

Joyville Shapoorji Housing Private Limited

Annexure B to the Independent Auditors' Report – 31 March 2020 (Continued)

Meaning of Internal Financial Controls with reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

For **B S R & Co. LLP**
Chartered Accountants

Firm's Registration No: 101248W/W-
100022



Jayesh T Thakkar
Partner

Membership No: 113959
UDIN: 20113959AAAAC2816

Mumbai
22 June 2020

Joyville Shapoorji Housing Private Limited

Balance sheet

as at 31 March 2020

(Currency in INR Lakhs)

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	4,093.86	717.59
Capital work-in-progress		322.67	725.67
Other intangible assets	4	12.41	-
Income-tax assets	5	298.22	118.98
Total non-current assets		4,727.16	1,562.24
Current Assets			
Inventories	6	1,90,842.77	1,28,564.36
Financial assets			
Cash and cash equivalents	7a	7,761.79	1,765.70
Bank balances other than cash and cash equivalents	7b	931.85	492.74
Other current financial assets	8	130.91	118.94
Other current assets	9	12,020.59	8,054.69
Total current assets		2,11,687.91	1,38,996.43
Total Assets		2,16,415.07	1,40,558.67
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10a	10.31	10.31
Other equity			
Component of Compulsory convertible debentures classified as equity	10b	2,044.90	1,342.27
Retained earnings	10b	(17,263.91)	(12,009.18)
Total equity		(15,208.70)	(10,656.60)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	11	1,35,628.03	1,15,762.72
Total non-current liabilities		1,35,628.03	1,15,762.72
Current liabilities			
Financial liabilities			
Borrowings	12	994.78	947.88
Trade payables	13		
Total outstanding dues of micro enterprises and small enterprises		53.52	1.59
Total outstanding dues of creditors other than micro enterprises and small enterprises		11,479.99	5,503.12
Other financial liabilities	14	1,241.30	-
Other current liabilities	15	82,226.15	28,999.96
Total current liabilities		95,995.74	35,452.55
Total Liabilities		2,31,623.77	1,51,215.27
Total Equity And Liabilities		2,16,415.07	1,40,558.67

Significant accounting policies

3

Notes to the financial statements

4-35

The accompanying notes form an integral part of these financial statements.
As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar

Partner

Membership No: 113959

For and on behalf of the Board of Directors of

Joyville Shapoorji Housing Private Limited

CIN : U70109MH2007PTC166942

Venkatesh Gopalkrishnan

Director

DIN: 01252461

Sriram Mahadevan

Managing Director

DIN: 08028238

Himanshu Jani

Chief Financial Officer

Siddhant Agarwal

Company Secretary

Membership No: A41137

Mumbai

22 June 2020

Mumbai

22 June 2020

Joyville Shapoorji Housing Private Limited

Statement of profit and loss

for the year ended 31 March 2020

(Currency in INR Lakhs)

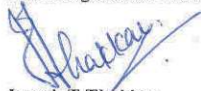
	<i>Note</i>	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	16	-	-
Other income	17	1,627.75	99.90
Total income		<u>1,627.75</u>	<u>99.90</u>
Expenses			
Cost of materials consumed	18	62,278.41	49,906.08
Changes in inventories of project work-in-progress	19	(62,278.41)	(49,906.08)
Finance costs	20	857.80	287.64
Depreciation and amortisation expenses	4	325.71	163.56
Other expenses	21	5,698.97	3,138.58
Total expenses		<u>6,882.48</u>	<u>3,589.78</u>
(Loss) before tax		(5,254.73)	(3,489.88)
Tax expense:			
- Current tax	26	-	-
- Deferred tax	26	-	-
(Loss) for the year		<u>(5,254.73)</u>	<u>(3,489.88)</u>
Other comprehensive income			
A. Items that will not be reclassified to profit or loss		-	-
B. Items that will be reclassified to profit or loss		-	-
Total Comprehensive income for the year (comprising (loss) and Other Comprehensive Income for the year)		<u>(5,254.73)</u>	<u>(3,489.88)</u>
Basic and diluted loss per share (Rs) (Face value of Rs 10 each)	22	<u>(5,097.13)</u>	<u>(3,385.21)</u>
Significant accounting policies	3		
Notes to the financial statements	4-35		

The accompanying notes form an integral part of these financial statements.
As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

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Jayesh T Thakkar
Partner

Membership No: 113959

Mumbai
22 June 2020

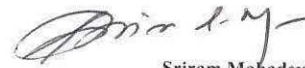
For and on behalf of the Board of Directors of
Joyville Shapoorji Housing Private Limited
CIN : U70109MH2007PTC166942



Venkatesh Gopalkrishnan
Director
DIN: 01252461

Himanshu Jani
Chief Financial Officer

Mumbai
22 June 2020



Sriram Mahadevan
Managing Director
DIN: 08028238



Siddhant Agarwal
Company Secretary
Membership No: A41137

Joyville Shapoorji Housing Private Limited

Statement of changes in equity

for the year ended 31 March 2020

(Currency in INR Lakhs)

(a) Equity share capital

	Note	31 March 2020
Balance at 1 April 2018		10.31
Changes in equity share capital during the year 2018-19		-
Balance at 31 March 2019		10.31
Changes in equity share capital during the year 2019-20		-
Balance at 31 March 2020	10a	10.31

(b) Other equity

Particulars	Component of compulsory convertible debentures classified as equity	Retained earnings	Total
Balance as at 1 April 2018	468.18	(2,219.30)	(1,751.12)
Less: Change on adoption of IND AS 115 (net of taxes) (refer note 32)	-	(6,300.00)	(6,300.00)
Component of convertible debentures classified as equity (refer note 10b)	874.09	-	874.09
(Loss) for the year	-	(3,489.88)	(3,489.88)
Balance as at 31 March 2019	1,342.27	(12,009.18)	(10,666.91)
Balance as at 1 April 2019	1,342.27	(12,009.18)	(10,666.91)
Component of convertible debentures classified as equity (refer note 10b)	702.63	-	702.63
(Loss) for the year	-	(5,254.73)	(5,254.73)
Balance at 31 March 2020	2,044.90	(17,263.91)	(15,219.01)

The accompanying notes form an integral part of these financial statements.

As per our report of even date attached

For BSR & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022



Jayesh T Thakkar
Partner
Membership No: 113959

For and on behalf of the Board of Directors of
Joyville Shapoorji Housing Private Limited
CIN: U70109MH2007PTC166942



Venkatesh Gopalkrishnan
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Himanshu Jani
Chief Financial Officer



Siddhant Agarwal
Company Secretary
Membership No: A41137

Mumbai
22 June 2020

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22 June 2020

Joyville Shapoorji Housing Private Limited

Statement of Cash flows

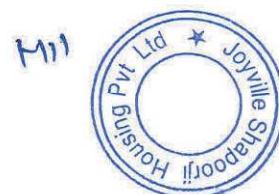
for the year ended 31 March 2020

(Currency in INR Lakhs)

	For the year ended 31 March 2020	For the year ended 31 March 2019
A. Cash flows from operating activities		
(Loss) before tax	(5,254.73)	(3,489.88)
Adjustments for:		
Finance costs	857.80	287.64
Provision for net realisable value of inventories	2,375.28	-
Gain on relinquishment of debt	(1,252.27)	-
Interest income	(154.95)	(45.26)
Depreciation and amortisation expenses	325.71	163.56
Operating (loss) before working capital changes	(3,103.16)	(3,083.94)
Changes in working capital:		
(Increase) in other receivables	(3,971.47)	(4,243.60)
(Increase) in inventories	(47,373.35)	(44,274.31)
Increase in trade payables and other liabilities	54,590.37	13,902.22
	3,245.55	(34,615.69)
Cash generated from/ (used in) operations	142.39	(37,699.63)
Income taxes paid (net)	(174.79)	(39.85)
Net cash flows (used in) operating activities (A)	(32.40)	(37,739.48)
B. Cash flows from investing activities		
Interest received	144.10	44.78
Investment in deposits with bank	(439.11)	(376.11)
Acquisition of property, plant and equipment	(3,496.96)	(798.25)
Net cash (used in) investing activities (B)	(3,791.97)	(1,129.58)
C. Cash flows from financing activities		
Proceeds from term loan from banks	4,000.00	14,500.00
Repayment of term loan	(5,248.50)	(5,000.00)
Proceeds from issue of debentures (includes both debt and equity component)	15,420.01	41,532.43
Repayment of short-term borrowings	-	(2,000.00)
Interest paid	(4,351.05)	(5,900.97)
Net cash generated from financing activities (C)	9,820.46	43,131.46
Net increase in cash and cash equivalents (A+B+C)	5,996.09	4,262.40
Cash and cash equivalents at the beginning of the year	1,765.70	(2,496.70)
Cash and cash equivalents at the end of the year	7,761.79	1,765.70

Notes :

1 The statement of cash flows has been prepared under the indirect method as set out in Indian Accounting Standard - 7 ('Ind AS 7') on statement of cash flows, notified under section 133 of the Companies Act, 2013.



Joyville Shapoorji Housing Private Limited

Statement of Cash flows (Continued)

for the year ended 31 March 2020

(Currency in INR Lakhs)

Notes (Continued) :

2 Reconciliation of Cash and Cash Equivalents as per the Statement of Cash Flows. Cash and Cash Equivalents as per the above comprise of the following :

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash and cash equivalents (refer note 7a)	7,761.79	1,765.70
Cash and cash equivalents as per Statement of Cash Flows	7,761.79	1,765.70

3 Changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes: Reconciliation of liabilities arising from financing activities:

Particulars	As at 1 April 2018	Changes as per statement of cash flows	Non cash Changes	As at 31 March 2019
Long-term borrowings (excluding equity component on compulsorily convertible debentures)	59,332.83	50,158.34	6,271.55	1,15,762.72
Short-term borrowings	2,900.99	(2,000.00)	46.89	947.88
Equity component recognised on compulsorily convertible debentures	468.18	874.09	-	1,342.27

Particulars	As at 1 April 2019	Changes as per statement of cash flows	Non cash Changes (interest accrued)	As at 31 March 2020
Long-term borrowings (including current maturity of long term debt) (excluding equity component on compulsorily convertible debentures)	1,15,762.72	13,468.88	7,637.73	1,36,869.33
Short-term borrowings	947.88	-	46.90	994.78
Equity component recognised on compulsorily convertible debentures	1,342.27	702.63	-	2,044.90

The accompanying notes form an integral part of these financial statements.
As per our report of even date attached.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Jayesh T Thakkar

Partner

Membership No: 113959



Venkatesh Gopalkrishnan

Director

DIN: 01252461



Himanshu Jani

Chief Financial Officer

Mumbai
22 June 2020

Mumbai
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For and on behalf of the Board of Directors of
Joyville Shapoorji Housing Private Limited
CIN : U70109MH2007PTC166942



Sriram Mahadevan

Managing Director

DIN: 08028238



Siddhant Agarwal

Company Secretary

Membership No: A41137

Joyville Shapoorji Housing Private Limited

Notes forming part of financial statements

for the year ended 31 March 2020

1 Background of the Company

Joyville Shapoorji Housing Private Limited ('JSHPL'), ('the Company') having CIN: U70109MH2007PTC166942 is a private limited company incorporated on January 11, 2007. The Company is into real estate housing segment. Key activities of the Company include identification of land, project conceptualizing and designing, development, management and marketing. The Company's Non-Convertible Debentures (NCD's) are listed on BSE Limited (BSE).

2 Basis of preparation and measurement

(a) Statement of compliance

The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the Section 133 of the Companies Act, 2013 ("the 2013 Act"), and the relevant provisions and amendments, as applicable. The Financial Statements have been prepared on accrual basis under the historical cost convention except certain financial instruments measured at fair value.

These financial statements for the year ended 31 March 2020 have been reviewed by the Audit Committee and approved by the Board of Directors and authorised for issue on 22 June 2020.

(b) Operating cycle

The normal operating cycle in respect of operation relating to under construction real estate project depends on signing of agreement, size of the project, phasing of the project, type of development, project complexities, approvals needed and realisation of project into cash and cash equivalents and range from 3 to 7 years. Accordingly, project related assets and liabilities have been classified into current and non-current based on operating cycle of respective projects. All other assets and liabilities have been classified into current and non-current based on a period of twelve months.

(c) Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the functional currency of the Company. All the financial information have been rounded-off to the nearest lakh, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires the use of estimates, judgements and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Future 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/ materialise.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are as follows:

• *Evaluation of satisfaction of performance obligation at a point in time for the purpose of revenue recognition:*

Determination of revenue under the satisfaction of performance obligation at a point in time method necessarily involves making estimates, some of which are of a technical nature, concerning, where relevant, the timing of satisfaction of performance obligation, costs to completion, the expected revenues from the project or activity and the foreseeable losses to completion. Estimates of project income, as well as project costs, are reviewed periodically. The Company recognises revenue when the Company satisfies its performance obligation.

• *Evaluation of net realisable value of inventories:*

Inventories comprising project-work-in progress are valued at lower of cost and net realisable value. Net Realisable value is based upon the estimates of the management. The effect of changes, if any, to the estimates is recognised in the financial statements for the period in which such changes are determined.

• *Useful life and residual value of property, plant and equipment and intangible assets:*

Useful lives of tangible and intangible assets are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different based from that prescribed in Schedule II of the Act, they are based on internal technical evaluation. Assumptions are also made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

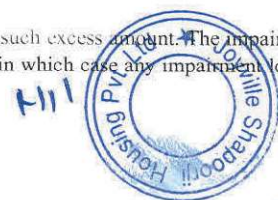
The estimation of residual value of assets is based on management's judgment about the condition of such asset at the point of sale of asset.

• *Recognition of deferred tax asset:*

The extent to which deferred tax assets can be recognised is based on the reasonable certainty the future taxable income against which the deferred tax assets can be utilised.

• *Impairment test of non financials assets:*

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment loss is recognised for such excess amount. The impairment loss is recognised as an expense in the statement of profit and loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a decrease to the extent a revaluation reserve is available for that asset.



Joyville Shapoorji Housing Private Limited

Notes forming part of financial statements (Continued)

for the year ended 31 March 2020

2 Basis of preparation and measurement (Continued)

(d) Use of estimates and judgements (Continued)

• *Fair value measurement of financial instruments:*

When the fair values of the financial assets and liabilities recorded in the balance sheet cannot be measured based on the quoted market prices in active markets, their fair value is measured using valuation technique. The inputs to these models are taken from the observable market where possible, but where this is not feasible, a review of judgement is required in establishing fair values. Any changes in the aforesaid assumptions will affect the fair value of financial instruments.

• *Provisions and Contingencies*

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the amount included in other provisions.

(e) Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

They regularly review significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values then the finance team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(f) Going concern

The Company had a negative net worth (on account of accumulated losses). The negative net worth does not cast a doubt on the entity's ability to continue as a going concern because of the following reasons –

The Company has never recognised revenue on any of its projects both under the earlier (Ind AS 18 and guidance note on revenue recognition on real estate transactions) or new standard (Ind AS I 15)

The Company has active market of buyers for all its projects and is constantly able to make new sales in all of its projects. The prices at which the sales are being entered on an overall basis are sufficient for the entity to recover its costs and earn a reasonable margin. This ensures continuity of cash flows.

The Company also has enough unused funding limits to source future project requirements.

Based on the above factors, we do not believe that the negative net worth impacts the going concern of the Company.



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Joyville Shapoorji Housing Private Limited

Notes forming part of financial statements (Continued)

for the year ended 31 March 2020

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

(a) 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.

i) Non-derivative financial assets

A financial asset is (i) a contractual right to receive cash or another financial asset; to exchange financial assets or financial liabilities under potentially favourable conditions; (ii) or a contract that will or may be settled in the entity's own equity instruments and a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Recognition, measurement and classification

A financial asset is recognised in the balance sheet only when the Company becomes party to the contractual provisions to the instrument. All financial assets except trade receivables are measured initially at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset. Trade receivables at the time of initial recognition is measured at their transaction price if it does not contain a significant financing component.

The Company classifies its financial assets into a) financial assets measured at amortised cost, and b) financial assets measured at fair value through profit or loss (FVTPL). Management determines the classification of its financial assets at the time of initial recognition or, where applicable, at the time of reclassification.

(a) financial assets measured at amortised costs

A financial asset is classified at amortised costs if it is held within a business model whose objective is to a) hold financial asset in order to collect contractual cash flows and b) the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using effective interest rate method (EIR). Amortised cost is arrived at after taking into consideration any discount or fees or costs that are an integral part of the EIR. The amortisation of such interests forms part of finance income in the statement of profit and loss. Any impairment loss arising from these assets are recognised in the statement of profit and loss.

(b) financial assets measured at fair value through profit and loss (FVTPL)

This is a residual category for classification. Any asset which do not meet the criteria for classification as at amortised cost or as FVTOCI, is classified as FVTPL. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in the statement of profit or loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

De-recognition and offsetting

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial liabilities

A financial liability is (i) a contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial instruments under potentially unfavourable conditions; (ii) or a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of its own equity instruments; or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.



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Joyville Shapoorji Housing Private Limited

Notes forming part of financial statements (Continued)

for the year ended 31 March 2020

3 Significant accounting policies (Continued)

(a) Financial instruments (Continued)

(ii) Non-derivative financial liabilities (Continued)

Recognition, measurement and classification

A financial liability is recognised in the balance sheet only when the Company becomes party to the contractual provisions to the instrument. The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified as either held at a) fair value through profit or loss, or b) at amortised cost. Management determines the classification of its financial liabilities at the time of initial recognition or, where applicable, at the time of reclassification.

The Company has the following non-derivative financial liabilities: non-convertible debentures, convertible debentures, loans from banks and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

De-recognition and offsetting

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iii) Impairment of financial assets

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

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits and bank balance.

b) Financial assets that are debt instruments and are measured as at FVTOCI

c) any contractual right to receive cash or another financial asset that result from transactions that are within the scope of lease receivables and trade receivables

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

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

ECL impairment loss allowance/ reversal is recognised during the period as income/ expense in the statement of profit and loss. In case of financial assets measured as at amortised cost, ECL is presented as an allowance. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount but is disclosed as net carrying amount.

(iv) Hybrid contracts

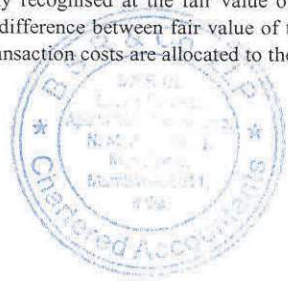
Hybrid contracts comprises of Convertible preference shares and Compulsorily convertible debentures. If a contract contains one or more embedded derivatives and the host is not an asset in the scope of Ind AS 109, then an entity may designate the entire hybrid contract as at FVTPL unless the embedded derivative does not significantly modify the cash flows that would otherwise arise on the contract and it is clear with little or no analysis when a similar hybrid instrument is first considered that separation would be prohibited.

Such designation is possible only when it reduces the complexities associated with separating embedded derivatives or when measuring the entire instrument at FVTPL is more reliable than measuring the fair value of the embedded derivative

(v) Compound financial instruments

Compound financial instruments issued by the company comprises of convertible debentures denominated in INR that can be converted to equity shares of face value Rs 10 each, fully paid-up.

The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have equity conversion option. The Equity component is initially recognised as the difference between fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts



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