



**Independent Auditor's Report
To The Members of
Indiabulls Commodities Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of Indiabulls Commodities Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors Report) Order, 2016 ("The Order") issued by the Central Government of India in terms of subsection 11 of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

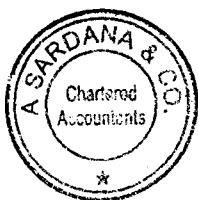
(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";



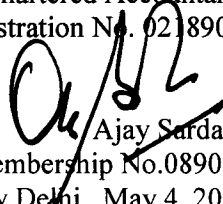
(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For A Sardana & Co.
Chartered Accountants
Firm Registration No. 021890N

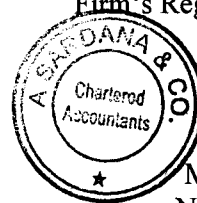


Ajay Sardana
Membership No.089011
New Delhi, May 4, 2016

- (ix) According to the information and explanations given to us, the Company has not raised moneys raised by way of public issue, follow-on offer (including debt instruments) and term loans, during the year under audit.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers/ employees has been noticed or reported during the year;
- (xi) According to the information and explanations given to us, the Company has not paid or provided any managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company. Accordingly, the provisions of clause 3 (xii) are not applicable to the Company.
- (xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with Section 188 and 177 of Companies Act, 2013 to the extent applicable and the details have been disclosed in Note 35 to the Financial Statements as required by the accounting standards and Companies Act, 2013.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For A Sardana & Co.
Chartered Accountants

Firm's Registration No. 021890N



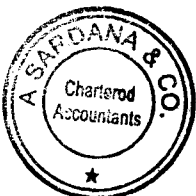
Ajay Sardana
Membership No.089011
New Delhi, May 4, 2016

Annexure A to the Independent Auditor's Report of even date on the Financial Statements of Indiabulls Commodities Limited for the year ended March 31, 2016

Report on the statement of matters specified in paragraphs 3 and 4 of the Order.

- (i) In respect of its Fixed Assets:
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) These fixed assets have been physically verified by the management at reasonable intervals in accordance with a regular programme of verification. According to the information and explanation given to us, no material discrepancies were noticed on such verification;
 - (c) The Company does not own immovable properties.
- (ii) The Company does not have any inventories; accordingly, the provisions of clause 3 (ii) of the Order are not applicable to the Company.
- (iii) According to information and explanations given to us, the Company has not granted loans secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) According to information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013, to the extent applicable, in respect of transactions for loan given. The Company has not entered into any transactions in respect of investments, guarantees and security as covered under the provisions of section 185 and 186 of the Companies Act, 2013.
- (v) According to information and explanations given to us, the Company has not accepted any deposits during the year. Accordingly, the provisions of clause 3 (v) are not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 Companies Act, 2013 to the products/services of the Company. Accordingly, the provisions of clause 3 (vi) are not applicable to the Company.
- (vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities, to the extent applicable to it. There are no arrears of outstanding statutory dues as at the March 31, 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the Company did not have any dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us, the Company did not have any dues in respect of loans or borrowing to a financial institution, or bank, government or dues to debenture holders.



Annexure B to the Independent Auditor's Report of even date on the Financial Statements of Indiabulls Commodities Limited for the year ended March 31, 2016

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Indiabulls Commodities Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

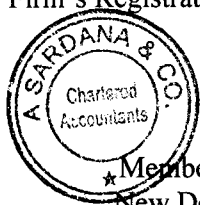
Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For A Sardana & Co.
Chartered Accountants
Firm's Registration No. 021890N



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Ajay Sardana
★ Membership No. 089011
New Delhi, May 4, 2016

Indiabulls Commodities Limited
Balance Sheet as at March 31, 2016

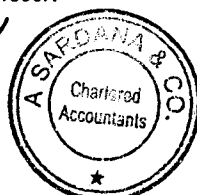
	Note No.	As at March 31, 2016 Amount (Rs.)	As at March 31, 2015 Amount (Rs.)
I. Equity and liabilities			
Shareholders' funds			
(a) Share capital	3	6,000,000	6,000,000
(b) Reserves and surplus	4	<u>235,349,662</u>	<u>146,286,889</u>
		241,349,662	152,286,889
Non - current liabilities			
(a) Long-term provisions	5	4,220,107	3,183,669
(b) Deferred tax liabilities (net)	12	<u>-</u>	<u>10,674,522</u>
		4,220,107	13,858,191
Current liabilities			
(a) Short -term borrowings	6	-	680,000,000
(b) Trade payables	7		
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		141,767	417,263
(c) Other current liabilities	8	33,083,444	39,933,268
(d) Short-term provisions	9	<u>15,320,240</u>	<u>2,664,387</u>
		48,545,451	723,014,918
Total		<u>294,115,220</u>	<u>889,159,998</u>
II. Assets			
Non - current assets			
(a) Fixed assets	10		
Tangible assets		3,277	50,364
Intangible assets		205,704	-
Capital Work in Progress		<u>65,568,984</u>	<u>77,132,941</u>
		65,777,965	77,183,305
(b) Non-current investments	11	1,939,534	1,936,555
(c) Deferred tax assets (net)	12	2,731,467	-
(d) Long-term loans and advances	13	29,002,129	13,554,889
(e) Other non-current assets	14	<u>3,100,000</u>	<u>23,100,000</u>
		36,773,130	38,591,444
Current assets			
(a) Current investments	15	-	693,548,387
(b) Trade receivables	16	2,654,377	2,621,218
(c) Cash and bank balances	17	64,010,862	31,112,027
(d) Short-term loans and advances	18	64,629,100	4,775,685
(e) Other current assets	19	<u>60,269,786</u>	<u>41,327,932</u>
		191,564,125	773,385,249
Total		<u>294,115,220</u>	<u>889,159,998</u>
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For A Sardana & Co.
Chartered Accountants
Firm Registration No. 021890N

Ajay Sardana
Partner
Membership No. 089011
New Delhi, May 4, 2016



For and on behalf of the Board of Directors

Anil Mittal
Director
DIN: 01931203
New Delhi, May 4, 2016

Pankaj Sharma
Director
DIN: 00472879

Indiabulls Commodities Limited
Statement of Profit and Loss for the year ended March 31, 2016

	Note No.	For the year ended March 31, 2016 Amount (Rs.)	For the year ended March 31, 2015 Amount (Rs.)
Income			
I. Revenue from operations	20	19,218,750	25,375,276
II. Other income	21	144,063,551	95,375,895
III. Total revenue (I + II)		<u>163,282,301</u>	<u>120,751,171</u>
IV. Expenses			
Operating expenses	22	5,898,262	4,336,165
Employee benefits expense	23	24,701,666	6,083,788
Finance costs	24	53,970,535	87,655,531
Depreciation and amortisation		78,884	93,733
Other expenses	25	2,976,171	1,008,671
Total expenses		<u>87,625,518</u>	<u>99,177,888</u>
V. Profit/ (Loss) before exceptional and extraordinary items and tax (III- IV)		75,656,783	21,573,283
VI. Exceptional items		-	-
VII. Profit/ (Loss) before extraordinary items and tax (V - VI)		75,656,783	21,573,283
VIII. Extraordinary items		-	-
IX. Profit/(Loss) before tax (VII- VIII)		75,656,783	21,573,283
X. Tax expense:			
(1) Current tax		15,447,240	4,511,400
Less: MAT credit entitlement		(15,447,240)	(4,511,400)
(2) Tax expense relating to prior years (net)		-	(1,405,006)
(3) Deferred tax expense/(credit)		(13,405,990)	11,496,673
Total tax expense		<u>(13,405,990)</u>	<u>10,091,667</u>
XI. Profit/(Loss) for the year from continuing operations (IX-X)		89,062,773	11,481,616
XII. Profit/(loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(loss) from discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit/(Loss) for the year (XI + XIV)		<u>89,062,773</u>	<u>11,481,616</u>
XVI. Earnings per equity share:	36		
(1) Basic		148.44	19.14
(2) Diluted		148.44	19.14
(3) Face value per Equity Share (Rs.)		10.00	10.00

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For A Sardana & Co.
Chartered Accountants
Firm Registration No. 021890N

Ajay Sardana
Partner
Membership No. 089011
New Delhi, May 4, 2016



For and on behalf of the Board of Directors

Anil Mittal
Director
DIN: 01931203
New Delhi, May 4, 2016

Pankaj Sharma
Director
DIN: 00472879

Indiabulls Commodities Limited
Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016		For the year ended March 31, 2015	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
A Cash flow from operating activities :				
Net Profit before tax		75,656,783		21,573,283
Adjustments for :				
Depreciation	78,884		93,733	
Provision of gratuity and compensated absences	1,226,809		1,300,054	
Advances written off	1,304,327		15,346	
Excess provisions for expenses written back	(1,198,491)		(4,945,068)	
Profit on units of mutual funds	(75,879,412)		(23,701,211)	
Profit on sale of rights	(65,408,931)		(62,224,848)	
Interest income	(1,498,913)		(4,424,219)	
Interest expenses	53,710,602		87,655,531	
		(87,665,125)		(6,230,682)
Operating Profit/(Loss) before working capital changes		(12,008,342)		15,342,601
Changes in working capital:				
Trade receivables, long-term and short-term loans and advances and non-current investments	306,120		2,310,657	
Long-term and short-term provisions	(164,186)		(91,726)	
Trade payables and other current liabilities	(5,926,829)		10,185,574	
		(5,784,895)		12,404,505
Cash generated from operations		(17,793,237)		27,747,106
Direct taxes refund/(paid)		(2,817,572)		(582,610)
Net cash generated from/(used in) operating activities		(20,610,809)		27,164,496
B Cash flow from investing activities :				
Purchase of Fixed Assets/Changes in Capital Work in Progress (net)		11,326,457		(77,132,941)
Proceeds from sale of rights		46,342,807		21,796,716
Intercompany deposit (received)/given (net)		(61,500,000)		571,500,000
Interest received		1,623,183		3,757,453
(Investments in)/Redemption of units of mutual funds (net)		769,427,799		(669,847,176)
Net cash generated from/ (used in) investing activities		767,220,246		(149,925,948)
C Cash flow from financing activities				
Proceeds from/(Repayment of) short term borrowings (net)		(680,000,000)		210,425,010
Interest paid		(53,710,602)		(87,655,531)
Net cash generated / (used) in financing activities		(733,710,602)		122,769,479
D Net (decrease)/increase in cash and cash equivalents (A+B+C)		12,898,835		8,027
E Cash and cash equivalents at the beginning of the year		31,022,027		31,014,000
F Cash and cash equivalents at the close of the year (D + E)		43,920,862		31,022,027

Notes:

- 1 The figures of the previous year are regrouped wherever considered necessary.
- 2 The above Cash Flow Statement has been prepared under the " Indirect Method " as set out in Accounting Standard (AS)-3 'Cash Flow Statements' as specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended.
- 3 Reconciliation of Cash and bank balances with Cash and cash equivalents as at the close of the year:

	March 31, 2016	March 31, 2015
Cash and cash equivalents as at the close of the year include:		
Cash in Hand	6,941	12,760
Balances with Banks:		
- in current accounts	43,913,921	31,009,267
Cash and cash equivalents	43,920,862	31,022,027
Other bank balances		
- in deposit accounts with original maturity of more than twelve months	3,100,000	23,100,000
- in deposit accounts with original maturity of more than three months but less than twelve months	20,090,000	90,000
Less:-Amount disclosed under non-current assets (Refer Note: 14)	(3,100,000)	(23,100,000)
Cash and bank balances as at the close of the year	64,010,862	31,112,027

The accompanying notes are an integral part of the financial statements

As per our report of even date

For A Sardana & Co.
Chartered Accountants
Firm Registration No. 021890N
Ajay Sardana
Partner
Membership No. 0890
New Delhi, May 4, 2016.



For and on behalf of the Board of Directors

Anil Mittal
Director
DIN: 01931203
New Delhi, May 4, 2016

Pankaj Sharma
Director
DIN: 00472879

Indiabulls Commodities Limited
Notes to financial statements for the year ended March 31, 2016

1. Corporate information:

Indiabulls Commodities Limited (formerly Indiabulls Commodities Private Limited) ("the Company") is a wholly owned subsidiary of Indiabulls Ventures Limited (formerly known as Indiabulls Securities Limited) ("IVL"- the holding Company) and was incorporated on October 30, 2003 to operate as a commodity broker. The Company is a member of National Commodities and Derivative Exchange Limited and Multi Commodity Exchange of India Limited and is engaged in commodity broking activities.

In accordance with the provisions of Section 44 and other applicable provisions of the Companies Act 1956 members of the company at their Extraordinary General Meeting held on January 05, 2009 accorded their approval to change the status of the company from a private limited company to a public limited company. The Company has since received a fresh certificate of incorporation consequent upon change of name on conversion to a public limited company from the Registrar of Companies National Capital Territory of Delhi and Haryana dated February 18, 2009 in respect of the said change. Accordingly the name of the company was changed from Indiabulls Commodities Private Limited to Indiabulls Commodities Limited.

2. Summary of significant accounting policies:

i) Basis of accounting and preparation of financial statements:

The financial statements are prepared under the historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and Accounting Standards (AS) under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

ii) Use of estimates:

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

iii) Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

iv) Cash flow statement:

Cash flows are reported using the indirect method whereby profit / (loss) before extraordinary items and 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 Company are segregated based on the available information.

v) Revenue recognition:

(a) Revenue from brokerage activities and transaction charges is accounted for on the trade date of transaction.

(b) Revenue from interest charged to customers on delayed payment is recognized on daily/weekly basis up to the last day of accounting period.

(c) Income from interest from fixed deposits is recognized on accrual basis.

(d) Transactions in respect of Investment / Dealing in securities are recorded on trade dates.

(e) Dividend Income on units of Mutual Fund is recognized when the right to receive dividend is unconditionally established and any gains/losses are recognized on the date of redemption.

(f) Income from investment and advisory services are recorded on accrual basis.

(g) Profit/ (loss) on redemption of Mutual Fund is recognised on actual basis.

(h) Profit on sale of assets is recognized on accrual basis.

vi) Fixed assets:

(a) Tangible assets:

Tangible fixed assets are stated at cost net of tax / duty credits availed if any less accumulated depreciation / impairment losses if any. Cost includes original cost of acquisition including incidental expenses related to such acquisition and installation.

(b) Intangible assets:

Intangible assets are stated at cost net of tax / duty credits availed if any less accumulated amortization/impairment losses if any. Cost includes original cost of acquisition including incidental expenses related to such acquisition.

vii) Depreciation / Amortisation:

Depreciation on tangible fixed assets is provided on straight-line method at the rates specified in Schedule II to the Companies Act, 2013. Depreciation on additions to fixed assets is provided on pro-rata basis from the date the asset is put to use. Depreciation on sale / deduction from fixed asset is provided for up to the date of sale / deduction as the case may be. Assets taken on finance lease are depreciated over the life of the lease. Assets costing less than Rs. 5000 or less are fully depreciated in the year of purchase. Intangible assets consisting of Software are amortised on a straight line basis over a period of four years from the date when the assets are available for use.



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Viii) Impairment of assets:

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

ix) Investments:

Investments are classified as non-current and current investments. Non-current investments are carried at cost less provision if any for any diminution other than temporary in their value. Current investments are valued at lower of cost and fair value.

x) Employee benefits:

The Company's contribution to Provident Fund is charged to Statement of Profit and Loss. The Company has defined benefit plans namely compensated absences and gratuity for its employees, the liability for which is determined on the basis of an actuarial valuation conducted annually by an independent actuary, in accordance with Accounting Standards 15 (AS 15) Employee Benefits, as specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended. Actuarial gains and losses are recognised in Statement of Profit and Loss as income or expenses.

xi) Deferred employee stock compensation cost:

The Company follows intrinsic value method as per Guidance Note on Accounting for Employee Share-based Payments issued by The Institute of Chartered Accountants of India for accounting Employee Stock Options granted. Deferred employee stock compensation cost for stock options are recognized and measured by the difference between the estimated value of the Company's shares at the stock options grant date and the exercise price to be paid by the option holders. The compensation expense is amortized over the vesting period of the options. The fair value of options for disclosure purpose is measured on the basis of a valuation performed in respect of stock options granted.

xii) Taxes on income:

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations.

Deferred tax resulting from timing differences between book and tax profits is accounted for at the current rate of tax / substantively enacted tax rates at the Balance Sheet Date as applicable to the extent that the timing differences are expected to crystallise.

Deferred Tax Assets are recognized where realization is reasonably certain whereas in case of carried forward losses or unabsorbed depreciation deferred tax assets are recognized only if there is a virtual certainty of realization backed by convincing evidence. Deferred Tax Assets are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

xiii) Leases:

In case of assets taken on operating lease, the lease rentals are charged to the Statement of Profit and Loss and assets taken on finance lease have been capitalized, in accordance with Accounting Standard 19 (AS 19) – Leases, as specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended.

xiv) Borrowing cost:

Borrowing costs that are attributable to the acquisition construction or production of qualifying assets are authorized as part of cost of the asset. All other borrowing costs are charged to revenue.

xv) Preliminary expenses:

Preliminary expenses are adjusted against securities premium account (net of tax) to the extent of balance available and thereafter the balance portion is charged off to the Statement of Profit and Loss as incurred.

xvi) Provisions contingent liabilities and contingent assets:

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent liability is disclosed for:

- (1) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- (2) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

xvii) Segment reporting:

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

xviii) Earnings per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year.

