

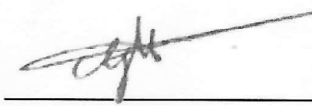
IndianOil (Mauritius) Ltd
Statement of Financial Position
As at 31 March 2024

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	Note	2024 MUR	2023 MUR
ASSETS			
Non-current assets			
Property, plant and equipment	4	736,387,264	746,153,516
Right of use asset	5	125,363,078	127,552,736
Investment	6	-	-
Investment in Joint Venture	7	92,441,901	93,587,983.00
Total non-current assets		954,192,243	967,294,235
Current assets			
Inventories	8	689,576,853	991,596,735
Trade and other receivables	9	982,942,513	1,196,410,606
Cash and cash equivalents	10	1,018,258,712	857,364,383
Total current assets		2,690,778,078	3,045,371,724
TOTAL ASSETS		3,644,970,321	4,012,665,959
EQUITY AND LIABILITIES			
Equity			
Stated capital	11	488,204,300	488,204,300
Retained earnings		1,674,951,171	1,502,574,920
Total equity		2,163,155,471	1,990,779,220
Liabilities			
Non-current liabilities			
Deferred tax liability	12	53,380,194	51,475,178
Lease liabilities	13	156,957,251	150,407,931
Total Non-current liabilities		210,337,445	201,883,109
Current liabilities			
Trade and other payables	14	1,251,186,260	1,811,265,382
Lease Liabilities	13	3,770,820	3,915,981
Amount due to holding company	15	3,634,896	3,666,109
Tax liability	12	12,885,429	1,156,158
Total current liabilities		1,271,477,405	1,820,003,630
Total liabilities		1,481,814,850	2,021,886,739
TOTAL EQUITY AND LIABILITIES		3,644,970,321	4,012,665,959


Mr Sarad Kumar Baranwal
Managing Director

Date: 15 April 2024


Mr Chelven Chengabroyan
Licensed Auditor
NJC ASSOCIATES

The notes on pages 31 to 55 form part of these financial statements.

IndianOil (Mauritius) Ltd
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2024

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	Note	<u>2024</u> MUR	<u>2023</u> MUR
Revenue		12,320,333,514	13,233,403,640
Cost of sales	8	<u>(11,943,341,354)</u>	<u>(13,012,246,777)</u>
Gross profit		376,992,160	221,156,863
Other operating income	16	21,163,767	19,640,291
Administrative expenses	17	(138,393,637)	(145,892,947)
Net finance Income/ (Cost)	18	7,024,430	(9,215,707)
Depreciation	4 & 5	(65,965,355)	(62,883,137)
Exchange difference		<u>4,935,322</u>	<u>15,460,003</u>
Profit before tax		205,756,687	38,265,366
Income tax expense	12	<u>(33,380,436)</u>	<u>(2,705,329)</u>
Profit for the year		172,376,251	35,560,037
Total comprehensive income for the year		<u><u>172,376,251</u></u>	<u><u>35,560,037</u></u>
Earnings per share	19	35.31	7.28

The notes on pages 31 to 55 form part of these financial statements.

IndianOil (Mauritius) Ltd
Statement of Cash Flows
For the year ended 31 March 2024

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	2024	2023
	MUR	MUR
Profit before tax	205,756,687	38,265,366
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	63,775,697	60,693,389
Depreciation of Right of use Asset	2,189,658	2,189,748
Interest expense	16,219,504	21,742,639
Interest income	(23,243,934)	(12,526,932)
(Profit)/ loss on disposal of property, plant and equipment	(639,129)	144,900
Share of profit of Joint Venture	(4,562,865)	(5,537,257)
(Reversal)/ Provision for doubtful debts	(2,300,743)	6,136,310
Lease liability movement during the year	13,818,159	13,280,256
Operating profit before working capital changes	271,013,034	124,388,419
Change in inventories	302,019,882	(303,301,772)
Change in trade and other receivables	209,418,054	(663,083,418)
Change in trade and other payables	(553,728,340)	1,022,630,292
Change in amount due to holding company	(31,213)	(35,609,681)
Cash flows from operating activities	228,691,417	145,023,840
Taxes paid	(19,746,149)	(40,207,704)
Net cash from operating activities	208,945,268	104,816,136
Cash flows from investing activities		
Net refund of investment in Joint Venture	-	1,186,446
Interest received	23,243,934	12,526,932
Dividend received from Joint Venture	5,708,947	-
Proceeds from disposal of Property, plant and equipment	4,369,236	4,858,373
Acquisition of property, plant and equipment	(57,739,552)	(75,390,990)
Net cash used in investing activities	(24,417,435)	(56,819,239)
Cash flows from financing activities		
Lease paid during the year	(7,414,000)	(7,414,000)
Dividend paid during the year	-	(97,640,857)
Interest paid	(16,219,504)	(21,742,639)
Net cash used in financing activities	(23,633,504)	(126,797,496)
Net change in cash and cash equivalents	160,894,329	(78,800,599)
Cash and cash equivalents at the beginning of the year	857,364,383	936,164,982
Cash and cash equivalents at the end of the year	1,018,258,712	857,364,383

The notes on pages 31 to 55 form part of these financial statements.

IndianOil (Mauritius) Ltd
Statement of Changes in Equity
For the year ended 31 March 2024

	Stated capital MUR	Retained earnings MUR	Total equity MUR
At 01 April 2022	488,204,300	1,564,655,740	2,052,860,040
<i>Total comprehensive income for the year</i>			
Profit for the year	-	35,560,037	35,560,037
<i>Total comprehensive income for the year</i>	<u>488,204,300</u>	<u>1,600,215,777</u>	<u>2,088,420,077</u>
<i>Distributions to owner of the Company</i>			
Dividends paid	-	(97,640,857)	(97,640,857)
<i>Total distributions to owner of the Company</i>	<u>-</u>	<u>(97,640,857)</u>	<u>(97,640,857)</u>
At 31 March 2023	488,204,300	1,502,574,920	1,990,779,220
Total comprehensive income for the year			
Profit for the year	-	172,376,251	172,376,251
Total comprehensive income for the year	<u>-</u>	<u>172,376,251</u>	<u>172,376,251</u>
At 31 March 2024	<u>488,204,300</u>	<u>1,674,951,171</u>	<u>2,163,155,471</u>

The notes on pages 31 to 55 form part of these financial statements.

IndianOil (Mauritius) Ltd

Notes to the Financial Statements

For the year ended 31 March 2024

1. GENERAL INFORMATION

IndianOil (Mauritius) Ltd (the "Company") is a company incorporated in Mauritius as a private company with limited liability. The registered office and the principal place of business of the Company is situated at Mer Rouge, Port Louis, Mauritius. The Company is a fully owned subsidiary of Indian Oil Corporation Limited, which is incorporated in India.

The principal activity of IndianOil (Mauritius) Ltd is the selling and distribution of petroleum products.

2. BASIS OF PREPARATION

(a) *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Mauritius Companies Act and the Financial Reporting Act 2004.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

(b) *Basis of measurement*

The financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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. When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Company at the end of the reporting period during which the change occurred.

IndianOil (Mauritius) Ltd
Notes to the Financial Statements
For the year ended 31 March 2024

2. BASIS OF PREPARATION (CONTINUED)

(c) Functional and presentation currency

The financial statements are presented in Mauritian Rupees (MUR) which is the Company's functional currency.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from these estimates.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

Note 4 – Useful lives estimates of property, plant and equipment

Note 12 – Measurement of deferred taxation

Note 13 – Operating lease classification

Note 20 – Employee benefits

Note 24 – Measurement of contingent liabilities

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Application of new and revised International Financial Reporting Standards (IFRSs)

The following standards have been adopted by the Company for the first time for the year beginning on 01 April 2023:

IFRS 17 Insurance contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. This standard is not applicable to the Company.

IAS 1 Presentation of Financial Statements

Classification of Liabilities as Current or Non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

IndianOil (Mauritius) Ltd
Notes to the Financial Statements
For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2024 and which have not been adopted in these financial statements.

The Company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application and these statements, where applicable, will be applied in the year when they are effective.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments are effective for annual periods beginning on or after 1 January 2024, with early application permitted.

IndianOil (Mauritius) Ltd
Notes to the Financial Statements
For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company (continued)*

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 1 January 2024, with early application permitted.

Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for annual periods beginning on or after 1 January 2024, with early application permitted.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments are effective for annual periods beginning on or after 1 January 2024, with early application permitted.

IFRS S2 Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The amendments are effective for annual periods beginning on or after 1 January 2024, with early application permitted.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises: (1) A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with: – Right-of-use assets and lease liabilities – Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset. (2) The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendments are effective for annual periods beginning on or after 1 January 2024, with early application permitted.

IndianOil (Mauritius) Ltd
Notes to the Financial Statements
For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes all costs directly attributable to bringing the asset to working condition for their intended use.

Subsequent costs

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

Depreciation is calculated to write off the cost of the assets on a straight line basis over the expected useful lives of such assets. Additions during the year bear a due proportion of the annual depreciation charge. The annual depreciation rates used for the purpose are as follows:

Leasehold property	19 1/4 years
Building, plant and equipment	2 – 10%
Furniture & fittings	10%
Office & laboratory equipment	15 – 25%
Motor vehicles	10%

Freehold land and assets in progress are not depreciated. Gains and losses on disposal of property, plant and equipment are determined by reference to their written down value and are included in determining operating profit.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

An item of property, plant and equipment is derecognised upon disposal of when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

IndianOil (Mauritius) Ltd
Notes to the Financial Statements
For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. 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 realised.

(e) Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Mauritian Rupees (MUR) at the foreign exchange rate ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost are translated to Mauritian Rupees (MUR) at the foreign exchange rate ruling at the date of transactions. Foreign exchange differences arising on translation are recognised in the statement of profit or loss and other comprehensive income.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories for all products, other than Lubricants, is determined on 'First in First Out' basis and for Lubricants based on the weighted average principle. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

IndianOil (Mauritius) Ltd
Notes to the Financial Statements
For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less any impairment. Trade and other receivables in the financial statements are measured at cost which is not materially different from amortised cost.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the statement of profit or loss and other comprehensive income.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, if the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(h) Cash and cash equivalents

Cash comprises of cash at bank and cash in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) Employee Benefits

Short Term

A liability is recognised for benefits accruing to employees in respect of wages and salaries, portable retirement gratuity fund, contribution sociale généralisée, National Pension Scheme, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Long Term

A provision is also made for the full amount of retirement benefits due to the employees in accordance with the Workers Rights Act, for their period of service up 31st December 2021, to the end of the reporting period.

IndianOil (Mauritius) Ltd
Notes to the Financial Statements
For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

(k) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(l) Net finance income

Net finance income consists of bank interest income/ expense that are recognised in the statement of profit or loss and other comprehensive income.

(m) Expenses

All expenses are recognised in the statement of profit or loss and other comprehensive income on an accrual basis.

IndianOil (Mauritius) Ltd
Notes to the Financial Statements
For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Impairment of assets

The Company assesses at the end of each reporting period whether there is objective evidence that financial asset is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Financial assets carried at amortised costs

The Company recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risks since initial recognition of the respective financial instrument.

The Company recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for the financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting period.

For financial assets measured at amortised cost, the expected credit losses are estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Non-financial assets

The carrying amount of non-financial assets is assessed at each reporting date to determine whether there are any indications of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset being the higher of the asset's net selling price and its value in use, in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for any excess of the asset's carrying amount over its recoverable amount and is taken directly to the statement of profit or loss and other comprehensive income.

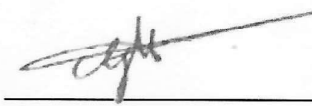
IndianOil (Mauritius) Ltd
Statement of Financial Position
As at 31 March 2024

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Current liabilities			
Trade and other payables	14	1,251,186,260	1,811,265,382
Lease Liabilities	13	3,770,820	3,915,981
Amount due to holding company	15	3,634,896	3,666,109
Tax liability	12	12,885,429	1,156,158
Total current liabilities		1,271,477,405	1,820,003,630
Total liabilities		1,481,814,850	2,021,886,739
TOTAL EQUITY AND LIABILITIES		3,644,970,321	4,012,665,959


Mr Sarad Kumar Baranwal
Managing Director

Date: 15 April 2024


Mr Chelven Chengabroyan
Licensed Auditor
NJC ASSOCIATES

The notes on pages 31 to 55 form part of these financial statements.

IndianOil (Mauritius) Ltd
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2024

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	Note	<u>2024</u> MUR	<u>2023</u> MUR
Revenue		12,320,333,514	13,233,403,640
Cost of sales	8	<u>(11,943,341,354)</u>	<u>(13,012,246,777)</u>
Gross profit		376,992,160	221,156,863
Other operating income	16	21,163,767	19,640,291
Administrative expenses	17	(138,393,637)	(145,892,947)
Net finance Income/ (Cost)	18	7,024,430	(9,215,707)
Depreciation	4 & 5	(65,965,355)	(62,883,137)
Exchange difference		<u>4,935,322</u>	<u>15,460,003</u>
Profit before tax		205,756,687	38,265,366
Income tax expense	12	<u>(33,380,436)</u>	<u>(2,705,329)</u>
Profit for the year		172,376,251	35,560,037
Total comprehensive income for the year		<u><u>172,376,251</u></u>	<u><u>35,560,037</u></u>
Earnings per share	19	35.31	7.28

The notes on pages 31 to 55 form part of these financial statements.

IndianOil (Mauritius) Ltd
Statement of Cash Flows
For the year ended 31 March 2024

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	2024	2023
	MUR	MUR
Profit before tax	205,756,687	38,265,366
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	63,775,697	60,693,389
Depreciation of Right of use Asset	2,189,658	2,189,748
Interest expense	16,219,504	21,742,639
Interest income	(23,243,934)	(12,526,932)
(Profit)/ loss on disposal of property, plant and equipment	(639,129)	144,900
Share of profit of Joint Venture	(4,562,865)	(5,537,257)
(Reversal)/ Provision for doubtful debts	(2,300,743)	6,136,310
Lease liability movement during the year	13,818,159	13,280,256
Operating profit before working capital changes	271,013,034	124,388,419
Change in inventories	302,019,882	(303,301,772)
Change in trade and other receivables	209,418,054	(663,083,418)
Change in trade and other payables	(553,728,340)	1,022,630,292
Change in amount due to holding company	(31,213)	(35,609,681)
Cash flows from operating activities	228,691,417	145,023,840
Taxes paid	(19,746,149)	(40,207,704)
Net cash from operating activities	208,945,268	104,816,136
Cash flows from investing activities		
Net refund of investment in Joint Venture	-	1,186,446
Interest received	23,243,934	12,526,932
Dividend received from Joint Venture	5,708,947	-
Proceeds from disposal of Property, plant and equipment	4,369,236	4,858,373
Acquisition of property, plant and equipment	(57,739,552)	(75,390,990)
Net cash used in investing activities	(24,417,435)	(56,819,239)
Cash flows from financing activities		
Lease paid during the year	(7,414,000)	(7,414,000)
Dividend paid during the year	-	(97,640,857)
Interest paid	(16,219,504)	(21,742,639)
Net cash used in financing activities	(23,633,504)	(126,797,496)
Net change in cash and cash equivalents	160,894,329	(78,800,599)
Cash and cash equivalents at the beginning of the year	857,364,383	936,164,982
Cash and cash equivalents at the end of the year	1,018,258,712	857,364,383

The notes on pages 31 to 55 form part of these financial statements.

IndianOil (Mauritius) Ltd
Statement of Changes in Equity
For the year ended 31 March 2024

	Stated capital MUR	Retained earnings MUR	Total equity MUR
At 01 April 2022	488,204,300	1,564,655,740	2,052,860,040
<i>Total comprehensive income for the year</i>			
Profit for the year	-	35,560,037	35,560,037
<i>Total comprehensive income for the year</i>	<u>488,204,300</u>	<u>1,600,215,777</u>	<u>2,088,420,077</u>
<i>Distributions to owner of the Company</i>			
Dividends paid	-	(97,640,857)	(97,640,857)
<i>Total distributions to owner of the Company</i>	<u>-</u>	<u>(97,640,857)</u>	<u>(97,640,857)</u>
At 31 March 2023	488,204,300	1,502,574,920	1,990,779,220
Total comprehensive income for the year			
Profit for the year	-	172,376,251	172,376,251
Total comprehensive income for the year	<u>-</u>	<u>172,376,251</u>	<u>172,376,251</u>
At 31 March 2024	<u>488,204,300</u>	<u>1,674,951,171</u>	<u>2,163,155,471</u>

The notes on pages 31 to 55 form part of these financial statements.

IndianOil (Mauritius) Ltd

Notes to the Financial Statements

For the year ended 31 March 2024

1. GENERAL INFORMATION

IndianOil (Mauritius) Ltd (the "Company") is a company incorporated in Mauritius as a private company with limited liability. The registered office and the principal place of business of the Company is situated at Mer Rouge, Port Louis, Mauritius. The Company is a fully owned subsidiary of Indian Oil Corporation Limited, which is incorporated in India.

The principal activity of IndianOil (Mauritius) Ltd is the selling and distribution of petroleum products.

2. BASIS OF PREPARATION

(a) *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Mauritius Companies Act and the Financial Reporting Act 2004.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

(b) *Basis of measurement*

The financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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. When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Company at the end of the reporting period during which the change occurred.

IndianOil (Mauritius) Ltd
Notes to the Financial Statements
For the year ended 31 March 2024

2. BASIS OF PREPARATION (CONTINUED)

(c) Functional and presentation currency

The financial statements are presented in Mauritian Rupees (MUR) which is the Company's functional currency.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from these estimates.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

Note 4 – Useful lives estimates of property, plant and equipment

Note 12 – Measurement of deferred taxation

Note 13 – Operating lease classification

Note 20 – Employee benefits

Note 24 – Measurement of contingent liabilities

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Application of new and revised International Financial Reporting Standards (IFRSs)

The following standards have been adopted by the Company for the first time for the year beginning on 01 April 2023:

IFRS 17 Insurance contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. This standard is not applicable to the Company.

IAS 1 Presentation of Financial Statements

Classification of Liabilities as Current or Non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

IndianOil (Mauritius) Ltd
Notes to the Financial Statements
For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2024 and which have not been adopted in these financial statements.

The Company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application and these statements, where applicable, will be applied in the year when they are effective.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments are effective for annual periods beginning on or after 1 January 2024, with early application permitted.

IndianOil (Mauritius) Ltd
Notes to the Financial Statements
For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (b) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company (continued)*

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 1 January 2024, with early application permitted.

Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for annual periods beginning on or after 1 January 2024, with early application permitted.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments are effective for annual periods beginning on or after 1 January 2024, with early application permitted.

IFRS S2 Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The amendments are effective for annual periods beginning on or after 1 January 2024, with early application permitted.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises: (1) A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with: – Right-of-use assets and lease liabilities – Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset. (2) The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendments are effective for annual periods beginning on or after 1 January 2024, with early application permitted.

IndianOil (Mauritius) Ltd
Notes to the Financial Statements
For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes all costs directly attributable to bringing the asset to working condition for their intended use.

Subsequent costs

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

Depreciation is calculated to write off the cost of the assets on a straight line basis over the expected useful lives of such assets. Additions during the year bear a due proportion of the annual depreciation charge. The annual depreciation rates used for the purpose are as follows:

Leasehold property	19 1/4 years
Building, plant and equipment	2 – 10%
Furniture & fittings	10%
Office & laboratory equipment	15 – 25%
Motor vehicles	10%

Freehold land and assets in progress are not depreciated. Gains and losses on disposal of property, plant and equipment are determined by reference to their written down value and are included in determining operating profit.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

An item of property, plant and equipment is derecognised upon disposal of when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

IndianOil (Mauritius) Ltd
Notes to the Financial Statements
For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. 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 realised.

(e) Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Mauritian Rupees (MUR) at the foreign exchange rate ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost are translated to Mauritian Rupees (MUR) at the foreign exchange rate ruling at the date of transactions. Foreign exchange differences arising on translation are recognised in the statement of profit or loss and other comprehensive income.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories for all products, other than Lubricants, is determined on 'First in First Out' basis and for Lubricants based on the weighted average principle. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

IndianOil (Mauritius) Ltd
Notes to the Financial Statements
For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less any impairment. Trade and other receivables in the financial statements are measured at cost which is not materially different from amortised cost.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the statement of profit or loss and other comprehensive income.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, if the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(h) Cash and cash equivalents

Cash comprises of cash at bank and cash in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) Employee Benefits

Short Term

A liability is recognised for benefits accruing to employees in respect of wages and salaries, portable retirement gratuity fund, contribution sociale généralisée, National Pension Scheme, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Long Term

A provision is also made for the full amount of retirement benefits due to the employees in accordance with the Workers Rights Act, for their period of service up 31st December 2021, to the end of the reporting period.

IndianOil (Mauritius) Ltd
Notes to the Financial Statements
For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

(k) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(l) Net finance income

Net finance income consists of bank interest income/ expense that are recognised in the statement of profit or loss and other comprehensive income.

(m) Expenses

All expenses are recognised in the statement of profit or loss and other comprehensive income on an accrual basis.

IndianOil (Mauritius) Ltd
Notes to the Financial Statements
For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Impairment of assets

The Company assesses at the end of each reporting period whether there is objective evidence that financial asset is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Financial assets carried at amortised costs

The Company recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risks since initial recognition of the respective financial instrument.

The Company recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for the financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting period.

For financial assets measured at amortised cost, the expected credit losses are estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Non-financial assets

The carrying amount of non-financial assets is assessed at each reporting date to determine whether there are any indications of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset being the higher of the asset's net selling price and its value in use, in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for any excess of the asset's carrying amount over its recoverable amount and is taken directly to the statement of profit or loss and other comprehensive income.