

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NSE STRATEGIC INVESTMENT CORPORATION LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **NSE STRATEGIC INVESTMENT CORPORATION LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (together hereinafter referred to as "Standalone Ind AS Financial Statements").

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS 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 Ind AS financial statements in accordance with the Standards on Auditing 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 standalone Ind AS financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.


Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
 - (e) on the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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, refer to our separate Report in "Annexure B"; and



- (g) 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 its financial position – Refer Note 29 to the standalone Ind AS financial statements;
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note 30 to the standalone Ind AS financial statements;
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company – Refer Note 31 to the standalone Ind AS financial statements;
 - (iv) The disclosure regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made since the requirement does not pertain to financial year ended March 31, 2018.

For Khandelwal Jain & Co
Chartered Accountants
Firm's Registration No. 105049W


S. S. Shah
Partner
Membership No. 033632



Place : Mumbai
Date : April 30, 2018

KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

Website: www.kjco.net • E-mail: kjco@kjco.net

6-B&C, Pil Court, 6th Floor,
111, M. Karve Road, Churchgate,
Mumbai - 400 020.
Tel.: (+91-22) 4311 5000
Fax : 4311 5050

12-B, Baldota Bhavan, 5th Floor,
117, M. Karve Road, Churchgate,
Mumbai - 400 020.
Tel.: (+91-22) 4311 6000
Fax : 4311 6060

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF NSE STRATEGIC INVESTMENT CORPORATION LIMITED

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statement for the year ended March 31, 2018. We report that:

- i) The Company does not have fixed assets. Therefore, the provisions of clause 3(i) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- ii) The Company is a Core Investment Company as defined under The CICs (Reserve Bank) Directions, 2011. Accordingly, it does not hold physical inventories. Therefore, the provisions of clause 3(ii) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of clause 3(iii) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v) The Company has not accepted any deposits from the public.
- vi) We are informed that the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013.
- vii) a) According to the information and explanations given to us and on the basis of records examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other statutory dues, wherever applicable. According to the records of the Company, there were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
b) According to the information and explanations given to us, there were no dues of Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Custom, Duty of Excise and Value Added Tax which have not been deposited with the appropriate authorities on account of any dispute.
- viii) The Company has not taken any loan from banks, financial institutions or government and the Company has not issued any debentures. Therefore, the provisions of clause 3(viii) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- ix) The Company has not taken any term loans and has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause 3(ix) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.



- x) Based upon the audit procedures performed and information and explanations given to us, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations given to us, the Company has not paid or provided managerial remuneration. Therefore, the provisions of clause 3(xi) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and section 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone Ind AS Financial Statements as required by the applicable Indian Accounting Standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause 3(xiv) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause 3(xv) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Khandelwal Jain & Co
Chartered Accountants
Firm's Registration No. 105049W



S. S. Shah
Partner

Membership No. 033632



Place : Mumbai
Date : April 30, 2018

NSE STRATEGIC INVESTMENT CORPORATION LIMITED
BALANCE SHEET AS AT MARCH 31, 2018

(₹ In Lakh)

Particulars	Notes	As at 31.03.2018	As at 31.03.2017
ASSETS			
1 Non-current assets			
a Property, Plant and Equipments		-	-
b Capital work-on-progress		-	-
c Other Intangible assets		-	-
d Intangible assets under development		-	-
e Investments in Subsidiaries, Associates and Joint Ventures	3	69,533.79	76,689.87
f Financial Assets			
i Investments	3	27,977.21	22,646.64
ii Loans		-	-
iii Others		-	-
g Income Tax Assets (Net)	13	18.16	0.44
h Deferred tax assets (Net)		-	-
i Other non-current assets	5	-	0.01
Total non-current Assets		<u>97,529.16</u>	<u>99,336.96</u>
2 Current assets			
a Financial Assets			
i Investments		-	-
ii Trade receivable		-	-
iii Cash and Cash equivalents	7	64.08	11.77
iv Bank balances other than (iii) above		-	-
v Other Financial Assets	4	-	25.60
b Other current assets	6	0.01	0.04
		<u>64.09</u>	<u>37.41</u>
3 Asset Classified as Held for Sale	8	6,863.25	-
Total Current Assets		<u>6,927.34</u>	<u>37.41</u>
TOTAL ASSETS		<u>1,04,456.50</u>	<u>99,374.37</u>
EQUITY AND LIABILITIES			
(A) EQUITY			
a Share capital	9 (a)	82,599.34	82,599.34
b Other Equity	9 (b)	21,622.14	15,850.71
TOTAL EQUITY		<u>1,04,221.48</u>	<u>98,450.05</u>
(B) LIABILITIES			
1 Non-current liabilities			
a Financial Liabilities			
i Deposits (Unsecured)		-	-
ii Other financial liabilities (Other than Provisions in (b) below)		-	-
b Provisions		-	-
c Deferred tax liabilities (Net)	11	95.40	423.64
d Other non-current liabilities		-	-
Total Non-current liabilities		<u>95.40</u>	<u>423.64</u>
2 Current liabilities			
a Financial Liabilities			
i Deposits (Unsecured)		-	-
ii Trade Payables		-	-
iii Other financial liabilities	10		
- dues payable to holding company		109.30	171.41
- dues payable to others		8.90	3.25
		<u>118.20</u>	<u>174.66</u>
b Provisions		-	-
c Other current liabilities	14	21.16	27.13
d Income Tax Liabilities (Net)	12	0.26	298.89
Total current liabilities		<u>139.62</u>	<u>500.68</u>
TOTAL EQUITY AND LIABILITIES		<u>1,04,456.50</u>	<u>99,374.37</u>

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For KHANDELWAL JAIN & CO.


Chartered Accountants

Firm's Registration no : 105049W


S.S. Shah
Partner
Membership No **083632**



For and on behalf of the Board of Directors


S B Mathur
Chairman
DIN: 00013239


Y H Malegam
Director
DIN: 00092017


J Ravichandran
Managing Director
DIN: 00073736


Premal Shah
Chief Financial Officer


Vidhi Jobanputra
Company Secretary



Place : Mumbai
Date : April 30, 2018

NSE STRATEGIC INVESTMENT CORPORATION LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2018

Particulars	Notes	(₹ in Lakh)	
		For the year ended 31.03.2018	For the year ended 31.03.2017
Income			
Revenue from operations	15	11,554.53	5,204.23
Other income	16	3.60	3.60
Total Income		11,558.13	5,207.83
Expenses			
Provision for diminution in value of investment in Associate Company	3(c)	292.83	2,162.71
Cost of investment written off	3(e) & (f)	0.09	99.99
Employee benefits expense	25	134.25	165.92
Finance Cost		-	-
Depreciation and amortisation expense		-	-
Other expenses	17	488.35	140.95
Total Expenses		915.52	2,569.57
Profit before tax		10,642.61	2,638.26
Less : Tax expenses			
Current tax		402.41	356.10
Deferred tax		(328.25)	250.81
Total tax expenses		74.16	606.91
Net Profit after tax for the year (A)		10,568.45	2,031.35
Other Comprehensive Income			
Items that will not be reclassified to profit or loss		-	-
Income tax relating to items that will not be reclassified to profit or loss		-	-
Total Other Comprehensive Income for the year (B)		-	-
Total Comprehensive Income for the year (A+B)		10,568.45	2,031.35
Earnings per equity share (Face Value ₹ 10 each)			
- Basic (₹)	18	2.56	0.49
- Diluted (₹)	18	1.28	0.25

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors

For KHANDELWAL JAIN & CO.
Chartered Accountants
Firm's Registration no : 105049W

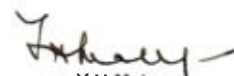

S.S. Shah
Partner

Membership No. 033632





S B Mathur
Chairman
DIN: 00013239



Y H Malegam
Director
DIN: 00092017

Place : Mumbai
Date : April 30, 2018



J Ravichandran
Managing Director
DIN: 00073736



Premal Shah
Chief Financial Officer



Vidhi Jobanputra
Company Secretary



NSE STRATEGIC INVESTMENT CORPORATION LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Lakh)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	10,642.61	2,638.26
Adjustments for :		
Profit on Sale of Investments	(122.85)	(139.86)
Adjustment to the carrying amount of Investments	(1,698.65)	(1,516.79)
Dividend Income	(9,733.03)	(3,539.43)
Provision for diminution in value of investment in Associate Company	292.83	2,162.71
Cost of investment written off	0.09	99.99
Interest Income	-	(8.14)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(619.00)	(303.26)
Adjustments for :		
Sale of Mutual Funds	6,140.93	930.00
Purchase of Mutual Funds	(9,650.00)	(3,698.00)
Investment In Other Equity Instruments	(0.10)	-
Investment In Subsidiary and Associate company	-	(730.00)
Redemption of Fixed Deposits	-	198.00
Current Assets / Loans & Advances	25.64	17.83
Current Liabilities & Provisions	(62.42)	63.18
CASH GENERATED FROM OPERATIONS BEFORE DIVIDEND INCOME	(4,164.95)	(3,522.25)
Interest Received	-	8.14
Dividend Income	9,733.03	3,539.43
CASH GENERATED FROM OPERATIONS	5,568.08	25.32
Direct Taxes paid (Net of Refunds)	(718.75)	(35.74)
NET CASH FROM (USED IN) OPERATING ACTIVITIES - Total (A)	4,849.33	(10.42)
B) CASHFLOW FROM INVESTING ACTIVITIES	-	-
NET CASH FROM (USED IN) INVESTING ACTIVITIES - Total (B)	-	-
C) CASHFLOW FROM FINANCING ACTIVITIES		
Dividend paid to equity shareholders	(2,312.93)	-
Dividend paid to Preference shareholders	(2,477.83)	-
Dividend Distribution Tax Paid	(6.26)	-
Share Issue Expenses	-	-
NET CASH FROM (USED IN) FINANCING ACTIVITIES - Total (C)	(4,797.02)	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	52.31	(10.42)
CASH AND CASH EQUIVALENTS : OPENING BALANCE	11.77	22.19
CLOSING CASH AND CASH EQUIVALENTS : CLOSING BALANCE	64.08	11.77
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT	52.31	(10.42)


Notes to Cash Flow Statement :

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS 7 on Cash Flow Statements notified under the Companies (Accounting Standards) Rules, 2015.
- Previous years' figures are regrouped, reclassified and rearranged wherever necessary.

As per our report of even date attached

For KHANDELWAL JAIN & CO.
Chartered Accountants

Firm's Registration no : 105049W


S. S. Shah
Partner
Membership No. 033632



For and on behalf of the Board of Directors



S B Mathur
Chairman
DIN: 00013239


J Ravichandran
Managing Director
DIN: 00073736


Y H Malegam
Director
DIN: 00092017


Premal Shah
Chief Financial Officer




Vidhi Jobanputra
Company Secretary

Place : Mumbai
Date : April 30, 2018

NSE STRATEGIC INVESTMENT CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

(A) Share Capital (₹ in Lakh)

	31.03.2018	31.03.2017
Balance as at	82,599.34	82,599.34

(B) Other Equity (₹ in Lakh)

Particulars	Retained Earnings	CSR Reserve	Total
Balance as at 01.04.2016	13,819.36	-	13,819.36
Profit for the year	2,031.35	-	2,031.35
CSR Reserve	(97.78)	97.78	-
Balance as at 31.03.2017	15,752.93	97.78	15,850.71
Balance as at 01.04.2017	15,752.93	97.78	15,850.71
Profit for the year	10,568.45	-	10,568.45
Transfer from CSR Reserve	97.78	(97.78)	-
Transactions with owners in their capacity as owners			
Less: Interim Dividend paid to equity shareholders [refer note 9(b)]	(2,312.93)	-	(2,312.93)
Less: Interim Dividend paid to preference shareholders [refer note 9(b)]	(2,477.83)	-	(2,477.83)
Less: Dividend Distribution Tax paid [refer note 9(b)]	(6.26)	-	(6.26)
Balance as at 31.03.2018	21,622.14	-	21,622.14

As per our report of even date attached

For and on behalf of the Board of Directors

For KHANDELWAL JAIN & CO.
Chartered Accountants
Firm's Registration no : 105049W


S.S. Shah
Partner
Membership No.: 033632





S B Mathur
Chairman
DIN: 00013239


Y H Malegam
Director
DIN: 00092017

Place : Mumbai
Date : April 30, 2018


J Ravichandran
Managing Director
DIN: 00073736


Premal Shah
Chief Financial Officer


Vidhi Jobanputra
Company Secretary



1 Background of the Company

The Company is inter alia, formed to make or hold all strategic investments in the equity shares and / or other securities of various companies. It holds more than 90% of its net assets in the form of investment in equity shares in group companies, not held for the purpose of trading, it also holds more than 60% of its net assets as investment in equity shares and does not carry any other financial activity. The Company did not raise or hold public funds. In view of the same, the Company is not required to be registered with RBI as per the directions laid down in Core Investment Companies (Reserve Bank) Directions, 2011.

2 Significant accounting policies :

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS financial statements"). These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of Compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

(b) Basis of Preparation

These financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Companies Act, 2013 and Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015], Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that are measured at fair value, and
- defined benefit plans - plan assets measured at fair value
- Non-Current Assets classified as held for sale at Lower of their carrying amount and fair value less cost of sale

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of allowances, incentives, service taxes and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and there is reasonable certainty of ultimate realisation. The sources of revenue are:

(i) Dividend

Dividends are recognised in profit and loss only when the shareholder's right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be reliably measured.

(ii) Interest

Interest income is recognised on a time proportion basis, taking into account the amount outstanding and the rate applicable.

(iii) All other revenue is recognised in the period in which the service is provided.

(d) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current tax, deferred tax and dividend distribution tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The company recognizes MAT credit available as an asset only to the extent there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT Credit is allowed to be carried forward. In the year in which the Company recognizes MAT Credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the sufficient period.

(e) Impairment of Non Financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

