



## SEHDEV RAWAT & ASSOCIATES

CHARTERED ACCOUNTANTS

J-79/S-1, DILSHAD COLONY, DELHI-110095

contact.: 9971015514, Email ID: ca.sehdevrawat@gmail.com

### INDEPENDENT AUDITOR'S REPORT

To,  
The Members of **PROLIFIC RESOLUTION PRIVATE LIMITED FORMELY KNOW  
AS "PROLIFIC CLAIMS MANAGEMENT PRIVATE LIMITED"**

#### Report on the Financial Statements

We have audited the accompanying financial statements of **PROLIFIC RESOLUTION PRIVATE LIMITED** ("the Company") which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 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 there under.



We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 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 financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, and its profit and its cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**


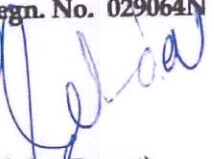
1. As required by section 143(3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion proper books of account as required by law have been 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.





- (e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) Keeping in view the exemption from reporting provided to smaller companies vide notification 464 (E) of Ministry of Corporate Affairs (MCA) dated 05.06.2017 further amended by MCA on 13.06.2017 we are not reporting in respect of the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, as the Company is meeting exemption criteria stated in the said notification
- (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:
- The Company does not have any pending litigations which would impact its financial position.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Sehdev Rawat & Associates.

  
**Chartered Accountants**  
**Firm Regn. No. 029064N**  
  
**(CA. Sehdev Rawat)**  
**Proprietor**  
**Membership No. 528065**

Place: Delhi  
Date: 03.06.2021  
UDIN: 21528065AAAAAX5291

**Prolific Resolution Private Limited**  
(formerly known as Prolific Claims Management Private Limited)

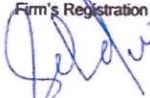
Balance Sheet as at 31 March 2021

Particulars	Note No.	Year ended 31 March 2021 (Amount in Rs)	Year ended 31 March 2020 (Amount in Rs)
<b>ASSETS</b>			
Current assets			
Financial assets			
Cash and cash equivalents	3	1,500	1,000
<b>Total Current assets</b>		<b>1,500</b>	<b>1,000</b>
<b>TOTAL ASSETS</b>		<b>1,500</b>	<b>1,000</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Equity share capital	4	1,000	1,000
Other equity		(2,358)	(7,000)
<b>Total equity</b>		<b>(1,358)</b>	<b>(6,000)</b>
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	5	-	-
Dues of micro and small enterprises		-	-
Dues of creditors other than micro and small enterprises	6	1,500	7,000
Other current liabilities		1,358	-
<b>Total current liabilities</b>		<b>2,858</b>	<b>7,000</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,500</b>	<b>1,000</b>

Notes 1 to 18 form an integral part of the financial statements

This is the Balance Sheet referred to in our audit report of even date

For Sehdev Rawat & Associates  
Chartered Accountants  
Firm's Registration No: 029064N



Sehdev Rawat  
Partner  
Membership No.: 528065

For and on behalf of the Board of Directors



Aditya Pratap Jain  
Director  
DIN No.08115375



Rahul Shukla  
Director  
DIN No.07835056

Place: Mumbai  
Date: 3 June 2021



Place: Mumbai  
Date: 3 June 2021

Place: Mumbai  
Date: 3 June 2021

**Prolific Resolution Private Limited**  
(formerly known as Prolific Claims Management Private Limited)

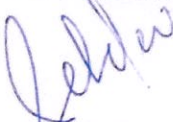
**Statement of Profit and Loss account for the year ended 31 March 2021**

Particulars	Note No.	Year ended 31 March 2021 (Amount in Rs)	Year ended 31 March 2020 (Amount in Rs)
<b>Income</b>			
Revenue from operations		-	-
Other Income	7	13,000	-
<b>Total income</b>		<b>13,000</b>	<b>-</b>
<b>Expenses</b>			
Other expenses	8	7,500	7,000
<b>Total expenses</b>		<b>7,500</b>	<b>7,000</b>
<b>Loss before tax</b>		<b>5,500</b>	<b>(7,000)</b>
Tax expense			
- Current tax		(858)	-
- Deferred tax		-	-
<b>Loss after tax (A)</b>		<b>4,642</b>	<b>(7,000)</b>
<b>Other comprehensive income/ (loss) for the year, net of tax (B)</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year, net of tax (A+B)</b>		<b>4,642</b>	<b>(7,000)</b>
<b>Loss per equity share having face value of Rs.10 each</b> Basic and diluted (in Rs.)	11	46	(70)

Notes 1 to 18 form an integral part of the financial statements

This is the Statement of Profit and Loss referred to in our audit report of even date


For **Sehdev Rawat & Associates**  
Chartered Accountants  
Firm's Registration No: 029064N

  
**Sehdev Rawat**  
Partner  
Membership No.: 528065

Place: Mumbai  
Date: 3 June 2021



For and on behalf of the Board of Directors

  
**Aditya Pratap Jain**  
Director  
DIN No.08115375

Place: Mumbai  
Date: 3 June 2021

  
**Rahul Shukla**  
Director  
DIN No.07835056

Place: Mumbai  
Date: 3 June 2021

Prolific Resolution Private Limited  
(formerly known as Prolific Claims Management Private Limited)

Cash Flow Statement for the year ended 31 March 2021

Particulars	Year ended 31 March 2021 (Amount in Rs)	Year ended 31 March 2020 (Amount in Rs)
Cash flow from operating activities		
Loss before tax	4,642	(7,000)
Operating loss before working capital changes	4,642	(7,000)
Changes in working capital:		
Increase / (decrease) in trade payables	(5,500)	7,000
Increase / (decrease) in other current liabilities	1,358	-
Operating loss after working capital changes	500	-
Taxes paid (net of refund)	-	-
<b>Net cash used in operating activities (A)</b>	<b>500</b>	<b>-</b>
Cash flow from investing activities	-	-
<b>Net cash generated from/(used in) investing activities (B)</b>	<b>-</b>	<b>-</b>
Proceeds from equity shares	-	1,000
Proceeds from borrowings	-	-
<b>Net cash generated from financing activities (C)</b>	<b>-</b>	<b>1,000</b>
<b>Net increase/(decrease) in cash and cash equivalents during the year (A+B+C)</b>	<b>500</b>	<b>1,000</b>
Cash and cash equivalents at the beginning of the year	1,000	1,000
<b>Cash and cash equivalents at the end of the year (Refer note 3)</b>	<b>1,500</b>	<b>2,000</b>

Note:

The cash flow statement has been prepared under the indirect method set out in Indian Accounting Standard (Ind AS 7) "Statement of Cash Flows".

Notes 1 to 18 form an integral part of the financial statements

This is the Cash Flow Statement referred to in our audit report of even date

For Sehdev Rawat & Associates  
Chartered Accountants  
Firm's Registration No: 029064N

Sehdev Rawat  
Partner  
Membership No.: 528065

Place: Mumbai  
Date: 3 June 2021



For and on behalf of the Board of Directors

Aditya Pratap Jain  
Director  
DIN No.08115375

Place: Mumbai  
Date: 3 June 2021

Rahul Shukla  
Director  
DIN No.07835056

Place: Mumbai  
Date: 3 June 2021



Prolific Resolution Private Limited  
(formerly known as Prolific Claims Management Private Limited)

Statement of Changes in Equity for the year ended 31 March 2021

A) Equity share capital

Particulars	Number	Amount (in Rs.)
Equity shares of Rs.10 each, issued, subscribed and paid up		
As at 1 April 2019	-	-
Changes in equity share capital during the year	1,000	1,000
As at 31 March 2020	1,000	1,000
Changes in equity share capital during the year	-	-
As at 31 March 2021	1,000	1,000

B) Other equity

Particulars	Reserve and Surplus	Total equity
	Retained earnings	attributable to equity holders
Balance as at 1 April 2019	-	-
Total comprehensive loss for the year	(7,000)	(7,000)
Balance as at 31 March 2020	(7,000)	(7,000)
Total comprehensive loss for the year	4,642	4,642
As at 31 March 2021	(2,358)	(2,358)

Nature and purpose of reserves

Retained earnings

Retained earnings represents the profits/ losses that the Company has earned/ incurred till date as reduced by dividends or other distributions paid to the shareholders.

Notes 1 to 18 form an integral part of the financial statements

This is the Statement of Changes in Equity referred to in our audit report of even date

For Sehdev Rawat & Associates  
Chartered Accountants  
Firm's Registration No: 029064N

Sehdev Rawat  
Partner  
Membership No.: 528065

Place: Mumbai  
Date: 3 June 2021



For and on behalf of the Board of Directors

Aditya Pratap Jain  
Director  
DIN No.08115375

Place: Mumbai  
Date: 3 June 2021

Rahul Shukla  
Director  
DIN No.07835056

Place: Mumbai  
Date: 3 June 2021

**Prolific Resolution Private Limited**  
(formerly known as Prolific Claims Management Private Limited)

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

	Year ended 31 March 2021 (Amount in Rs)	Year ended 31 March 2020 (Amount in Rs)
<b>3 Cash and cash equivalents</b>		
Balances with banks		
On current accounts	1,500	1,000
<b>Total cash and cash equivalents</b>	<b>1,500</b>	<b>1,000</b>
<b>4 Equity share capital</b>		
<b>A) Authorised share capital</b>		
100,000 (31 March 2020: 100,000) equity shares of Rs.10 each	1,000,000	1,000,000
<b>Total</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>Issued, subscribed and paid-Up</b>		
100 (31 March 2020: 100) equity shares of Rs.10 each fully paid up	1,000	1,000
<b>Total</b>	<b>1,000</b>	<b>1,000</b>

**B) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year**

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
At the beginning of the year	100	1,000	-	-
Issued during the year	-	-	100	1,000
<b>At the end of the year</b>	<b>100</b>	<b>1000</b>	<b>100</b>	<b>1,000</b>

**C) Details of Shareholders holding more than 5% shares of the Company and shares held by Holding Company**

Particulars	31 March 2021		31 March 2020	
	No. of shares	% Holding	No. of shares	% Holding
<b>Equity shares of Rs.10 each fully paid</b>				
Gorav Rajput	-	-	50	50%
Vishwas Jain	-	-	50	50%
Hindustan Construction Company Limited	100	100%	-	-

**D) Rights and restriction attached to equity shareholders**

The Company has only one class of equity shares having face value as Rs.10 per share. Every holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company. Any dividend proposed by Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

**E) Bonus shares/ buy back/shares for consideration other than cash issued during past five years**

The Company has neither issued any bonus shares, shares issued for consideration other than cash nor has there been any buy back of shares during past 5 years from reporting date.

**5 Trade payables**

Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note 14)  
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises  
- Related parties (Refer note 10)  
- Others

1,500 7,000

**Total trade payables**

**1,500 7,000**

Trade payables are non interest bearing and are normally settled as per the payment terms attached in the contract.

**6 Other Current Liabilities**

Current  
Provision for Tax  
Others

858 -  
500 -  
**1,358 -**





**Prolific Resolution Private Limited**  
**(formerly known as Prolific Claims Management Private Limited)**

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

	Year ended 31 March 2021 (Amount in Rs)	Year ended 31 March 2020 (Amount in Rs)
<b>7 Other Income</b>		
Liabilities written back	13,000	-
	<u>13,000</u>	<u>-</u>
<b>8 Other expenses</b>		
Rates and taxes	-	-
Payment to auditors	-	-
Statutory audit fees	7,500	7,000
Legal and professional fees	-	-
<b>Total other expenses</b>	<u>7,500</u>	<u>7,000</u>

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**Prolific Resolution Private Limited**  
(formerly known as Prolific Claims Management Private Limited)

**9 Contingencies and commitments**

There are no contingencies and commitments as at 31 March 2021 (31 March 2020: Nil).

**10 Disclosure in accordance with IND AS 24 Related party transactions**

**A) Name of related parties and nature of transaction:**

**i) Holding company**

Hindustan Construction Company Limited

**ii) Key managerial personnel**

Aditya Pratap Jain

Kishore Venkata Ramana Repaka

Rahul Shukla

**B) Transactions and balances with related parties**

Particulars	31 March 2021	31 March 2020
Transactions during the year	NIL	NIL
Balances at the year end	NIL	NIL

**11 Loss per share:**

Particulars	31 March 2021	31 March 2020
Loss after tax as per statement of profit and loss (Rs. )	4,642	(7,000)
Weighted average number of equity shares	100	100
Loss per share (Basic and diluted) (in Rs.)	46	(70)

**12 Financial instruments by category**

The carrying value and the fair value of financial instruments by each category as at 31 March 2021

Particulars	Financial assets / liabilities at amortized costs	Financial assets / liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair Value
<b>Assets</b>					
Cash and cash equivalents	1,500	-	-	1,500	1,500
<b>Liabilities</b>					
Trade payables	1,500	-	-	1,500	1,500

The carrying value and the fair value of financial instruments by each category as at 31 March 2020

(Rs. in lakhs)

Particulars	Financial assets / liabilities at amortized costs	Financial assets / liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair Value
<b>Assets</b>					
Cash and cash equivalents	1,000	-	-	1,000	1,000
<b>Liabilities</b>					
Trade payables	7,000	-	-	7,000	7,000

**13 Financial risk management objectives and policies**

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.



**Prolific Resolution Private Limited**  
(formerly known as Prolific Claims Management Private Limited)

(i) **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk. There are no such instruments in the Company which will be affected by market risk.

(ii) **Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure of the financial assets are contributed by cash and cash equivalents. Bank balances are held with only high rated banks.

(iii) **Liquidity Risks**

Liquidity is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's Management is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

**Maturity analysis of financial instruments:**

As at 31 March 2021

Particulars	Carrying amount	Contractual Cash flow			Total
		On demand	0-12 Months	Above 1 years	
Trade payables	1,500	-	1,500	-	1,500

As at 31 March 2020

Particulars	Carrying amount	Contractual Cash flow			Total
		On demand	0-12 Months	Above 1 years	
Trade payables	7,000	-	7,000	-	7,000

- 14 **Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006**  
There are no micro and small enterprises to whom the company owes dues and which are outstanding as at 31 March 2021. This information as required to be disclosed under the Micro Small and Medium Enterprises Development Act (MSMED) Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. There is no interest paid or payable during the year.





**Prolific Resolution Private Limited**  
(formerly known as Prolific Claims Management Private Limited)

**15 Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The Company strives to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stake holders. The aim is to maintain an optimal capital structure and minimise cost of capital. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or adjust the dividend payment to shareholders (if permitted).

Particulars	(Rs. in lakhs)	
	As at 31 March 2021	As at 31 March 2020
Total borrowings	-	-
Total equity	(1,358)	(6,000)
Total debt to equity ratio (Gearing ratio)	-	-

- 16 The Company has accumulated loss of Rs. 2,358 ( Previous Year: RS. 7,000) as at year ended 31 March 2021 and as at that date, it's current liabilities have exceeded its current assets by Rs.1,358 (Previous Year: Rs. 6,000) which have resulted in complete erosion of the net-worth of the Company. Consequent upon acquisition of its entire shareholding by Hindustan Construction Company Ltd. (HCC) on March 08, 2021, the Company will act, in future, as a Special Purpose Vehicle for monetization of Identified Claims & Awards for Resolution plan of HCC. The management of the Company, considering the continuous financial support from the holding and group companies, have prepared the above financial statements on a 'Going Concern' basis

**17 Covid 19 Impact**

The SARS-CoV-2 virus responsible for COVID -19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian Financial Markets and a significant decrease in the economic activities. On 11 March 2020, the COVID-19 outbreak has been declared global pandemic by the World Health Organisation (WHO). Government declared lockdown till 31st May 2020 followed by the restrictions impacting economic activities of the business. At this stage, based on the assessment carried out by the management, the impact of COVID-19 on business and financial activities is limited. However, the impact assessment of COVID-19 is continuing process given the uncertainties with its nature and duration.

**18 Recent Indian Accounting Standards (Ind AS)**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable to the Company from 1 April 2021.

This is a summary of significant accounting policies and other explanatory information referred to in our report of even date

For Sehdev Rawat & Associates  
Chartered Accountants  
Firm's Registration No: 029064N

Sehdev Rawat  
Partner  
Membership No.: 528065

Place: Mumbai  
Date: 3 June 2021



For and on behalf of the Board of Directors

Aditya Pratap Jain  
Director  
DIN No.08115375

Place: Mumbai  
Date: 3 June 2021

Rahul Shukla  
Director  
DIN No.07835056  
Place: Mumbai  
Date: 3 June 2021

**Prolific Resolution Private Limited**  
(formerly known as Prolific Claims Management Private Limited)

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

- 1 **Corporate information**

Prolific Resolution Private Limited (Previously known as Prolific Claims Management Private Limited) ('the Company') is a private limited company domiciled in India. The Company was incorporated on April 04, 2019 (CIN : U74999RJ2019PTC064522). The company is in business of, inter-alia, recovering, assessing and managing claims, actionable claims, awards (including arbitral awards), decrees, orders and/or the beneficial interest in or the receivables pertaining to or the beneficial interest to the receivables in relation thereto. The registered office of the Company is located at 192, Gangasagar Colony, Sirasi Road, Jaipur-302021, India. The financial statements were authorized for issue in accordance with resolution of the Board of Director on 3 June 2021."
- 2 **Significant Accounting Policies**
  - i) **Basis of preparation of financial statements**

The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified by the Companies (Accounting Standards) Rules, 2015.

The financial statements have been prepared under the historical cost convention with the exception of certain financial assets and liabilities and contingent consideration that are measured at fair values, on an accrual basis of accounting.

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.

All the assets and liabilities have been classified as current or non-current, wherever applicable, as per the operating cycle of the Company as per the guidance set out in Schedule III to the Companies Act, 2013 ("the Act"). Operating cycle for the business activities of the Company covers the duration of the project/ contract, and extends upto the realisation of receivables (including retention monies) within the credit period normally applicable to the respective project.

These financial statements are reported in Indian Rupees, which is also the Company's functional currency, and all values are rounded to the nearest lakhs (00,000), except when otherwise indicated.
  - ii) **Accounting estimates**

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind AS, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

**Estimates and assumptions**

The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

**Deferred tax assets**

In assessing the realisability of deferred income tax assets including Minimum Alternate Tax, management considers whether some portion or all of the deferred income tax assets will not be realised. The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realise the benefits of those deductible differences. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term, if estimates of future taxable income during the carry forward period are reduced.
  - iii) **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.
  - iii) **Financial Assets**

**Initial recognition:**

In the case of financial assets, not recorded at fair value through profit or loss (FVTPL), financial assets are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. 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 recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.





Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

**Subsequent measurement:**

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

**Financial assets measured at amortised cost :**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate (EIR) method. Impairment gains or losses arising on these assets are recognised in the statement of profit and loss.

**Financial assets measured at fair value through other comprehensive income (FVTOCI) :**

Financial assets are measured at FVTOCI, if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

**Financial assets measured at fair value through profit or loss (FVTPL) :**

Financial assets are measured at fair value through profit and loss if these does not meet the criteria for classification as measured at amortised cost or at fair value through other comprehensive income. All fair value changes are recognised in the Statement of Profit and Loss.

**De-recognition of financial assets**

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies the Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that 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 a 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 entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss.

**(b) Equity instruments and financial liabilities**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.





**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

**Financial Liabilities**

**Initial Recognition**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**Subsequent measurement:**

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

**Financial liabilities at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the Statement of Profit and Loss.

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 amortisation is included as finance costs in the Statement of Profit and Loss.

Where the terms of a financial liability is re-negotiated and the company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the Statement of Profit and Loss, measured as a difference between the carrying amount of the financial liability and the fair value of equity instrument issued.

**Financial liabilities at fair value through profit or loss (FVPL)**

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. 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.

**De-recognition of financial liabilities**

Financial liabilities are de-recognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other gains/ (losses).

**Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis; to realise the assets and settle the liabilities simultaneously.

**iv) Income tax**

Income tax comprises of current and deferred income tax. Income tax is recognised as an expense or income in the Statement of Profit and Loss, except to the extent it relates to items directly recognised in equity or in OCI.

**a) Current income tax**

Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

**b) Deferred income tax**

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. 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.

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent it is probable that the Company will pay normal income tax during the specified period.



Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021

- v) **Revenue recognition**
- (a) **Revenue from operations**  
Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled when a performance obligation is satisfied, which occurs when control of goods or services gets transfer to the customer.
- Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.
- (b) **Interest and other income**  
Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.
- vi) **Provisions, Contingent liabilities and Contingent assets**
- (a) A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. When appropriate, the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.
- (b) Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably.
- (c) Contingent asset is recognised where the economic benefits are probable.
- vii) **Earnings Per Share**  
Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to the equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of shares outstanding during the year. For the purpose of calculating diluted earning per share, net profit or loss for the year attributable to equity shareholders and weighted number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.
- viii) **Foreign exchange translation and accounting of foreign exchange transactions**
- (a) **Initial recognition**  
Foreign currency transactions are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. However, for practical reasons, the Company uses a monthly average rate if the average rate approximate the actual rate at the date of the transactions.
- (b) **Conversion**  
Monetary assets and liabilities denominated in foreign currencies are reported using the closing rate at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- (c) **Treatment of Exchange Difference**  
Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.
- ix) **Impairment of non-financial assets**  
As at each Balance Sheet date, the company assesses whether there is any indication that a non-financial asset may be impaired and also whether there is any indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for any asset is required, the company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.
- Recoverable amount is determined:  
-In case of an individual asset, at the higher of assets' fair value less cost to sell and value in use; and  
-in case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's fair value less cost to sell and value in use.
- In assessing value in use, the estimated future cash flows are discounted to their present value using pre-discount rate that reflects current market assessments of the time value of money and risk specified to the asset. In determining fair value less cost to sell, recent market transaction is taken account. If no such transaction can be identified, an appropriate valuation model is used.
- Impairment losses of continuing operations, including impairment of inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.
- When the company considers there is no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the



**Prolific Resolution Private Limited**  
(formerly known as Prolific Claims Management Private Limited)

**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021**

- x) **Cash and cash equivalents**  
Cash and cash equivalents in the Balance Sheet comprises of cash at banks and on hand and short-term deposits with an original maturity of three month or less, which are subject to an insignificant risk of changes in value.
- xi) **Segment Reporting**  
The Company's operation is considered under one segment "recovering, assessing and managing claims, actionable claims, awards etc" for internal reporting provided to the chief operating decision maker. Therefore, the Company's business does not fall under different operational segments as defined by Ind AS 108 - "Operating Segments" referred to in Section 133 of the Companies Act, 2013.
- xii) **Borrowing costs**  
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

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