Significant Accounting Polices

a. **BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP) under the historical cost convention, on accrual basis except for insurance claims, Interest in respect of debts considered doubtful and Interest in respect of dues from Government Companies / Institutions which are on cash basis. GAAP comprises mandatory Accounting Standards as specified under Sec. 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use.

b. **USE OF ESTIMATES**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the year.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference, if any, between the actual results and estimates are recognized in the period in which the results are known / materialized.

c. **INVENTORIES**

Inventories are valued at lower of Cost and Net Realizable Value. The cost has been measured on specific cost attributed to identified items of inventory.

The Company has a policy of charging off any packing materials purchased during the year to Statement of Profit & Loss.

d. **CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

e. **DEPRECIATION**

Fixed Assets are depreciated on Straight Line method based on the Useful Lives of the respective assets as prescribed by Schedule II to the Companies Act, 2013.

Depreciation for assets purchased / sold during a period is charged on pro-rata basis.

f. REVENUE RECOGNITION

Revenue is recognized when significant risks and rewards of ownership of goods have passed on to buyer. Revenue is exclusive of VAT and Sales Tax.

Interest is recognized using the time-proportion method, based on rates implicit in the transaction.

g. TANGIBLE ASSETS

Tangible assets are stated at cost net of tax/duty credit availed, if any, and accumulated depreciation

Costs include all expenses incurred to bring the assets to its present location and condition. Direct costs are capitalized until fixed assets are ready for use.

h. Government Grants

Government Grants are recognized when there is a reasonable assurance that the company will comply with the conditions attached to them and the grants will be received.

The Government Grants received or receivable is recognized by deducting it from the related expense or the carrying value of the Fixed Asset as the case may be.

i. EMPLOYEE BENEFITS

(i) SHORT TERM EMPLOYEE BENEFITS

All employee benefits falling due wholly within 12 months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences, etc. and the expected cost of bonus, ex-gratia and performance incentives, are charged to Statement of Profit & Loss of the year in which the employee renders the related service.

(ii) POST-EMPLOYMENT BENEFITS AND OTHER LONG TERM EMPLOYEE BENEFITS

(a) DEFINED CONTRIBUTION PLANS

These are plans in which the company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contribution to the Employees Provident Fund, ESI and the like. The company’s payments to the Defined contribution plans are charged to the Statement of Profit & Loss of the year when the employees renders the related service that the payment covers.

(b) DEFINED BENEFIT PLANS

The Company has set up a Gratuity Trust. As per the Trust rules, all the employees of the Company excluding those on deputation are eligible for gratuity. The trust has taken a Group Gratuity policy with Life Insurance Corporation of India and the premium paid there under is based on actuarial valuation.

The actuarial valuation of the gratuity liability and the funding required is on a group basis and not on individual basis. As this policy is based on cash accumulation scheme, the payment of the premium will vary every year depending upon the retirement / resignation / termination / dismissal / death of the employees.

Provision for Leave Encashment is provided for on the basis of an Actuarial Valuation on projected unit credit method made at the end of financial period according to actuarial valuation.

j. BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of a qualifying asset are capitalized as a part of cost of such asset till such time as the asset is ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Statement of Profit and Loss.

k. EARNINGS PER SHARE

Basic EPS is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year.

The Diluted EPS is calculated on the same basis as Basic EPS, after adjusting for the effects of all dilutive potential equity shares.

l. INCOME TAXES

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

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such assts. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their reliability.

m. IMPAIRMENT OF ASSETS

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset / Cash Generating unit may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the assets' net selling price and value in use.

n. PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized if, as a result of a past event, Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date.

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

o. SUNDRY DEBTORS

The Age-wise classification of Debts has been made according to the age of the principal amount from the date they are due. Interest accrued and other expenses incurred thereon are also classified under the age of Principal amount.

a) Interest in respect of debts considered doubtful and provided for is recognized on actual realization.

b) Interest in respect of dues from Government Companies / Institutions is recognized on actual realization.