Ahmedabad Ring Road Infrastructure Limited
Balance Sheet as at March 31, 2023

	Particulars	Note No.	As at March 31, 2023 (INR in Million)	As at March 31, 2022 (INR in Million)
	ASSETS			
1	**Non-Current Assets**			
a	Property, Plant and Equipments	5	16.08	16.36
b	Investment Property	6	2.15	2.15
c	Intangible Assets	7	1,601.71	1,890.61
d	Financial Assets			
	(i) Other Financial Assets	8	0.03	1.02
e	Other Non-Current Assets	9	0.45	4.91
	Total Non-Current Assets		**1,620.42**	**1,915.05**
2	**Current Assets**			
a	Financial Assets			
	(i) Trade receivables	10	24.59	9.51
	(ii) Cash and Cash Equivalents	11	66.99	18.87
	(iii) Loans	12	331.23	-
	(iv) Other Financial Assets	8	470.96	588.17
b	Other Current Assets	9	282.19	27.69
c	Current Tax Assets (Net)		-	0.42
	Total Current Assets		**1,175.96**	**644.67**
	Total Assets		**2,796.38**	**2,559.72**
	EQUITY AND LIABILITIES			
	EQUITY			
1	Equity Share Capital	14	104.60	104.60
2	Other Equity	15	1,719.10	909.99
	Total Equity		**1,823.70**	**1,014.59**
	LIABILITIES			
1	**Non-Current Liabilities**			
a	Financial Liabilities			
	(i) Borrowings	16	-	44.56
b	Provisions	18	5.73	4.40
c	Deferred Tax Liabilities (Net)	19	133.44	194.78
	Total Non-Current Liabilities		**139.17**	**243.73**
2	**Current Liabilities**			
a	Financial Liabilities			
	(i) Borrowings	17	45.19	305.05
	(ii) Trade Payables			
	-Dues to Micro & Small Enterprises		-	-
	-Dues to Others	20	63.06	579.12
	(iii) Other Financial Liabilities	21	32.39	67.92
b	Other Current Liabilities	22	47.65	11.73
c	Provisions	18	492.46	337.58
d	Current Tax Liabilities (Net)	23	152.76	-
	Total Current Liabilities		**833.52**	**1,301.40**
	Total Equity and Liabilities		**2,796.38**	**2,559.72**
	Significant Accounting Policies	3		

Accompanying notes are an integral part of the financial statements
As per our report of even date
For S G D G & Associates LLP
Chartered Accountants
ICAI Firm Registration No. W100188

(Devansh Gandhi)
Partner
Membership No. 129255

S G D G & ASSOCIATES LLP AHMEDABAD

Place: Ahmedabad
Date: May 27, 2023

For & on behalf of the Board of Directors of
Ahmedabad Ring Road Infrastructure Limited

(Jatin Thakkar)
Managing Director
DIN: 09312406

(Mahendrasinh Chavda)
Director
DIN: 02607067

(Hitesh Chelani)
Chief Financial Officer

Place: Ahmedabad
Date: May 27, 2023

AHMEDABAD RING ROAD INFRASTRUCTURE LTD. AHMEDABAD

Ahmedabad Ring Road Infrastructure Limited
Statement of Profit and Loss for the year ended March 31, 2023

	Particulars	Note No.	Year ended March 31, 2023 (INR in Million)	Year ended March 31, 2022 (INR in Million)
	INCOME			
I	Revenue From Operations	24	1,876.93	1,153.44
II	Other Income	25	1.30	0.43
III	**Total Income (I+II)**		**1,878.23**	**1,153.87**
	EXPENSES			
	Operating Expenses	26	494.95	442.74
	Employee Benefits Expenses	27	58.44	41.22
	Finance Cost	28	51.78	107.52
	Depreciation and Amortization Expenses	5&7	326.93	441.83
	Other Expenses	29	40.59	20.43
IV	**Total Expenses**		**972.69**	**1,053.74**
V	**Profit before Exceptional Items and tax (III-IV)**		905.54	100.13
	Exceptional Items		-	24.20
	Profit before tax (III-IV)		905.54	124.33
	Tax Expenses			
	Current Tax Expense		158.22	21.72
	Deferred Tax Expense/Credit		(61.34)	15.85
VI	**Total Tax Expenses**		**96.88**	**37.57**
VII	**Profit for the period/ year (V-VI)**		**808.67**	**86.76**
	Other Comprehensive Income			
	Other comprehensive income not to be reclassified to profit or loss in subsequent period :-			
	Remeasurement (losses)/gain on defined benefit plan		0.44	0.40
VIII	**Total Other Comprehensive Income for the year**		**809.11**	**87.17**
	Earning Per Share (EPS)			
	(Nominal Value of share INR 10/-)			
	Basic & Diluted EPS	30	**77.31**	**8.29**
Significant Accounting Policies		3		

Accompanying notes are an integral part of the financial statements

As per our report of even date
For S G D G & Associates LLP
Chartered Accountants
ICAI Firm Registration No. W100188

(Devansh Gandhi)
Partner
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S G D G & ASSOCIATES LLP AHMEDABAD

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Chief Financial Officer

Place: Ahmedabad
Date: May 27, 2023

AHMEDABAD RING ROAD INFRASTRUCTURE LTD. AHMEDABAD

Ahmedabad Ring Road Infrastructure Limited
Statement of Changes in Equity for the year ended March 31, 2023

A Equity Share Capital

Equity shares of INR 10 each issued, subscribed and fully paid	No of Shares.	Amount (INR in Million)
Balance at the beginning of the year	1 04 60 000	104.60
Changes in equity share capital during the year due to the prior period errors	-	-
Restated balance at the beginning of the year	1 04 60 000	104.60
Changes in equity share capital during the year	-	-
Balance at the end of the year	1 04 60 000	104.60

B Other Equity

Particulars	Reserves and Surplus		Total Other Equity attributable to Equity Holders of the Company
	Retained Earning	Securities Premium Reserve	
	(INR in Million)	(INR in Million)	(INR in Million)
As at March 31, 2021	406.45	416.40	822.85
Profit for the year	86.76	-	86.76
Other comprehensive income for the year	0.40	-	0.40
As at March 31, 2022	**493.60**	**416.40**	**910.00**
Profit for the year	-	808.67	808.67
Other comprehensive income for the year	0.44	-	0.44
As at March 31, 2023	**494.02**	**1,225.07**	**1,719.09**

As per our report of even date
For S G D G & Associates LLP
Chartered Accountants
ICAI Firm Registration No. W100188

(Devansh Gandhi)
Partner
Membership No. 129255

S G D G & ASSOCIATES LLP AHMEDABAD

Place: Ahmedabad
Date: May 27, 2023

For & on behalf of the Board of Directors of
Ahmedabad Ring Road Infrastructure Limited

(Jatin Thakkar)
Managing Director
DIN: 09312406

(Mahendrasinh Chavda)
Director
DIN: 02607067

(Hitesh Chelani)
Chief Financial Officer

Place: Ahmedabad
Date: May 27, 2023

AHMEDABAD RING ROAD INFRASTRUCTURE LTD. AHMEDABAD

Ahmedabad Ring Road Infrastructure Limited
Cash Flow Statement for the year ended March 31, 2023

	Particulars		As at March 31, 2023 (INR in Million)	As at March 31, 2022 (INR in Million)
(A)	**Cash flows from Operating activities**			
	Profit before Tax		905.54	124.33
	Adjustments for:			
	Depreciation and Amortisation		326.93	441.83
	Finance Cost		17.83	71.74
	Gain on sale of Investments (net)		-	(0.23)
	Interest income		(0.32)	(0.07)
	Major Maintenance Expense		339.54	299.50
	Amortisation of Processing fees		4.40	6.22
	Notional Interest on MMR		29.56	29.56
	Other Comprehensive Income - Gratuity		0.44	0.40
	Cash generated before Effect of Working capital		**1,623.92**	**973.28**
	Adjustments for:			
	(Increase) in other current financial assets		110.84	(461.61)
	(Increase) in Trade Receivables		(15.08)	(0.69)
	Decrease in Provisions		(212.43)	(275.27)
	Decrease/(Increase) in other current assets		(254.50)	(6.83)
	Decrease/(Increase) in Trade Payables		(516.06)	512.79
	Increase in other current financial liabilities		(34.28)	(21.86)
	Increase/(Decrease) in other current liabilities		35.92	5.97
	Increase/(Decrease) in other Non - Current Assets		4.46	(0.15)
	Cash generated from Operations		**742.79**	**725.64**
	Direct Taxes Paid (net of Refund)		(5.34)	(22.19)
	Net cash flow from operating activities	(A)	**737.45**	**703.45**
(B)	**Cash Flows from Investing activities**			
	(Purchase)/Sale of Fixed assets (Net)		(6.26)	(1.90)
	Addition in Intangible Assets		(31.60)	-
	Redemption of Units of Mutual Fund investments		-	15.25
	Loan given to Holding Company		(695.05)	(45.09)
	Loan Recovered from Holding Company		363.82	106.02
	Redemption of Fixed Deposit		1.00	-
	Investment in Fixed Depoist		(2.30)	-
	Interest income		0.55	0.01
	Net cash generated from/ (used in) investing activities	(B)	**(369.84)**	**74.29**
(C)	**Cash Flows from Financing activities**			
	Repayment of Long-term Borrowings		(308.82)	(725.68)
	Long-term borrowings received		-	1.61
	Interest Paid		(10.65)	(74.83)
	Net cash used in financing activities	(C)	**(319.47)**	**(798.90)**
	Net (Decrease)/Increase in cash and cash equivalents	(A + B + C)	48.12	(21.14)
	Cash and cash equivalents at beginning of the year		18.87	40.01
	Cash and cash equivalents at end of the year		**66.99**	**18.87**

Notes:

(i)

Components of cash and cash equivalents:	As at March 31, 2023 (INR in Million)	As at March 31, 2022 (INR in Million)
Cash on hand	3.36	6.44
Balances with banks in current accounts	63.63	12.43
Cash and Cash Equivalents as per Note 12	**66.99**	**18.87**

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AHMEDABAD RING ROAD INFRASTRUCTURE LTD. AHMEDABAD

Ahmedabad Ring Road Infrastructure Limited
Cash Flow Statement for the year ended March 31, 2023

(ii) The cash flow statement has been prepared under indirect method as per Indian Accounting Standard -7 "Cash Flow Statement".

(INR in Million)

(iii)

Reconciliation of Liabilities & Financial Assets arising from financing activities	As at April 01, 2022	Cash Inflows/ (Outflows)	Non - Cash Adjustments	Finance Costs	As at March 31, 2023
Liabilities					
Long Term Borrowings	349.60	(308.82)	(349.60)	-	(308.82)
Interest accrued and due on borrowings	1.47	(1.26)	-	-	0.21

Reconciliation of Liabilities & Financial Assets arising from financing activities	As at April 01, 2021	Cash Inflows/ (Outflows)	Non - Cash Adjustments	Finance Costs	As at March 31, 2022
Liabilities					
Long Term Borrowings	1,067.45	(724.07)	6.22	-	349.60
Interest accrued and due on borrowings	(3.87)	5.34	-	-	1.47

(iv) Balance with banks includes balance of INR 30.60 Millions (March 31, 2022: INR 10.72 Millions) lying in the Escrow Accounts, as per terms of borrowings with the lenders.

(v) Figures in brackets represent outflows.

As per our report of even date
For S G D G & Associates LLP
Chartered Accountants
ICAI Firm Registration No. W100188

(Devansh Gandhi)
Partner
Membership No. 129255

Place: Ahmedabad
Date: May 27, 2023

For & on behalf of the Board of Directors of
Ahmedabad Ring Road Infrastructure Limited

(Jatin Thakkar)
Managing Director
DIN: 09312406

(Mahendrasinh Chavda)
Director
DIN: 02607067

(Hitesh Chelani)
Chief Financial Officer

AHMEDABAD RING ROAD INFRASTRUCTURE LTD.
AHMEDABAD

Place: Ahmedabad
Date: May 27, 2023

Ahmedabad Ring Road Infrastructure Limited
Notes to Financial statement for the year ended March 31, 2023

1. Company information:

Ahmedabad Ring Road Infrastructure Limited ("the Company") is a private limited company domiciled in India and is incorporated under the provisions of the Companies Act. It is wholly owned subsidiary of Sadbhav Infrastructure Project Limited which is listed on two stock exchanges in India. The registered office of the company is located at Ellisbridge, Ahmedabad-380006.

The Company was incorporated as a Special Purpose Vehicle (SPV) in August, 2006, for the purpose of Improvement and widening to Four lane of 2 Lanes Sardar Patel Ring Road around Ahmedabad city 76 kms in the state of Gujarat on Built, Operate and Transfer (BOT) basis. The Concession period is of 20 years including construction period of 18 months. The Company obtained completion certificate on 30th June, 2018 from the AUDA. As per CA, the company is entitled to charge users of the public service; hence the service arrangement has been classified as Intangible Asset.

The financial statements were authorized for issue in accordance with a resolution of the directors on May 27, 2023.

2. Basis of preparation and presentation of financial statement:

(a.) Compliance with IND AS:

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and relevant amendment rules issued thereafter.

The company has applied the applicable standards and/or amendments to existing standards effective from April 1, 2022 in the preparation and presentation of financial statements for the year ending on March 31, 2023.

Most of the amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b.) Basis of Presentation:

The Balance Sheet, the Statement of Profit and Loss and Statement of Changes in Equity are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

The financial statements are presented in INR, which is the functional currency and all values are rounded to the nearest million (INR 000,000), except when otherwise indicated.

(c.) Basis of Measurement:

The financial statements have been prepared on historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

(d.) Use of estimates and judgements:

The preparation of these financial statements is in conformity with IND AS which requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property

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AHMEDABAD RING ROAD INFRASTRUCTURE LTD. AHMEDABAD

plant and equipment and intangible fixed assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, provisions for major maintenance expenses, provision for premium obligations, provision for incomplete work, fair value measurement etc. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

3. Summary of significant accounting policies

The following are the significant accounting policies applied by the company in preparing its financial statements:

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;
•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 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 terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle

The Operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its normal operating cycle.

3.2 Service Concession Arrangements

Toll collection rights

The Company builds infrastructure assets under public-to-private Concession Arrangements which it operates and maintains for periods specified in the Concession Arrangements.

Under the Concession Agreements, where the Company has received the right to charge users of the public service, such rights are recognised and classified as "Intangible Assets" in accordance with Appendix D to Ind AS 115. Such right is not an unconditional right to receive consideration because the amounts are contingent to the extent that the public uses the service and thus are recognised and classified as intangible assets. Such an intangible asset is recognised by the Company at cost (which is the fair value of the consideration received or receivable for the construction services delivered) and is capitalized when the project is complete in all respects and when the company receives the completion certificate from the authority as specified in the Concession

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AHMEDABAD RING ROAD INFRASTRUCTURE LTD. AHMEDABAD

Agreement. The economics of the project is for the entire length of the road / infrastructure as per the bidding submitted.

Amortization of Toll collection rights

The intangible assets which are recognised in the form of Toll right to charge users of the infrastructure asset are amortized by taking proportionate of actual revenue received for the year over Total Projected Revenue from project to Cost of Intangible assets i.e. proportionate of actual revenue earned for the year over Total Projected Revenue from the Intangible assets expected to be earned over the balance concession period as estimated by the management.

As required, total Projected Revenue reviewed by the management at the end of each financial year and accordingly, the total projected revenue is adjusted to reflect any changes in the estimates which lead to the actual collection at the end of the concession period.

3.3 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost comprise the purchase price, borrowing costs if the recognition criteria are met and directly attributable cost of bringing the assets to its working condition for its intended use. When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives.

All other expenses on existing property plant and equipment, including day-to-day repair and maintenance expenditure are charged to the statement of profit and loss for the period during which such expenses are incurred.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

Depreciation

Depreciation on Property, Plant and Equipment is provided on the written down value method basis over useful lives of the assets as prescribed under Part C of Schedule II to the Companies Act, 2013. When parts of an item of property, plant and equipment have different useful life, they are accounted for as separate items (Major Components) and are depreciated over their useful life or over the remaining useful life of the principal assets whichever is less.

Depreciation for assets purchased/sold during a period is proportionately charged for the period of use.

The estimated useful lives, residual values and depreciation method of property, plant and equipment are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3.4 Intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any

The useful lives of intangible assets are assessed as either finite or indefinite.

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Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss; when the asset is derecognised.

Amortization

The intangible assets which are recognised in the form of Toll right to charge users of the infrastructure asset are amortized by taking proportionate of actual revenue received for the year over Total Projected Revenue from project to Cost of Intangible assets i.e. proportionate of actual revenue earned for the year over Total Projected Revenue from the Intangible assets expected to be earned over the balance concession period as estimated by the management.

As required, total Projected Revenue is reviewed by the management at the end of the each financial year and accordingly, the total projected revenue is adjusted to reflect any changes in the estimates which lead to the actual collection at the end of the concession period.

3.5 Impairment – 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 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. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. 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. The impairment loss is recognised in the statement of profit and loss.

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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.
The Company bases its impairment calculation on detailed budgets and forecasts calculation. These budgets and forecasts calculations generally covering a period of the concession agreements using long terms growth rates applied to future cash flows.

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.

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AHMEDABAD RING ROAD INFRASTRUCTURE LTD. AHMEDABAD

3.6 Revenue from contract with customers

Revenue from contract with customer is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The specific recognition criteria described below must also be met before revenue is recognized. The company has concluded that it is principal in its revenue arrangements because its typically controls services before transferring them to the customer.

i. Toll operation services

Revenue from Toll operation services is recognised over a period as each toll road-user simultaneously receives and consumes the benefits provided by the Company. However, given the short time period over which the company provides road operating services to each road user (i.e. the duration of the time it takes the road user to travel the length of the toll road), the Company recognises toll revenue when it collects the tolls as per rates notified by National Highway Authority of India.

ii. Construction services

Revenue from construction services is recognised over a period as the customer simultaneously receives and consumes the benefits provided by the Company and measure revenue based on input method i.e. revenue recognised on the basis of cost incurred to satisfaction of a performance obligation relative to the total expected cost to the satisfaction of that performance obligation. If the outcome of a performance obligation satisfied over time cannot be reasonably measured, revenue is calculated using the zero-profit method in the amount of the contract costs incurred and probably recoverable.

Contract Balances

<u>Contract Assets</u>

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the company performs by transferring goods or services to a customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

<u>Contract Liabilities</u>

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

3.7 Other Income

Gain or loss on sale of Mutual Fund

Gain or loss on sale of mutual fund is recorded on transfer of title from the Company, and is determined as the difference between the sale price and carrying value of mutual fund and other incidental expenses.

Interest

For all debt instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

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AHMEDABAD RING ROAD INFRASTRUCTURE LTD. AHMEDABAD

Dividend

Income from dividend on investment is accrued in the year in which it is declared, whereby right to receive is established.

3.8 Investment Property

Investment Property is measured initially at cost including related transaction costs. Such cost comprises the purchase price, borrowing cost if capitalization criteria are met. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. All day-to-day repair and maintenance expenditure are charged to the statement of profit and loss for the period during which such expenses are incurred.

An Investment property is derecognised either when it has been disposed of or when it has been permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use.

3.9 Borrowing costs

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 capitalized as part of the cost of the asset. All other borrowing costs are expensed in the year they occur. Borrowing cost consist of interest and other costs that company incurs in connection with the borrowing of funds as defined in Indian Accounting Standard 23 – Borrowing Cost.

3.10 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of building (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office building that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.11 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.

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a) Financial assets

i. Initial recognition and measurement of financial assets

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets that are not at fair value through profit or loss are added to the fair value on initial recognition. 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 three categories:

- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)

- **Financial assets at amortized cost :**

A financial asset is measured at amortized cost if it 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.

- **Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both the above conditions mentioned in "Financial assets at amortized cost" are met. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized 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 amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss.

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

A financial asset is measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (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).

- **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.

iii. De-recognition of financial assets

A financial asset is de-recognized 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.

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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 recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes 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. Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

b) Financial Liabilities

i. Initial recognition and measurement of financial liabilities

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

All financial liabilities are recognised initially at fair value. All financial liabilities are recognised initially at fair value and, in the case of loan and borrowings and payable, net of directly attributable transaction costs.

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 amortized cost (loans and borrowings)

- **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 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 on changes in fair value of such liability are recognized in the statement of profit or loss.

- **Financial Liabilities at amortised cost (Loans and Borrowings)**

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.

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