

Reliance Retail Finance Limited
Financial Statements
2019-20

Independent Auditor's Report

To the Board of Directors of
Reliance Retail Finance Limited

Opinion

We have audited the accompanying financial statements of **Reliance Retail Finance Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Financial Statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March, 2020, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SA") specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Management Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act, with respect to the preparation of these Financial Statements that give a true and fair view of the Financial Position, Financial Performance including Other Comprehensive Income, Cash Flows and the Statement Of Changes in Equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements 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 fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act.
 - e) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting with reference to these financial statements;

Restriction on Use

This report is provided to you solely for use in the preparation and submission of Ind AS Consolidated Financial Statements by Reliance Industries Limited, the ultimate Holding Company, for the year ended March 31, 2020. It should not be distributed to any other person other than the Reliance Industries Limited and its auditors or used for any other purposes.

For **Chaturvedi & Shah LLP**
Chartered Accountants
(Firm Registration no. 101720W/W100355)

Amit Chaturvedi
Partner
Membership No.: 103141

Place : Mumbai
Date : April 22, 2020

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS OF RELIANCE RETAIL FINANCE LIMITED

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of

Reliance Retail Finance Limited (“the Company”) as of 31st March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting with reference to these financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference To These Financial Statements

A company’s internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company ; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the Financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference To These Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with

reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **Chaturvedi & Shah LLP**
Chartered Accountants
(Firm Registration no. 101720W/W100355)

Amit Chaturvedi
Partner
Membership No.: 103141

Place : Mumbai
Date : April 22, 2020

Balance Sheet as at 31st March 2020

	Notes	As at 31st March, 2020	(Amount ₹) As at 31st March, 2019
ASSETS			
NON-CURRENT ASSETS			
Financial Assets			
Investments	1	-	100 99 99 942
Loans	2	14893 33 32 640	-
Total Non-Current Assets		14893 33 32 640	100 99 99 942
CURRENT ASSETS			
Financial Assets			
Investments	3	111 90 50 120	75 07 804
Cash and Cash Equivalents	4	2 57 807	4 88 822
Other Current Assets	5	57 71 51 654	6 45 554
Total Current Assets		169 64 59 581	86 42 180
Total Assets		15062 97 92 221	101 86 42 122
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	6	68 12 00 000	2 02 00 000
Other Equity	7	3342 42 71 436	99 82 91 405
Total Equity		3410 54 71 436	101 84 91 405
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	8	10041 44 00 000	-
Other Non Current Liabilities	9	1392 70 14 084	-
Deferred tax Liabilities	10	1 02 14 579	2 029
		11435 16 28 663	2 029
Current Liabilities			
Financial Liabilities			
Trade Payables Due to:			
Micro and Small Enterprise	11	-	-
Other than Micro and Small Enterprise		56 45 40 924	98 000
Other Financial Liabilities	12	79 55 90 512	-
Other Current Liabilities	13	21 68 27 356	50 688
Short Term Provisions	14	59 57 33 330	-
Total Current Liabilities		217 26 92 122	1 48 688
Total Liabilities		11652 43 20 785	1 50 717
Total Equity and Liabilities		15062 97 92 221	101 86 42 122

Significant Accounting Policies

See accompanying Notes to Financial Statements

1 to 25

As per our Report of even date

For Chaturvedi & Shah LLP

Chartered Accountants

Registration No. 101720W/W100355

Amit Chaturvedi

Partner

Membership No. 103141

Mumbai

Dated: April 22, 2020

For and on behalf of the Board

Rohit C. Shah

Chairman

M. N. Bajpai

Director

Vishal Kumar

Chief Financial Officer

B. Chandrasekaran

Director

Anshu Agarwal

Company Secretary

Statement of Profit and Loss for the year ended 31 March 2020

	<u>Notes</u>	<u>2019-20</u>	<u>(Amount ₹) 2018-19</u>
INCOME			
Revenue from Operations	15	366 59 64 511	6 63 942
Total Income		366 59 64 511	6 63 942
EXPENSES			
Finance Cost	16	226 58 56 673	-
Other Expenses	17	114 81 97 187	18 50 154
Total Expenses		341 40 53 860	18 50 154
Profit / (Loss) Before Tax		25 19 10 651	(11 86 212)
Tax Expenses			
Current Tax	18	20 47 18 070	-
Deferred Tax	19	1 02 12 550	2 029
Profit / (Loss) for the period		3 69 80 031	(11 88 241)
Other Comprehensive Income		-	-
Total Comprehensive Income for the period		3 69 80 031	(11 88 241)
Earnings per equity share of face value of ₹ 10 each			
Basic (in ₹)	20	1.50	(0.59)
Diluted (in ₹)	20	1.50	(0.59)
Significant Accounting Policies			
See accompanying Notes to Financial Statements	1 to 25		

As per our Report of even date

For Chaturvedi & Shah LLP

Chartered Accountants

Registration No. 101720W/W100355

Amit Chaturvedi

Partner

Membership No. 103141

Mumbai

Dated: April 22, 2020

For and on behalf of the Board

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Chairman

M. N. Bajpai

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Chief Financial Officer

B. Chandrasekaran

Director

Anshu Agarwal

Company Secretary

Statement of Changes in Equity for the year ended 31st March, 2020

	A. Equity Share Capital		B. Other Equity Reserves and Surplus		Total
		Statutory Reserve Fund *	Securities Premium	Retained Earnings	
(Amount ₹)					
Year ended 31st March, 2019					
Balance at beginning of reporting period	2 02 00 000	20 46 60 208	-	79 48 19 438	99 94 79 646
Total Comprehensive Income for the year	-	-	-	(11 88 241)	(11 88 241)
Appropriation: Transfer to Statutory Reserve Fund	-	-	-	-	-
Balance at the end of the reporting period	2 02 00 000	20 46 60 208	-	79 36 31 197	99 82 91 405
Year ended 31st March, 2020					
Balance at beginning of reporting period	2 02 00 000	20 46 60 208	-	79 36 31 197	99 82 91 405
Equity Shares issued during the year	66 10 00 000		3238 90 00 000		3238 90 00 000
Total Comprehensive Income for the year	-	-		3 69 80 031	3 69 80 031
Appropriation: Transfer to Statutory Reserve Fund	-	15 00 000	-	(15 00 000)	-
Balance at the end of the reporting period	68 12 00 000	20 61 60 208	3238 90 00 000	82 91 11 228	3342 42 71 436

* Created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934

As per our Report of even date

For Chaturvedi & Shah LLP

Chartered Accountants

Registration No. 101720W/W100355

Amit Chaturvedi

Partner

Membership No. 103141

Mumbai

Dated: April 22, 2020

For and on behalf of the Board

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Director

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B. Chandrasekaran

Director

Anshu Agarwal

Company Secretary

Statement of Cash Flow for the Year ended 31st March, 2020

	<u>2019-20</u>	<u>(Amount ₹) 2018-19</u>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/ (Loss) Before Tax as per Statement of Profit and Loss	25 19 10 651	(11 86 212)
Adjusted for:		
Gain on Investments	(4 18 92 160)	(6 63 942)
Interest Income	(362 40 72 351)	-
Interest paid	226 58 56 673	-
	<u>(140 01 07 838)</u>	<u>(6 63 942)</u>
Operating Profit/(Loss) before Working Capital Changes	(114 81 97 187)	(18 50 154)
Adjusted for:		
Trade and Other Receivables	(8 76 56 022)	(3 24 540)
Trade and Other Payables	1513 85 77 363	(12 76 649)
Movement in loans	(14893 33 32 640)	-
Interest Income	318 36 79 561	-
Cash Generated from Operations	(13184 69 28 925)	(34 51 343)
Taxes Paid(Net)	(25 31 75 358)	11 129
Net cash Generated from / (used in) Operating Activities	(13210 01 04 283)	(34 40 214)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payment for financial assets	(113 03 00 000)	(1 96 00 000)
Proceeds from sale of financial assets	6 06 49 844	1 27 56 138
Sale of Investment from related Party	100 99 99 942	-
Net Cash Flow (used) in / (from) Investing Activities	(5 96 50 214)	(68 43 862)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Equity shares	3305 00 00 000	-
Proceeds from Borrowings	12401 44 00 000	-
Repayment of Borrowings	(2360 00 00 000)	-
Interest paid	(130 48 76 518)	-
Net Cash Flow used in Financing Activities	13215 95 23 482	-
Net (Decrease)/ Increase in Cash and Cash Equivalents	(2 31 015)	(1 02 84 076)
Opening Balance of Cash and Cash Equivalents	4 88 822	1 07 72 898
Closing Balance of Cash and Cash Equivalents (Refer Note 4)	2 57 807	4 88 822

As per our Report of even date

For Chaturvedi & Shah LLP

Chartered Accountants

Registration No. 101720W/W100355

Amit Chaturvedi

Partner

Membership No. 103141

Mumbai

Dated: April 22, 2020

For and on behalf of the Board

Rohit C. Shah

Chairman

M. N. Bajpai

Director

Vishal Kumar

Chief Financial Officer

B. Chandrasekaran

Director

Anshu Agarwal

Company Secretary

Notes to the Financial Statements for the Year ended 31st March, 2020

A. CORPORATE INFORMATION

Reliance Retail Finance Limited [‘the company’] is a limited company incorporated in India and also an NBFC. The registered office of the Company is located at 9th Floor, Maker Chambers IV, 222 Nariman Point, Mumbai 400021. The Company is mainly engaged in the business of Investments in Shares and Securities in India.

B. SIGNIFICANT ACCOUNTING POLICIES

B.1 Basis of Preparation and Presentation

The financial statements have been prepared on the historical cost basis except for certain financial assets measured at fair value.

- i) Certain financial assets are measured at fair value,

Since Reliance Industries Limited (the Ultimate Holding Company) is required to prepare Consolidated Financial Statements in compliance with Ind-AS notified by MCA, these financial statements and all the notes appearing hereto are prepared accordingly only for the said purpose.

Company’s financial statements are presented in Indian Rupees (₹), which is also its functional currency.

B.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Finance Cost

All borrowing costs are charged to the Profit and Loss Statement in the period in which they are incurred.

(b) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a 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.

If the effect of 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.

(c) Tax Expenses

The tax expense for the period comprises current and deferred tax, same is recognised in Statement of Profit and Loss.

Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted at the Balance sheet date.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

(d) Revenue recognition

Income from Current and Long-term Investments

Income from dividend on shares of corporate bodies and units of mutual funds is accounted when the Company’s right to receive dividend is established. Interest income on bonds and debentures is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Notes to the Financial Statements for the Year ended 31st March, 2020

Income on Fixed Deposit

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

Income on lending business

The Company recognises interest income using Effective Interest Rate (EIR) on all financial assets. The EIR is the rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

(e) Financial instruments

i) Financial Assets

A. Initial recognition and measurement

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

B. Subsequent measurement

a) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset 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.

b) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling 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.

c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial assets are reclassified subsequent to their recognition, if the Company changes its business model for managing those financial assets. Changes in business model are made and applied prospectively from the reclassification date which is the first day of immediately next reporting period following the changes in business model in accordance with principles laid down under Ind AS 109 – Financial Instruments.

C. Investment in Fellow Subsidiaries

The Company has accounted for its investments in fellow subsidiaries at cost, less impairment loss (if any).

ii) Financial liabilities

A. Initial recognition and measurement

All financial liabilities are recognized at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognised in Statement of Profit or Loss as finance cost.

Notes to the Financial Statements for the Year ended 31st March, 2020

B. Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii) Derecognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

(f) Earnings per share

Basic earnings per share is calculated by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year adjusted for bonus element in equity share. Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as at the beginning of the period unless issued at a later date.

C. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

The preparation of the Company's financial statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in next financial years.

a) Recoverability of trade receivable:

Judgments are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

b) Provisions:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

c) Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

d) Recognition of Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised for deductible temporary differences and unused tax losses for which there is probability of utilisation against the future taxable profit. The Company uses judgement to determine the amount of deferred tax that can be recognised, based upon the likely timing and the level of future taxable profits and business developments.

e) Fair value measurement

For estimates relating to fair value of financial instruments refer note 23 of financial statements

Notes to the Financial Statements for the Year ended 31st March, 2020

1. INVESTMENTS - NON-CURRENT	As at 31st March, 2020		(Amount ₹) As at 31st March, 2019	
	Units	Amount	Units	Amount
Investments measured at Cost				
In Preference Shares of Fellow Subsidiary Companies				
Unquoted, fully paid up				
6% Non-cumulative Optionally Convertible Preference Shares of				
Reliance Corporate IT Park Limited of ₹ 10 each	-	-	1,50,74,626	100 99 99 942
Total of Investments measured at Cost		-		100 99 99 942
Total Investments - Non-Current		-		100 99 99 942
Aggregate amount of Quoted Investments		-		-
Market Value of Quoted Investments		-		-
Aggregate amount of Unquoted Investments		-		100 99 99 942
2. LOANS				(Amount ₹)
(Unsecured and considered good)		As at		As at
		31st March, 2020		31st March, 2019
Loans to others		14893 33 32 640		-
Total		14893 33 32 640		-
3. INVESTMENTS - CURRENT				(Amount ₹)
		As at 31st March, 2020		As at 31st March, 2019
		Units		Units
		Amount		Amount
Investments measured at Fair Value through Profit & Loss				
In Mutual Fund - Unquoted				
ICICI Prudential Liquid Plan - Growth of ₹ 100 each	38,25,810	111 90 50 120	27,260	75 07 804
Total of Investments measured at Fair Value through Profit & Loss		111 90 50 120		75 07 804
Total Investments - Current		111 90 50 120		75 07 804
Aggregate amount of Quoted Investments	-	-		
Market Value of Quoted Investments	-	-		
Aggregate amount of Unquoted Investments		111 90 50 120		75 07 804
4. CASH AND CASH EQUIVALENTS				(Amount ₹)
		As at		As at
		31st March, 2020		31st March, 2019
Balances with bank		2 57 807		4 88 822
Cash and Cash Equivalents as per Balance Sheet		2 57 807		4 88 822
Cash and Cash Equivalents as per Cash Flow Statement		2 57 807		4 88 822

Notes to the Financial Statements for the Year ended 31st March, 2020

5. OTHER CURRENT ASSETS (Unsecured and Considered Good)	(Amount ₹)	
	As at 31st March, 2020	As at 31st March, 2019
Advance Income Tax (net of provisions)	4 85 81 269	1 23 981
Balance with Statutory Authorities	8 81 40 109	5 21 573
Others	44 04 30 276	-
Total	57 71 51 654	6 45 554
Advance Income Tax (net of provisions)		
At start of year	1 23 981	1 35 110
Charge for the year	(20 47 18 070)	-
Tax paid during the year	25 31 75 358	(11 129)
At end of year	4 85 81 269	1 23 981

6. SHARE CAPITAL	(Amount ₹)	
	As at 31st March, 2020	As at 31st March, 2019
AUTHORISED SHARE CAPITAL		
10,00,00,000 Equity Shares of ₹ 10 each (45,00,000)	100 00 00 000	4 50 00 000
	100 00 00 000	4 50 00 000
ISSUED, SUBSCRIBED AND PAID UP		
6,81,20,000 Equity Shares of ₹ 10 each fully paid up (20,20,000)	68 12 00 000	2 02 00 000
Total	68 12 00 000	2 02 00 000

6.1 THE DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES:

Name of the Shareholder	As at 31st March, 2020		As at 31st March, 2019	
	Nos. of Shares	% held	Nos. of Shares	% held
Holding Company:				
Reliance Industrial Investments and Holdings Limited	6,81,20,000	100.00	20,20,000	100.00

All the above 6,81,20,000 (Previous Year 20,20,000) equity shares of ₹ 10 each fully paid-up are held by Reliance Industrial Investments and Holdings Limited, the holding company along with its nominees.

6.2 THE RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING IS SET OUT BELOW:

Particulars	As at	
	31st March, 2020 No. of Shares	31st March, 2019 No. of Shares
Equity Shares at the beginning of the year	20,20,000	20,20,000
Add: Shares issued during the year	6,61,00,000	-
Equity Shares at the end of the year	6,81,20,000	20,20,000

6.3 RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO SHARES:

The company has only one class of equity shares having par value of ₹10 each and the holder of the equity share is entitled to one vote per share. The dividend proposed, if any, by board of directors is subject to approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company after distribution of all preferential amount, in proportion to the number of equity shares held.

Notes to the Financial Statements for the Year ended 31st March, 2020

	(Amount ₹)	
	As at 31st March, 2020	As at 31st March, 2019
7. OTHER EQUITY		
<u>Reserve and Surplus</u>		
Statutory Reserve Fund *		
As per last Balance Sheet	20 46 60 208	20 46 60 208
Add: Transferred from Retained Earnings	<u>15 00 000</u>	<u>-</u>
	20 61 60 208	20 46 60 208
Securities Premium		
As per last Balance Sheet	-	-
Add: Issued during the year	<u>3238 90 00 000</u>	<u>-</u>
	3238 90 00 000	-
Retained Earnings		
As per last Balance Sheet	79 36 31 197	79 48 19 438
Profit/(Loss) for the year	3 69 80 031	(11 88 241)
Less: Appropriation to Statutory Reserve Fund	<u>15 00 000</u>	<u>-</u>
	82 91 11 228	79 36 31 197
Total	<u>3342 42 71 436</u>	<u>99 82 91 405</u>
* Created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934		
8. BORROWINGS	As at	(Amount ₹)
	31st March, 2020	As at
		31st March, 2019
UNSECURED - AT AMORTISED COST		
From Related Party	<u>10041 44 00 000</u>	<u>-</u>
Total	<u>10041 44 00 000</u>	<u>-</u>
9. OTHER NON CURRENT LIABILITIES	As at	(Amount ₹)
	31st March, 2020	As at
		31st March, 2019
Pre-Paid Income	<u>1392 70 14 084</u>	<u>-</u>
Total	<u>1392 70 14 084</u>	<u>-</u>
10. DEFERRED TAX LIABILITY	As at	(Amount ₹)
	31st March, 2020	As at
		31st March, 2019
The movement on the deferred tax account is as follows:		
At the start of the year	2,029	-
Charge/(credit) to Statement of Profit and Loss (Refer Note 18)	<u>1 02 12 550</u>	<u>2 029</u>
At end of year	<u>1 02 14 579</u>	<u>2 029</u>
Component of Deferred Tax Liabilities:		
	As at	Charge/(Credit)
	31st March, 2019	to Statement of
		Profit and Loss
		Others
		As at
		31st March, 2020
Deferred Tax Liabilities in relation to:		
Financial Assets	<u>2 029</u>	<u>1 02 12 550</u>
Total	<u>2 029</u>	<u>1 02 14 579</u>

Notes to the Financial Statements for the Year ended 31st March, 2020

	As at 31st March, 2020	(Amount ₹) As at 31st March, 2019
11. TRADE PAYABLES DUE TO		
Micro and Small Enterprise	-	-
Other than Micro and Small Enterprise	56 45 40 924	98 000
Total	56 45 40 924	98 000
11.1	There are no overdue amounts to Micro, Small and Medium Enterprises as at March 31, 2020 for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.	
12. OTHER FINANCIAL LIABILITIES	As at 31st March, 2020	(Amount ₹) As at 31st March, 2019
Interest accrued but not due	79 55 90 512	-
Total	79 55 90 512	-
13. OTHER CURRENT LIABILITIES	As at 31st March, 2020	(Amount ₹) As at 31st March, 2019
Other Payables *	21 68 27 356	50 688
Total	21 68 27 356	50 688
	* Includes Statutory Dues.	
14. SHORT TERM PROVISIONS	As at 31st March, 2020	(Amount ₹) As at 31st March, 2019
Provision for Standard Asset	59 57 33 330	-
Total	59 57 33 330	-
15. REVENUE FROM OPERATIONS	2019-20	(Amount ₹) 2018-19
Interest income		
On Financial Assets measured at Amortised cost		
Subvention Income	260 85 85 571	-
Interest on Loans	101 54 86 780	-
	362 40 72 351	-
On Financial Assets classified at fair value through profit or loss		
Gain on Investments	4 18 92 160	6 63 942
Total	366 59 64 511	6 63 942
16. FINANCE COST	2019-20	(Amount ₹) 2018-19
Interest on Borrowings (measured at amortised cost)	226 58 56 673	-
Total	226 58 56 673	-

Notes to the Financial Statements for the Year ended 31st March, 2020

	(Amount ₹)	
	2019-20	2018-19
17. OTHER EXPENSES		
Establishment Expenses		
Rates and Taxes	90 88 324	10 628
Professional Fees	54 26 40 498	13 17 228
Payment to Auditors	3 49 500	95 000
General Expenses	40 535	38 298
Directors Sitting Fees	3 45 000	3 89 000
General provision on Standard Asset	59 57 33 330	-
Total	<u>114 81 97 187</u>	<u>18 50 154</u>

	(Amount ₹)	
	2019-20	2018-19
17.1 Payment to Auditors as:		
Particulars		
Statutory Audit Fees*	3 00 000	75 000
Tax Audit Fees*	45 000	-
Certification and Consultation Fees*	4 500	20 000
	<u>3 49 500</u>	<u>95 000</u>

* Exclusive of taxes

	(Amount ₹)	
	As at 31st March, 2020	As at 31st March, 2019
18. TAXATION		
Income tax recognised in Statement of Profit and Loss		
Current tax	20 47 18 070	-
	20 47 18 070	-
Deferred tax	1 02 12 550	2 029
Total Income Tax expenses	<u>21 49 30 620</u>	<u>2 029</u>

The income tax expenses for the year can be reconciled to the accounting profit as follows:

	(Amount ₹)	
	As at 31st March, 2020	As at 31st March, 2019
Profit Before Tax	25 19 10 651	(11 86 212)
Applicable Tax Rate	25.17%	26.00%
Computed Tax Expense	6 34 00 873	(3 08 415)
Tax effect of:		
Exempted Income	15,22,20,452	-
Carried Forward Losses Utilised	(6 91 456)	-
Others	(1 02 11 802)	3 08 415
Current Tax Provision (A)	<u>20 47 18 067</u>	-
Incremental Deferred Tax Liability on account of Financial Assets	1 02 12 550	2 029
Deferred Tax Provision (B)	1 02 12 550	2 029
Tax Expenses recognised in Statement of Profit and Loss (A + B)	<u>21 49 30 617</u>	<u>2 029</u>
Effective Tax Rate	85.32%	-0.17%

Notes to the Financial Statements for the Year ended 31st March, 2020

19. Deferred tax assets as at Balance Sheet date consists of the following items. As a matter of prudence, the Company has not recognised deferred tax assets in the books of accounts

	As at 31st March, 2020	(Amount ₹) As at 31st March, 2019
Deferred Tax Liabilities	Nil	Nil
Deferred Tax Assets		
General provision on Standard Asset	14 99 34 164	
Carried forward Losses	21 75 83 474	19 28 15 290
	36 75 17 639	19 28 15 290

20. EARNINGS PER SHARE (EPS)	2019-20	2018-19
Face Value per Equity Share (₹)	10	10
Basic Earnings per share (₹)	1.50	(0.59)
Net Profit/ (Loss) after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹)	3 69 80 031	(11 88 241)
Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	2 46 49 508	20 20 000
Diluted Earnings per share (₹)	1.50	(0.59)
Net Profit/ (Loss) after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹)	3 69 80 031	(11 88 241)
Weighted Average number of Equity Shares used as denominator for calculating Diluted EPS	2 46 49 508	20 20 000
Reconciliation of weighted average number of shares outstanding		
Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	2 46 49 508	20 20 000
Total Weighted Average Potential Equity Shares	-	-
Weighted Average number of Equity Shares used as denominator for calculating Diluted EPS	2 46 49 508	20 20 000

21 RELATED PARTIES DISCLOSURES

As per Ind AS 24, the disclosures of transactions with the related parties are given below:

i) **List of Related Parties where control exists and relationships:**

Sr. No.	Name of the Related Party	Relationship
1	Reliance Industries Limited	Ultimate Holding Company
2	Reliance Industrial Investments and Holdings Limited	Holding Company
3	Reliance Retail Limited	
4	Reliance Projects & Property Management Services Limited (Formerly Reliance Digital Platform & Project Services Limited)	Fellow Subsidiary Companies
5	Reliance Corporate IT Park Limited	

Notes to the Financial Statements for the Year ended 31st March, 2020

ii) Transactions during the year with Related Parties:

					(Amount ₹)
Sr. No.	Nature of Transactions (Excluding Reimbursements)	Ultimate Holding Company	Holding Company	Fellow Subsidiary Companies	Total
1	Purchase / Subscription(Sold) of Investments	-	-	(100 99 99 942)	(100 99 99 942)
				<i>100 99 99 942</i>	<i>100 99 99 942</i>
2	Equity Share Capital Introduced	-	3305 00 00 000	-	3305 00 00 000
		-	-	-	-
3	Non Current Borrowings	-	10041 44 00 000	-	10041 44 00 000
		-	-	-	-
4	Professional Fees	10 67 500	-	46 98 49 990	47 09 17 490
		<i>10 67 500</i>	-	<i>2 50 000</i>	<i>13 17 500</i>
5	Interest Paid	-	144 98 62 798	-	144 98 62 798
		-	-	-	-
6	Subvention Income	-	-	260 85 85 571	260 85 85 571
		-	-	-	-
7	Pre paid Subvention Income	-	-	1392 70 14 084	1392 70 14 084
		-	-	-	-
Balances as at 31st March, 2020					
1	Investments	-	-	-	-
		-	-	<i>100 99 99 942</i>	<i>100 99 99 942</i>
2	Non Current Borrowings	-	10041 44 00 000	-	10041 44 00 000
		-	-	-	-
3	Pre Paid Subvention Income	-	-	1392 70 14 084	1392 70 14 084
		-	-	-	-
4	Trade Payables	-	-	50 74 37 989	50 74 37 989
		<i>8 64 674</i>	-	<i>2 70 000</i>	<i>11 34 674</i>

Note: Figures in Italics represents previous year's amount.

iii) Disclosure in Respect of Major Related Party Transactions during the year:

					(Amount ₹)
Sr. No.	Particulars	Relationship	2019-20	2018-19	
1	Purchase / Subscription of Investments				
	Reliance Corporate IT Park Limited	Fellow Subsidiary	(100 99 99 942)	100 99 99 942	
2	Equity Share Capital Introduced				
	Reliance Industrial Investments and Holdings Limited	Holding Company	3305 00 00 000	-	
3	Non Current Borrowings				
	Reliance Industrial Investments and Holdings Limited	Holding Company	10041 44 00 000	-	
4	Professional Fees				
	Reliance Corporate IT Park Limited	Fellow Subsidiary	-	2 50 000	
	Reliance Projects & Property Management Services Ltd	Fellow Subsidiary	2 50 000	-	
	Reliance Industries Limited	Ultimate Holding Company	10 67 500	10 67 500	
	Reliance Retail Limited	Fellow Subsidiary	46 95 99 990	-	
5	Interest Paid				
	Reliance Industrial Investments and Holdings Limited	Holding Company	144 98 62 798	-	
6	Subvention Income				
	Reliance Projects & Property Management Services Ltd	Fellow Subsidiary	260 85 85 571	-	
7	Pre paid Subvention Income				
	Reliance Projects & Property Management Services Ltd	Fellow Subsidiary	1392 70 14 084	-	

Notes to the Financial Statements for the Year ended 31st March, 2020

22. Income Tax assessment of the Company has been completed up to Assessment Year 2017-18. The Disputed demand outstanding up to said assessment year is NIL.

23 FINANCIAL INSTRUMENTS

A Valuation

All financial instruments are initially recognized and subsequently re-measured at fair value as described below:

- The fair value of investment in Mutual Funds is measured at NAV.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.
- All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.

Fair value measurement hierarchy:

Particulars	As at 31st March, 2020			As at 31st March, 2019				
	Carrying Amount	Level of Input used in			Carrying Amount	Level of Input used in		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial Assets								
At Amortised Cost								
Cash and Cash Equivalents	2 57 807	-	-	-	4 88 822	-	-	-
Loans	14893 33 32 640	-	-	-	-	-	-	-
At FVTPL								
Investments	111 90 50 120	111 90 50 120	-	-	75 07 804	75 07 804	-	-
Financial Liabilities								
At Amortised Cost								
Borrowings	10041 44 00 000	-	-	-	-	-	-	-
Other Financial Liabilities	79 55 90 512	-	-	-	-	-	-	-
Trade Payable	56 45 40 924	-	-	-	98 000	-	-	-

The financial instruments are categorised into three levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs based on unobservable market data.

Valuation Methodology

All financial instruments are initially recognized and subsequently re-measured at fair value as described below:

The fair value of investment in quoted Equity Shares, Bonds, Government Securities, and Mutual / Venture Funds is measured at quoted price or NAV.

B) Financial Risk Management

Different type of risk the Company is exposed are as under:

Interest rate risk

Company's borrowing is only through its holding company viz Reliance Industries Limited, it has no borrowing from Bank/FI etc. Interest payable against such borrowing is as per agreed terms.

Credit risk

Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the Company. The Company assesses the credit quality of all financial instruments that are subject to credit risk. The company

Notes to the Financial Statements for the Year ended 31st March, 2020

categorizes financial assets into stages based on the days past due (DPD) status as under:

Stage 1: Low credit risk i.e. 0 to 30 dpd

Stage 2: Significant increase in credit risk i.e. 31 to 90 dpd

Stage 3: Impaired assets i.e. more than 90 dpd

Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which a 12 month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Lifetime ECL is recognised for stage 2 and stage 3 financial assets

The Company calculates ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD).

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the company's business activities may not be available. Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Company manages liquidity risk by maintaining adequate reserves and matching maturity profiles of financial assets and financial liabilities.

Market risk

Companies main activity is to do trading in financial instruments viz. equity shares, debentures, bonds, derivatives etc. This market is influenced by domestic / international political, financial and other events occurring on day to day basis. Hence the market is constantly volatile and uncertain. Company has strong treasury philosophies and practices and is well geared to meet the challenges of volatile market conditions.

24. The Figures of the corresponding previous year have been regrouped / reclassified wherever necessary, to make them comparable.

25. APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved for issue by the Board of Directors on April 22, 2020.

As per our Report of even date

For Chaturvedi & Shah LLP

Chartered Accountants

Registration No. 101720W/W100355

Amit Chaturvedi

Partner

Membership No. 103141

Mumbai

Dated: April 22, 2020

For and on behalf of the Board

Rohit C. Shah

Chairman

M. N. Bajpai

Director

Vishal Kumar

Chief Financial Officer

B. Chandrasekaran

Director

Anshu Agarwal

Company Secretary