

Faradion Limited
Financial Statements
For the year ended 31st December 2023

**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF FARADION LIMITED****Opinion**

We have audited the accompanying Special Purpose Standalone Financial Statements of Faradion Limited (hereinafter referred to as "the Company") which comprise the Standalone Balance Sheet as at December 31, 2023, the Standalone Statement of Profit and Loss including Other Comprehensive Income, the Standalone Cash Flow Statement and the Standalone Statement of Changes in Equity for the period from January 1, 2023 to December 31, 2023, and a summary of significant accounting policies and other explanatory information. These Special Purpose Standalone Financial Statements have been prepared by the management of Faradion Limited per the basis of preparation as described in note B.1 to the said Financial Statements, solely for the purpose of submission to Reliance Industries Limited (the ultimate parent of the Company) for the preparation of its consolidated financial statements.

In our opinion and to the best of our information and according to the explanations given to us, the Special Purpose Standalone Financial Statements of the Company for the period ended December 31, 2023 are prepared, in all material respects, in accordance with the basis of preparation of the Special Purpose Standalone Financial Statements as disclosed in note B.1 to the said Financial Statements and accordingly provide a true and fair view of state of affairs of the Company as at December 31, 2023, and its loss, total comprehensive loss, its cash flows and statement of changes in equity for the period from January 1, 2023 to December 31, 2023.

Basis for Opinion

We conducted our audit of these Special Purpose Standalone Financial Statements in accordance with the Standards on Auditing ('SAs') generally accepted in India. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Special Purpose Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of these Special Purpose Standalone 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 these Special Purpose Standalone Financial Statements.

Management's Responsibility for the Special Purpose Standalone Financial Statements

The Company's Board of Directors are responsible with respect to the preparation of these Special Purpose Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and statement of changes in equity of the Company in accordance with the basis of preparation of these Special Purpose Standalone Financial Statements as described in note B.1 to the said Financial Statements.

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

In preparing these Special Purpose Standalone 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 management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the audit of these Special Purpose Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of these Special Purpose Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal 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 these Special Purpose Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of these Special Purpose Standalone Financial Statements, including the disclosures, and whether these Special Purpose Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in these Special Purpose Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of these special purpose 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 these special purpose.

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.

Restriction on Distribution and Use

These Special Purpose Standalone Financial Statements have been prepared for the limited purpose of submission to Reliance Industries Limited for the preparation of its consolidated financial statements. As a result, these Special Purpose Standalone Financial Statements may not be suitable for another purpose. Our report is intended solely for the use of the Company, Reliance New Energy Limited, the immediate holding Company and Reliance Industries Limited and should not be used, referred to or distributed for any other purpose.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No: 117366W/ W-100018

Abhijit A. Damle
Partner
Membership No. 102912
UDIN 24102912BKEPFO5159

Mumbai, Dated: 21 April 2024

Faradion Limited
Balance Sheet as at 31 December 2023

	Notes	As at 31 December 2023	In GBP As at 31 December 2022
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	1	866,812	611,580
Intangible Assets Under Development	1	2,484,813	946,452
Intangible Assets	1	-	330
Right to use assets	1	538,060	608,657
Capital Work in Progress	1	195,993	-
Financial assets			
Investments	2	1,041,410	1,208,167
Other Financial Assets	3	31,086	21,360
Other Non-Current Asset	4	263,444	-
Total Non-Current Assets		5,421,618	3,396,546
Current Assets			
Inventories	5	-	4,812
Financial Assets			
Trade Receivables	6	41,800	422,919
Cash and Cash Equivalents	7	12,200,411	19,694,098
Other Financial Assets	8	380,341	272,167
Other Current Assets	9	95,713	251,528
Total Current Assets		12,718,265	20,645,524
Total Assets		18,139,883	24,042,070
EQUITY AND LIABILITIES			
Equity			
Share Capital	10	129	129
Other Equity	11	16,140,697	22,469,983
Total Equity		16,140,826	22,470,112
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Lease Liability		336,458	402,912
Total Non-Current Liabilities		336,458	402,912
Current Liabilities			
Financial Liabilities			
Trade Payables	12	1,349,306	808,584
Lease Liability		220,770	208,995
Other Current Liabilities	13	92,523	151,467
Total Current Liabilities		1,662,599	1,169,046
Total Liabilities		1,999,057	1,571,958
Total Equity and Liabilities		18,139,883	24,042,070
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1 to 23		

In terms of report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912
Place: Mumbai, India
Dated: 21 April 2024

For Faradion Limited

James Quinn
Director

Oliver Birkwood
Chief Financial Officer
Dated: 19 April 2024

Dr Chris Wright
Executive Chairman

Faradion Limited**Statement of Profit and Loss for the period 1 January 2023 to 31 December 2023**

		In GBP	
	Notes	For the period 1 January 2023 to 31 December 2023	For the period 1 April 2022 to 31 December 2022
INCOME			
Revenue from operations	14	881,832	458,665
Other income	15	252,210	57,033
Total Income		1,134,042	515,698
EXPENSES			
Cost of materials (including lab materials) consumed		554,904	470,898
Employee benefits expense	16	2,093,999	741,335
Finance costs	17	20,505	10,769
Depreciation and amortisation expense	1	432,432	196,753
Provision for impairment in investments	2	166,757	328,697
Other expenses	18	4,194,731	2,204,172
Total Expenses		7,463,328	3,952,624
(Loss) before Tax		(6,329,286)	(3,436,926)
Tax expenses		-	-
(Loss) for the period/ year		(6,329,286)	(3,436,926)
Other Comprehensive Income			
Items that will not be reclassified to Profit or Loss		-	-
Items that will be reclassified to Profit or Loss		-	-
Total Comprehensive loss for the period/ year		(6,329,286)	(3,436,926)
Significant Accounting Policies See accompanying Notes to the Financial Statements	1 to 23		

In terms of report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For Faradion Limited

Abhijit A. Damle
Partner
Membership No. 102912
Place: Mumbai, India
Dated: 21 April 2024

James Quinn
Director

Dr Chris Wright
Executive Chairman

Oliver Birkwood
Chief Financial Officer
Dated: 19 April 2024

Faradion Limited
Statement of Changes in Equity for the period ended 31 December 2023

A. Equity Share Capital

	Balance as at 1 January 2023	In GBP Changes during the period	Balance as at 31 December 2023
Total	129	-	129

B. Other Equity

	Reserves & Surplus		Share Option Reserve	Total
	Securities premium	Retained Earnings		
Balance as at 31 March 2022	42,874,885	(16,967,976)	-	25,906,909
Loss for the period	-	(3,436,926)	-	(3,436,926)
As at 31 December 2022	42,874,885	(20,404,902)	-	22,469,983
Balance as at 31 December 2022	42,874,885	(20,404,902)	-	22,469,983
Loss for the period	-	(6,329,286)	-	(6,329,286)
Balance as at 31 December 2023	42,874,885	(26,734,188)	-	16,140,697

Significant Accounting Policies

See accompanying Notes to the Financial Statements 1 to 23

In terms of report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For Faradion Limited

Abhijit A. Damle

Partner

Membership No. 102912

Place: Mumbai, India

Dated: 21 April 2024

James Quinn

Director

Dr Chris Wright

Executive Chairman

Oliver Birkwood

Chief Financial Officer

Dated: 19 April 2024

Faradion Limited
Cash Flow Statement for the period ended 31 December 2023

In GBP

	For the period 1 January 2023 to 31 December 2023	For the period 1 April 2022 to 31 December 2022
A: CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss Before Tax as per Statement of Profit and Loss	(6,329,286)	(3,436,926)
Adjusted for:		
Depreciation and amortisation expense	432,432	196,753
Unrealised foreign exchange (gain)/loss	(3,773)	(8,642)
Finance costs	20,505	10,769
Provision for impairment in investments	166,757	328,697
Provision No Longer Required Written Back	(219,425)	-
Operating Profit before Working Capital Changes	(5,932,790)	(2,909,349)
Adjusted for:		
Trade and Other Receivables	420,930	(563,653)
Inventories	4,812	45,542
Trade and Other Payables	428,382	316,490
Cash (Used in) Operations	(5,078,666)	(3,110,970)
Taxes Refunded/ (Paid) (Net)	99,689	148,786
Net Cash (Used in) Operating Activities (A)	(4,978,977)	(2,962,184)
B: CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment and Intangible Assets	(2,514,710)	(1,444,033)
Net Cash (Used In) Investing Activities (B)	(2,514,710)	(1,444,033)
C: CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital (Including securities premium)	-	-
Proceeds from Borrowings	-	-
Repayment of Borrowings	-	(42,013)
Interest Paid	-	(304)
Net Cash Flow (Used In)/ Generated From Financing Activities (C)	-	(42,317)
Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)	(7,493,687)	(4,448,534)
Opening Balance of Cash and Cash Equivalents	19,694,098	24,142,632
Closing Balance of Cash and Cash Equivalents (Refer note 7)	12,200,411	19,694,098

Note:

Significant Accounting Policies
See accompanying Notes to the Financial Statements 1 to 23

In terms of report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912
Place: Mumbai, India
Dated: 21 April 2024

For Faradion Limited

James Quinn
Director

Dr Chris Wright
Executive Chairman

Oliver Birkwood
Chief Financial Officer
Dated: 19 April 2024

Faradion Limited**Notes to the Financial Statements for the period ended 31 December 2023****A. Corporate Information**

Faradion Limited is a company incorporated and domiciled in the UK. The registered number is 07338748 and the registered office is situated in England and Wales.

The immediate holding Company of the Group is Reliance New Energy Solar 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 period ended 31 December 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.

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 Limited

Notes to the Financial Statements for the period ended 31 December 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.

Faradion Limited**Notes to the Financial Statements for the period ended 31 December 2023**

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.

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 receivable for the sale of goods, net of value added tax and discounts.

Revenue from the sale of goods is recognised at the fair value of consideration received or receivable, net of value added tax and discounts. Recognition occurs upon delivery as per contractual terms, accompanied by the transfer of significant risks and rewards of ownership to the buyer.

Royalty income is recognised based on accrual accounting principle as specified in the agreement.

(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.

Faradion Limited

Notes to the Financial Statements for the period ended 31 December 2023

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.

(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

Faradion Limited**Notes to the Financial Statements for the period ended 31 December 2023**

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 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

Faradion Limited

Notes to the Financial Statements for the period ended 31 December 2023

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).

(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**a) 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.

b) 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.

c) 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.

Faradion Limited

Notes to the Financial Statements for the period ended 31 December 2023

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.

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.

iii) 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.

iv) 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.

v) 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.

a) 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.

Faradion Limited**Notes to the Financial Statements for the period ended 31 December 2023**

b) Impairment of Intangible Assets Under Development

During the year, the directors assess impairment of intangible assets under development and noted that all projects continue 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 Limited
Notes to the Financial Statements for the period ended 31 December 2023

1. Property, Plant & Equipment, Intangible assets and Intangible assets under development

In GBP

Description	Cost			Depreciation / Amortisation				NBV	
	As at 1 January 2023	Additions	Disposals / Adj	As at 31 December 2023	As at 1 January 2023	Charge for the period	Disposals / Adjustments	As at 31 December 2023	As at 31 December 2023
Property, Plant and Equipment Own Assets									
Plant & Machinery	1,147,089	206,647		1,353,736	(610,082)	(131,679)	-	(741,761)	611,975
Fixtures & Fittings	34,166	161,660	-	195,826	(11,998)	(33,093)	-	(45,091)	150,735
Office Equipment	71,037	66,050	-	137,087	(18,632)	(14,353)	-	(32,985)	104,102
Sub Total	1,252,292	434,357	-	1,686,649	(640,712)	(179,125)	-	(819,837)	866,812
Right-of Use Assets:									
Office Premises	740,839	182,380	(99,824)	823,395	(132,182)	(252,977)	99,824	(285,335)	538,060
Sub Total	740,839	182,380	(99,824)	823,395	(132,182)	(252,977)	99,824	(285,335)	538,060
Total (A)	1,993,131	616,737	(99,824)	2,510,044	(772,894)	(432,102)	99,824	(1,105,172)	1,404,872
Intangible Assets									
Website	11,242	-	-	11,242	(10,912)	(330)	-	(11,242)	-
Total (B)	11,242	-	-	11,242	(10,912)	(330)	-	(11,242)	-
Total (A+B)	2,004,373	616,737	(99,824)	2,521,286	(783,806)	(432,432)	99,824	(1,116,414)	1,404,872

Intangible Asset Under Development
Capital Work In Progress

2,484,813
195,993

For the period 1 April 2022 to 31 December 2022

Description	Cost			Depreciation / Amortisation				NBV	
	As at 1 April 2022	Additions	Disposals / Adjustments	As at 31 December 2022	As at 1 April 2022	Charge for the period	Disposals / Adjustments	As at 31 December 2022	As at 31 December 2022
Property, Plant and Equipment Own Assets									
Plant & Machinery	729,853	417,236	-	1,147,089	(544,510)	(65,572)	-	(610,082)	537,007
Fixtures & Fittings	12,695	21,471	-	34,166	(10,078)	(1,920)	-	(11,998)	22,168
Office Equipment	33,003	38,034	-	71,037	(14,036)	(4,596)	-	(18,632)	52,405
Sub Total	775,551	476,741	-	1,252,292	(568,624)	(72,088)	-	(640,712)	611,580
Right-of Use Assets:									
Office Premises	494,891	426,188	(180,240)	740,839	(192,875)	(119,547)	180,240	(132,182)	608,657
Sub Total	494,891	426,188	(180,240)	740,839	(192,875)	(119,547)	180,240	(132,182)	608,657
Capital Work-in-Progress									
Plant & Machinery	-	-	-	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-	-	-	-
Total (A)	1,270,442	902,929	(180,240)	1,993,131	(761,499)	(191,635)	180,240	(772,894)	1,220,237
Intangible Assets									
Website	11,242	-	-	11,242	(5,794)	(5,118)	-	(10,912)	330
Total (B)	11,242	-	-	11,242	(5,794)	(5,118)	-	(10,912)	330
Total (A+B)	1,281,684	902,929	(180,240)	2,004,373	(767,293)	(196,753)	180,240	(783,806)	1,220,567

Intangible Asset Under Development

946,452

1.1 Intangible Assets Under Development (IAUD):

Ageing as at 31 December 2023:

Particulars	Amt in CWIP for a period of				
	<1 year	1-2 years	2-3 years	>3 years	Total
Projects in progress	1,538,361	946,452	-	-	2,484,813
Projects temporarily suspended	-	-	-	-	-

Particulars	Amt in CWIP for a period of				
	<1 year	1-2 years	2-3 years	>3 years	Total
Projects in progress	541,104	405,348	-	-	946,452
Projects temporarily suspended	-	-	-	-	-

1.2 Capital Work In Progress (CWIP):

Ageing as at 31 December 2023:

Particulars	Amt in CWIP for a period of				
	<1 year	1-2 years	2-3 years	>3 years	Total
Projects in progress	195,993	-	-	-	195,993

The Company does not have any Capital-work-in progress or intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan.

Faradion Limited
Notes to the Financial Statements for the period ended 31 December 2023

Units As at 31 December In GBP
As at 31 December 2022

2. Investments

Investments- Non Current (Unquoted and fully paid up)
(Measured at cost)

In ordinary shares of Joint Venture

Sodium-Ion Batteries Pty Limited	2,788,822	1,208,166	1,536,863
Less: Provision		(166,757)	(328,697)
		<u>1,041,409</u>	<u>1,208,166</u>

In ordinary shares of Subsidiary

Faradion UG	1	1	1
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Total		<u>1,041,410</u>	<u>1,208,167</u>
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3. Other Financial Assets

Rental Deposits		31,086	21,360
Total		<u>31,086</u>	<u>21,360</u>

4. Other Non-Current Assets

Asset Advances		263,444	-
Total		<u>263,444</u>	<u>-</u>

5. Inventories

Work In Progress		-	4,812
Total		<u>-</u>	<u>4,812</u>

6. Trade Receivables

Unsecured		1,446,700	520,419
Less: Provision		(1,404,900)	(97,500)
Total		<u>41,800</u>	<u>422,919</u>

6.1 Ageing Schedule:

For the Period ended 31 December 2023

Particulars	< 6 Months	6 months- 1year	1-2 years	2-3 years	>3 years	Total
Undisputed Trade Receivables: considered	41,800	-	-	-	-	41,800
Disputed Trade Receivables: credit impaired	900,000	504,900	-	-	-	1,404,900
Total	941,800	504,900	-	-	-	1,446,700

For the Period ended 31 December 2022

Undisputed Trade Receivables: considered	210,519	114,900	-	-	-	325,419
Disputed Trade Receivables: credit impaired	-	-	-	-	-	-
Total	210,519	114,900	-	-	-	325,419

Note: Period ended 31 December 2022 £195,000 represents trade receivables which are not due.

7. Cash and Cash Equivalents

Balance with Bank		12,200,411	19,694,098
Total		<u>12,200,411</u>	<u>19,694,098</u>

8. Other Financial Assets

Others *		380,341	272,167
Total		<u>380,341</u>	<u>272,167</u>

* Includes VAT, corporation tax refunds due and interest receivable on bank deposits

9. Other Current Assets

Prepaid expenses		95,713	208,820
Advances to vendors		-	42,708
Total		<u>95,713</u>	<u>251,528</u>

Faradion Limited
Notes to the Financial Statements for the period ended 31 December 2023

	As at 31 December 2023	In GBP As at 31 December 2022
10. Share Capital		
Issued, Subscribed and Paid up:		
4,266 A Ordinary Share of GBP 0.0001 each Fully paid up	0	0
10,234 Ordinary Share of GBP 0.01 each Fully paid up	102	102
262,746 Deferred Share of GBP 0.0001 each Fully paid up	27	27
Total	129	129

10.1 The Details of Shareholders Holding more than 5% Shares

Name of the Shareholders	Class	No. of shares	% held
Reliance New Energy Solar Limited	A Ordinary Shares	4,266	100.00%
		(4,266)	(100.00%)
Reliance New Energy Solar Limited	Ordinary Shares	9,075	88.68%
		(9,075)	(88.68%)
Reliance New Energy Solar Limited	Deferred Shares	262,746	100.00%
		(262,746)	(100.00%)

10.2 The Reconciliation of the Number of Shares Outstanding is set out below

Particulars	A Ordinary	Ordinary	Deferred
Shares at the beginning of the year	4,266	10,234	262,746
	(4,266)	(10,234)	(262,746)
Shares at the end of the year	4,266	10,234	262,746
	(4,266)	(10,234)	(262,746)

Figure in bracket are of previous year.

Ordinary Shares and A Ordinary Shares

The Shares have full voting and dividend rights attached to them save to the extent that an investor together with its investor affiliates would be entitled to receive more than 49.9% of the available profits, the profits distributed to such shareholder(s) shall be capped at 49.9%. On a return of capital on liquidation or otherwise, the assets of the Company shall be applied in the amounts and in the order of priority set out in article 8.2 of the Company's articles of association. The shares do not confer any rights of redemption.

Deferred Shares

The deferred shares do not confer any voting or dividend rights. On a return of capital on liquidation or otherwise, the assets of the Company shall be applied in the amounts and in the order of priority set out in article 8.2 of the Company's articles of association.

The shares do not confer any rights of redemption.

11. Other Equity

Securities Premium

As per last Balance Sheet	42,874,885	42,874,885
	42,874,885	42,874,885

Retained earnings

As per last Balance Sheet	(20,404,902)	(16,967,976)
Loss for the year / period	(6,329,286)	(3,436,926)
	(26,734,188)	(20,404,902)

Total	16,140,697	22,469,983
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Faradion Limited
Notes to the Financial Statements for the period ended 31 December 2023

	As at 31 December 2023	In GBP As at 31 December 2022			
12. Trade Payables					
Trade Payables	1,349,306	808,584			
Total	1,349,306	808,584			
Ageing Schedule:					
Particulars	Less than 1 year	1-2 years	2-3 years	> 3 years	Total
For the Period ended 31 December 2023					
Undisputed	264,702	-	-	-	264,702
For the Period ended 31 December 2022					
Undisputed	210,453	-	-	-	210,453
Note: £1,084,604 (Period ended 31 December 2023 £598,131) represents payables not due and unbilled payables.					
13. Other Current Liabilities					
Payroll liabilities	92,523	45,680			
Income received in advance	-	60,473			
Other	-	45,314			
Total	92,523	151,467			
	For the period 1 January 2023 to 31 December 2023	For the period 1 April 2022 to 31 December 2022			
14. Revenue from Operations					
Sales of goods	88,335	37,915			
Royalty income	750,000	420,750			
Consultancy	43,497	-			
Total	881,832	458,665			
15. Other Income					
Government grant	-	-			
Miscellaneous Income (net)	1,026	57,033			
Provision No Longer Required Written Back	219,425	-			
Interest Income	31,759	-			
Total	252,210	57,033			
16. Employee Benefit Expense					
Salaries and wages	1,870,859	707,482			
Contribution to other funds	221,490	31,269			
Staff welfare expenses	1,650	2,584			
Total	2,093,999	741,335			
Salaries and wages are net of expenses of GBP 1,105,811 (Previous period £489,876) transferred to Intangible Asset Under Development.					
17. Finance Costs					
Interest expenses (net)	-	304			
Interest on lease liabilities	20,505	10,465			
Total	20,505	10,769			
18. Other Expenses					
Selling and Distribution Expenses					
Distribution expenses	36,022	26,378			
Advertisement and marketing expenses	12,296	40,847			
Establishment Expenses					
Professional fees	1,661,799	1,273,765			
Management recharge expenses	441,452	392,988			
Lease rental charges	23,217	7,935			
Travelling Expenses	292,146	138,569			
Insurance	68,999	23,106			
Utilities	46,346	13,153			
Rates and taxes	32,720	14,361			
Other repairs	18,251	47,332			
Audit fees	25,620	25,140			
Exchange difference (Net)	35,983	37,552			
Provision for trade receivables (net of taxes)	1,089,500	81,250			
Miscellaneous expenses	410,380	81,796			
Total	4,194,731	2,204,172			

Faradion Limited
Notes to the Financial Statements for the period ended 31 December 2023

20. Financial Instruments (cont')

Credit Risk

Credit risk is the risk that a customer will fail to pay amounts due causing financial loss to the company. It arises principally from credit exposures to customers relating to outstanding receivables.

The average credit period range is 30 days.

Provision for impairment is made on assessment of individual party receivables, its credit quality based on its financial position, past experience and other factors.

Reconciliation of loss allowance:

Opening Loss allowance	97,500	-
Changes in loss allowance	1,307,400	97,500
Closing Loss allowance as at the period/ year end	1,404,900	97,500

Liquidity Risk

Liquidity risk is the risk that suitable sources of funding for the group's business activities may not be available. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. The company's liquidity is managed centrally with operating units forecasting their cash and currency requirements to the central treasury function. The operating units pool their cash surpluses to treasury, which will then either arrange to fund other units' requirements, or invest any net surplus in the market or arrange for necessary external borrowings, if need be, while managing the company's overall net currency positions.

Maturity Profile

As at 31 December 2023

Particulars	Below 3 months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Above 5 Years	Grand Total
Lease Liabilities							
Non-Current	-	-	-	272,098	64,360	-	336,458
Current	62,702	63,330	94,738	-	-	-	220,770
Total	62,702	63,330	94,738	272,098	64,360	-	557,228

Excludes trade payables and other financial liabilities of £1,441,829.

As at 31 December 2022

Particulars	Below 3 months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Above 5 Years	Grand Total
Lease Liabilities							
Non-Current	-	-	-	243,378	159,534	-	402,912
Current	63,029	63,852	82,114	-	-	-	208,995
Total	63,029	63,852	82,114	243,378	159,534	-	611,907

Excludes trade payables and other financial liabilities of £808,584

21. The primary segment of the Company comprises of development of battery technology. As the Company operates only in single primary segment, no segment information thereof is given.

Geographical disclosures:

	United Kingdom	Overseas	Total
For the Period ended 31 December 2023			
Revenue from operations	750,000	131,832	881,832
Segment assets	17,098,473	-	17,098,473
Cost incurred on acquisition of PPE (including IAUD)	2,351,091	-	2,351,091
For the Period ended 31 December 2022			
Revenue from operations	430,200	28,465	458,665
Segment assets	22,833,903	-	22,833,903
Cost incurred on acquisition of PPE (including IAUD)	1,444,033	-	1,444,033

	As at 31 December 2023	As at 31 December 2022
Single customer who contributed 10% or more of the revenue are:		
Customer - 1	750,000	420,750

22. Capital Commitments

	As at 31 December 2023	As at 31 December 2022
Contracted but not provided for: capital assets	543,838	-
Ordered but not invoiced: material for projects	2,302,266	-
	2,846,104	-

23. The Financial statements were approved for issue by the Board of Directors on 19 April 2024.

In terms of report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For Faradion Limited

Abhijit A. Damle
Partner
Membership No. 102912
Place: Mumbai, India
Dated: 21 April 2024

James Quinn
Director

Oliver Birkwood
Chief Financial Officer
Dated: 19 April 2024

Dr Chris Wright
Executive Chairman