3B Binani Glassfibre Sàrl
Boulevard Royal, 22-24
L-2449 Luxembourg
Grand Duché de Luxembourg

For the attention of the Managers

Report of the Registered auditor on the consolidated accounts of 3B Binani Glassfibre Sàrl for the year ended 31 March 2020

By virtue of the Agreement dated 4 November 2019, we present to you our auditor's report in the context of our contractual audit of the consolidated accounts of 3B Binani Glassfibre Sàrl (the "Company") and its subsidiaries (jointly "the Group") for the year ended 31 March 2020.

Report on the audit of the consolidated accounts

Disclaimer of opinion

We have been engaged to perform the contractual audit of the Group's consolidated accounts which comprise the consolidated balance sheet as at 31 March 2020 and the consolidated profit and loss account for the year then ended, and the notes to the consolidated accounts, characterised by a consolidated balance sheet total of KEUR 319.280 and a consolidated profit and loss account showing a loss for the year of KEUR 27.744.

Because of the significance of the matter described in the "Basis for disclaimer of opinion" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

The Group has been severely affected by the economic consequences of the COVID-19 pandemic due to its significant impact on the main business opportunities, significantly reducing the sales outlook for at least the fiscal year 2020/2021. This effect, whose total magnitude is still unknown, combined with an important increase in certain production costs, will have a significant impact on the Group's profitability and its ability to generate cash-flows. These impacts are likely to aggravate the pre-existing financing difficulties of the Group in terms of liquidity and solvability. To resolve this, the Group and its Shareholders, in discussion with Senior Lenders, are currently seeking to remediate to the liquidity problems by various alternatives including refinancing and other debt reduction plans and reshaping the financing model. Although underway for several months, the medium term actions undertaken to resolve the financing difficulties could not be completed to date and we have not received further management's assessment guaranteeing the entity's ability to continue as a going concern.

As a result, we have not been able to gather sufficient and appropriate audit evidence to express an opinion on the appropriateness of the going concern accounting principle.

Responsibilities of the Managers for the consolidated accounts

The Managers are responsible for the preparation of consolidated accounts in accordance with the basis for preparation included by note 2 of the consolidated accounts, and for such internal control as the Managers determine is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the Managers are responsible for assessing the Group'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 the Managers either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Registered auditor's responsibilities for the audit of the consolidated accounts

Our responsibility is to conduct an audit of the annual accounts in accordance with International Standards on Auditing (ISAs), and to issue an auditor's report. However, because of the significance of the matter described in the 'Basis for disclaimer of opinion" paragraph of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated accounts.

Limitation of Use

This report is intended solely for the use of the Managers to whom it is addressed, and then only for the purpose set out in the Agreement and may not be provided to any third party without our prior written consent. We will not accept any responsibility or liability for damages to any third party to whom our report may be provided or into whose hands it may come. In this respect, we consent to our report being shown to the company's existing and potential banks, lenders and refinancers, its Senior Lenders and the company's Shareholders (BIL), on the understanding that we accept no responsibility or liability for damages to the company's existing and potential banks, lenders and refinancers, its Senior Lenders and the company's Shareholders (BIL), or to any other third party to whom our report may be provided or into whose hands it may come.

Liège, 9 November 2020

PwC Reviseurs d'Entreprises SRL
Represented by

Patrick Mortroux
Partner

Balance Sheet

3B Binani Glassfibre S.à r.l. - Consolidated

Consolidated balance sheet

March 31, 2020

(All amounts in EUR thousands, unless otherwise stated)

	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3.	211 783	217 980
Capital work-in-progress	4.	15 124	8 699
Investment properties		-	-
Goodwill		-	-
Other intangible assets	5.	10 572	11 375
Intangibles under development		7 483	5 296
Financial assets			
i. Investments	6.a.	-	-
ii. Loans	6.b.	-	-
iii. Other financial assets		-	-
Deferred tax assets (net)	7.	21 926	19 464
Other non-current assets	8.	-	-
Total non-current assets		**266 889**	**262 814**
Current assets			
Inventories	9.	26 919	30 828
Financial assets			
i. Investments		-	-
ii. Trade receivables	6.c.	4 375	4 119
iii. Cash and cash equivalents	6.d.	3 614	1 331
iv. Bank balances other than (iii) above		-	-
Other current assets	8.	17 482	13 208
Assets classified as held for sale		-	-
Total current assets		**52 391**	**49 486**
TOTAL ASSETS		**319 280**	**312 299**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10.a.	100 094	100 094
Other equity	10.b.		
i Reserves and Surplus		(148 159)	(120 414)
ii Other Reserves		(18 413)	(14 950)
Equity attributable to owners		**(66 478)**	**(35 270)**
Non-controlling interests		**8 032**	**8 099**
Total equity		**(58 446)**	**(27 171)**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
i. Borrowings	11.a.	219 197	212 072
ii. Other financial liabilities	11.b.	-	-
Provisions	14.	6 141	6 122
Deferred tax liabilities (net)	7.	25 556	28 451
Other non-current liabilities	12.	-	-
		250 894	**246 645**
Current liabilities			
Financial liabilities			
i. Borrowings	11.c.	21 780	21 752
ii. Trade payables	11.d.	25 797	23 277
iii. Other financial liabilities	11.b.	56 855	27 431
Provisions	14.	11 969	13 147
Current tax liabilities (net)		-	-
Other current liabilities	13.	10 431	7 218
Total current liabilities		**126 832**	**92 825**
Total non-current and current liabilities		**377 726**	**339 470**
TOTAL LIABILITIES		**319 280**	**312 299**

The accompanying notes are an integral part of these consolidated financial statements.

3B Binani Glassfibre S.à r.l. - Consolidated

Consolidated statement of profit and loss for the year ended 31 March 2020

(All amounts in EUR thousands, unless otherwise stated)

	Note	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations	**15.**	192 312	197 265
Other income	**16.**	9 650	5 386
Total Income		201 961	202 651
Expenses			
Cost of materials consumed	**17.**	52 119	39 160
Operating expenditure	**18.**	-	-
Employee benefits expense	**19.**	54 934	58 229
Finance costs	**20.**	25 558	22 052
Depreciation and amortisation expense	**21.**	20 283	18 722
General, administration and other expenses	**22.**	81 679	77 990
Total expenses		234 572	216 154
Profit before exceptional items and tax		(32 611)	(13 503)
Exceptional items	**23.**	-	-
Profit before tax		(32 611)	(13 503)
Tax expense			
-Current tax		277	1 541
-Deferred tax		(5 143)	(562)
Total tax expense		(4 866)	979
Profit for the Year		(27 744)	(14 482)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations			
Income tax relating to these items			
Gains/losses on equity instruments at FVOCI			
Income tax relating to these items			
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive income for the year		**(27 744)**	**(14 482)**
Profit is attributable to:			
Owners of 3B Binani Glassfibre		(27 647)	(14 734)
Non-controlling interests		(97)	253
		(27 744)	**(14 482)**
Other comprehensive income is attributable to:			
Owners of 3B Binani Glassfibre		-	-
Non-controlling interests		-	-
		-	**-**
Total comprehensive income is attributable to:			
Owners of 3B Binani Glassfibre		(27 647)	(14 734)
Non-controlling interests		(97)	253
		(27 744)	**(14 482)**
Earnings per equity share			
Basic earnings per share		**(0,035)**	**(0,018)**
Diluted earnings per share			

The accompanying notes are an integral part of these consolidated financial statements.

Source : 3B Binani Conso 31032020

Fund Flow Statement			**(In Euro '000)**
Particulars	**31/03/2020**	**31/03/2019**	**Change**
Sources of Funds			
Income from operations	18 096	-	18 096
Increase in Borrowings (Long-term)	234 508	222 553	11 956
Increase in Interest Accrued - Due/Not due	38 271	16 689	21 582
Increase in Borrowings (Current)	21 780	21 752	28
Decrease in Debtors	4 375	4 119	(256)
Increase in Trade Creditors	25 797	23 277	2 520
Increase in Other Current Liablities	25 673	20 626	5 046
Increase in Other Current Assets	5 455	3 846	(1 610)
Total Source of Fund			**57 362**
Application of Fund			
Investment in fixed assets	265 246	243 350	(21 896)
Increase in Inventory	26 919	30 828	3 910
Finance Cost	25 558	-	(25 558)
Inc. in Bal with Statutory Authorities	5 756	6 197	442
Inc. in capitalisation Refinancing (VDD)	6 271	3 164	(3 107)
Change in deferred tax liablity (net)	3 630	8 987	(5 358)
Decrease in Provisions	6 141	6 122	19
Decrease in other reserves	(10 381)	(6 851)	(3 531)
Total Application Fund			**(55 078)**
Opening Cash & cash equivalents			1 331
Cash Flow from Operations			2 284
Closing Cash & cash equivalents			**3 614**

Income from operations	18 096	
Foreign Currency Translation impact on Borrowing	5 882	
Change in Other Reserves	(3 531)	
Total Income		**20 447**
Increase in Borrowings (incl. accrued interest)		27 684
Total Fund Inflow		**48 131**
Interest Expense	25 558	
Capex	21 896	
Increase in Working Capital	(6 945)	
Others	5 339	
Total Fund Outflow		**45 847**
Net Fund Flow		**2 284**

(All amounts in EUR thousands, unless otherwise stated)

3. Property, plant and equipment

PARTICULARS	Freehold Land	Buildings (Including Roads)	Plant And Machinery (*)	Leasing Machinery & Installation	Furniture & Office Equipments	Total
GROSS BLOCK						
As at 1st April 2019	27 789	6 496	308 310	9 395	1 358	**353 348**
Additions during the year / period		691	11 519	5 972	302	**18 484**
Adjustment	-					**-**
Sales/Transfers/Adjustments during the period	2 520		493	-		**3 013**
Foreign currency translation reserve	(865)	(521)	(8 697)	(332)	(47)	**(10 462)**
Total as at 31 March 2020	**24 404**	**6 666**	**310 639**	**15 035**	**1 613**	**358 357**
DEPRECIATION AND AMORTIZATION						
As at 1st April 2019	1 598	2 740	126 547	3 565	918	**135 368**
Additions during the year / period	119	244	15 485	935	121	**16 903**
Adjustment						**-**
Sales/Transfers/Adjustments during the period				-		**-**
Foreign currency translation reserve	(17)	(183)	(5 164)	(308)	(25)	**(5 698)**
Total as at 31 March 2020	**1 700**	**2 801**	**136 868**	**4 191**	**1 013**	**146 574**
NET BLOCK						
Total as at 31 March 2020	**22 704**	**3 864**	**173 772**	**10 844**	**599**	**211 783**

(*) includes the EU - Alloy metal quantity of 3272,9 kg, representing a NBV of 114.087 K€;

Detail per metal:	Kg	K euro
Platinum	2 699,3	94 092
Rhodium	573,6	19 995
	3 272,9	**114 087**

4. Capital work-in-progress

PARTICULARS	As at March 31,2019	Incurred during the year	Capatalised/ Adjusted	As at March 31,2020
(A) Assets under construction	8 699	6 425	-	15 124
(B) Expenditure pending allocation Expenses				
(C) Construction Stores				
Total(A+b+C)	**8 699**	**6 425**	**-**	**15 124**

5. Intangible assets

PARTICULARS	Other Intangible Assets	Total
GROSS BLOCK		
As at 1st April 2019	31 889	**31 889**
Additions during the year / period	1 603	**1 603**
Adjustment		**-**
Sales/Transfers/Adjustments during the period	-	**-**
Foreign currency translation reserve	(54)	**(54)**
Total as at 31 March 2020	**33 438**	**33 438**
DEPRECIATION AND AMORTIZATION		
As at 1st April 2019	20 514	**20 514**
Additions during the year / period	2 372	**2 372**
Adjustment		**-**
Sales/Transfers/Adjustments during the period	-	**-**
Foreign currency translation reserve	(21)	**(21)**
Total as at 31 March 2020	**22 866**	**22 866**
NET BLOCK		
Total as at 31 March 2020	**10 572**	**10 572**

(All amounts in EUR thousands, unless otherwise stated)

6. Financial assets

6.a. Non-current investments

Particulars	Face value	31 March 2020		31 March 2019	
		No. of shares/Units	EUR '000'	No. of shares/Units	EUR '000'
Investment in equity instruments (fully paid-up)					
Total non-current investments			**NIL**		**NIL**
Equity Shares in Goa Glassfibre Ltd					
Preference shares in GOA Glassfibre Ltd					
Interest on preferred shares capiatalized					
Aggregate amount of impairment in the value of investments					

@ Amount is below the rounding off norm adopted by the group.

6.b. Loans

	31 March 2020		31 March 2019	
	Current	Non-Current	Current	Non-Current
Unsecured, considered good				
Loan to subsidiaries				
Loan to associates				
Loans to related parties				
Loans to employees	NIL		NIL	
Security Deposits				
Inter corporate deposits				
Others				
Less: Allowance for doubtful debts	-	-	-	-
Total loans	**-**	**-**	**-**	**-**

6.c. Trade receivables

(Unsecured and considered good unless stated otherwise)

	31 March 2020	31 March 2019
Trade Receivable	5 546	5 227
Receivables from related parties (refer note XX)	0	0
Less: Allowance for doubtful debts	1 171	1 108
Total receivables	**4 375**	**4 119**

6.d. Cash and cash equivalents

	31 March 2020	31 March 2019
Balances with banks		
- in current accounts	3 614	1 330
- in deposits account with original maturity of less than three months	0	0
Cash on hand	0	0
Total cash and cash equivalents	**3 614**	**1 331**

(All amounts in EUR thousands, unless otherwise stated)

7. Deferred tax (net)

	31 March 2020	31 March 2019
Deferred tax assets:	21 926	19 464
Deferred tax liabilities:	25 556	28 451
Deferred tax (net)	**3 630**	**8 987**

8. Other current assets

	31 March 2020		31 March 2019	
	Current	Non-Current	Current	Non-Current
Capital advances				
Advances to suppliers				
Advances to employees	17		21	
Other Advances - Loan to Hermes	900		900	
Paid Norwegian VAT	-		2	
Capitalization refinancing (VDD)	6 271		3 164	
Capitalization Engineering costs	-		120	
Subsidy to receive	-		39	
Gratuity Plan Asset A/c (GGFL)	1 108		956	
Derivative Assets	-		19	
Other Deposit	574		351	
Balances with statutory authorities				
- Corporate tax	3 529		3 552	
- VAT receivable	2 226		2 645	
Prepaid Insurance Fire/General/Liabilities	808		633	
Advances recoverable in cash or in kind	1 588		640	
Others	461		165	
Total other assets	**17 482**		**13 208**	-

9. Inventories

	31 March 2020	31 March 2019
Raw Materials & Packaging (including goods in transit)		
Raw Material	2 979	2 802
Work - In - Progress	311	566
Finished Goods	20 530	24 341
Stores and spares Inventories	3 100	3 120
Total inventories	**26 919**	**30 828**

(All amounts in EUR thousands, unless otherwise stated)

10.a. Equity Share capital

	As at 31 March 2020	As at 31 March 2019
Authorised		
n/a		
Issued, subscribed and fully paid up		
XX [31 March 2020: 800,753 and 31 March 2019: 800,753] Equity Shares of EUR 125 each	800 753	800 753
	800 753	**800 753**

i) Reconciliation of number of shares

	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Equity Shares :				
Balance as at the beginning of the year	800 753	100 094	800 753	100 094
Less: Eliminated on consolidation				
Balance as at the end of the year	**800 753**	**100 094**	**800 753**	**100 094**

ii) Rights, preferences and restrictions attached to shares

Equity shares: The Parent Company has only one class of equity shares having face value of EUR 125 per share. Each holder of the equity share is entitled to one vote per share. In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts.

	As at 31 March 2020	As at 31 March 2019
Equity Shares of Re. 1 held by:		
held by Parent	800 753	800 753

(All amounts in EUR thousands, unless otherwise stated)

10.b. Reserve & Surplus

Foreign Currency Translation Reserve	31 March 2020		31 March 2019	
As per Last Balance Sheet	(3 271)		(4 422)	
Add : Additions during the period	(4 229)		1 151	
		(7 500)		**(3 271)**
Capital Investment Subsidy	**31 March 2020**		**31 March 2019**	
As per Last Balance Sheet	819		968	
Add : Additions during the period	190		(149)	
		1 008		**819**
Balance In Profit & Loss Account	**31 March 2020**		**31 March 2019**	
As per Last Balance Sheet	(120 414)		(105 695)	
Adjustment through RE	-		(42)	
Entry Preferred Shares Ind AS (retroactive)				
Reclass RE related to Minority	-		(196)	
Transferred from Profit and Loss Account	(27 744)		(14 482)	
		(148 159)		**(120 414)**
Revaluation Land "Ind AS"	**31 March 2020**		**31 March 2019**	
As per Last Balance Sheet	7 035		7 035	
Add : Additions during the period	-		-	
		7 035		**7 035**
Deferrred taxes	**31 March 2020**		**31 March 2019**	
Other reserve (First time recognition DTA through RE)	22 746		22 746	
Other reserve (First time recognition DTL through RE)	(30 342)		(30 342)	
		(7 597)		**(7 597)**
Foreign Currency Monetary Translation Difference	**31 March 2020**		**31 March 2019**	
As per Last Balance Sheet	(11 936)		(5 192)	
Add : Addition / (Deletion) during the period	576		(6 744)	
		(11 360)		**(11 936)**
TOTAL		**(166 572)**		**(135 364)**

(All amounts in EUR thousands, unless otherwise stated)

11. Financial liabilities

11.a. Long-term borrowings

	As at 31 March 2020	As at 31 March 2019
Secured		
Term Loans:		
EUR loans from banks	**7 000**	**5 500**
Foreign currency loans from UNCL / IDBI (*)	**197 197**	**196 409**
EUR loans from financial institutions/other parties	**10 376**	**5 653**
Foreign currency loans from financial institutions/other parties	-	-
Loan from related parties	**4 624**	**4 509**
Deferred payment liabilities:		
Deferred value added tax		
Total non-current borrowings	**219 197**	**212 072**
Less: Current maturities of long term debt (included in note XX(b))		
Less: Interest accrued (included in note XX(b))	-	-
Non-Current borrowings (as per balance sheet)	**219 197**	**212 072**

A significant part of the initial IDBI Bank debt has been assigned on 31 December 2018 to Ultratech Nathdwara Cement Limited (abbreviated "UNCL"), located in India and part of the Aditya Birla Group , as part of the arrangements for the sale of Binani Cement (now renamed UNCL), then a sister company and guarantor of the IDBI debt to the Company . UNCL has, since then, replaced IDBI on the same terms, conditions and covenants. The transfer of the debt is documented in an assignment agreement between the parties.

The details of security, terms of repayment and interest on long-term loans obtained by the respective subsidiaries (which includes non-current and current maturities of term loans) are given below:

11.b. Other financial liabilities

	31 March 2020		31 March 2019	
	Current	Non Current	Current	Non Current
Current maturities of long-term debt	15 311		10 481	
Interest accrued but not due on borrowings	6 656		3 066	
Interest accrued and due on borrowings	31 615		13 623	
Others	3 272		261	
Total other financial liabilities	**56 855**	**-**	**27 431**	**-**

11.c. Current borrowings

	31 March 2020	31 March 2019
Secured		
Cash credit facility from banks		
Short term EUR loan from bank	**21 780**	**21 752**
Unsecured		
Short term loan from bank		
Inter-corporate deposits from related parties		
Total current borrowings	**21 780**	**21 752**
Less: Interest accrued (included in note xx(b))	-	-
Current borrowings (as per balance sheet)	21 780	21 752

11.d. Trade payables

	31 March 2020	31 March 2019
Trade payables including acceptances	25 797	23 277
Payable to related party		
Total trade payables	**25 797**	**23 277**

12. Other non-current liabilities

	31 March 2020	31 March 2019
Advance from customers	-	-
Closing balance	**-**	**-**

13. Other current liabilities

	31 March 2020	31 March 2019
Advances received from customers		
Liability Engagement Forw contract NOK & USD	4 824	71
Property tax	232	232
Liability VAT - GST - TDS	943	932
Liabilities Soc security & w/h tax	1 914	2 227
Liabilities payroll	1 620	2 071
Other	899	1 095
Revaluation CO^2	-	590
Total other current liabilities	**10 431**	**7 218**

(All amounts in EUR thousands, unless otherwise stated)

14. Provisions

	31 March 2020		31 March 2019	
	Current	Non-Current	Current	Non-Current
Other Provisions				
Provision Site Restoration Obligation	-	2 053		2 026
Provision other	1 702	369	1 748	360
Employee Benefit Obligations				
Provision for Holiday pay, 13th month & bonus	9 881		10 983	
Provision for leave encashment				
Provision for restructuring	387	425	416	708
Pension Liability		3 295		3 027
Other employee benefits				
Total employee benefit obligations	**11 969**	**6 141**	**13 147**	**6 122**

Restructuring reserve:

The Group has set up early retirement schemes in the context of various (pre)pension plans over the last ten years leading to a significant decrease of headcounts. Two restructuring plans are still in effect for about 33 people. The common feature of these plans is to allow employees to retire early (at the age of 52) before the normal retirement age (65).

Pension plan:

The Group provides post-employment benefits to its employees and workers through several pension plans. As for the benefit contribution plan for the employees of the plant in Battice in Belgium a net liability has been recognized for an amount of 3,295 K EUR (Mar 2019 3,027 K EUR). As for the Birkeland plan no liability is recognized as the actual monthly premium due is paid immediately.

Provision for Site Restoration Obligation :

	31 March 2020	31 March 2019
Balance as at beginning of the year	2 026	2 008
Additions	42	76
Amount used/reversed	(16)	(58)
Balance as at end of the year	**2 053**	**2 026**

The Group has an obligation to restore the sites used for the landfill. This obligation is based on the real quantity filled. Accordingly the provision has been adjusted to this restoration obligation, which includes also the post management fees. The environmental permit is valid until April 2020. The renewal of the permit is ongoing and the authorization should be obtained by the end of the current year.

(All amounts in EUR thousands, unless otherwise stated)

15. Revenue from operations

	31 March 2020	31 March 2019
Sale of flbreglass	192 312	197 265
Total	**192 312**	**197 265**

16. Other Income

	31 March 2020	31 March 2019
Interest income		
- Bank Deposits		
- Others	30	30
Governmental grants recognized	122	149
Gain on sale or disposal of Property, plant and equipment / Investments	2 610	1 246
Gain on foreign currency fluctuations and translations (net)	4 204	503
Other non operating income (incl insurance indemity)	2 684	3 458
Total	**9 650**	**5 386**

17. Cost of materials consumed

	31 March 2020	31 March 2019
Raw material	43 518	43 164
Other Misc Raw material	2 066	2 957
Packing Materials	2 539	3 642
Add: Purchases	86	307
Changes in inventories	3 910	(10 910)
Less: Raw material at the end of the year		
Total cost consumed	**52 119**	**39 160**

18. Operating Expenditure

	31 March 2020	31 March 2019
Fuel handling and service charges		
Transmission charges		
Operation and maintenance service charges		
Total	**-**	**-**

19. Employee benefit expense

	31 March 2020	31 March 2019
Salaries, bonus and other allowances	46 433	48 925
Contribution to Provident and Other Funds	7 129	7 833
Workmen and Staff Welfare	1 371	1 470
Total	**54 934**	**58 229**

20. Finance costs

	31 March 2020	31 March 2019
Interest on:		
- Euro on term loans	2 291	1 781
- Foreign currency loans	22 524	19 275
- Working capital loans		
- Others	322	636
Mark to market loss on derivatives		
Other finance costs	420	360
Total	**25 558**	**22 052**

(All amounts in EUR thousands, unless otherwise stated)

21. Depreciation and amortisation expense

	31 March 2020	31 March 2019
Depreciation on Property, plant and equipment	11 270	10 798
Disposal Alloy	6 613	5 757
Amortisation of Intangible Assets	2 400	2 168
Total	**20 283**	**18 722**

22. General, administration and other expenses

	31 March 2020	31 March 2019
Advertisement and Sales Promotion	137	162
Computer expenses	1 393	1 321
Delivery - Other Operating Expenses	12 188	11 060
Donation	9	12
FCMIT	5 882	11 720
Foreign Exchange fluctuation loss	10 716	2 593
Insurance	807	649
Loss on Discard of Fixed assets	2 648	1 071
Miscellaneous Expenses	1 465	1 739
Other Operating Expenses	(689)	840
Other Operating Expenses Alloy duties	457	240
Other Operating Expenses Bushings	4 735	4 793
Power & Fuel	24 616	24 666
Professional, Legal & Outside service fees	5 801	4 201
Provision for Doubtful Debts	63	(5)
Rates and Taxes	1 389	1 318
Rent	1 761	1 701
Repairs-Machinery	2 190	2 453
Repairs-others	4 336	5 124
Stores and Spares parts and Fuel	651	593
Telephone	184	217
Travel expenses	939	1 524
Total	**81 679**	**77 990**

Details of payments to auditors	**31 March 2020**	**31 March 2019**
Payment to auditors		
Statutory auditors		
a) Audit fees	256	156
b) Other matters	12	7
c) Out of pocket expenses		
Payments to the Cost Auditors		
a) Audit fees		
b) Out of pocket expenses (31 March 2019: XXX and 31 March 2018: XXXX)		
Total	**268**	**163**

23. Exceptional items

	31 March 2020	31 March 2019
NIL	-	-
	-	-
Total	**-**	**-**

(All amounts in EUR thousands, unless otherwise stated)

24. Contingent Liabilities And Commitments

a. **Lease and other commitments:**

The Group has entered into operating leases with respect to real estate facilities, computers and other equipment used in the conduct of its business. Such leases have terms of between 1 to 5 years and may include renewals and escalations. Rental and lease expenses under these operating leases for the year ended March 31, 2020 amounted to 1,761 K EUR (March 31, 2019 1,701 K EUR) (this amount includes the amount paid in relation to the Alloy leasing for about 2,174 K EUR (March 31, 2019 1,086 K EUR).

The third party lease charges have almost doubled as a result of the increase of the metal price, especially the Rhodium price went up from 3,140 KUSD per troy-ounce at the beginning of the year to 10,700 USD per troy ounce at the last day of the reporting period.

The lease contracts are related to company cars, IT material, warehouse equipment and Alloy metal for operational use and/or to cover the minimum alloy pool quantity.

b. **Commitments**

Estimated amount of contracts remaining unexecuted on capital account (net of advances paid) and not provided for amount to 4.307 KEUR (prior year 4.970 KEUR).

25. Employee Benefit Obligations:

The Group provides post-employment benefits to its employees and workers through several pension plans. As for the benefit contribution plan for the employees of the plant in Battice in Belgium a net liability has been recognized for an amount of 3,295 K EUR (Mar 2019 3,027 K EUR). As for the Birkeland plan no liability is recognized as the actual monthly premium due is paid immediately.

a. **Movements in provisions**

Movements in each class of provision during the financial year, are set out below:

	Provision for employee benefits
As at 1 April 2018	**3 390**
Charged/(credited) to profit or loss	
additional provisions recognised	(363)
unused amounts reversed	
amounts used during the year	
As at 31 March 2019	**3 027**
Charged/(credited) to profit or loss	
additional provisions recognised	268
unused amounts reversed	
amounts used during the year	
As at 31 March 2020	**3 295**

b. **Significant estimates: Actuarial assumptions**

The significant actuarial assumptions were as follows:

Particulars	31 March 2020	31 March 2019
Discount rate	0,3%	1,5%
Rate of increase in compensation levels	2,8%	2,9%
Rate of return on plan assets - before 2016	3,25%	3,25%
Rate of return on plan assets - after 2016	1,75%	1,75%

(All amounts in EUR thousands, unless otherwise stated)

26. Interest in other entities

a. Information about subsidiaries

The Group has the following investments in subsidiaries:

SN	Name of the subsidiary	Principal place of business	Principal activities	Proportion (%) of ownership	
				As at 31st March, 2020	As at 31st March, 2019
1	Project Bird Holding II Sàrl	Luxembourg	Leasing & IP	100,00%	100,00%
2	3B-Fibreglass SPRL	Belgium	Manufacturing Fibreglass	100,00%	100,00%
3	3B-Fibreglass AS	Norway	Manufacturing Fibreglass	100,00%	100,00%
4	GOA Glassfibre Ltd (*)	India	Manufacturing Fibreglass	94,00%	94,00%
5	Tunfib Sàrl (in liquidation)	Tunisia	In liquidation	66,67%	66,67%

(*) The remainder of 6% is held by the Parent Company of the Group, i.e. BIL Ltd., in the form of preferred shares.

All above investments have been accounted at cost using the cost option under Ind AS 27 "Separate Financial Statements".

b. Interest in Controlled Operations

The Group holds a majority stake of 66.67% in Tunfib Sàrl, located in Bou Argoub in Tunisia, which was incorporated in December 2010. Partner Investment SA located in Boumhell Tunisia holds the remaining 33.33 % of Tunfib Sàrl in the amount of 1,046 K EUR which is included in the consolidated statement of financial position on the reporting line “Minority interest”. The Company is in the process of liquidation.

GGFL accounts include a minority held by the Group’s Parent Company, i.e. BIL Ltd, in the form of preferred shares. Based on the total number GOA Glass Fibre shares, this represents 6%, as mentioned in 26,a. above. As for the BIL Ltd minority calculation the intitial investment value of these preferred shares is recognized based on the related agreement to which the profit/loss are added using the 6% portion.

Disclosure of the Group's share in joint operations :

Name of the Subsidiary	Name of field	Location	Interest (%)
Tunfib Sàrl (in liquidation)	Tunfib	Tunisia	66,67%

27. Assets pledged as security

As a result of securing the financing obtained in 2012 for the entire 3B acquisition, and amended in 2014 and 2016, all assets were pledged as collateral for the loans.

A significant part of the initial IDBI Bank debt has been assigned on 31 December 2018 to Ultratech Nathdwara Cement Limited (abbreviated “UNCL”), India of the Aditya Birla Group , as part of the arrangements for the sale of Binani Cement (now renamed UNCL), then a sister company and guarantor to the IDBI debt to the Company .

Ultratech has, since then, stepped into the shoes of IDBI on the same terms, conditions and covenants.

The financing as described above is secured with the following collaterals / securities:

¤ First ranking security over all shares of the Company, and the following direct and indirect subsidiaries (Project Bird Holding II S.à r.l., 3B Fibreglass Srl, 3B Fibreglass Norway AS);

¤ First ranking security over all present and future assets of the Group (i.e. 3B Group assets situated in Europe) including moveable assets, immovable assets, material intellectual property rights, bank accounts, owned receivables, insurances, stock and inventory, intra-group receivables and real estate, taking into account some restrictions;

¤ In 2012 and 2013, two banks granted a working capital loan to 3B-Fibreglass sprl for financing inventories with the consent of the senior bank (IDBI), which ceded its first ranking pledge on 3B-Fibreglass’ business and second ranking mortgage on 3B-Fibreglass’ fixed assets to one of these banks which lent Euro 10 m;

(All amounts in EUR thousands, unless otherwise stated)

28. Related party transactions

a. Subsidiaries

Companies : Binani Industries Limited (BIL Ltd) - Ultimate Holding Company
Patner Investement SA (Poulina partner) - Joint Venture Tunfib Sàrl

		Entity		
Type	Reporting Line	BIL Ltd	Poulina Partner	Total
Profit and Loss Transactions				
For the period 1st April 2019 till 31st March 2020				
Income				
Interest Income	Other Income	-	11	11
Expenses				
Interest preferred shares	Finance costs	424	-	424
Balance Sheet Items				
As on 31St March 2020				
Type	Reporting Line	BIL Ltd	Poulina Partner	Total
Liabilities				
Equity Share Capital	Equity Share Capital	100 094		100 094
Preferred shares & Interest	Non-controlling interests	7 068		7 068
Joint venture	Non-controlling interests		964	964
Assets				
	NIL			-
Transaction During the period (Cash Flow Transactions)				
	NIL			

b. Related parties

Transactions with related parties are made at normal market prices. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

	31 March 2020	31 March 2019
Loan from related parties	4 624	4 509

c. Key management personnel compensation

The cash compensation paid during the year to the key management personnel of the Group amounted to 2,501 K EUR (2018 3,515 K EUR). There has been no other compensation to key management.

29. Events after the reporting period

No significant events occur since the closing which would have an impact on the accounts.

a. Business combinations — Nihil
b. Equity transactions — Nihil
c. Borrowings — Nihil
d. Declaration of final dividend — Nihil
e. Other

The Company and its subsidiaries (the “Group”) have been severely impacted by the covid-19 crisis based on the significant impact on the main markets of the Group and mainly the automotive sector. Based on the latest projections, a total decrease of 31% is anticipated in the EU passengers car production in 2020 vs 2019 leading to a total projected reduction of 33 % of the DUCS market in Europe.
The total sales on Q1 on DUCS before the covid-19 crisis were above Plan (+6%) and last year (10%).
This important drop in sales caused a significant pressure on our profitability and also in particular on our liquidity position which forced us to take a set of measures to overcome the crisis. These measures include mainly adjusting capacity in our plants, reducing significantly the CAPEX and the OPEX, leveraging the various government measures and extending the credit terms with our suppliers.

30. Going Concern

At the Group level, a refinancing proposal was shared with the Company’s main lenders in January 2020 before the covid-19 crisis which culminated in a binding offer in July 2020.
Pending its review, an alloy sale of Eur 10 m was executed in August 2020, with the consent of the Senior Lenders; Eur 5m to enable tide over the covid-19 liquidity issues based on the then forecasts for the year as well as a partial debt repayment of Eur 5 m. Given the continued covid-19 impact, refinancing needs , market and economic outlook in the coming 12 months, the Group has
decided last month to potentially further unlock alloy value, now at historical highs, alongside optimisation of bushings ,while considering operational needs, current and future, as a part of the debt reduction plan. Dialogue between stakeholders is ongoing and expected to conclude in the coming months on all options including refinancing.
On 20 October 2020 the Board of Managers authorised preparation of the merger plan for the Company and its fully owned subsidiary (PBH II). The merger should be enacted until the end of the current financial year of the Company. As for the entitiy 3B Binani Glassfibre a notification has been shared by the tax authorities on 17th September confirming the non-recoverability of Vat for a total amount of 1363 kEuro related to 2018/2019. Based on mitigation plan proposed to the tax authorities, no liabilities are nevertheless anticipated. The impairment testing has been updated including the latest forecast for the year and the updated business plan and outlook and no impairment is required on consolidation on that basis.

On that basis, Management confirms that these consolidated accounts have been prepared under the going concern assumption, but the negotiations regarding the refinancing have not yet been completed today which represents a material uncertainty for the entity to continue as a going concern.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in EUR, unless otherwise stated)

1. Company information

3B Binani Glassfibre S.à r.l. ("the Company") together with its subsidiaries ("the Group") is primarily engaged in the business of fibreglass manufacturing and distribution. The registered office of the Company is located at 22-24,boulevard Royal, L-2449 Luxembourg, Grand-Duché de Luxembourg.

2. Basis of Preparation of Consolidated Financial Statements and Summary of significant accounting policies compliance with Indian Accounting Standards

These Consolidated financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under section 133 Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015. The policies set out below have been consistently applied during the year presented.

Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by the following:

- Certain financial assets and financial liabilities (including derivative instruments) at fair value;
- Defined benefit plans – plan assets that are measured at fair value; and
- Freehold land / Lease hold land included in PPE are measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The assets and liabilities reported in the consolidated balance sheet are classified on a "current/non-current basis", with separate reporting of assets held for sale and liabilities included in disposal groups held for sale. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Group or in the 12 months following the balance sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Group or within the 12 months following the close of the financial year.

The Consolidated financial statements are presented in thousands Euro (KEUR), which is also the Group's functional currency and all amounts are rounded to the nearest Euro, unless otherwise stated.

Summary of Significant accounting policies

The Consolidated financial statements have been prepared using the significant accounting policies and measurement basis summarized below. These were used throughout all periods presented in the financial statements, except where the Group has applied certain accounting policies and exemptions upon transition to Ind AS.

2.1. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020
(All amounts in EUR, unless otherwise stated)

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

The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.
The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

2.2. Foreign currency

Initial recognition
Foreign currency transactions are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Conversion
Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences
Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Group translated at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise. The gain or loss arising on translation of non-monetary items measured at cost is treated in line with the recognition of the gain or loss on the change in the value of the item (i.e., translation differences on items whose gain or loss is recognized in OCI or statement of profit & loss are also recognized in OCI or statement of profit & loss, respectively).
In respect of foreign exchange differences arising on revaluation or settlement of long term foreign currency monetary items, the Group has availed the option available in the Companies (Accounting Standards) (Second Amendment) Rules 2011, wherein:

- Foreign exchange differences on account of depreciable assets are adjusted in the cost of depreciable assets and would be depreciated over the balance life of the assets.
- In other cases, foreign exchange differences are accumulated in “Foreign Currency Monetary Item Translation Difference Account” and amortized over the balance period of such long term assets / liabilities.
- An asset or liability is designated as a long term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of twelve months or more at the date of origination of the asset or the liability, which is determined taking into consideration the terms of the payment / settlement as defined under the respective agreement / memorandum of understanding.

Translation of financial statements of foreign entities
On consolidation, the assets and liabilities of foreign operations are translated into Euro at the exchange rate prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in Consolidated Statement of Other Comprehensive income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in EUR, unless otherwise stated)

NOK / EUR	31 MARCH 2020	31 MARCH 2019
Closing exchange rate	11.5100	9.6590
Average exchange rate	10.0977	9.6429

TND / EUR	31 MARCH 2020	31 MARCH 2019
Closing exchange rate	3.15274	3.38798
Average exchange rate	3.19334	3.25440

INR / EUR	31 MARCH 2020	31 MARCH 2019
Closing exchange rate	82.8985	77.7190
Average exchange rate	78.8414	80.7256

USD / EUR	31 MARCH 2020	31 MARCH 2019
Closing exchange rate	1.09560	1.1235
Average exchange rate	1.10893	1.1554

2.3. Fair Value Measurement

The Group discloses fair values of financial instruments measured at amortized cost in the Consolidated financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The Group must be able to access the principal or the most advantageous market at the measurement date.

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the Consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Valuation process and assumption used to measure the fair value of Assets and Liabilities is disclosed.

2.4. Principles of Consolidation and equity accounting

2.4.1. Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and of its subsidiary over which the group has control which has been prepared in accordance with Ind AS 110 - "Consolidated Financial Statements". Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The Consolidated financial statements of the Parent and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and unrealized profits or losses on intra-group transactions. The financial statements of the Company, its subsidiaries and joint ventures have been consolidated using uniform accounting policies.

The financial statements of the subsidiary used in consolidation are drawn up to the same period (April 1 y0-March 31 y1) and reporting date as that of the Company i.e. year ended March 31, y1.
Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non controlling interests having a deficit balance. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

2.4.2. Joint Ventures

Interests in joint-ventures are accounted for using the equity method after initially being recognized at cost in consolidated balance sheet. Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income.
Dividends received or receivable from joint venture are recognized as a reduction in the carrying amount of the investment. When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealized gains on transactions between the group and its joint venture are eliminated to the extent of the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group. The carrying amounts of equity accounted investments are tested for impairment.

2.5. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are inclusive of excise duty and net of discounts, returns and value added taxes and amount collected on behalf of third party. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met, as described below.

Revenue from sales of goods
Revenue from sale of goods is recognized when all the following conditions have been satisfied:

a) The Group has transferred to the buyer the significant risks and rewards of the ownership of the goods;
b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
c) The amount of revenue can be measured reliably;
d) It is probable that the economic benefits associated with the transaction will flow to the Group; and
e) The cost incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in EUR, unless otherwise stated)

Revenue from sales of services

Revenue from sale of services is recognized when all the following conditions have been satisfied:

a) The amount of revenue can be measured reliably;
b) It is probable that the economic benefits associated with the transaction will flow to the entity;
c) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
e) In case of sale of Carbon Credits (Certified Emission Reductions), revenue is recognized on submission of application with UNFCCC after execution of agreement with the buyer.
f) Export benefits are accounted on the basis of application filed with the appropriate authority.
g) Duty drawbacks are accounted as and when claim are lodged with the concerned authorities.

Revenue from Constructions contracts

Revenue from construction contracts is recognized by reference to the stage of completion of the construction activity as on Balance Sheet date, as measured by the proportion that contract cost incurred for work performed to date bear to the estimated total contract cost. Where the outcome of the construction cannot be estimated reliably, revenue is recognized to the extent of the construction cost incurred if it is probable that they will be recoverable. In the case of the contract defined with mile stones and assigned price for each mile stone it recognizes the revenue on transfer of significant risks and rewards which coincides with achievement of mile stone and its acceptance by the customer.

Provision is made for all losses incurred to the Balance Sheet date. Any further losses which are foreseen in bringing contracts to completion are also recognized. Contract Revenue earned in excess of billing has been reflected in Other Current Assets and billing in excess of contract revenue has been reflected under Current Liabilities in the Balance Sheet.

Other Revenue is recognized as follow:

Finance Income:

Finance income is recognized as it accrues using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payment or receipts over the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Finance income is included in other income in the profit & Loss Account.

Royalty Income:

Royalties is recognized on an accrual basis in accordance with the substance of the relevant agreement.

Dividend

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

2.6. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. Qualifying asset are 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 respective assets. All other borrowing costs are expensed in the statement of profit & loss in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs is reduced to the extent of income arising from temporary parking of funds in fixed deposits and mutual funds.

The capitalization of borrowing costs is suspended if there are prolonged periods when active development is interrupted. Interest expense for such period has been charged to statement of profit & loss account.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in EUR, unless otherwise stated)

2.7. Property, Plant and equipment (PPE)

Recognition and initial measurement

Freehold land and leasehold land are carried at fair value based on periodic valuation by the external independent valuers. Increase in the carrying amounts arising on revaluation of freehold and leasehold land are recognized, net of tax, in other comprehensive income and accumulated in reserves in shareholder's equity. To the extent that the reverses show a decrease previously recognized in profit or loss, the increase is first recognized in profit and loss.

Decrease that reverses previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation reserve to the retained earnings.

All other items of property, plant and equipment acquired or constructed are initially recognized at cost net of recoverable taxes, duties, trade discounts and rebates, less accumulated depreciation and impairment of loss, if any. The cost of Tangible Assets comprises of its purchase price, borrowing costs and adjustment arising for exchange rate variations attributable to the assets, including any cost directly attributable to bringing the assets to their working condition for their intended use.

Expenditure incurred on assets which are not ready for their intended use comprising direct cost, related incidental expenses and attributable borrowing cost (net of revenues during constructions) are disclosed under Capital Work-in-Progress.

Spare parts are recognized when they meet the definition of property, plant and equipment; otherwise, such items are classified as inventory.

Subsequent measurement (depreciation and useful lives)

a) When significant parts of plant and equipment are required to be replaced at regular intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognized in the statement of profit & loss as and when incurred.

b) Depreciation on property, plant and equipment (except for Office & Transport Equipment which is provided on Written Down Value Method) is provided on the Straight-Line Method, computed on the basis of useful life prescribed in Schedule II to the Companies Act, 2013, on a pro-rata basis from the date the asset is ready to put to use.

c) The residual values, useful lives and method of depreciation are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

d) Depreciation percentages for the most significant asset categories are as follows:

Landfill	unit of production method
Furnaces	7 % - 15%
Furnace Cold repair	7 years
Furnace Rebuild	15 years
Furniture and equipment	10%
Alloy metal (disposal)	Real loss at MV (approx. +/-4 %)
Assets held under a finance lease agreement	Shorter of lease term & its useful life
Other tangible assets	10%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020
(All amounts in EUR, unless otherwise stated)

The Alloy held owned by the Company, i.e. Platinum & Rhodium, is measured at historical cost less depreciation. A quarterly depreciation is applied based on the average historical quarterly losses recorded in the production process. At the end of each quarter, a full physical inventory is performed, and an adjustment disposal is done in line with the real quantity lost valued at book value. The calculated disposal is adjusted versus the acquisition value account versus an offset in the opposite of the depreciation. The actual alloy metal depreciation rate for 2019-2020 has been calculated at 4,70 % (prior year 3.75 %).

De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in statement of profit & loss when the asset is derecognized.

2.8. Investment properties

Recognition and initial measurement
Investment properties are properties held to earn rentals or for capital appreciation, or both.
Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.
Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognized in statement of profit & loss as incurred.

De-recognition
Investment properties are derecognized either when they have been disposed of or when they are 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 recognized in statement of profit & loss in the period of de-recognition.
Transfers are made to or from investment properties only when there is change in use. Transfer between investment properties, owner occupied properties and inventories do not change the carrying value of the property transferred and they do not change the cost of that property for measurement or disclosure purpose.

2.9. Intangible assets

Recognition and initial measurement
Intangible assets are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Internally generated intangible assets are expensed as incurred except if the intangible asset meets the definition of development.

Development costs are capitalized among intangible assets if the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The useful lives of intangible assets are assessed to be finite. Intangible assets are amortized over their useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The intangibles are depreciated on a straight line basis.

Amortization percentages for the most significant asset categories are as follows:

- Licenses (IP, Technology, Trademark): 15 years
- Development projects: 10 years
- Non-competition agreements: 5 years
- Company formation expenses: 5 years

The residual values, useful lives and method of depreciation of are reviewed at the end of each financial year and adjusted prospectively, if appropriate.
Depreciation and Amortization of the assets commences when the assets are ready for their intended use. Depreciation and amortization ceases when the net book value of the asset is zero or the asset is no longer in use.

Gains or losses arising from derecognizing of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss at the moment that the asset is derecognized.

The intangible assets are tested for impairment at least one a year.

2.10. Impairment of non-financial assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-inuse) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

For assets excluding goodwill, an assessment is made at each reporting period end or whenever triggering event occurs as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimation of the recoverable amount.
Goodwill and intangible under development is tested annually for impairment.

A previously recognized impairment loss is reversed only if there has been a change in the estimations used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, or had no impairment loss been recognized for the asset in prior years.

2.11. Inventories

Raw Materials, Stores and Spares and work in process is valued at lower of weighted average cost (net of taxes) and Net Realizable Value (NRV) Finished Goods have been valued at lower of cost and net realizable value. Cost for this purpose includes direct cost, attributable overheads and excise duty.
Traded Goods have been valued at lower of cost and net realizable value. The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
By-products are valued at estimated selling price.
NRV is the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated cost necessary to make the sale. A NRV provision is made on top of the smoi at least once a year.

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Slow Moving and Obsolete Inventory (SMOI)

As for the finished goods (FG) the company establish a reserve, called “SMOI provision”. This provision is calculated at each quarter-end using a finished goods ageing table.

The triggering date for the set-up of this provision is the production date for each finished product and is applied as follows:

a. Finished products passing 36 months of age are considered OBSOLETE, for which the provision is 100% of their value;
b. Finished products passing 18 months of age and below 36 months are considered INACTIVE, for which the provision is 50% of their value;
c. Finished products which do not meet the required product specifications are considered B-GRADE products, for which the provision is 100% of their value.

2.12. Trade Receivable

Trade receivables are amounts due from customers for sale of goods or services performed in the ordinary course of business. Trade receivables are recognized initially at fair value. They are subsequently measured at amortized cost using the effective interest method, net of provision for impairment. The carrying value less impairment provision of trade receivables, are assumed to be approximate to their fair values. Net of factoring.

The Group has concluded a credit insurance contract with a factoring and credit insurer. The factoring/credit insurance contract meets the conditions for off-balance accounting as the Group has not retained substantially all the risks and rewards relating to the assigned receivables.

The Group partially derecognizes the trade receivables and continues to recognize the portion relating to its continuing involvement. The receivables recognized on the balance sheet are those which are not assigned to the factor or not discounted under the factoring agreement. Since there is neither an obligation nor a guarantee for the Group to indemnify the factor in case of default or otherwise, there are no additional assets or liabilities to be recognized.

The off-balance treatment in the Group’s accounts is limited to the trade receivables insured within the forms of the contract which represent on average of about 90% of the total gross trade receivables.

Trade receivables over 90 days are recognized 100% as doubtful accounts except if a reimbursement agreement plan exists between the Group and the debtor or credit insurer, only 50% is recognized as doubtful accounts.

2.13. Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and deposits held at call with banks.

For the purpose of the cash flows statements, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group’s cash management. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.14. Financial Instruments

a) Investments and other financial assets

i. Initial recognition and measurement

The Group recognizes financial assets when it becomes a party to the contractual provisions of the instrument. All financial assets are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

ii. Subsequent measurement

For purposes of subsequent measurement, the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

- **Debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortized cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- **Fair value through other comprehensive income (FVOCI)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

- **Fair value through profit or loss (FVTPL)**

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss in the period in which it arises. Interest income from these financial assets is included in other income.

- **Equity investments**

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognized in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognized in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

iii. De-recognition

A financial asset is derecognized only when:

a. the rights to receive cash flows from the asset have expired, or
b. the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows to one or more recipient

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

iv. Impairment of Financial Assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The impairment methodology for each class of financial assets stated above is as follows:

Debt investments measured at amortized cost and FVOCI: Debt investments at amortized cost and those at FVOCI where there has been a significant increase in credit risk, lifetime expected credit loss provision method is used and in all other cases, the impairment provision is determined as 12 months expected credit losses.

Trade receivables from customers: The Group applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which requires the use of the lifetime expected loss provision for all trade receivables. (see also 2.12)

v. Offsetting Financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

b) Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts, option contract and cross currency swap, to hedge its foreign currency risks and interest rate risks. Such derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognized in the statement of profit and loss, under financial income or financial cost, in the period when they arise.

c) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

d) Financial Liabilities

i. Classification as debt or equity

Debt and equity instruments issued by the Group were classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Redeemable preference shares are classified as debt.

ii. Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

iii. Subsequent measurement

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

1) **Borrowings**: Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognized in profit or loss as finance costs.

Non-Cumulative Preference shares were payment of dividend is discretionary and which are mandatorily redeemable on a specific date, are classified as compounded Instruments. The fair value of the liabilities portion is determined by discounting amount repayable at maturity using market rate of interest. Difference between proceed receive and fair value of liability on initial recognition is included in shareholder equity, net off income tax effect and not subsequently remeasured. Subsequently liability component of preference share is measured at amortized cost.

2) **Trade and other payable**: These amounts represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and payables are subsequently measured at amortized cost using the effective interest method.

3) **Financial Guarantee Contracts:** Financial Guarantee Contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially is measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 and the amount initially recognized less cumulative amortization, where appropriate.
The fair value of financial guarantee is determined as the present value of the differences in net cash flows between the contractual payments under the debt instruments and the payments that would be required without the guarantee, for the estimated that would be payable to third party for assuming the obligation.

iv. De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

2.15. Income tax

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date.
In line with Ind AS 12, a deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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2.16. Employee Benefits

a) Short-term / long term obligations
All employee benefits payable wholly within twelve months of rendering the service including performance incentives and compensated absences are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are charged off to the Statement of Profit and Loss/ Capital Work-in Progress, as applicable.

The employee benefits which are not expected to occur within twelve months are classified as long term benefits and are recognized as liability at the net present value.

b) Defined contribution plan
The Group provides post-employment benefits to 3B-Fibreglass SPRL, Belgium and 3B-Fibreglass AS, Norway employees.
The contributions to the defined contribution plans are expensed as incurred. The plans are managed by the companies Fortis, Zurich and Delta Lloyd. For Belgium this is managed under the so called ‘branch 21’ agreement.

The Belgian law on Complementary pensions (WAP-LPC) which is in force as from January 1st, 2004 introduces a minimum guarantee on contributions for defined contribution plans. According to IAS 19 as it is currently in force, the minimum guarantees on the contributions paid are considered as defined benefits. So in the specific case of Belgium the defined contribution plan has a defined benefit element due to the minimum guarantee on the employer’s and employee’s contributions. Currently the Group does not reflect any over- or underfunding with respect to these plans and treats them as defined contribution plans i.e. contributions are expensed when incurred on the ground that the insurance company that manages the plan, grants the Group a minimum guaranteed return that meets the legal requirements.
The accounts show a provision, i.e. an actualized amount , for the future obligations calculated by the insurer for the DC plans in place.

c) **Short-term Employee Benefits**
The short-term employee benefits are those payable within 12 months after service is rendered, such as wages, paid vacation and sick leave, bonuses, and non monetary benefits such as medical care and housing. The undiscounted amount of the benefits expected to be paid in respect of service rendered by employees are recognized in the current reporting period. All salaried employees from the Group benefit from a variable group incentive plan based on group financial performances. Some members of management have a long term variable compensation based on financial performance indicators that support the long-term development of the business. The payment of this variable remuneration earned in a given year is made in several installments, and spread over several years.

d) Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.
The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.
Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value. Restructuring reserve comprise employee termination payments

e) Defined benefit plan
The Group operates no defined benefit pension plans.

2.17. Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

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

Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made, is termed as contingent liability.

2.18. Leases

The Ministry of Corporate Affairs (MCA - India) notified Ind AS 116, the new leases accounting standard to Indian Accounting Standards (Ind AS) on 30 March 2019. Ind AS 116 came into force on 1 April 2019. The Company already applied this accounting treatment in earlier annual reporting years, except for company cars this rules is applied by the Company for the first time in the current reporting with an average impact of average 0,5m EUR per year on the EBITDA.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term (<12 months) and low-value (<5.000 EUR) leases.

The statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key indicator like EBITDA will change.

Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under Ind AS 116, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

a) Operating Lease

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee and for which the contracted period is less than 12 months are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the Company’s expected inflationary cost increases.

As a lessor

Lease income from operating leases where the company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the excepted inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

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b) **Finance Lease:**
Leases where the Group has substantially transferred all the risks and rewards of ownership of the related assets are classified as finance leases. Assets under finance lease are capitalized at the commencement of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. In line with Ind AS 116 , any operational lease contract having a contract term over 12 months is considered in the Company's accounts as a finance lease. Company car leases are recognized as a finance lease for the first time as from the reporting year.

2.19. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.
Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

2.20. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) of the Parent Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

2.21. Events after the reporting period

a) Ind AS 10 – An event occurring after the reporting period is defined as 'an event which occurs between the end of the reporting date and the date when the financial statements are approved by the Board of Directors'
b) There are two major types of events identified:
    - **Adjusting events** ─ Those that provide evidence of conditions that existed at the end of the reporting period.
    - **Non-Adjusting events** ─ Those that are indicative of conditions that arose after the reporting period.

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the consolidated financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

2.22. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.
For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.23. Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

2.24. Critical accounting estimates and judgements

Preparing the financial statements under Ind AS requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate the cash inflow that is largely independent of those from other asset or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flow are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted shares prices for publicly traded subsidiaries or other available fair value indicators.

b) Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

c) Defined contribution obligations

The present value of the defined contribution obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post employments plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds of maturity approximating the terms of the related plan liability.

d) Income taxes

There are transactions and calculations for which the ultimate tax determination is uncertain and would get finalized on completion of assessment by tax authorities. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax on temporary differences reversing within the tax holiday period is measured at the tax rates that are expected to apply during the tax holiday period, which is the lower tax rate or the nil tax rates.

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e) Recoverability of advances /receivables

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.