

SORAB S. ENGINEER & CO. (Regd.)
CHARTERED ACCOUNTANTS

TELEPHONE : +91 79 29700466
: +91 79 48006782
EMAIL : sseahm@sseco.in
: sseahm@hotmail.com
WEB : www.sseco.in



804, SAKAR-IX,
BESIDES OLD RBI,
ASHRAM ROAD,
AHMEDABAD-380 009

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARVIND BKP BEROLINA PRIVATE LIMITED
(Formerly known as ARVIND TRANSFORMATIONAL SOLUTIONS PRIVATE LIMITED)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Arvind BKP Berolina Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the loss and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note no. 22 of the financial statements, which describes that based on current indicators of future economic conditions, the Company expects to recover the carrying amount of all its assets. The impact of the COVID-19 pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions. Our opinion is not modified in respect of this matter.

Head Office : 902, Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai-400 021.
Telephone : +91 22 2282 4811, 2204 0861 • Email : sorabsengineer@yahoo.com, ssemum@sseco.in

Bengaluru Branch : F-1, Vaastu Jayalaxmi, B Street, Opp. Fortis Hospital, 1st Main Road, Sheshadripuram, Bengaluru-560020.
Telephone : +91 9925879234 • Email : sseblr@sseco.in

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting

SORAB S. ENGINEER & CO. (Regd.)

a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.



SORAB S. ENGINEER & CO. (Regd.)

- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) The provision of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2021.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has does not have any pending litigation which would affect its financial position;
 - ii. The Company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
2. As required by the Companies (Auditor's report) Order, 2016 ("The Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.

For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm's Registration No. 110417W



CA. Chokshi Shreyas B.
Partner
Membership No.100892
UDIN:21100892AAAA

Ahmedabad
May 20, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Arvind BKP Berolina Private Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Arvind BKP Berolina Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.



Meaning of Internal Financial Controls Over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm's Registration No. 110417W



CA. Chokshi Shreyas B.
Partner
Membership No.100892

Ahmedabad
May 20, 2021

SORAB S. ENGINEER & CO. (Regd.)

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm's Registration No. 110417W



CA. Chokshi Shreyas B.
Partner
Membership No. 100892

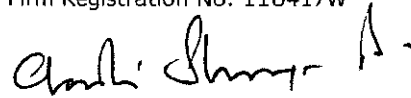
Ahmedabad
May 20, 2021

Arvind BKP Berolina Private Limited
(Formerly Known as Arvind Transformational Solutions Private Limited)
Balance Sheet as at March 31, 2021

Particulars	Notes	Amount in Rs.	
		As at March 31, 2021	As at March 31, 2020
ASSETS			
I. Non-current assets			
(a) Capital work-in-progress	5	-	-
(b) Financial assets			
(i) Other financial assets	6 (b)	-	-
Total non-current assets		-	-
II. Current assets			
(a) Financial assets			
(i) Cash and cash equivalents	6 (a)	17,749	16,057
(b) Other current assets	7	32,480	30,400
Total current assets		50,229	46,457
Total Assets		50,229	46,457
EQUITY AND LIABILITIES			
Equity			
Equity share capital	8	1,00,000	1,00,000
Other equity	9	(1,33,014)	(1,15,237)
Total equity		(33,014)	(15,237)
LIABILITIES			
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	10 (a)	50,000	20,000
(ii) Trade payables	10 (b)		
a) Total outstanding dues of micro enterprises and small enterprises		-	-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		31,400	40,000
(iii) Other financial liabilities	10 (c)	1,843	1,694
Total current liabilities		83,243	61,694
Total Equity and Liabilities		50,229	46,457

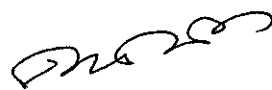
See accompanying notes forming part of the Financial Statements

As per our report of even date
For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Registration No. 110417W



CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Place : Ahmedabad
Date : May 20, 2021

For and on behalf of the board of directors of
Arvind BKP Berolina Private Limited



Director
DIN:
Place : Ahmedabad
Date : May 20, 2021



Director
DIN:
Place : Ahmedabad
Date : May 20, 2021

Arvind BKP Berolina Private Limited
(Formerly Known as Arvind Transformational Solutions Private Limited)
Statement of Profit and Loss for the year ended March 31, 2021

Particulars	Notes	Amount in Rs.	
		Period ended March 31, 2021	Year ended March 31, 2020
I. Income			
Total income (I)		-	-
II. Expenses			
Finance costs	11	1,843	1,694
Other expenses	12	15,934	89,405
Total expenses (II)		17,777	91,099
III. Profit/(Loss) before exceptional items and tax (I-II)		(17,777)	(91,099)
IV. Exceptional items		-	-
V. Profit/(Loss) before tax (III-IV)		(17,777)	(91,099)
VI. Tax expense		-	-
VII. Profit/(Loss) for the year (V-VI)		(17,777)	(91,099)
VIII. Other comprehensive income		-	-
IX. Total comprehensive income/(loss) for the year, net of tax (VII+VIII)		(17,777)	(91,099)
X. Earning per equity share			
Basic - Rs.	16	(1.78)	(9.11)
Diluted - Rs.	16	(1.78)	(9.11)

See accompanying notes forming part of the Financial Statements

As per our report of even date
For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Registration No. 110417W



CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Place : Ahmedabad
Date : May 20, 2021

For and on behalf of the board of directors of
Arvind BKP Berolina Private Limited



Director
DIN:
Place : Ahmedabad
Date : May 20, 2021



Director
DIN:
Place : Ahmedabad
Date : May 20, 2021

Arvind BKP Berolina Private Limited
(Formerly Known as Arvind Transformational Solutions Private Limited)
Statement of Cash Flows for the year ended March 31, 2021

Particulars	Amount in Rs.	
	Year ended March 31, 2021	Year ended March 31, 2020
A Cash Flow from Operating activities		
Profit/(Loss) before tax	(17,777)	(91,099)
Adjustments to reconcile profit before tax to net cash flows		
Finance Cost	1,843	1,694
Property, Plant and Equipment written off	-	55,235
Operating Profit before Working Capital Changes	(15,934)	(34,170)
Working Capital Changes:		
Changes in trade payables	(8,600)	20,000
Changes in other financial assets		20,000
Changes in other assets	(2,080)	(1,170)
Net Changes in Working Capital	(10,680)	38,830
Cash Generated from Operations	(26,614)	4,660
Direct Taxes paid (Net of Income Tax refund)	-	-
Net Cash from / (used in) Operating Activities	(26,614)	4,660
B Cash Flow from Investing Activities		
Net cash flow from/ (used in) Investing Activities	-	-
C Cash Flow from Financing Activities		
Changes in Short Term Borrowings	30,000	10,000
Interest and Other Borrowing Cost Paid	(1,694)	(638)
Net Cash flow from/ (used in) Financing Activities	28,306	9,362
Net Increase/(Decrease) in cash & cash equivalents	1,692	14,022
Cash & Cash equivalent at the beginning of the year	16,057	2,035
Cash & Cash equivalent at the end of the year	17,749	16,057

Figures in brackets indicate outflows.

Particulars	Amount in Rs.	
	Year ended March 31, 2021	Year ended March 31, 2020
Cash and cash equivalents comprise of:		
Balances with Banks	17,749	16,057
Cash and cash equivalents as per Balance Sheet (Note 6a)	17,749	16,057
Cash and cash equivalents	17,749	16,057

Disclosure under Para 44A as set out in Ind AS 7 on cash flow statements under Companies (Indian Accounting Standards) Rules, 2015 (as amended)

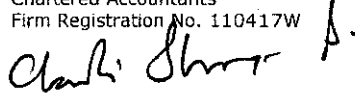
Particulars of liabilities arising from financing activity	Note No.	As at April 1, 2019	Net cash flows	Non-Cash Changes		As at March 31, 2020
				Effect of change in Foreign Currency Rates	Other Changes	
Borrowings:						
Long term borrowings	-	-	-	-	-	-
Short term borrowings	10 (a)	20,000	30,000	-	-	50,000
Interest accrued on borrowings	10 (c)	1,694	(1,694)	-	1,843	1,843
Total		21,694	28,306	-	1,843	51,843

Particulars of liabilities arising from financing activity	Note No.	As at April 1, 2019	Net cash flows	Non-Cash Changes		As at March 31, 2020
				Effect of change in Foreign Currency Rates	Other Changes	
Borrowings:						
Long term borrowings	-	-	-	-	-	-
Short term borrowings	10 (a)	10,000	10,000	-	-	20,000
Interest accrued on borrowings	10 (c)	638	(638)	-	1,694	1,694
Total		10,638	9,362	-	1,694	21,694

Notes:

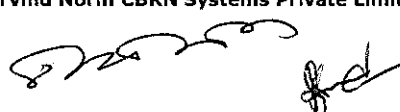
- 1) The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

As per our report of even date
For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Registration No. 110417W



CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Place : Ahmedabad
Date : May 20, 2021

For and on behalf of the board of directors of
Arvind Norm CBRN Systems Private Limited



Director
(DIN:)
Place :
Date : May 20, 2021

Director
(DIN:)
Place :
Date : May 20, 2021

Arvind BKP Berolina Private Limited
(Formerly Known as Arvind Transformational Solutions Private Limited)
Statement of Changes in Equity

A. Equity share capital

Balance	Amount in Rs. Note 8
As at April 1, 2019	1,00,000
Issue of Equity Share capital	-
As at March 31, 2020	1,00,000
Issue of Equity Share capital	-
As at March 31, 2021	1,00,000

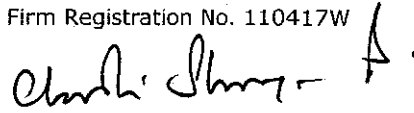
B. Other equity

Attributable to the equity holders of the parent

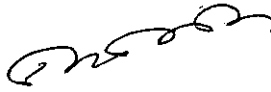
Amount in Rs.

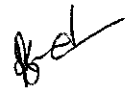
Particulars	Reserves and Surplus	
	Retained Earnings Note 9	Total Equity
Balance as at April 1, 2019	(24,138.00)	(24,138.00)
Profit/(Loss) for the year	(91,099)	(91,099)
Other comprehensive income for the year	-	-
Total Comprehensive income for the year	(1,15,237)	(1,15,237)
Balance as at March 31, 2020	(1,15,237)	(1,15,237)
Balance as at April 1, 2020	(1,15,237)	(1,15,237)
Profit/(Loss) for the period	(17,777)	(17,777)
Other comprehensive income for the period	-	-
Total Comprehensive income for the period	(1,33,014)	(1,33,014)
Balance as at March 31, 2021	(1,33,014)	(1,33,014)

As per our report of even date
For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Registration No. 110417W


CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Place : Ahmedabad
Date : May 20, 2021

For and on behalf of the board of directors of
Arvind BKP Berolina Private Limited


Director
DIN:
Place : Ahmedabad
Date : May 20, 2021


Director
DIN:
Place: Ahmedabad
Date : May 20, 2021

Arvind BKP Berolina Private Limited

(Formerly Known as Arvind Transformational Solutions Private Limited)

Notes to Financial Statements**Note 5 : Property, plant and equipment**

	Amount in Rs.
Particulars	CWIP
Gross Carrying Value	
As at April 1, 2019	55,235
Additions	-
Deductions	55,235
As at March 31, 2020	-
Additions	-
Deductions	-
As at March 31, 2021	-
Depreciation and Impairment	
As at April 1, 2019	-
Depreciation for the year	-
Deductions	-
As at March 31, 2020	-
Depreciation for the year	-
Deductions	-
As at March 31, 2021	-
Net Carrying Value	
As at March 31, 2021	-
As at March 31, 2020	-

Notes:

- 1) Refer Note 20 for disclosure of contractual commitments for the acquisition of property, plant and equipment.



Arvind BKP Berolina Private Limited
(Formerly Known as Arvind Transformational Solutions Private Limited)
Notes to Financial Statements

Note 6 : Financial assets

6 (a) Cash and cash equivalent

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Cash on hand	-	-
Balance with Bank		
Current account	17,749	16,057
Total cash and cash equivalents	17,749	16,057

6 (b) Other financial assets

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good unless otherwise stated)		
Non-current		
Security deposits	-	-
Total other financial assets	-	-

6 (c) : Financial Assets by category

Particulars	Amount in Rs.		
	FVTPL	FVOCI	Amortised Cost
March 31, 2021			
Cash & Bank balance	-	-	17,749
Total Financial Assets	-	-	17,749
March 31, 2020			
Cash & Bank balance	-	-	16,057
Other financial assets	-	-	-
Total Financial Assets	-	-	16,057

For Financial instruments risk management objectives and policies, refer Note 19.

Fair value disclosure for financial assets and liabilities are in Note 17 and fair value hierarchy disclosures are in Note 18.

Note 7 : Other current assets

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good unless otherwise stated)		
Current		
Balance with Government Authorities (Refer Note 1 below)	32,480	30,400
Total	32,480	30,400

1. Balance with Government Authorities includes input credit availed.

Arvind BKP Berolina Private Limited
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Notes to Financial Statements

Note 8 : Equity share capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
Authorised share capital				
Equity shares of Rs.10 each (March 31, 2020: Rs.10 each)	10,000	1,00,000	10,000	1,00,000
Issued and subscribed share capital				
Equity shares of Rs.10 each (March 31, 2020: Rs.10 each)	10,000	1,00,000	10,000	1,00,000
Subscribed and fully paid up				
Equity shares of Rs.10 each (March 31, 2020: Rs.10 each)	10,000	1,00,000	10,000	1,00,000
Total	10,000	1,00,000	10,000	1,00,000

8.1. Reconciliation of shares outstanding at the beginning and at the end of the Reporting period

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
At the beginning of the period	10,000	1,00,000	10,000	1,00,000
Add:				
Issue of Share Capital	-	-	-	-
Outstanding at the end of the period	10,000	1,00,000	10,000	1,00,000

8.2. Terms/Rights attached to the equity shares

The Company has one class of shares referred to as equity shares having a par value of Rs. 10 each. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets after distribution of all preferential amounts, in proportion to their shareholding.

8.3. Shares Held by Holding Company

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
Arvind Limited and its nominees	10,000	1,00,000	10,000	1,00,000

8.4. Number of Shares held by each shareholder holding more than 5% Shares in the company

Name of the Shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Arvind Limited and its nominees	10,000	100.00%	10,000	100.00%

8.5. Objective, policy and procedure of capital management, refer Note 20

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Arvind BKP Berolina Private Limited
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Notes to Financial Statements

Note 9 : Other Equity

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Note 9.1 Reserves & Surplus		
Surplus in statement of profit and loss		
Balance as per last financial statements	(1,15,237)	(24,138)
Add: Profit/ (Loss) for the year	(17,777)	(91,099)
Add / (Less): OCI for the year	-	-
Balance at the end of the year	(1,33,014)	(1,15,237)
Total reserves & surplus	(1,33,014)	(1,15,237)
Total Other equity	(1,33,014)	(1,15,237)

Note 10 : Financial liabilities

10 (a) Short-term Borrowings

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Short-term Borrowings		
Unsecured		
Intercorporate Deposits		
From Related Parties (Refer Note 15)	50,000	20,000
Total borrowings	50,000	20,000

a Rate Of Interest

(i) Inter Corporate Deposits carry interest rates 8.75% per annum.

10 (b) Trade payable

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Current		
Other Trade Payables (Refer Note below)		
-Total outstanding dues of micro enterprises and small enterprises	-	-
-Total outstanding dues other than micro enterprises and small enterprises	31,400	40,000
Total	31,400	40,000

a Other trade payables are not-interest bearing and are normally settled on 30-90 days terms.

b The Company does not have any dues to suppliers registered under the Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 and hence disclosures as required under Section 22 of The Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 regarding:

- Principal amount and the interest due thereon remaining unpaid to any suppliers as at the end of accounting year;
- Interest paid during the year;
- Amount of payment made to the supplier beyond the appointed day during accounting year;
- Interest due and payable for the period of delay in making payment;
- Interest accrued and unpaid at the end of the accounting year; and
- Further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise.

is not required.

10 (c) Other financial liabilities

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Current		
Interest accrued and due on Inter Corporate Deposits	1,843	1,694
Total	1,843	1,694

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Notes to Financial Statements

10 (d) : Financial Liabilities by category

Particulars	Amount in Rs.	
	FVOCI	Amortised Cost
March 31, 2021		
Borrowings	-	50,000
Trade payables	-	31,400
Interest accrued and due	-	1,843
Total Financial liabilities	-	83,243
March 31, 2020		
Borrowings	-	20,000
Trade payables	-	40,000
Interest accrued and due	-	1,694
Total Financial liabilities	-	61,694

For Financial instruments risk management objectives and policies, refer Note 19.

Fair value disclosure for financial assets and liabilities are in Note 17 and fair value hierarchy disclosures are in Note 18.



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Notes to Financial Statements

Note 11 : Finance costs

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Interest Expenses on		
Inter Corporate Deposits	1,843	1,694
Total	1,843	1,694

Note 12 : Other expenses

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Legal & Professional charges	-	13,580
Auditor's Remuneration (Refer Note a below)	15,816	20,000
Property, Plant and Equipment written off	-	55,235
Bank Charges	118	590
Total	15,934	89,405

a. Break up of Auditor's Remuneration

Particulars	Amount in Rs.	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Payment to Auditors as :		
Auditors	12,000	20,000
For Other certification / Exps	3,816	-
Total	15,816	20,000

Note 13 : Contingent liabilities

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Contingent liabilities not provided for	-	-

Note 14 : Capital commitment and other commitments

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Capital commitments		
Estimated amount of Contracts remaining to be executed on capital account and not provided for	-	-
Other commitments	-	-

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Notes to Financial Statements**Note 15 : Related Party Transactions**

As per the Indian Accounting Standard on "Related Party Disclosures" (Ind AS 24), the related parties of the Company are as follows :

a Name of Related Parties	Nature of Relationship
Arvind Limited	Holding Company

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

b Transactions with related parties

Particulars	Amount in Rs.
	Holding Company
Interest Expense	
March 31, 2021	1,843
March 31, 2020	1,694
Loan Taken	
March 31, 2021	30,000
March 31, 2020	10,000

c Balances

Particulars	Amount in Rs.
	Holding Company
Payable in respect of Loans	
March 31, 2021	50,000
March 31, 2020	20,000
Payables in respect of Other Current Liabilities	
March 31, 2021	1,843
March 31, 2020	1,694

d Terms and conditions of transactions with related parties

1) Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances other than loan taken at the year-end are unsecured and interest free and settlement occurs in cash.

2) Loans received by related party carries interest rate of 8.75% (March 31, 2020 : 8.75%)

e Commitments with related parties

The Company has not provided any commitment to the related party. (March 31, 2021: Rs. Nil)

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Notes to Financial Statements

Note 16 : Earning per share

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Earning per share (Basic and Diluted)		
Profit/(Loss) attributable to ordinary equity holders	(17,777)	(91,099)
Total no. of equity shares at the end of the year (In Nos.)	10,000	10,000
Weighted average number of equity shares		
For basic EPS (In Nos.)	10,000	10,000
For diluted EPS (In Nos.)	10,000	10,000
Nominal value of equity shares - In Rs.	10	10
Basic earning per share - In Rs.	(1.78)	(9.11)
Diluted earning per share - In Rs.	(1.78)	(9.11)
Weighted average number of equity shares		
(In Nos.)		
Weighted average number of equity shares for basic EPS	10,000	10,000
Effect of dilution	-	-
Weighted average number of equity shares adjusted for the effect of dilution	10,000	10,000

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Notes to Financial Statements

Note 17 : Fair value disclosures for financial assets and financial liabilities

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Financial liabilities		
Borrowings		
Carrying Amount	50,000	20,000
Fair Value	50,000	20,000

See accompanying notes forming part of the Financial Statements

The management assessed that the fair values of cash and cash equivalents, other bank balances, other current financial assets, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values :

The fair value of borrowings and other financial liabilities is calculated by discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities.

The discount for lack of marketability represents the amounts that the Company has determined that market participants would take into account when pricing the investments.

Note 18 : Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities :

Particulars	Date of valuation	Total	Fair value measurement using			Amount in Rs.
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Liabilities measured at fair value						
Borrowings	March 31, 2021	50,000	-	50,000	-	-
	March 31, 2020	20,000	-	20,000	-	-

Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize 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. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfer between level 1, 2 and 3 during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Note 19 : Financial instruments risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include trade and other receivables and cash & short-term deposits that derive directly from its operations.

The Company's activities expose it to market risk, and liquidity risk. In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts, foreign currency option contracts are entered to hedge certain foreign currency exposures and interest rate swaps to hedge certain variable interest rate exposures. Derivatives are used exclusively for hedging purposes and not as trading / speculative instruments.

The Company's risk management is carried out by a Treasury department under policies approved by the Board of directors. Company's treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

Market risk is the risk that the fair value of 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, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, Investments, trade and other receivables, trade and other payables and derivative financial instruments.

Within the various methodologies to analyse and manage risk, Company has implemented a system based on "sensitivity analysis" on symmetric basis. This tool enables the risk managers to identify the risk position of the entities. Sensitivity analysis provides an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions. The risk estimates provided here assume:

- a parallel shift of 50-basis points of the interest rate yield curves in all currencies.
- a simultaneous, parallel foreign exchange rates shift in which the INR appreciates / depreciates against all currencies by 2%
- 10% increase / decrease in equity prices of all investments traded in an active market, which are classified as financial asset measured at FVOCI.

The potential economic impact, due to these assumptions, is based on the occurrence of adverse / inverse market conditions and reflects estimated changes resulting from the sensitivity analysis. Actual results that are included in the Statement of profit & loss may differ materially from these estimates due to actual developments in the global financial markets.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity, pension and other post-retirement obligations and provisions.

The following assumption has been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at respective period/year end including the effect of hedge accounting.

Interest rate risk

Interest rate risk arises from the sensitivity of financial assets and liabilities to changes in market rates of interest. The Company seeks to mitigate such risk by entering into interest rate derivative financial instruments such as interest rate swaps or cross-currency interest rate swaps. Interest rate swap agreements are used to adjust the proportion of total debt, that are subject to variable and fixed interest rates.

Under an interest rate swap agreement, the Company either agrees to pay an amount equal to a specified fixed-rate of interest times a notional principal amount, and to receive in return an amount equal to a specified variable-rate of interest times the same notional principal amount or, vice-versa, to receive a fixed-rate amount and to pay a variable-rate amount. The notional amounts of the contracts are not exchanged. No other cash payments are made unless the agreement is terminated prior to maturity, in which case the amount paid or received in settlement is established by agreement at the time of termination, and usually represents the net present value, at current rates of interest, of the remaining obligations to exchange payments under the terms of the contract.

As at March 31, 2021, approximately 100% of the Company's Borrowings are at fixed rate of interest (March 31, 2020: 100%)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Amount in Rs. Effect on profit before tax
March 31, 2021	
Increase in 50 basis points	250
Decrease in 50 basis points	(250)
March 31, 2020	
Increase in 50 basis points	100
Decrease in 50 basis points	(100)

Exclusion from this analysis are as follows:

- Fixed rate financial instruments measured at cost : Since a change in interest rate would not change the carrying amount of this category of instruments, there is no net income impact and they are excluded from this analysis
- The effect of interest rate changes on future cash flows is excluded from this analysis.

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(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties who meets the minimum threshold requirements under the counterparty risk assessment process. The Company monitors the ratings, credit spreads and financial strength of its counterparties. Based on its on-going assessment of counterparty risk, the Company adjusts its exposure to various counterparties. The Company's maximum exposure to credit risk for the components of the Balance sheet as is the carrying amount as disclosed in Note 17.

(c) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt and overdraft from both domestic and international banks at an optimised cost. It also enjoys strong access to domestic capital markets across equity.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	Amount in Rs.				
	Less than 1 year	1 year to 2 years	3 years to 5 years	After 5 years	Total
As at March 31, 2021					
Interest bearing borrowings*	50,000	-	-	-	50,000
Trade payables	31,400	-	-	-	31,400
Other financial liabilities#	1,843	-	-	-	1,843
	83,243	-	-	-	83,243
As at March 31, 2020					
Interest bearing borrowings*	20,000	-	-	-	20,000
Trade payables	40,000	-	-	-	40,000
Other financial liabilities#	1,694	-	-	-	1,694
	61,694	-	-	-	61,694

* Includes contractual interest payment based on interest rate prevailing at the end of the reporting period over the tenor of the borrowings.

Other financial liabilities includes interest accrued but not due.

Note 20 : Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings less cash and short-term deposits (including other bank balance).

Particulars	Amount in Rs.	
	As at March 31, 2021	As at March 31, 2020
Interest-bearing loans and borrowings (Note 10)	50,000	20,000
Less: Cash and Cash equivalent (including Book Overdraft)	(17,749)	(16,057)
Net debt	32,251	3,943
Equity share capital (Note 8)	1,00,000	1,00,000
Other equity (Note 9)	(1,33,014)	(1,15,237)
Total capital	(33,014)	(15,237)
Capital and net debt	(763)	(11,294)
Gearing ratio	(4226.87%)	(34.91%)

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the ended March 31, 2021 and March 31, 2020.

Loan covenants

Under the terms of major borrowing facilities, the Company has complied with the required financial covenants throughout the reporting periods.

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Notes to Financial Statements

Note 21 : New Accounting Pronouncements to be adopted on or after March 31, 2021

There are no standards or interpretations which are notified but not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods.

Note 22 : Note on COVID -19

The spread of COVID-19 has severely impacted businesses around the globe. It has caused severe effects on the economy, world over including India due to lockdowns, disruptions in transportation, supply chain, travel plans, quarantines, social distancing and other emergency measures.

The business of the Company is not severely affected by this disruption. The effects such as lower than normal business, other disruptions are not expected to have continuing effect based on current assessment.

The Company has made detailed assessment of the liquidity position for the next one year and of the recoverability and carrying value of its assets comprising Trade Receivables, Inventory and other financial assets as at balance sheet date and is of the opinion that there is no requirement for any adjustment. In assessing the recoverability of its assets including receivables and inventories, the Company has considered internal and external information up to the date of approval of these financial statements including economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to closely monitor any material changes to future economic conditions.

Note 23 : Regrouped, Recast, Reclassified

Material regroupings: Appropriate adjustments have been made in the statements of assets and liabilities, statement of profit and loss and cash flows, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the regroupings as per the audited financials of the Company as at March 31, 2021, prepared in accordance with Schedule III of Companies Act 2013.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 MARCH 2021

1. Corporate Information

Arvind BKP Berolina Private Limited (Formerly known as Arvind Transformational Solutions Private Limited) ('the Company') is a subsidiary of Arvind Ltd. The Company is setting up a project of manufacturing and marketing of Cured In Place Pipe Liners, either by itself or through other agencies or company industries and may carry on any other business as may be decided by the shareholder time to time.

The Company is a private limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The financial statements were authorised for issue in accordance with a resolution of the directors on May 20, 2021.

2. Statement of Compliance and Basis of Preparation

2.1 Compliance with Ind AS

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as issued under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the followings:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);
- Defined benefit plans – plan assets measured at fair value;
- Value in Use

2.3 Rounding of amounts

The financial statements are presented in INR and all values are rounded to the nearest rupee as per the requirement of Schedule III, except when otherwise indicated.

3. Summary of Significant Accounting Policies

The following are the significant accounting policies applied by the Company in preparing its financial statements consistently to all the periods presented.

3.1. Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;

- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle

Operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. As the Company's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

3.2. Use of estimates and judgements

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Difference between actual results and estimates are recognised in the period in which the results are known / materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

3.3. Foreign currencies

The Company's financial statements are presented in INR, which is also the Company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement of such transaction and on translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3.4.Fair value measurement

The Company measures financial instruments such as derivatives and Investments at fair value at the end of each reporting period.

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. 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 by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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) market 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 assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by



re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and for non-recurring measurement, such as asset held for sale.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable on yearly basis.

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.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Significant accounting judgements, estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Property, plant and equipment & Intangible assets measured at fair value on the date of transition
- Investment properties
- Financial instruments (including those carried at amortised cost)

3.5. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.6. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is



required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are 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 asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses, including impairment on inventories, are recognised in the Statement of Profit and Loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

3.7. Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



a) Financial assets

(i) Initial recognition and measurement of financial assets

All financial assets, except investment in subsidiaries and joint ventures, are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

(ii) Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
 - Financial assets at fair value through other comprehensive income (FVTOCI)
 - Financial assets at fair value through profit or loss (FVTPL)
 - Equity instruments measured at fair value through other comprehensive income (FVTOCI)
- **Financial assets at amortised cost:**
A financial asset is measured at amortised cost if:
 - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

- **Financial assets at fair value through other comprehensive income**

A financial asset is measured at fair value through other comprehensive income if:

- the financial 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 (SPPI) on the principal amount outstanding.

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest

income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

- **Financial assets at fair value through profit or loss**

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

After initial measurement, such financial assets are subsequently measured at fair value with all changes recognised in Statement of profit and loss.

(iii) Derecognition of financial assets

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire, or
- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(iv) Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business

model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

(v) Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI
- Lease receivables under Ind-AS 17

- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- Loan commitments which are not measured as at FVTPL
- Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables resulting from transactions within the scope of Ind AS 18, if they do not contain a significant financing component and
- Trade receivables resulting from transactions within the scope of Ind AS 18 that contain a significant financing component, if the Company applies practical expedient to ignore separation of time value of money.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected in a separate line under the head "Other expenses" in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the

measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

b) Financial Liabilities

(i) Initial recognition and measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

(ii) Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses

attributable to changes in own credit risks are recognized in OCI. These gains / losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

- **Loans and Borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

(iii) Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognised from its balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.8. Cash and cash equivalent

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.9. Taxes

Tax expense comprises of current income tax and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside Statement of profit and loss is recognised outside Statement of profit and loss. Current income tax is recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside Statement of profit and loss is recognised outside Statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Company recognizes tax credits in the nature of MAT credit as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward. In the year in which the Company recognizes tax credits as an asset, the said asset is created by way of tax credit to the Statement of profit and loss. The Company reviews such tax credit asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period. Deferred tax includes MAT tax credit.

3.10. Earnings per share

Basic EPS is calculated by dividing the profit / loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit / loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.11. Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

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Decommissioning liability

The Company records a provision for decommissioning costs of a manufacturing facility for the production of its goods. Decommissioning costs are provided at the present value of expected costs to settle the obligation, to the extent ascertainable, using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

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4. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

4.1. Estimates and assumption

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

