

Audit Report

INDEPENDENT AUDITORS' REPORT

For the year ended March 31, 2023

Component Name	Sterling and Wilson Solar Solutions Inc
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From: **Waqar A. Bajwa CPA**

Date: **April 05, 2023**

Subject: Audit of Sterling and Wilson Solar Solutions Inc for the year ended March 31, 2023

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

Independent Auditors' Report on Sterling and Wilson Solar Solutions Inc

Report on the reporting pack

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

Opinion

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

Basis for Opinion

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

Management's Responsibility for the Reporting pack

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

In preparing the Reporting pack, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management and Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility for the Reporting pack

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

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

- Identify and assess the risks of material misstatement of the Reporting pack, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls with reference to financial statements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are

required to draw attention in our auditor's report to the related disclosures in the Reporting pack or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Reporting pack, including the disclosures, and whether the Reporting pack represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

Outstanding Item

Outstanding Item (if any)

{The following areas of our audit that are more than inconsequential to our opinion and that may have an impact on the Component are incomplete at the date of this report and, as such, our opinion is qualified in this regard:

- [insert outstanding items].

We acknowledge that it is our responsibility to finalise these outstanding matters, and we anticipate completing them by [insert date] and will advise you as to the status at that time.}

Limitation of Use

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

Bajwa CPA & Associates LLC

Waqar A. Bajwa

Waqar A. Bajwa (Apr 5, 2023 10:56 EDT)

Waqar A. Bajwa CPA

Date: Apr 5, 2023

Sterling and Wilson Solar Solutions INC

Balance sheet

as at 31 March 2023

(Currency : USD)

	Note	31 March 2023	31 March 2022
Assets			
1 Non-current assets			
(a) Property, plant and equipment	1	31,258	74,935
(b) Right-of-use assets	2	196,032	319,842
Total non-current assets		227,290	394,777
2 Current assets			
(a) Financial assets			
(i) Trade receivables	3	12,235,336	10,966,441
(ii) Cash and cash equivalents	4	531,668	6,252,657
(iii) Other financial assets	5	60,156,524	600,600
(b) Other current assets	6	3,903,805	10,827,173
Total current assets		76,827,333	28,646,871
Total assets		77,054,623	29,041,648
Equity and liabilities			
Equity			
(a) Equity share capital	7	1	1
(b) Other equity	8		
- Securities premium		99	99
- Retained earnings		(54,221,069)	(21,826,392)
Total equity		(54,220,969)	(21,826,292)
Liabilities			
1 Non-current liabilities			
(a) Non-current lease liabilities	9	100,989	263,984
Total non-current liabilities		100,989	263,984
2 Current liabilities			
(a) Financial liabilities			
(i) Borrowings	10	105,738,044	13,763,959
(ii) Lease liabilities	11	162,995	149,913
(iii) Trade payables	12	22,019,516	35,628,840
(iv) Other financial liabilities	13	69,546	324,303
(b) Other current liabilities	14	1,256,621	-
(c) Provisions	15	1,927,881	736,940
Total current liabilities		131,174,603	50,603,956
Total liabilities		131,275,592	50,867,940
Total equity and liabilities		77,054,623	29,041,648

For and on behalf of the Board of Directors of
Sterling and Wilson Solar Solutions INC

Neville Madan

Dubai
11 April 2023

Sterling and Wilson Solar Solutions INC

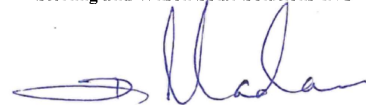
Statement of profit and loss

for the year 31 March 2023

(Currency : USD)

	<i>Note</i>	Year ended 31 March 2023	Year ended 31 March 2022
Continuing operations			
Revenue from operations	16	56,130,966	147,672,148
Other income	17	-	1,572,862
Total income		56,130,966	149,245,010
Expenses			
Cost of construction materials, stores and spare parts	18	18,517,911	50,793,818
Direct project costs	19	61,738,299	98,609,307
Employee benefits expense	20	4,185,592	4,075,264
Finance costs	21	37,769	26,210
Depreciation and amortisation expense	22	189,803	208,657
Other expenses	23	3,772,837	2,099,704
Total expenses		88,442,211	155,812,960
profit for the year		(32,311,245)	(6,567,949)
Tax expenses:			
Current tax		83,633	31,300
Tax expenses of earlier years		(201)	-
Deferred tax (credit)		-	1,250,000
		83,432	1,281,300
Profit after tax for the year		(32,394,677)	(7,849,249)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
(i) Remeasurements of defined benefit liability		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
Items that will be reclassified subsequently to profit or loss			
(i) Exchange differences in translating financial statements of foreign operations		-	-
(ii) Effective portion of (losses) on hedging instruments in cash flow hedges		-	-
(iii) Income tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		(32,394,677)	(7,849,249)

For and on behalf of the Board of Directors of
Sterling and Wilson Solar Solutions INC



Neville Madan

Dubai
11 April 2023

Sterling and Wilson Solar Solutions INC

Statement of changes in equity

for the year 31 March 2023

(Currency : USD)

A. Equity share capital

	31 March 2023	31 March 2022
Balance at the beginning of the year	1	1
Add: Issued during the year	-	-
Balance at the end of the year	<u>1</u>	<u>1</u>

B. Other equity

	Attributable to the shareholder of the Company		Total
	Capital reserve	Retained earnings	
Balance as at 1 April 2022	99	(21,826,392)	(21,826,293)
Adjustments:			
Total comprehensive income for the year			
Profit for the year	-	(32,394,677)	(32,394,677)
<i>Items of OCI for the year, net of tax:</i>			
Remeasurement of the defined benefit liability	-	-	-
Effective portion of loss on hedging instruments in cash flow hedges	-	-	-
Exchange differences in translating financial statements of foreign operations	-	-	-
Total comprehensive income	<u>-</u>	<u>(32,394,677)</u>	<u>(32,394,677)</u>
Balance as at 31 March 2023	<u>99</u>	<u>(54,221,069)</u>	<u>(54,220,970)</u>

Sterling and Wilson Solar Solutions INC

Notes to the financial statements

as at 31 March 2023

(Currency : USD)

1 Property, plant and equipment and capital work-in-progress

Reconciliation of carrying amount

Particulars	Land	Office equipment	Furniture and fixtures	Plant and machinery	Motor vehicles	Tools and equipment	Leasehold improvements	Total (A)	Capital work-in-progress (B)	Total (A+B)
Gross carrying amount :										
Balance as at 1 April 2022	-	241,130	49,325	-	-	143,668	-	434,123	-	434,123
Add: Additions during the year	-	22,316	-	-	-	-	-	22,316	-	22,316
Less: Disposals during the year	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2023	-	263,446	49,325	-	-	143,668	-	456,439	-	456,439
Accumulated depreciation and impairment losses:										
Balance as at 1 April 2022	-	212,313	37,768	-	-	109,107	-	359,188	-	359,188
Add: Depreciation for the year	-	21,567	9,865	-	-	34,561	-	65,993	-	65,993
Less: Disposals during the year	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2023	-	233,880	47,633	-	-	143,668	-	425,181	-	425,181
Carrying amounts (net)										
At 1 April 2022	-	28,817	11,557	-	-	34,561	-	74,935	-	74,935
At 31 March 2023	-	29,566	1,692	-	-	-	-	31,258	-	31,258

Sterling and Wilson Solar Solutions INC

Notes to the financial statements (Continued)

for the year ended 31 March 2023

(Currency : USD)

2 Disclosure under Ind AS 116, Leases

A) Right-of-use assets

	Land and Buildings	Total
Cost		
Balance as at 1 April 2022	691,272	691,272
Additions	-	-
Disposals	-	-
Balance at 31 March 2023	691,272	691,272
Accumulated depreciation and impairment		
Balance as at 1 April 2022	371,430	371,430
Depreciation	123,810	123,810
Eliminated on disposals of assets	-	-
Balance at 31 March 2023	495,240	495,240
Carrying amounts		
Balance as at 1 April 2022	319,842	319,842
Balance at 31 March 2023	196,032	196,032

B) Breakdown of lease expenses

	For the year ended 31 March 2023	For the year ended 31 March 2022
Short-term lease expense	14,905	13,749
Low value lease expense	-	-
Total lease expense	14,905	13,749

2 Disclosure under Ind AS 116, Leases (Continued)

C) Cash outflow on leases

	For the year ended 31 March 2023	For the year ended 31 March 2022
Repayment of lease liabilities	149,913	48,110
Interest on lease liabilities	19,934	26,210
Short-term lease expense	-	-
Low value lease expense	14,905	13,749
Total cash outflow on leases	184,752	88,068

D) Maturity analysis of lease liabilities

31 March 2023	Less than 1 year	Between 1 and 2 years	2 and 5 years	Over 5 years	Weighted average effective interest rate %
Lease liabilities	162,995	100,989	-	-	6%
	162,995	100,989	-	-	

Sterling and Wilson Solar Solutions INC

Notes to the financial statements *(Continued)*

as at 31 March 2023

(Currency : USD)

	31 March 2023	31 March 2022
3 Trade receivables		
- Undisputed trade receivables - considered good		
Less than 6 months	12,235,336	10,966,441
6 months - 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
- Significant increase in credit risk	-	-
- Undisputed trade receivables - credit impaired		
Less than 6 months	-	-
6 months - 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
	<u>12,235,336</u>	<u>10,966,441</u>
Loss allowance		
- Doubtful	-	-
	<u>-</u>	<u>-</u>
Net trade receivables	<u><u>12,235,336</u></u>	<u><u>10,966,441</u></u>

Sterling and Wilson Solar Solutions INC

Notes to the financial statements (Continued)

as at 31 March 2023

(Currency : USD)

	31 March 2023	31 March 2022
4 Cash and cash equivalents		
Balances with Bank		
- in current accounts	531,668	6,252,657
Cash and cash equivalents in the balance sheet	<u>531,668</u>	<u>6,252,657</u>
5 Other financial assets		
<i>(Unsecured, considered good)</i>		
<i>From related parties</i>		
Other receivables	832,582	-
<i>From parties other than related parties</i>		
Security deposits	600,600	600,600
Other receivables	58,723,342	-
	<u>60,156,524</u>	<u>600,600</u>
6 Other current assets		
<i>(Unsecured, considered good)</i>		
<i>To parties other than related parties</i>		
Unbilled receivables	3,100,650	6,994,792
Advances for supply of goods	-	1,723,392
Prepayments	683,584	1,466,854
VAT input credit	119,571	627,116
Advances to employees	-	15,019
	<u>3,903,805</u>	<u>10,827,173</u>

Sterling and Wilson Solar Solutions INC

Notes to the financial statements *(Continued)*

as at 31 March 2023

(Currency : USD)

	31 March 2023	31 March 2022
7 Share capital		
Authorised		
1,000 shares of common stock, \$.01 par value	10	10
	<u>10</u>	<u>10</u>
Issued, subscribed and fully paid-up:		
100 common stock shares, \$.01 par value	1	1
	<u>1</u>	<u>1</u>

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

	31 March 2023		31 March 2022	
	Number	Amount	Number	Amount
Equity shares				
Balance as at the beginning and end of the year	100	1	100	1
Add: Issued during the year	-	-	-	-
Balance as at the end of the year	<u>100</u>	<u>1</u>	<u>100</u>	<u>1</u>

Sterling and Wilson Solar Solutions INC

Notes to the financial statements (Continued)

as at 31 March 2023

(Currency : USD)

8 Other equity

	Note	31 March 2023	31 March 2022
Securities premium	(i)	99	99
Retained earnings	(ii)	(54,221,069)	-
		<u>(54,220,970)</u>	<u>99</u>

Notes:

	31 March 2023	31 March 2022
(i) Securities premium		
Balance as at the beginning of the year	99	99
Add: Transferred from retained earnings	-	-
Balance as at the end of the year	<u>99</u>	<u>99</u>
(ii) Retained earnings		
Balance as at the beginning of the year	(21,826,392)	(13,977,142)
Add: Profit for the year	(32,394,677)	(7,849,249)
Balance as at the end of the year	<u>(54,221,069)</u>	<u>(21,826,392)</u>

Sterling and Wilson Solar Solutions INC

Notes to the financial statements *(Continued)*

as at 31 March 2023

(Currency : USD)

	31 March 2023	31 March 2022
9 Non-current lease liabilities		
Land and Buildings	100,989	263,984
	<u>100,989</u>	<u>263,984</u>
10 Current borrowings		
Unsecured loans		
- Loan from holding company	105,738,044	13,763,959
	<u>105,738,044</u>	<u>13,763,959</u>
11 Current lease liabilities		
Land and Buildings	162,995	149,913
	<u>162,995</u>	<u>149,913</u>
12 Trade payables		
Undisputed dues - Others		
Less than 1 year	22,019,516	35,628,840
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
	<u>22,019,516</u>	<u>35,628,840</u>
13 Other financial liabilities		
<i>To related parties</i>		
- Other payables (Sterling and Wilson Middle East Solar Energy LLC)	44,286	324,303
- Other payables (Sterling and Wilson Renewable Energy Limited)	25,260	-
	<u>69,546</u>	<u>324,303</u>
14 Other current liabilities		
Advances from customers	1,256,621	-
	<u>1,256,621</u>	<u>-</u>
15 Short-term provisions		
Provision for employee benefits		
Compensated absences	492,335	180,701
Other provisions		
Provision for warranties	260,000	246,344
Provision for foreseeable losses	1,175,546	309,896
	<u>1,927,881</u>	<u>736,940</u>

Sterling and Wilson Solar Solutions INC

Notes to the financial statements *(Continued)*

for the year 31 March 2023

	Year ended 31 March 2023	Year ended 31 March 2022
16 Revenue from operations		
Sale of services		
Income from works contracts	56,130,966	147,672,148
	<u>56,130,966</u>	<u>147,672,148</u>
17 Other income		
Other miscellaneous income	-	1,572,862
	<u>-</u>	<u>1,572,862</u>
18 Cost of construction materials, stores and spare parts		
Purchase	18,517,911	50,793,818
	<u>18,517,911</u>	<u>50,793,818</u>
19 Direct project costs		
Communication expenses	49,610	46,451
Stores and spare parts consumed	104,392	70,071
Commission expenses	-	58,533
Legal and professional fees	125,191	69,191
Printing and stationery expenses	133,337	120,892
Insurance costs	-	351,838
Repairs and maintenance - others	44,596	23,315
Traveling and conveyance expenses	1,425,777	901,992
Rates and taxes	198,330	639,736
Electricity, power and fuel	1,822,463	629,084
Security charges	1,024,261	777,901
Handling charges	167,457	56,780
Provision for foreseeable losses (net)	1,458,048	309,896
Bank charges	1,175,548	1,038,109
Miscellaneous expenses	2,135,947	1,173,257
	<u>9,864,957</u>	<u>6,267,047</u>
Employee benefits expense		
Salaries, wages and bonus	4,352,675	2,895,835
	<u>4,352,675</u>	<u>2,895,835</u>
Sub-contractor expenses	47,520,667	89,446,425
	<u>61,738,299</u>	<u>98,609,307</u>

Sterling and Wilson Solar Solutions INC

Notes to the financial statements *(Continued)*

for the year 31 March 2023

	Year ended 31 March 2023	Year ended 31 March 2022
20 Employee benefits expense		
Salaries, wages and bonus	3,349,315	3,214,787
Employee benefits	836,277	860,477
	<u>4,185,592</u>	<u>4,075,264</u>
21 Finance costs		
Interest expense		
- on lease liability	19,934	26,210
- Others	17,835	-
	<u>37,769</u>	<u>26,210</u>
22 Depreciation and amortisation expense		
Depreciation of property, plant and equipment	65,993	84,847
Amortisation of intangible assets	123,810	123,810
	<u>189,803</u>	<u>208,657</u>
23 Other expenses		
Communication expenses	48,984	42,923
Legal and professional fees	532,484	564,773
Printing and stationery expenses	43,465	32,698
Insurance costs	1,082,273	785,579
Repairs and maintenance - others	(10,505)	3,757
Selling and marketing expenses	69,921	-
Traveling and conveyance expenses	354,637	217,137
Rent	14,905	13,749
Payment to auditors	22,000	22,000
Bad debts written off	704,196	-
Handling charges	3,160	7,808
Bank charges	520,763	1,844
Miscellaneous expenses	386,554	407,438
	<u>3,772,837</u>	<u>2,099,704</u>