Max I. Limited
Balance sheet as at March 31, 2022

(Rs. in '000)

	Notes No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
Financial assets			
(i) Cash and cash equivalents	3	364	195
(ii) Investments	4	2,70,849	2,66,291
(iii) Other financial assets	5	1,312	1,297
		2,72,525	**2,67,783**
Non financial assets			
(i) Current tax assets (net)	6	2,363	-
(ii) Deferred tax Asset (Net)	13	1,353	
(iii) Property, plant and equipment	7	6	6
(iv) Other non-financial assets	8	6	9
		3,728	**15**
TOTAL ASSETS		**2,76,253**	**2,67,798**
LIABILITIES AND EQUITY			
Financial liabilities			
(i) Trade payables	9		
(a) Total outstanding dues of micro enterprises and small enterprises		-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		228	201
(ii) Borrowings	10	57,353	28,939
(iii) Other financial liabilities	11	443	1
		58,024	**29,141**
Non financial liabilities			
Provisions	12	-	14,943
Deferred tax Liabilities (Net)	13	-	596
		-	**15,539**
TOTAL LIABILITIES		**58,024**	**44,680**
Equity			
Equity share capital	14	500	500
Other equity	14	2,17,729	2,22,618
Total equity		**2,18,229**	**2,23,118**
TOTAL LIABILITIES AND EQUITY		**2,76,253**	**2,67,798**
Summary of significant accounting policies	2		
Other notes on accounts	3-29		

The accompanying notes are integral part of the financial statements

DINESH KUMAR BACHCHAS
Partner
Membership No 097820
For and on behalf of
K .K. MANKESHWAR & CO.
Chartered Accountants
FRN: 106009W

K.K. Mankeshwar & Co. Chartered Accountants

New Delhi, dated the 16th May 2022

For and on behalf of board of directors of
Max I. Limited

Nitin Kumar Kansal
(Director)
(DIN: 03048794)

Rohit Rajput
(Director)
(DIN: 07944150)

Place : Noida
Date : 16-May-2022

Max I. Limited

Statement of profit and loss for the year ended March 31, 2022

	Notes No.	for the year ended March 31, 2022	(Rs. in '000) for the year ended March 31, 2021
REVENUE FROM OPERATIONS			
Net Gain on stake sale		87	3,36,916
Other income		-	325
Total income		87	3,37,241
EXPENSES			
Finance costs	15	4,522	38,561
Employee benefits expense	16	-	2,196
Depreciation and amortization expense	17	-	13
Other expenses	18	2,749	2,76,947
Total expenses		7,271	3,17,717
Exceptional item		-	2,69,986
Profit/(Loss) before tax		**(7,184)**	**(2,50,463)**
Tax expenses			
- Current tax		-	16,053
- Tax for earlier year		(487)	-
- Deferred tax	19	(1,808)	(77,808)
Total tax expense		**(2,295)**	**(61,755)**
Profit/(Loss) after tax		**(4,889)**	**(1,88,708)**
Other comprehensive income/(loss)			
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plans		-	-
Income tax effect		-	-
		-	-
Other comprehensive income/(loss) for the year,		-	-
Total comprehensive income for the year,		**(4,889)**	**(1,88,708)**
Earnings per equity share (Nominal Value of share Rs.10/-)	20		
Basic (Rs.)		(97.78)	(3,774.16)
Diluted (Rs.)		(97.78)	(3,774.16)
Summary of significant accounting policies	2		
Other notes on accounts	3-29		

The accompanying notes are integral part of the financial statements

For and on behalf of board of directors of
Max I. Limited

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(DIN: 07944150)

Place : Noida
Date : 16-May-2022

Max I. Limited
Statement of cash flows for the year ended March 31, 2022

	for the year ended March 31, 2022	for the year ended March 31, 2021
		(Rs. in '000)
Cash flow from operating activities		
Profit/(Loss) before tax	(7,184)	(2,50,463)
Adjustments to reconcile profit/(loss) before tax to net cash flows:		
Depreciation and Amortization	-	13
Exceptional item	-	2,69,986
Net Gain on stake sale	(87)	(3,36,916)
Finance costs (including fair value change in financial instruments)	4,522	38,561
Operating profit before working capital changes	**(2,749)**	**(2,78,819)**
Working capital adjustments:		
Movements in provision	-	(468)
(Increase)/decrease in trade and other receivables and prepayments	(1,366)	1,792
Increase/(decrease) in trade and other payables	469	(3,585)
Cash generated from operations	**(3,646)**	**(2,81,080)**
Income tax paid	(16,819)	78
Net cash flows used in operating activities	**(20,465)**	**(2,81,002)**
Cash flow from investing activities		
Sale of investment in company	1,105	10,95,104
Acquisition of a company/investment in company	(5,576)	(2,53,766)
Net cash flows used in investing activities	**(4,471)**	**8,41,338**
Cash flow from financing activities		
Interest paid	(4,522)	(39,576)
Proceeds from borrowings	35,400	35,400
Repayment of borrowings (including unsecured debentures)	(5,773)	(5,56,585)
Net cash flows from financing activities	**25,105**	**(5,60,762)**
Net increase/(decrease) in cash and cash equivalents	169	(426)
Cash and cash equivalents at the beginning of the year	195	621
Cash and cash equivalents at year end	**364**	**195**

Components of cash and cash equivalents :-

	As at March 31, 2022	As at March 31, 2021
Balances with banks:		
On current accounts	364	195
	364	**195**

Summary of significant accounting policies	2
Other notes on accounts	3-29

The accompanying notes are integral part of the financial statements

DINESH KUMAR BACHCHAS
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Max I. Limited

Nitin Kumar Kansal
(Director)
(DIN: 03048794)

Rohit Rajput
(Director)
(DIN: 07944150)

Place : Noida
Date : 16-May-2022

Max I. Limited
Statement of changes in equity for the year ended March 31, 2022

a) Equity share capital

Particulars	Nos.	(Rs. in '000)
As at March 31, 2020	50,000	500.00
Add: Equity share issued during the year	-	-
As at March 31, 2021	50,000	500.00
Add: Equity share issued during the year	-	-
As at March 31, 2022	**50,000**	**500.00**

b) Other equity (Rs. in '000)

Particulars	Reserves and surplus			Total equity
	Equity component (Deemed equity)	Special reserve account	Retained earnings	
As at March 31, 2020	**1,87,815**	**33,064**	**2,36,478**	**4,57,357**
Profit/(Loss) for the year	-	-	(1,88,708)	(1,88,708)
Equity component of non-convertible debentures	(46,031)	-	-	(46,031)
Transferred to special reserve account	-	-	-	-
Other comprehensive income for the year, net of tax	-	-	-	-
As at March 31, 2021	**1,41,784**	**33,064**	**47,770**	**2,22,618**
Profit/(Loss) for the year	-	-	(4,889)	(4,889)
Equity component of non-convertible debentures	-	-	-	-
Transferred to special reserve account	-	-	-	-
Other comprehensive income for the year, net of tax	-	-	-	-
As at March 31, 2022	**1,41,784**	**33,064**	**42,881**	**2,17,729**

Summary of significant accounting policies 2
notes on accounts 3-29

The accompanying notes are integral part of the financial statements

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New Delhi, dated the 16th May 2022

For and on behalf of board of directors of
Max I Limited

Nitin Kumar Kansal
(Director)
(DIN: 03048794)

Rohit Rajput
(Director)
(DIN: 07944150)

Place : Noida
Date : 16-May-2022

Max I. Limited

1 Corporate Information

Max I. Limited (the Company) is a company registered under Companies Act, 2013 and incorporated on June 23, 2016. The Company is a non-deposit taking non-banking financial company ('NBFC') registered with the Reserve Bank of India ('RBI') with effect from 5 April 2019 with Registration No. N-06.00619. The Company is having investments in various companiess and primarily engaged in growing and nurturing these business investments and providing shared services to group companies. Registered office of the Company is located at 419, Bhai Mohan Singh Nagar, Village Railmajra, Tehsil Balachaur, Nawanshehar, Punjab - 144533

The financial statements were authorised for issue in accordance with a resolution of the directors on May 16, 2022

2 Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Companies (Indian Accounting Standard) Rule, 2015. The Company has prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value

(i) Certain financial assets and liabilities

Financial Statement are presented in INR and all values are rounded to nearest thousands (INR 000) except when otherwise stated

2.2 Summary of significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

(i) Expected to be realized or intended to be sold or consumed in normal operating cycle

(ii) Held primarily for the purpose of trading

(iii) Expected to be realized within twelve months after the reporting period, or

(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle

(ii) It is held primarily for the purpose of trading

(iii) It is due to settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Property, Plant and Equipment

Property, Plant and equipment including capital work in progress are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of CENVAT credit and GST credit availed wherever applicable. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their respective useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Capital work- in- progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

K.K. Mankeshwar & Co. Chartered Accountants

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on property, plant and equipment is provided on prorata basis on straight-line method using the useful lives of the assets estimated by management and in the manner prescribed in Schedule II of the Companies Act 2013. The useful life is as follows:

Assets	Useful lives estimated by the
Computers	3- 6 Years

c. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development cost, are not capitalized and the related expenditure is reflected in statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets are disposed off.

Intangible assets with finite useful life are amortized on a straight line basis over their estimated useful life of 3-6 years.

d. Impairment of non financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's, recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For the remaining economic life of the asset or cash-generating unit (CGU), a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses including impairment on inventories, are recognized in the statement of profit and loss.

After impairment, depreciation is provide on the revised carrying amount of the asset over its remaining economic life.

An assessments is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

e. 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.

(i) Financial assets

The Company classified its financial assets in the following measurement categories :-

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit & loss)
- Those measured at amortized cost

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Initial recognition and measurement

All financial assets (other than equity in subsidiaries) are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Equity investment in subsidiaries are recognised at cost. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset. The difference between the transaction amount and amortised cost in case of interest free loan to subsidiaries based on expected repayment period is considered as deemed investment.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

(i) Debt instruments at amortized cost

(ii) Equity instruments at fair value through profit or loss (FVTPL)

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(i) Business model test : The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows (rather than to sell the instrument prior to its contractual maturity to released its fair value change), and

(ii) Cash flow characteristics test : Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. EIR is the rate that exactly discount the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate to the gross carrying amount of financial assets. When calculating the effective interest rate the company estimate the expected cash flow by considering all contractual terms of the financial instruments. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Equity investments of other entities

All equity investments in scope of IND AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which IND AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income all subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

-the rights to receive cash flows from the asset have expired, or

-the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either;

(a) the Company has transferred the rights to receive cash flows from the financial assets or

(b) the Company has retained the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all the risks and rewards of the ownership of the financial assets. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all the risks and rewards of the ownership of the financial assets, the financial asset is not derecognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

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Impairment of financial assets

In accordance with IND AS 109, the Company applies expected credit losses (ECL) model for measurement and recognition of impairment loss on the following financial asset and credit risk exposure

- Financial assets measured at amortised cost; eg Loans, Security deposits, trade receivable, bank balance , other financial assets etc.

The Company follows "simplified approach" for recognition of impairment loss allowance on trade receivables. Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivable and is adjusted for estimates. At every reporting date, the historical observed default rates are updated and changes in the estimates are analyzed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12- months ECL.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, net of directly attributable transaction costs. The Company financial liabilities include loans and borrowings including bank overdraft, trade payable, trade deposits, retention money and other payables.

The measurement of financial liabilities depends on their classification, as described below:

Trade Payables

These amounts represents liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using EIR method.

K.K. Mankeshwar & Co.
Chartered Accountants

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or medication is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

f. Revenue recognition

Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The following specific recognition criteria must also be met before revenue is recognized:

Gain on sale of Investments

On disposal of an investment, the difference between the carrying amount and net disposal proceeds is recognised to the profit and loss statement.

Interest Income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

g. Taxes: Taxes comprises current income tax and deferred tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income Tax Act, 1961 and the income computation and disclosure standards (ICDS) enacted in India by using tax rates and tax laws that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate, if any.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences except:

► When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

► In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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Deferred tax assets (including MAT credit) are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

► When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

► In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets (including MAT credit available) is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside the statement of profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Company recognizes MAT credit available as an asset only to the extent that 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 Alternative 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 specified period.

Sales/ value added tax/ GST paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes/ GST (Goods and Service Tax) paid, except:

► When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

► When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balanc

h. Borrowing costs

Borrowing cost includes interest expense as per effective interest rate [EIR]. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset until such time that the asset are substantially ready for their intended use. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

i. Provision and Contingent liabilities

Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value (except where time value of money is material) and are determined based on the best estimate required to settle the obligation at the reporting date when discounting is used, the increase in provision due to passage of time is recognised as finance cost. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognized because it cannot be measured reliably. the Company does not recognize a contingent liability but discloses its existence in the restated financial statements unless the probability of outflow of resources is remote.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

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Max I. Limited

j, Employee benefits

Provident fund

The Company contributed to employees provident fund benefits through a trust "Max Financial Services Limited Provident Fund Trust" managed by Max Financial Services Limited (erstwhile Max India Limited) whereby amounts determined at a fixed percentage of basic salaries of the employees are deposited to the trust every month. The benefit vests upon commencement of the employment. The interest rate payable by the trust to the beneficiaries every year is notified by the government and the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company has obtained actuarial valuation to determine the shortfall, if any, as at the Balance Sheet date.

Gratuity

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit

Net interest is calculated by applying the discount rate to the net defined benefit (liabilities/assets). The Company recognized the following changes in the net defined benefit obligation under employee benefit expenses in statement of profit and loss

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in

Compensated Absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit .The Company measures the expected cost of such absences as the additional amount that it it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end .Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period 12 months, the same is presented as non-current liability.

Short-term obligations

Liabilities for wages and salaries, including non monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employee service upto the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. the liabilities are presented as current employee benefit obligations in the balance sheet.

Liabilities for wages and salaries, including non monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employee service upto the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. the liabilities are presented as current employee benefit obligations in the balance sheet.

k. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

l. Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

m. Foreign currencies

Items included in the restated financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Company's restated financial statements are presented in Indian rupee (`Rs.) which is also the Company's functional and presentation currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate prevailing at the date of transaction. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Measurement of foreign currency items at the balance sheet date

Foreign currency monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

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