

**GUJARAT
FLUOROCHEMICALS
SINGAPORE PTE. LIMITED**

11th

ANNUAL REPORT

2021-2022

Independent Auditor's Report to the Board of Directors of Gujarat Fluorochemicals Limited

Report on the Special Purpose Ind AS Financial Statements of Gujarat Fluorochemicals Singapore Pte. Limited

Opinion

We have audited the accompanying special purpose Ind AS financial statements of **Gujarat Fluorochemicals Singapore Pte. Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2022, 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 then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "Financial Statements"). The financial information has been prepared by the management as described in Note 2.1 to these 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 a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 ("the Act"), of the state of affairs of the Company as at 31st March 2022, its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date in accordance with Note 2.1 to the Financial Statements.

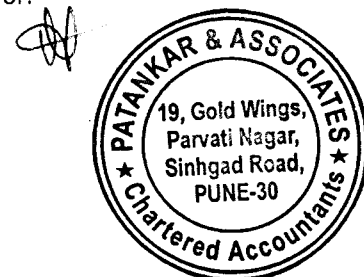
Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 ethical 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 opinion.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of the financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS).

This responsibility also includes maintenance of adequate accounting records 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.



Independent Auditor's Report to the Board of Directors of Gujarat Fluorochemicals Limited on the Special Purpose Ind AS Financial Statements of Gujarat Fluorochemicals Singapore Pte. Limited for the year ended 31st March 2022 (continued)

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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The management is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility 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 judgement 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 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting 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.

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Independent Auditor's Report to the Board of Directors of Gujarat Fluorochemicals Limited on the Special Purpose Ind AS Financial Statements of Gujarat Fluorochemicals Singapore Pte. Limited for the year ended 31st March 2022 (continued)

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.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2.1 to the Financial Statements, which describes the basis of accounting. The Financial Statements are prepared to assist the holding Company, Gujarat Fluorochemicals Limited, to comply with the requirements of Section 129(3) of the Act. These financial statements are not the statutory financial statements of the Company. As a result, these Financial Statements may not be suitable for any other purpose. Our report must not be copied, disclosed, quoted or circulated, or referred to, in correspondence or discussion, in whole or in part or distributed to anyone other than the purpose for which it has been issued without our prior written consent.

For Patankar & Associates,
Chartered Accountants
Firm's Registration No. 107628W

S.S. Malani

S S Malani
Partner
Membership No. 110051

Place: Vadodara
Date: 12 May 2022
UDIN: 22110051AIVRTH5244



Gujarat Fluorochemicals Singapore Pte. Limited
Balance Sheet as at 31st March, 2022

(Rs. in Lakhs)

Particulars	Notes	As at 31st March, 2022	As at 31st March, 2021
ASSETS			
(1) Non-current assets			
Financial assets			
(i) Investment in subsidiary	5	991.54	991.54
(ii) Loans	6	14,152.36	8,236.30
(iii) Other financial assets	7	3.39	-
Sub-total		15,147.29	9,227.84
(2) Current Assets			
(a) Financial assets			
(i) Cash & cash equivalents	8	26.02	47.00
(b) Other current assets	9	4.55	4.47
Sub-total		30.57	51.47
Total Assets		15,177.86	9,279.31
EQUITY & LIABILITIES			
Equity			
(a) Equity share capital	10	12,806.78	7,671.48
(b) Other equity	11	2,357.64	1,591.30
Sub-total		15,164.42	9,262.78
LIABILITIES			
(1) Current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	12	13.44	16.53
Sub-total		13.44	16.53
Total Equity & Liabilities		15,177.86	9,279.31
The accompanying notes are an integral part of the financial statements			

As per our report of even date attached

For Patankar & Associates

Chartered Accountants

Firm's registration no. 107628W

S.S. Malani

S S Malani

Partner

Mem no. 110051

Place: Vadodara

Date: 12 May 2022

For Gujarat Fluorochemicals Singapore Pte. Limited

Mukesh Patni

Mukesh Patni

Director

Place: Delhi

Date: 12 May 2022

Nilesh Pandya

Nilesh Pandya

Director

Place: Delhi

Date: 12 May 2022



Gujarat Fluorochemicals Singapore Pte. Limited
Statement of Profit and Loss for the year ended 31st March, 2022

(Rs. in Lakhs)

Particulars	Notes	2021-2022	2020-2021
I Revenue			
Revenue from operations	13	338.61	227.73
II Total income		338.61	227.73
III Expenses			
Other expenses	14	15.43	15.14
Total expenses (III)		15.43	15.14
IV Profit before tax (II-III)		323.18	212.59
V Tax expense			
Current tax	15	34.45	22.41
VI Profit for the year (IV-V)		288.73	190.18
VII Other comprehensive income			
Items that will be reclassified to profit or loss:			
Exchange differences in translating the financial statements of foreign operations		477.61	(272.34)
Total other comprehensive income		477.61	(272.34)
VIII Total comprehensive income for the year (VI+VII)		766.34	(82.16)
IX Basic and Diluted earning per equity share of USD 1 each (in Rs.)	20	1.80	1.57

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For Patankar & Associates

Chartered Accountants

Firm's registration no. 107628W

S.S. Malani

S S Malani

Partner

Mem no. 110051

Place: Vadodara

Date: 12 May 2022

For Gujarat Fluorochemicals Singapore Pte. Limited

Mukesh Patni
Mukesh Patni
Director

Nilesh Pandya
Nilesh Pandya
Director

Place: Delhi

Date: 12 May 2022

Place: Delhi

Date: 12 May 2022



Gujarat Fluorochemicals Singapore Pte. Limited
Statement of changes in equity for the year ended 31st March, 2022

A. Equity Share Capital	(Rs. in Lakhs)
Balance as at 1st April, 2020	7,671.48
Changes in equity share capital during the year	-
Balance as at 31st March, 2021	7,671.48
Changes in equity share capital during the year	5,135.30
Balance as at 31st March, 2022	12,806.78

B. Other Equity	(Rs. in Lakhs)		
	Reserves & Surplus	Other comprehensive income	Total
	Retained Earnings	Foreign currency translation reserve	
Balance as at 1st April, 2020	425.05	1,248.41	1,673.46
Profit for the year	190.18	-	190.18
Other comprehensive income for the year	-	(272.34)	(272.34)
Total comprehensive income for the year	190.18	(272.34)	(82.16)
Balance as at 31st March, 2021	615.23	976.07	1,591.30
Profit for the year	288.73	-	288.73
Other comprehensive income for the year	-	477.61	477.61
Total comprehensive income for the year	288.73	477.61	766.34
Balance as at 31st March, 2022	903.96	1,453.68	2,357.64

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

As per our report of even date attached

For Patankar & Associates

Chartered Accountants

Firm's registration no. 107628W

S.S. Malani

S S Malani

Partner

Mem no. 110051

Place: Vadodara

Date: 12 May 2022

For Gujarat Fluorochemicals Singapore Pte. Limited

Mukesh Patni

Mukesh Patni

Director

Place: Delhi

Date: 12 May 2022

Nilesh Pandya

Nilesh Pandya

Director

Place: Delhi

Date: 12 May 2022



Gujarat Fluorochemicals Singapore Pte. Limited
Statement of Cash flows for the year ended 31st March, 2022

(Rs. in Lakhs)

Particulars	2021-2022	2020-2021
A Cash flow from operating activities		
Profit for the year	288.73	190.18
Adjustments for :		
Tax expense	34.45	22.41
Interest income	(338.61)	(227.73)
Exchange difference on translation of assets and liabilities	204.54	(23.80)
<i>Operating Profit before working capital changes</i>	189.11	(38.94)
Adjustments for :		
(Increase)/decrease in other current financial assets	0.58	(182.95)
(Increase)/decrease in other non current financial assets	(3.39)	-
(Increase)/decrease in other current assets	(0.10)	(1.83)
Increase/(decrease) in other payables	(3.09)	232.55
Cash generated from operations	183.11	8.83
Income tax paid (net)	(34.44)	(22.41)
Net cash generated from/(used in) operating activities	148.67	(13.58)
B Cash flow from investing activities		
Inter-corporate deposit given	(5,304.95)	-
Net cash used in investing activities	(5,304.95)	-
C Cash flow from financing activities		
Proceeds from issue of equity shares	5,135.30	-
Net cash generated from financing activities	5,135.30	-
D Adjustment on account of foreign currency translation reserve		
	-	-
Net decrease in cash and cash equivalents	(20.98)	(13.58)
Cash and cash equivalents as at the beginning of the year	47.00	60.58
Cash and cash equivalents as at the end of the year	26.02	47.00

Note:

- 1) The above statement of cash flows has been prepared under the indirect method.
- 2) Components of cash and cash equivalents are as per Note 8.
- 3) The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For Patankar & Associates

Chartered Accountants

Firm's registration no. 107628W

S.S. Malani

S S Malani

Partner

Mem no. 110051

For Gujarat Fluorochemicals Singapore Pte. Ltd

Mukesh

Mukesh Patni

Director

Nilesh

Nilesh Pandya

Director

Place: Vadodara

Date: 12 May 2022

Place: Delhi

Date: 12 May 2022

Place: Delhi

Date: 12 May 2022



Gujarat Fluorochemicals Singapore Pte. Limited
Notes to the financial statements for the year ended 31st March, 2022

1. Company information

Gujarat Fluorochemicals Singapore Pte. Limited ("the Company") is incorporated in Singapore. The Company is a subsidiary of Gujarat Fluorochemicals Limited, India and its ultimate holding company is Inox Leasing and Finance Limited, India. The Company has been set up for the purpose of investment activities. All the activities of the Company are in Singapore.

The Company's registered office is located at 38 Beach Road, 29-11 South Beach Tower, Singapore 189767.

2. Statement of compliance and basis of preparation and presentation

2.1 Statement of Compliance

These special purpose financial statements of the Company comply in all material aspects with the Indian Accounting Standards ("Ind AS") notified under section 133 of the Companies Act, 2013 ("the Act") read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, relevant provisions of the Act and other accounting principles generally accepted in India and are prepared for the purpose of preparation of consolidated financial statements of the holding company, Gujarat Fluorochemicals Limited. Accounting policies have been consistently applied except where a newly issued accounting standards initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use (see Note 2.4) and the disclosures in respect of significant accounting policies are made accordingly.

Ministry of Corporate Affairs (MCA), vide its Notification dated 24 March, 2021, amended Schedule III to the Companies Act, 2013 with effect from 1st April 2021. Accordingly, previous year figures have been re-grouped/re-classified wherever necessary, to conform to the classification for the current year in order to comply with the requirements of the amended Schedule III to the Act.

These financial statements were authorized for issue by the Company's Board of Directors on 12th May, 2022.

2.2 Basis of preparation, presentation and measurement

The functional currency of the Company is US Dollar (USD). However, for purposes of compliance with the requirements of the Act, as aforesaid, these financial statements have been translated into Indian Rupees, being presentation currency, in accordance with the methodology prescribed for conversion of financial statements in Indian Accounting Standard (Ind-AS) 21: Effects of Changes in Foreign Exchange Rates. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

For the purpose of presenting these financial statements, the assets and liabilities of the Company are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

These financial statements have been prepared on an accrual basis and under the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those



Gujarat Fluorochemicals Singapore Pte. Limited
Notes to the financial statements for the year ended 31st March, 2022

characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Any asset or liability is classified as current if it satisfies any of the following conditions:

- the asset/liability is expected to be realized/settled in the Company's normal operating cycle;
- the asset is intended for sale or consumption;
- the asset/liability is held primarily for the purpose of trading;
- the asset/liability is expected to be realized/settled within twelve months after the reporting period;
- the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;
- in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months.

2.3 Particulars of investments in subsidiary is as under:

Name of the investee	Principal place of business and country of incorporation	Proportion of the ownership interest and voting rights	Method used to account for the Investment
GFL GM Fluorspar SA	Morocco	74.00%	at cost (see Note below)

The Company has opted to measure the investments in its subsidiary at deemed cost of such investment which is the carrying amount as per previous GAAP on the date of transition viz. 1 April, 2015.

2.4 Amendment to accounting standards and recent accounting pronouncements

a. Amendments to existing accounting standards:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. As per Notification dated 18 June, 2021, amendments to the existing standards have been notified and these amendments are effective from 1 April 2021. Following amendments have become applicable for the current reporting period:

- Amendments to Ind AS 116 Leases - COVID-19 related rent concessions: The amendments to Ind AS 116 extend the period of availing the practical expedient relating to Covid-19 related rent concessions to 30 June 2022 (from earlier 30 June 2021). This amendment does not have any impact on the financial statements of the Company.





Gujarat Fluorochemicals Singapore Pte. Limited
Notes to the financial statements for the year ended 31st March, 2022

- Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116 - Interest Rate Benchmark Reform Phase 2: The amendments provide temporary relief which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). These amendments do not have any impact on the financial statements of the Company.

b. New accounting pronouncements

As per Notification dated 23 March, 2022, amendments to the existing standards have been notified and these amendments are effective from 1 April, 2022. The summary of these amendments is as under:

- Amendments to Ind AS 103 Business Combinations: The amendments specify that in a business combination, to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed, at the acquisition date, must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India.
- Amendments to Ind AS 16 Property Plant and Equipment: The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.
- Amendments to Ind AS 37 Provisions, Contingent Liabilities & Contingent Assets: The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
- Amendments to Ind AS 109 Financial Instruments: The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability.

The Company does not expect the above amendments to have any impact on its financial statements.

3. Significant Accounting Policies

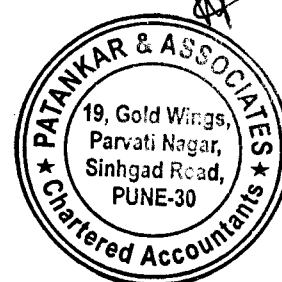
3.1 Income recognition

Interest income from a financial asset is recognised on time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate which exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.2 Foreign currency transactions and translation:

The transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, foreign currency monetary items are translated using the closing rates. Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not translated. Non-monetary items measured at fair value that are denominated in foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.



Gujarat Fluorochemicals Singapore Pte. Limited
Notes to the financial statements for the year ended 31st March, 2022

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss.

3.3 Taxation

Income tax expense comprises of current tax and deferred tax. It is recognized in Statement of profit and loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income

Current tax

Current tax comprises of amount of tax payable on taxable profit for the year determined in accordance with the provisions of the Singapore Income tax laws and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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Gujarat Fluorochemicals Singapore Pte. Limited
Notes to the financial statements for the year ended 31st March, 2022

Presentation of current and deferred tax:

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

3.4 Provisions and contingencies

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. If the effect of 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.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. Contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognized in the financial statements. However, it is disclosed only when an inflow of economic benefits is probable.

3.5 Financial instruments

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

A] Financial assets

a) Initial recognition and measurement:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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