

To,
The Members
Nesco Foundation for Innovation and Development

Board of Directors have pleasure in presenting the 3rd Annual Report of the Company together with the audited financial statements for the financial year ended 31 March 2022.

1. Financial Results

(₹ in lakhs)

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Income	111.20	9.84
Expenditure	103.26	9.44
Surplus / (Deficit) for the year	7.94	0.40
Earning per Share (in ₹)	79.44	4.00

2. Share Capital

The paid-up equity capital as on 31 March 2022 was ₹ 1,00,000/-.

3. Directors

Mrs. Sudha S. Patel was appointed as an Additional Director on 11 November 2021 and has given her consent to act as a director of the Company. Mr. Sumant J. Patel left for his heavenly abode on 17 November 2021.

4. Board Meetings

Pursuant to Section 134(3)(b), during the year under review, five Board Meetings were conveyed and held on 25 May 2021, 30 July 2021, 01 November 2021, 11 November 2021 and 24 January 2022. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

5. Directors' Responsibility Statement as required under Section 134(3)(C) of the Companies Act, 2013

The Directors state that: -

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation by way of notes to accounts relating to material departures;
- The selected accounting policies were applied consistently and the judgments and estimates made by them are reasonable and prudent so as to give true and fair view of

the state of affairs of the Company as at 31 March 2022 and of the profit and loss of the Company for the year ended on that date;

- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The annual accounts have been prepared on a going concern basis.
- e. Directors had laid down internal financial controls to be followed by the Company and that such internal controls are adequate and were operating effectively.
- f. Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

6. Company's Performance

During the year, your Company received ₹ 111.20 lakhs as donations. Out of the above, ₹ 100.22 lakhs were received from Nesco Limited (Holding Company) as contribution towards its CSR activities. Amount contributed were utilized at various places including ₹ 29.84 lakhs for providing infrastructure facilities at schools at Anand, Karamsad; ₹ 0.99 lakhs towards construction of Borewell at a school located at Karamsad; ₹ 62.82 lakhs towards distribution of sanitizers at various schools and educational institutions situated at Anand.

7. Auditors and Audit Report

The Board of Directors in their meeting held on 11 May 2020 in accordance with the provisions of Section 139(1) of the Companies Act, 2013, had appointed M/s Manubhai & Shah LLP, to act as the Statutory Auditors of your Company for a period of five years i.e., till the conclusion of the 6th Annual General Meeting. The Company had received certificate from the Auditors to the effect that the appointment is in accordance with the limits specified under Section 139(9) of the Companies Act, 2013.

The Notes on financial statements referred to in the Auditors Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

8. Safety, Health and Environment

Your Company recognizes its role in health and safety, as well as its responsibility towards environment and society. Safety and security of personnel, assets and environmental protection are also on top of the agenda of the Company.

9. Conservation of energy, technology absorption, foreign exchange earnings and outgo

The provisions of Section 134(3)(m) of the Companies Act, 2013, relating to conservation of energy and technology absorption are not applicable to the Company.

There is no foreign exchange earnings and outgo during the year under review.



10. Particulars of Loan, Guarantee or Investments

Your Company has not made investments under provisions of Section 186 of the Companies Act, 2013.

11. Particulars of Employees

There is no employee in respect to whom information is required to be given pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

12. Annual Return

The Annual Return of the Company as on 31 March 2022 is prepared in Form MGT - 7 in accordance with Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014.

13. Subsidiaries

Your Company is a Wholly Owned Subsidiary of Nesco Limited. There are no subsidiaries of your Company.

14. Related Party Transactions

There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large.

All Contracts or arrangements or transactions entered by the Company with Related Parties were in its ordinary course of business and on an arm's length basis.

15. Indian Accounting Standards

Your Company has adopted Indian accounting Standard (Ind AS) notified by the Ministry of Corporate Affairs and the relevant provisions of the Companies Act, 2013 and general circulars issued from time to time.

16. Acknowledgement

Your Directors thank the shareholders, customers and vendors for the support and their valuable contribution.

For and on behalf of the Board



Krishna S. Patel
Chairman
(DIN: 01519572)

Mumbai, 13 May 2022

CIN No.: U85320MH2019NPL331463

Registered Office: Hall No. 1, Nesco Center, Western Express Highway, Goregaon (East), Mumbai – 400063.

Tel No.: 022 66450123: Fax No.: 022 66450101: Email: nescofoundation@nesco.in



Manubhai & Shah LLP

Chartered Accountants

Independent Auditor's Report

To

The Board of Directors of Nesco Foundation for Innovation and Development

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Nesco Foundation for Innovation and Development** ("the Company"), which comprise the Balance Sheet as at 31st March 2022, the Statement of Income and Expenditure (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as 'the financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2022, the Surplus and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Results* 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 financial results 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have

Manubhai & Shah LLP, a Limited Liability Partnership with LLP identity No.AAG-0878
3C, Maker Bhavan - 2, 18, New Marine Lines, Mumbai-400 020.

Phone : +91 22 66333558 / 59 / 60 Fax : +91 22 66333561, 22037935

Regd. Office : G-4, Capstone, Opp. Chirag Motors, Sheth Mangaldas Road, Ellisbridge, Ahmedabad - 380 006.
Gujarat, India. Phone : +91-79-2647 0000 Fax : +91-79-2647 0050

Email : infomumbai@msglobal.co.in

Website : www.msglobal.co.in

Ahmedabad • Mumbai • NCR • Rajkot • Baroda • Gandhinagar • Udaipur



determined that there are no key audit matters which need to be communicated to the members of the company.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Directors report including annexures but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibilities for the Financial Results

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

In preparing the financial results, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the financial results 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 financial results.

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

- Identify and assess the risks of material misstatement of the financial results, 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. 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 financial results 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.
- Evaluate the overall presentation, structure and content of the financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.



Report on Other Legal and Regulatory Requirements

- 1) The Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, is not applicable to the Company.
- 2) As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Income and Expenditure including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the director is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we would like to state that we are exempted from such reporting vide notification G.S.R 583 (E) dated 13th June, 2017;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, we would like to state that section 197 is not applicable to the Company.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company does not have any pending litigations which would impact on its financial position in its financial statements;
 - (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) (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the notes to accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to accounts, no funds have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under h (iv) (a) and (b) above, contain any material misstatement,
- (v) During the year the Company has neither declared nor paid any dividend.

**FOR MANUBHAI & SHAH LLP
CHARTERED ACCOUNTANTS**

Firm's Registration No: 106041W/W100136



**ASHISH SHAH
PARTNER**

Membership No.: 103750

UDIN: 22103750AIZDVG3790



Mumbai, May 13, 2022

Nesco Foundation for Innovation & Development
(A Company licensed under section 8 of the Companies Act 2013)

Balance Sheet

(₹ in lakhs)

Particulars	Notes	As at 31 March	
		2022	2021
Assets			
Non-Current Assets			
Property, Plant and Equipment	2	4.68	-
Other Intangible Assets	3	0.34	0.43
Financial Assets			
Other Non Current Financial Assets	4	2.82	-
Total Non-Current Assets		7.84	0.43
Current Assets			
Financial Assets			
Cash and Cash Equivalents	5	6.18	0.21
Other Current Assets		0.70	0.20
Total Current Assets		6.88	0.41
Total Assets		14.72	0.84
Equity and Liabilities			
Equity			
Equity Share Capital	6A	1.00	1.00
Other Equity	6B	6.94	(1.00)
Total Equity		7.94	0.00
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Lease Liabilities		3.60	-
Total Non-Current Liabilities		3.60	-
Current Liabilities			
Financial Liabilities			
Lease Liabilities		1.24	-
Trade Payables		-	-
Total Outstanding Dues of Micro Enterprises and Small Enterprises	7	-	-
Total Outstanding Dues of Creditors Other Than Micro Enterprises and Small Enterprises		0.98	0.14
Other Current Financial Liabilities	8	0.73	0.62
Other Current Liabilities	9	0.23	0.08
Total Current Liabilities		3.18	0.84
Total Equity and Liabilities		14.72	0.84

Notes forming part of the financial statements

1 to 22

As per our report of even date

For Manubhai & Shah LLP
Chartered Accountants
FRN: 106041W/W100136



Ashish Shah
Partner
Membership No : 103750

Mumbai, 13 May 2022



For and on behalf of the Board



Sudha S. Patel
Director
DIN - 00187055

Krishna S. Patel
Director
DIN - 01519572



Vietnam, 13 May 2022

Singapore, 13 May 2022



Nesco Foundation for Innovation & Development
(A Company licensed under section 8 of the Companies Act 2013)

Statement of Income and Expenditure

(₹ in lakhs)

Particulars	Notes	For the year	
		2021 - 2022	2020 - 2021
Income			
Donation Received against Ongoing project		100.22	9.84
Donation Received Others		10.50	-
Income from Other Sources		0.48	-
Total Income		111.20	9.84
Expenditure			
Expense on Incubation Facility		6.58	3.13
Expense on Education Facility		29.06	1.05
Expense on Covid-19 Safety & Hygiene measures		59.10	-
Depreciation and Amortisation Expenses		1.39	0.09
Finance Cost		0.42	-
Other Expenses	10	6.70	5.17
Total Expenditure		103.26	9.44
Surplus before tax		7.94	0.40
Tax Expense			
Current Tax		-	-
Deferred Tax		-	-
Total Tax Expense			
Surplus after tax for the year		7.94	0.40
Other Comprehensive Income (OCI)			
(A) Items that will not be reclassified to Statement of Profit and Loss		-	-
a) Remeasurement of Defined Benefit Plans - Net of Tax		-	-
b) Net Fair Value Gain/(Loss) on Investment in Equity Instruments Through		-	-
Other Comprehensive Income			
Total Other Comprehensive Income			
Total Comprehensive Income for the year		7.94	0.40

Earning per Share (face value ₹ 10/- each)			
Basic & Diluted (in ₹)	16	79.44	4.00

Notes forming part of the financial statements 1 to 22

As per our report of even date

For Manubhai & Shah LLP
Chartered Accountants
FRN: 106041W/W100136

For and on behalf of the Board



Ashish Shah
Partner
Membership No : 103750

Mumbai, 13 May 2022




Sudha S. Patel
Director
DIN - 00187055

Krishna S. Patel
Director
DIN - 01519572



Vietnam, 13 May 2022

Singapore, 13 May 2022



Nesco Foundation for Innovation & Development
(A Company licensed under section 8 of the Companies Act 2013)

Cash Flow Statement

(₹ in lakhs)

Particulars	For the Year	
	2021-2022	2020-2021
A) Cash Flow From Operating Activities		
Surplus Before Income Tax	7.94	0.40
Add/(Less):		
Depreciation	1.39	0.09
Finance Cost	0.42	0.00
Operating Profit Before Change In Operating Assets And Liabilities	9.76	0.49
Add/(Less):		
(Increase)/Decrease in Other Operating Assets	(3.32)	(0.20)
Increase/(Decrease) in Trade Payables	0.85	0.14
Increase/(Decrease) in Other Operating Liabilities	0.25	(0.95)
Cash Generated From Operations	7.54	(0.52)
Add/(Less):		
Income Tax Paid (Net of Refund)	-	-
Net Cash Generated from Operating Activities - [A]	7.54	(0.52)
B) Cash Flow From Investing Activities		
Purchase of Fixed Assets / Capital Work In Progress / Capital Advances	(5.99)	-
Net Cash Used in Investing Activities - [B]	(5.99)	0.00
C) Cash Flow Used in Financing Activities		
Increase in Lease Liability	4.83	
Finance Cost	(0.42)	(0.00)
Net Cash Used in Financing Activities - [C]	4.41	(0.00)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	5.97	(0.52)
Cash and Cash Equivalents as at 01 April	0.21	0.73
Cash and Cash Equivalents as at 31 March	6.18	0.21

Notes:

a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7)- Statement of Cash Flow

b) Cash and Cash Equivalents comprises of
Cash On Hand
Balances With Banks in Current Accounts

	(₹ in lakhs)	
	2021-2022	2020-2021
	6.18	0.21
	6.18	0.21

As per our report of even date

For and on behalf of the Board

For Manubhai & Shah LLP
Chartered Accountants
FRN: 106041W/W100136



Ashish Shah
Partner
Membership No : 103750

Mumbai, 13 May 2022




Sudha S. Patel
Director
DIN - 00187055

Vietnam, 13 May 2022



Krishna S. Patel
Director
DIN - 01519572

Singapore, 13 May 2022



**Nesco Foundation for Innovation and Development
Statement of Changes in Equity**

A. Equity Share Capital

(₹ in lakhs)

Balance as at 01 April 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at 01 April 2021	Changes in equity share capital during the current year	Balance as at 31 March 2022
1.00	-	-	-	1.00

(₹ in lakhs)

Balance as at 01 April 2020	Changes in Equity Share Capital due to prior period errors	Restated balance as at 01 April 2020	Changes in equity share capital during the previous year	Balance as at 31 March 2021
1.00	-	-	-	1.00

B. Other Equity

As at 31 March

2022

2021

Retained Earnings

Balance at the beginning
Surplus for the year
Balance at the end

(1.00)
7.94
6.94

(1.40)
0.40
(1.00)

As per our report of even date

For and on behalf of the Board

For Manubhai & Shah LLP
Chartered Accountants
FRN: 106041W/W100136



Ashish Shah
Partner
Membership No : 103750

Mumbai, 13 May 2022




Sudha S. Patel
Director
DIN - 00187055

Vietnam, 13 May 2022



Krishna S. Patel
Director
DIN - 01519572

Singapore, 13 May 2022



1. Statement of significant accounting policies and practices

A. Corporate Information

Nesco Foundation for Innovation and Development ("the Company"), a non-profit making Company, within the meaning of Section 8 of the Companies Act, 2013, was incorporated in India on 9 October, 2019. The Company is primarily engaged in CSR activities which are mainly in line with the specified areas for CSR in Schedule VII of Companies Act, 2013.

B. Basis of preparation: - Compliance with Ind AS

These financial statements have been prepared in compliance with Indian Accounting Standards (Ind-AS) notified under section 133 of the Companies Act 2013 (The Act) [the Companies (Indian Accounting Standards) Rules, 2015], and other relevant provisions of the Act, on the accrual basis under historical cost convention.

C. Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialized and if material, their effects are disclosed in the notes to the financial statements.

D. Current/ non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's Normal operating cycle and other criteria set out in Schedule-III of the Act. For the purpose of current / non-current classification of assets and liabilities, the company has ascertained its normal operating cycle as 12 months. This is based on the nature of services and the time between the acquisition of assets and their realization in cash and cash equivalents.

E. Intangible Assets

Intangible Assets are stated at cost of acquisition less accumulated amortization and accumulated impairment, if any. Amortization is done over their estimated useful life on straight line basis from the date that they are available for intended use, subjected to impairment test. Purchase cost and consultancy fees for major software are amortized over the useful life of the software. Software, which is not an integral part of the related hardware is classified as an intangible asset and is amortized over the useful life of 6 years.

F. Revenue recognition

Revenue is recognized only when it can be reliably measured, and it is reasonable to expect ultimate collection.

G. Cash and cash equivalents

Cash and cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short term highly liquid investments where the original maturity is three months or less.



H. Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1. Investments and other Financial Assets:

(i) Classification:

The Company classifies its financial assets in following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost

The classification depends on entity's business model for managing financial assets and the contractual terms of cash flow.

(ii) Initial recognition and measurement:

At initial recognition, the Company measures a financial asset at fair value, plus in case of a financial asset not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transactions costs of financial assets carried at fair value through profit and loss are expensed in profit or loss.

(iii) Financial Assets measured at amortised cost:

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. A gain or loss on such an instrument is recognised in profit or loss. Interest income from these financial assets is included in other income using effective interest method. The losses arising from impairment are recognised in the Statement of Profit and Loss.

(iv) Financial Assets measured at fair value through other comprehensive income (FVTOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where represent solely payments of principal and interest, are measured at fair value initially as well as at each reporting date through other comprehensive income. Fair value movements in the carrying amount are recognized in the other comprehensive income, except for the recognition of impairment of gains and losses, interest revenue and foreign exchange gain or loss which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

(v) Financial Assets measured at fair value through profit or loss (FVTPL):

Assets that do not meet the criteria for amortised cost or FVTOCI are measured initially as well as at each reporting date at fair value through profit or loss as other income. Income from these financial assets is included in other income.

(vi) Investment in Subsidiary and Associates:

