RELIANCE RETAIL FINANCE LIMITED

Financial Statements
2018-19

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, 2019, 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, 2019, 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, 2019. It should not be distributed to any other person other than the Reliance Industries Limited and it's auditors or used for any other purposes.

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

Jignesh Mehta
Partner
Membership No.: 102749

Place: Mumbai
Date : April 15, 2019

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, 2019 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, 2019, 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)

Jignesh Mehta
Partner
Membership No.: 102749

Place : Mumbai
Date : April 15, 2019

Balance Sheet as at 31st March, 2019

(Amount ₹)

	Notes	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
NON-CURRENT ASSETS			
Financial Assets			
Investments	1	100 99 99 942	100 99 99 942
Total Non-Current Assets		**100 99 99 942**	**100 99 99 942**
CURRENT ASSETS			
Financial Assets			
Investments	2	75 07 804	-
Cash and Cash Equivalents	3	4 88 822	1 07 72 898
Other Current Assets	4	6 45 554	3 32 143
Total Current Assets		**86 42 180**	**1 11 05 041**
Total Assets		**101 86 42 122**	**102 11 04 983**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	5	2 02 00 000	2 02 00 000
Other Equity	6	99 82 91 405	99 94 79 646
Total Equity		**101 84 91 405**	**101 96 79 646**
LIABILITIES			
Non-Current Liabilities			
Deferred tax Liabilities	7	2 029	-
		2 029	-
Current Liabilities			
Financial Liabilities			
Trade Payables Due to:	8		
Micro and Small Enterprise		-	-
Other than Micro and Small Enterprise		98 000	13 14 274
Other Current Liabilities	9	50 688	1 11 063
Total Current Liabilities		**1 48 688**	**14 25 337**
Total Liabilities		**1 50 717**	**14 25 337**
Total Equity and Liabilities		**101 86 42 122**	**102 11 04 983**
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1 to 19		

As per our Report of even date
For Chaturvedi & Shah LLP
Chartered Accountants
Registration No.: 101720W/W100355

Jignesh Mehta
Partner
Membership No. 102749

Mumbai
Dated : April 15, 2019

For and on behalf of the Board

Rohit C. Shah
Chairman

M.N. Bajpai
Director

B. Chandrasekharan
Director

Suresh Jagannathan
Chief Financial Officer

Sajita Nair
Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2019

(Amount ₹)

	Notes	2018-19	2017-18
INCOME			
Revenue from Operations	10	6 63 942	15 67 662
Total Income		**6 63 942**	**15 67 662**
EXPENSES			
Other Expenses	11	18 50 154	12 01 125
Total Expenses		**18 50 154**	**12 01 125**
Profit / (Loss) Before Tax		(11 86 212)	3 66 537
Tax Expenses			
Current Tax	12	-	2 74 890
Deferred Tax	12	2 029	(2 58 357)
Profit / (Loss) for the year		**(11 88 241)**	**3 50 004**
Other Comprehensive Income		**-**	**-**
Total Comprehensive Income for the year		**(11 88 241)**	**3 50 004**
Earnings per equity share of face value of ₹ 10 each			
Basic (in ₹)	13	(0.59)	0.17
Diluted (in ₹)	13	(0.59)	0.17
Significant Accounting Policies			
See accompanying Notes to Financial Statements	1 to 19		

As per our Report of even date
For Chaturvedi & Shah LLP
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Registration No.: 101720W/W100355

Jignesh Mehta
Partner
Membership No. 102749

Mumbai
Dated : April 15, 2019

For and on behalf of the Board

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Director

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Director

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Chief Financial Officer

Sajita Nair
Company Secretary

Statement of changes in Equity for the year ended 31st March, 2019

(Amount ₹)

	A. Equity Share Capital	B. Other Equity		
		Reserves and Surplus		Total
		Statutory Reserve Fund *	Retained Earnings	
Year ended 31st March, 2018				
Balance at beginning of reporting period	2 02 00 000	20 42 41 992	79 48 87 650	99 91 29 642
Total Comprehensive Income for the year	-	-	3 50 004	3 50 004
Appropriation : Transfer to Statutory Reserve Fund	-	4 18 216	(4 18 216)	-
Balance at the end of the reporting period	**2 02 00 000**	**20 46 60 208**	**79 48 19 438**	**99 94 79 646**
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**

* 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
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Chief Financial Officer

Sajita Nair
Company Secretary

Cash Flow Statement for the year ended 31st March, 2019

(Amount ₹)

		2018-19	2017-18
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/ (Loss) Before Tax as per Statement of Profit and Loss	(11 86 212)	3 66 537
	Adjusted for :		
	Gain on Investments	(6 63 942)	(6 44 307)
	Dividend Income	-	(9 23 355)
	Operating Profit/(Loss) before Working Capital Changes	**(18 50 154)**	**(12 01 125)**
	Adjusted for :		
	Trade and Other Receivables	(3 24 540)	(1 97 033)
	Trade and Other Payables	(12 76 649)	13 05 837
	Cash used in Operations	**(34 51 343)**	**(92 321)**
	Taxes Paid(Net)	11 129	(4 10 000)
	Net Cash Flow used in Operating Activities	**(34 40 214)**	**(5 02 321)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Payment for financial assets	(1 96 00 000)	(203 18 73 296)
	Proceeds from sale of financial assets	1 27 56 138	204 20 73 135
	Dividend Income	-	9 23 355
	Net Cash Flow (used in)/ from Investing Activities	**(68 43 862)**	**1 11 23 194**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Net Cash Flow used in Financing Activities	**-**	**-**
	Net (Decrease)/ Increase in Cash and Cash Equivalents	**(1 02 84 076)**	**1 06 20 873**
	Opening Balance of Cash and Cash Equivalents	**1 07 72 898**	**1 52 025**
	Closing Balance of Cash and Cash Equivalents (Refer Note 3)	**4 88 822**	**1 07 72 898**

As per our Report of even date
For Chaturvedi & Shah LLP
Chartered Accountants
Registration No.: 101720W/W100355

Jignesh Mehta
Partner
Membership No. 102749

Mumbai
Dated : April 15, 2019

For and on behalf of the Board

Rohit C. Shah
Chairman

M.N. Bajpai
Director

B. Chandrasekharan
Director

Suresh Jagannathan
Chief Financial Officer

Sajita Nair
Company Secretary

Notes to the Financial Statements for the year ended 31st March, 2019

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.

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.

The 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) Inventories

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase and other costs net of recoverable taxes incurred in bringing them to their respective present location and condition.

Cost of Inventories are determined on weighted average basis.

(c) 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.

(d) Tax Expenses

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income and equity.

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.

(e) Foreign currencies transactions and translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Notes to the Financial Statements for the year ended 31st March, 2019

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

(f) Revenue recognition

Interest income

Interest income from a financial asset is recognised using effective interest rate method.

Dividends

Revenue is recognised when the Company’s right to receive the payment has been established.

(g) 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 measured at FVTPL.

C. Investment in Fellow Subsidiaries

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

D. Impairment of financial assets

In accordance with Ind AS 109, the Company uses ‘Expected Credit Loss’ (ECL) model, for evaluating impairment assessment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Notes to the Financial Statements for the year ended 31st March, 2019

For trade receivables company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. Further the company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

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.

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.

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) 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.

(b) 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. STANDARDS ISSUED BUT NOT EFFECTIVE

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 -Leases and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 01,2019.

a) Issue of Ind AS 116 - Leases

Ind AS 116 will replace the existing leasing standard i.e. Ind AS 17 and related interpretations. Ind AS 116 introduces a single lessee accounting model and requires lessee to recognize assets and liabilities for all leases with non-cancellable period of more than twelve months except for low value assets. Ind AS 116 substantially carries forward the lessor accounting requirement in Ind AS 17

Notes to the Financial Statements for the year ended 31st March, 2019

b) Amendment to Existing Standard

The MCA has also carried out amendments to the following accounting standards:

i. Ind AS 101 - First time adoption of Indian Accounting Standards

ii. Ind AS 103 - Business Combinations

iii. Ind AS 109 - Financial Instruments

iv. Ind AS 111 - Joint Arrangements

v. Ind AS 12 - Income Taxes

vi. Ind AS 19 - Employee Benefits

vii. Ind AS 23 - Borrowing Costs

viii. Ind AS 28 - Investment in Associates and Joint Ventures

Application of above standards are not expected to have any significant impact on the Company’s financial statements.

Notes to the Financial Statements for the year ended 31st March, 2019

(Amount ₹)

		As at 31st March, 2019		As at 31st March, 2018	
		Units	Amount	Units	Amount
1.	**INVESTMENTS - NON - CURRENT**				
	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	15,074,626	100 99 99 942	15,074,626	100 99 99 942
	Total of Investments measured at Cost		**100 99 99 942**		**100 99 99 942**
	Total Investments - Non-Current		**100 99 99 942**		**100 99 99 942**
	Aggregate amount of Quoted Investments		-		-
	Market Value of Quoted Investments		-		-
	Aggregate amount of Unquoted Investments		100 99 99 942		100 99 99 942

(Amount ₹)

		As at 31st March, 2019		As at 31st March, 2018	
		Units	Amount	Units	Amount
2.	**INVESTMENTS - CURRENT**				
	Investments measured at Fair Value through Profit & Loss				
	In Mutual Fund - Unquoted				
	ICICI Prudential Liquid Plan - Growth of ₹ 100 each	27,260	75 07 804	-	-
	Total of Investments measured at Fair Value through Profit & Loss		**75 07 804**		**-**
	Total Investments - Current		**75 07 804**		**-**
	Aggregate amount of Quoted Investments		-		-
	Market Value of Quoted Investments		-		-
	Aggregate amount of Unquoted Investments		75 07 804		-

(Amount ₹)

		As at 31st March, 2019	As at 31st March, 2018
3.	**CASH AND CASH EQUIVALENTS**		
	Balances with bank	4 88 822	1 07 72 898
	Cash and Cash Equivalents as per Balance Sheet	**4 88 822**	**1 07 72 898**
	Cash and Cash Equivalents as per Cash Flow Statement	**4 88 822**	**1 07 72 898**

Notes to the Financial Statements for the year ended 31st March, 2019

(Amount ₹)

		As at 31st March, 2019	As at 31st March, 2018
4.	**OTHER CURRENT ASSETS**		
	(Unsecured and Considered Good)		
	Advance Income Tax (net of provisions)	1 23 981	1 35 110
	Balance with Statutory Authorities	5 21 573	1 97 033
	Total	**6 45 554**	**3 32 143**
	Advance Income Tax (net of provisions)		
	At start of year	1 35 110	-
	Charge for the year	-	(2 74 890)
	Tax paid during the year	(11 129)	4 10 000
	At end of year	**1 23 981**	**1 35 110**

(Amount ₹)

			As at 31st March, 2019	As at 31st March, 2018
5.	**SHARE CAPITAL**			
	AUTHORISED SHARE CAPITAL			
	45,00,000 (45,00,000)	Equity Shares of ₹ 10 each	4 50 00 000	4 50 00 000
			4 50 00 000	**4 50 00 000**
	ISSUED,SUBSCRIBED AND PAID UP			
	20,20,000 (20,20,000)	Equity Shares of ₹ 10 each fully paid up	2 02 00 000	2 02 00 000
	Total		**2 02 00 000**	**2 02 00 000**

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

	As at 31st March, 2019		As at 31st March, 2018	
Name of the Shareholder	**No. of Shares**	**% held**	**No. of Shares**	**% held**
Holding Company :				
Reliance Industrial Investments and Holdings Limited	2,020,000	100.00	2,020,000	100.00

All the above 20,20,000 (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.

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

Particulars	**As at 31st March, 2019 No. of Shares**	**As at 31st March, 2018 No. of Shares**
Equity Shares at the beginning of the year	2,020,000	2,020,000
Add : Shares issued during the year	-	-
Equity Shares at the end of the year	**2,020,000**	**2,020,000**

Notes to the Financial Statements for the year ended 31st March, 2019

5.3 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.

(Amount ₹)

			As at 31st March, 2019		As at 31st March, 2018
6.	**OTHER EQUITY**				
	Reserve and Surplus				
	Statutory Reserve Fund *				
	As per last Balance Sheet	20 46 60 208		20 42 41 992	
	Add: Transferred from Retained Earnings	-		4 18 216	
			20 46 60 208		**20 46 60 208**
	Retained Earnings				
	As per last Balance Sheet	79 48 19 438		79 48 87 650	
	Profit/(Loss) for the year	(11 88 241)		3 50 004	
	Less : Appropriation to Statutory Reserve Fund	-		(4 18 216)	
			79 36 31 197		**79 48 19 438**
	Total		**99 82 91 405**		**99 94 79 646**

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

(Amount ₹)

		As at 31st March, 2019	As at 31st March, 2018
7.	**DEFERRED TAX LIABILITY**		
	The movement on the deferred tax account is as follows:		
	At the start of the year	-	2 58 357
	Charge/(credit) to Statement of Profit and Loss (Refer Note 12)	2 029	(2 58 357)
	At end of year	2 029	-

Component of Deferred Tax Liabilities :

	As at 31st March, 2018	Charge/(Credit) to Statement of Profit and Loss	Others	As at 31st March, 2019
Deferred Tax Liabilities in relation to:				
Financial Assets	-	2 029	-	2 029
Total	-	2 029	-	**2 029**

(Amount ₹)

		As at 31st March, 2019	As at 31st March, 2018
8.	**TRADE PAYABLES DUE TO**		
	Micro and Small Enterprise	-	-
	Other than Micro and Small Enterprise	98 000	13 14 274
	Total	**98 000**	**13 14 274**

8.1 There are no overdue amounts to Micro, Small and Medium Enterprises as at March 31, 2019 for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

Notes to the Financial Statements for the year ended 31st March, 2019

(Amount ₹)

		As at 31st March, 2019	As at 31st March, 2018
9.	**OTHER CURRENT LIABILITIES**		
	Other Payables *	50 688	1 11 063
	Total	**50 688**	**1 11 063**

* Includes Statutory Dues.

(Amount ₹)

		2018-19	2017-18
10.	**REVENUE FROM OPERATIONS**		
	Dividend Income	-	9 23 355
	Gain on Investments	6 63 942	6 44 307
	Total	**6 63 942**	**15 67 662**

Above income generated from Financial Assets measured at Fair Value through Profit and Loss.

(Amount ₹)

		2018-19	2017-18
11.	**OTHER EXPENSES**		
	Establishment Expenses		
	Rates and Taxes	10 628	6 790
	Professional Fees	13 17 228	10 60 625
	Payment to Auditors	95 000	82 000
	General Expenses	38 298	18 110
	Directors Sitting Fees	3 89 000	33 600
	Total	**18 50 154**	**12 01 125**

(Amount ₹)

11.1	**Payment to Auditors as:**		
	Particulars	**2018-19**	**2017-18**
	Statutory Audit Fees*	75 000	65 000
	Certification and Consultation Fees*	20 000	17 000
		95 000	**82 000**

* Exclusive of taxes

Notes to the Financial Statements for the year ended 31st March, 2019

(Amount ₹)

		As at 31st March, 2019	As at 31st March, 2018
12.	**TAXATION**		
	Income tax recognised in Statement of Profit and Loss		
	Current tax	-	2 74 890
	Deferred tax	2 029	(2 58 357)
	Total Income Tax expenses	**2 029**	**16 533**
	The income tax expenses for the year can be reconciled to the accounting profit as follows:		
	Profit Before Tax	(11 86 212)	3 66 537
	Applicable Tax Rate	26.00%	25.75%
	Computed Tax Expense	(3 08 415)	94 383
	Tax effect of :		
	Exempted Income	-	(2 37 764)
	Carried Forward Losses Utilised	-	(3 70 261)
	Change in valuation method	-	3 70 261
	Others	3 08 415	4 18 271
	Current Tax Provision (A)	-	2 74 890
	Incremental Deferred Tax Liability on account of Financial Assets	2 029	(2 58 357)
	Deferred Tax Provision (B)	2 029	(2 58 357)
	Tax Expenses recognised in Statement of Profit and Loss (A+B)	**2 029**	**16 533**

		2018-19	2017-18
13.	**EARNINGS PER SHARE (EPS)**		
	Face Value per Equity Share (₹)	10	10
	Basic Earnings per share (₹)	(0.59)	0.17
	Net Profit/ (Loss) after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹)	(11 88 241)	3 50 004
	Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	20 20 000	20 20 000
	Diluted Earnings per share (₹)	(0.59)	0.17
	Net Profit/ (Loss) after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹)	(11 88 241)	3 50 004
	Weighted Average number of Equity Shares used as denominator for calculating Diluted EPS	20 20 000	20 20 000
	Reconciliation of weighted average number of shares outstanding		
	Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	20 20 000	20 20 000
	Total Weighted Average Potential Equity Shares	-	-
	Weighted Average number of Equity Shares used as denominator for calculating Diluted EPS	20 20 000	20 20 000

Notes to the Financial Statements for the year ended 31st March, 2019

14. 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

(Amount ₹)

	As at 31st March, 2019	As at 31st March, 2018
Deferred Tax Assets		
Carried forward Losses	19 28 15 290	19 33 32 234

15. 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 Corporate IT Park Limited	Fellow Subsidiary Companies

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 of Investments	-	-	-	-
		-	*-*	*100 99 99 942*	*100 99 99 942*
2	Redemption of Investments	-	-	-	-
		-	*-*	*101 00 00 000*	*101 00 00 000*
3	Professional Fees	10 67 500	-	2 50 000	13 17 500
		8 00 625	*-*	*2 50 000*	*10 50 625*
Balances as at 31st March, 2019					
1	**Investments**	-	-	100 99 99 942	100 99 99 942
		-	*-*	*100 99 99 942*	*100 99 99 942*
2	**Trade Payables**	-	-	-	-
		8 64 674	*-*	*2 70 000*	*11 34 674*

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	2018-19	2017-18
1	**Purchase / Subscription of Investments**			
	Reliance Corporate IT Park Limited	Fellow Subsidiary	-	100 99 99 942
2	**Redemption of Investments**			
	Reliance Industrial Investments and Holdings Limited	Holding Company	-	101 00 00 000
3	**Professional Fees**			
	Reliance Corporate IT Park Limited	Fellow Subsidiary	2 50 000	2 50 000
	Reliance Industries Limited	Ultimate Holding Company	10 67 500	8 00 625

16. Income Tax assessment of the Company has been completed up to Assessment Year 2016-17. Company has made rectification applications to Income Tax Authorities to rectify certain errors in assessment orders which are appeared from the records. Subject to such rectifications, there are no demands for which company is contingently liable.

Notes to the Financial Statements for the year ended 31st March, 2019

17. FINANCIAL INSTRUMENTS

Valuation

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

a) The fair value of investment in Mutual Funds is measured at NAV.

b) The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

c) All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.

(Amount ₹)

Fair value measurement hierarchy:

Particulars	Carrying Amount	As at 31st March, 2019 Level of Input used in			Carrying Amount	As at 31st March, 2018 Level of Input used in		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial Assets								
At Amotised Cost								
Cash and Cash Equivalents	4 88 822	-	-	-	1 07 72 898	-	-	-
At FVTPL								
Investments	75 07 804	75 07 804	-	-	-	-	-	-
Financial Liabilities								
At Amortised Cost								
Trade Payable	98 000	-	-	-	13 14 274	-	-	-

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.

Credit Risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due causing financial loss to the company. It arises from its investment activities, derivative instruments and other financial assets.

Liquidity Risk

Liquidity risk is the risk that arises from the Company's inability to meet its cash flow commitments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.

Management monitors rolling forecasts of the company’s cash flow position and ensures that the Company is able to meet its financial obligations at all times including contingencies.

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

19. APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved for issue by the Board of Directors on April 15, 2019.

As per our Report of even date
For Chaturvedi & Shah LLP
Chartered Accountants
Registration No.: 101720W/W100355

Jignesh Mehta
Partner
Membership No. 102749

Mumbai
Dated : April 15, 2019

For and on behalf of the Board

Rohit C. Shah
Chairman

M.N. Bajpai
Director

B. Chandrasekharan
Director

Suresh Jagannathan
Chief Financial Officer

Sajita Nair
Company Secretary