Independent Auditor's Report on Special Purpose Financial Statements of Royalux LLC, USA for the year ended March 31, 2024

To Board of Directors of IKIO Solutions Private Limited

Opinion

1. We have audited the accompanying Special Purpose Financial Statements of the Royalux LLC, USA (the "Company") which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including other comprehensive Income) for the year ended on that date, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of material accounting policies and other explanatory information (together hereinafter referred to as 'the Special Purpose Financial Statements')

   In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Financial Statements are prepared, in all material respects, in accordance with the basis of preparation as described in Note 1(i) to these Special Purpose Financial Statements.

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013 ('Companies Act'). Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Special Purpose Financial Statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the Special Purpose Financial Statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

3. We draw attention to Note 1(i) to these Special Purpose Financial Statements, which describes the basis of its accounting. The accompanying Special Purpose Financial Statements has been prepared by the Company's management in accordance with a special purpose framework, solely for the purpose of enabling the Holding Company's Management to file the Annual Performance Report ("APR") on the functioning of the Company, pursuant to the Regulation 10(4) of Foreign Exchange Management (Overseas Investment) Regulations, 2022 read with Foreign Exchange Department ('FED') Master Direction No. 15/2024 25 dated 24 July 2024 (together hereinafter referred to as OI Guidelines) issued by the Reserve Bank of India (RBI) and therefore, these Special Purpose Financial Statements may not be suitable for any other purpose. Our Opinion is not modified in respect of this matter.

Responsibilities of Management for the Special Purpose Financial Statements

4. The management is responsible for the presentation and preparation of these Special Purpose Financial Statements In accordance with the basis of preparation specified in Note 1(i) to the Special Purpose Financial Statements including determining that such basis of preparation is acceptable in the circumstances. This responsibility also includes maintenance of adequate accounting records Including 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 of the Special Purpose Financial Statements that are, in all material respects, in accordance with the basis

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of preparation specified in aforementioned note 1(i) and are free from material misstatement, whether due to fraud or error.

5. In preparing the Special Purpose 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 the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Special Purpose Financial Statements

6. Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 Standards on Auditing 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 Financial Statements.

7. As part of an audit in accordance with Standards on Auditing, we exercise professional Judgment and maintain professional skepticism throughout the audit. We also

    - Identify and assess the risks of material misstatement of the Special Purpose 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 controls;
    - Obtain an understanding of Internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place adequate internal financial controls with reference to Special Purpose Financial Statements 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 management;
    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special Purpose 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; and

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.

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New Delhi
Chartered Accountants

Restriction on Use

8. Our report is issued solely for the filing of Annual performance Report of the Company with the Reserve Bank of India and accordingly, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent Further, we do not accept or assume any liability or any duty of care for any other purpose for which or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For BGJC & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 003304N/N500056

Pranav Jain

BGJC & Associates LLP
New Delhi
Chartered Accountants

Pranav Jain
Partner
Membership Number: 098308

UDIN: 24098308BKCQMR6935
Place: New Delhi
Date: 26 December 2024

Royalux LLC

Balance Sheet as at March 31, 2024

(All amounts are in INR Million, unless otherwise stated)

Particulars	Note No.	Amount in USD	Amount in INR (Million)
ASSETS			
Non-current assets			
Property, plant and equipment	3	27,504	2.28
Total Non current assets		**27,504**	**2.28**
Current assets			
Financial assets			
i) Cash and cash equivalents	4	4,17,030	34.77
Other current assets	5	4,54,999	37.93
Total current assets		**8,72,029**	**72.70**
TOTAL ASSETS		**8,99,532**	**74.98**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	6	9,01,000	75.85
Other equity	7	(1,468)	-0.87
TOTAL EQUITY		**8,99,532**	**74.98**
TOTAL EQUITY AND LIABILITIES		**8,99,532**	**74.98**

Summary of material accounting policies 1 & 2

Notes to the financial statements 3 to 19

The accompanying notes are an integral part of these financial statements.

As per our report of even date.

For BGJC & Associates LLP
Chartered Accountants
Firm Registration Number: 003304N/N500056

Pranav Jain
Partner
Membership Number: 098308

BGJC & Associates LLP ★ New Delhi ★ Chartered Accountants

For and on behalf of the
Royalux LLC

Hardeep Singh
Manager

ROYALUX LLC ★ AUTH. SIGN. ★

Place: Noida
Date: 26th December 2024

Royalux LLC

Statement of Profit & Loss Account for the period November 22, 2023 to March 31, 2024

(All amounts are in INR Million, unless otherwise stated)

Particulars	Note No.	Amount in USD	Amount in INR (Million)
Income			
Revenue from operations		-	-
Other Income	8	1,321	0.11
Total Income		**1,321**	**0.11**
Expenses			
Depreciation expense	9	1,933	0.16
Other expenses	10	856	0.07
Total Expenses		**2,789**	**0.23**
Loss before exceptional items		(1,468)	(0.12)
Exceptional Items		-	-
Loss before tax		**(1,468)**	**(0.12)**
Tax expense			
(a) Current tax		-	-
(b) Deferred tax		-	-
Total Tax expense		-	-
Loss after tax		**(1,468)**	**(0.12)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
-Remeasurement of defined benefit plans		-	-
-Income tax relating to these items		-	-
Other comprehensive income for the period, net of tax		-	-
Earning per share :	13		
-Basic in USD/ INR		(0.05)	(3.76)
-Diluted in USD/ INR		(0.05)	(3.76)

Summary of material accounting policies	1 & 2
Notes to the financial statements	3 to 19

The accompanying notes are an integral part of these financial statements.

As per our report of even date.

For BGJC & Associates LLP
Chartered Accountants
Firm Registration Number: 003304N/N500056

Pranav Jain
Partner
Membership Number: 098308

BGJC & Associates LLP New Delhi Chartered Accountants

For and on behalf of the
Royalux LLC

Hardeep Singh
Manager

ROYALUX LLC AUTH. SIGN.

Place: Noida
Date: 26th December 2024

Royalux LLC
Statement of change in equity for the period ended March 31, 2024
(All amounts are in INR Million, unless otherwise stated)

A. Equity Share Capital*

Particulars	Amount in USD	Amount in INR (Million)
Balance as at November 22, 2023	-	-
Change in equity share capital during the period	9,01,000	75.85
Balance as at March 31, 2024	**9,01,000**	**75.85**

B. Other Equity*

Amount in INR (Million)

Particulars	Statement of change in equity				Total
	Equity Component	Reserves and Surplus		Other Comprehensive Income	
		Security premium	Retained Earnings	Foreign exchange translation reserve	
Balance as at November 22, 2023	-	-	-	-	-
Loss for the period	-	-	(0.12)	(0.75)	(0.87)
Total Comprehensive Income	-	-	**(0.12)**	**(0.75)**	**(0.87)**
Transfer from retained earnings	-	-	-	-	-
Balance as at March 31, 2024	-	-	**(0.12)**	**(0.75)**	**(0.87)**

Amount in USD

Particulars	Statement of change in equity				Total
	Equity Component	Reserves and Surplus		Other Comprehensive Income	
		Security premium	Retained Earnings	Foreign exchange translation reserve	
Balance as at November 22, 2023	-	-	-	-	-
Loss for the period	-	-	(1,467.59)	-	(1,467.59)
Total Comprehensive Income	-	-	**(1,467.59)**	-	**(1,467.59)**
Transfer from retained earnings	-	-	-	-	-
Balance as at March 31, 2024	-	-	**(1,467.59)**	-	**(1,467.59)**

* The accompanying Note no. 6 & 7 are an integral part of these financial statements.

For BGJC & Associates LLP
Chartered Accountants
Firm Registration Number: 003304N/N500056

Pranav Jain

BGJC & Associates LLP New Delhi Chartered Accountants

Pranav Jain
Partner
Membership Number: 098308

Place: Noida
Date: 26th December 2024

For and on behalf of the
Royalux LLC

ROYALUX LLC AUTH. SIGN.

Hardeep Singh
Manager

Royalux LLC

Cash flow statement for the period November 22, 2023 to March 31, 2024

(All amounts are in INR Million, unless otherwise stated)

Particulars	Amount in USD	Amount in INR (Million)
A. Cash flow from operating activities		
Loss before tax	(1,468)	(0.12)
Adjustments for:		
Depreciation expense	1,933	0.16
Unrealised exchange (gain)/ loss (net)	-	(0.75)
Operating profit before working capital changes	**465**	**(0.71)**
Adjustments for (increase) / decrease in operating assets:		
Other current assets	(4,54,999)	(37.93)
Cash used in from operations	**(4,54,534)**	**(38.64)**
Taxes and interest thereon paid	-	-
Net cash used in operating activities	**(4,54,534)**	**(38.64)**
B. Cash flow from investing activities:		
PPE purchases	(29,437)	(2.44)
Net cash used in investing activities	**(29,437)**	**(2.44)**
C. Cash flow from financing activities:		
Share Capital issued	9,01,000	75.85
Net cash generated from financing activities	**9,01,000**	**75.85**
Net decrease in cash and cash equivalents	**4,17,030**	**34.76**
Cash and cash equivalents (refer to note 4)		
-at beginning of the period	-	-
-at end of the period	**4,17,030**	**34.76**
Notes to cash flow statement		
(i) Cash and cash equivalents comprise		
Balances with banks:		
– In current accounts	4,17,030	34.77
Cash on hand	-	-
	4,17,030	**34.77**

(ii) The cash flow statement has been prepared under the indirect method as set out in Ind AS 7 Cash Flow Statements.

(iii) Notes to the Financials Statements are integral part of the Cash Flow Statement.

As per our report of even date.

For BGJC & Associates LLP
Chartered Accountants
Firm Registration Number: 003304N/N500056

Pranav Jain
Partner
Membership Number: 098308

BGJC & Associates LLP New Delhi Chartered Accountants

For and on behalf of
Royalux LLC

Hardeep Singh
Manager

ROYALUX LLC AUTH. SIGN.

Place: Noida
Date: 26th December 2024

Royalux LLC
Notes to the Financial Statements for the period ended March 31, 2024
(All amounts are in INR Million, unless otherwise stated)

3 **Property, Plant and Equipment**

Amount in INR (Million)

Description	**Gross block (at cost)** As at November 22, 2023	Additions during the period	Disposal / Adjustment	As at March 31, 2024	**Accumulated depreciation** As at November 22, 2023	For the period	Disposal / Adjustment	As at March 31, 2024	**Net Block** As at March 31, 2024
Vehicles	-	2.44	-	2.44	-	0.16	-	0.16	2.28
	-	**2.44**	**-**	**2.44**	**-**	**0.16**	**-**	**0.16**	**2.28**

Amount in USD

Description	**Gross block (at cost)** 22, 2023	period	Adjustment	31, 2024	**Accumulated depreciation** 22, 2023	For the period	Adjustment	31, 2024	**Net Block** 31, 2024
Vehicles	-	29,437	-	29,437	-	1,933	-	1,933	27,504
	-	**29,437**	**-**	**29,437**	**-**	**1,933**	**-**	**1,933**	**27,504**

Footnote:
(i) There are no impairment losses recognised during the period.
(ii) There are no exchange differences adjusted in Property, Plant and Equipment.
(iii) The Company has not carried out any revaluation of Property, Plant and Equipment for the period ended March 31, 2024.
(v) There are no hypothecation/ pledge of Property, Plant and Equipment.

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Royalux LLC
Notes to the Financial Statements for the period ended March 31, 2024
(All amounts are in INR Million, unless otherwise stated)

4 Cash and cash equivalents

	Amount in USD	Amount in INR (Million)
Balances with banks		
-On current accounts	4,17,030	34.77
	4,17,030	**34.77**

5 Other current assets

	Amount in USD	Amount in INR (Million)
Advances to supplier	4,54,999	37.93
	4,54,999	**37.93**

6 Equity share capital

a) **The Company has only one class of share capital having a par value of USD 10 per share, referred to herein as equity shares.**

	As at March 31, 2024		
	Number	Amount in USD	Amount in INR (Million)
Authorised Shares			
90,100 Equity shares of USD 10 each	90,100	9,01,000	75.85
	90,100	**9,01,000**	**75.85**
Issued, subscribed and fully paid-up shares			
90,100 Equity shares of USD 10 each	90,100	9,01,000	75.85
	90,100	**9,01,000**	**75.85**

b) **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.**

	As at March 31, 2024		
Equity Shares	Number	Amount in USD	Amount in INR
Shares outstanding at the beginning of the period	-	-	-
Add : Issue of Shares	90,100	9,01,000	75.85
Shares outstanding at the end of the period	**90,100**	**9,01,000**	**75.85**

c) **Terms/rights attached to equity share**

Voting

Each holder of equity shares is entitled to one vote per share held.

Liquidation

In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive all of the remaining assets of the Company after distribution of all preferential amounts, if any. Such distribution amounts will be in proportion to the number of equity shares held by the shareholders.

d) **The Company's Holding Company is "IKIO Solutions Private Limited".**

e) **Detail of shareholders holding more than 5% of equity share of the Company**

	As at March 31, 2024		
	Holding in numbers	% of total equity shares	Change during the period
Equity shares of INR 10 each fully paid up held by :-			
IKIO Solutions Private Limited	90,100	100%	100%

7 Other equity

	Amount in USD	Amount in INR (Million)
(a) Retained earnings		
Opening balance	-	-
(+) Net Loss for the period	-1,468	-0.12
Closing balance	**-1,468**	**-0.12**
(b) Foreign currency translation reserve		
Opening balance	-	-
Add : Foreign currency translation reserve created during the year	-	-0.75
Closing balance	**-**	**-0.75**
Total other equity (a)+(b)	**-1,468**	**-0.87**

Retained earnings

Retained earnings are profit/ (loss) that the Company has earned till date.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity.

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Royalux LLC
Notes to the Financial Statements for the period ended March 31, 2024
(All amounts are in INR Million, unless otherwise stated)

8 Other income

	Amount in USD	Amount in INR (Million)
Interest income on bank deposits	1,321	0.11
	1,321	**0.11**

9 Depreciation expense

	Amount in USD	Amount in INR (Million)
Depreciation expense (refer note 3)	1,933	0.16
	1,933	**0.16**

10 Other Expenses

	Amount in USD	Amount in INR (Million)
Bank Charges	856	0.07
	856	**0.07**

11 Contingent liabilities and Other commitments

There is no contingent liabilities or capital commitments as on March 31, 2024

12 Segment reporting

A. Basis of Segmentation

An operating segment is a component that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the other components, and for which discrete financial information is available.

The management have been identified as the Chief Operating Decision Maker ("CODM"), since they are responsible for all major decision w r t the preparation and execution of business plan, preparation of budget, planning, expansion, alliance, joint venture, merger and acquisition and expansion of any facility.

The Company's management reviews the results of each segment on quarterly basis. The company's management uses Profit after tax (PAT) to assess the performance of the operating segments. Accordingly, there is only one reportable segment for the Company which is "Sale of Product", hence no specific disclosure have been made.

Entity wise disclosures

B. Information about reportable segments

The Company deals in one business segment namely "Trading of LED lights" therefore, product wise revenue disclosures are not applicable to the Company.

Information about geographical areas

Company operates primarily under a single geographic location i.e. USA and accordingly, there are no separate reportable geographical segments.

13 Disclosure as per Ind AS 33 on 'Earnings Per Share (EPS)'

	Amount in USD	Amount in INR (Million)
Basic and diluted earnings per share		
-Basic in USD/ INR	-0.05	-3.76
-Diluted in USD/ INR	-0.05	-3.76
Nominal value per share (in USD)	10.00	
(a) Profit attributable to equity shareholders		
Loss for the year	-1,468	-0.12
Loss attributable to equity shareholders	**-1,468**	**-0.12**
(b) Weighted average number of shares used as the denominator		
Weighted average number of equity shares for basic and diluted EPS	32,337	32,337
	32,337	**32,337**

At present, the company does not have any dilutive potential equity share.

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Royalux LLC
Notes to the Financial Statements for the period ended March 31, 2024
(All amounts are in INR Million, unless otherwise stated)

14 Fair value measurement and financial instruments

a) Financial instruments - by category and fair values hierarchy

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

As at March 31, 2024

Amount in INR (Million)

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Current							
Cash and cash equivalents	-	-	34.77	34.77	-	-	-
Total			**34.77**	**34.77**			

Amount in USD

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Current							
Cash and cash equivalents	-	-	4,17,029.66	4,17,029.66	-	-	-
Total			**4,17,029.66**	**4,17,029.66**			

Level 1: It includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The fair value of financial assets and liabilities included in Level 3 is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes of similar instruments.

The carrying amounts of cash and cash equivalents, approximates the fair values, due to their short-term nature.

Valuation processes

The Management performs the valuations of financial assets and liabilities required for financial reporting purposes on a yearic basis, including level 3 fair values.

b) Financial risk management

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

- Credit risk
- Liquidity risk

Risk management framework

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The management have authorised senior management to establish the processes and ensure control over risks through the mechanism of properly defined framework in line with the businesses of the company.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risks limits and controls, to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has policies covering specific areas, such as interest rate risk, foreign currency risk, other price risk, credit risk, liquidity risk, and the use of derivative and non-derivative financial instruments. Compliance with policies and exposure limits is reviewed on a continuous basis.

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Royalux LLC
Notes to the Financial Statements for the period ended March 31, 2024
(All amounts are in INR Million, unless otherwise stated)

(i) Credit risk

The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet as at March 31, 2024

Particulars	Amount in USD	Amount in INR (Million)
Cash and cash equivalents	4,17,029.66	34.77

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company's credit risk is primarily to the amount due from customer and investments. The Company maintains a defined credit policy and monitors the exposures to these credit risks on an ongoing basis. Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with scheduled commercial banks with high credit ratings assigned by domestic credit rating agencies.

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are unsecured and are derived from revenue earned from customers primarily located in India. The Company does monitor the economic environment in which it operates. The Company manages its Credit risk through credit approvals, establishing credit limits and continuously monitoring credit worthiness of customers to which the Company grants credit terms in the normal course of business.

On adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade receivable. The management uses a simplified approach (i.e. based on lifetime ECL) for the purpose of impairment loss allowance.

(ii) 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 fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that its liquidity position, including total cash (including bank deposits under lien and excluding interest accrued but not due) of as at March 31, 2024 Rs. 34.77 Millions (USD 4,17,029.66) and the anticipated future internally generated funds from operations will enable it to meet its future known obligations in the ordinary course of business.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and funding from group companies to meet its liquidity requirements in the short and long term.

The Company's liquidity management process as monitored by management, includes the following:
- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining rolling forecasts of the Company's liquidity position on the basis of expected cash flows.

Exposure to liquidity risk

The company exposure to liquidity risk is Nil as at March 31, 2024.

(iii) Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, the Company mainly has exposure to one type of market risk namely: currency risk . The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows to the extent of earnings and expenses in foreign currencies. Exposure arises primarily due to exchange rate fluctuations between the functional currency and other currencies from the Company's operating, investing and financing activities.

Exposure to currency risk

The company exposure to currency risk is Nil as at March 31, 2024.

15 Capital Management

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

To maintain or adjust the capital structure, the Company may return capital to shareholders, raise new debt or issue new shares.

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Royalux LLC
Notes to the Financial Statements for the period ended March 31, 2024
(All amounts are in INR Million, unless otherwise stated)

16 **Related party disclosure**

In accordance with the requirement of Ind AS 24 on Related Party Disclosure, the names of the related parties where control exists with whom transactions have been taken place during the period and description of relationships, as identified and certified by the management are:

a) List of related parties where controls exists

Relationship	Name of related party
Holding Company*	IKIO Solutions Private Limited
Ultimate Holding Company	IKIO Lighting Limited
Key Management Personnel	Mr Hardeep Singh
Relative of Key Management Personnel	Mrs Ishween Kaur Mr Sanjeet Singh Mrs Surmeet Kaur

* with whom significant transactions have been taken place during the current period

b) Details of related party transactions are as below:

Particulars	Amount in USD	Amount in INR (Million)
Equity Share Capital issued during the year		
IKIO Solutions Private Limited	9,01,000	75.85

Terms and conditions of transactions with the related parties

The terms and conditions of the transactions with key management personnel were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

17 For the purpose of conversion of accounts into Indian Currency, following rates are applied:

Particulars	For the period ended March 31, 2024
Average rate for the year	1 USD = Rs 83.12
Closing rate	1 USD = Rs 83.36

18 Accounts of the Company (a wholly owned subsidiary of M/s IKIO Solutions Private Limited, a Company incorporated in India), incorporated in USA have been made out as per the requirement of filing of Annual Performance Report (APR) with Reserve Bank of India as required under the Foreign Exchange Management Act (FEMA). This entailed drawing up the Balance Sheet, Statement of Profit and Loss, Statement of Changes of Equity and Statement of Cash Flows (including Auditor's Report thereon) of the Company.

19 This being the first financial year of the Company, previous year's figures are not available.

As per our report of even date.

For BGJC & Associates LLP
Chartered Accountants
Firm Registration Number: 003304N/N500056

Pranav Jain
Partner
Membership Number: 098308

Place: Noida
Date: 26th December 2024

For and on behalf of the
Royalux LLC

Hardeep Singh
Manager

BGJC & Associates LLP New Delhi Chartered Accountants

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Background

Royalux LLC ('the Company') is a company domiciled in USA, with its registered office situated at Indiapolis, USA. The Company was incorporated in India on November 22, 2023. The pupose of the company is to provide the Import & Trading Activity business and all lawful business actvities appropriate in carrying out the Company's objectives.

The holding company is M/s IKIO Solutions Pvt Ltd. The company is a manufacturing unit for production of lights and related products aligned with group companies. The company has started its commercial production from March 20, 2024.

1. Basis of preparation

(i) Statement of compliance:

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as notified under section 133 of the Companies Act 2013 ('the Act') - read with the Companies (Indian Accounting Standards) Rules 2015 (by Ministry of Corporate Affairs ('MCA')), as amended and other relevant provisions of the Act.

The Company has uniformly applied the accounting policies during the periods presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Company have been prepared financial statement for the purpose of filing of Annual Performance Report (APR) with Reserve Bank of India as required under the Foreign Exchange Management Act (FEMA).

Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle.

Based on the above criteria, the Company has ascertained its accounting cycle as twelve months for the purpose of current/non-current classification of assets and liabilities.

(ii) Functional and presentation currency

These financial statements are presented in Indian Rupees (INR/Rs.). The Company's functional currency is US Dollor. All amounts have been rounded-off to the nearest millions, unless otherwise indicated.

(iii) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets	Fair value

(iv) Use of estimates and judgements

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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 and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ending March 31, 2024 is included in the following notes:

- Note no 3: measurement of useful lives and residual values to property, plant and equipment;

(v) Measurement of fair value

A number of accounting policies and disclosures require measurement of fair value for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either –

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to/ by the Company.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1 — Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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2.1 Summary of material accounting policies

(i) Revenue From Operations

In recognising revenue, the Company applies Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognized. The Standard require apportioning revenue earned from contracts to individual promises, or performance obligations, on a relative stand-alone selling price basis, using a five-step model.

Revenue is recognised upon transfer of control of promised product or services to customer in an amount that reflect the consideration which the company expects to receive in exchange for those product or services at the fair value of the consideration received or receivable, which is generally the transaction price, net of any taxes/duties and discounts.

The company earns revenue from sales of LED lighting.

Interest income
Interest income on time deposits is recognised on accrual basis.

(ii) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, net of recoverable taxes (wherever applicable), which includes capitalised borrowing costs 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, if any, 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.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit and loss.

Subsequent expenditure

Subsequent expenditures are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only if it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

All other repairs and maintenance are charged to the statement of profit and loss during the reporting year in which they are incurred.

Depreciation methods, estimated useful lives and residual values

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Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual value over their useful life using written down value method and is recognised in the statement of profit and loss.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as under and the same are equal to lives specified as per schedule II of the Act.

Particulars	Useful lives (in years)
Tangible assets:	
Vehicle	8

Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets. Depreciation on addition to property, plant and equipment is provided on pro-rata basis from the date the assets are ready for intended use. Depreciation on sale/discard from property, plant and equipment is provided for up to the date of sale, deduction or discard of property, plant and equipment as the case may be.

Depreciation method, useful lives and residual values are reviewed at each financial year-end, and changes, if any, are accounted for prospectively.

(iii) Impairment of non-financial assets

The Company's non-financial assets, other than inventories and 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 or CGU'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).

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.

After impairment, depreciation/amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

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(iv) **Financial instruments**

i. Recognition and initial measurement

A financial asset or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue, except for an item recognised at fair value through profit and loss. Transaction cost of financial assets carried at fair value through profit and loss is expensed in the statement of profit and loss.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVTOCI), or
- Fair value through profit and loss (FVTPL)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets 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.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as FVTPL:

- the asset 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVTOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified to be measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that

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otherwise meets the requirements to be measured at amortised cost or at FVTOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features; prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par

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amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income and impairment are recognised in the statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest income, are recognised in the statement of profit and loss.

Debts investments at FVTOCI: These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On Derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: classification, subsequent measurement & gain and loss

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

iii. Offsetting

Financial assets and monetary liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

iv. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

v. Impairment of financial instruments:

The Company recognises loss allowances for expected credit losses on:-

- Financial assets measured at amortised cost; and
- Financial assets measured at FVTOCI- debt investments

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVTOCI 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. Evidence that a financial asset is credit- impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for agreed credit period;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or another financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

<u>Expected credit loss:</u>

Loss allowances for trade receivables are always measured 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.

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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.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than agreed credit period.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- the financial asset is past due and not recovered within agreed credit period.

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 expects to receive).

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

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.

(v) Contingent Liability, Contingent Asset and Provisions

Contingent liability

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Contingent assets

Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

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Provisions

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.

If the effect of the time value of money is material, 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 recognised as finance cost.

(vi) Cash and cash equivalents

Cash and cash equivalents include cash on hand, other short-term, highly 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current financial liabilities in the balance sheet.

(vii) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events such as bonus issue, share split or consolidation of shares.

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted into equity shares as at the beginning of the period, unless they have been issued at a later date.

(viii) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

The operating segments have been identified on the basis of the nature of products/services. Further:

1. Segment revenue includes sales and other income directly identifiable with / allocable to the segment.

2. Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallowable expenditure.

3. Income which relates to the Company as a whole and not allocable to segments is included in unallowable income.

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4. Segment assets and liabilities include those directly identifiable with the respective segments. Unallowable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

The Management(s) are collectively the Company's 'Chief Operating Decision Maker' or 'CODM' within the meaning of Ind AS 108. Refer Note 12 for segment information.

(ix) Foreign currency transactions and translations

a) Initial Recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on / or closely approximating to the date of the transaction.

b) Conversion:

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

c) Exchange Differences:

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

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