
ii) Impact due to decrease of 0.50%	28.76	22.36
b) Impact of the change in salary increase		
i) Impact due to increase of 0.50%	28.44	22.09
ii) Impact due to decrease of 0.50%	(25.57)	(19.72)

Sensitivities due to mortality and withdrawals are not material & hence impact of change not calculated.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

(d) Maturity profile of defined benefit obligation (undiscounted)

Particulars	Gratuity	
	31 March 2023	31 March 2022
Less than 1 year	4.94	1.96
Year 1 to 5	21.80	17.54
More than 5 years	253.58	186.62

The contribution expected to be made by the Company during the next financial year 2023-24 of Rs. 94.38 thousand (2022- 23: Rs.63.23 thousand)

(This space has been intentionally left blank)

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ FRN.: 017848N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS ★

Canal Solar Energy Private Limited ★

33 Earnings per share

Both the basic and diluted earnings/(loss) per share have been calculated using the profit/(loss) attributable to shareholders of the parent company as the numerator, i.e. no adjustments to profit/(loss) were necessary.

The reconciliation of the weighted average number of shares for the purposes of diluted earnings/(loss) per share to the weighted average number of ordinary shares used in the calculation of basic earnings/(loss) per share is as follows:

In Rs thousands unless otherwise stated

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
(Loss)/ profit attributable to owners	(14,782.62)	47,004.72
Number of equity shares	2,30,00,000	2,30,00,000
Weighted average number of shares used in diluted (loss)/earnings per share	2,30,00,000	2,30,00,000
Weighted average number of shares used in basic (loss)/earnings per share	2,30,00,000	2,30,00,000
Basic (loss)/earnings per share	(0.64)	2.04
Diluted (loss)/earnings per share	(0.64)	2.04

34 Details of assets pledged

The carrying amounts of assets pledged as security for current and non-current borrowings are:

In Rs thousands unless otherwise stated

Particulars	As at 31 March 2023	As at 31 March 2022
Current		
Trade receivables	7,938.54	6,919.11
Cash and cash equivalents	3,926.09	4,759.33
Other bank balances	36,225.55	19,667.29
Loans	3,97,246.16	-
Other financial assets	164.00	150.00
Total	**4,45,500.34**	**31,495.73**
Non-current		
Property, plant and equipment	5,38,204.07	5,64,859.84
Total	**5,38,204.07**	**5,64,859.84**

35 Reconciliation of liabilities from financing activities

In Rs thousands unless otherwise stated

Particulars (2022-23)	As at 31 March 2022	Cash flows		Non cash changes	As at 31 March 2023
		Additions	Payments		
Non current borrowings (including current maturities)	1,36,539.35	6,10,000.00	(1,48,750.00)	(4,853.56)	5,92,935.79
Lease liabilities (including current maturities)	10,856.00	-	(1,125.00)	966.18	10,697.18
Current borrowings (net)	-	64,777.84	-	-	64,777.84
Interest accrued on borrowings	2,911.52	-	(49,415.52)	46,503.99	-
Total liabilities from financial activities	**1,50,306.87**	**6,74,777.84**	**(1,99,290.52)**	**42,616.61**	**6,68,410.81**

Particulars (2021-22)	As at 31-03-2021	Cash flows		Non cash changes	As at 31 March 2022
		Additions	Payments		
Non current borrowings (including current maturities)	1,51,599.98	-	(15,800.00)	739.37	1,36,539.35
Lease liabilities (including current maturities)	11,001.84	-	(1,125.00)	979.16	10,856.00
Current borrowings (net)	5,900.04	-	(5,900.04)	-	-
Interest accrued on borrowings	3,253.15	-	(15,328.24)	14,986.61	2,911.52
Total liabilities from financial activities	**1,71,755.01**	**-**	**(38,153.28)**	**16,705.14**	**1,50,306.87**

(This space has been intentionally left blank)

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ CHARTERED ACCOUNTANTS ★ FRN : 017648N FEROZEPUR CITY

Canal Solar Energy Private Limited ★

36 Ind AS 116 - Leases

The Company has lease agreements for 25 year to use the land for solar project. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. The Company is prohibited from selling or pledging the underlying leased assets as security. .

A) Lease payments not included in measurement of lease liability

The Company did not entered into any lease arrangements which are either of low value or are considered as short term leases.

B) Information about extension and termination options

The lease agreement provide options for extension to the Company if mutually agreed by both the parties.

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use assets	No of right-of-use assests leased	Range of remaining term(in years)	Average remaining lease term	No. of leases with extension options	No. of leases with termination options
Land					
- 31 March 2023	1	22	22	-	-
- 31 March 2022	1	23	23	-	-

37 Details for funds received and loaned as intermediary*

a) **Funds received from entity (Funding Party):** **In Rs thousands unless otherwise stated**

Funding Party	Date	Amount
India Infradebt Limited Address:- The Capital, 'B' Wing, #1101-A, BKC, Mumbai- 400 070.	23 November 2023	3,78,700.00

b) **Funds lend to other entity (Ultimate Beneficiaries)** **In Rs thousands unless otherwise stated**

Ultimate Beneficiaries	Date	Amount
SAEL Industries Limited (Ultimate Holding Company) Address:- A-4 Green Park Main Aurbindo Marg New Delhi-110016	23 November 2023	3,78,700.00

c) **Co-guarantee provided to or on behalf of the ultimate beneficiaries:** **In Rs thousands unless otherwise stated**

Ultimate Beneficiaries	Amount
SAEL Limited (Holding Company)	99,52,000.00
Laxject Renewable Energy Private Limited	2,12,000.00
Sunfree Paschim Renewable Energy Private Limited	8,86,000.00
Universal Biomass Energy Private Limited	9,90,000.00

The Company has complied with relevant provisions of the companies act 2013, and the prevention of the Money- Laundering Act 2002 (15 of 2003)

* Refer note 14 and 30

38 Contingent liabilities: **In Rs thousands unless otherwise stated**

Particulars	Amount
Co-guarantee issued	1,18,59,400.00
Total	**1,18,59,400.00**

(This space has been intentionally left blank)

WALKER CHANDIOK & CO LLP ★ CHARTERED ACCOUNTANTS ★

G.D. SINGHAL & ASSOCIATES ★ FRN : 017648N FEROZEPUR CITY ★ CHARTERED ACCOUNTANTS ★

Canal Solar Energy Private Limited ★

Canal Solar Energy Private Limited
CIN-U40300PB2017PTC045990
Notes to financial statements for the year ended 31 March 2023

39 Additional regulatory disclosures

a) The followings are the analytical ratio for the year ended 31 March 2023 and 31 March 2022

Ratios	Numerator	Denominator	31 March 2023	31 March 2022	Variance
Current Ratio	Total current assets	Total current liabilities	3.51	0.24	1339.03%$
Debt Equity Ratio	Debts consist of borrowings and lease liabilities	Total equity	3.67	0.70	421.44%#
Debt Service Coverage Ratio	Earning for debts service = net profit after taxes + non-cash operating expenses + interest + other non-cash adjustments	Debts service = Interest and lease payment + principal repayment	0.25	1.25	-80.03%#
Return on Equity Ratio	Profit for the year less preference dividend (if any)	Average total equity	-7.92%	27.58%	128.73%^
Inventory Turnover Ratio	Cost of good sold	Average inventory	Not Applicable	Not Applicable	Not Applicable*
Trade Receivable Turnover Ratio	Revenue from operations	Average trade receivable	4.92	5.70	-13.81%
Trade Payable Turnover Ratio	Cost of good sold	Average trade payable	Not Applicable	Not Applicable	Not Applicable**
Net Capital Turnover Ratio	Revenue from operations	Average working capital (i.e. total current assets less total current liabilities	0.11	(0.40)	-128.52%##
Net Profit Ratio	Profit for the year	Revenue from operations	-40.49%	119.67%	133.83%^
Return on Capital Employed	Profit before tax and finances cost	Capital employed = Net worth + lease liabilities + deferred tax liabilities	2.71%	3.99%	32.04%^
Return on Investment	Income generated from invested funds	Average invested funds in treasury investments	Not Applicable	Not Applicable	Not Applicable***

Reasons for variance :

$ During the year the company has given loan to Ultimate Holding Company which has resulted improved ratio

During the year the company has raised non convertible debentures which has resulted improved ratio

^Decrease in profit during the year as compared to profit in the previous year has resulted in decreased ratio.

During the year there is increase in working capital which has resulted improved ratio

* Inventory turnover ratio is not applicable to the Company as no inventory is held by the Company.

**Trade payable turnover ratio is not applicable to the Company as there is no cost of goods sold as the Company is in power generation business and no materials are consumed.

***Return on investment is not applicable to the Company as no investment is held by the Company.

b) The Company has not been declared as wilful defaulter by any bank or financial institution or any other lender.

c) The Company does not have any charges or satisfaction, which is yet to be registered with Registrar of Companies, beyond the statutory period prescribed under the Companies Act, 2013 and the rules made thereunder.

d) The Company has not entered into any transaction which has not been recorded in the books of account, that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961

e) The Company has not traded or invested in crypto currency or virtual currency during the year.

f) The Company does not have any Benami property and further, no proceedings have been initiated or are pending against the Company, in this regard.

g) The Company has not entered into any transactions with struck off companies, as defined under the Companies Act, 2013 and rules made thereunder.

h) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

40 Segment reporting

The company is engaged in the business of sale of electricity. Chief Operating Decision Maker (CODM) reviews the financial information of the Company as a whole for decision- making and accordingly the Company has a single reportable segment. All the revenue has been billed to a single customer. Further the operations of the Company are limited within one geographical segment. Hence no further disclosure is required to be made by the company.

41 Subsequent event

The Company has evaluated events and transactions, which occurred subsequent to the balance sheet date but prior to the date when financial statements were available to be issued. There were no material subsequent event which are required to be disclosed.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Nalin Jain
Partner
Membership no. 503498

For G.D. Singhal & Associates
Chartered Accountants
Firm's Registration No.: 017648N

Gagan Deep Singhal
Partner
Membership no. 098947

For and on behalf of the Board of Directors

Jasbir Singh
Managing Director
DIN no- 01668231

Sukhbir Singh
Director
DIN no - 01785240

Shahzad Ali
Company Secretary
Membership no. A48314

Place: New Delhi
Date: 10 July 2023