

**Faradion UG**  
**Financial Statements**  
**2022 - 23**







**Faradion UG**  
**Cash Flow Statement for the year ended 31 March 2023**

In EUR

	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>A: CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit Before Tax as per Statement of Profit and Loss</b>	<b>13,145</b>	<b>49,280</b>
<b>Adjusted for:</b>		
Depreciation and amortisation expense	-	-
Unrealised foreign exchange (gain)/loss	-	-
Finance costs	-	-
Provision for impairment in investments	-	-
<b>Operating Profit before Working Capital Changes</b>	<b>13,145</b>	<b>49,280</b>
<b>Adjusted for:</b>		
Trade and Other Receivables	(61,384)	(37,359)
Inventories	-	-
Trade and Other Payables	68,636	(4,781)
<b>Cash (Used in) Operations</b>	<b>20,397</b>	<b>7,140</b>
Taxes Refunded/ (Paid) (Net)	(3,219)	(1,411)
<b>Net Cash (Used in) Operating Activities (A)</b>	<b>17,178</b>	<b>5,729</b>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment and Intangible Assets	-	-
<b>Net Cash (Used In) Investing Activities (B)</b>	<b>-</b>	<b>-</b>
<b>C: CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital (Including securities premium)	-	-
Short term borrowings (net)	-	-
Interest Paid	-	-
<b>Net Cash Flow (Used In)/ Generated From Financing Activities (C)</b>	<b>-</b>	<b>-</b>
<b>Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>17,178</b>	<b>5,729</b>
Opening Balance of Cash and Cash Equivalents	7,496	1,767
<b>Closing Balance of Cash and Cash Equivalents (Refer note 1)</b>	<b>24,674</b>	<b>7,496</b>

Significant Accounting Policies

See accompanying Notes to the Financial Statements 1 to 9

**For Faradion UG**

James Quinn  
**Director**

Dr Chris Wright  
**Director**

Oliver Birkwood  
**Chief Financial Officer**

Place: Sheffield, UK  
Date: 13 June 2023

## Faradion UG

### Notes to the Financial Statements for the year ended 31 March 2023

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#### A. Corporate Information

Faradion UG is a company incorporated and domiciled in Germany. The registered number is HRB 15277 and the registered office is situated in Germany.

The immediate holding Company of the Group is Faradion Limited and Ultimate holding company is Reliance Industries Limited.

#### B. Significant Accounting Policies

##### B.1 Basis of Preparation and Presentation

The Standalone Financial Statements have been prepared on the historical cost basis except for certain financial assets and liabilities (including derivative instruments) which have been measured at fair value amount.

These special purpose standalone financial statements for the year ended 31 March 2023 have been prepared in accordance with the recognition and measurement principles of Indian Accounting Standards (Ind AS) as notified under the Companies Act, 2013 and other accounting principles generally accepted in India. These special purpose standalone financial statements have been prepared for the limited purpose of submission to Reliance Industries Limited for the purpose of preparation of its consolidated financial statements.

As a result, these special purpose standalone financial statements may not be suitable for any purpose other than as stated in this note.

These special purpose standalone financial statements do not include the comparative financial statements.

##### B.2 Summary of Significant Accounting Policies

###### (a) Current and 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 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.

###### (b) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, and any cost directly attributable to bringing the assets to its working condition for its intended use.

## Faradion UG

### Notes to the Financial Statements for the year ended 31 March 2023

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Property, Plant and Equipment which are significant to the total cost of that item of Property, Plant and Equipment and having different useful life are accounted separately.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Plant and Machinery	5 years
Fixtures and fittings	4 years
Computers	7 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### (c) Leases

The Company, as a lessee, recognizes a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term

#### (d) Intangible Assets

##### Intangible assets acquired separately

Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation / depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

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

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### Notes to the Financial Statements for the year ended 31 March 2023

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If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Website is amortised over a period of 5 years on a straight line basis.

Internally-generated intangible assets – research and development expenditure Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use it or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

#### (e) Revenue Recognition

Revenue is recognised at the fair value of consideration received or receivables for the sale of goods, net of value added tax and discounts.

Revenue is recognised when no significant uncertainty as to its determination or realization exists. Revenue from sale of goods is recognised upon delivery in accordance with the terms of the contracts and on transfer of significant risks and rewards in respect of ownership to the buyer.

Royalty income is recognised on an accrual basis in accordance with the agreement entered.

#### (f) Government Grant

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met, and grants will be received.

A grant that specifies performance conditions is recognised as income when the performance conditions are met. A grant received before the recognition criteria are satisfied is recognised as liability.



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### Notes to the Financial Statements for the year ended 31 March 2023

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#### (g) Employee Benefits

Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

A liability is recognised for benefit accruing to employees in respect of salaries, annual unused leaves in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefit expected to be paid in exchange for the related services.

#### (h) Finance Cost

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

#### (i) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (j) Inventories

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventories comprises of all cost of purchase including overheads net of recoverable taxes incurred in bringing them to their respective present location and condition.

Costs of inventories are determined on First in First Out basis.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit and loss. Reversal of impairment losses are also recognised in profit and loss.

#### (k) Impairment of Non-Financial Assets – Property, Plant and Equipment and Intangible Assets (Including under development)

The Company assesses at each reporting date as to whether there is any indication that any Property, Plant and Equipment and intangible assets or group of assets, called Cash Generating Units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated

## Faradion UG

### Notes to the Financial Statements for the year ended 31 March 2023

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future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

#### (l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### (m) Tax Expenses

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

##### Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

##### Deferred Tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### (n) Foreign Currencies Transactions and Translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets which are capitalized as cost of assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or Statement of Profit and Loss are also recognised in Other Comprehensive Income or Statement of Profit and Loss, respectively).

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### Notes to the Financial Statements for the year ended 31 March 2023

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#### (o) Financial Instruments

##### (i) Financial Assets

##### A) Initial Recognition and Measurement

All Financial Assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of Financial Assets, which are not at Fair Value Through Profit and Loss, are added to the fair value on initial recognition. Purchase and sale of Financial Assets are recognised using trade date accounting.

##### B) Subsequent Measurement

Financial Assets Measured at Amortised Cost (AC)

A Financial Asset is measured at Amortised Cost if it is held within a business model whose objective is to hold the asset 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.

Financial Assets Measured at Fair Value Through Other Comprehensive Income (FVTOCI)

A Financial Asset is measured at FVTOCI if it is held within a business model 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.

Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)

A Financial Asset which is not classified in any of the above categories are measured at FVTPL.

##### C) Investment In Subsidiaries, Associates and Joint Ventures

The Company has accounted for its investments in Subsidiaries, associates and joint venture at cost less impairment loss (if any).

##### D) Impairment of Financial Assets

In accordance with Ind AS 109, the Company uses "Expected Credit Loss"(ECL) model, for evaluating impairment of Financial Assets other than those measured at Fair Value Through Profit and Loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For Trade Receivables the Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 months ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

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### Notes to the Financial Statements for the year ended 31 March 2023

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#### (ii) Financial Liabilities

##### A) Initial Recognition and Measurement

All Financial Liabilities are recognized at fair value and in case borrowings, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

##### B) Subsequent Measurement

Financial liabilities are carried at amortized cost using the effective interest method.

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.

##### i) Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value at each reporting end date. The resulting gain or loss is recognised in profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of hedge relationship.

Derivatives are carried as Financial Assets when the fair value is positive and as Financial Liabilities when the fair value is negative.

##### ii) Derecognition of Financial Instruments

The company derecognizes a Financial Asset when the contractual rights to the cash flows from the Financial Asset expire or it transfers the Financial Asset and the transfer qualifies for derecognition under Ind AS 109. A Financial Liability (or a part of a Financial Liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

##### iii) Offsetting

Financial Assets and Financial Liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company has a legally enforceable right to set off the amount and it intends, either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

##### C) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the Company's Financial Statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in next financial year.

##### i) Depreciation / Amortisation and Useful Lives of Property Plant and Equipment / Intangible Assets

Property, Plant and Equipment / intangible assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

##### ii) Impairment of Intangible Asset Under Development

During the year, the directors assess impairment of intangible assets under development and noted that all projects continues to progress in a satisfactory manner and based on detailed sensitivity analysis, are confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

**Faradion UG**  
**Notes to the Financial Statements for the year ended 31 March 2023**

	As at 31 March 2023	In EUR As at 31 March 2022	
<b>1. Cash and Cash Equivalents</b>			
Balance with Bank	24,674	7,496	
<b>Total</b>	<b>24,674</b>	<b>7,496</b>	
<b>2. Other Current Assets</b>			
Balance with Government Authorities (duty refund etc.)	876	3,911	
Other debtors	1,438	1,438	
Other current assets to related parties	119,242	54,823	
<b>Total</b>	<b>121,556</b>	<b>60,172</b>	
<b>3. Share Capital</b>			
<b>Issued, Subscribed and Paid up:</b>			
1 Ordinary Share of 1 Euro Fully paid up	1	1	
<b>Total</b>	<b>1</b>	<b>1</b>	
<b>The Details of Shareholders Holding more than 5% Shares</b>			
Name of the Shareholders	Class	No. of shares	% held
Faradion Limited	Ordinary Shares	1	100.00%
<b>4. Other Equity</b>			
<b>Retained earnings</b>			
Opening balance	47,002	(2,278)	
Profit for the year	9,926	49,280	
Contribution to legal reserve	(15,444)	-	
	<b>41,484</b>	<b>47,002</b>	
<b>Legal reserve</b>			
Opening balance	-	-	
Contribution relating to prior years	12,962	-	
Contribution for current year	2,482	-	
	<b>15,444</b>	<b>-</b>	
<b>Total</b>	<b>56,928</b>	<b>47,002</b>	
<b>5. Other Current Liabilities</b>			
Other tax and social security	51,233	3,811	
Accrued expenses	37,201	16,854	
Other current liabilities to related parties	-	-	
Other	867	-	
<b>Total</b>	<b>89,301</b>	<b>20,665</b>	
<b>6. Revenue from Operations</b>			
Management Charges	577,755	2,817,075	
<b>Total</b>	<b>577,755</b>	<b>2,817,075</b>	
6.1 The Company's income was derived from the following geographic regions:			
Germany	577,755	2,817,075	
Overseas	-	-	
	<b>577,755</b>	<b>2,817,075</b>	
<b>7. Employee Benefit Expense</b>			
Salaries and wages	536,130	2,713,038	
<b>Total</b>	<b>536,130</b>	<b>2,713,038</b>	
<b>8. Other Expenses</b>			
<b>Establishment Expenses</b>			
Professional fees	9,491	16,751	
Lease rent	6,024	3,834	
Travelling expenses	11,351	11,592	
General expenses	1,614	19,415	
<b>Total</b>	<b>28,480</b>	<b>51,592</b>	

9. The Financial Statements were approved for issue by the Board of Directors on 13 June 2023.

**For Faradion UG**

James Quinn  
**Director**

Dr Chris Wright  
**Director**

Oliver Birkwood  
**Chief Financial Officer**

Place: Sheffield, UK  
Date: 13 June 2023