Omni Valve Private Limited
Balance Sheet as at March 31, 2018

(Rs In Lakhs)

Particulars	Notes	As at March 31, 2018
ASSETS		
I. Non-current assets		**-**
(a) Property, plant and equipment		-
(b) Capital work-in-progress		-
(c) Investment property		-
(d) Other Intangible assets		-
(e) Intangible assets under development		-
(f) Financial assets		
(i) Investments		-
(ii) Trade receivables		-
(iii) Loans		-
(iv) Other financial assets		-
(g) Deferred tax assets (net)		-
(h) Other non-current assets		-
II.Current assets		**1.00**
(a) Inventories		-
(b) Financial assets		
(i) Investments		-
(ii) Trade receivables		-
(iii) Cash and cash equivalents	1	1.00
(iv) Bank balance other than (iii) above		-
(v) Loans		-
(vi) Other financial assets		-
(c) Assets held for sale		-
(d) Current tax assets (net)		-
(e) Other current assets		-
Total Assets		**1.00**
EQUITY AND LIABILITIES		
Equity		**1.00**
(a) Equity share capital	2	1.00
(b) Other equity		
Retained earnings		-
LIABILITIES		
I. Non-current liabilities		**-**
(a) Financial liabilities		
(i) Borrowings		-
(ii) Trade Payables		-
(iii) Other financial liabilities		-
(b) Long-term provisions		-
(c) Deferred tax liabilities (net)		-
(d) Other non-current liabilities		-
II.Current liabilities		**-**
(a) Financial liabilities		
(i) Borrowings		-
(ii) Trade and other payables		-
(iii) Other financial liabilities		-
(b) Other current liabilities		-
(c) Short-term provisions		-
Total Equity and Liabilities		**1.00**
Corporate Information	4	
Significant accounting policies	5	

The accompanying notes are an integral part of the financial statements.
As per our report of even date
M/s P. B. Deshpande & Co.
Chartered Accountants
FRN: 102396W

For and on behalf of the board of directors of
Omni Valve Private Limited

P. B. Deshpande
Partner
M. No. 036185
Date: August 4, 2018
Place: Kolhapur

Kiran J. Patil
Director
DIN: 221662

Aditya K. Patil
Director
DIN: 6627558

Omni Valve Private Limited
Statement of Profit and Loss for the year ended March 31, 2018

(Rs In Lakhs)

Particulars	Notes	2017-18
Income		
Revenue from operations		-
Other income		-
Total Income		**-**
Expenses		
Cost of raw materials and components consumed		-
Purchase of traded goods		-
Changes in inventories of finished goods, work-in-progress and traded goods		-
Excise duty on sale of goods		-
Employee benefits expense		-
Finance costs		-
Depreciation and amortisation expense		-
Other Expenses		-
Total expenses		**-**
Profit/ (loss) before exceptional items and tax		**-**
Exceptional items [Income / (Expense)]		-
Profit before tax		**-**
Tax expense		**-**
Current tax		-
Deferred tax		-
Profit for the year		**-**
Other comprehensive income		
A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		**-**
Re-measurement gains / (losses) on defined benefit		-
Income tax effect on above		-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (A)		-
Total other comprehensive income for the year, net of tax [A]		**-**
Total comprehensive income for the year, net of tax		**-**
Profit for the year attributable to:		
Owners of the Company		-
Non-controlling interest		-
		-
Total comprehensive income attributable to:		
Owners of the Company		-
Non-controlling interest		-
		-
Earning per equity share [nominal value per share Rs.10/- (March 31, 2017: Rs.10/-)]		
Basic		-
Diluted		-
Significant accounting policies	5	

The accompanying notes are an integral part of the financial statements.
As per our report of even date
M/s P. B. Deshpande & Co.
Chartered Accountants

For and on behalf of the board of directors of
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P. B. Deshpande
Partner
M. No. 036185
Date: August 4, 2018
Place: Kolhapur

Kiran J. Patil
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DIN: 221662

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Director
DIN: 6627558

Omni Valve Private Limited
Cash flow statement for the year ended 31 March 2018

(Rs In Lakhs)

	Particulars	For the year ended 31 March 2018
A	**Cash flows from operating activities**	
	Net profit before taxes	-
	Adjustments for :-	
	Depreciation	-
	Operating profits before working capital changes	**-**
	Adjustments for :-	
	(Increase)/decrease in Trade and Other Receivables	-
	Increase/(decrease) in Trade and Other Payables	-
	Cash generated from operations	**-**
	Income tax paid	-
	Net cash from operating activities	**-**
B	**Cash flows from investing activities**	
	Net cash from investing activities	**-**
C	**Cash flows from financing activities**	
	Proceeds from Issue of Equity Shares	1.00
	Net cash used in financing activities	**1.00**
	Net increase in cash and cash equivalents	1.00
	Cash and cash equivalents at beginning of period (refer note 1)	-
	Cash and cash equivalents at the end of period (refer note 1)	1.00

Notes to Cash Flow Statement

1 Cash Flow Statement has been prepared under Indirect method set out in Ind AS -7 Statement of Cash Flows.

3 For Company's Policy on Cash & Cash Equivalents refer note 5.7 of Significant Accounting Policies.

As per our report of even date
M/s P. B. Deshpande & Co.
Chartered Accountants
FRN: 102396W

For and on behalf of the board of directors of
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P. B. Deshpande
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M. No. 036185
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Kiran J. Patil
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Omni Valve Private Limited
Statement of changes in Equity for the year ended March 31, 2018

A. Equity Share Capital (Note 2)

Rs in Lakhs

Equity Shares issued, subscribed and fully paid	No. of Shares	Amount
As at April 1, 2017	**-**	**-**
Issue/Reduction, if any during the year	10,000	1.00
At March 31, 2018	**10,000**	**1.00**

B. Other Equity

Rs in Lakhs

Particulars	Reserves and Surplus	Total Other equity
	Retained Earnings	
As at April 1, 2017	**-**	**-**
Profit for the year	-	-
Other comprehensive income for the year	-	-
Total Comprehensive income for the year	**-**	**-**
At March 31, 2018	**-**	**-**

The accompanying notes are an integral part of the financial statements.
As per our report of even date
M/s P. B. Deshpande & Co.
Chartered Accountants
FRN: 102396W

For and on behalf of the board of directors
of Omni Valve Private Limited

P. B. Deshpande
Partner
M. No. 036185
Date: August 4, 2018
Place: Kolhapur

Kiran J. Patil
Director
DIN: 221662

Aditya K. Patil
Director
DIN: 6627558

Omni Valve Private Limited
Notes to the Financial Statements

Note 1 : Cash and cash equivalents

(Rs. In Lakhs)

Particulars	**As at March 31, 2018**
Cash on hand	-
Balance with Bank	
Current accounts and debit balance in cash credit accounts	1.00
Total	**1.00**

Omni Valve Private Limited
Notes to the Financial Statements

Note 2 : Share capital

Authorised share capital

Particulars	**No. of shares**	**Rs in Lakhs**
As at April 1, 2017	**-**	**-**
Increase/(decrease) during the year	10,000	**1.00**
As at 31 March 2018	**10,000**	**1.00**

Issued share capital

Particulars	**No. of shares**	**Rs in Lakhs**
As at 1 April 2017	**-**	**-**
Increase/(decrease) during the year	10,000	**1.00**
As at 31 March 2018	**10,000**	**1.00**

Subscribed and fully paid up

Particulars	**No. of shares**	**Rs in Lakhs**
As at 1 April 2017	**-**	**-**
Increase/(decrease) during the year	10,000	**1.00**
As at 31 March 2018	**10,000**	**1.00**

1. Terms/Rights attached to the equity shares
a. The Company has only one class of equity shares having a par value of Rs.10/- each. Each equity shareholder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to the necessary approval from the shareholders. The Company declares and pays dividend in Indian Rupees.

Omni Valve Private Limited

Notes to the Financial Statements

2. Number of Shares held by each shareholder holding more than 5% Shares in the Company

Name of the Shareholder	**As at March 31, 2018**	
	No. of shares	**% of shareholding**
Ghatage Patil Industries Limited	10,000	100.00

As per records of the company, including its register of shareholders and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

3. Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

(a) The Company has not issued any shares without payment being received in cash.

(b) The Company has not issued any bonus shares.

(c)The Company has not undertaken any

3. This is being the first year, correponding comparative figures are not available.

As per our report of even date
M/s P. B. Deshpande & Co.
Chartered Accountants
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For and on behalf of the board of directors
Omni Valve Private Limited

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Date: August 4, 2018
Place: Kolhapur

Kiran J. Patil
Director
DIN: 221662

Aditya K. Patil
Director
DIN: 6627558

4. Corporate information

Omni Valve Private Limited ("the company"), a private company incorporated in India, having its registered office at C/o Ghatge Patil Industries Limited, Uchgaon, Kolhapur – 416005.

The Company is established with the object of manufacturing and assembling of valves.However currently, Company is not engaged in any business activity.

5. Significant accounting policies

5.1. Statement of Compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 from the date of incorporation. These financial statements have been prepared in accordance with Ind AS, as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act").

5.2. Basis of preparation

The standalone financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as issued under the Companies (Indian Accounting Standards) Rules, 2015
The financial statements were authorized for issue by the Board of Directors as on 4thAugust, 2018.

5.3. Basis of measurement

The financial statements have been prepared on historical cost basis, except for the following items which are measured on alternative basis on each reporting date.

Item	Measurement Basis
Certain Financial Assets	Fair Value

5.4. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the company's functional currency. All financial information is presented in INR rounded to the nearest Lakhs except share and per share data, unless otherwise stated.

Exchange differences are recognized in the Statement of Profit and Loss except to the extent, exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings, are capitalized as part of borrowing costs.

5.5. Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities and disclosure of the contingent liabilities at the end of each reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying value of assets or liabilities in future periods.

This note provides an overview of the areas that involve a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Critical estimates and judgments

The areas involving critical estimates or judgments are:

1. Impairment of financial assets

The impairment provisions for financial assets disclosed are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

2. Estimated useful life of intangible assets - Refer note 5.10Intangible asset andamortization.

3. Deferred tax assets are recognized for all deductible temporary differences including the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 MAT credits and unused tax losses can be utilized.

Current versus non-current classification

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

<u>An asset is current when it is:</u>

- Expected to be realized or intended to sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized 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.

<u>A liability is current when:</u>

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

The Company classifies all other liabilities as non-current.

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

5.6. Inventories

- Raw materials, components, stores and spares are valued at cost or net realizable value whichever is lower. Cost includes all cost of purchase and incidental expenses incurred in bringing the inventories to their present location and condition. Cost is ascertained usingweighted average method.
- Work-in-process and finished goods are valued at cost or net realizable value whichever is lower. Cost includes direct materials, labour costs and a proportion of manufacturing overheads based on the normal operating capacity.
- Materials-in-transit are valued at actual cost incurred up to the date of balance sheet.
- Unserviceable, damaged and obsolete inventory is valued at cost or net realizable value whichever is lower.
- Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

5.7. Cash and short-term deposits

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

5.8. Property, plant and equipment

- **Recognition and measurement**

  All items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost.

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

  Property, plant and equipment under construction are disclosed as capital work-in-progress.

  Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under "Other non-current assets".

- **Subsequent costs**

  The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of profit and loss as incurred.

- **Disposal**
  An item of property, plant and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/expenses in the statement of profit and loss.

- **Depreciation**
  Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in the statement of profit and loss generally on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Companies Act 2013.

  Individual assets acquired for less than Rs. 5000 are entirely depreciated in the year of acquisition.

5.9. Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment properties are measured initially at cost, including transaction costs and where applicable borrowing costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.
Subsequent expenditure is capitalized to asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is de-recognized.

5.10. Intangible assets and amortization

- **Recognition and measurement**
  Intangible assets are recognized when the asset is identifiable, is within the control of the Company, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured.

  Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level.

- **Subsequent measurement**
  Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

- **Amortization**
  Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortization is recognized in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets**.**
  Intangible Assets are amortized over a period of five years.

5.11. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Company has assumed that recovery of excise duty flows to the Company on its own account. Accordingly, it is the liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/value added tax (VAT)/GST is not received by the Company on its own account. Accordingly, it is excluded from revenue.

Sale of goods and rendering of services

Revenue from the sale of goods and services is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods and when services are rendered. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Other income

Other income comprises of interest income, dividend income, foreign currency gain on financial assets and liabilities andexport benefits.

Interest income is recognized as it accrues in the statement of profit and loss, using the effective interest method. Dividend income and export benefits in the form of Duty Draw Back claims & MEIS are recognized in the statement of profit and loss on the date that the Company's right to receive payment is established.

Income from services
Income from services is generally recognized on completion of performance of determinable significant act as per terms of specific contracts when no significant uncertainty exists regarding the amount of consideration that will be derived from the completion of said act.

5.12. Finance costs

Finance costs comprises of interest expense on borrowings, and foreign currency loss on financial assets and liabilities. Interest expenditure is recognized as it accrues in the statement of profit and loss, using the effective interest method.

5.13. Foreign currencies transactions

The financial statements are presented in INR, which is also the company's functional currency. All amounts have been rounded to the nearest rupee, unless otherwise indicated.

Transactions and balances

Transactions in foreign currencies are initially recorded at 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 or translation of monetary items are recognized 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 recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

5.14. Income Taxes

Current income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of tax laws enacted or substantially enacted at the end of reporting period. Management periodically evaluates positions taken in tax returns with respect to situation in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided using the balance sheet 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 recognized 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

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused MAT credits and any unused tax losses. Deferred tax assets are recognized 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 MAT credits and unused tax losses can be utilized, 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

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 utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized 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 realized 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 recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI 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.

5.15. Provisions

A Provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources is expected to settle the obligation, in respect of which a reliable estimate can be made.

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 recognized as a finance cost.
Contingent liability is disclosed in case of:

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.

b) present obligation arising from past events, when no reliable estimate is possible

c) a possible obligation arising from past events where the probability of outflow of resources is remote.

Contingent assets are neither recognized, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

5.16. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

5.17. Impairment of non-financial assets

The company assesses at each balance sheet date whether there is any indication that an asset or cash generating unit (CGU) may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's net selling price or its value in use. Where 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 and the reduction is treated as impairment loss and recognized in profit and loss account. If at any subsequent balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the profit and loss account.

5.18. Fair value measurement

The Company measures financial instruments such as Investments at fair value at each balance sheet date.

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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 recognized in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (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 unquoted financial assets measured at fair value.

External valuation experts are involved for valuation of significant assets and liabilities. Involvement of external valuation experts is decided upon annually by the management.

5.19. Financial instruments

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.

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value. 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 recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

1) Debt instruments at amortized cost
2) Debt instruments at fair value through other comprehensive income (FVTOCI)
3) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
4) Equity instruments measured at fair value through Profit or Loss (FVTPL)

De-recognition

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

Impairment of financial asset

Company applies expected credit loss (ECL) model for measurement and recognitionof impairment loss on the following financial assets and credit risk exposure:

a. Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
b. Financial assets that are debt instruments and are measured as at FVTOCI
c. Lease receivables
d. 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
e. Loan commitments which are not measured as at FVTPL
f. Financial guarantee contracts which are not measured as at FVTPL

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

a. Trade receivables or contract revenue receivables; and
b. All lease receivables resulting from transactions within the scope of Ind AS 17

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.

Financial liabilities

Initial recognition and measurement
The company initially recognizes loans and advances and deposits on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 recognized in the statement of profit or loss.

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

5.20. Earnings per share
Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period as reduced by number of shares bought back, if any. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

5.21. Borrowing
Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective

interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.