



J.K. Sonee & Associates

(Chartered Accountants)

INDEPENDENT AUDITOR'S REPORT

To the Members of **RULKA ELECTRICALS PRIVATE LIMITED**

Report on the Audit of the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Rulka Electricals Private Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2021, and the Statement of Profit and Loss, for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 standalone 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 relevant rules issued thereunder.

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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an opinion on these standalone 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 of the standalone financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 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 judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone 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 standalone financial statements.

CA *J.K.Sonee & Associates*
(Chartered Accountants)

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 March 31, 2021 and its profit/loss, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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 purpose 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 and Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with relevant Rules thereunder;
- e) On the basis of written representations received from the directors as at March 31, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as at March 31, 2021 as a director in terms of section 164(2) of the Act.
- f) With respect to 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 which were required to be transferred to the Investor Education and Protection Fund by the Company
 - iv. the disclosures required regarding dealings in specified bank notes during the period 8 November 2016 to 30 December 2016 are not applicable since they do not pertain to financial year ended 31 March 2021.

Place : **DOMBIVLI**
Date : **30/09/2021**



UDIN:- 21154903AAAAET9550



RULKA ELECTRICALS PVT. LTD.

A-20, Shiva Industrial Estate, Lake Road, Bhandup (West), Mumbai - 400 078.

Phone No. 022- 4974 2572 / 4127 6806

Email : projects@replservices.com • Website : www.replservices.com

RULKA ELECTRICALS PRIVATE LIMITED
(CIN:-U31103MH2013PTC243817)
BALANCE SHEET AS AT MARCH 31, 2021

Sr No	Particulars		As at March 31, 2021	As at March 31, 2020
A)	EQUITY & LIABILITIES	Note		
	1) Shareholders Funds			
	a) Share Capital	2	1,100,000	1,100,000.00
	b) Reserves and surplus	3	17,906,728.45	11,677,068.05
	c) Money Recived Againts Allotment		-	-
	2) Non-Current Liabilities			
	a) Long-Term Borrowings		14,421,131.18	14,486,211.08
	b) Deferred Tax Liabilities (Net)		9,993.00	5,035.00
	c) Other Long Term Liabilities		-	-
	d) Long-Term Provisions		-	-
	3) Current Liabilities			
	a) Trade Payable	4	47,855,833.07	43,382,400.17
	b) Short Term Borrowings		8,677,514.05	10,235,104.00
	c) Other Current Liabilities		-	-
	d) Short Term Provisions	5	3,533,992.03	6,329,638.86
	TOTAL		93,505,191.78	87,215,457.16
B)	ASSETS			
	Non-Current Assets			
	a) Fixed Assets			
	1)Tangible Assets	5	19,673,811.14	19,628,584.46
	2)Intangible Assets		-	-
	3)Capital Work-in-Progress		-	-
	4)Intangible Assets Under Development		-	-
	b) Non-Current Investments			
	c)Long Term Loans and Advances	6	-	-
	d)Other Non-Current Assets		-	-
	e)Defered Tax Assets(Net)	7	-	-
	Current Assets			
	a) Current Investment	8	2,267,800.00	2,340,162.00
	b) Inventories		22,859,651.34	32,585,013.00
	c) Trade Receivable		43,319,285.16	24,690,319.96
	d)Cash & Bank Balances	9	858,615.60	2,141,896.56
	e)Other Current Assets	10	4,526,028.54	5,829,479.70
	TOTAL		93,505,191.78	87,215,455.68

Significant accounting policies

1

The Notes and additional information are Integral part of the financial Statements
This is the Balance Sheet referred to in our report of even date.

For J.K.SONEE AND ASSOCIATES
(Chartered Accountants)

(CA JAGDEESH K SONEE)
Membership no.154903
Firm Reg.No.136562W
Mumbai, Dated: 30th September ,2021



For and On Behalf Of Board of Directors

(Rupesh L Kasavkar)
(Director)
(DIN-6546906)

(Nitin Aher)
(Director)
(DIN-6546905)

(DIN-6546905)



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RULKA ELECTRICALS PRIVATE LIMITED

(CIN:-U31103MH2013PTC243817)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Sr No	Particulars	Note	2020-2021	2019-2020
I)	INCOME:			
	Revenue from Operations	11	196,156,171.78	172,995,427
	Total Income		196,156,171.78	172,995,427
II)	EXPENSES:			
	Cost of Sales		128,994,858.94	130,353,645
	Purchases	12	9,725,362.00	(19,842,204)
	Changes in Inventories of Stock-in-Trade	13	2,546,892.92	2,980,829
	Finance Cost	14	204,216.00	219,230
	Depreciation and Amortisation	15	46,259,681.52	52,187,359
	Other Expenses		187,731,011.38	165,898,859
	Total Expenses		8,425,160.40	7,096,568
	Profit/(Loss) Before Tax		2,190,542.00	1,845,108
	Tax Expense:		4,958.00	8,180
	Current Tax		-	-
	Deferred Tax		-	-
	Excess Provision of Tax written back		6,229,660.40	5,243,280
	Profit/(Loss) After Tax		56.63	47.67
	Earning per share	16(4)	10	10
	Basic (In Rs)			
	Face value per equity share			

Significant accounting policies
 The Notes and additional information are Integral part of the financial Statements
 This is the profit and loss statement referred to in our report of even date.

For J.K.SONEE AND ASSOCIATES
 (Chartered Accountants)
 (CA JAGDEESH K SONEE)
 Membership no.154903
 (Firm Reg No.136562W)
 Mumbai, Dated: 30th September, 2021



For and On Behalf Of Board of Directors
 (Rupesh L. Kasavkar)
 (Director)
 (DIN-6546906)
 (Nitin T. Aher)
 (Director)
 (DIN-6546905)



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RULKA ELECTRICALS PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2021

NOTE 2: SHARE CAPITAL

	Amount in Rupees	
	As at March 31, 2021	As at March 31, 2020
<u>Authorised:</u> 1,10,000 Equity Shares of Rs 10 each	1,100,000	1,100,000
	<u>1,100,000</u>	<u>1,100,000</u>
<u>Issued and Subscribed:</u> 1,10,000 Equity Shares of Rs 10 each	1,100,000	1,100,000
	<u>1,100,000</u>	<u>1,100,000</u>

Rights, Preferences and Restriction attached to Equity Shares

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company	As at	As at
	March 31, 2021	March 31, 2020
	No of shares held	No of Shares held
<u>Name of share holder</u> Rupesh Laxman Kasavkar	55000	55000
Nitin I Aher	55000	55000

NOTE 3: RESERVES & SURPLUS

	Amount in Rupees	
	As at March 31, 2021	As at March 31, 2020
<u>Surplus in the Statement of Profit and Loss</u>		
Balance as at the beginning of the year	11,677,068.05	6,433,787.86
Add : Profit for the year	6,229,660.40	5,243,280.19
Total	<u>17,906,728.45</u>	<u>11,677,068.05</u>
Less:- Mis Expenditure	-	-
Balance as at the end of the Year	<u>17,906,728.45</u>	<u>11,677,068.05</u>
Total	17,906,728	11,677,068.05

RULKA ELECTRICALS PRIVATE LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2021****NOTE 4 : CURRENT LIABILITIES**

	Amount in Rupees	
	As At	As At
	March 31, 2021	March 31, 2020
Trade payable	47,855,833.07	43,382,400.17
Total	47,855,833.07	43,382,400.17

NOTE 5: SHORT-TERM PROVISIONS

	Amount in Rupees	
	As At	As At
	March 31, 2021	March 31, 2020
Provision for Employee Benefits	1,161,767.00	848,808
Provision For Tax(Vat And GST)	2,444,117.97	4,910,593
Provision for TDS and other	192,209.00	255,836
Provision for Income Tax	(264,101.94)	314,402
Total	3,533,992.03	6,329,639

RULKA ELECTRICALS PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2021

NOTE 5 : TANGIBLE ASSETS

Description	Gross Block (At cost)			
	As at April 1, 2020	Additions/ Transfers	Deduction/ Transfers	As at March 31, 2021
OWN ASSETS:				
Breaker Machine	25,778.00	-	-	25,778
Computers	509,266	233,063	-	742,329
Drill Machine	8,000	-	-	8,000
LaserJet Printer	10,882	-	-	10,882
Commercial Property	19,216,000	-	-	19,216,000
EPBax System	8,000	-	-	8,000
Camera	8,400	-	-	8,400
Daikin AC	26,000	27,734	-	53,734
Dispenser		5,932	-	5,932
FAN	3,750	-	-	3,750
Mobile	134,652	-	-	134,652
Total	19,950,728	266,729	-	20,217,457
<i>Previous Year</i>				

Depreciation/Amortisation					(Amount in Rupees) Net Block	
As at April 1, 2020	Deductions	Provided During the Year	For the year	Upto March 31, 2021	As at March 31, 2021	As at March 31, 2020
19,792.00	-	2,992.00	-	22,784	2,994	2,994.00
242,736	11,646.86	163,651.00	-	418,034	324,295	324,582
6,175	-	912	-	7,087	913	1,825
10,882	-	-	-	10,882	-	-
-	-	-	-	-	19,216,000	19,216,000
8,000	-	-	-	8,000	-	-
1,680	-	1,680	-	3,360	5,040	6,720
5,200	-	7,008	-	12,208	41,526	20,800
		293		293	5,639	
		750		1,500	2,250	3,000
26,929		26,930		53,859	80,793	107,723
322,144	11,646.9	204,216	-	537,714	19,673,811.24	19,683,644
					-	-



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RULKA ELECTRICALS PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2021

NOTE 6: LONG TERM LOANS & ADVANCES

	Amount in Rupees	
	As At	As At
	March 31,2021	March 31,2020
Unsecured, consider good Advance Tax net of Provision	-	-
Total	-	-

NOTE 7: DEFERRED TAX ASSETS(Net)

	Amount in Rupees	
	As At	As At
	March 31,2021	March 31,2020
On account of Depreciation	-	-
Total	-	-

NOTE 8: CURRENT INVESTMENTS

	Amount in Rupees	
	As at	As at
	March 31,2021	March 31,2020
(At Cost)		
Fixed Deposite	2,267,800	2,340,162
TOTAL	2,267,800	2,340,162
Aggregate Market Value	2,267,800	-

NOTE 9 : CASH AND CASH EQUIVALENT

	Amount in Rupees	
	As at	As at
	March 31,2021	March 31,2020
Cash and Cash Equivalents:		
Cash on hand	15,677.38	48,295
Balances with banks	842,938.22	2,093,602
TOTAL	858,615.60	2,141,897

NOTE 10: OTHER CURRENT ASSETS

	Amount in Rupees	
	As At	As At
	March 31,2021	March 31,2020
Loans & Advances	1,014,544.00	1,100,187
TDS	-	-
Deposite	3,511,484.54	4,729,293
TOTAL	4,526,028.54	5,829,480

RULKA ELECTRICALS PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2021

NOTE 11 : REVENUE FROM OPERATIONS

	Amount in Rupees	
	March 31,2021	March 31,2020
Sale of Goods		
Sales	102,355,326.94	172,696,838
Sale of Services	93,553,285.95	209,748
Other Operating Income		
Discount	145,474.61	30,327
FD Accrued Interest	102,084.28	58,514
TOTAL	196,156,171.78	172,995,427

NOTE 12 : CHANGES IN INVENTORIES OF STOCK IN TRADE

	Amount in Rupees	
	March 31,2021	March 31,2020
(Increase)/Decrease in Stock		
Stock in Trade at the end of the year	22,859,651	32,585,103
Stock in Trade at the beginning of the year	32,585,013	12,742,899
(Increase)/Decrease in Stock	9,725,362	(19,842,204)

NOTE 13 : FINANCE COST

	Amount in Rupees	
	March 31,2021	March 31,2020
Bank charges	68,455.18	2,955,799
Interest	2,478,437.74	25,030
TOTAL	2,546,892.92	2,980,829

NOTE 14 : DEPRECIATION AND AMORTISATION EXPENSES

	Amount in Rupees	
	March 31,2021	March 31,2020
Depreciation on Tangible Assets	204,216	219,230
Preliminary Expenses	-	-
Total	204,216	219,230

NOTE 15 : OTHER EXPENSES

	Amount in Rupees	
	March 31,2021	March 31,2020
Auditor's Remuneration		
Audit fees	30,000.00	30,000
Tax audit fees	30,000.00	30,000
Advertising Expenses		141,477
Direct Expense	25,001,666.27	28,512,164
Salary	9,714,119.00	9,382,879
Legal & Professional Charges	277,846.00	108,000
Conveyance	77,731.00	655,485
Courier Expenses	2,145.00	21,926
Director Remuneration	4,425,000.00	4,419,783
Electricity Charges	29,470.00	29,089
Insurances charges	155,675.65	35,017
Transport Charges		-
Lodging & Boarding	199,216.00	520,902
Hire Charges		18,900
OD renewal	289,100.00	-
Casual Labour Charges		9,200
Freight	20,481.31	19,539
Staff Welfare		895,333
Printing & Stationary	62,013.00	44,690
Professional Fees		216,222
Profession Tax	5,000.00	-
Rent Paid		430,500
Staff Welfare	1,042,888.00	-
Travelling Expenses	798,435.00	370,424
Telephone Charges	89,977.00	98,735
Repairs	8,775.00	9,820
Office Expenses	1,279,872.00	983,967

Other Expenses	1,985,785.00	1,853,926
Site Expenses	49,660.58	1,361,881
Website Designing		50,000
Petrol Expenses	226,463.71	97,611
Misc Expenses		1,232,957
Interest expenses	88,311.00	233,536
Loan Processing Fees	370,051.00	373,396
Total	46,259,681.52	52,187,359

1. Significant Accounting Policies:

Basis of preparation:

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). These financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956/2013. The financial statements have been prepared under the historical cost convention on an accrual basis and going concern basis. The accounting policies have been consistently applied by the company are consistent with those used in the previous year.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

2. Tangible Fixed Assets:

- Fixed assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.
- Borrowing costs relating to acquisition of tangible assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress.

3. Intangible Fixed Assets:

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

4. Impairment of Assets:

- The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

- After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

5. Depreciation and Amortisation:

Depreciation on the fixed assets is provided under straight-line method as per the rates prescribed in

Schedule XIV to the Companies Act, 1956 or at rates permissible under applicable local laws so as to charge off the cost of assets to the Statement of Profit and Loss over their estimated useful life, except on the following categories of assets:

- (i) Assets costing up to ` Rs5, 000/- are fully depreciated in the year of acquisition.
- (ii) Leasehold land and leasehold improvements are amortised over the primary period of lease.
- (iii) Intangible assets are amortised over their useful life of 5 years.

6. Investments:

- Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.
- On initial recognition, all investments are measured at cost. The cost comprises the purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired by the issue of shares or the other securities, the acquisition cost is the fair value of securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.
- Current investments are carried at the lower of cost and fair value determined on an individual investment basis. Long- term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the long term investments.
- On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

7. Employee Benefits:

Employee benefits include provident fund, employee state insurance scheme, gratuity fund and Compensated absences.

8. Inventories:

Stock in trade, stores and spares are valued at the lower of the cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Cost of stock in trade procured for specific projects is assigned by specific identification of individual costs of each item. Costs of stock in trade, that are interchangeable and not specific to any project is

determined using the weighted average cost formula. Cost of stores and spare parts is determined using weighted average cost.

9. Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other costs that an entity incurs in connection with the borrowing of funds.

10. Revenue Recognition:

Revenue from Operations

- Sale and operating income includes sale of products, services, profit from partnership firms, income from job work services, export incentives, etc.
- Sale of goods are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer. Sales include excise duty but exclude sales tax and value added tax.
- Sale of services are recognised when services are rendered and related costs are incurred.
- Profit from partnership firms which are in the same line of operation is considered as operating Income.
- Revenue from job work services is recognised based on the services rendered in accordance with the
- terms of contracts.
- Export benefit are accounted for in the year of exports based on eligibility and when there is no
- Uncertainty in receiving the same.

Other income

- Interest income is recognised on time proportion basis taking into account the amount outstanding
- and the rate applicable.
- Dividend income is recognised when right to receive is established.
- Rent income is booked as per terms of contracts.

11. Taxation:

Tax expense comprises current and deferred tax. Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961 and tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

- Deferred tax expense or benefit is recognized on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by the same governing taxation laws
- Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. In the situations where the Company is entitled to a tax holiday under the Income realized against future taxable profits. In the situations where the Company is entitled to a tax holiday under the Income tax Act, 1961 enacted in India, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate.
- At each balance sheet date the Company re-assesses recognized and unrecognized deferred tax assets. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which the deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available. The Company recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

- **Minimum Alternative tax (MAT) credit** is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT Credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the MAT Credit Entitlement at each balance sheet date and writes down the carrying amount of the MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

12. Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

13. Provisions:

A provision is recognized when there exists a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to present value and are determined based on best estimates required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

14. Contingent liabilities:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably, the Company does not recognize a contingent liability but discloses its existence in the financial statements.

15. Cash and cash equivalent:

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term deposits with banks with an original maturity of three months or less.