Benefice Business House, 3rd Level,
126, Mathuradas Mills Compound,
N. M. Joshi Marg, Lower Parel (W),
Mumbai - 400013, India.

T : +91 22 3321 3737
W : www.gbcaindia.com

GBCA
& Associates LLP
Chartered Accountants

Date: August 24, 2025

To,
SFC Environmental Technologies Limited,
The Ambience Court Hi-Tech Business Park,
21ST Floor, Sector 19, Vashi, Thane, Navi Mumbai,
Maharashtra, India, 400705

Dear Sir/Madam,

Ref: Report on the audit of Special Purpose Standalone Financial Statements for the year ended March 31, 2023

Sub: Communication on generation of Unique Documentation Identification Number (UDIN) after the date of signing of Report.

We would like to draw your attention that UDIN for Report for the year ended on March 31, 2023 has been generated subsequent to our signing of Report, the details of which are as follows:

Type of Report	UDIN	Date of Signing	Date of Generation
Report on the audit of Special Purpose Standalone Financial Statements for the year ended March 31, 2023	25111636BMKZDY2353	August 13, 2025	August 24, 2025

Kindly disseminate this information to your stakeholders and produce this letter on every submission of such Report and / or Annexures to such report to any third parties to enable them to check authenticity of such documents.

Thanking you

For **G B C A & Associates LLP**
Chartered Accountants
Firm Registration No.: 103142W / W100292

Yogesh Amal
Partner
Membership No.: 111636

GBCA & ASSOCIATES LLP
MUMBAI
Chartered Accountants

Place: Mumbai
Date: August 24, 2025

UDIN:	25111636BMKZDY2353
MRN/Name:	111636/YOGESH RAVJI AMAL
Firm Registration No.:	103142W/W100292
Document type:	Audit and Assurance Functions
Document sub type:	Any Other Audit not covered above
Document Date:	13-08-2025
Create Date/Time:	24-08-2025 | 19:39:44
Financial Figures/Particulars:	
Financial Year:	01-04-2022-31-03-2023
Any Comment/ Recommendation/ Adverse Comment:	NA
Revenue from Operation:	4117.72 (Millions): 4,117,720,000
Share Capital:	62.27 (Millions): 62,270,000
Document description:	Report on the audit of Special Purpose Standalone Financial Statements for the year ended March 31 2023

Benefice Business House, 3rd Level,
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& ASSOCIATES LLP
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To,

The Board of Directors of

SFC Environmental Technologies Limited

Report on the Audit of the Special Purpose Standalone Financial Statements

Opinion

We have audited the accompanying Special Purpose Standalone Financial Statements of **SFC Environmental Technologies Limited** (formerly SFC Environmental Technologies Private Limited) ("the Company"), which comprise the Balance sheet as at Year ended March 31, 2023 the Statement of Profit and Loss including other comprehensive income, statement of changes in equity and the Statement of Cash Flows for the period then ended and notes to standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the Special Purpose Standalone Financial Statements'.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Standalone Financial Statements, which have been prepared by the management of the Company, are in all material aspects, in accordance with the basis set out in Note 2 to the Special Purpose Standalone Financial Statements.

Basis for Opinion

We conducted our audit of the Special Purpose Standalone Financial Statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the Special Purpose Standalone Financial Statements under the provisions of the Companies Act, 2013 (the "Act") and the Rules made 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 Standalone Financial Statements.

Management's Responsibility for the Special Purpose Standalone Financial Statements

The Company's Board of Directors are responsible for the preparation of the Special Purpose

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Standalone Financial Statements that give a true and fair view of the financial position, financial performance and changes in equity and cash flows of the Company in accordance with the basis set out in Note 2 to the Special Purpose Standalone Financial Statements.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Standalone Financial Statements, 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 Board of Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the Special Purpose Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs 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 Standalone Financial Statements.

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

- Identify and assess the risks of material misstatement of the Special Purpose Standalone 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

GBCA & ASSOCIATES LLP MUMBAI Chartered Accountants 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 entity's internal control.

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

- Conclude on the appropriateness of management'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 Special Purpose Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Special Purpose Standalone Financial Statements, including the disclosures, and whether the Special Purpose Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the Special Purpose Standalone Financial Statements, which describes the purpose and basis of preparation. These Special Purpose Standalone Financial Statements have been prepared by the Management of the Company. These Special Purpose Standalone Financial Statements have been prepared basis the restatements/reclassification/regrouping/adjustments made in the Restated Consolidated Financial Statements of the Company which in the opinion of the Management of the

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Chartered Accountants

Company have an impact on the audited standalone financial statements of the Company in accordance with the requirement of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, issued by the Securities and Exchange Board of India ('SEBI') for the purpose of making necessary disclosure in the Draft Red Herring Prospectus ("DRHP") / Red Herring Prospectus ("RHP") / Prospectus ("Prospectus") to be filed by the Company with National Stock Exchange of India Limited, BSE Limited and Registrar of Companies, Mumbai ("Registrar of Companies") as applicable, in connection with its the proposed initial public offering of equity shares of face value of Rs. 2/- of the Company. As a result, these Special Purpose Standalone Financial Statements may not be suitable for any another purpose. The Special Purpose Standalone Financial Statements cannot be referred to or distributed or included in any offering document or used for any other purpose except with our prior consent in writing. Our report is intended solely for the purpose of mentioned above and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Our opinion is not modified in respect of this matter.

For GBCA & Associates LLP
Chartered Accountants
Firm Registration No: 103142W / W100292

GBCA & ASSOCIATES LLP MUMBAI Chartered Accountants

Yogesh Ravji Amal
Partner
Membership No: 111636

Place: Mumbai
Date: August 13, 2025

SFC Environmental Technologies Limited

(Formerly known as SFC Environmental Technologies Private Limited)

STANDALONE BALANCE SHEET AS AT MARCH 31, 2023

CIN : U37003MH2005PLC152235

(Currency: Indian Rupees in Millions)

	Particulars	Notes	As at March 31, 2023
	ASSETS		
1	**Non-current assets**		
(a)	Property, plant and equipment	5	296.42
(b)	Right-of-use asset	6	18.44
(c)	Investment Property	7	184.91
(d)	Financial assets		
	(i) Investments	8	400.34
	(ii) Loans	9	496.61
	(iii) Other financial assets	10	232.86
(e)	Deferred tax assets (Net)	43	28.02
(f)	Income tax assets (Net)	11	6.05
(g)	Other non - current assets	12	19.48
	Total non-current assets		**1,683.13**
2	**Current assets**		
(a)	Inventories	13	419.90
(b)	Financial assets		
	(i) Trade receivables	14	1,777.18
	(ii) Cash and cash equivalents	15	199.22
	(iii) Bank balances other than (ii) above	16	951.89
	(iv) Loans	17	380.12
	(v) Other Financial Asset	18	8.61
(c)	Other current assets	19	25.16
	Total current assets		**3,762.08**
	Total assets		**5,445.21**
	EQUITY AND LIABILITIES		
	Equity		
(a)	Equity share capital	20	62.27
(b)	Other equity	21	3,814.86
	Total equity		**3,877.13**
	Liabilities		
1	**Non-current liabilities**		
(a)	Financial liabilities		
	(i) Borrowings	22	-
	(ii) Lease liabilities	23	8.24
(b)	Provisions	24	11.20
	Total non-current liabilities		**19.44**

GBCA & ASSOCIATES LLP ★ Chartered Accountants ★ MUMBAI

SFC Environmental Technologies Ltd. ★ Vashi Navi Mumbai

SFC Environmental Technologies Limited

(Formerly known as SFC Environmental Technologies Private Limited)

STANDALONE BALANCE SHEET AS AT MARCH 31, 2023

CIN : U37003MH2005PLC152235

(Currency: Indian Rupees in Millions)

	Particulars	Notes	As at March 31, 2023
2	**Current liabilities**		
(a)	Financial liabilities		
	(i) Borrowings	25	457.88
	(ii) Lease liabilities	26	10.75
	(iii) Trade payables	27	
	Total outstanding dues of micro and small enterprises		164.02
	Total outstanding dues of creditors other than micro and small enterprises		682.23
	(iv) Other financial liabilities	28	73.21
(b)	Other current liabilities	29	160.49
(c)	Provisions	30	0.06
(d)	Current tax liabilities (net)	31	-
	Total current liabilities		**1,548.64**
	Total liabilities		**1,568.08**
	Total equity and liabilities		**5,445.21**

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

For G B C A & Associates LLP
Chartered Accountants
FRN: 103142W / W100292

GBCA & ASSOCIATES LLP MUMBAI Chartered Accountants

Yogesh Amal
Partner
Membership Number: 111636
Place: Mumbai
Date: 13 AUG 2025

For and on behalf of Board of Directors
SFC Environmental Technologies Limited
(Formerly known as SFC Environmental Technologies Private Limited)

Sandeep Sudhakar Asolkar
Chairman & Managing Director
DIN: 00097828
Place: Navi Mumbai
Date: 13 AUG 2025

Sarvesh Kumar Garg
Executive Director
DIN: 06873116
Place: Navi Mumbai
Date: 13 AUG 2025

Mandar Dinkar Desai
Chief Executive Officer
Place: Navi Mumbai
Date: 13 AUG 2025

Amit Anil Sawant
Chief Financial Officer
Place: Navi Mumbai
Date: 13 AUG 2025

Shweta Deshpande
Company Secretary
Membership No.: A-67764
Place: Navi Mumbai
Date: 13 AUG 2025

SFC Environmental Technologies Ltd. Vashi Navi Mumbai

SFC Environmental Technologies Limited

(Formerly known as SFC Environmental Technologies Private Limited)

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

CIN : U37003MH2005PLC152235

(Currency: Indian Rupees in Millions)

	Particulars	Notes	Year ended March 31, 2023
	Income		
I	Revenue from operations	32	4,117.72
II	Other income	33	153.92
III	Impairment gain on financial assets	34	-
	Total income (I+II)		**4,271.64**
	Expenses		
	Purchases of Goods and Services	35	2,392.85
	Cost of Material Consumed	36	58.22
	Changes in inventories of work-in-progress	37	(155.28)
	Employee benefits expense	38	342.02
	Finance costs	39	33.42
	Depreciation and amortization expense	40	46.73
	Impairment loss on financial assets	41	3.74
	Other expenses	42	324.44
IV	**Total expenses**		**3,046.14**
V	**Profit before tax (III-IV)**		1,225.49
	Tax expense		
	Current tax	43	324.04
	Deferred tax	43	(5.54)
VI	**Total tax expense**		**318.50**
VII	**Profit for the year (V-VI)**		**907.00**
a)	***Items that will not be reclassified to profit or loss***		
i)	Re-measurement loss on defined benefit liabilities		(7.43)
	Income tax relating to items that will not be reclassified to profit or loss		1.90
VIII	**Other comprehensive income for the year, net of tax**		(5.53)
IX	**Total comprehensive income for the year (VII+VIII)**		**901.47**
	Earnings per share face value of ₹2 each fully paid up	44	
	Basic earnings per share (₹)		9.71
	Diluted earnings per share (₹)		9.71

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached
For G B C A & Associates LLP
Chartered Accountants
FRN: 103142W / W100292

GBCA & ASSOCIATES LLP MUMBAI Chartered Accountants

Yogesh Amal
Partner
Membership Number: 111636
Place: Mumbai
Date: 13 AUG 2025

For and on behalf of the Board of Directors of
SFC Environmental Technologies Limited
(Formerly known as SFC Environmental Technologies Private Limited)

Sandeep Sudhakar Asolkar
Chairman & Managing Director
DIN: 00097828
Place: Navi Mumbai
Date: 13 AUG 2025

Sarvesh Kumar Garg
Executive Director
DIN: 06873116
Place: Navi Mumbai
Date: 13 AUG 2025

Mandar Dinkar Desai
Chief Executive Officer

Place: Navi Mumbai
Date: 13 AUG 2025

Amit Anil Sawant
Chief Financial Officer

Place: Navi Mumbai
Date: 13 AUG 2025

Shweta Deshpande
Company Secretary
Membership No.: A-67764
Place: Navi Mumbai
Date: 13 AUG 2025

SFC Environmental Technologies Ltd. Vashi Navi Mumbai

SFC Environmental Technologies Limited

(Formerly known as SFC Environmental Technologies Private Limited)

STANDALONE STATEMENT OF CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

CIN : U37003MH2005PLC152235

(Currency: Indian Rupees in Millions)

Particulars	Year ended March 31, 2023
Cash flows from operating activities	
Profit for the year before tax	1,225.49
Adjustments for :	
Depreciation and amortization expenses	46.73
Finance costs	19.24
Interest income	(115.16)
Impairment loss/ (gain) on trade receivables arising from contracts with customer	3.74
Bad Debts written off	0.85
Unrealized foreign exchange gain	(9.23)
Net (gain)/ loss on Fair Valuation of Mutual Fund	(4.22)
Net (gain) of sale of Property, Plant and Equipment	(1.11)
Net (gain) of disposal of ROU Asset	-
Net (gain) on sale of Investment Property	(19.91)
Operating profit before working capital changes	**1,146.42**
Working capital adjustments :	
(Decrease)/ increase in other current liabilities	(207.93)
(Decrease)/ increase in trade payables	220.81
(Decrease)/ increase in other financial liabilities	34.03
(Decrease)/ increase in provisions	9.41
Decrease/ (increase) in inventories	(212.25)
Decrease/ (increase) in trade receivables	(665.70)
Decrease/ (increase) in other financial assets	27.49
Decrease/ (increase) in other current assets	165.31
Decrease/ (increase) in non-current assets	(18.85)
Cash generated from operations	**498.74**
Income taxes paid (net of refunds)	(340.85)
Net cash from operating activities (A)	**157.90**
Cash flows from investing activities	
(Payment)/Proceeds from (purchase)/Sale of property, plant and equipment	(76.28)
Proceeds from sale of Investment Property	66.43
Investment in Associates	-
Investment in Subsidiary	(0.51)
Investment in Associates	(37.24)
Purchase of Investments	(0.00)
(Purchase)/ Proceeds from bank deposits	(5.23)
Loans given	(56.84)
Net cash generated from/(used in) investing activities (B)	**(109.67)**
Cash flows from financing activities	
Repayment of lease liabilities	(6.56)
Dividend paid	(269.46)
Proceeds from Borrowing - Non Current	-
Proceeds from Borrowing - Current	247.98
Interest paid on bank overdraft	(17.90)
Interest paid on term loan	-
Interest paid on lease liabilities	(1.34)
Net cash flow from/(used in) financing activities (C)	**(47.28)**
Net increase(decrease) in cash and cash equivalents (A)+(B)+(C)	**0.94**
Cash and cash equivalent at the beginning of the year	198.27
Cash and cash equivalents at the end of the year (refer note 15)	**199.22**

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SFC Environmental Technologies Ltd. ★ Vashi Navi Mumbai

SFC Environmental Technologies Limited

(Formerly known as SFC Environmental Technologies Private Limited)

STANDALONE STATEMENT OF CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

CIN : U37003MH2005PLC152235

(Currency: Indian Rupees in Millions)

Components of Cash and cash equivalents -	
Cash in hand	-
Foreign Currency in Hand	0.85
Balances with banks on current account	198.37
Cheque in hand	-
Deposit with maturity of less than 3 mnths	-
Total cash and cash equivalents (refer note 15)	**199.22**

Change in Liability Arising from Financing Activities

Particular	April 01, 2022	Net Cashflow	March 31, 2023
Borrowings - Non-current (Refer Note 22)	-	-	-
Borrowings - Current (Refer Note 25)	209.91	247.98	457.88
Total	**209.91**	**247.98**	**457.88**

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached
For G B C A & Associates LLP
Chartered Accountants
FRN: 103142W / W100292

GBCA & ASSOCIATES LLP MUMBAI Chartered Accountants

Yogesh Amal
Partner
Membership Number: 111636
Place: Mumbai
Date: 13 AUG 2025

For and on behalf of Board of Directors
SFC Environmental Technologies Limited
(Formerly known as SFC Environmental Technologies Private Limited)

Sandeep Sudhakar Asolkar
Chairman & Managing Director
DIN: 00097828
Place: Navi Mumbai
Date: 13 AUG 2025

Sarvesh Kumar Garg
Executive Director
DIN: 06873116
Place: Navi Mumbai
Date: 13 AUG 2025

Mandar Dinkar Desai
Chief Executive Officer
Place: Navi Mumbai
Date: 13 AUG 2025

Amit Anil Sawant
Chief Financial Officer
Place: Navi Mumbai
Date: 13 AUG 2025

Shweta Deshpande
Company Secretary
Membership No.: A-67764
Place: Navi Mumbai
Date: 13 AUG 2025

SFC Environmental Technologies Ltd. Vashi Navi Mumbai

SFC Environmental Technologies Limited

(Formerly known as SFC Environmental Technologies Private Limited)

STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2023

CIN : U37003MH2005PLC152235

(Currency: Indian Rupees in Millions)

(A) Equity share capital

	No. of shares	Amount
Balance as at April 01, 2022	62,27,418	62.27
Changes in equity share capital during the year	-	-
Balance as at March 31, 2023	62,27,418	62.27

(B) Other equity

Particulars	Reserve and surplus				Total
	Retained earnings	General Reserves	Securities Premium	Other Comprehensive Income	
Balance as at April 01, 2022	3,109.45	70.24	3.97	(0.81)	3,182.85
Profit for the year	907.00	-	-	-	907.00
Re-measurement gain/(loss) on defined benefit plans (net of tax)	-	-	-	(5.53)	(5.53)
Total comprehensive income for the year	**4,016.45**	**70.24**	**3.97**	**(6.34)**	**4,084.32**
Transactions with owners of the company					-
Contributions and Distributions					-
- Dividends	(269.46)	-	-	-	(269.46)
Balance as at March 31, 2023	**3,746.99**	70.24	**3.97**	**(6.34)**	**3,814.86**

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date attached

For G B C A & Associates LLP

Chartered Accountants

FRN: 103142W / W100292

GBCA & ASSOCIATES LLP MUMBAI Chartered Accountants

Yogesh Amal

Partner

Membership Number: 111636

Place: Mumbai

Date: 13 AUG 2025

For and on behalf of Board of Directors

SFC Environmental Technologies Limited

(Formerly known as SFC Environmental Technologies Private Limited)

Sandeep Sudhakar Asolkar

Chairman & Managing Director

DIN: 00097828

Place: Navi Mumbai

Date: 13 AUG 2025

Sarvesh Kumar Garg

Executive Director

DIN: 06873116

Place: Navi Mumbai

Date: 13 AUG 2025

Mandar Dinkar Desai

Chief Executive Officer

Place: Navi Mumbai

Date: 13 AUG 2025

Amit Anil Sawant

Chief Financial Officer

Place: Navi Mumbai

Date: 13 AUG 2025

Shweta Deshpande

Company Secretary

Membership No.: A-67764

Place: Navi Mumbai

Date: 13 AUG 2025

SFC Environmental Technologies Ltd. Vashi Navi Mumbai

1 Company Overview

SFC Environmental Technologies Private Limited is a company established on March 29, 2005 having its registered office situated at The Ambience Court Hi-Tech Business Park, 21st Floor, Sector 19-D, Plot No. 2, Vashi, Navi Mumbai.The Company is an environmental technology company offering efficient technologies and comprehensive engineering solutions in the field of wastewater treatment ("WWT") and solid waste treatment ("SWT") (including agro-based biogas projects).

2 Material Accounting Policies

2.1 Basis for Preparation and Statement of Compliance

The Special Purpose Standalone Financial Statements of the Company comprises 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 Flow Statement for the year ended March 31, 2023, the Summary Statement of Significant Accounting Policies, and relevant notes to the Special Purpose Standalone Financial Statements, prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India (collectively, the "Special Purpose Standalone Financial Statements") as approved by the Board of Directors of the Company at their meeting held on August 13, 2025.

These Special Purpose Standalone Financial Statements have been prepared by the Management of the Company. These Special Purpose Standalone Financial Statements have been prepared basis the restatements/reclassification/regrouping/adjustments made in the Restated Consolidated Financial Statements of the Company which in the opinion of the Management of the Company have an impact on the audited standalone financial statements of the Company in accordance with the requirement of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, issued by the Securities and Exchange Board of India ('SEBI') for the purpose of making necessary disclosure in the Draft Red Herring Prospectus ("DRHP") / Red Herring Prospectus ("RHP") / Prospectus ("Prospectus") to be filed by the Company with National Stock Exchange of India Limited, BSE Limited and Registrar of Companies, Mumbai ("Registrar of Companies") as applicable, in connection with its the proposed initial public offering of equity shares of face value of Rs. 2/- of the Company. As a result, these Special Purpose Standalone Financial Statements may not be suitable for any another purpose.

2.2 Basis of accounting and preparation and presentation of financial statements

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which are measured on an alternative basis on each reporting date:

i) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

ii) Employee's Defined Benefit Plan as per actuarial valuation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

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 categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

2.3 Functional & Presentation Currency

The financial Statements are presented in Indian Rupees (INR) which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest Millions (INR 000,000), unless otherwise indicated.

2.4 Significant accounting judgements, estimates and assumption

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates assumptions and judgments that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions. Estimates and underlying assumptions are reviewed on an ongoing basis. Impact on account of revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. The following are the critical estimates, assumptions and judgements that the management have made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognized in the financial statements:

MUMBAI
Chartered Accountants

Vashi
Navi
Mumbai
SFC Environmental Technologies Ltd.

(a) Useful lives of Property, plant and equipment:

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the Management at the time the asset is acquired and reviewed periodically.

(b) Employee benefits:

Employee benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, employee benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(c) Provision for income tax and deferred tax assets

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

(d) Provisions and 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 significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed 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 financial statements.

(e) Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. 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 market risk, liquidity risk and credit risk.

(f) Allowance for credit losses on receivables

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates.

(g) Impairment of non- financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. It is determined for an individual asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 assessment of the time value of money and the risk specific to the asset. In determining fair value less cost 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, quoted share price for publicly traded subsidiaries or other available fair value indicators.

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2.5 Classification of Assets and Liabilities into Current/Non-Current

The Operating Cycle of the Company is the time between the acquisitions of the assets for processing and their realisation in cash & cash equivalents. The company has identified twelve months as its operating cycle for the purpose of current and non current classification of assets and liabilities.

For the purpose of Balance Sheet, an asset is classified as current if:
(i) It is expected to be realized, or is intended to be sold or consumed, in the normal operating cycle; or
(ii) It is held primarily for the purpose of trading; or
(iii) It is expected to realise the asset within twelve months after the reporting period; or
(iv) The asset is a 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 period.
All other assets are classified as non-current.
Similarly, a liability is classified as current if:
(i) It is expected to be settled in the normal operating cycle; or
(ii) It is held primarily for the purpose of trading; or
(iii) It is due to be settled within twelve months after the reporting period; or
(iv) The Company does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could result in its settlement by the issue of equity instruments at the option of the counterparty does not affect this classification.
All other liabilities are classified as non-current.

3 Material accounting policies

The accounting policies set out below have been applied consistently to the periods presented in the Financials Statements.

3.1 Revenue from operations

Revenue from contracts with customers
Revenue is recognized on the basis of approved contracts regarding the transfer of goods or services to a customer for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration. Revenue excludes taxes collected from customers on behalf of the government. Any amount receivable from customer are recognized as revenue at the point in time when control of the goods sold are transferred to the customer, generally on delivery of the goods.

3.2 Recognition of Dividend Income, Interest income or expense

Interest income or expense is recognized using the effective interest method.
The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Other income

Interest income from other financial assets is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is recognized on time proportion basis taking into account the amount outstanding and the interest rate applicable.

Dividend Income

Dvidend Income is recognised when the Company's right to receive the amount has been established.

3.3 Property, Plant & Equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, less accumulated depreciation and accumulated impairment losses, if any. Cost includes professional fees related to the acquisition of PPE and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.
Expenditure incurred after the PPE have been put into use such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

Subsequent costs are included in the assets's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance cost are charged to the Statement of Profit and Loss during the period in which they were incurred.
If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

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Capital work in Progress:
Expenditure during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE if any) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current Assets"

Depreciation:
Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided using written down value method, so as to write off the cost of the assets less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis. In respect of additions to /deletions from the PPE, depreciation is provided on pro-rata basis with reference to the month of addition/deletion of the Assets.
Gains or losses arising from de-recognition of a Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

3.4 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. After initial recognition, the company measures investment property by using cost model. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.
The company depreciates the investment properties on written down value which is in line with the indicative useful life of relevant type of building mentioned in Part C of Schedule II to the Act.
Though investment property is measured using cost model, the fair value of investment property is disclosed in the notes.

3.5 Leases

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

Company as lessor

Leases for which the company is a lessor are classified as finance or operating leases. Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the lease. Subsequent to initial recognition, the company regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of Ind AS 109, recognizing an allowance for expected credit losses on the lease receivables. Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

Company as lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The lease term of company's ROU assets which comprises Land and Buildings and Vehicles varies from 2 to 10 years. If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are subject to impairment test. The Company accounts for sale and lease back transaction, recognising right-of-use assets and lease liability, measured in the same way as other right of use assets and lease liability. Gain or loss on the sale transaction is recognised in statement of profit and loss.

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Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term and are not paid at the commencement date, discounted by using the rate implicit in the lease. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest (using the effective interest method) and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Most of the contracts that contains extension terms are on mutual agreement between both the parties and hence the potential future rentals cannot be assessed. Certain contracts where the extension terms are unilateral are with unrelated parties and hence there is no certainty about the extension being exercised. The company uses weighted average incremental borrowing rate for lease liabilities measurement

3.6 Financial instruments

i) Recognition and initial measurement

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Classification and subsequent measurement

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless they are measured at amortised cost or at fair value through other comprehensive income. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit and loss. This includes all derivative financial assets (refer note 49).

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the standalone statement of profit and loss.

iii) Derecognition

a) Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset or has assumed an obligation to pay the received cash flows to one or more recipient.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the entity has neither transferred a financial asset nor retained substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

b) Financial Liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying value of the financial liability and the consideration paid is recognised in standalone statement of profit and loss.

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3.7 Impairment of assets

The carrying amounts of the Company's assets are reviewed at each Balance Sheet date to determine whether there is any impairment. Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Impairment loss is recognized in the statement of profit and loss or against revaluation surplus, where applicable. If at the balance sheet date there is an indication that previously assessed impairment loss no longer exists the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to maximum of depreciated historical cost.

i) Non-derivative financial assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of all financial assets subsequent to initial recognition other than financial assets measured at fair valued through profit and loss (FVTPL). For Trade Receivables the Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward-looking estimates are analysed. For other financial assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk since its initial recognition. If there is significant increase in credit risk since its initial recognition full lifetime ECL is used.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

ii) Impairment of non-financial Asset

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of an asset or Cash Generating Unit (CGU) is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belong. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of an individual asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss to the extent, asset's carrying amount exceeds its recoverable amount.

3.8 Inventories

Inventories are valued after providing for obsolescence, as under:

a) Raw materials, components, stores and spares at lower of cost or net realisable value. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost.

b) Work-in-progress and Finished goods are valued at lower of cost or net realisable value. Cost includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Cost is determined on weighted average basis which includes expenditure incurred for acquiring inventories like purchase price, import duties, taxes (net of tax credit) and other costs incurred in bringing the inventories to their present location and condition.

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. Assessment of net realisable value is made in each subsequent period and when the circumstances that previously caused inventories to be written-down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the write-down, if any, in the past period is reversed to the extent of the original amount written-down so that the resultant carrying amount is the lower of the cost and the revised net realisable value.

3.9 Provisions, contingent liabilities and contingent assets

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost.

Contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent asset are disclosed in the financial statements.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

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3.10 Employee benefits

Employee benefits include provident fund and gratuity fund.

(i) Defined Contribution Plan:

The Company's contributions towards provident fund is defined contribution scheme. The Compay's contribution paid/payable under the schemes is recognised in the Statement of Profit and Loss on accrual basis during the period in which the employee renders the related service.

ii) Short-Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, and short term compensated absences, etc. and the expected cost of ex-gratia, if any are recognized in the statement of profit and loss in the period in which the employee renders the related service.

iii) Defined benefit plan:

The Company's gratuity benefit scheme with Life Insurance Corporation of India is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plans is determined based on actuarial valuation at each balance sheet date by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans are based on the market yields on Government securities as at the balance sheet date. When the calculation results in a benefit to the Company, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are recognized immediately in the statement of other comprehensive income.

3.11 Taxation

The tax expenses comprise of current tax and deferred income tax charge or credit. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income or in Equity. In which case, the tax is also recognised in Other Comprehensive Income or Equity, respectively.

Current Tax

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax liabilities are generally recognised for all taxable temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are generally recognised for all taxable temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/business losses are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

3.12 Foreign currency transactions

Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date or at rates that closely approximate the rate at the date of the transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transactions. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date are recognised in the Statement of Profit & Loss in the period in which they arise.

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3.13 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash, cheque in hand, cash at banks and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

3.14 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year and equity shares to be issued on conversion of mandatorily convertible instruments. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events such as bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

3.15 Dividend distribution to equity holders

The Company recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.16 Cash flow statement

Cash flows are reported using the indirect method, whereby the net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

Cash and cash equivalents in the cash flow statement comprise cash, cheque in hand, cash at banks and bank deposits with original maturity of three months or less.

3.17 Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted with financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

4 Recent pronouncement

Recent pronouncements: Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

(i) Ind AS 1 - Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The company is evaluating the impact, if any, in its financial statements.

(ii) Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The company is evaluating the impact, if any, in its financial statements.

(iii) Ind AS 12 - Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The company is evaluating the impact, if any, in its financial statements.

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SFC Environmental Technologies Limited
(Formerly known as SFC Environmental Technologies Private Limited)
NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023
CIN : U37003MH2005PLC152235
(Currency: Indian Rupees in Millions)

5 Property, plant and equipment

Description of Assets	Land	Building	Office Equipments	Vehicles	Furniture & Fixtures	Computers	Plant & Machinery	Total
Gross Block								
Balance as at April 01, 2022	45.08	179.00	6.95	23.93	4.94	11.93	-	271.82
Additions	-	1.19	2.14	61.48	2.44	4.13	6.13	77.51
Disposals	-	-	-	-	-	-	-	-
Balance as at March 31, 2023	**45.08**	**180.19**	**9.09**	**85.41**	**7.38**	**16.06**	**6.13**	**349.33**
Depreciation / Impairment								
Balance as at April 01, 2022	-	8.71	2.61	7.00	1.20	4.78	-	24.30
Charge for the year	-	8.33	2.36	10.74	1.07	5.58	0.52	28.61
Disposals	-	-	-	-	-	-	-	-
Balance as at March 31, 2023	-	**17.04**	**4.97**	**17.75**	**2.28**	**10.35**	**0.52**	**52.91**
Net Block								
Balance as at March 31, 2023	**45.08**	**163.15**	**4.11**	**67.66**	**5.10**	**5.70**	**5.61**	**296.42**

^ represents amount less than 0.01 million

Note:The Company has adopted Ind AS 101 and has elected to continue with the carrying value for all of its Property, Plant & Equipment as recognised in its previous GAAP financial statements as deemed cost on the transition date i.e. April 01 2021.

Additional Disclosure with respect to Property, Plant & Equipment

Certain property, plant and equipment are pledged against borrowings, the details relating to which have been described in Note 51.

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SFC Environmental Technologies Ltd. ★ Vashi Navi Mumbai

SFC Environmental Technologies Limited

(Formerly known as SFC Environmental Technologies Private Limited)

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

CIN : U37003MH2005PLC152235

(Currency: Indian Rupees in Millions)

6 Right-of-use asset

Right-of-Use Assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

Particular	Motor Vehicle	Building	Total
Gross Block			
Balance as at April 01, 2022	-	5.71	5.71
Additions		20.94	20.94
Deletions	-	-	-
Balance as at March 31, 2023	**-**	**26.65**	**26.65**
Accumulated Depreciation			
Balance as at April 01, 2022	-	1.19	1.19
Charge for the year		7.02	7.02
Disposals	-	-	-
Balance as at March 31, 2023	**-**	**8.21**	**8.21**
Net Block			
Balance as at March 31, 2023	**-**	**18.44**	**18.44**

The Company has recognised in March 31, 2023 : Rs. 1.94 (in Millions) as rent expenses during the year which pertains to short term lease/ low value asset which was not recognised as part of asset.

(Currency: Indian Rupees in Millions)

7 **Investment property**

Particular	Building	Total
Gross Block		
Balance as at April 01, 2022	266.62	266.62
Additions	-	-
Deletions	53.80	53.80
Balance as at March 31, 2023	**212.83**	**212.83**
Accumulated Depreciation		
Balance as at April 01, 2022	24.09	24.09
Additions	11.10	11.10
Deletions	7.28	7.28
Balance as at March 31, 2023	**27.92**	**27.92**
Net Block		
Balance as at March 31, 2023	**184.91**	**184.91**

Particulars	**Year ended March 31, 2023**
Rental Income	-
Direct Operating Expenses from Property that generated rental income	-
Direct Operating Expenses from Property that did not generated rental income	1.70

Contractual Obligation

There are no restriction on realisability of investment property or remittance of income or proceeds of disposal. Also, there are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements at the year end.

Details with respect to fair valuation of Investment property

Aggregate amount of investment property at fair value *

Particulars	**Amount**
As at March 31, 2023	260.48

* Fair valuation has been determined on the basis of valuation carried by independent valuer and government rates, market research, market trend and comparable values as considered appropriate. The fair value for investment property has been categorised as level 2 based on the techniques used and inputs applied.

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(Currency: Indian Rupees in Millions)

	As at March 31, 2023
8 Non-current assets - Financial assets - Investments	
Unquoted Investments	
Investment stated at Cost	
Investment in Equity Instruments	
(a) Subsidiary companies	172.87
(b) Associate companies	37.24
Investment stated at Fair Value through profit and loss	
Investment in Mutual Funds (Listed Equity oriented Funds)	190.23
	400.34

Details of Non-current Assets - Financial Assets - Investments	As at March 31, 2023
Investments in fully paid equity instruments	
(a) Subsidiary companies:	
(i) Chavare Engineering Pvt. Ltd.	81.60
March 31, 2023: 2,04,000 equity shares of Rs. 100 each fully paid-up	
(ii) Fine Aeration Systems Pvt. Ltd.	0.51
March 31, 2023: 51,000 equity shares of Rs. 10 each fully paid-up	
(iii) Navitas Waste Treatment Private Limited	0.10
March 31, 2023: 10,000) equity shares of Rs. 10 each fully paid-up	
(iv) SFC Umwelttechnik GmbH	82.89
March 31, 2023: 7,17,000 equity shares of Euro 1 each fully paid-up	
(v) Vasudha Waste Treatment Pvt. Ltd	7.77
March 31, 2023: 7,40,000 equity shares of Rs. 10 each fully paid-up	
	172.87
(b) Associate companies	
(i) Turbomax India Pvt. Ltd.	37.24
March 31, 2023: 37,24,000 equity shares of Rs. 10 each fully paid-up	
	37.24

Details of quoted / unquoted investments:	As at March 31, 2023
Aggregate book value of unquoted investments	210.11
Aggregate book value of quoted investments	190.23
Aggregate amount of impairment in value of Investments	-
Aggregate amount of unquoted investment at fair value	210.11

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(Currency: Indian Rupees in Millions)

		As at March 31, 2023
9	**Non - Current Assets - Financial Assets - Loans**	
	(considered good, unless otherwise stated)	
	Unsecured Loans:	
	- To Related Parties *	435.00
	*(Refer Note No. 47)	
	- To Others **	61.61
	** These loans are repayable at demand	
		496.61

		As at March 31, 2023
10	**Non-current assets - Financial assets - Others**	
	Security deposits	7.57
	Bank deposits with more than twelve months maturity *	225.29
		232.86
	* Refer note 16	

		As at March 31, 2023
11	**Non-current assets - Income tax assets (net)**	
	Advance income tax (net of provisions)	6.05
		6.05

		As at March 31, 2023
12	**Non-current assets - Others**	
	(Unsecured, considered good)	
	Capital advances	17.69
	Prepaid expense	1.80
	Net defined benefit asset - Gratuity (Refer note 46)	-
		19.48

		As at March 31, 2023
13	**Current assets - Inventories ***	
	(Valued at lower of cost and net realizable value)	
	Raw materials	56.97
	Stock-in-trade	224.68
	Project Work In Progress	138.25
		419.90

* Refer Note 51 for details of hypothecation of the inventory for Secured Borrowings

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SFC Environmental Technologies Ltd. Vashi Navi Mumbai ★

(Currency: Indian Rupees in Millions)

14 Current assets - Financial assets - Trade receivables

	As at March 31, 2023
Secured, considered good	-
Unsecured, considered good	1,756.60
Receivables which have significant increase in credit risk	37.71
Receivables which are credit impaired	73.01
	1,867.32
Less: Allowance for expected credit loss	(90.14)
Net trade receivables	**1,777.18**

Refer note 47 for information about receivables from related party.

Ageing schedule of trade receivables as at March 31, 2023

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment					
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables – considered good	-	526.33	1,103.62	18.89	90.22	17.54	-	1,756.60
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	37.71	37.71
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	-	-	73.01	73.01
(iv) Disputed trade receivables – considered good	-	-	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-	-	-
Less: Allowance for expected credit loss	-	-	-	(0.05)	(0.45)	(0.35)	(89.30)	(90.14)
Total	-	**526.33**	**1,103.62**	**18.84**	**89.77**	**17.19**	**21.43**	**1,777.18**

Refer note 50 about information on credit risk and market risk of trade receivables.

Additional Disclosure with respect to payment terms:

Generally, Payment Term is 0 to 120 days

- Trade receivables does not include any amount receivable from director/s of the Company
- Refer Note 51 for details of hypothecation of the Trade Receivables for Secured Borrowings

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SFC Environmental Technologies Ltd. ★ Vashi Navi Mumbai

(Currency: Indian Rupees in Millions)

15 Current assets - Financial assets - Cash & cash equivalents	As at March 31, 2023
Cash on Hand:	
- Cash on Hand	-
- Foreign Currency in Hand	0.85
Balances with banks:	
- In current account	198.37
- Deposit with original maturity of less than three months*	-
	199.22

*Refer Note 16 for information about lien on fixed deposits and Note 51 for information about secured borrowings

16 Current assets - Financial assets - Other bank balances	As at March 31, 2023
Deposits with banks*	951.84
Ear marked bank balances - Dividend	0.05
Ear marked bank balances - Gratuity	-
	951.89

*Details of fixed deposit liens	As at March 31, 2023
- For Various Credit Facility with Financial Institution	1,105.11
- Fixed Deposit in lien with Trade Receivable	4.23
	1,109.34

Fixed deposits reflected under	
- More than 12 months maturity (Refer note 10)	225.29
- Original maturity less than 3 mnths (Refer note 15)	-
- Deposits with banks (Refer note 16)	951.84
Total Fixed Deposit	**1,177.13**

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(Currency: Indian Rupees in Millions)

	As at March 31, 2023
17 Current assets - Financial assets - Loans	
(considered good, unless otherwise stated)	
Unsecured loans:	
- To Related Parties (Refer Note No. 47)	378.63
- To employees	1.49
	380.12

	As at March 31, 2023
18 Current assets - Financial assets - Others	
(considered good, unless otherwise stated)	
Earnest money deposits	8.61
	8.61

	As at March 31, 2023
19 Current Assets - Other current assets	
(considered good, unless otherwise stated)	
Advance to suppliers	17.76
Prepaid expenses	7.04
Export incentives receivable	0.36
	25.16

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NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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(Currency: Indian Rupees in Millions)

20 Equity share capital

	As at March 31, 2023
Authorized	
1,74,00,000 equity shares of Rs. 10 each	174.00
	174.00
Issued, subscribed and paid up	
62,27,418 equity shares of Rs. 10 each fully paid up	62.27
	62.27

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year:

	As at March 31, 2023	
	Number of shares	Amount
Outstanding at the beginning of the year	62,27,418	62.27
Add: Increase in shares on account of split	-	-
Add: Issuance of bonus shares	-	-
Add: Issuance and allotment of shares	-	-
Less: Cancellation of shares	-	-
Outstanding at the end of the year	**62,27,418.00**	**62.27**

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SFC Environmental Technologies Ltd. ★ Vashi Navi Mumbai

(Currency: Indian Rupees in Millions)

(b) Particulars of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the shareholder	As at March 31, 2023	
	Number of shares	% of holding in the class
Mr. Sandeep Asolkar*	21,05,698	33.81%
Mr. Saket Dhandoriya	5,62,275	9.03%
Mrs. Jaya Chandrakant Gogri*	2,21,120	3.55%
Mr. Sarvesh Garg	3,74,801	6.02%
Mrs. Aparna Kapoor	5,74,778	9.23%
Mr. Rajesh Nambisan	3,74,801	6.02%
Mr. Sandeep Parab	3,74,801	6.02%
Mr. Madurakavi Kumaraguru	3,74,801	6.02%
	49,63,075	**79.70%**

** including joint holding (as first named shareholder)*

(c) Shares held by promoters in the company

Name of the Promoter	As at March 31, 2023		% Change (April 01, 2022 and March 31, 2023)
	Number of shares	% of holding in the class	
Mr. Sandeep Asolkar*	21,05,698	33.81%	-
Mr. Saket Dhandoriya	5,62,275	9.03%	-
	26,80,476	**42.84%**	**0.00%**

* it includes 12,05,698 Equity shares as at March 31, 2023 held by Mr. Sandeep Asolkar jointly with Mrs. Priya Sandeep Asolkar.

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(d) Terms/rights attached to Equity Shares

The Company has only one class of equity shares having Face Value of Rs 10/- per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors are subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. However no such preferential amount exists as at March 31, 2023. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

(e) Aggregate number and class of shares bought back : Nil

(f) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash : Nil

(g) Pursuant to the Clause 14 of the Composite Scheme of Amalgamation and arrangement filed by our Company under section 230-232 and other applicable provisions of the Companies Act, 2013, of Enviropro Water Tech Private Limited and Intergeo Solid Waste Management Private Limited with the Company approved by the National Company Law Tribunal vide its order dated December 21, 2022, following shall be deemed to have occurred on the Appointed Date (i.e. as on 1 April 2021):

- issuance and allotment of New Shares to the shareholders of the First Transferor Company (i.e. Enviropro Water Tech Private Limited) as on the Record Date.
- reduction of share capital of the Company to the extent of face value of the shares held by the First Transferror Company.

(h) The Company does not have any securities outstanding as at March 31, 2023 which are convertible into equity/preference shares.

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SFC Environmental Technologies Ltd. ★ Vashi Navi Mumbai

(Currency: Indian Rupees in Millions)

21 Other equity

A Other equity

	As at March 31, 2023
Retained earnings	3,746.99
General Reserves	70.24
Securities Premium	3.97
Total Reserve and Surplus	**3,821.19**

Movement in Other Equity

Retained earnings	As at March 31, 2023
Opening balance	3,109.45
Add: Profit for the year	907.00
#REF!	(269.46)
Closing balance	**3,746.99**

Retained earnings:
Retained earnings are the profit that the company has earned till date.

General Reserves	As at March 31, 2023
Opening balance	70.24
Closing balance	**70.24**

General Reserve :
The Company created a General Reserve in earlier years pursuant to the provisions of the Companies Act, where in certain percentage of profits were required to be transferred to General Reserve before declaring dividends. General Reserve is a free reserve available to the company.

Securities Premium	As at March 31, 2023
Opening balance	3.97
Closing balance	**3.97**

Securities Premium :
Securities premium includes the difference between the face value of the equity shares and the consideration received in respect of shares issued.

B Movement in Other Comprehensive Income

	As at March 31, 2023
Opening balance	(0.81)
Add: Re-measurement loss on defined benefit liabilities (net of tax)	(5.53)
Closing balance	**(6.34)**
Total other equity	**3,814.86**

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SFC Environmental Technologies Ltd. ★ Vashi Navi Mumbai

(Currency: Indian Rupees in Millions)

22	**Non-current liabilities - Financial liabilities - Borrowing**	**As at March 31, 2023**
	Secured borrowings	
	- Term Loan	-
		-

23	**Non-current liabilities - Financial liabilities - Leases**	**As at March 31, 2023**
	Long term maturities of lease obligations	8.24
		8.24

24	**Non-current liabilities - Provisions**	**As at March 31, 2023**
	Net defined benefit liability - Gratuity	11.20
		11.20

25	**Current liabilities - Financial liabilities - Borrowings**	**As at March 31, 2023**
	Bank overdraft*	457.88
	Current Maturities of Long term borrowing (Refer note 22)	-
		457.88

*Note 1: Fund based working capital facilities from banks carry interest ranging from 6.24% to 9.50% p.a. for 31 March 2023.

26	**Current liabilities - Financial liabilities - Leases**	**As at March 31, 2023**
	Lease obligations	10.75
		10.75

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(Currency: Indian Rupees in Millions)

	As at March 31, 2023
27 Current liabilities - Financial liabilities - Trade payables	
Total outstanding dues of micro and small enterprises	164.02
Total outstanding dues of creditors other than micro and small enterprises	682.23
	846.25

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows :

Particulars	As at March 31, 2023
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end*	164.02
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	
Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	
Interest accrued and remaining unpaid at the end of accounting year	
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act ^	

^ represents value less than 0.01 million

** it include Principal amount due to Creditors for capital goods*

Ageing schedule for trade payables outstanding as at March 31, 2023:

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				
			Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed:							
(i) MSME	-	-	162.00	-	-	2.02	164.02
(ii) Others	-	-	681.98	0.25	-	-	682.23
Disputed:							
(i) MSME	-	-	-	-	-	-	-
(ii) Others	-	-	-	-	-	-	-
Total	**-**	**-**	**843.98**	**0.25**		**2.02**	**846.25**

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SFC Environmental Technologies Ltd. ★ Vashi Navi Mumbai

(Currency: Indian Rupees in Millions)

28	**Current liabilities - Financial liabilities - Others**	**As at March 31, 2023**
	Creditors for capital goods - Non MSME	0.20
	Creditors for expenses	54.63
	Employee benefits payable	18.38
		73.21

29	**Current liabilities - Others**	**As at March 31, 2023**
	Statutory dues Payable*	88.07
	Contract liabilities	66.81
	Other payables	0.13
	Provision for expenses	5.48
		160.49

* Statutory dues payable are in the nature of income tax deducted at source, tax collect at source, professional tax, goods and service tax and contribution to provident fund and employee state insurance corporation.

30	**Current liabilities - Provisions**	**As at March 31, 2023**
	Provision for gratuity (refer note 46)	0.06
		0.06

31	**Current liabilities - Current tax liabilities**	**As at March 31, 2023**
	Provision for tax (net of taxes paid)	-
		-

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		Year ended March 31, 2023
32	**Revenue from operations**	
	Revenue from contracts with customer	
	Sale of goods	3,764.99
	Sale of services	347.15
	Total (A)	**4,112.14**
	Other operating revenues	
	Scrap sales	1.80
	Export Benefits Earned	3.77
	Total (B)	**5.57**
	Total revenue from operations (A+B)	**4,117.72**

		Year ended March 31, 2023
33	**Other income**	
	Interest income under the effective interest method on	
	- loans	4.14
	- loan given to related parties (Refer Note No. 47)	52.76
	- term deposits	58.26
	- security deposits	0.22
	Net gain on fair valuation of Investment in Mututal Funds (Financial instrument at FVTPL)	4.22
	Net gain / (loss) on foreign exchange	9.23
	Net gain on sale of Property, Plant & Equipment	1.11
	Net gain on sale of investment property	19.91
	Insurance claim	0.88
	Rent income	0.77
	Miscellaneous income	2.42
	Total other income	**153.92**

		Year ended March 31, 2023
34	**Impairment gain on financial assets**	
	Impairment gain on financial assets	-
	Total impairment gain	**-**

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(Currency: Indian Rupees in Millions)

35	**Purchases of Goods and Services**	**Year ended March 31, 2023**
	Purchase of goods and services	2,392.85
		2,392.85

36	**Cost of material consumed:**	**Year ended March 31, 2023**
	Cost of material consumed:	
	- Opening stock of raw materials	-
	- Add: Purchases of raw materials	115.19
	- Less: Closing stock of raw materials	(56.97)
	Total Cost of Material Consumed	**58.22**

37	**Changes in inventories**	**Year ended March 31, 2023**
	Inventories at the beginning of the year	
	- Finished goods & Stock in trade	207.64
		207.64
	Less: Inventories at the end of the year	
	- Finished goods & Stock in trade	(224.68)
	- Project Work-in-progress	(138.25)
		(362.93)
	Net decrease / (increase)	**(155.28)**

38	**Employee benefits expense**	**Year ended March 31, 2023**
	Salaries, wages and bonus	246.68
	Contribution to provident and other funds (refer note 46)	16.87
	Gratuity (refer note 46)	1.98
	Directors' remuneration	65.31
	Staff welfare expenses	11.19
	Total employee benefits expense	**342.02**

39	**Finance costs**	**Year ended March 31, 2023**
	Interest expense on financial liabilities, measured at amortized cost on	
	- bank overdraft	17.90
	Other borrowing costs	14.18
	Interest expense on lease liabilities	1.34
	Total finance costs	**33.42**

40	**Depreciation and amortization expense**	**Year ended March 31, 2023**
	Depreciation on property, plant and equipment	28.61
	Depreciation on right-of-use asset	7.02
	Depreciation on Investment property	11.10
	Total depreciation and amortization expense	**46.73**

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41	**Impairment losses on financial assets**	**Year ended March 31, 2023**
	Impairment loss on trade receivables arising from contracts with customer	3.74
	Total impairment loss	**3.74**

42	**Other expenses**	**Year ended March 31, 2023**
	Bad debts written off	0.85
	Bank charges	1.71
	Brokerage expenses	0.90
	Commission	0.98
	Computer expenses	1.01
	Corporate Social Responsibility (Refer note 53)	12.95
	Donation	1.06
	Electricity expenses	2.37
	Guest house expenses	1.95
	Inspection charges	5.53
	Interest & penalty on delay payment of statutory dues	0.35
	Insurance	4.92
	Labour charges	1.86
	Legal & professional fees	94.26
	Lodging expenses	30.24
	Marketing and Business Promotion	14.16
	Miscellaneous expenses	2.01
	O & M expenses	11.09
	Packing & forwarding expenses	0.31
	Payment to auditors (Refer note 42.a)	1.00
	Postage & courier	4.09
	Printing & stationery expenses	1.98
	Rates & taxes	5.36
	Recruitment charges	0.31
	Rent	1.94
	Repair and maintenance	14.28
	Security charges	1.42
	Site expenses	8.66
	Subscription expenses	1.66
	Telephone & Internet charges	1.26
	Transportation charges	53.37
	Travelling & conveyance	38.35
	Vehicle expenses	2.26
	Total other expenses	**324.44**

^ represents value less than 0.01 million

42.a	**Payment to auditors**	**Year ended March 31, 2023**
	As auditor:	
	Statutory audit	1.00
	Total	**1.00**

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(Currency: Indian Rupees in Millions)

		Year ended March 31, 2023
43	**Income tax**	
(A)	**Current tax expense**	
	- Current tax charge	324.04
	- Short / (excess) provision of income tax of earlier years	5.64
	- Deferred tax charge / (income)	(5.54)
	Income tax expense reported in the statement of profit or loss	**318.50**

		As at March 31, 2023
(B)	**Deferred tax relates to the following:**	
	Deferred tax assets	
	On investment property	7.03
	On lease arrangements as per Ind AS 116	4.89
	On fair valuation of investment	0.07
	On expected credit loss for trade receivables	22.69
		34.68
	Deferred tax liabilities	
	On property, plant and equipment	6.66
		6.66
	Deferred tax asset / liabilities (net)	**28.02**

		Year ended March 31, 2023
(C)	**Income tax expense charged to OCI**	
	Items that will not be reclassified to profit or loss	
	Net loss / (gain) on remeasurements of defined benefit liability (asset)	1.90
	Income tax charged to OCI	**1.90**

		Year ended March 31, 2023
(D)	**Reconciliation of effective tax rate**	
	Profit before tax from continuing operations	1,225.49
	Tax using the Company's domestic tax rate	308.43
	Tax effect of:	
	- Non-deductible expenses	3.53
	-Taxable at different rate	(1.30)
	-Interest on late payment of taxes	4.86
	Others	8.52
	Deferred tax impact	(5.54)
	Income tax expense	**318.50**
	Effective Tax Rate	**25.99**

Movement in deferred tax balances

For year ended March 31, 2023:

Particulars	Opening Balance	Recognized through Profit or Loss	Recognized in OCI	Closing Balance
Tax effect of items constituting deferred tax asset				
On investment property	6.29	0.74	-	7.03
On lease arrangements as per Ind AS 116	0.69	4.21	-	4.89
On fair valuation of investment	1.13	(1.06)	-	0.07
On expected credit loss for trade receivables	21.75	0.94	-	22.69
	29.85	4.82	-	34.68
Tax effect of items constituting deferred tax liabilities				
On property, plant and equipment	7.37	(0.72)	-	6.66
	7.37	(0.72)	-	6.66
Net Deferred Tax Asset / (Liabilities)	**22.48**	**5.54**	-	**28.02**

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The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the year over which deferred income tax assets will be recovered.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

44 Earnings per share ("EPS")

Basic EPS is calculated by dividing the profit / (loss) for the year attributable to equity holders by the weighted average number of equity shares outstanding during the years.

Diluted EPS are calculated by dividing the profit / (loss) for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

	Year ended March 31, 2023
Profit for the year for basic and diluted EPS (A)	907.00
Weighted average number of equity shares outstanding for calculating basic and diluted EPS (B)	9,34,11,270
Earnings per share (Rs.) - Basic (face value of Rs. 2 per share) (A/B)	9.71
Earnings per share (Rs.) - Diluted (face value of Rs. 2 per share) (A/B)	9.71

Pursuant to the issue of bonus shares and share split during the year ended March 31, 2025, the weighted average number of equity shares and earnings per share of the March 31, 2023 has been accordingly re-stated.

45 Contingent liabilities and commitments	Year ended March 31, 2023
I. Claims against the company not acknowledged as debts	
Corporate guarantees given for subsidiaries	160.00
Total Contingent Liabilities	**160.00**

II. Capital commitments

There are no capital commitments for the company as on March 31, 2023.

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46 Employee benefits

(I) Defined Contribution Plans

Employer's Contribution to Provident fund and ESIC

(a) During the year, the Company's contribution to Provident Fund and ESIC is recognized in the statement of Profit and loss under the head Employee Benefit Expense.

	Year ended March 31, 2023
- Employer's contribution to Provident Fund and other funds	16.87

(II) Defined benefit plans

Every employee is entitled to the benefit equivalent to 15 days of total gross salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the company on retirement or separation or death or permanent disablement in terms of the provisions of the payment of Gratuity Act.

Particulars	**Gratuity (Funded)** As at March 31, 2023
I) Reconciliation in present value of obligation (PVO)	
Defined benefit obligation:	
Liability at the beginning of the year	24.02
Interest cost	1.73
Current service cost	2.13
Benefits paid	(1.24)
Employer's contribution	-
Actuarial loss on obligations	-
Actuarial (gain) / loss - Financial Assumptions	(0.57)
Actuarial (gain) / loss - Experience	7.70
Liability at the end of the year	**33.76**

	As at March 31, 2023
II) Change in fair value of plan assets:	
Fair value of plan assets at the beginning of the year	22.46
Expected return on plan assets	1.65
Interest income plan assets	-
Employer contributions	-
Benefits paid	(1.24)
Actuarial gain / (loss) on plan assets	(0.30)
Funded status	**22.56**

	Year ended March 31, 2023
III) Expenses recognized in the Statement of Profit & Loss:	
Current service cost	2.13
Net interest costs	0.09
Other expenses / adjustments	
Components of defined benefit cost recognized in Profit and Loss	**2.21**

	Year ended March 31, 2023
IV) Expenses recognized in the Other Comprehensive Income:	
Actuarial (gain) / loss	7.43
	7.43

	As at March 31, 2023
V) Included in Other Comprehensive Income	
Amount recognized in OCI, beginning of the year	1.09
Remeasurements due to:	
Effect of change in financial assumptions	(0.57)
Effect of change in demographic assumptions	7.70
Effect of experience adjustments	-
Return on plan assets (excluding interest)	0.30
Total remeasurements recognized in OCI	7.43
Amount recognized in OCI, end of the year	**8.52**

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		As at March 31, 2023
VI)	**Net liability recognized in the Balance Sheet**	
	Fair value of plan assets at the end of the year	22.56
	Liability at the year end	(33.76)
	Amount recognized in the Balance Sheet	**(11.20)**

VII)	**Category of assets as at the end of the year:**	
	Insurer managed fund (%)	100.00
	(Fund is managed by LIC as per Insurance Regulatory & Development Authority guidelines)	

		Year ended March 31, 2023
VIII)	**Actuarial Assumptions**	
	Discount rate (%)	7.50%
	Expected salary increase rate (%)	5.00%
	Attrition rate (%)	2.00%
	Mortality rate	IALM (2012-14) Ultimate
	Retirement age	60 years

		As at March 31, 2023
IX)	**Experience adjustments**	
	Present value of defined benefit obligation	33.76
	Fair value of the plan assets	22.56
	(Surplus)/ Deficit in the plan	11.20
	Experience adjustments on:	
	On plan liability	7.70
	On plan asset	(0.30)

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X) Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation as shown below.

	Year ended March 31, 2023
Increase in	
Discount rate (1% movement)	30.67
Future salary growth (1% movement)	35.66
Decrease in	
Discount rate (1% movement)	37.37
Future salary growth (1% movement)	31.68

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year.

XI) Expected future cash flows

The expected contributions for the defined benefit plan for the next financial years are mentioned below:

Expected future benefit payments	As at March 31, 2023
Year 1	1.40
Year 2	1.24
Year 3	3.09
Year 4	1.24
Year 5	3.00
Year 6-10	17.40
Above 10 years	57.80
Average Expected Future Working life (in years)	18.42

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

47 Related party disclosures

1 Names of related parties and nature of relationship:

Subsidiary Companies	Navitas Waste Treatment Private Limited
	SFC Umwelttechnik Gmbh
	Chavare Engineering Private Limited
	Vasudha Waste Treatment Private Limited
	Fine Aeration Systems Private Limited
	SFC Ekotechnika S.r.o
	Chavare Engineering & Endress Plus Hauser JV
Associates	Turbomax India Private Limited
	Hindustan Waste Treatment Private Limited
Joint Ventures	Endress + Hauser & Chavare Engineering (JV) Private Limited
Key management personnels (KMP)	Sandeep Sudhakar Asolkar
	Sarvesh Kumar Garg
	Shweta Deshpande
	Sandeep Sambhaji Parab (Director till November 06, 2023)
	Veera Venkata Satyanarayana Yannamani (Director till November 06, 2023)
Relatives of KMP	Prachiti Asolkar
	Shruti Mandar Desai
	Bhagyashree Anil Sawant
Enterprise over which KMP have significant influence	Asolkar Tradecraft Pvt Ltd
	Konkan Mango Processing (Ratnagiri) Private Limited

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47.1 Disclosure of transactions between the Company and Related parties and the status of outstanding balances as at period ending

	Year ended March 31, 2023
(i) Transactions with related parties:	
Revenue from Operations	
Sale of Goods	
Fine Aeration Systems Private Limited	0.67
Hindustan Waste Treatment Private Limited	-
Vasudha Waste Treatment Private Limited	549.93
Sale of Services	
Hindustan Waste Treatment Private Limited	66.80
Vasudha Waste Treatment Private Limited	-
Other Income	
Interest on unsecured loan	
Fine Aeration Systems Private Limited	0.05
Hindustan Waste Treatment Private Limited	0.14
Vasudha Waste Treatment Private Limited	52.57
Dividend Received	
Chavare Engineering Private Limited	-
Corporate Guarantee	
Chavare Engineering Private Limited	1.60
Vasudha Waste Treatment Private Limited	-
Rent and Infrastructure	
Navitas Waste Treatment Private Limited	0.18
Turbomax India Private Limited	0.09
Sale of Fixed Assets	
Turbomax India Private Limited	-
Expenditure	
Purchase of Goods	
Chavare Engineering Private Limited	43.71
Fine Aeration Systems Private Limited	-
Turbomax India Private Limited	-
Procurement of Services	
Fine Aeration Systems Private Limited	-
Chavare Engineering Private Limited	-
Turbomax India Private Limited	-
Purchase of Fixed Assets	
Fine Aeration Systems Private Limited	-
Repairs & Maintenance Expenses	
Chavare Engineering Private Limited	0.01
Turbomax India Private Limited	-
Erection, Commissioning & Installation Charges	
Chavare Engineering Private Limited	4.20

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Reimbursement of Expenses	
Vasudha Waste Treatment Private Limited	0.09
Chavare Engineering Private Limited	-
Hindustan Waste Treatment Private Limited	5.84
Reimbursement of Fees towards Business Support Services	
Turbomax India Private Limited	5.16
Directors Remuneration and Incentives	
Sandeep Sudhakar Asolkar	32.99
Sarvesh Kumar Garg	11.83
Sandeep Sambhaji Parab	11.83
Veera Venkata Satyanarayana Yannamani	11.83
Salary	
Shweta Deshpande	0.05
Professional Fees	
Shruti Mandar Desai	-
Dividend Paid *	
Sandeep Sudhakar Asolkar	40.50
Finance	
Loan Given (Payment) (excl Interest on Loan)	
Vasudha Waste Treatment Private Limited	138.10
Fine Aeration Systems Private Limited	7.00
Hindustan Waste Treatment Private Limited	55.00
Chavare Engineering Private Limited	-
Navitas Waste Treatment Private Limited	13.00
Loan Repaid (Received)	
Vasudha Waste Treatment Private Limited	7.53
Fine Aeration Systems Private Limited	-
Hindustan Waste Treatment Private Limited	55.00
Chavare Engineering Private Limited	-
Navitas Waste Treatment Private Limited	93.00
Advance Paid	
SFC Umwelttechnik GmbH	-
Investments	
Purchase of Shares	
Navitas Waste Treatment Private Limited	-

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Investment in Shares	
Vasudha Waste Treatment Private Limited	-
Fine Aeration Systems Private Limited	0.51
Turbomax India Private Limited	37.24
Hindustan Waste Treatment Private Limited	-

(ii) Balances with Related Parties	As at March 31, 2023
Employee Benefit Payable	
Sandeep Sudhakar Asolkar	1.61
Sarvesh Kumar Garg	0.62
Sandeep Sambhaji Parab	0.62
Veera Venkata Satyanarayana Yannamani	0.60
Trade Payables	
Chavare Engineering Private Limited	18.35
Fine Aeration Systems Private Limited	-
Turbomax India Private Limited	-
Trade Receivable	
Chavare Engineering Private Limited	-
Hindustan Waste Treatment Private Limited	1.51
Vasudha Waste Treatment Private Limited	187.44
Fine Aeration Systems Private Limited	0.80
Other Receivable	
Turbomax India Private Limited	6.19
Navitas Waste Treatment Private Limited	-
Short Term Loans & Advances	
Chavare Engineering Private Limited	-
Navitas Waste Treatment Private Limited	221.57
Hindustan Waste Treatment Private Limited	-
Vasudha Waste Treatment Private Limited	632.33
Fine Aeration Systems Private Limited	7.04
Advance to Supplier	
SFC Umwelttechnik GmbH	-
Investment in Shares	
Chavare Engineering Private Limited	81.60
Vasudha Waste Treatment Private Limited	7.77
Navitas Waste Treatment Private Limited	0.10
Hindustan Waste Treatment Private Limited	-
Fine Aeration Systems Private Limited	0.51
Turbomax India Private Limited	37.24
SFC Umwelttechnik GmbH	82.89

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(iii) Transactions & Balances of Corporate Guarantee

	As at March 31, 2023
Corporate guarantee given by SFC Environmental Technologies Limited for related parties:	
For Term Loan	
Amount sanctioned during the year	
a) Vasudha Waste Treatment Private Limited	-
Closing balance of the term loan at the end of the year	
a) Vasudha Waste Treatment Private Limited	-
For working capital facilities	
Amount sanctioned during the year	
a) Chavare Engineering Private Limited	-
Amount of Sanctioned Facility at the end of the year	
a) Chavare Engineering Private Limited	-

The sitting fees and commission paid to non-executive and Independent directors is NIL as at March 31, 2023.

Note: Personal guarantee have been given by Mr. Sandeep Sudhakar Asolkar for the loans/credit facilities availed by the Group. Refer Note 51 for the same.

- The information given above, has been reckoned on The basis of information available with The Company and relied upon by the auditors.
- The transactions from related parties are made at terms equivalent to those that prevail in arm's length transactions.

48 Segment reporting

As per Ind AS 108- "Operating Segment", segment information has been provided under the Notes to Consolidated Financial Statements.

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49 Fair values of financial assets and financial liabilities

The fair value of loans, cash and cash equivalents, trade receivables, other current financial assets, trade payables, short-term borrowings and other financial liabilities approximate the carrying amounts because of the short term nature of these financial instruments.

The amortized cost using effective interest rate (EIR) of non-current financial assets consisting of security and term deposits are not significantly different from the carrying amount.

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

Fair value hierarchy

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

•Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

•Level 2 - Inputs other than quoted prices included within 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 assets or liabilities that are not based on observable market data (unobservable inputs).

No financial assets/liabilities have been valued using level 1 fair value measurements.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

As at March 31, 2023

Particulars	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised cost	Total	Quoted Price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets								
Investments - Non-current	-	-	400.34	400.34	-	400.34	-	400.34
Loans - Non-current			496.61	496.61			496.61	496.61
Other financial assets - Non-current	-	-	232.86	232.86	-	-	232.86	232.86
Trade receivables - Current	-	-	1,777.18	1,777.18	-	-	1,777.18	1,777.18
Cash and cash equivalents - Current	-	-	199.22	199.22	-	-	199.22	199.22
Other bank balance - Current	-	-	951.89	951.89	-	-	951.89	951.89
Loans - Current	-	-	380.12	380.12	-	-	380.12	380.12
Other Financial Asset - Current	-	-	8.61	8.61	-	-	8.61	8.61
Financial Liabilities								
Borrowings - Non-current	-	-	-	-	-	-	-	-
Lease liabilities - Non-current	-	-	8.24	8.24	-	-	8.24	8.24
Borrowings - Current	-	-	457.88	457.88	-	-	457.88	457.88
Lease liabilities - Current	-	-	10.75	10.75	-	-	10.75	10.75
Trade payables - Current	-	-	846.25	846.25	-	-	846.25	846.25
Other financial liabilities - Current	-	-	73.21	73.21	-	-	73.21	73.21

(Currency: Indian Rupees in Millions)

50 Risk management framework

The Company's principal financial liabilities comprises of of borrowings, lease liabilities, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade receivables, cash and cash equivalents, other bank balances and other financial assets that derive directly from its operations. The Company is exposed preliminary to market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets & seek to minimize potential adverse effects on its financial performance.

(A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: Foreign currency risk, interest rate risk and price risk. The Company's exposure to market risk is on account of foreign currency risk and interest rate risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates.The fixed rate borrowings are carried at amortised cost, hence, they are not subject to interest rate risk since the carrying amount and future cash flows will not fluctuate because of change in market interest rates. The exposure of the Company's borrowings to interest rate changes at the end of reporting period are as follows:

Particulars	**As at March 31, 2023**
Variable rate borrowings	457.88
Fixed rate borrowings	-
Total	**457.88**

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Company's profit after tax is affected through the impact on floating rate borrowings, as follows:

	As at March 31, 2023
For Year ended March 31, 2023	
INR	(3.43)
INR	(3.43)

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency.

The Company's exposure to currency risk (carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities) at the end of the reporting period are as follows :

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Exposure to currency risk	As at March 31, 2023
Financial Assets	
Net financial assets- USD	41.11
Net financial assets- Euro	-
Net financial assets- Other currencies	-
	41.11
Financial liabilities	
Net financial liabilities- USD	594.09
Net financial liabilities- Euro	(12.82)
Net financial liabilities- Other currencies	-
	581.27
Net exposure	**540.16**

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in foreign currency, with all other variables held constant relating to unhedged foreign currency exposure. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in the foreign currency rates. The impact on the Company's profit after tax is as follows:

	Effect on profit after tax		Effect on Equity	
	Strengthening of Foreign Currency	Weakening of Foreign Currency	Strengthening of Foreign Currency	Weakening of Foreign Currency
As at March 31, 2023				
USD (10% Movement)	(55.30)	55.30	(55.30)	55.30
EURO (10% Movement)	1.28	(1.28)	1.28	(1.28)
Other currencies (10% Movement)	-	-	-	-

(B) Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms and obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and credit worthiness of the customer on continuous basis to whom the credit has been granted. The financial instruments that are subject to concentration of credit risk principally consist of trade receivables and cash and bank equivalents.

To manage credit risk, the Company follows a policy of providing credit to its customers based on prevailing market credit terms. The credit limit policy is established considering the current economic trend of the industry in which the Company is operating. Also, the trade receivables are monitored on a periodic basis for assessing any significant risk of non-recoverability of dues and provision is created accordingly. These receivables are monitored on a periodic basis for assessing any significant risk of non-recoverability of dues and provision is created accordingly.

The Company recognises lifetime expected credit losses on trade receivable using simplified approach by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in provision matrix.

The Movement in the allowance for impairment in respect of trade receivables during the period was as follows:

	Year ended March 31, 2023
Opening Balance	86.40
Amounts written off	
Provision for the year	3.74
Net measurement of loss allowance	3.74
Closing balance	90.14

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(C) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to maintain optimum levels of liquidity and to ensure that funds are available for use as per requirement.

The liquidity risk principally arises from obligations on account of financial liabilities viz. borrowings, lease liabilities, trade payables and other financial liabilities.

The finance department of the Company is responsible for liquidity and funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

Exposure to liquidity risk

The table below summarizes the maturity profile of the Company's financial liabilities:

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

As at March 31, 2023	Within 1 year	1 to 5 years	More than 5 years	Total
Borrowings	457.88	-	-	457.88
Trade payables	846.25	-	-	846.25
Lease liabilities	9.62	11.55	-	21.17
Other financial liabilities	73.21	-	-	73.21
	1,386.96	11.55	-	1,398.51

51 Secured Borrowing

i. The Company has entered into Term Loan facility from Axis Bank, for the purpose of purchase of commercial premises situated at 22nd Floor, the Ambience Court, Sector 19D, Vashi, Navi Mumbai-400 705. Loan amount is Rs 100 Mn. @ Repo + 2.25% for period of 84 months, repayable in monthly installment ending on July 2030. This credit facility is against primary security of collateral of office premises. This credit facility is also backed by personal guarantee of Mr. Sandeep Sudhakar Asolkar, director & promoter of the Company.

ii. Fund based working capital facilities from banks carry interest ranging from 6.24% to 9.50% p.a. (March 31 2022 : 5.30% to 8.20% p.a.). The said facilities are against primary security of lien of fixed or time Deposits, primary hypothecation of current assets, guest houses, movable fixed assets, investment properties, collateral of office premises. The credit facility of the company is also backed by personal guarantee of Mr. Sandeep Sudhakar Asolkar, director & promoter of the Company.

	As at March 31, 2023
Current	457.88
Non Current	-
TOTAL	**457.88**

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52 Leases

As a Leasee

(i) The Company has entered into Finance Lease agreements as a lessee. Disclosure in respect of leases pursuant to Indian Accounting Standards 116 on 'Leases' pertaining to minimum lease rentals and the future minimum lease payments are as follows :

Right-of-Use Asset	**As at March 31, 2023**
Balance as at the beginning of the year	4.52
Additions during the current year	20.94
Deletions during the current year	-
Depreciation of ROU	(7.02)
Accumulated depreciation on disposal of ROU	-
Balance as at the end of the year	**18.44**

Lease Liabilities	**As at March 31, 2023**
Current	10.75
Non-current	8.24
Total Lease Liabilities	**18.99**

(ii) Following are the carrying value of right of use assets for, and year ended , March 31, 2023 and March 31, 2022.
Please refer note no.6 for detailed presentation of fair value of right of use assets.

(iii) Impact of adoption of Ind AS 116 is as follows:	**Year ended March 31, 2023**
Decrease in lease rentals by	(7.90)
Increase in finance cost by	1.34
Increase in depreciation by	7.02
Gain on termination of lease	-
Net impact on profit/loss	**0.46**

(iv) Maturity analysis of lease liabilities– contractual undiscounted cash flows:	**As at March 31, 2023**
Less than one year	9.62
One to five year	11.55
More than five year	-
Total undisclounted lease liabilities as at	**21.17**

	Year ended March 31, 2023
(v) The total cash outflow for leases for year ended	7.90

General description of leasing agreements:

Leased assets: Buildings
Future lease rentals are determined on the basis of agreed terms.
At the expiry of lease terms, the Company has an option to return the assets or extend the term by giving notice in writing.
Lease agreements are generally cancellable and are renewable by mutual consent on mutually agreed terms.

GBCA & ASSOCIATES LLP MUMBAI Chartered Accountants

SFC Environmental Technologies Ltd. Vashi Navi Mumbai

(Currency: Indian Rupees in Millions)

53 Capital management

Capital includes equity attributable to the equity holders to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended March 31, 2025, March 31, 2024 & March 31, 2023.The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as loans, borrowings and lease liabilities less cash and cash equivalents.

The amount managed as capital by the Company are summarised as follows:

Particulars	As at March 31, 2023
Borrowings	457.88
Lease Liability	18.99
Less: cash and cash equivalent	(199.22)
Net Debt	277.66
Total Equity	3,877.13
Capital and Net debt	4,154.79
Gearing Ratio	0.07

The Company's key objective in managing its financial structure is to maximize value for shareholders, reduce cost of capital, while at the same time ensuring that the flexibility required to continue its expansion.

As per our report of even date
For G B C A & Associates LLP
Chartered Accountants
FRN: 103142W / W100292

GBCA & ASSOCIATES LLP MUMBAI Chartered Accountants

Yogesh Amal
Partner
Membership Number: 111636
Place: Mumbai
Date: 13 AUG 2025

For and on behalf of the Board of Directors of
SFC Environmental Technologies Limited
(Formerly known as SFC Environmental Technologies Private Limited)

Sandeep Sudhakar Asolkar
Chairman & Managing Director
DIN: 00097828
Place: Navi Mumbai
Date: 13 AUG 2025

Sarvesh Kumar Garg
Executive Director
DIN: 06873116
Place: Navi Mumbai
Date: 13 AUG 2025

Mandar Dinkar Desai
Chief Executive Officer
Place: Navi Mumbai
Date: 13 AUG 2025

Amit Anil Sawant
Chief Financial Officer
Place: Navi Mumbai
Date: 13 AUG 2025

Shweta Deshpande
Company Secretary
Membership No.: A-67764
Place: Navi Mumbai
Date: 13 AUG 2025

SFC Environmental Technologies Ltd. Vashi Navi Mumbai