

## Mold-Tek Technologies Inc

### Balance Sheet As at 31<sup>st</sup> March 2018

Particulars	31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2017	
	USD	₹ 000	USD	₹ 000
<b>ASSETS</b>				
<b>Current Assets</b>				
Checking/Savings				
Checks in Transit	-	-	-	-
Corporate Checking	\$213,357	13,878	\$411,638	26,691
<b>Total Checking/Savings</b>	<b>\$213,357</b>	<b>13,878</b>	<b>\$411,638</b>	<b>26,691</b>
<b>Fixed Assets</b>				
Accumalated Depreciation	-\$102,373	(6,453)	-\$87,718	(5,508)
Vehicles & Computers	\$146,445	8,893	\$145,793	8,852
<b>Total Fixed Assets</b>	<b>\$44,072</b>	<b>2,440</b>	<b>\$58,076</b>	<b>3,344</b>
<b>Current Assets</b>				
Work in Process				
Loans & Advances	\$4,184	272	\$4,184	271
Accounts Receivable	\$2,009,065	130,678	\$1,895,253	122,888
<b>Total Current Assets Others</b>	<b>\$2,013,249</b>	<b>130,950</b>	<b>\$1,899,437</b>	<b>123,159</b>
<b>TOTAL ASSETS</b>	<b>\$2,270,677</b>	<b>147,268</b>	<b>\$2,369,150</b>	<b>153,194</b>
<b>LIABILITIES &amp; EQUITY</b>				
Liabilities				
Current Liabilities				
Accounts Payable				
Accounts Payable	\$11,878	773	\$537	35
<b>Total Accounts Payable</b>	<b>\$11,878</b>	<b>773</b>	<b>\$537</b>	<b>35</b>
Other Liabilities				
Related Party Due	\$2,106,922	137,043	\$2,241,294	145,326
<b>Total Long Term Liabilities</b>	<b>\$2,106,922</b>	<b>137,043</b>	<b>\$2,241,294</b>	<b>145,326</b>
<b>Total Liabilities</b>	<b>\$2,118,800</b>	<b>137,815</b>	<b>\$2,241,832</b>	<b>145,360</b>
<b>Equity</b>				
Equity	\$85,441	3,430	\$85,441	3,430
Retained Earnings	\$41,877	3,955	\$20,713	2,537
Foreign Currency Translation Reserve	\$0	554	\$0	448
Current Year earnings	\$24,559	1,513	\$21,163	1,418
<b>Total Equity</b>	<b>\$151,877</b>	<b>9,452</b>	<b>\$127,318</b>	<b>7,833</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$2,270,677</b>	<b>147,268</b>	<b>\$2,369,150</b>	<b>153,194</b>



**Mold-Tek Technologies Inc**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> March 2018**

Particulars	Apr to Mar'18		Apr to Mar'17	
	in US\$	in ₹ 000	in US\$	in ₹ 000
<b>Ordinary Income/Expense</b>				
Income				
Consulting Income	\$1,335,758	86,135	\$678,402	45,422
Other Income	\$4,840	312	\$5	0
Detailing	\$7,697,326	496,416	\$5,761,758	386,074
<b>Total Income</b>	<b>\$9,037,924</b>	<b>582,864</b>	<b>\$6,440,165</b>	<b>431,496</b>
<b>Cost of goods sold</b>				
Cost of Goods Sold -MTTL	<b>\$7,694,706</b>	<b>496,304</b>	<b>\$5,373,556</b>	<b>360,063</b>
Cost of Goods Sold -Others	<b>\$90,707</b>	<b>5,849</b>	<b>\$121,510</b>	<b>8,140</b>
<b>Total COGS</b>	<b>\$7,785,413</b>	<b>502,153</b>	<b>\$5,495,066</b>	<b>368,203</b>
<b>Gross Profit</b>	<b>\$1,252,511</b>	<b>80,711</b>	<b>\$945,099</b>	<b>63,293</b>
Expense				
Back Charges	\$23,779	1,536	\$53,765	3,573
Bank Service Charges	\$1,626	105	\$1,329	89
Contributions	-	-	\$1,437	96
Insurance	-	-	\$7,028	471
Health Insurance	\$43,482	2,804	\$25,167	1,687
Exhibition Expenses	\$35,532	2,292	\$17,722	1,190
Publications	\$1,295	83	\$1,901	128
Office Supplies	\$8,033	518	\$4,316	287
Payroll Expenses	\$848,587	54,728	\$526,910	35,308
Rent	\$21,366	1,378	\$16,757	1,123
Postage and Delivery	\$168	11	\$484	32
Taxes	\$3,079	199	\$2,034	135
Professional Fees	\$38,257	2,467	\$36,340	2,437
Travelling Exp	\$105,881	6,828	\$106,906	7,150
Computer Maintenance	\$71,530	4,614	\$79,854	5,355
Communication Expenses	\$10,360	668	\$14,006	939
Visa Expenses	-	-	\$2,050	137
Repair	\$322	21	-	-
Depreciation	\$14,655	945	\$28,562	1,915
<b>Total Expense</b>	<b>\$1,227,952</b>	<b>79,197</b>	<b>\$926,567</b>	<b>62,052</b>
<b>Net Ordinary Income</b>	<b>\$24,559</b>	<b>1,513</b>	<b>\$18,531</b>	<b>1,241</b>

## INDEPENDENT AUDITORS' REPORT

To

The Members of Mold-Tek Technologies Limited

### Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of Mold-Tek Technologies Limited (hereafter referred to as "the Parent") and its wholly owned subsidiary (the Parent and its wholly owned subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS

financial statements by the Directors of the Parent, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the audit procedures performed on separate financial statements of the wholly owned subsidiary referred to in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements



give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

#### **Other matters**

- a) We have performed audit procedures on the financial statements of the wholly owned subsidiary, whose financial statements furnished to us by the Management reflect total assets of ₹ 145874.61 thousands as at 31<sup>st</sup> March, 2018, total revenue of ₹ 582863.63 thousands and net cash outflows amounting to ₹ 12813.01 thousands for the year ended on that date as considered in the consolidated financial statements and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of wholly subsidiary is based solely on the financial statements furnished by the Management and the audit procedures performed by us.

The financial statements of the wholly owned subsidiary, located outside India, have been prepared in accordance with accounting principles generally accepted in its country and which has been reviewed by the Management under generally accepted auditing standards applicable in its country. The Management has converted the financial statements from accounting principles generally accepted in that country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Management. Our opinion in so far as it relates to the balances and affairs of such subsidiary is based on the financial statements furnished by the Management and the conversion adjustments prepared by the Management and audited by us. Our opinion is not modified in respect of this matter.

- b) The comparative financial information of the Group for the year ended 31<sup>st</sup> March, 2017 and the transition date opening balance sheet as at 1<sup>st</sup> April, 2016 included in these

Consolidated Ind AS Financial Statements, are based on the previously issued statutory financial statements for the years ended 31<sup>st</sup> March, 2017 and 31<sup>st</sup> March, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor who expressed an unmodified opinion vide reports dated 30<sup>th</sup> May, 2017 and 17<sup>th</sup> May, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Group on transition date to Ind AS have been audited by us. Our opinion is not modified in respect of this matter.

#### **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, we report to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2017 taken on record by the Board of Directors of the Parent, none of the

## Notes forming part of the financial statements for the year ended March 31, 2018

### 1 Group information:

Mold-Tek Technologies Limited ('the parent') is a public limited company incorporated in India having its registered office at Hyderabad, Telangana, India. The group is engaged in providing Civil & Mechanical Engineering Services. Mold-Tek Technologies Inc. is the wholly owned subsidiary incorporated in USA (The parent and its subsidiary together referred to as Group).

### 2 Significant accounting policies:

This note provides a list of the significant accounting policies adopted in the preparation of the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### a) Statement of compliance:

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Amendment Rules, 2016 and Companies (Indian Accounting Standards) Amendment Rules, 2017, the relevant provisions of the Companies Act, 2013 ('the Act') and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable. Accounting policies have been consistently applied 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 financial statements for the year ended March 31, 2018 are the Group's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016. Accordingly, the group has prepared an Opening Ind AS Balance Sheet as on April 1, 2016 and comparative figures for the year ended March 31, 2017 are also in compliance with Ind AS. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the group is provided in Note 43.

The transition to Ind AS has resulted in changes in the presentation of the Financial Statements,

disclosures in the notes thereto and accounting policies and principles. The Financial Statements of the Group as at and for the year ended 31st March, 2018 (including comparatives) were approved and authorised for issue by the Board of Directors of the Parent Company.

#### b) Basis of preparation:

The Consolidated Financial Statements (CFS) include the financial statements of the Company and its wholly owned subsidiary. The assets, liabilities, income and expenses of the wholly owned subsidiary is aggregated and consolidated line by line. Profit or loss and each component of other comprehensive income are attributed to the owners. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values as per Ind AS. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### c) Revenue Recognition

##### i) Sale of Services

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the amount can be reliably measured. Revenue from services is recognized when the same are fully rendered and billable. The Group adopts the percentage of completion basis for certain customers and monthly fixed billing basis for others. The group presents revenues net of indirect taxes in its statement of profit and loss.

Unbilled Revenue on incomplete service contracts are estimated based on the extent of completion.

##### ii) Other income:

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



Export Benefit under the Duty Free Credit Entitlements is recognized in the statement of profit and loss, when right to receive such entitlement is established as per terms of the relevant scheme in respect of exports made and where there is no significant uncertainty regarding compliance with the terms and conditions of such scheme.

#### d) **Borrowing costs**

Documentation, Commitment and Service Charges are spread over the tenure of the finance facility.

Borrowing costs include interest, amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalization of such asset are included in the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization. Other borrowings costs are expensed in the period in which they are incurred.

#### e) **Employee benefits**

- (i) **Short-term obligations** Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### (ii) **Other long-term employee benefit obligations**

The liabilities for earned leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligations. Remeasurements as a result of the experience adjustments and changes in actuarial assumptions are recognized in profit or loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur. The liability for earned leave is covered through a recognized Fund managed by Life Insurance Corporation of India and the contributions made under the scheme are charged to Statement of Profit and Loss.

- (iii) **Gratuity obligations** The liability or assets recognized in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan

amendments or curtailments are recognized immediately in profit or loss.

The gratuity liability is covered through a recognized Gratuity Fund managed by Life Insurance Corporation of India and the contributions made under the scheme are charged to Statement of Profit and Loss.

#### iv) Defined contribution plans

The Group pays provident fund contributions to publicly administered funds as per local regulations. The group has no further payment obligations once the contributions have been paid, the contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due.

#### v) Employee share based payments

Stock Options are granted to eligible employees in accordance with the MTTL Employee Stock Option Schemes ("MTTL ESOS"), as may be decided by the Nomination & Compensation Committee. Eligible employees for this purpose include (a) such employees of the Group including Directors and (b) such employees of the Group's subsidiary companies including Managing Director / Wholetime Director of a subsidiary. Equity-settled share-based payments to employees are measured at the fair value of the employee stock options at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is amortised over the vesting period, based on the group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

#### f) Income taxes

Tax expense for the year comprises current and deferred tax.

Current Tax is the amount of tax payable on the taxable income for the year as determined in

accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax relating to items recognized directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in the Statement of Profit and Loss.

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



**g) Property, plant and equipment:**

Freehold land is carried at historical cost. Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Property, Plant and equipment retired from active use and held for sale are stated at the lower of their net book value and net realizable value and are disclosed separately.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Lease Hold improvements are stated at original cost including taxes, freight and other incidental expenses related to acquisition/installation and after adjustment of input taxes less accumulated depreciation in accordance with lease hold period.

**h) Expenditure during construction period:**

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

**i) Depreciation**

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on the straight line method over the useful lives as prescribed in Schedule II to the Act.

**j) Intangible assets and amortization:**

Intangible assets acquired separately are measured on initial recognition cost and are amortized on straight line method based on the estimated useful lives.

The amortized period and amortization method are reviewed at each financial year end.

Cost of Software is amortized over a period of five years.

**k) Impairment of assets:**

Intangible assets and property, plant and equipment: Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

**l) Provisions, contingent liabilities & contingent assets:**

The Group recognises provisions when there is

present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent Liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group.

Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realised.

**m) Financial instruments:**

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Financial assets**

**(i) Financial assets carried at amortised cost**

A financial asset is subsequently 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.

**(ii) Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income 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. Further, in case where the Group has made an irrevocable selection based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

**(iii) Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

**(iv) The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in statement of profit or loss.**



value result in general approximation of value, and such value may or may not be realized.

## Financial liabilities and equity instruments

### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

### Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant

Interest bearing bank loans, overdrafts and unsecured loans are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

### Derecognition of financial instruments

The Group 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 group's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

### Fair value of financial instruments

In determining the fair value of its financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair

### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

#### o) Earnings per share :

The basic earnings per share is computed by dividing the profit/(loss) for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, profit/(loss) for the year attributable to the equity shareholders and the weighted average number of the equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### p) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### q) Transactions in foreign currencies:

The financial statements of the Group are presented in Indian rupees (₹), which is the functional currency of the group and the presentation currency for the financial statements.

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.

Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.

Exchange differences arising on settlement of