

Sparkle Terminal & Towage Services Ltd

Annual Financial Statement

FY. 2022-23

INDEPENDENT AUDITOR'S REPORT

To The Members of Sparkle Terminal and Towage Services Limited Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Sparkle Terminal and Services Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Director's report, but does not include the financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the financial statements does not cover the other information and will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with

18

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books *Error! Bookmark not defined.*
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company has not paid/ provided any managerial remuneration to its directors during the year.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 2.25 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 2.35 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 2.35 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



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- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - v. The company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
 - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For S. B. Billimoria & Co. LLP
Chartered Accountants
(F.R.N. AAY – 7397)

~~Ganesh~~ Balakrishnan
Partner
Membership No. 201193
UDIN: 23201193BGPJQF6731

Place: Hyderabad
Date: May 29, 2023

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Sparkle Terminal and Towage Services Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



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Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

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

For S. B. Billimoria & Co. LLP
Chartered Accountants
(F.R.N. AAY – 7397)

Ganesh Balakrishnan
Partner
Membership No. 201193
UDIN: 23201193BGPJQF6731

Place: Hyderabad
Date: May 29, 2023

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ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

- (i) (a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and capital work-in-progress.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Property, Plant and Equipment and capital work-in-progress were physically verified during the year by the Management which, in our opinion, provides for physical verification at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties and hence reporting under clause (i)(c) of the Order is not applicable.
- (d) The Company has not revalued any of its property, plant and equipment during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.
- (b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions on the basis of security of current assets, and hence reporting under clause (ii)(b) of the Order is not applicable.
- (iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.
- (iv) The Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause (iv) of the Order is not applicable.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified for the activities of the Company by the Central Government under section 148(1) of the Companies Act, 2013.



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- (vii) According to the information and explanations given to us, In respect of statutory dues:
- (a) Undisputed statutory dues, including Goods and Services Tax, Provident Fund, Income-tax, Sales Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.
- There were no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employee State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
- (b) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2023.
- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or Government or any Government authority.
- (c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e,f) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clauses (ix)(e) and (ix)(f) of the Order is not applicable.
- (x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
- (b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) To the best of our knowledge, no report under sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.
- (c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Sections 177 and 188 of the Companies Act for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

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- (b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto December 2022 and the draft of the internal audit reports where issued after the balance sheet date covering the period January 2023 to March 31, 2023 for the period under audit.
- (xv) In our opinion, during the year the Company has not entered into any non-cash transactions with any of its directors or directors of it's holding company or persons connected with such directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a,b,c) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order are not applicable.
- (d) As represented to us by the Management, the Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For S. B. Billimoria & Co. LLP
Chartered Accountants
(F.R.N. AAY - 7397)

Genesh Balakrishnan
Partner
Membership No. 201193
UDIN: 23201193BGPJQF6731

Place: Hyderabad
Date: May 29, 2023

Sparkle Terminal and Towage Services Limited**Balance Sheet as at March 31, 2023**

(All amounts in Indian Rupees in lakhs, except share data and unless otherwise stated)

| | Note | As at March 31, 2023 | As at March 31, 2022 |
|--|--------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 2.1(A) | 11,894.17 | 11,951.44 |
| Intangible assets | 2.1(A) | - | 0.16 |
| Capital work-in-progress | 2.1(B) | - | 113.93 |
| Financial assets: | | | |
| Other financial assets | 2.9 | 138.80 | 263.64 |
| Income tax assets (net) | 2.2 | 84.53 | 141.32 |
| Other non-current assets | 2.3 | 278.63 | 358.48 |
| Total non-current assets | | 12,396.13 | 12,828.97 |
| Current assets | | | |
| Inventories | 2.4 | 424.19 | 258.15 |
| Financial assets: | | | |
| Investments | 2.5 | - | 282.98 |
| Trade receivables | 2.6 | 870.57 | 449.42 |
| Cash and cash equivalents | 2.7 | 2,775.66 | 60.06 |
| Bank balances other than cash and cash equivalents | 2.8 | 1,088.85 | 3,236.84 |
| Other financial assets | 2.9 | 40.73 | 36.55 |
| Other current assets | 2.10 | 347.28 | 254.32 |
| Total current assets | | 5,547.28 | 4,578.32 |
| Total assets | | 17,943.41 | 17,407.29 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Equity share capital | 2.11 | 4,580.00 | 4,580.00 |
| Other equity | 2.12 | 5,588.45 | 4,860.55 |
| Total equity | | 10,168.45 | 9,440.55 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial liabilities: | | | |
| Borrowings | 2.13 | 5,650.00 | 6,550.00 |
| Deferred tax liabilities (net) | 2.14 | 26.37 | 29.75 |
| Total non-current liabilities | | 5,676.37 | 6,579.75 |
| Current liabilities | | | |
| Financial liabilities: | | | |
| Borrowings | 2.13 | 900.00 | 800.00 |
| Trade payables | 2.15 | | |
| i) Total outstanding dues of micro enterprises and small enterprises | | 4.32 | - |
| ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 649.00 | 133.31 |
| Other financial liabilities | 2.16 | 315.47 | 348.99 |
| Other current liabilities | 2.17 | 192.05 | 104.69 |
| Current tax liabilities | 2.2 | 37.76 | - |
| Total current liabilities | | 2,098.60 | 1,386.99 |
| Total liabilities | | 7,774.97 | 7,966.74 |
| Total equity and liabilities | | 17,943.42 | 17,407.29 |
| Corporate information and significant accounting policies | 1 | | |

See accompanying notes forming part of the financial statements

In terms of our report attached

for **S. B. Billimoria & Co. LLP**
Chartered Accountants
(Firm Registration Number : AAY-7397)

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: May 29, 2023

For and on behalf of the Board of Directors

Sparkle Terminal and Towage Services Limited
CIN: U74999TG2016PLC111655

Sanjeev Kumar **Hiren Dhiraj Shah**
Managing Director Director
DIN : 09595164 DIN : 00275758

Chirag Kanaiyalal Shah **Kuntal Virendra Chandya**
Chief Financial Officer Company Secretary
Membership No.A35947

Place: Hyderabad
Date: May 29, 2023

Sparkle Terminal and Towage Services Limited
Statement of Profit and Loss for the year ended Mar 31, 2023
(All amounts in Indian Rupees in lakhs, except share data and unless otherwise stated)

| | Note | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|------|--------------------------------------|--------------------------------------|
| Income | | | |
| Revenue from operations | 2.18 | 5,156.56 | 4,643.54 |
| Other income | 2.19 | 105.26 | 151.03 |
| Total income | | 5,261.82 | 4,794.57 |
| Expenses | | | |
| Operating expenses | 2.20 | 2,053.85 | 1,370.00 |
| Employee benefits expense | 2.21 | 716.20 | 664.15 |
| Finance costs | 2.22 | 617.79 | 679.78 |
| Depreciation and amortisation expense | 2.1 | 594.13 | 481.95 |
| Other expenses | 2.23 | 418.92 | 420.00 |
| Total expenses | | 4,400.89 | 3,615.88 |
| Profit before tax | | 860.93 | 1,178.70 |
| Tax expense | | | |
| - Current tax | 2.24 | 136.00 | 21.53 |
| - Deferred tax | | (3.38) | 4.59 |
| - Taxes on earlier years | | 0.41 | - |
| Total Tax expense | | 133.03 | 26.12 |
| Profit for the year | | 727.90 | 1,152.58 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss | | - | - |
| Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| Total comprehensive income for the year | | 727.90 | 1,152.58 |
| Earnings per equity share of ₹ 10 each: | | | |
| Basic and Diluted (in ₹) | 2.30 | 1.59 | 2.52 |
| Corporate information and significant accounting policies | 1 | | |

See accompanying notes forming part of the financial statements

In terms of our report attached

for **S. B. Billimoria & Co. LLP**
Chartered Accountants
(Firm Registration Number : AAY-7397)

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: May 29, 2023

For and on behalf of the Board of Directors

Sparkle Terminal and Towage Services Limited
CIN: U74999TG2016PLC111655

Sanjeev Kumar
Managing Director
DIN : 09595164

Hiren Dhiraj Shah
Director
DIN : 00275758

Chirag Kanaiyalal Shah
Chief Financial Officer

Kuntal Virendra Chandya
Company Secretary
Membership No.A35947

Place: Hyderabad
Date: May 29, 2023

Sparkle Terminal and Towage Services Limited
Statement of Cash Flows for the year ended March 31, 2023

(All amounts in Indian Rupees in lakhs, except share data and unless otherwise stated)

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| Cash flows from operating activities | | |
| Profit before tax | 860.93 | 1,178.70 |
| Adjustments: | | |
| Depreciation and amortisation expense | 594.13 | 481.95 |
| Interest income | (105.04) | (125.73) |
| Gain on redemption of mutual funds | (0.08) | (7.09) |
| Unrealised gain on fair valuation of Investments held at fair value through profit & loss | - | (11.62) |
| Guarantee commission expense | 80.00 | 80.00 |
| Provisions no longer required, written back | - | 1.44 |
| Finance costs | 617.79 | 679.78 |
| Operating cash flows before working capital changes | 2,047.73 | 2,277.43 |
| Adjustments for (increase) / decrease in operating assets: | | |
| - Inventories | (166.04) | (7.81) |
| - Trade receivables | (421.15) | 5.47 |
| - Other assets | 31.73 | (239.62) |
| Adjustments for increase / (decrease) in operating liabilities: | | |
| - Trade payables, Other liabilities | 603.05 | 27.42 |
| Cash generated from operating activities | 2,095.32 | 2,062.89 |
| Income-taxes paid (net) | (36.07) | (6.99) |
| Net cash flow from operating activities (A) | 2,059.25 | 2,055.91 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment (including capital work-in-progress and intangible assets) | (536.70) | (138.80) |
| Investment in mutual funds | (23.13) | (300.00) |
| Proceeds from redemption of mutual funds | 420.91 | 427.92 |
| Unrealised gain on fair valuation of Investments held at fair value through profit & loss | - | 11.62 |
| Deposits with bank not considered as cash and cash equivalents | 2,147.99 | (734.24) |
| Interest received | 98.59 | 116.77 |
| Net cash flow from / (used in) investing activities (B) | 2,107.66 | (616.73) |
| Cash flows from financing activities | | |
| Repayment of long-term borrowings (net) | (800.00) | (700.00) |
| Interest paid | (651.31) | (711.37) |
| Net cash used in financing activities (C) | (1,451.31) | (1,411.37) |
| Net increase in cash and cash equivalents (A+B+C) | 2,715.60 | 27.80 |
| Cash and cash equivalents at the beginning of the year | 60.06 | 32.25 |
| Cash and cash equivalents at the end of the year (Refer note 2.7) | 2,775.66 | 60.06 |

Notes :

1. Reconciliation of liabilities from financing activities

| Particulars | As at April 01, 2022 | Loans availed | Repayments made | As at March 31, 2023 |
|---|-------------------------|---------------|-----------------|-------------------------|
| Long-term borrowings (including current maturities) | 7,350.00 | - | (800.00) | 6,550.00 |

| Particulars | As at April 01, 2021 | Loans availed | Repayments made | As at March 31, 2022 |
|---|-------------------------|---------------|-----------------|-------------------------|
| Long-term borrowings (including current maturities) | 8,050.00 | - | (700.00) | 7,350.00 |

2. Statement of Cash Flows has been prepared under the Indirect method as set out in the Indian Accounting Standard 7 on Statement of Cash Flows. Cash and cash equivalents in the Statement of Cash Flows comprise cash at bank and in hand, demand deposits and cash equivalents which are short-term and held for the purpose of meeting short-term cash commitments.

See accompanying notes forming part of the financial statements

In terms of our report attached

for **S. B. Billimoria & Co. LLP**
Chartered Accountants
(Firm Registration Number : AAY-7397)

For and on behalf of the Board of Directors

Sparkle Terminal and Towage Services Limited
CIN: U74999TG2016PLC111655

Ganesh Balakrishnan
Partner

Sanjeev Kumar
Managing Director
DIN : 09595164

Hiren Dhiraj Shah
Director
DIN : 00275758

Chirag Kanaiyalal Shah
Chief Financial Officer

Kuntal Virendra Chandya
Company Secretary
Membership No.A35947

Place: Hyderabad
Date: May 29, 2023

Place: Hyderabad
Date: May 29, 2023

Sparkle Terminal and Towage Services Limited
Statement of changes in equity for the year ended Mar 31, 2023
(All amounts in Indian Rupees in lakhs, except share data and unless otherwise stated)

a) Equity share capital

| | No. of shares | Amount |
|---|-------------------|-----------------|
| Balance as at April 01, 2021 | 45,800,000 | 4,580.00 |
| Changes in equity share capital during the year | - | - |
| Balance as at March 31, 2022 | 45,800,000 | 4,580.00 |
| Changes in equity share capital during the year | - | - |
| Balance as at Mar 31, 2023 | 45,800,000 | 4,580.00 |

b) Other equity

| Particulars | Debenture Redemption Reserve | Tonnage Tax Reserve | Retained earnings | Capital contribution | Total |
|---|------------------------------|---------------------|-------------------|----------------------|-----------------|
| Balance as at April 01, 2021 | 875.00 | 520.13 | 1,512.40 | 800.44 | 3,707.97 |
| Total comprehensive income for the year | | | | | |
| Profit for the year | - | - | 1,152.58 | - | 1,152.58 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income | 875.00 | 520.13 | 2,664.98 | 800.44 | 4,860.55 |
| Contributions by and distributions to owners | | | | | |
| Transfer to Tonnage tax reserve | - | 220.32 | (220.32) | - | - |
| Transfer to debenture redemption reserve | - | - | - | - | - |
| Total contributions by and distributions to owners | - | 220.32 | (220.32) | - | - |
| Balance as at March 31, 2022 | 875.00 | 740.45 | 2,444.66 | 800.44 | 4,860.55 |

| Particulars | Debenture Redemption Reserve | Tonnage Tax Reserve | Retained earnings | Capital contribution | Total |
|---|------------------------------|---------------------|-------------------|----------------------|-----------------|
| Balance as at April 01, 2022 | 875.00 | 740.45 | 2,444.66 | 800.44 | 4,860.55 |
| Total comprehensive income for the year | | | | | |
| Profit for the year | - | - | 727.90 | - | 727.90 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income | 875.00 | 740.45 | 3,172.56 | 800.44 | 5,588.45 |
| Contributions by and distributions to owners | | | | | |
| Transfer to Tonnage tax reserve | - | (76.52) | 76.52 | - | - |
| Transfer to debenture redemption reserve | - | - | - | - | - |
| Total contributions by and distributions to owners | - | (76.52) | 76.52 | - | - |
| Balance as at Mar 31, 2023 | 875.00 | 663.93 | 3,249.08 | 800.44 | 5,588.45 |

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

for **S. B. Billimoria & Co. LLP**
Chartered Accountants
(Firm Registration Number : AAY-7397)

Sparkle Terminal and Towage Services Limited
CIN: U74999TG2016PLC111655

Ganesh Balakrishnan
Partner

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Managing Director
DIN : 09595164

Hiren Dhiraj Shah
Director
DIN : 00275758

Chirag Kanaiyalal Shah
Chief Financial Officer

Kuntal Virendra Chandya
Company Secretary
Membership No. A35947

Place: Hyderabad
Date: May 29, 2023

Place: Hyderabad
Date: May 29, 2023

Sparkle Terminal and Towage Services Limited
Notes forming part of the financial statements

1. Corporate information

Sparkle Terminal and Towage Services Limited (“the Company”) was incorporated on August 26, 2016, under the Companies Act, 1956. The Company is a subsidiary of Ocean Sparkle Limited. The Company is engaged in the business of providing port management services. The Company’s registered office is located at 8-3-975, Plot No.128 Srinagar Colony Hyderabad, 500 073, Telangana, India.

1.1 Basis of preparation

a) Statement of compliance

The financial statements which comprise the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity (“financial statements”) have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 (“the Act”), Companies (Indian Accounting Standards) Rules, 2015, along with relevant amendment rules issued thereafter and other relevant provisions of the Act, as applicable. The Company has consistently applied accounting policy to all periods.

b) Functional and presentation currency

These financial statements are presented in Indian Rupees (₹) and all the values are rounded off to the nearest Lakhs except when otherwise indicated, which is also the Company’s functional currency and the currency of the primary economic environment in which the Company operates. All financial information presented in Indian rupees.

c) Basis of preparation and presentation

The financial statements of the Company have been prepared on historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

d) Use of estimates and judgements

In preparing these financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions, estimation uncertainties and judgements

Sparkle Terminal and Towage Services Limited
Notes forming part of financial statements

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Recognition of deferred tax assets: availability of future taxable profits against which tax losses carried forward can be used.
- Useful life of property, plant and equipment and intangible assets
Expected Credit Loss on trade receivables
- recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources.

e) Current / Non-Current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All the other assets are classified as non- current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

1.2 Significant accounting policies

A. Foreign currency transactions and translations

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in the statement of profit or loss.

B. Financial instruments

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and liabilities are recognised are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A Financial asset and liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(a) Subsequent measurement of financial assets:

a. Cash and Cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

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

c. Financial assets at fair value through other comprehensive income

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 and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

d. Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

(b) Subsequent measurement of financial liabilities:

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(c) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are initially measured at fair value. Subsequently to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

a. Financial assets or financial liabilities, at fair value through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges.

Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through statement of profit and loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and

Sparkle Terminal and Towage Services Limited
Notes forming part of financial statements

loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting gains or losses are included in statement of profit and loss.

b. Cash flow hedge accounting

Where a derivative is designated as a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised directly in other comprehensive income and presented in the hedging reserve in equity. The ineffective portion of changes in the fair values of the derivative is recognised immediately in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of profit and loss.

C. Property, plant and equipment

a. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in the statement of profit and loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

b. Subsequent expenditure

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

c. Depreciation

Fixed assets are depreciated using written down value method, at the rates arrived based on the useful life as specified in Schedule II to the Companies Act, 2013, except in case of computers in whose case life of assets has been estimated at 6 years and ships and vessels using straight line method, in whose case the life of the assets has been estimated at 14 years to 30 years based on the internal technical assessment of the Management, taking into

Sparkle Terminal and Towage Services Limited
Notes forming part of financial statements

account the nature of assets, the estimated usage of asset, the operating condition of the asset etc. Dry docking cost of ships and vessels is identified as a separate component and is depreciated over the period of 2 years and 6 months.

Depreciation is calculated on pro-rata basis from the date on which the assets are ready for use or till the date the assets are sold or disposed off. Assets costing less than ` 5,000, based on internal assessment and materiality, the management has estimated that the same shall be depreciated in the year of purchase.

D. Inventories

Inventories which comprise of stores and spares are carried at cost.

Cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, first-in-first-out (FIFO) method is used.

E. Impairment of assets

a. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Company measures loss allowances at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Sparkle Terminal and Towage Services Limited
Notes forming part of financial statements

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expect to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

b. Impairment of non-financial assets

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

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. 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 CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

F. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Company recognizes revenue when the significant risks and rewards of the ownership have been transferred to the customer, amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

Export benefits under the Served from India Scheme ('SFIS') is recognised based on the utilisation plan as per the projections of the following financial year and based on the principle that the Company will be able to utilise the credit within the validity of the SFIS scheme.

a. Rendering of services

Sparkle Terminal and Towage Services Limited
Notes forming part of financial statements

Income from port management services rendered is recognized in accordance with the terms of the agreement with the customer as and when the related services are performed.

b. Other income

Interest on bank deposits is recognised on the effective interest rate (EIR method) using the underlying interest rates. Dividend income is recognised when the unconditional right to receive the payment is established.

G. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term and useful life of the underlying asset. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. 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

Sparkle Terminal and Towage Services Limited
Notes forming part of financial statements

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 net investment outstanding in respect of the lease.

H. Income-tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

a. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. 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.

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

b. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

I. Segment reporting

Operating segments are identified in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Port management and other marine services has been considered as the only reportable segment. Hence, no separate financial disclosure has been provided for the segment reporting.

J. Earnings per share

The basic earnings per share (“EPS”) for the year is computed by dividing the net profit/ (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The Company has no potentially dilutive equity shares.

K. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, 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 (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

a. Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognizes any impairment loss on the assets associated with that contract.

b. Contingencies

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines, and penalties are recognized when it is probable that a liability has been incurred and the amount can be estimated reliably.

L. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets has to be recognized in the Ind AS financial statements in the period in which if it is virtually certain that an inflow of economic benefits will arise. Contingent assets are assessed continually and no such benefits were found for the current financial year.

M. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalize as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

N. Statement of Cash Flow

Cash flows are reported using the indirect method, whereby 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 and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

O. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly

Sparkle Terminal and Towage Services Limited
Notes forming part of financial statements

liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

P. New standards and interpretations

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 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

- (a) Ind AS 16 – Proceeds before intended use The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.
- (b) Ind AS 37 – Onerous Contracts - Costs of fulfilling a contract The amendments specify that that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.
- (c) Ind AS 109 – Annual improvements to Ind AS (2021): The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.
- (d) Ind AS 116 – Annual Improvements to Ind AS (2021): The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

Sparkle Terminal and Towage Services Limited
Notes forming part of the financial statements

(All amounts in Indian Rupees in Lakhs, except share data and unless otherwise stated)

2.1(A) Property, plant and equipment and intangible assets

| Particulars | Ships and vessels | Furniture and fixtures | Vehicles | Computers | Office Equipments | Plant & Machinery | Total of property, plant and equipment | Software | Total of intangible assets |
|---------------------------------------|-------------------|------------------------|--------------|-------------|-------------------|-------------------|--|-------------|----------------------------|
| Balance as at April 1, 2021 | 14,105.09 | 7.05 | 45.56 | 3.48 | 8.32 | 0.13 | 14,169.63 | 0.43 | 0.43 |
| Additions | - | - | 24.01 | - | 0.86 | - | 24.87 | - | - |
| Disposals | (202.50) | - | - | - | - | - | (202.50) | - | - |
| Balance as at March 31, 2022 | 13,902.59 | 7.05 | 69.57 | 3.48 | 9.18 | 0.13 | 13,992.00 | 0.43 | 0.43 |
| Additions | 535.86 | - | - | - | 0.84 | - | 536.70 | - | - |
| Disposals | (45.85) | - | - | - | - | - | (45.85) | - | - |
| Balance as at March 31, 2023 | 14,392.60 | 7.05 | 69.57 | 3.48 | 10.02 | 0.13 | 14,482.85 | 0.43 | 0.43 |
| Accumulated Depreciation | | | | | | | | | |
| Balance as at April 1, 2021 | 1,744.30 | 1.75 | 10.30 | 1.04 | 3.92 | 0.02 | 1,761.33 | 0.05 | 0.05 |
| Depreciation and amortisation expense | 470.63 | 0.75 | 7.63 | 0.67 | 2.05 | - | 481.73 | 0.22 | 0.22 |
| Disposals | (202.50) | - | - | - | - | - | (202.50) | - | - |
| Balance as at March 31, 2022 | 2,012.43 | 2.50 | 17.93 | 1.71 | 5.97 | 0.02 | 2,040.56 | 0.27 | 0.27 |
| Depreciation and amortisation expense | 581.51 | 0.75 | 9.47 | 0.61 | 1.62 | 0.01 | 593.97 | 0.16 | 0.16 |
| Disposals | (45.85) | - | - | - | - | - | (45.85) | - | - |
| Balance as at March 31, 2023 | 2,548.09 | 3.25 | 27.40 | 2.32 | 7.59 | 0.03 | 2,588.68 | 0.43 | 0.43 |
| Carrying amount (net) | | | | | | | | | |
| At March 31, 2023 | 11,844.51 | 3.80 | 42.17 | 1.16 | 2.43 | 0.10 | 11,894.17 | - | - |
| At March 31, 2022 | 11,890.16 | 4.55 | 51.64 | 1.77 | 3.21 | 0.11 | 11,951.44 | 0.16 | 0.16 |

Note: Refer note 2.13 for details of plant and equipment pledged.

2.1(B) Capital Work in Progress

Ageing for capital work-in-progress as at March 31, 2023:

| Particulars | Amount of capital work-in-progress for the period | | | | |
|----------------------|---|-----------|-----------|-----------|-------|
| | <1 year | 1-2 years | 2-3 years | > 3 years | Total |
| Projects in progress | - | - | - | - | - |
| Total | - | - | - | - | - |

Ageing for capital work-in-progress as at March 31, 2022:

| Particulars | Amount of capital work-in-progress for the period | | | | |
|----------------------|---|-----------|-----------|-----------|---------------|
| | <1 year | 1-2 years | 2-3 years | > 3 years | Total |
| Projects in progress | 113.93 | - | - | - | 113.93 |
| Total | 113.93 | - | - | - | 113.93 |

There are no projects whose completion is overdue or has exceeded its cost compared to its original plan.

Sparkle Terminal and Towage Services Limited**Notes forming part of the financial statements**

(All amounts in Indian Rupees in Lakhs, except share data and unless otherwise stated)

2.2 Income tax assets/Liabilities

| Particulars | As at | As at |
|---|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Advance income-tax (net of provision for tax of ₹ 22.21 lakhs (March 31, 2022: ₹ 39.79 lakhs)) | 84.53 | 141.32 |
| Provision for income-tax (net of advance income tax ₹ 98.23 lakhs (March 31, 2022: ₹ nil lakhs)) | 37.76 | - |
| | 46.77 | 141.32 |

2.3 Other non-current assets

| Particulars | As at | As at |
|-------------------------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Deferred guarantee commission | 277.70 | 357.70 |
| Security deposits | 0.93 | 0.78 |
| | 278.63 | 358.48 |

2.4 Inventories

| Particulars | As at | As at |
|-----------------------------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| (Valued at cost) | | |
| Stores and spares - fuel & Others | 424.19 | 258.15 |
| | 424.19 | 258.15 |

2.5 Investments

| Particulars | As at | As at |
|--|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Current | | |
| Investments in Mutual funds - measured at fair value through profit and loss | | |
| Axis Short Term Fund - Regular Growth - nil units (March 31, 2022: 7,14,802.62) | - | 178.19 |
| ICICI Prudential - Short term Growth - nil units (March 31, 2022 : 2,19,277.18) | - | 104.79 |
| | - | 282.98 |
| Aggregate book value of investments in mutual funds | - | 282.98 |
| Aggregate market value of investments in mutual funds | - | 282.98 |

2.6 Trade receivables

| Particulars | As at | As at |
|--------------------------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| - Unsecured, considered good | 870.57 | 449.42 |
| - Credit impaired | - | - |
| | 870.57 | 449.42 |
| Allowances for credit impaired | - | - |
| | 870.57 | 449.42 |

Notes:

- The Company's exposure to credit and currency risk and loss allowances related to trade receivables are disclosed in Note 2.32.
- The credit period on sale of service generally ranges between 15-30 days. No interest is charged on the outstanding balance, regardless of the age of the balance. The company has only one customer and the risk of non payment from these customers is considered low.
- Ageing of trade receivables :

March 31, 2023

| Ageing of trade receivables | Outstanding for following periods from due date of receipts | | | | | | Total |
|-------------------------------------|---|--------------------|-------------------|-----------|-----------|-----------|---------------|
| | Not due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | > 3 years | |
| Undisputed trade receivables | | | | | | | |
| Considered good | 870.57 | - | - | - | - | - | 870.57 |
| Credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivables | - | - | - | - | - | - | - |
| | 870.57 | - | - | - | - | - | 870.57 |
| Allowances for credit impaired | - | - | - | - | - | - | - |
| Total | 870.57 | - | - | - | - | - | 870.57 |

Sparkle Terminal and Towage Services Limited
Notes forming part of the financial statements
(All amounts in Indian Rupees in Lakhs, except share data and unless otherwise stated)

March 31, 2022

| Ageing of trade receivables | Outstanding for following periods from due date of receipts | | | | | | Total |
|-------------------------------------|---|--------------------|-------------------|-----------|-----------|-----------|---------------|
| | Not due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | > 3 years | |
| Undisputed trade receivables | | | | | | | |
| Considered good | 449.42 | - | - | - | - | - | 449.42 |
| Credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivables | - | - | - | - | - | - | - |
| | 449.42 | - | - | - | - | - | 449.42 |
| Allowances for credit impaired | - | - | - | - | - | - | - |
| Total | 449.42 | - | - | - | - | - | 449.42 |

2.7 Cash and cash equivalents

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Cash in hand | - | 0.03 |
| Balances with banks | | |
| - in current accounts | 62.66 | 60.03 |
| - in fixed deposit accounts (with original maturity less than 3 months) | 2,713.00 | - |
| | 2,775.66 | 60.06 |

2.8 Bank balances other than cash and cash equivalents

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| In other deposit accounts | | |
| fixed deposits with original maturity more than 3 months and less than 12 months | - | 2,279.89 |
| In earmarked accounts | | |
| Margin money deposits * (Maturity greater than 3 months and less than 12 months) | 1,088.85 | 956.95 |
| | 1,088.85 | 3,236.84 |

2.9 Other financial assets

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Non-current | | |
| In earmarked accounts | | |
| Margin money deposits * | 138.80 | 258.80 |
| Interest accrued on deposits with banks | - | 4.84 |
| | 138.80 | 263.64 |
| Current | | |
| Interest accrued on deposits with banks | 40.46 | 36.55 |
| Deposit with Government and Port Trusts | 0.27 | - |
| | 40.73 | 36.55 |

* Represents margin money deposits placed with banks for bank guarantees.

2.10 Other current assets

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Security deposits | | |
| Advance to material suppliers and service providers | 98.57 | 34.96 |
| Other Advances | 3.17 | - |
| Balances with government authorities | 159.77 | 116.77 |
| Prepaid expenses | 5.77 | 22.59 |
| Deferred guarantee commission | 80.00 | 80.00 |
| | 347.28 | 254.32 |

Sparkle Terminal and Towage Services Limited**Notes forming part of the financial statements**

(All amounts in Indian Rupees in Lakhs, except share data and unless otherwise stated)

2.11 Share capital

| | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Authorised | | |
| 4,60,00,000 (March 31, 2022 - 4,60,00,000) equity shares of ₹ 10 each | 4,600.00 | 4,600.00 |
| Issued, subscribed and paid-up | | |
| 4,58,00,000 (March 31, 2022 - 4,58,00,000) equity shares of ₹ 10 each, fully paid-up | 4,580.00 | 4,580.00 |
| | 4,580.00 | 4,580.00 |

Notes:**a. Reconciliation of shares outstanding at the beginning and at the end of the year:**

| Particulars | For the year March 31, 2023 | | For the year March 31, 2022 | |
|---|-----------------------------|-----------------|-----------------------------|-----------------|
| | Number of shares | Amount | Number of shares | Amount |
| Equity shares | | | | |
| At the beginning of the year | 45,800,000 | 4,580.00 | 45,800,000 | 4,580.00 |
| Issued during the year | - | - | - | - |
| Outstanding at the end of the year | 45,800,000 | 4,580.00 | 45,800,000 | 4,580.00 |

b. Particulars of shareholders holding more than 5% equity shares

| Name of the shareholder | As at March 31, 2023 | | As at March 31, 2022 | |
|---|----------------------|--------------|----------------------|--------------|
| | Number of shares | % of holding | Number of shares | % of holding |
| Ocean Sparkle Limited and its nominees (Refer note below) | 45,800,000 | 100.00% | 45,800,000 | 100.00% |

Note:

Of the above, 45,799,994 (March 31, 2022: 45,799,994) equity shares of ₹ 10 each, fully paid-up are held by Ocean Sparkle Limited, the holding company and 6 (March 31, 2022: 6) equity shares of ₹ 10 each, fully paid-up are held by promoter directors and others on beneficial interest of Ocean Sparkle Limited.

c. Terms and rights attached to the equity shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. 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, if any. The distribution will be in proportion to the number of equity shares held by equity shareholders.

d. Details of Promoter's shareholding:

| Particulars | March 31, 2023 | | March 31, 2022 | | % change in the year |
|--|----------------|-------------------|----------------|-------------------|----------------------|
| | No. of shares | % of total shares | No. of shares | % of total shares | |
| Ocean Sparkle Limited and its nominees | 45,800,000 | 100.00% | 45,800,000 | 100.00% | - |

| Particulars | March 31, 2022 | | March 31, 2021 | | % change in the year |
|--|----------------|-------------------|----------------|-------------------|----------------------|
| | No. of shares | % of total shares | No. of shares | % of total shares | |
| Ocean Sparkle Limited and its nominees | 45,800,000 | 100.00% | 45,800,000 | 100.00% | - |

Sparkle Terminal and Towage Services Limited**Notes forming part of the financial statements**

(All amounts in Indian Rupees in Lakhs, except share data and unless otherwise stated)

2.12 Other equity

| | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Capital contributions | | |
| Opening balance | 800.44 | 800.44 |
| Add: contribution during the year | - | - |
| Closing balance (a) | 800.44 | 800.44 |
| Tonnage Tax Reserve | | |
| Opening balance | 740.45 | 520.13 |
| Add: Transferred from surplus in the statement of profit and loss | 76.52 | 220.32 |
| Closing balance - (b) | 816.97 | 740.45 |
| Debenture Redemption Reserve | | |
| Opening balance | 875.00 | 875.00 |
| Add: Transferred from surplus in the standalone statement of profit and loss | - | - |
| Closing balance - (c) | 875.00 | 875.00 |
| Retained earnings | | |
| Opening balance | 2,444.66 | 1,512.40 |
| Add: Net profit for the current year | 727.90 | 1,152.58 |
| Amount available for appropriation | 3,172.56 | 2,664.98 |
| Transfer to Tonnage tax reserve | (76.52) | (220.32) |
| Closing balance (d) | 3,096.04 | 2,444.66 |
| TOTAL ((a)+(b)+(c)+(d)) | 5,588.45 | 4,860.55 |

Nature and purpose of other equity:**Capital Contribution:**

It represent fair value of corporate guarantee given by Ocean Sparkle Limited, the Holding Company which is recognised as capital contribution.

Tonnage tax reserve

In accordance with the provisions of Section 115VT of the Income-tax Act, 1961, a tonnage tax company may transfer a sum in excess of twenty per cent of the book profit and such excess sum transferred shall also be utilised in the manner laid down under the Act in respect of operations relating to tonnage tax scheme.

Debenture redemption reserve

The Company has issued Non-convertible debentures. As per the provisions of Section 71(4) of the Act and Sub-Rule 7 of Rule 18 of the Companies (Share Capital and

Retained Earnings

Retained earnings represents the cumulative undistributed profits of the Company and can be utilised in accordance with the provisions of the Companies Act, 2013.

Sparkle Terminal and Towage Services Limited**Notes forming part of the financial statements**

(All amounts in Indian Rupees in Lakhs, except share data and unless otherwise stated)

2.13 Borrowings

| Particulars | As at | As at |
|---|-----------------|-----------------|
| | March 31, 2023 | March 31, 2022 |
| Measured at amortised cost | | |
| Non-Current Borrowings | | |
| Non-convertible Debentures (refer note below) - secured | 5,650.00 | 6,550.00 |
| | 5,650.00 | 6,550.00 |
| Current Borrowings | | |
| Non-convertible Debentures (refer note below) - secured | 900.00 | 800.00 |
| | 900.00 | 800.00 |

Note:

Non-convertible debentures issued to bank amounting to ₹ 6,550 lakhs (March 31, 2022: ₹ 7,350 lakhs) is secured by a registered mortgage on ships and vessels and further secured by corporate guarantee issued by Ocean Sparkle Limited, the Holding Company. The debentures are repayable seventeen equal quarterly instalments of ₹ 225 lakhs and last instalment of ₹ 2,725 lakhs and carries an interest rate of 8.6% p.a. (March 31, 2022: 8.6% p.a.).

2.14 Deferred tax liabilities (net)

| Particulars | As at | As at |
|---|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Deferred tax (asset)/ liabilities on account of: | | |
| Property, plant and equipment and intangible assets | 26.57 | 26.93 |
| MAT Credit entitlement | (0.20) | (0.20) |
| Others | - | 3.02 |
| | 26.37 | 29.75 |

Movement in temporary differences

| FY 2022-23 | As at | Recognised in | Recognised in | As at |
|---|----------------|-----------------|---------------|----------------|
| | April 01, 2022 | statement of | OCI | March 31, 2023 |
| | | profit and loss | | |
| Property, plant and equipment and intangible assets | 26.93 | (0.36) | - | 26.57 |
| MAT Credit entitlement | (0.20) | - | - | (0.20) |
| Others | 3.02 | (3.02) | - | - |
| | 29.75 | (3.38) | - | 26.37 |

| FY 2021-22 | As at | Recognised in | Recognised in | As at |
|---|----------------|-----------------|---------------|----------------|
| | April 01, 2021 | statement of | OCI | March 31, 2022 |
| | | profit and loss | | |
| Property, plant and equipment and intangible assets | 25.36 | 1.57 | - | 26.93 |
| MAT Credit entitlement | (0.20) | - | - | (0.20) |
| Others | - | 3.02 | - | 3.02 |
| | 25.16 | 4.59 | - | 29.75 |

In accordance with the provisions of Section 115V to Section 115VZC of the Income-tax Act, 1961, the Company is registered under the tonnage tax scheme. Under such scheme, tax is paid based on the tonnage of vessels at prescribed rates. Accordingly, as there are no timing differences, which will reverse in future period, no deferred tax asset/ liability has been created as of the balance sheet date, in respect of operations relating to the tonnage tax scheme.

In respect of the operations which are not eligible under the tonnage tax scheme, pursuant to the provisions of Ind AS 12 – Accounting for Income taxes, the Company has made an assessment of the timing differences originating which would not reverse within the tax holiday period.

2.15 Trade payables

| Particulars | As at | As at |
|--|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Total outstanding dues of micro enterprises and small enterprises (MSME) (Refer Note 2.26) | 4.32 | - |
| Total outstanding dues of other than micro enterprises and small enterprises | 649.00 | 133.31 |
| | 653.32 | 133.31 |

Sparkle Terminal and Towage Services Limited**Notes forming part of the financial statements**

(All amounts in Indian Rupees in Lakhs, except share data and unless otherwise stated)

Notes:

(i) For trade payables from related parties refer note 2.29.

(ii) The Company's exposure to currency and liquidity risks relating to trade payables is disclosed in note 2.32.

(iii) Ageing of Trade Payables

March 31, 2023

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|----------------------------|--|------------------|-----------|-----------|-------------------|---------------|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| MSME | 4.32 | - | - | - | - | 4.32 |
| Others | 649.00 | - | - | - | - | 649.00 |
| Disputed - MSME and others | - | - | - | - | - | - |
| | 653.32 | - | - | - | - | 653.32 |
| Unbilled | | | | | | - |
| Total | 653.32 | - | - | - | - | 653.32 |

March 31, 2022

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|----------------------------|--|------------------|-----------|-----------|-------------------|---------------|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| MSME | - | - | - | - | - | - |
| Others | 21.06 | 73.91 | - | - | - | 94.97 |
| Disputed - MSME and others | - | - | - | - | - | - |
| | 21.06 | 73.91 | - | - | - | 94.97 |
| Unbilled | | | | | | 38.34 |
| Total | 21.06 | 73.91 | - | - | - | 133.31 |

2.16 Other financial liabilities

| Particulars | As at | As at |
|--|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Interest accrued but not due on borrowings | 315.47 | 348.99 |
| | 315.47 | 348.99 |

2.17 Other current liabilities

| Particulars | As at | As at |
|---------------------------------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Statutory remittances (TDS, GST etc.) | 192.05 | 104.69 |
| | 192.05 | 104.69 |

Sparkle Terminal and Towage Services Limited**Notes forming part of the financial statements**

(All amounts in Indian Rupees in Lakhs, except share data and unless otherwise stated)

2.18 Revenue from operations

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|--|--|
| Sale of services | | |
| - Income from port management services | 5,156.56 | 4,643.54 |
| | 5,156.56 | 4,643.54 |

2.19 Other income

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|--|--|
| Interest income on fixed deposits | 98.59 | 116.77 |
| Gain on redemption of mutual funds | 0.08 | 7.09 |
| Unrealised gain on fair valuation of Investments held at fair value through profit & loss | 0.00 | 11.62 |
| Interest on tax refunds | 6.45 | 8.96 |
| Net gain on foreign currency transactions and translations | 0.14 | 5.15 |
| Provision no longer required, written back | 0.00 | 1.44 |
| | 105.26 | 151.03 |

2.20 Operating expenses

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|----------------------------------|--|--|
| Professional charges | 98.28 | 146.49 |
| Power and fuel | 1,240.08 | 969.69 |
| Charter Hire charges | 526.54 | - |
| Consumption of stores and spares | 77.49 | 141.13 |
| Repairs and maintenance | 12.46 | 35.09 |
| Insurance | 37.96 | 35.72 |
| Others | 61.04 | 41.88 |
| | 2,053.85 | 1,370.00 |

2.21 Employee benefits expense

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|--|--|
| Salaries, wages and bonus | 568.76 | 523.99 |
| Contribution to provident and other funds (refer note 2.28) | 28.16 | 27.58 |
| Staff welfare expenses | 119.28 | 112.58 |
| | 716.20 | 664.15 |

2.22 Finance costs

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|--|--|
| Interest on financial liabilities measured at amortised cost | 606.08 | 667.64 |
| Other borrowing costs | 11.71 | 12.14 |
| | 617.79 | 679.78 |

2.23 Other expenses

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|--|--|
| Travelling and conveyance | 20.02 | 18.23 |
| Legal and professional fees | 230.69 | 227.47 |
| Auditor's remuneration - statutory audit | 3.00 | 3.00 |
| Printing & Stationery | 2.82 | 2.37 |
| Rent | 14.40 | 13.04 |
| Communication | 2.18 | 2.36 |
| Rates and taxes | 2.85 | 0.26 |
| Corporate social responsibility (Refer Note 2.27) | 21.50 | 19.94 |
| Bank charges | 0.34 | 0.29 |
| Guarantee commission | 80.00 | 80.00 |
| Vehicle maintenance | 23.77 | 22.35 |
| Miscellaneous expenses | 17.35 | 30.69 |
| | 418.92 | 420.00 |

Sparkle Terminal and Towage Services Limited**Notes forming part of the financial statements**

(All amounts in Indian Rupees in Lakhs, except share data and unless otherwise stated)

2.24 Income Tax

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| (A) Amount recognised in statement of profit and loss | | |
| Current tax | 136.00 | 21.53 |
| Deferred tax attributable to temporary differences | (3.38) | 4.59 |
| Tax expenses | 132.62 | 26.12 |
| (B) Reconciliation of effective tax rate | | |
| Profit before tax | 860.93 | 1,178.70 |
| Enacted tax rate in India | 26.00% | 26.00% |
| Tax expense at enacted rates | 223.84 | 306.46 |
| Tax effect of: | | |
| - Exempted operating income | (98.94) | (286.41) |
| - Permanent non-deductible expenses | 2.78 | 1.08 |
| - Non-deductible expenses/ income | 5.35 | 4.99 |
| | 133.03 | 26.12 |
| Adjustments in respect of income-tax for earlier years | - | - |
| Income-tax recognised in the statement of profit and loss | 133.03 | 26.12 |

2.25 Contingent liabilities and commitments**(a) Commitments**

There are no capital commitments during the financial year (March 31, 2022: Nil).

(b) Pending litigations

There are no Pending litigations during the financial year (March 31, 2022: Nil)

2.26 Trade payables (Details of dues to Micro, Small and Medium Enterprises as per MSMED Act,2006):

The disclosure in respect of the amounts payable to such enterprises as at March 31, 2023 has been made in the financial statements based on information received and available with the Company. Further, in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ('the Act') is not expected to be material. The Company has not received any

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year; | 4.32 | - |
| The amount of interest paid by the Company along with the amount of the payment made to the supplier beyond the appointed day during the year; | - | - |
| The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Act; | - | - |
| The amount of interest accrued and remaining unpaid at the end of the year; | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Act. | - | - |

The list of undertakings covered under Micro, Small and Medium Enterprises Development Act, 2006 was determined by the Company on the basis of information available with the Company and has been relied upon by the auditors

Sparkle Terminal and Towage Services Limited
Notes forming part of the financial statements

(All amounts in Indian Rupees in Lakhs, except share data and unless otherwise stated)

2.27 Corporate social responsibility

As per Section 135 of the Companies Act, 2013 ('Act'), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The focus areas of Company's CSR activities are Education and Health care & while also pursuing CSR activities for the benefit of community around its local areas of operations. The CSR activities of the Company are in line with the Schedule VII of the Companies Act, 2013. The funds were utilised through the year on these activities which are specified in Schedule VII of the Companies Act, 2013 and are overseen by the Board.

(a) Gross amount required to be spent by the Company during the year amounts to ₹ 21.39 lakhs (March 31, 2022: ₹ 19.92 lakhs)

(b) Amount spent during the year:

| Particulars | For the year ended | For the year ended |
|--|--------------------|--------------------|
| | March 31, 2023 | March 31, 2022 |
| (i) Construction/ acquisition of any asset | - | - |
| (ii) On purposes other than (i) above | 21.50 | 18.63 |
| | 21.50 | 18.63 |

| (c) Details of amount unspent: | Opening balance | Amount required to be spent during the year | Amount spent during the year | Closing balance (refer Note below) |
|--------------------------------|-----------------|---|------------------------------|------------------------------------|
| | 1.31 | 21.39 | 22.81 | - |

2.28 Employee benefits

Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund, which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to provident fund for the year aggregated to ₹ 28.16 Lakhs (March 31, 2022: ₹ 27.58 Lakhs) and is included in "contribution to provident and other funds" (Refer note 2.21).

Sparkle Terminal and Towage Services Limited
Notes forming part of the financial statements
(All amounts in Indian Rupees in Lakhs, except share data and unless otherwise stated)

2.29 Related party disclosures

| Name of the related party | Nature of relationship |
|--|-------------------------------|
| Parties where control exists: | |
| Ocean Sparkle Limited | Holding company |
| Sanjeev Dhawan (upto May 09, 2022) | Key managerial personnel |
| P. Jairaj Kumar (upto May 09, 2022) | Key managerial personnel |
| Virender Prasad Raghukul (upto May 09, 2022) | Key managerial personnel |
| Ashwani Kumar Sawhney (upto May 09, 2022) | Key managerial personnel |
| Hiren Dhiraj Shah (from May 09, 2022) | Key managerial personnel |
| Sanjaykumar Mangaram Kewalramani (from May 09, 2022) | Key managerial personnel |
| Sanjeev Kumar (from May 09, 2022) | Key managerial personnel |
| Chirag Kanaiyalal Shah | Chief financial officer |
| Kuntal Verendra Chandya | Company secretary |

a) Following are the transactions with related parties during the year

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|-------------------------------|--|--|
| Ocean Sparkle Limited: | | |
| - Professional charges | 202.29 | 183.90 |
| - Rent paid | 0.20 | 0.19 |
| - Charter Hire | 526.54 | - |

b) The Company has the following amounts due to/ from related parties:

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-----------------------|---------------------------------|---------------------------------|
| Trade payables | | |
| Holding company | 500.34 | - |

c) Outstanding guarantees at the end of the year :

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|---------------------------------|---------------------------------|
| Corporate guarantees issued by Ocean Sparkle Limited | 8,300.00 | 8,500.00 |

d) Following are the transactions with Group Company during the year

| | | |
|------------------------------------|---------|---|
| Adani Harbour Services Ltd: | | |
| - Revenue for tug Ocean Challenger | 323.40 | - |
| - Trade Receivable | 381.612 | - |

2.30 Earnings per share ('EPS')

| Particulars | | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|-------|--|--|
| Net Profit after tax | (A) | 727.90 | 1,152.58 |
| Number of equity shares at the beginning and at the end of the year | | 45,800,000 | 45,800,000 |
| Weighted average number of equity shares outstanding during the year | (B) | 45,800,000 | 45,800,000 |
| Basic and diluted EPS (in ₹) of ₹ 10 each | (A/B) | 1.59 | 2.52 |

Note: The Company does not have any potentially dilutive equity shares outstanding during the year.

2.31 Capital management

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

The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

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

The Company's adjusted net debt to equity ratio at March 31, 2023 was as follows:

| Particulars | | As at March 31, 2023 | As at March 31, 2022 |
|---|---------------|---------------------------------|---------------------------------|
| Total liabilities | | 6,550.00 | 7,350.00 |
| Less: Cash and cash equivalents | | 2,775.66 | 60.06 |
| Adjusted net debt | A | 3,774.34 | 7,289.94 |
| Total equity | | 10,168.45 | 9,440.55 |
| Adjusted equity | B | 10,168.45 | 9,440.55 |
| Adjusted net debt to adjusted equity ratio | (A/ B) | 0.37 | 0.77 |

Sparkle Terminal and Towage Services Limited**Notes forming part of the financial statements**

(All amounts in Indian Rupees in Lakhs, except share data and unless otherwise stated)

2.32 Financial instruments - Fair values and risk management**A. Accounting classifications and fair values**

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

March 31, 2023

| | Note | Carrying amount | | | |
|--|------|--|---|--|-----------------------|
| | | Financial assets at fair value through profit and loss | Other financial assets - amortised cost | Other financial liabilities - amortised cost | Total carrying amount |
| Financial assets measured at fair value | | | | | |
| Current investments | 2.5 | - | - | - | - |
| | | - | - | - | - |
| Financial assets not measured at fair value | | | | | |
| Trade receivables | 2.6 | - | 870.57 | - | 870.57 |
| Cash and cash equivalents | 2.7 | - | 2,775.66 | - | 2,775.66 |
| Bank balances other than cash and cash equivalents | 2.8 | - | 1,088.85 | - | 1,088.85 |
| Other financial assets | 2.9 | - | 179.53 | - | 179.53 |
| Total | | - | 4,914.61 | - | 4,914.61 |
| Financial liabilities not measured at fair value | | | | | |
| Borrowings (including current maturities) | 2.13 | - | - | 6,550.00 | 6,550.00 |
| Trade payables | 2.15 | - | - | 653.32 | 653.32 |
| Other financial liabilities (excluding current maturities of borrowings) | 2.16 | - | - | 315.47 | 315.47 |
| Total | | - | - | 7,518.79 | 7,518.79 |

March 31, 2022

| | Note | Carrying amount | | | |
|--|------|--|---|--|-----------------------|
| | | Financial assets at fair value through profit and loss | Other financial assets - amortised cost | Other financial liabilities - amortised cost | Total carrying amount |
| Financial assets measured at fair value | | | | | |
| Current investments | 2.5 | 282.98 | - | - | 282.98 |
| | | 282.98 | - | - | 282.98 |
| Financial assets not measured at fair value | | | | | |
| Trade receivables | 2.6 | - | 449.42 | - | 449.42 |
| Cash and cash equivalents | 2.7 | - | 60.06 | - | 60.06 |
| Bank balances other than cash and cash equivalents | 2.8 | - | 3,236.84 | - | 3,236.84 |
| Other financial assets | 2.9 | - | 300.19 | - | 300.19 |
| Total | | - | 4,046.51 | - | 4,046.51 |
| Financial liabilities not measured at fair value | | | | | |
| Borrowings | 2.13 | - | - | 7,350.00 | 7,350.00 |
| Trade payables | 2.15 | - | - | 133.31 | 133.31 |
| Other financial liabilities (excluding current maturities of borrowings) | 2.16 | - | - | 348.99 | 348.99 |
| Total | | - | - | 7,832.30 | 7,832.30 |

B. Financial risk management objectives and policies

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

- credit risk
- interest risk
- liquidity risk
- market risk

i) Risk management framework

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

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

ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer, employee or counterparty to a financial instrument fails to meet its contractual obligation leading to financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade and other receivables) and from its financing activities, including short-term deposits with banks, and other financial assets.

Sparkle Terminal and Towage Services Limited**Notes forming part of the financial statements**

(All amounts in Indian Rupees in Lakhs, except share data and unless otherwise stated)

2.32 Financial instruments - Fair values and risk management**Trade receivables**

Concentration of credit risk with respect to trade receivables are limited, due to Company's customer base being large and diverse. All trade receivables are reviewed and assessed for default on a monthly basis.

Historical experience of collecting receivables is that credit risk is low. Hence, trade receivables are considered to be a single class of financial assets. The Company does not have significant credit risk exposure to any single counter party.

Other financial assets

The Company maintain exposure in cash and cash equivalent, term deposits with banks. The Company's maximum exposure of credit risk as at March 31, 2023 and March 31, 2022 is the carrying value of each class of financial assets.

The trade receivables are typically unsecured and derived from revenue earned from customers primarily located in India. The Company has a process in place to conduct review of the outstanding receivables. Management reviews the progress made on collection status on a regular basis. Company periodically assess the financial reliability of customers and counterparties, factoring the current industry and economic trends, historical payment cycles and ageing of trade receivables. The Company's review includes financial statements and industry information.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one month for customers.

The credit risk for liquid funds and other current and non-current financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and from group companies.

iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents adequate to finance the operations and to mitigate the effects of fluctuations in cash flow. As at March 31, 2023, the Company has net current assets of ₹ 3,626.97 lakhs (March 31, 2022: ₹ 3,191.33 lakhs).

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.

March 31, 2023

| | Carrying amount | Contractual cash flows | | | Total |
|--|-----------------|------------------------|-----------------|----------------------|-----------------|
| | | within 12 months | 1-5 Years | More than five years | |
| Borrowings | 6,550.00 | 900.00 | 5,650.00 | - | 6,550.00 |
| Trade payables | 653.32 | 653.32 | - | - | 653.32 |
| Other financial liabilities (excluding current maturities of borrowings) | 315.47 | 315.47 | - | - | 315.47 |
| | 7,518.79 | 1,868.79 | 5,650.00 | - | 7,518.79 |

March 31, 2022

| | Carrying amount | Contractual cash flows | | | Total |
|--|-----------------|------------------------|-----------------|----------------------|-----------------|
| | | within 12 months | 1-5 Years | More than five years | |
| Borrowings | 7,350.00 | 800.00 | 3,600.00 | 2,950.00 | 7,350.00 |
| Trade payables | 133.31 | 133.31 | - | - | 133.31 |
| Other financial liabilities (excluding current maturities of borrowings) | 348.99 | 348.99 | - | - | 348.99 |
| | 7,832.30 | 1,282.30 | 3,600.00 | 2,950.00 | 7,832.30 |

iv) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and prices will affect the Company's income or the value of its holdings of financial assets. The Company's market risk management is to manage and reduce market risk exposures within acceptable parameters.

Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the functional currency for the Company is ₹. The currencies in which these transactions are primarily denominated is US dollars.

Sparkle Terminal and Towage Services Limited**Notes forming part of the financial statements**

(All amounts in Indian Rupees in Lakhs, except share data and unless otherwise stated)

2.32 Financial instruments - Fair values and risk management

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to management is as follows:

| Particulars | Currency | March 31, 2023 | | March 31, 2022 | |
|---|----------|----------------|---------------------------|----------------|---------------------------|
| | | ₹ | Foreign Currency in Lakhs | ₹ | Foreign Currency in Lakhs |
| Financials Liabilities | | | | | |
| Trade Payables | USD | - | - | 4.41 | 0.06 |
| | JPY | - | - | 73.91 | 118.92 |
| Total Financial Liabilities- USD | | - | - | 4.41 | 0.06 |
| Total Financial Liabilities - JPY | | - | - | 73.91 | 118.92 |
| Net exposure in respect of recognized liabilities -USD | | - | - | 4.41 | 0.06 |
| Net exposure in respect of recognized liabilities -JPY | | - | - | 73.91 | 118.92 |

Sensitivity analysis

A reasonably possible strengthening (weakening) of INR, against US dollar and JPY at 31 March would have effected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| | Profit or loss | | Equity, net of tax | |
|-------------------|----------------|-----------|--------------------|-----------|
| | Strengthening | Weakening | Strengthening | Weakening |
| March 31, 2023 | | | | |
| USD (5% movement) | - | - | - | - |
| JPY (5% movement) | - | - | - | - |
| March 31, 2022 | | | | |
| USD (5% movement) | 0.22 | (0.22) | 0.16 | (0.16) |
| JPY (5% movement) | 3.70 | (3.70) | 2.73 | (2.73) |

Interest rate risk

The Company adopts a policy of ensuring that 100% of its interest rate risk exposure is at a fixed rate. This is achieved by entering into fixed-rate instruments.

| Particulars | March 31, 2023 | March 31, 2022 |
|-------------------------------|-----------------|------------------|
| Fixed rate instruments | | |
| Financial assets | 1,227.65 | 3,495.64 |
| Financial liabilities | 6,550.00 | 7,350.00 |
| | 7,777.65 | 10,845.64 |

Sparkle Terminal and Towage Services Limited
Notes forming part of the financial statements

(All amounts in Indian Rupees in Lakhs, except share data and unless otherwise stated)

2.33 Financial Ratios

| S No | Particulars | Numerator | Denominator | Ratios | | Variance (%) | Change in ratio in excess of 25% compared to preceding year |
|------|---|--|---|--------------------|----------------|--------------|--|
| | | | | for the year ended | | | |
| | | | | March 31, 2023 | March 31, 2022 | | |
| 1 | Current ratio (in times) | Current assets | Current liabilities | 2.64 | 3.30 | -20.00% | |
| 2 | Debt-Equity ratio (in times) | Total Debt | Total equity | 0.64 | 0.78 | -17.95% | |
| 3 | Debt service coverage ratio (in times) | Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses + finance cost | Debt service = Interest and lease payments + Principal repayments | 1.34 | 1.64 | -18.29% | |
| 4 | Return on equity ratio | Net profit after taxes | Average equity | 0.07 | 0.13 | -46.15% | Decrease in profit for the year as compared to previous year. |
| 5 | Trade receivables turnover ratio (in times) | Revenue from Operations | Average trade receivables | 7.81 | 10.27 | -23.95% | |
| 6 | Trade payables turnover ratio (in times) | Operating expenses | Average trade payables | 5.25 | 14.61 | -64.07% | The variance is on account of increase in expenses and trade payables in the current year. |
| 7 | Net capital turnover ratio (in times) | Revenue from Operations | Working capital (i.e. Current assets less Current liabilities) | 1.50 | 1.46 | 2.74% | |
| 8 | Net profit margin (in %) | Net profit after taxes | Revenue from Operations | 14.12% | 24.82% | -43.11% | Decrease in profit for the year as compared to previous year. |
| 9 | Return on capital employed (in %) | Earnings before Interest and Taxes | Capital employed = Net worth + Lease liabilities + Deferred tax liabilities | 2.38% | 5.27% | -54.84% | Variance is on account of decrease in profit in the current year. |

Note:

Ratios relating to Inventory Turnover and Return on investment are not applicable to the Company.

Sparkle Terminal and Towage Services Limited**Notes forming part of the financial statements**

(All amounts in Indian Rupees in Lakhs, except share data and unless otherwise stated)

2.34 Segment Information

The Company is engaged in the business of providing port management services. Considering the core activities of the Company, the Management is of the view that port management services is a single reportable business segment which in the context of Ind AS 108 - "Operating Segments", notified by the Companies (Indian Accounting Standards) Rules, 2015 is considered the only operating segment. Since the operations of the Company exist only in India and all its assets are located only in India, disclosures under paragraphs 32-34 of Ind AS 108 are not required. Revenue to specific customers exceeding 10% of total revenue for the years ended March 31, 2023 and March 31, 2022 were as follows:

| Customer name | For the year ended March 31, 2023 | | For the year ended March 31, 2022 | |
|----------------------|--------------------------------------|---------|--------------------------------------|---------|
| | Revenue | % | Revenue | % |
| Petronet LNG Limited | 5,156.56 | 100.00% | 4,643.54 | 100.00% |

2.35 Other Statutory Information:

1. The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.
2. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
3. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
4. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
5. The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
6. The Company is not declared wilful defaulter by and bank or financials institution or lender during the year.
7. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
8. The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was obtained.
9. The Company does not have any transactions with companies which are struck off.

2.36 The financial statements are approved for issue by the Board of Directors on May 29, 2023.

For and on behalf of the Board of Directors

Sparkle Terminal and Towage Services Limited
CIN: U74999TG2016PLC111655

Sanjeev Kumar
Managing Director
DIN : 09595164

Hiren Dhiraj Shah
Director
DIN : 00275758

Chirag Kanaiyalal Shah
Chief Financial Officer

Kuntal Virendra Chandy
Company Secretary
Membership No. A35947

Place: Hyderabad
Date: May 29, 2023