SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Note no 1) Corporate Information:

Pune E Stock Broking Private Limited is a private limited company incorporated in the year 2007. It is a broking entity offering a plethora of Stock Broking and Investment related services all over the western parts of India. Following are the types of Services offered at Pune E stock Broking Private Limited: -

Stock Broking Services
Mutual Funds Distribution
Depository Services

Pune E Stock Broking Private Limited is one of Pune's top corporate broking houses. Pune E Stock Broking has membership in all the leading stock Exchanges in the country. Pune E Stock Broking has membership with National Stock Exchange of India Ltd. (NSE) – Cash and Derivatives Segments, NSE Currency segment, Bombay Stock Exchange Ltd. (BSE) and MCX-SX Cash, Derivatives and Currency Segment and DP of CDSL for Equity and Commodities.

Note no 2) Significant Accounting Policies:

a) Basis of Preparation of Financial statements

These financial statements have been prepared under the historical cost convention. Company follows mercantile system of accounting and recognizes income and expenditures on accrual basis except for those with significant uncertainties.

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.

b) Revenue Recognition

(i) Brokerage Income is recognized on settlement date basis and is exclusive of service tax wherever applicable.
(ii) Interest of Bank deposit is recognized on an accrual basis.
(iii) Dividend income is recognized when the right to receive payment is established.

(iv) The profit/loss on sale of investments is recognized in the Statement of profit and loss on the trade date. Profit or loss on sale of investments is determined on First in First out (FIFO) basis.

(v) Income from arbitrage/proprietary trading comprises profit/loss on sale of securities, commodities held as stock-in trade and profit/loss on related derivative instruments.

1. Profit/loss on sale of equities/commodities is determined based on the First in First Out (FIFO) basis for the equities/commodities sold.

2. The company has designated the securities/commodities as financial assets at "fair value through Statement of Profit and loss ". Such designations are considered by the Company to eliminate / significantly reduce measurement / recognition inconsistency that would otherwise arise. These instruments are measured at fair value and changes therein are recognized in the statement of profit and loss.

   Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, an appropriate valuation technique is used to determine the fair value.

3. Derivatives: The Company holds derivative instruments to hedge exposure to price risk associated with equities/ commodities/currencies instruments and/or for trading. The derivative instruments entered into by the Company are mainly in the nature of options and futures. Derivatives are measured at fair value, and resultant changes therein are recognized in the statement of profit and loss. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, an appropriate valuation technique is used to determine the fair value.

4. In respect of other heads of income, income from depository operations etc., the company accounts the same on accrual basis.

c) Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenue and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

d) Fixed Assets and Depreciation

i. Tangible fixed assets are stated at cost of acquisition or construction less accumulated depreciation. All significant costs relating to the acquisition and installation of Tangible fixed assets are capitalized. Subsequent expenditures related to an item of Fixed Asset are added to its book value only if they increase the future benefits from the existing assets beyond its previously assessed standard of performance.

ii. Effective 1st April, 2014 the Company depreciates its fixed assets over the useful life using Written Down Value Method in the manner prescribed in Schedule II of the Companies Act, 2013.

iii. Depreciation on assets acquired, sold, discarded or demolished during the year is provided on pro-rata basis.

iv. As per AS28 – Impairment of Assets, Fixed Assets are reviewed for impairment with reference to their carrying cost compared to the recoverable value and the effect of impairment, if any is considered accordingly.

e) Employee Benefits

(i) Short Term employee benefits are recognized as expenses at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

(ii) Gratuity is post employment benefit and is in the nature of Defined Benefit Plan. The Liability recognized in the balance sheet in respect of gratuity is the present value of defined benefit obligation at the balance sheet date, together with the adjustments for unrecognized actuarial gain or losses and the past service costs.

f) Taxes on Income

i. Current Taxation: Provision for taxation is made for the current accounting year on the basis of the taxable profits computed in accordance with the provisions of Income Tax Act, 1961.

ii. Deferred Tax: Deferred tax is recognized, subject to consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantially enacted at the balance sheet date.

iii. **Minimum Alternate Tax (MAT):** credit is recognized as an asset to the extent that there is convincing evidence that company will pay normal income tax during the specified period. The company reviews MAT credit at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the company will pay normal income tax during the specified period.

g) Accounting for Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. A disclosure for a contingent liability is made when there is a possible obligation or present obligation that may, but probably will not; require an out flow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

h) Investments

Long term Investments are carried at cost and provision is made to recognize any decline, other than temporary in the value of such investment. Profit on sale of investment is recorded on Fist in First out basis (FIFO).

i) 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 of past or future cash receipts and payments. The cash flows from regular operating, investing and financing activities of the company are segregated.

j) Earnings Per Share

Basic earning per equity share is computed by dividing net profit or loss after tax by the weighted average number of equity shares outstanding during the year.

Diluted earnings per equity share is computed by dividing adjusted net profit or loss after tax by aggregate of weighted average number of equity shares and dilutive potential equity shares outstanding during the year.