

Anil Pariek & Garg
Chartered Accountants
33, Anand Bazar, Swaroop Nagar,
Kanpur, Uttar Pradesh
India - 208002
Telephone: +91 9839911907

Independent Auditor's Report on the Special Purpose Financial Statements for the year ended 31 December 2024

To the Board of Directors of Lohia Corp Limited (formerly known as "Kanpur Packaging Machines Limited") (the "Holding Company")

Opinion

1. We, have audited the accompanying special purpose financial statements of the 'Leesona Corp. (the "Company")', which comprise the Special Purpose Balance Sheets as at 31 December 2024, the Special Purpose Statements of Profit and Loss (including Other Comprehensive Income) and the Special Purpose Statements of Cash Flows for the year then ended and notes to the Special Purpose Financial Statements including material accounting policy information and other explanatory information (together hereinafter referred to as the 'Special Purpose Financial Statements').
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Financial Statements of the Company are prepared, in all material respects, in accordance with the basis of preparation described in Note 1.01 to these Special Purpose Financial Statements.

Basis for Opinion

3. We conducted our audit of Special Purpose Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Special Purpose 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 Special Purpose 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 on the Special Purpose Financial Statements.

Emphasis of Matter - Basis of Preparation and Restriction on Distribution and Use

4. We draw attention to note 1.01 to the accompanying Special Purpose Financial Statements which describes the basis of its preparation. These Special Purpose Financial Statements have been prepared by the Holding Company's management solely to assist in preparation of Restated Financial Information of the Company for the year ended 31 December 2024, which will be included in the document to be filed by the Holding Company with the Securities and Exchange Board of India ("SEBI") in connection with the proposed Initial Public Offer ('IPO') of equity shares of the Holding Company (referred to as the "Issue"). and therefore, it may not be suitable for any other purpose. This report is issued solely for the aforementioned purpose, and accordingly, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Further, we do not accept or assume any liability or any duty of care for any other purpose for which or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing. Our opinion is not modified with respect to this matter.



Responsibilities of Management for the Special Purpose Carve-out Financial Statements

5. The accompanying Special Purpose Financial Statements have been approved by the Holding Company's Board of Directors. The Board of Directors of the Holding Company is responsible for the preparation of these Special Purpose Financial Statements in accordance with the basis of preparation as described in note 1.01 to the Special Purpose Financial Statements including determining that such basis of preparation is acceptable in the circumstances. This responsibility includes design, implementation and maintenance of adequate internal financial controls, relevant to the preparation and presentation of the Special Purpose Financial Statements, in all material aspects, in accordance with the basis of preparation specified in aforementioned note 1.01 and are free from material misstatement, whether due to fraud or error.
6. In preparing the Special Purpose Financial Statements, the Board of Directors of the Company is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

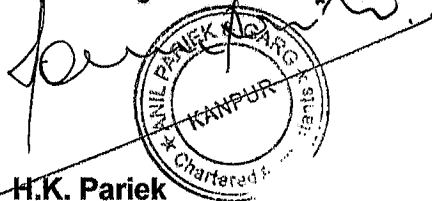
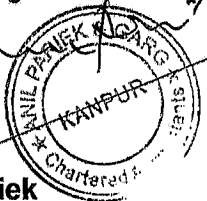
7. Our objectives are to obtain reasonable assurance about whether the Special Purpose Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but 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 Special Purpose Financial Statements.
8. As part of an audit in accordance with Standards on Auditing 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 controls;
 - Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls with reference to financial statements 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 the Board of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;



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9. We communicate with Holding Company's 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 controls that we identify during our audit.

For Anil Pariek & Garg
Chartered Accountants
Firm's Registration No.: 01676C

H.K. Pariek

Partner
Membership No.: 070250

UDIN: 25070250BMJBVK8726

Place: KANPUR

Date: 25-07-2025

Leesona Corp.
Special Purpose Balance Sheet as at 31 December 2024
(All amount are in ₹ millions unless otherwise stated)

Particulars	Note	As at 31 December 2024
ASSETS		
Non-current assets		
(a) Property, plant and equipment	2	95.24
(b) Right-of-use assets	3(a)	81.87
(c) Deferred tax asset (net)	4	5.35
Total non-current assets		182.46
Current assets		
(a) Inventories	5	173.98
(b) Financial assets		
(i) Trade receivables	6	120.06
(ii) Cash and cash equivalents	7	34.32
(c) Other current assets	8	4.58
Total current assets		332.94
Total assets		515.40
EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	9	104.27
(b) Other equity	10	(152.37)
Total equity		(48.10)
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Lease liabilities	3(b)	66.05
Total non-current liabilities		66.05
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	11	311.73
(ii) Lease liabilities	3(b)	15.81
(iii) Trade payables	12	-
(a) Total outstanding dues of micro and small enterprises;		
(b) Total outstanding dues of other than iii (a) above		96.22
(b) Other current liabilities	13	73.69
Total current liabilities		497.45
Total liabilities		563.50
Total equity & liabilities		515.40

The accompanying notes form an integral part of the special purpose financial statements.
As per our report of even date attached.

For Anil Pariek & Garg
Chartered Accountants
Firm's Registration No. 016766
H.K. Pariek
Partner
Membership No. 20250

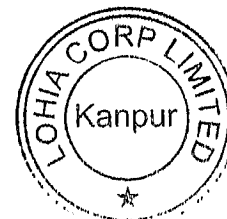
Place : Kanpur
Date : 25 July 2025

For and on behalf of the Board of Directors of
Lohia Corp Limited (formerly known as Kanpur Packaging Machines Limited)

Rajendra Kumar Arya
Director
DIN: 09658071

Anupam Agarwal
Chief Financial Officer
PAN: ACPPA5533R

Place : Kanpur
Date : 25 July 2025



Leesona Corp.
Special Purpose Statement of Profit and Loss for the year ended 31 December 2024
(All amount are in ₹ millions unless otherwise stated)

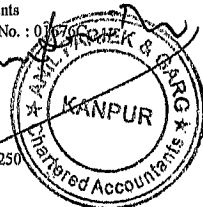
Particulars	Notes	Year Ended 31 December 2024
Income		
I Revenue from operations	14	738.97
II Other income	15	1.13
III Total Income (I+II)		<u>740.10</u>
IV Expenses		
Cost of materials consumed	16	528.63
Changes in inventories of finished goods, work in progress and stock-in-trade	17	(9.99)
Employee benefits expenses	18	181.92
Finance costs	19	17.28
Depreciation and amortisation expenses	20	14.67
Other expenses	21	109.71
Total expenses (IV)		<u>842.22</u>
V Profit/(loss) before tax (III-IV)		<u>(102.12)</u>
VI Tax expense		
a) Current tax		-
b) Deferred tax		-
Total tax expense		<u>-</u>
VII Profit/(loss) for the year/period (V-VI)		<u>(102.12)</u>
VIII Other comprehensive income		
(A) Items that will not be reclassified to profit or loss		
Gain/(loss) on defined benefit obligation		-
Income tax relating to above		-
(B) Items that will be reclassified to profit or loss		
Net gains on cash flow hedges		-
Income tax relating to above		-
Foreign currency translation reserve		(20.39)
Total other comprehensive income for the year/period		<u>(20.39)</u>
IX Total comprehensive income for the year/ period (VII+VIII)		<u>(122.51)</u>
X Earnings per equity share	22	
Basic earning per share (₹)		(57.39)
Diluted earning per share (₹)		(57.39)

The accompanying notes form an integral part of the special purpose financial statements.
As per our report of even date attached.

For Anil Pariek & Garg
Chartered Accountants
Firm's Registration No. : 016767

M.K. Pariek
Partner
Membership No 70250

Place : Kanpur
Date : 25 July 2025

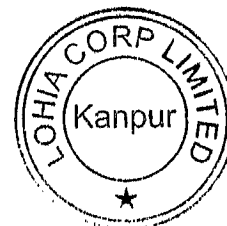


For and on behalf of the Board of Directors of
Lohia Corp Limited (formerly known as Kanpur Packaging Machines Limited)

Rajendra Kumar Arya
Director
DIN: 09658071

Place : Kanpur
Date : 25 July 2025

Anupam Agarwal
Chief Financial Officer
PAN: ACFPA5533R



Leesona Corp.
Special Purpose statement of cash flows for the year ended 31 December 2024
(All amount are in ₹ millions unless otherwise stated)

Particulars	For the year ended 31 December 2024
A. Cash flow from operating activities	
Profit/(loss) before tax	(102.12)
Depreciation and amortisation expense	14.67
Net loss on disposal of property, plant and equipment	4.09
Operating profit before working capital changes	(83.36)
Adjustments for movement in:	
Changes in inventories	(6.39)
Changes in trade receivables	(64.76)
Changes in other financial assets	-
Changes in other assets	12.67
Changes in trade payables	60.16
Changes in operating lease liabilities	81.32
Changes in other liabilities	11.77
Cash generated from/(used in) operating activities	94.77
Income tax paid	-
Net cash flows generated from/(used in) operating activities (A)	11.41
B. Cash flow from investing activities	
Purchase of property, plant and equipment (including capital work-in-progress, capital advances and creditors for capital goods)	(186.70)
Proceeds from sale of property plant and equipment	5.72
Net cash flows (used in) from investing activities (B)	(180.98)
C. Cash flow from financing activities	
Proceeds from current borrowings	311.73
Proceeds from Redemption of Shares	(123.90)
Net cash flows (used in)/generated from financing activities (C)	187.83
Net increase in cash and cash equivalents (A+B+C)	18.26
Cash and cash equivalents at the beginning of the year	19.66
Effects of currency translation on cash and cash equivalents	(3.60)
Closing cash and cash equivalents (refer note 7)	34.32

Notes:

- The above cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 (Ind AS-7) on "Statements of Cash Flows".
- Negative figures have been shown in brackets.
- Refer note 23 for reconciliation of movements of liabilities to cash flows arising from financing activities in accordance with Ind AS-7.

The accompanying notes form an integral part of these special purpose financial statements.

As per our report of even date attached.

For Anil Pariek & Garg

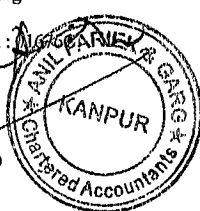
Chartered Accountants

Firm's Registration No. : 16000000000

H.K. Pariek

Partner

Membership No 70250



For and on behalf of the Board of Directors of

Lohia Corp Limited (formerly known as Kanpur Packaging Machines Limited)

Rajendra Kumar Arya

Director

DIN: 09658071

Anuram Agarwal

Chief Financial Officer

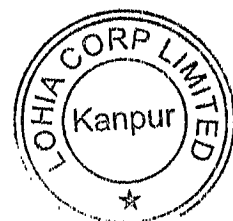
PAN: ACFPA5533R

Place : Kanpur

Date : 25 July 2025

Place : Kanpur

Date : 25 July 2025



Leesona Corp.
Special Purpose Statement of Changes in Equity for the year ended 31 December 2024
(All amount are in ₹ millions unless otherwise stated)

A. Equity share capital

Balance as at 01 January 2024
Add : Increase in the equity share capital during the year
Balance at the end of the year

No. of Shares	Amount
15,00,000	104.27
-	-
15,00,000	104.27

B. Other equity

Particulars	Reserve and surplus	Other comprehensive income	Total
	Retained earnings	Foreign currency translation reserve	
Balance as at 01 January 2024	(62.73)	32.87	(29.86)
Profit for the year	(102.12)	-	(102.12)
Other comprehensive income for the year (net of tax)	-	(20.39)	(20.39)
Total comprehensive income for the year	(102.12)	(20.39)	(122.51)
Balance as at 31 December 2024	(164.85)	12.48	(152.37)

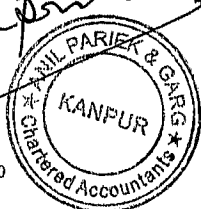
The above statement of changes in equity should be read in conjunction with the accompanying notes.

As per our report of even date attached.

For **Anil Pariek & Garg**
Chartered Accountants
Firm's Registration No.: 01676C

H.K. Pariek
Partner
Membership No.: 070250

Place: Kanpur
Date : 25 July 2025

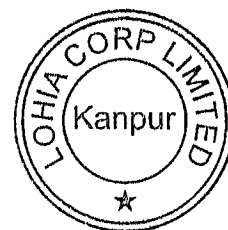


For and on behalf of the Board of Directors of
Lohia Corp Limited (formerly known as Kanpur Packaging Machines Limited)

Rajendra Kumar Arya
Director
DIN: 09658071

Place : Kanpur
Date : 25 July 2025

Anupam Agarwal
Chief Financial Officer
PAN: ACFPA5533R



1. Corporate information

Leesona Corp. situated at 2050-B Willow Springs Lane, Burlington, North Carolina 267215, manufactures industrial winding equipment used in the synthetic fibres industry. The Company also sells machine parts of wholesale and service industrial winding equipment. The Company has been in continuous operation for over 100 years.

1.01 Basis of preparation and presentation

(i) These Special Purpose Financial Statements have been prepared by the management of Lohia Corp Limited (formerly known as "Kanpur Packaging Machines Limited") (the "Holding Company") solely to assist in preparation of Restated Financial Information of the Company for the year ended 31 December 2024, which will be included in the document to be filed by the Holding Company with the Securities and Exchange Board of India ("SEBI") in connection with the proposed Initial Public Offer ('IPO') of equity shares of the Holding Company (referred to as the "Issue").

(ii) Compliance with Ind AS

The special purpose financial statements (financial statements) comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(iii) Historical cost convention

The special purpose 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.
- Certain financial assets and liabilities at amortised cost.

(iv) Functional and presentation currency

The management has determined the currency of the primary economic environment in which the Company operates, i.e., the functional currency, to be United States Dollar (\$). The financial statements are presented in Indian Rupees, which is the Company's presentation currency. All amounts have been rounded to the nearest millions up to two decimal places, unless otherwise stated. Consequent to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute amounts.

(v) Going concern

Going concern basis of accounting used for preparation of the accompanying special purpose financial statements is appropriate with no material uncertainty.

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

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as amended from time to time. During the year ended 31 December 2024, MCA has notified following new standards or amendments to the existing standards applicable to the Company:

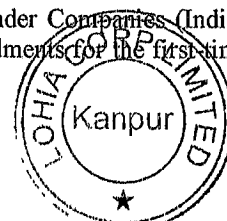
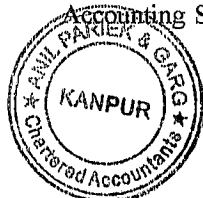
Lack of exchangeability - Amendments to Ind AS 21: The amendments to Ind AS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 April 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments will not have a material impact on the Company's special purpose financial statements.

New and amended standard adopted by the Company

The Ministry of Corporate Affairs notified new standards or amendment to existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. The Company applied following amendments for the first time



during the current year which are effective from 1 April 2024.

- Lease liability in a sale and leaseback (amendments to Ind AS 116): The amendments require an entity to recognise lease liability including variable lease payments which are not linked to index or a rate in a way it does not result into gain on Right-of-use assets it retains.
- Introduction of Ind AS 117 MCA notified Ind AS 117, a comprehensive standard that prescribe, recognition, measurement and disclosure requirements, to avoid diversities in practice for accounting insurance contracts and it applies to all companies i.e., to all "insurance contracts" regardless of the issuer. However, Ind AS 117 is not applicable to the entities which are insurance companies registered with IRDAI.

The Company has reviewed the new pronouncements and based on its evaluation has determined that these amendments do not have impact on these financial statements.

1.02 Material accounting policy information

1.03 Critical accounting judgements, estimates and assumptions

The preparation of the Company's financial statements in conformity with the Indian Accounting Standards requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures (including contingent liabilities). The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most critical effect on the amounts recognised in the financial statements.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

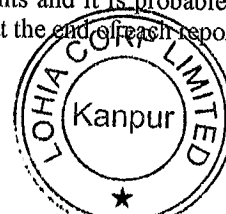
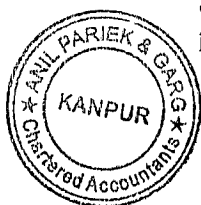
For the lease contracts that includes extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Leases - estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

b) Provisions & contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.



The Company uses critical judgements to assess contingent liabilities. Contingent liabilities are recognised when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the special purpose financial statements.

c) Allowance for expected credit loss

The allowance for expected credit loss reflects management's estimate of losses inherent in its credit portfolio. This allowance is based on Company's estimate of the losses to be incurred, which derives from past experience with similar receivables, current and historical past due amounts, write-offs and collections, the careful monitoring of portfolio credit quality and current and projected economic and market conditions. Should the present economic and financial situation persist or even worsen, there could be a further deterioration in the financial situation of the Company's debtors compared to that already taken into consideration in calculating the allowances recognised in the financial statements.

Refer note 12 for methodology to estimate allowance for expected credit losses in respect of Company's trade receivables.

d) Allowance for obsolete and slow-moving inventory

The allowance for obsolete and slow-moving inventory reflects management's estimate of the expected loss in value and has been determined on the basis of past experience and historical and expected future trends. A worsening of the economic and financial situation could cause a further deterioration in conditions compared to that taken into consideration in calculating the allowances recognised in the financial statements.

Refer note 11 for disclosure of such allowance.

e) Useful lives of property, plant and equipment and intangible assets

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain plant and equipments.

f) Impairment of financial and non-financial assets

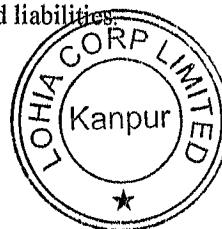
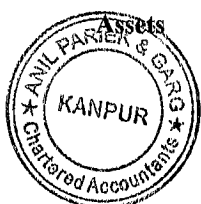
The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ('CGU'). Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

1.04 Current/non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of business and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.



An asset is classified as current when it satisfies any of the following criteria:

- 1) It is expected to be realised in, or is intended to be sold or consumed in, the Company's normal operating cycle;
- 2) It is held primarily for the purpose of being traded;
- 3) It is expected to be realised within twelve months after the reporting date; or
- 4) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- 1) It is expected to be settled in the Company's normal operating cycle;
- 2) It is held primarily for the purpose of being traded;
- 3) It is due to be settled within twelve months after the reporting date; or
- 4) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

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

1.05 Foreign currency transactions and translations

Monetary and non-monetary transactions in foreign currencies are initially recorded in the functional currency of the Company at the exchange rates at the date of the transactions. Monetary foreign currency assets and liabilities remaining unsettled on reporting date are translated at the rates of exchange prevailing on reporting date. Gains / (losses) arising on account of realization /settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognised in the Statement of profit and loss. Financial instruments designated as hedge instruments are mark to market using the valuation given by the bank on the reporting date. Exchange differences arising on settlement of monetary items on actual payments / realisations and year end translations including on forward contracts are dealt with in the statement of profit and loss.

1.06 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred upto the date when the assets are ready to use. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed less any impairment loss, if any. At the point, when asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment.

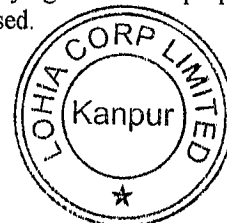
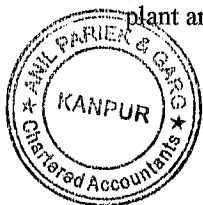
The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other cost directly attributable to bringing the item to working condition for its intended use.

The cost of improvements to leasehold premises, if recognition criteria are met, are capitalised and disclosed separately under leasehold improvement.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. As per the assessment made by the management, property plant and equipment does not comprises any significant components with different useful life.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of property, plant and equipment) is included in the Statement of profit and loss when such asset is derecognised.



Subsequent measurement

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with expenditure will flow to the Company and the cost of the item can be measured reliably. All other subsequent cost are charged to the Statement of profit and loss at the time of incurrence.

Depreciation

Depreciation on property, plant and equipment is provided on the straight-line method over their estimated useful lives, as determined by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.

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 estimated useful lives of items of property, plant and equipment are as follows:

Asset category	Management estimate of useful life (in Years)	Useful life as per Schedule II (in Years)
Buildings	30	30
Plant & equipments	5 to 15	5 to 15
Furniture and fixtures	5	10
Vehicles	5	6 to 10
Office equipments	5	5
Computers	5	3

Freehold land is not depreciated.

Depreciation on additions to or on disposal of assets is calculated on pro-rata basis. Leasehold land is being amortised over the period of lease tenure. Depreciation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

1.07 Intangible assets

Intangible assets that are acquired are recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of assets can be measured reliably. The intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation and are carried at cost less accumulated amortisation and impairment losses, if any.

De-recognition

Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognised in the Statement of profit and loss when the asset is derecognised.

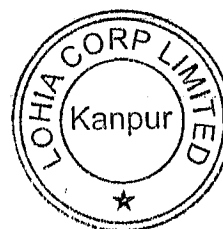
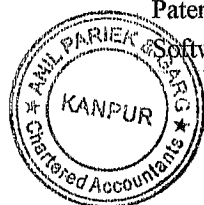
Subsequent cost

Subsequent costs is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All the subsequent expenditure on intangible assets is recognized in Statement of profit and loss, as incurred.

Amortisation

Amortisation of intangible assest is calculated over their estimated useful lives as stated below using straight-line method. Amortisation is calculated on a pro-rata basis for assets purchased /disposed during the year. Amortisation has been charged based on the following useful lives;

Asset category	Useful life (in years)
Technical knowhow	4
Patents	4
Softwares	5



Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

1.08 Leases

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

The Company recognizes a right-of-use asset and a lease liability at the commencement date, except for short-term leases of twelve months or less and leases for which the underlying asset is of low value, which are expensed in the statement of operations on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if not readily determinable, the incremental borrowing rate specific to the country, term and currency of the contract.

Lease payments can include fixed payments, variable payments that depend on an index or rate known at the commencement date, as well as any extension or purchase options, if the Company is reasonably certain to exercise these options. The lease liability is subsequently measured at amortized cost using the effective interest method and remeasured with a corresponding adjustment to the related right-of-use asset when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessments of options.

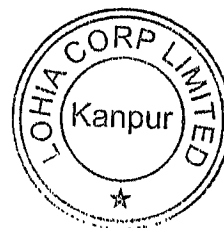
The right-of-use asset comprises, at inception, the initial lease liability, any initial direct costs and, when applicable, the obligations to refurbish the asset, less any incentives granted by the lessors. The right-of-use asset is subsequently depreciated, on a straight-line basis, over the lease term, if the lessor transfers the ownership of the underlying asset to the Company at the end of the lease term or, if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, over the estimated useful life of the underlying asset. Right-of-use assets are also subject to testing for impairment if there is an indicator for impairment. Variable lease payments not included in the measurement of the lease liabilities are expensed to the statement of operations in the period in which the events or conditions which trigger those payments occur.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.09 Impairment of non-financial assets

The Company, at each balance sheet date, reviews carrying values of its non-financial assets and assesses whether there is an indication that an asset may be impaired. If any indication exists, the recoverable amount, being higher of fair value less costs of disposal and value in use of the assets, is estimated to determine the impairment losses and are recognised in the statement of profit and loss. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs unless either the asset's fair value less costs of disposal is higher than its carrying amount; or the asset's value in use can be estimated to be close to its fair value less costs of disposal and fair value less costs of disposal can be measured.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. For assets, an assessment is made at each balance sheet date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount 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 years. Such reversal is recognised in the statement of profit and loss.

1.10 Employee benefits**Short term employee benefits**

Liabilities for wages and salaries, including non-monetary 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 recognised in respect of employees' services up to the end of the reporting period and 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.

Gratuity

The establishment provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service year. The expected costs of these benefits are accrued over the year of employment.

Compensated absences

The liabilities for compensated absences that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. The Compensated absences is a funded plan and the Company makes contributions to Group Leave Encashment Schemes administered by the LIC of India.

1.11 Revenue recognition**Sale of goods**

Sales are recognised when control of the products is transferred, which happens when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the acceptance of the products by the customer.

Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts and incentive schemes and the revenue is only recognised to the extent that it is highly probable that a significant reversal in the revenue will not occur. Revenue is net of sales returns. The validity of assumptions used to estimate variable consideration and expected return of products is reassessed annually.

A receivable is recognised when the goods are delivered as this is the point in time when the consideration is unconditional because only passage of time is required before the payment is due.

Service revenue

Service income is recognised on accrual basis in the accounting period in which the services are rendered as per the contractual terms with the customers. Revenue from the sale of services is recognized when the significant risks and rewards of ownership of the service are transferred to the buyer.

Interest income

Interest income is recognized on time proportion basis using the effective interest rate method.

Export incentive

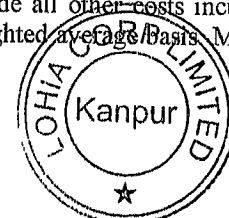
Export incentive is recognized when it is reasonably certain that the collection will be made.

1.12 Government grants

Government grant is recognized only when there is a reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received. Subsidy related to assets is recognized as deferred income which is recognized in the special purpose standalone statement of profit and loss on systematic basis over the useful life of the assets. Grants related to income are treated as other operating income in special purpose standalone statement of profit and loss subject to due disclosure about the nature of grant.

1.13 Inventories**Raw materials and stores, work in progress, stock-in-trade and finished goods**

Raw materials and stores, work in progress, stock-in-trade and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and stock-in-trade comprises cost of purchases and also include all other costs incurred in bringing the inventories to their present location and condition. Cost is ascertained on a weighted average basis. Materials



and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Spare parts including other items are carried on weighted average basis.

1.14 Provisions, contingent assets and liabilities

Provisions

Provisions for legal claims and warranties are recognised when the Company has a present legal or constructive obligation as a result of a past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Contingent assets

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

1.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

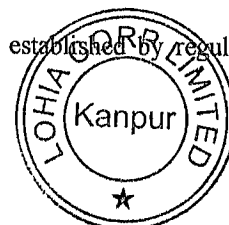
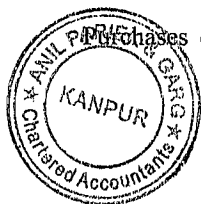
Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or



convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

I. Financial assets carried at amortised cost – a financial asset 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 on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

II. Investments in mutual funds and other investments – Investments in mutual funds and other investments are subsequently measured at fair value through profit and loss (FVTPL).

III. Investments in equity instruments of subsidiaries, joint ventures and associates - Investments in equity instruments of subsidiaries, joint ventures and associates are accounted for at cost in accordance with Ind AS 27 Separate Financial Statements.

IV. Trade receivables - Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflects the Company's unconditional right to consideration (that is, payment is due only on the passage of time). Trade receivables are recognised initially at the transaction price as they do not contain significant financing components. The Company holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance. For trade receivables, the Company applies the simplified approach required by Ind AS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

V. Cash and cash equivalents - Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents is as defined above.

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 on the following financial assets and credit risk exposure:

- Financial assets are measured at amortised cost e.g., loans, deposits and trade receivables
- Trade receivables under Ind-AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

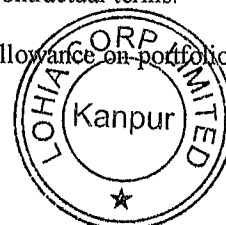
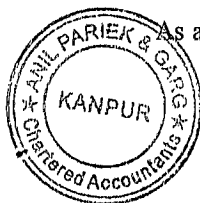
The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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 entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its



trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

For financial assets measured as at amortised cost, ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's special purpose standalone balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

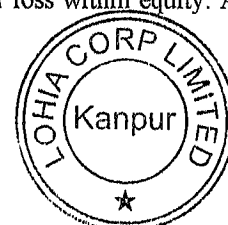
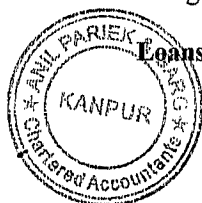
Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to the statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. 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 as finance costs in the statement of profit and loss. This category generally applies to borrowings.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid as per the payment cycle of the Company. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Re-classification of financial assets and financial liabilities

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

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.

1.16 Measurement of fair values

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

Assets and liabilities are to be measured based on the following valuation techniques:

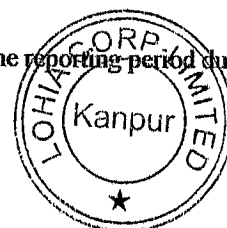
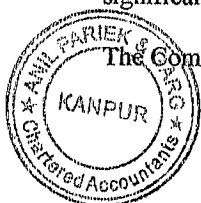
- Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Income approach – Converting the future amounts based on market expectations to its present value using the discounting methodology.
- Cost approach – Replacement cost method.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which



the change has occurred.

1.17 Income taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes represent the future tax consequences of differences between financial and tax basis of certain assets and liabilities. The difference will either be taxable or deductible when the assets and liabilities are covered or settled.

a) Current tax:

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted in India, at the balance sheet date.

Current tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

b) Deferred tax:

Deferred tax is provided using the balance sheet liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the balance sheet date.

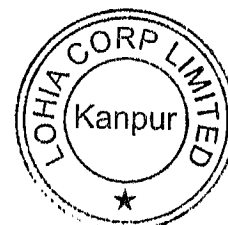
Deferred tax liabilities are generally recognised for all the temporary differences. On the contrary, deferred tax assets are recognised for deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.



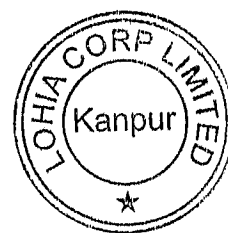
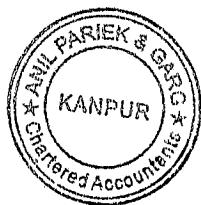
Leesona Corp.

Notes to the special purpose financial statements for the year ended 31 December 2024
(All amount are in ₹ millions unless otherwise stated)

2 Property, plant and equipment

Particulars	Plant and equipments	Furniture and fixtures	Vehicles	Computers	Total
Gross carrying amount					
Balance as at 01 January 2024	22.87	1.12	4.26	6.23	34.48
Additions for the year	85.31	5.23	-	7.43	97.97
Disposals for the year	20.59	0.83	-	1.43	22.85
Translation exchange difference	0.67	0.10	0.09	0.22	1.08
Balance as at 31 December 2024	88.26	5.62	4.35	12.45	110.68
Accumulated depreciation					
Balance as at 01 January 2024	11.78	0.41	3.94	3.54	19.67
Depreciation charge for the year	7.03	0.31	0.33	1.26	8.93
Disposals for the year	11.95	0.43	-	0.88	13.26
Translation exchange difference	(0.07)	0.01	0.08	0.08	0.10
Balance as at 31 December 2024	6.79	0.30	4.35	4.00	15.44
Net carrying amount as at 31 December 2024	81.47	5.32	0.00	8.45	95.24

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Lecsona Corp.**Notes to the special purpose financial statements for the year ended 31 December 2024**

(All amount are in ₹ millions unless otherwise stated)

3(a) Right-of-use assets

Particulars	Buildings	Total
Gross carrying amount		
Balance as at 01 January 2024	-	-
Additions for the year	86.77	86.77
Disposals for the year	-	-
Translation exchange difference	0.97	0.97
Balance as at 31 December 2024	87.74	87.74
Accumulated depreciation		
Balance as at 01 January 2024	-	-
Depreciation charge for the year	5.74	5.74
Disposals for the year	-	-
Translation exchange difference	0.13	0.13
Balance as at 31 December 2024	5.87	5.87
Net carrying amount as at 31 December 2024	81.87	81.87

3(b) Lease liabilities

Particulars	As at 31 December 2024
Non-current	66.05
Current	15.81
Total	81.86

The movement in Lease liabilities (non-current and current) are as follows:

Particulars	As at 31 December 2024
Balance as at beginning of the year/ period	-
Add: Addition for the year	86.77
Add: Interest expense on lease liabilities	1.06
Less: Rent expense (total cash outflow)	(7.40)
Translation Exchange Difference	1.43
Balance as at the end of the year/ period	81.86

Disclosure of lease

The Company has leases for buildings. With the exception of short-term leases and leases with variable lease payments, each lease is reflected on the balance sheet as a right-of use asset and a lease liabilities.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset (ROU) can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security against the Company's other debts and liabilities. For leases over buildings, the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must ensure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

i) The following are amounts recognised in statement of profit and loss:

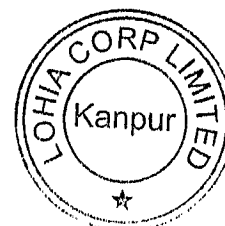
Particulars	Year ended 31 December 2024
Amortisation on right-of-use assets	5.74
Interest expense on lease liabilities	1.06
Rent expense (total cash outflow)	(7.40)
	(0.60)

ii) Lease payments not recognised as a liabilities

Particulars	Year ended 31 December 2024
Expenses relating to short term leases (included in other expenses)*	13.37
Expenses relating to leases of low-value assets (included in other expenses)*	-
	13.37

*The Company has elected not to recognise a lease liabilities for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The Company does not have any liability to make variable lease payments for the right-to-use the underlying asset recognised in the financials.

The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 13.37



Lecsona Corp.

Notes to the special purpose financial statements for the year ended 31 December 2024

(All amount are in ₹ millions unless otherwise stated)

iii) The table below provides details regarding the contractual maturities of lease liabilities

Particulars	As at 31 December 2024
Less than one years	15.81
One to five years	66.05
More than five years	-
	81.86

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

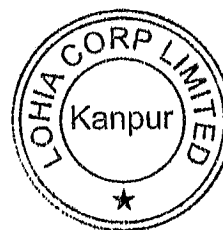
Right-of-use asset	Number of ROU assets leased	Range of remaining term (in years)	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
31 December 2024					
Buildings	1	4	4	1	1

v) Extension and termination options

Extension and termination options are included in a number of properties leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

vi) No residual value guarantees in the lease contracts.

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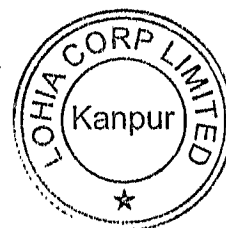
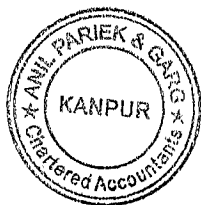


Leesona Corp.
Notes to the special purpose financial statements for the year ended 31 December 2024
(All amount are in ₹ millions unless otherwise stated)

Particulars	As at 31 December 2024
4 Deferred tax	
Deferred tax liabilities	-
Deferred tax assets	5.35
	<u>5.35</u>
Deferred tax liabilities (not)	
a Recognition of deferred tax assets and liabilities	
Deferred tax liabilities	
Others	-
Total deferred liabilities	<u>-</u>
Deferred tax assets	
Others	5.35
Total deferred tax assets	<u>5.35</u>
Net deferred tax assets	<u>5.35</u>

Particulars	As at 01 January 2024	Recognised in profit and loss	Recognised in other comprehensive income	Tax pertaining to earlier years	As at 31 December 2024
b Movement in deferred tax balances					
Deferred tax assets					
Others	5.35	-	-	-	5.35
Sub total (a)	<u>5.35</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5.35</u>
Deferred tax liabilities					
Others	-	-	-	-	-
Sub total (b)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net deferred tax assets (a)-(b)	<u>5.35</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5.35</u>

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Leconsa Corp.

Notes to the special purpose financial statements for the year ended 31 December 2024
(All amount are in ₹ millions unless otherwise stated)

		As at 31 December 2024
5	Inventories (valued at lower of cost or net realisable value, unless otherwise stated)	
	Raw materials	17.03
	Work-in-progress	20.54
	Finished goods	136.41
		<u>173.98</u>

		As at 31 December 2024
6	Trade receivables	
	(a) Trade receivables considered good - secured;	-
	(b) Trade receivables considered good - unsecured;	120.06
	(c) Trade receivables which have significant increase in credit risk;	-
	(d) Trade receivables - credit impaired	-
	Less: Allowance for expected credit losses	-
		<u>120.06</u>

Ageing for trade receivable - outstanding as at 31 March 2025

Particulars	Outstanding for following periods from due date					Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	
Undisputed trade receivables						
Considered good	30.78	89.28	-	-	-	120.06
Which have significant increase in credit risk	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-
Disputed trade receivables						
Considered good	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-
Total trade receivables	<u>30.78</u>	<u>89.28</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120.06</u>

		As at 31 December 2024
7	Cash and cash equivalents	
	Balances with banks	34.32
	-On current accounts	<u>34.32</u>

		As at 31 December 2024
8	Other assets	
	Prepaid expenses	4.58
		<u>4.58</u>

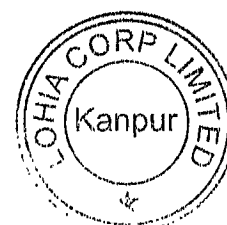
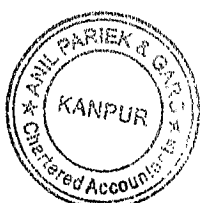
9	Equity share capital	
The authorised, issued, subscribed and fully paid-up share capital comprises of equity shares having a par value of ₹ 69.51 each as follows :		
Particulars	As at 31 December 2024	
	Number of shares	Amount
Authorised share capital		
At the beginning of the year	30,00,000	208.55
Add: Increase in authorised share capital	-	-
Outstanding at the end of the year	<u>30,00,000</u>	<u>208.55</u>
Issued, subscribed and fully paid		
At the beginning of the year	30,00,000	208.55
Less: Preference shares redemption during the period*	(15,00,000)	(104.27)
Outstanding at the end of the year	<u>15,00,000</u>	<u>104.28</u>
* Preference shares (15,00,000) have been redeemed during the year		

a.	Reconciliation of equity capital outstanding at the beginning and at the end of the reporting period :	
		As at 31 December 2024
Particulars	Number of Shares	Amount
At the beginning of the year	15,00,000	104.27
Add: Equity shares issued/(bought back) during the year	-	-
Outstanding at the end of the year	<u>15,00,000</u>	<u>104.27</u>

c.	Numbers of shares held by each shareholder holding more than 5% shares in the Company	
		As at 31 December 2024
	% of share	Number of Shares
Lohia Corp Limited	100.00%	15,00,000
	<u>100.00%</u>	<u>15,00,000</u>

		As at 31 December 2024
10	Other equity	
	Retained earnings	(164.85)
	Foreign currency translation reserve	12.48
		<u>(152.37)</u>

a.	Retained earnings	
	Balance at the beginning of the year	(62.73)
	Add:- Profit for the year	(102.12)
	Add:- Other comprehensive income for the year (net of tax)	-
	Balance at the end of the year	<u>(164.85)</u>



Lessona Corp.**Notes to the special purpose financial statements for the year ended 31 December 2024**

(All amount are in ₹ millions unless otherwise stated)

b. Foreign currency translation reserve

Balance at the beginning of the year

32.87

(Less) / add : Movement during the year

(20.39)

Balance at the end of the year

12.48

Total

(152.37)

Description of reserves:**Retained earnings**

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

Foreign currency translation reserve

This reserve is created due to changes in historic rates and closing rates of assets and liabilities of foreign subsidiaries entities.

11 BorrowingsAs at
31 December 2024**At amortised cost****Secured**

Short term borrowings from banks

311.73

311.73

The Company has not defaulted in repayment of interest during the current year. Further, there have been no default in repayment of loan and no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

The borrowings obtained by the Company from banks have been applied for the purposes for which such loans were taken.

Terms of borrowings**S no. Nature of loan and securities****Terms of repayment**

31 December 2024

- 1 Short term borrowing from HSBC in the form of sanctioned credit limit upto USD 5 million. Secured by entire assets (both present & future) and subsequent proceeds of Lessona Corp. The limit is guaranteed by the Holding Company.

Repayable on demand.

311.73

Rate of interest at SOFR + 1.650% for the applicable interest period

12 Trade payablesAs at
31 December 2024

(a) Total outstanding dues of micro and small enterprises;

(b) Total outstanding dues of other than (a) above

-

96.22

96.22

Ageing for trade payable - outstanding as at 31 December 2024 is as follows:

Particulars	Outstanding for following periods from due date					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables						
Outstanding due to micro enterprises and small enterprises	-	-	-	-	-	-
Others	26.45	69.77	-	-	-	96.22
Disputed trade payables						
Outstanding due to micro enterprises and small enterprises	-	-	-	-	-	-
Others	-	-	-	-	-	-
	26.45	69.77	-	-	-	96.22

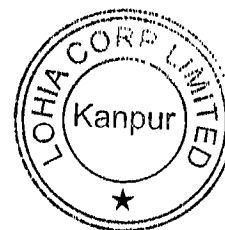
As at
31 December 2024**13 Other current liabilities**

Revenue received in advance

73.69

73.69

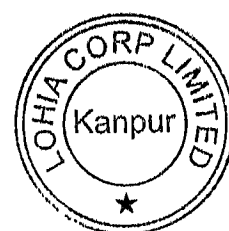
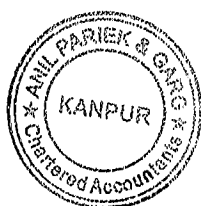
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Lecsona Corp.
Notes to the special purpose financial statements for the year ended 31 December 2024

(All amount are in ₹ millions unless otherwise stated)

	Year ended 31 December 2024
14 Revenue from operations	
Sale of manufacturing goods	726.93
Sale of services	12.04
	<u>738.97</u>
15 Other income	
Interest income from financial assets carried at amortised cost	0.89
Gain on foreign currency (net)	0.10
Miscellaneous income	0.14
	<u>1.13</u>
16 Cost of materials consumed	
Raw material at the beginning of the year	17.33
Add: Purchases during the year	528.33
Less: Raw material at the end of the year	17.03
Total cost of materials consumed	<u>528.63</u>
17 Changes in inventories of finished goods, work in progress and stock-in-trade	
Closing stock:	
Work in progress	20.54
Finished goods	136.41
	<u>156.95</u>
Opening stock:	
Work in progress	38.48
Finished goods	108.48
	<u>146.96</u>
	<u>(9.99)</u>
18 Employee benefits expenses	
Salaries and wages	158.73
Contributions to provident and other funds	12.46
Staff welfare expenses	10.73
	<u>181.92</u>
19 Finance costs	
Interest expenses on borrowings	16.22
Interest on lease liability	1.06
	<u>17.28</u>
20 Depreciation and amortisation expenses	
Depreciation on property, plant and equipment	8.93
Amortisation of right-of-use assets	5.74
	<u>14.67</u>
21 Other expenses	
Consumption of stores and spares	0.55
Repairs and maintenance to -	
Others	3.71
Telecommunication expenses	1.17
IT support and maintenance	6.30
Rent charges	13.37
Rates and taxes	2.63
Legal and professional charges	9.44
Travelling and conveyance	15.05
Insurance	1.67
Commission on sales	0.59
Vehicle running and maintenance	0.21
Advertisement and marketing expenses	6.67
Net loss on disposal of property, plant and equipment	4.09
n Loss/Gain on foreign currency (net)	44.26
	<u>109.71</u>
22 Earnings per share	
The Company's earnings per share is determined based on the net profit attributable to the shareholders' of the Company. Basic earnings per share is computed using the weighted average number of shares outstanding during the period. Diluted earnings/(loss) per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the result would be anti-dilutive.	
Net profit attributable to the equity shareholders	(102.12)
Number of equity shares at the beginning of the year/ period (absolute)	30,00,000
Total number of shares outstanding at the end of the year/ period (absolute)*	15,00,000
Weighted average number of shares used in basic earning per share (absolute)	17,79,452
Weighted average number of shares used in diluted earning per share (absolute)	17,79,452
Basic earning per share (₹)	(57.39)



Leesona Corp.

Notes to the special purpose financial statements for the year ended 31 December 2024

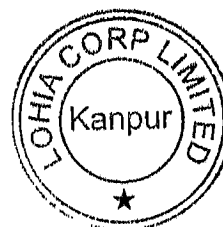
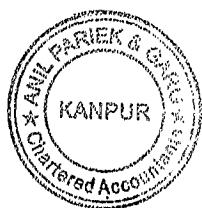
(All amount are in ₹ millions unless otherwise stated)

23 Net debt reconciliation

Particulars	As at 31 December
Borrowings	-
Lease liabilities	-
Cash and cash equivalents	34.32
Net debt	(34.32)

Particulars	Cash and cash equivalents	Liabilities from financing activities		Total
		Current borrowings	Lease liabilities	
Net debt as at 01 January 2024	19.66	-	-	(19.66)
Cash flows (net)	14.66	311.73	(5.97)	291.10
Addition	-	-	86.77	86.77
Non cash movement	-	-	1.06	1.06
Net debt as at 31 December 2024	34.32	311.73	81.86	359.27

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24 Segment reporting :**a. General information**

The Company's primary business segment is reflected based on principal business activities carried on by the Company. Chairman and Managing Director has been identified as being the Chief Operating Decision Maker ('CODM') and evaluates the Company's performance and allocates resources based on analysis of the various performance indicators of the Company as a single unit. As per Indian Accounting Standard 108, Operating Segments, as notified under the Companies (Indian Accounting Standards) Rules 2015, the Company operates in one reportable business segment i.e., manufacturing of industrial winder equipment required by synthetic fibre industry.

b Entity wide disclosures

	Year Ended 31 March 2025
Revenue from operations	
Domestic	-
Overseas	-
Total	738.97
	738.97

	As at 31 December 2024
Non current segment assets	
Domestic*	-
Overseas	-
Total	177.11
*excluding deferred tax, income tax assets and financial assets	177.11

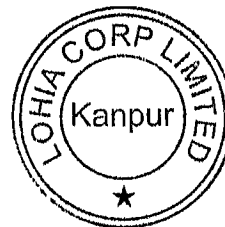
Break up of non current assets are as follows:

	As at 31 December 2024
Non current segment assets	
Property, plant and equipment	95.24
Right-of-use assets	81.87
Total	177.11

c. Information about major customers

Two external customer individually accounted for more than 10% of the revenues during the year ended 31 December 2024.

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Leesona Corp.

Notes to the special purpose financial statements for the year ended 31 December 2024

(All amount are in ₹ millions unless otherwise stated)

25 Disclosure in respect of related parties pursuant to IndAS 24:

A Related party and their relationship.

(a) Holding Company

Lohia Corp Limited (formerly known as Kanpur Packaging Machines Limited)

(b) Fellow subsidiaries

Sundaram Industries Private Limited

Leesona Machinery Private Limited (w.e.f 03 December 2024)

LDB Importacao E Exportacao Ltda, Brazil

Lohia Global Solutions FZE, UAE

Lohia Global Solutions S.A., Panama (liquidated w.e.f. 31 December 2023)

OMGM Extrusiointechnik S.R.L, Italy (w.e.f 30 May 2024)

(c) Key management personnel

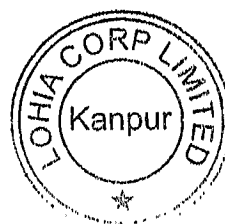
Mr. Sanjay Gupta (Director & Chairman)

Mr. Deepak Seth (Director)

Mr. Matthew Clark (President & CEO)

Mr. Anupam Agarwal (Director)

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B Transactions with related parties

Total related party transactions and significant related party transactions (by entity) for the year ended 31 December 2024:

S.No.	Particulars	Year Ended
		31 December 2024
		Total
1	Purchase of goods and services	
	Lohia Corp Limited (formerly known as Kanpur Packaging Machines Limited)	110.46
		110.46
2	Redemption of preference share capital	
	Lohia Corp Limited (formerly known as Kanpur Packaging Machines Limited)	104.27
		104.27

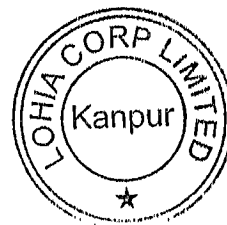
The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

S.No.	Particulars	As at
		31 December 2024
		Total
3	Corporate Guarantee received	
	Lohia Corp Limited (formerly known as Kanpur Packaging Machines Limited)	413.00
		413.00
4	Trade and other payables	
	Lohia Corp Limited (formerly known as Kanpur Packaging Machines Limited)	54.56
		54.56

Terms and conditions of transactions with related parties

The transactions with related parties are made in the ordinary business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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Leeson Corp.**Notes to the special purpose financial statements for the year ended 31 December 2024**

(All amount are in ₹ millions unless otherwise stated)

26 Fair value measurements

The fair values of the financial assets and financial liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sales.

A. Accounting classifications and fair values

The following tables shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

As at 31 December 2024	Carrying value				Fair value hierarchy		
	FVTPL	FVOCI	Amortized cost	Total	Level 1	Level 2	Level 3
Financial assets							
Trade receivables	-	-	120.06	120.06	-	-	120.06
Cash and cash equivalents	-	-	34.32	34.32	-	-	34.32
Total	-	-	154.38	154.38	-	-	154.38
Financial liabilities							
Borrowings	-	-	311.73	311.73	-	-	311.73
Trade payables	-	-	96.22	96.22	-	-	96.22
Other financial liabilities	-	-	-	-	-	-	-
Derivative Liabilities	-	-	-	-	-	-	-
Lease liabilities	-	-	81.86	81.86	-	-	81.86
Total	-	-	489.81	489.81	-	-	489.81

Notes:

The carrying amounts of loans, trade receivables, other financial assets, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair values for security deposits are calculated based on cash flows discounted using a current lending rate. The fair values of non-current borrowings are based on discounted cash flows using current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

The fair values of financial assets and financial liabilities recorded in the balance sheet in respect of which quoted prices in active markets are available are measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Level 1 Hierarchy includes financial instruments measured using quoted prices. There is no financial assets and liabilities which qualify for level I hierarchy.

Level 2 Hierarchy includes the fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. This includes foreign exchange forward contracts.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3. There are no transfers between levels 1 and 2 during the year. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques used to determine fair values

The fair value of the financial assets and liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

Other non-current financial assets and liabilities: Fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate the fair value.

Derivative financial assets/liabilities: The Company enters into derivative contracts with various counterparties, principally financial institutions with investment grade credit ratings. Forward foreign currency contracts are determined using forward exchange rates at the balance sheet date.

Trade receivables, cash and cash equivalents, loans, other current financial assets, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to the short-term maturities of these instruments.

Investments traded in active markets are determined by reference to quotes from the financial institutions:- Net asset value (NAV) for investments in mutual funds declared by mutual fund house, quoted price of equity shares in the stock exchange etc.

Valuation processes

Fair value of derivatives using dealer quotes for similar instruments (on marked to market value as on balancesheet date of such derivative transaction).

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team performs valuation either internally or externally through valuers and reports directly to the senior management. Discussions on valuation and results are held between the senior management and valuation team on annual basis.

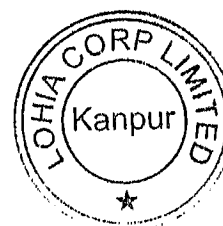
The main level 3 inputs for unlisted equity securities, used by the Company are derived and evaluated as follows:

The use of quoted market prices / dealer quotes / profit earning (PE) for similar instruments

Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the Company's internal credit risk management.

Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

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27 Financial risk management

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

- credit risk
- liquidity risk
- market risk- interest rate and foreign currency

(i) Risk management framework

The Holding Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Holding Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers.

A default on a financial asset is when the counterparty fails to make contractual payments as per agreed terms. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Trade receivables

Credit risk refers to the risk of default on its obligation by the counterparty resulting in financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivable amounting to ₹ 120.06. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company has a credit risk management policy in place to limit credit losses due to non-performance of financial counterparties and customers. The Company monitors its exposure to credit risk on an ongoing basis at various levels. Outstanding customer receivables are regularly monitored. The Company closely monitors the acceptable financial counterparty credit limits and revise where required in line with the market circumstances. Due to the geographical spread and the diversity of the Company's customers, the Company is not subject to any significant concentration of credit risks at balance sheet date. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous entities and assessed for impairment collectively. The calculation is based on credit losses historical data. The Company has evaluated that the concentration of risk with respect to trade receivables to be low. Trade and other receivables are written off when there is no reasonable expectation of recovery post identification on case to case basis. On account of adoption of IndAS 109, the Company uses a simplified approach (lifetime expected credit loss model) for the purpose of computation of expected credit loss for trade receivables. Specific case to case provision is made in respect of credit impaired customers.

A summary of the Company's exposure to credit risk for trade receivables based on the ageing are as follows:

Ageing of Receivables	As at 31 December 2024	
	Gross carrying amount	Expected credit loss
Less than 180 days	120.06	-
More than 180 days	-	-
Total	120.06	-

Significant estimates: The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting year. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, "Financial Instruments", which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Cash and cash equivalents and derivatives

For derivative and financial instruments, the Company attempts to limit the credit risk by only dealing with reputable banks and financial institutions having high credit-ratings assigned by international credit-rating agencies.

(iii) 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's 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, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted:

As at 31 December 2024	On demand	Less than 1 year	1- 5 years	More than 5 years	Total
Borrowings*	311.73	-	-	-	311.73
Trade payables	-	96.22	-	-	96.22
Lease liabilities	-	15.81	66.05	-	81.86
Total	311.73	112.03	66.05	-	489.81

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

The Company has secured bank loans that contains certain loan covenants. A future breach of covenant may require the Company to repay the loan earlier than indicated in the above table. Covenants are monitored on regular basis by the treasury department and regularly reported to management to ensure compliance with the agreement. Further, there have been no default in repayment of loan and no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year and previous period.

(iv) Market risk

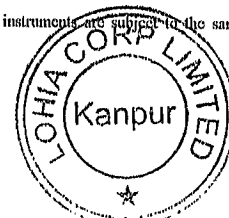
Market risk is the risk that arises from changes in market prices such as foreign exchange rates. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk and the market value of the investments. Thus, the Company's exposure to market risk is a function of investing and revenue generating and operating activities. The objective of market risk management is to avoid excessive exposure in financial assets and unhedged foreign currency, revenues and costs.

Currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US dollar and EURO. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency (₹) of the Company. The risk is measured through a forecast of highly probable foreign currency cash flows. The risk is hedged with the objective of minimising the volatility of the ₹ cash flows of highly probable forecast transactions.

The Company uses foreign currency forwards to hedge its exposure to foreign currency risk. The Company's policy is to hedge the risk of changes in foreign currency. The Company uses forward contracts (derivative instruments) to hedge its exposure in foreign currency risk. The Company designate both change in spot and forward element of forward contracts to hedge exposure in foreign currency risk on highly probable forecast sales.

The Company also entered into foreign currency principal and interest swap which have not been designated in a hedging relationship. Such instruments are subject to the same risk management policies as all other derivative contracts.



Exposure to currency risk

The currency profile of financial assets and financial liabilities (other than Indian Rupees) as at 31 December 2024 are reinstated in millions Indian Rupees which is stated below :

Foreign currency risk exposure:

As at 31 December 2024

Particulars	USD	Others
Financial assets		
Trade receivables	120.06	-
Cash and cash equivalents	34.32	-
	154.38	-
Financial liabilities		
Trade payables	96.22	-
Borrowings	311.73	-
	407.95	-
	(253.57)	-

Sensitivity analysis foreign currency

The sensitivity analysis given in the table below is based on the Company's foreign currency financial instruments held at each reporting date and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges. The table illustrates the impact of sensitivity over profit/loss and equity in regards to the Company's financial assets and financial liabilities and the movement of exchange rates of respective foreign currencies against INR, assuming 'all other variables being constant'.

		Year ended 31 December 2024
USD	10% movement	25.36
Others	10% movement	(25.36)

These percentages have been determined based on the average market volatility in exchange rates during the respective years.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates.

i) Interest rate risk exposure - liabilities

The exposure of the Company's borrowing to interest rate changes as reported to the management at the end of the reporting year are as follows:

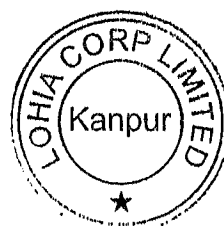
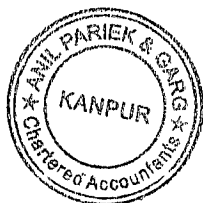
Particulars	As at 31 December 2024
Variable rate borrowings	311.73
Fixed rate borrowings	-
Total borrowings	311.73

Sensitivity

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

Particulars	As at 31 December 2024
Interest sensitivity*	
Variable rate borrowings	
Interest rates – increase by 100 basis points	3.12
Interest rates – decrease by 100 basis points	(3.12)

* Holding all other variables constant



Leeson Corp.

Notes to the special purpose financial statements for the year ended 31 December 2024

(All amount are in ₹ millions unless otherwise stated)

ii) Assets

The Company's fixed deposits and loans are carried at amortised cost and are fixed rate. 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.

Price risk

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

The Company considers factors such as long term credit rating, tenor of investment, minimum assured return, monetary limits, etc. while investing.

Sensitivity

The table below summarises the impact of increases/decreases of the index on the Company's profit for the year. The analysis is based on the assumption that the equity index had increased by 10% or decreased by 10% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

Particulars	As at 31 December 2024
Equity index – increase by 10%	-
Equity index – decrease by 10%	-

Capital management

The Company's capital management objectives are :

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company. Net debt includes interest bearing borrowings less cash and cash equivalents and current investments. Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Particulars	As at 31 December 2024
Borrowings	311.73
Less: Cash and Cash Equivalents	34.32
Adjusted Net Debt	277.41
Equity	(60.58)
Adjusted net debt to equity ratio	-458%

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. Based upon the Company's evaluation, there is no excessive risk concentration.

