
INDEPENDENT AUDITOR'S REPORT

To the Members of
Provincial Finance and Leasing Company Private Limited .

Report on the Interim Financial Statements

Opinion

We have audited the Interim Financial Statements of **Provincial Finance and Leasing Company Private Limited** ("the Company"), which comprise the interim balance sheet as at 31st December 2021, the statement of Profit and Loss and statement of cash flows for the year to date then ended, and notes to the Interim Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Interim Financial Statements give the information required by the Companies Act, 2013 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 December 31, 2021, and its profit/loss and its cash flows for the year to date ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Interim Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Interim Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Interim 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 Interim 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 Interim Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Interim Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the Interim Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Interim Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the Interim Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to Interim Financial Statements in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated Interim Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related

disclosures in the Interim Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the Interim Financial Statements, including the disclosures, and whether the Interim Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For Ambavat Jain & Associates LLP

Chartered Accountants

Firm's Registration No.: 109681W

Atul Ambavat

Partner

Membership No. 113731

Place: Mumbai

Date: 8th March, 2022

UDIN: 22125997AEJZLB1748



PROVINCIAL FINANCE AND LEASING COMPANY PRIVATE LIMITED
BALANCE SHEET AS AT 31ST DECEMBER 2021

Particulars	Note	Currency : INR	
		As at 31st December, 2021	As at 31st March, 2021
<u>EQUITY AND LIABILITIES</u>			
I. Shareholders' Funds			
a. Share capital	1	3,13,63,880	3,13,63,880
b. Reserves and surplus	2	1,17,88,948	1,07,53,826
II. Non-Current Liabilities			
a. Long Term Provisions	3	1,02,503	70,350
III. Current liabilities			
a. Short Term Provisions	4	7,579	-
b. Other Current Liabilities	5	1,06,665	15,94,919
TOTAL		4,33,69,575	4,37,82,976
<u>ASSETS</u>			
I. Non Current Assets			
a. Loans & Advances	6	4,18,99,682	2,81,45,676
b. Deferred Tax Asset	7	25,800	18,291
II. Current assets			
a. Cash and cash equivalents	8	12,38,905	1,52,48,139
b. Short-term loans and advances	9	2,547	1,83,209
c. Other current assets	10	2,02,641	1,87,661
		4,33,69,575	4,37,82,976

The Notes to accounts referred to above form an integral part of Balance Sheet
This is the Balance Sheet referred to in our report of even date.

For Ambavat Jain & Associates LLP
Chartered Accountants
Firm's Registration No.: 109681W

Atul Ambavat
Partner
Membership No. : 113731
Mumbai: March 08, 2022
UDIN: 22125997AEJZLB1748



For and on behalf of the Board of Directors of
Provincial Finance and Leasing Company Pvt. Ltd.

Naresh Kothari
Director
DIN : 00012523
Mumbai: March 08, 2022



Shreyans Mehta
Director
DIN : 06756771
Mumbai: March 08, 2022



PROVINCIAL FINANCE AND LEASING COMPANY PRIVATE LIMITED
PROFIT AND LOSS FOR THE PERIOD ENDED 31ST DECEMBER 2021

Particulars	Note No.	Currency : INR	
		For period ended 31st December, 2021	For the year ended on 31st March, 2021
I. Revenue from operations	11	28,74,231	43,11,093
III. Total Revenue		28,74,231	43,11,093
IV. Expenses:			
(a) Employee Benefit Expenses	12	12,82,491	18,69,559
(b) Other expenses	13	2,29,292	17,09,365
Total expenses		15,11,783	35,78,924
V. Profit before tax (III - IV)		13,62,448	7,32,169
VI. Tax expense:			
(a) Current tax		3,34,835	1,93,783
(b) Deferred tax		(7,509)	(18,291)
VII. Profit (Loss) for the period (V - VI)		10,35,122	5,56,677
VIII. Earnings per equity share:	14		
(a) Basic		0.33	0.18
(b) Diluted		0.33	0.18

The Notes to accounts referred to above form an integral part of Statement of Profit and Loss
This is the Profit and Loss Account referred to in our report of even date.

For Ambavat Jain & Associates LLP
Chartered Accountants
Firm's Registration No.: 109681W

For and on behalf of the Board of Directors of
Provincial Finance and Leasing Company Pvt. Ltd.

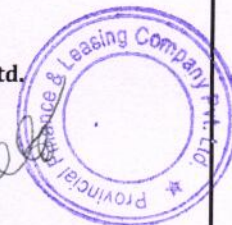
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PROVINCIAL FINANCE AND LEASING COMPANY PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST DECEMBER 2021

Particulars		Currency : INR	
		Period ended 31st December, 2021	Year Ended 31st March, 2021
A	Cash flow from operating activities		
	Net Profit / (Loss) before taxation	13,62,448	7,32,169
	<u>Adjustments for</u>		
	Additional Provision for Standard Asset	32,153	-
	Operating cash flow before working capital changes	13,94,601	7,32,169
	<u>Adjustments for</u>		
	(Increase) / Decrease in Current Assets	(14,980)	(1,30,909)
	Increase / (Decrease) in Current Liabilities	(14,88,254)	2,03,053
	Cash generated from Operations	(1,08,633)	8,04,313
	Direct taxes paid	(1,46,594)	(1,93,783)
	Net Cash from operating activities	(2,55,227)	6,10,530
	Loans Disbursed (Net)	(1,37,54,006)	(5,676)
	Net Cash used in operating activities	(1,40,09,233)	6,04,854
		(A)	
	Cash flow from investing activities		
	Net Cash generated from investing activities		
		(B)	
B	Cash flow from financing activities		
	Net Cash generated from financing activities		
		(C)	
	Net increase in cash and cash equivalents	(1,40,09,233)	6,04,854
		(A+B+C)	
	Cash and cash equivalent as at the beginning of the period	1,52,48,139	1,46,43,285
	Cash and cash equivalent at the end of the period	12,38,905	1,52,48,139

Notes:

1. Cash and cash equivalents comprise of cash on hand and balances with bank in current accounts
2. This is the cashflow statement referred to in our report of even date.

For Ambavat Jain & Associates LLP

Chartered Accountants

Firm's Registration No.: 109681W

Atul Ambavat

Partner

Membership No. : 113731

Mumbai: March 08, 2022

UDIN: 22125997AEJZLB1748



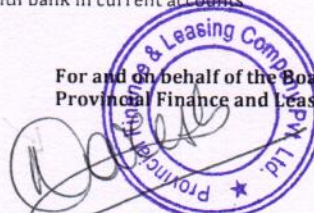
For and on behalf of the Board of Directors of
Provincial Finance and Leasing Company Pvt. Ltd.

Naresh Kothari

Director

DIN : 00012523

Mumbai: March 08, 2022



Shreyans Mehta

Director

DIN : 06756771

Mumbai: March 08, 2022



PROVINCIAL FINANCE AND LEASING COMPANY PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENT

NOTE 1: SHARE CAPITAL

	As at 31.12.21	As at 31.03.21
Authorised Capital		
50,00,000 Equity Shares of Rs. 10 each (Previous year 50,00,000 Shares of Rs. 10 each)	5,00,00,000	5,00,00,000
	5,00,00,000	5,00,00,000
Issued, Subscribed and Paid up Capital		
31,36,388 Equity Shares of Rs. 10 each (Previous Year 15,68,194 Shares of Rs.10 each, fully paid up)	3,13,63,880	3,13,63,880
	3,13,63,880	3,13,63,880

a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Equity Shares	As at 31.12.21		As at 31.03.21	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	31,36,388	3,13,63,880	31,36,388	3,13,63,880
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	31,36,388	3,13,63,880	31,36,388	3,13,63,880

b) Terms / Rights attached to Equity Shares:

The Company has only one class of equity shares having a par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend, if any is proposed by the Board of Directors and is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of 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 proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% Equity Shares in the company

Name of Shareholder(s)	As at 31.12.21		As at 31.03.21	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Alpha Alternatives Holdings Private Limited	31,36,388	100%	31,36,388	100%



PROVINCIAL FINANCE AND LEASING COMPANY PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENT

Currency : INR

NOTE 2: RESERVES AND SURPLUS

	As at 31.12.21	As at 31.03.21
General Reserve		
Opening balance	10,00,000	10,00,000
Less: Utilised during the year	-	-
Closing Balance	10,00,000	10,00,000
Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934		
Opening balance	1,51,332	39,997
Add : Transferred from Statement of Profit and Loss	2,07,024	1,11,335
Closing Balance	3,58,356	1,51,332
Securities Premium		
Opening balance	78,22,275	78,22,275
Add : Premium on shares issued	-	-
Closing Balance	78,22,275	78,22,275
Surplus in Statement of Profit and Loss		
Opening balance	17,80,219	13,34,878
Add : Profit For the year	10,35,122	5,56,677
Less: Transfer to statutory reserve under Section 45-IC of the RBI Act, 1934 (Refer Note 3.1)	(2,07,024)	(1,11,335)
Less: Transferred to Provision for Standard Asset	-	-
Closing Balance	26,08,317	17,80,219
TOTAL	1,17,88,948	1,07,53,826

2.1 As per Section 45-IC of Reserve Bank of India Act, 1934 every non-banking financial company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of profit and loss and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by the Reserve Bank of India from time to time and every such appropriation shall be reported to the Reserve Bank of India within twenty-one days from the date of such withdrawal. The said amount has been transferred at the end of the Financial Year.

NOTE 3: LONG TERM PROVISIONS

	As at 31.12.21	As at 31.03.21
(a) Provision for Standard Asset (Refer Note 3.1)	1,02,503	70,350
	1,02,503	70,350

3.1 As per the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, Company has provisions for Standard Assets.

NOTE 4: OTHER CURRENT LIABILITIES

	As at 31.12.21	As at 31.03.21
(a) Provision for Tax (Net of Advance tax & TDS)	7,579	-
	7,579	-

NOTE 5: OTHER CURRENT LIABILITIES

	As at 31.12.21	As at 31.03.21
(a) Statutory liabilities	18,593	48,453
(b) Other Liabilities	88,072	15,46,466
	1,06,665	15,94,919



NOTE 6: LOANS AND ADVANCES	As at 31.12.21	As at 31.03.21
Unsecured, considered good		
(a) Loans & Advances	4,18,99,682	2,81,45,676
	4,18,99,682	2,81,45,676
NOTE 7: DEFERRED TAX	As at 31.12.21	As at 31.03.21
(In accordance with Accounting Standard 22 -Taxes on Income) Deferred Tax Asset / Liability on account of:		
Timing difference on disallowance of Preliminary Expenses		
Provision on Standard Asset	32,153	-
Net Amount of Timing Difference	32,153	-
Deferred Tax (Liability)/Asset for the year:	8,093	-
Add : Difference in earlier tax rates	(584)	18,291
Net Deferred Tax (Liability)/Asset for the year:	7,509	18,291
Deferred Tax (Liability)/Asset of the previous year	18,291	-
Net Deferred Tax (Liability)/Asset:	25,800	18,291
NOTE 8: CASH AND CASH EQUIVALENTS	As at 31.12.21	As at 31.03.21
(a) Balances with banks		
In Current Account	11,78,345	1,51,87,578
(b) Cash on hand	60,560	60,561
	12,38,905	1,52,48,139
NOTE 9: SHORT-TERM LOANS AND ADVANCES	As at 31.12.21	As at 31.03.21
(a) Balance with Revenue Authorities	2,547	2,547
(b) Advance payment of taxes (Net of provision)	-	1,80,662
	2,547	1,83,209
NOTE 10: OTHER CURRENT ASSETS	As at 31.12.21	As at 31.03.21
(a) Prepaid Expenses	2,696	14,850
(b) GST Receivable	1,99,945	1,72,811
	2,02,641	1,87,661



PROVINCIAL FINANCE AND LEASING COMPANY PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENT

Currency : INR

NOTE 11: REVENUE FROM OPERATIONS	For period ended 31st December, 2021	For the year ended on 31st March, 2021
Interest Income	28,74,231	43,11,093
	28,74,231	43,11,093
NOTE 12: EMPLOYEE BENEFIT EXPENSE	For period ended 31st December, 2021	For the year ended on 31st March, 2021
Salaries and Wages	12,82,491	18,69,559
	12,82,491	18,69,559
NOTE 13: OTHER EXPENSES	For period ended 31st December, 2021	For the year ended on 31st March, 2021
Audit Fees & Expenses	30,000	40,000
Bank Charges	9,652	10,063
Legal Fees	5,733	3,540
Professional Fees	50,300	2,55,517
Business Support Charges	-	12,00,000
Professional Tax	-	2,500
Miscellaneous Expenses	1,01,454	1,97,745
Provision for Standard Asset	32,153	-
	2,29,292	17,09,365
NOTE 14: EARNINGS PER SHARE	For period ended 31st December, 2021	For the year ended on 31st March, 2021
Net Profit After Tax (A)	10,35,122	5,56,677
Weighted Average Number of Equity Shares outstanding during the year (B)	31,36,388	31,36,388
Number of Dilutive Potential Equity Shares (C)	NIL	NIL
Basic Earning Per Share (A/B)	0.33	0.18
Dilutive Earning Per Share (A/(B+C))	0.33	0.18



disclosures in the Interim Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the Interim Financial Statements, including the disclosures, and whether the Interim Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For Ambavat Jain & Associates LLP

Chartered Accountants

Firm's Registration No.: 109681W

Atul Ambavat

Partner

Membership No. 113731

Place: Mumbai

Date: 8th March, 2022

UDIN: 22125997AEJZLB1748



1. **SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AS AT 31ST DECEMBER, 2021 AND THE STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED ON THAT DATE:**

a) **Basis of Preparation of Financial Statements:-**

The financial statements have been prepared to comply in all material respects with the Accounting Standards ('AS') notified under Section 133 of the Companies Act, 2013 (the 'Act') read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India (GAAP) and as per the guidelines issued by Reserve Bank of India ('RBI') as applicable to a Non-Banking Financial (Non-deposit accepting or holding) Companies ('NBFC Regulation'). The financial statements have been prepared on an accrual basis and under the historical cost convention. The notified Accounting Standards (AS) are followed by the Company in so far as they are not inconsistent with the NBFC Regulation. The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

b) **Revenue Recognition:-**

Revenues and expenses are accounted on accrual basis. Revenue is recognized when no significant uncertainties exist in relation to the amount of eventual receipt.

Interest income:

Interest income from loans is accounted based on applying interest rate implicit in the contract. In case of non-performing assets interest income is recognized on receipt basis as per NBFC prudential norms.

Interest income on all other assets is recognized on time proportion basis.

Dividend income:

Dividend income is recognized when the shareholders' right to receive payment is established by the balance sheet date. Dividend from the units of mutual funds is recognized on receipt basis in accordance with the NBFC Regulation.

Gains and losses on dealing with securities are recognized on trade date.

Profit/Loss on sale of investments:

Profit/loss earned on sale of investments is recognized on trade date basis. Profit or loss on sale of investments is determined on the basis of the weighted average cost method. 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.

c) **Use of Estimate:-**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Differences between actual results and estimates are recognised in the periods in which the results are known / materialize.

d) **Loans:-**

Loans are stated at the amount advanced, as reduced by the amounts received up to the balance sheet date and loans assigned.

e) **Fixed Assets:-**

Fixed assets are stated at cost of acquisition/construction, and include other direct / indirect and incidental expenses incurred to put them into use. However, the company does not own any fixed assets in the current year.



f) Depreciation/ Amortization:-

Depreciation is provided on Written down Value basis as per the useful life prescribed in Schedule II of the Companies Act, 2013. Depreciation on additions/ deletions is calculated pro-rata from/up to the month of additions/ deletions. However, the company does not own any fixed assets in the current year and consequently there is no depreciation on the same.

g) Investments:-

Investments which are readily realisable 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. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

Current investments are carried in the financial statements at fair value determined on an individual investment basis. Unquoted investments in units of mutual funds are stated at net asset value.

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."

The company does not have any investments in the current year.

h) Retirement Benefits:-

Accrued liability on account of Gratuity up to 31st March, 2021 has not been ascertained and will be accounted for on cash basis.

i) Borrowing costs:-

Borrowing costs consists of interest and other ancillary cost that an entity incurs in connection with borrowing of funds. Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the tenor of borrowings.

j) Taxation:-

Provision for tax is made for both current and deferred taxes. Current tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in subsequent periods are recognized using tax rates and tax laws, which have been enacted or substantively enacted.

k) Provisioning/Write-off on assets

Provisioning/Write-off on overdue assets:-

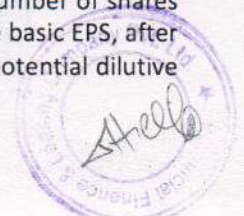
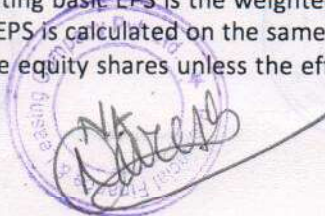
The provisioning/write-off on overdue assets is as per the management estimates, subject to the minimum provision required as per Non-Banking Financial Companies Prudential Norms. The Company accounts for provision for doubtful assets after taking into account the time lag between an accounts becoming overdue, its recognition as such and realisation of available security. The Company classifies non-performing assets which are overdue for six months or more.

Provision on standard assets:-

Provision on standard assets at 0.25% as prescribed by Reserve Bank of India ('RBI') guidelines is provided.

Earnings per Share:-

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax as per Accounting Standard 20 on "Earning Per Share", issued by the institute of Chartered Accountants of India. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the Period. The diluted EPS is calculated on the same basis as the basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of the potential dilutive equity shares is anti-dilutive.



m) Impairment of Assets:-

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any indication exists, the company estimates the recoverable amount of the assets. If such recoverable amount of the asset or the recoverable amount of the cash generating asset 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 profit and loss account. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

n) Foreign Currency Transactions:-

(i) Initial Recognition Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange Differences Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

o) Provisions:-

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

p) Prior Period Adjustments:-

Income/expenses on prior period are booked to natural heads and the amounts are disclosed.

q) Contingent Liabilities:-

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or present obligation that probably will not require an outflow of resources or where reliable estimate of the amount of the obligation cannot be made.

r) Cash and Cash Equivalents:-

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank including fixed deposit with original maturity period of three months and short-term highly liquid investments with an original maturity of three months or less.

