Note – 1

A. Significant Accounting Policies

1. Basis of Preparation of Financial Statements

   a. The financial statements are prepared in accordance with Historical Cost Convention and Accrual Basis of accounting except for certain fixed assets which are revalued, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 2013.

   b. These are presented in accordance with Generally Accepted Accounting Principles in India, provisions of the companies Act, 2013, Accounting Standards notified by the Central Government.

   c. Accounting Policies not specifically referred to otherwise or consistent with generally accepted accounting principles followed by the company.

2. Own Estimates

   The preparation of financial statements requires the management to make estimates and assumptions which are considered to arrive at the reported amounts of assets and liabilities and disclosure of contingent liabilities as on the date of the financial statements and the reported income and expenses during the reporting year. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to the accounting estimates are recognized prospectively in the current and future years.

3. Revenue Recognition

   a. The company generally follows the mercantile system of accounting and recognized income and expenditure on accrual basis expect those with significant uncertainties.

   b. Sales are recognized at the point of dispatch of goods to the customer which coincides with transfer of significant risk and rewards of ownership. Sales are net of trade discount.

   c. Purchases are inclusive of VAT and net of discount and claims.

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4. **Fixed Assets**

   a. Fixed Assets are shown at their historical cost less accumulated depreciation at the prescribed rates. Cost comprises purchase price and any attributable and proportionate cost of those expenses that are incurred for bringing the assets to the working condition for the intended use.

   b. Intangible Assets are recorded at their cost of acquisition

5. **Inventories**

   Inventories of Trading Goods are valued at lower of cost or net realizable value.

6. **Employee Benefits**

   Short term Employees Benefits
   Short term Employees Benefits based on expected obligation on undiscounted basis are recognized as expenses in the Profit and Loss account of the period in which the related service is rendered.

   Defined Contribution Plan
   Company's contribution towards provident fund and Employees state insurance with respect to employees paid / payable during the period to the respective authority are charged to the Profit and Loss account.

   Defined Benefit Plan
   As per the company policy, the liability towards post employment benefit with respect to employees will be charged to revenue account on actual basis.

7. **Earnings per share**

   The basic earnings per share is calculated by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period.

8. **Borrowing Cost**

   Borrowing Costs, up to the date of asset is put to use, is debited to respective asset account. Other borrowing costs are debited to profit and loss account.

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9. <u>Taxes on Income</u>

   a. Current Tax is the amount of tax payable on the taxable income for the year is determined in accordance with the provisions of the Income Tax Act, 1961.

   b. Deferred tax is recognized on timing differences; being the differences between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

10. <u>Contingent Liability</u>

Provision are recognized when the company has a legal and constructive obligation as a result of past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount for the obligation.

Contingent liabilities are disclosed by way of notes to the accounts, when the company has a possible obligation or a present obligation and whose future outcome cannot be ascertain with reasonable certainty.

11. <u>Prior Period Items</u>

Prior Period Items which have material impact on the financial statements of the company are disclosed separately

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