

ELSAMEX MAINTENANCE SERVICES LTD

FINANCIAL STATEMENTS

2013-14

AUDITORS' REPORT

To the members
Elsamex Maintenance Services Limited

We have audited the accompanying financial statement of **Elsamex Maintenance Services Limited** ("the Company") which comprises the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for 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 Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with standards on Auditing issued by the Institute of Chartered Accountants of India. 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 of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
and

- ii. in the case of the Statement of Profit and Loss, of the profit for the period ended on that date.
- iii. in the case of Cash Flow Statement, of the cash flow for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies' Auditors Report Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the said Order, to the extent applicable to the company.
2. As required by section 227(3) of the Act, we report that:
 - (a) we have 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 such books;
 - (c) the Balance Sheet and Statement of Profit and Loss dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - (e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as at 31st March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Luthra & Luthra
Chartered Accountants
Reg. No. 002081N

Akhilesh Gupta
Partner
M. No. 89909

Place : *New Delhi*
Date : *30/06/2017*



ANNEXURE TO THE AUDITORS' REPORT


(Statement on the matters specified in Companies' Auditors Report Order, 2003)

1. a. The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b. As per the information and explanations given to us, fixed assets have been physically verified by the Management during the year, and no discrepancy was noticed in such verification.
c. The company has not disposed of fixed assets during the period.
2. According to the information and explanation given to us, the Company has not taken / granted any secured or unsecured loan from / to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for sale of goods and services. We have not observed any failure on the part of the company to correct major weakness in internal control system.
4. As per the information and explanation given to us, there are no transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
5. According to the information and explanations given to us the company has not accepted deposits from the public.
6. a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund; employees state insurance, income tax, sales tax, wealth tax, service tax, cess and any other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues outstanding as at 31 March, 2014 for a period of more than six months from the date they became payable.
b. According to the information and explanation given to us, there is no due on account of provident fund, investor education and protection fund; employees state insurance, income tax, sales tax, wealth tax, service tax, cess which has not been deposited on account of dispute.
7. As per the information and explanations given to us, the company has not given any guarantee ~~for loans taken by others from bank or financial institutions.~~
8. Fund raised on short- term basis has not been used for long-term investment.

9. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies' Act 1956.
10. The company has not raised money by public issue during the year.
11. Based upon the audit procedures performed and information and explanations given by the management, no fraud on or by the company has been noticed or reported during the year.
12. Matters specified in Clauses i.e. (ii), (vii), (viii), (x) (xi), (xii), (xiii), (xiv), (xvi) & (xix) of paragraph 4 of the CARO 2003 do not apply to the Company.

For Luthra & Luthra
Chartered Accountants
Reg. No. 002081N

Place: **New Delhi**
Date : **30-06-2014**


Akhilesh Gupta
Partner
(M. No. 89909)



ELSAMEX MAINTENANCE SERVICES LIMITED
Cash Flow Statement for the period ended March 31, 2014

	For period ended March 31, 2014
Cash Flow from Operating Activities	
Profit Before Taxes	18,555,264
Adjustments for :-	
Depreciation	31,847
Operating profit before Working Capital Changes	18,587,111
Adjustments changes in working capital:	
Decrease / (Increase) in Trade receivables	(84,299,397)
Decrease / (Increase) in other assets & loans and advances (current and non current)	(11,740,159)
Increase / (Decrease) in Liabilities (current and non current)	90,570,901
Cash Generated from Operations	13,118,456
Direct Taxes paid (Net)	(6,020,255)
Net Cash generated from Operating Activities (A)	7,098,201
Cash flow from Investing Activities	
Additions to fixed assets	(554,380)
Net Cash used in Investing Activities (B)	(554,380)
Cash flow from Financing Activities	
Proceeds from Issue of Shares	500,000
Net Cash generated from Financing Activities (C)	500,000
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	7,043,821
Cash and Cash Equivalent at the beginning of the year	-
Cash and Cash Equivalent at the end of the period	7,043,821
Net Increase / (Decrease) in Cash and Cash Equivalents	7,043,821

Components of Cash and Cash Equivalents	
Cash on hand	285,796
Balances with Banks in current accounts	6,733,025
Balances with Banks in deposit accounts	25,000
Cash and Cash Equivalents as per Balance Sheet	7,043,821

In terms of our report attached.

For LUTHRA & LUTHRA
Chartered Accountants
Reg. No. 002081N

Akhilesh Gupta
Partner

M. No. 89909

Place: New Delhi

Date : 30/06/2014

For and on behalf of the Board

Managing Director

Director



ELSAMEX MAINTENANCE SERVICES LIMITED
Balance Sheet as at March 31, 2014

Particulars		Note	As at March 31, 2014	
I	EQUITY AND LIABILITIES			
1	SHAREHOLDERS' FUNDS			
	(a) Share capital	2	500,000	
	(b) Reserves and surplus	3	12,535,009	13,035,009
2	NON-CURRENT LIABILITIES			
	(a) Long-term provisions	4	1,192,184	1,192,184
3	CURRENT LIABILITIES			
	(a) Trade payables	5	77,986,410	
	(b) Other current liabilities	6	8,687,470	
	(c) Short-term provisions	7	2,704,837	89,378,717
	TOTAL			103,605,910
II	ASSETS			
1	NON CURRENT ASSETS			
	(a) Fixed assets	8	522,533	
	(b) Deferred Tax Assets (Net)	9	306,229	
	(c) Long-term loans and advances	10	114,441	
	(d) Other Non-Current Assets	11	400,000	1,343,203
2	CURRENT ASSETS			
	(a) Trade receivables (Net)	12	84,299,397	
	(b) Cash and bank balances	13	7,043,821	
	(c) Short-term loans and advances	14	4,415,029	
	(d) Other current assets	15	6,504,460	102,262,707
	TOTAL			103,605,910

Accompanying notes are an integral part of the financial statements

As per our separate report of even date attached

For LUTHRA & LUTHRA
Chartered Accountants
Reg. No. 002081N

Akhilesh Gupta
Partner
M. No. 89909

Place: New Delhi

Date: 30/06/2014

For and on behalf of the Board

Managing Director

Director

Place: Mumbai

Date: 30/06/2014



ELSAMEX MAINTENANCE SERVICES LIMITED

Statement of Profit and Loss for the period ended March 31, 2014

	Particulars	Note	For period ended March 31, 2014
I	Revenue from operations	16	140,823,146
II	Other income	17	6,550
III	Total revenue (I + II)		140,829,696
IV	Expenses		
	Operating expenses	18	101,746,136
	Employee benefits expense	19	11,906,846
	Administrative and general expenses	20	8,589,602
	Depreciation	8	31,847
	Total expenses		122,274,431
V	Profit / (Loss) before taxation (III-IV)		18,555,264
VI	Tax expense:		
	(1) Current tax		6,326,484
	(2) Deferred tax		(306,229)
	Total tax expenses (VI)		6,020,255
VII	Profit / (Loss) for the period (V-VI)		12,535,009
	Earnings per equity share (Face value per share Rupees 10/-):	21	
	(1) Basic		250.70
	(2) Diluted		250.70

Accompanying notes are an integral part of the financial statements

In terms of our report attached.

For LUTHRA & LUTHRA
Chartered Accountants
Reg. No. 002081N

Akhilesh Gupta
Partner
M. No. 89909
Place: New Delhi
Date : 30/06/2014



For and on behalf of the Board

Managing Director

Director

Place: Mumbai

Date : 30/06/2014



Note 2: Share capital

Particulars	As at March 31, 2014	
	Number	Rs.
Authorised Equity Shares of Rupees 10/- each	50,000	500,000
Issued, Subscribed and Paid up Equity Shares of Rupees 10/- each fully paid (refer foot note)	50,000	500,000
Total	50,000	500,000

Foot Notes:

i. The company has only one class of ordinary equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. Each holder of these ordinary shares are entitled to receive dividends as and when declared by the company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportionate to the number of equity shares held by the shareholders.

ii. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year.

Particulars	As at March 31, 2014	
	No. of Shares	Rs.
Shares outstanding at the beginning of the year	-	-
Shares issued during the year / period	50,000	500,000
Shares bought back during the year / period	-	-
Shares outstanding at the end of the year / period	50,000	500,000

iii. 49,940 equity shares are held by the holding Company, Elsamex SA Spain

iv. Shareholding more than 5% shares

Name of Shareholder	As at March 31, 2014	
	No. of Shares held	% of total holding
Elsamex SA Spain	49,940	99.88%
Total	49,940	99.88%

Note 3: Reserves and surplus

Particulars	As at March 31, 2014	
Profit / (Loss) Surplus (+) Profit for the current period	12,535,009	12,535,009
Total		12,535,009



ELSAMEX MAINTENANCE SERVICES LIMITED

Notes forming part of the Financial Statements for the period ended March 31,2014

Note 4: Long-term provisions

Particulars	As at March 31, 2014	
Provision for employee benefits	1,192,184	1,192,184
Total		1,192,184

Note 5 : Trade Payables

Particulars	As at March 31, 2014	
From related parties	6,930,358	
From others	71,056,052	77,986,410
Total		77,986,410

Note 6: Other current liabilities

Particulars	As at March 31, 2014	
Mobilisation advance- related party		1,500,000
Statutory dues		2,290,967
Advance received		6,851
Share Application Money pending for refund		600
Other Current Liabilities		
From related parties	723,691	
From others	4,165,361	4,889,052
Total		8,687,470

Note 7: Short-term provisions

Particulars	As at March 31, 2014	
Provision for employee benefits	1,211,800	
Provision for tax (net of advance tax)	425,520	
Provision for other expenses	1,067,517	2,704,837
Total		2,704,837



ELSAMEX MAINTENANCE SERVICES LIMITED

Notes forming part of the Financial Statements for the period ended March 31, 2014

Note 8: Fixed assets

Particulars	Gross block (at cost)		Balance as at March 31, 2014	Depreciation and Amortisation		Net block Balance as at March 31, 2014
	Additions	Deletions		Charge for the year	Deletions	
Data processing equipments	105,000	-	105,000	2,500	-	102,500
Office equipments	238,265	-	238,265	25,773	-	212,492
Furniture and fixtures	186,440	-	186,440	3,320	-	183,120
Plant and machinery	24,675	-	24,675	254	-	24,421
Total	554,380	-	554,380	31,847	-	522,533



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Note 9: Deferred Tax Assets (Net)

Particulars	As at March 31, 2014	
	Deferred Tax Assets:	
Disallowance u/s 43B of Income Tax Act	315,539	
Deferred Tax Liability:		
Difference between book depreciation and income tax depreciation	9,310	306,229
Total		306,229

Note 10: Long-term loans and advances

Particulars	As at March 31, 2014	
	(a) Security Deposits	
Unsecured, considered good	114,441	114,441
Total		114,441

Note 11: Other Non-current assets

Particulars	As at March 31, 2014	
	(a) Fixed deposits having maturity more than 12 months under lien	
Total		400,000

Note 12: Trade receivables

Particulars	As at March 31, 2014	
	Outstanding for less than six months from the date they are due for payment	
Unsecured, considered good		
- Related party	84,299,397	84,299,397
- Others		
Total		84,299,397

Note 13: Cash and Bank Balances

Particulars	As at March 31, 2014	
	(a) Cash and cash equivalents	
Cash on hand	285,796	
Balances with Banks in current accounts	6,733,025	7,018,821
(b) Other bank balances		
Bank balances / deposits held as margin money	25,000	25,000
Total		7,043,821

Note 14: Short-term loans and advances

Particulars	As at March 31, 2014	
	- Security deposit	293,300
- WCT Receivable	1,030,765	
- Advance to staff	1,092,140	
- Prepaid expenses	1,011,424	
- Advance to Suppliers	987,400	4,415,029
Total		4,415,029

Note 15: Other current assets

Particulars	As at March 31, 2014	
	(a) Unbilled revenue	
(b) Interest accrued but not due on FD		6,550
Total		6,504,460



Note 16: Revenue from operations

Particulars	For period ended March 31, 2014	
	Operation and maintenance income	140,823,146
		140,823,146

Note 17: Other income

Particulars	For period ended March 31, 2014	
	Interest on bank deposits	6,550
		6,550.00

Note 18: Operating expenses

Particulars	For period ended March 31, 2014	
	(a) Direct Labour expenses	62,223,761
(b) Maintenance Expenses	22,812,840	
(c) Diesel and fuel expenses	6,928,767	
(d) Equipment Hiring Expenses	9,780,768	101,746,136
		101,746,136

Note 19: Employee benefit expenses

Particulars	For period ended March 31, 2014	
	(a) Salaries, Wages and allowances	11,168,061
(b) Contribution to provident and other funds	348,084	348,084
(c) Staff Training & Welfare expenses	390,701	390,701
		11,906,846

Note 20: Administrative and general expenses

Particulars	For period ended March 31, 2014	
	Legal and consultation fees	750,561
Preliminary Expenses	21,000	
Travelling and conveyance	220,764	
Rent	244,629	
Rates and taxes	764,444	
Repairs and maintenance	1,156,861	
Sales & Business Promotion	25,822	
Communication expenses	574,004	
Insurance	129,038	
Printing and stationery	954,379	
Electricity charges	3,400,993	
Other Expenses	347,107	8,589,602
		8,589,602

Legal & Professional charges includes payment to auditors as

Statutory Auditors	225,000
Tax Auditors	50,000
Service tax	33,990
	308,990



Note 21: Earnings per equity share

Particulars	Unit	For period ended March 31, 2014
Profit / (loss) after tax	Rs.	12,535,009
Weighted number of Equity Shares outstanding	Numbers	50,000
Nominal Value of equity shares	Rs.	10
Basic Earnings per share	Rs.	250.70
Equity shares used to compute diluted earnings per share	Numbers	50,000
Diluted Earnings per share	Rs.	250.70

22. Contingent Liabilities and Commitments

	As at 31-Mar-14 Rs.
(i) Contingent Liabilities	NIL
(ii) Estimated amount of contracts remaining to be executed on capital account and not provided for	NIL

23. Employees Post Retirement Benefits:

The Company has two post employment funded benefit plans, namely gratuity and provident fund.

Gratuity is computed as per Payment of Grauity Act, 1972. The Company makes provision of such gratuity asset/ liability in the books of accounts on the basis of actuarial valuation.

The Provident Fund is a defined contribution scheme whereby the Company deposits an amount determined as a fixed percentage of basic pay to the fund every month. The benefit vests upon commencement of employment.

The following table summarises the components of net expense recognised in the income statement and amounts recognised in the balance sheet for gratuity.

Net Benefit Expenses

	Year ended March 31, 2014 Rs.
Current service cost	82,750
Interest cost on benefit obligation	-
Expected return on plan assets	-
Net actuarial(gain)/loss recognised	-
Annual expenses	82,750
Benefit Asset/ (Liability)	
Defined benefit obligation	(586,435)
Fair value of plan assets	-
Benefit Asset/ (Liability)	586,435
Changes in the present value of the defined benefit obligation:	
Opening defined benefit obligation	-
Transferred In	503,685
Interest cost	-
Current service cost	82,750
Benefits Paid	-
Net actuarial(gain)/loss recognised in year	-
Closing defined benefit obligation	586,435

The principal assumptions used in determining pension and post-employment benefit obligations for the Company's plans are shown below:

Discount rate	9.24%
Future salary increases	10.00%
Mortality table used	Indian Assured Lives (2006-2008) Ultimate Table



The amounts for the current year and previous annual periods are given below:

	31-Mar-14
Defined benefit obligation	(586,435)
Defined benefit Assets	-
Surplus/(Deficit)	586,435
Experience adjustments on plan liabilities	-
Experience adjustments on plan assets	-

24. a) List of Related parties and Transactions / Outstanding Balances:

Nature of Relationship	Name
Ultimate Holding Company	IL&FS Transportation Networks Limited
Holding Company	Elsamex SA
Fellow Subsidiary	MP Border Check posts Development Company Limited Yala Construction Company Private Limited Pune Sholapur Road Development Company Limited Elsamex india Private Limited
Associate	IL&FS Technologies Limited

b) Transactions / Balances with related parties as mentioned (a) above

Account head	Name of Entity	As at March 31, 2014
Balances:		
Share Capital	Elsamex SA	499,400
Current Liabilities (Share Application Money pending for refund)	Elsamex SA	600
Current Liabilities (Payables)	Elsamex India Private Limited	723,691
Current Liabilities (Payables)	IL&FS Technologies Limited	6,930,358
Current Liabilities (Payables)	MP Border Check posts Development Company Limited	1,500,000
Current Asset (Receivables)	IL&FS Transportation Networks Limited	54,946,170
Current Asset (Receivables)	MP Border Check posts Development Company Limited	29,353,227
Account head	Name of Entity	Period ended March 31, 2014
Transactions:		
Share Issued	Elsamex SA	499,400
Consultancy Expenses	IL&FS Technologies Limited	6,930,358
Reimbursements of Expenses	Yala Construction Company Private Limited	130,800
Reimbursements of Expenses	Elsamex India Private Limited	1,227,376
Direct Income	IL&FS Transportation Networks Limited	89,556,919
Direct Income	MP Border Check posts Development Company Limited	51,266,227

25. Segment Reporting

The Company is engaged in the business of operation and maintenance and thus operates in a single business and geographical segment. As a result, disclosures required under AS-17 on 'Segment Reporting' have not been given.

26. Previous Year's Comparatives:

As the company has been incorporated during the financial period therefore the previous period information was not available.

The accompanying notes are an integral part of the financial statements

For LUTHRA & LUTHRA
Chartered Accountants
Reg. No. 002081N

Akhilesh Gupta
Partner
M.No. 89909
Place: New Delhi
Date : 30/06/2014

For and on behalf of the Board

(Signature)
Managing Director
(Signature)
Director

Place: Mumbai
Date : 30/06/14



Elsamex Maintenance Services Limited

Notes to the financial statement for the period ended March 31, 2014

1. Background:

The Company was incorporated under the Companies Act 1956 on September 12, 2013 with an objective to engage in the business of providing consultation, supervisions, constructions, operation and maintenance, repairing and other related activities in connection with the infrastructure projects including roads, highways, tunnel, city street, sports stadium-tracks, runways for airport and R&D activity etc.

2. Significant Accounting Policies:

1. Basis of Accounting

The Financial Statements have been prepared under the historical cost convention and in accordance with the generally accepted accounting principles in India (IGAAP) including the applicable Accounting Standards ("AS") referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable. The Company generally follows the mercantile system of accounting and recognises income and expenditure on accrual basis.

These financial statements are prepared in accordance with the going-concern principle and on historical cost basis. The presentation and grouping of individual items in the balance sheet, the income statements and the cash flow statements are based on the principle of materiality.

2. Use of estimates

The preparation of financial statements in conformity with IGAAP requires the Management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The recognition, measurement, classification or disclosures of an item or information in the financial statements have been made relying on these estimates to a greater extent.

3. Classification of Current / Non-current Assets and Liabilities

An asset is classified as current when it satisfies following criteria:

- It is expected to be realized in or is intended for sale or consumption in, the company's operating cycle;
- It is expected to be realized within 12 months after the reporting date;
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as Non-current.

A liability is classified as current when it satisfies any of following criteria:

- It is expected to be settled in the company's normal operating cycle;
- ~~It is due to be settled within 12 months after the reporting date;~~
- ~~The company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.~~

All other liabilities are classified as Non-current.



4. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue comprises:

Operation & Maintenance Fees: Operation & Maintenance Fees is recognised on accrual basis in accordance with contractual rights.

Interest on deployment of surplus funds has been recognised using the time proportion method, based on the interest rate implicit in the transaction.

5. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. For this purpose, cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use. Assessment of indication of impairment of an asset is made as at the reporting date and impairment loss, if any is recognized.

Any difference on carrying amount of assets and amount received at the time of disposal is charge to income statement in the year of disposal.

6. Depreciation

- Assets individually costing Rs. 5,000 or less are depreciated fully in the period when such assets are put to use.
- Depreciation is provided pro-rata for the period of use of the Fixed Assets, under the Written Down Value Method in the manner and as per the rates prescribed under Schedule XIV to the Companies, Act, 1956, as amended from time to time except in the case of following assets, Company follows Straight Line Method of depreciation so as to write off 100% of the cost of the assets at rates higher than those prescribed under Schedule XIV to the Companies Act 1956, based on the Management's estimate of useful life of such assets:

Asset Type	Useful Life
Computers	4 Years
Office Equipments	3 Years



7. Impairment of Assets

The carrying values of assets of the Company's cash-generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

8. Employee Costs

Employee Costs include Short term employee benefits such as Salaries, Incentives etc., as defined in AS -15 on Employee Benefits. The same are recognised as an expense in the period in which the service is rendered by the concerned employee to the company.

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses in the year in which the employees perform the services that the benefit covers at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment or encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

The Gratuity plan for the company is a defined benefit plan. The cost of providing benefits under gratuity is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised in full in the period in which they occur.

9. Provisions, Contingent Liabilities and Assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated. Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources. Contingent Assets are neither recognized nor disclosed.



10. Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rates prevalent at the date of transaction. At the year end, monetary items denominated in foreign currencies other than those covered by forward contracts are converted into rupee equivalent at the yearend exchange rate. All the exchange difference on settlement and conversion of foreign currency transaction are included in the Statement of Profit and Loss.

11. Preliminary Expenditure

Preliminary Expenses incurred on incorporation of the Company are charged to the Profit & Loss Account in the period during which these expenses are incurred.

12. Taxes

Provision for tax comprises of current income tax and deferred income tax. The current charge for the income tax has been calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax assets and liabilities have been recognized for the future tax consequences of timing differences, subject to prudence.

13. Cash Flow Statements:

Cash flows are reported using the indirect method, whereby net profits / loss before tax are adjusted for the effect of transaction of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The Cash flows from regular revenue generating, investing and financing activities are segregated.

Cash and cash equivalents in the cash flow statement comprises of cash at bank and in hand and term deposits with banks, if any.

14. Earnings per Share

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Group by the weighted average number of equity shares in issue during the year.

Diluted earnings per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Group by the weighted average number of equity shares determined by assuming conversion on exercise of conversion rights for all potential dilutive securities.

