

Financial Statement
2019-20
Gulfoss Enterprises Private Limited

GULLFOSS ENTERPRISES PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Note No.	(Rupees) As at March 31, 2020
ASSETS		
1 Non-current assets		
Financial assets :		
- Non current investments	3	33,00,000
2 Current assets		
- Cash & cash equivalents	4	73,253
TOTAL		33,73,253
EQUITY AND LIABILITIES		
1 Equity		
(a) Equity share capital	5	1,00,000
(b) Other equity	6	(4,41,689)
2 Non-Current liabilities		
Financial Liabilities :		
- Inter corporate deposits	7	33,00,000
3 Current liabilities		
Provisions :		
- Other current liabilities	8	4,14,942
TOTAL		33,73,253

See accompanying notes to the financial statements '1 to 14'

As per our report of even date attached

For and on behalf of the Board of Directors

For Pathak H.D. & Associates

Firm Registration No. : 107783W

Chartered Accountants

Vishal D. Shah

Partner

Membership No.: 119303

(Director)

(Director)

Mumbai

Dated : May 07, 2020

GULLFOSS ENTERPRISES PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2020

Particulars	Note No.	(Rupees) From Jan. 24, 2019 to Mar 31, 2020 (for 15 months)
REVENUE		
Revenue from operations		-
(I) TOTAL REVENUE		-
EXPENSES		
Finance cost	9	4,03,142
Other expenses	10	38,547
(II) TOTAL EXPENSES		4,41,689
(III) LOSS BEFORE TAX (I-II)		(4,41,689)
(IV) TAX EXPENSE :		
a) Current Tax		-
b) Deferred Tax		-
(V) LOSS FOR THE PERIOD (III-IV)		(4,41,689)
(IV) OTHER COMPREHENSIVE INCOME		-
(V) TOTAL COMPREHENSIVE INCOME FOR THE YEAR (V+ VI)		(4,41,689)
(VII) EARNINGS PER EQUITY SHARE	13	
(Face value of Rs. 10 each fully paid up)		
Basic (in Rupees)		(44.17)
Diluted (in Rupees)		(44.17)

See accompanying notes to the financial statements '1 to 14'

As per our report of even date attached

For and on behalf of the Board of Directors

For Pathak H.D. & Associates
Firm Registration No. : 107783W
Chartered Accountants

Vishal D. Shah
Partner
Membership No.: 119303

(Director)

(Director)

Mumbai
Dated : May 07, 2020

GULLFOSS ENTERPRISES PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2020

Equity Share Capital	(Rupees)	
Particulars	Numbers	Amount
Equity Shares of Rs. 10 each		
Opening Balance	-	-
Issue of Share Capital	10,000	1,00,000
As at March 31, 2020	10,000	1,00,000

Other Equity				(Rupees)
Particulars	Opening balance	Profit/(Loss) for the period	Total comprehensive income for the period	As at March 31, 2020
Reserves and Surplus				
a) Retained Earning	-	(4,41,689)	-	(4,41,689)
TOTAL	-	(4,41,689)	-	(4,41,689)

See accompanying notes to the financial statements '1 to 14'

As per our report of even date attached

For and on behalf of the Board of Directors

For Pathak H.D. & Associates
 Firm Registration No. : 107783W
 Chartered Accountants

Vishal D. Shah
 Partner
 Membership No.: 119303

(Director)

(Director)

Mumbai
 Dated : May 07, 2020

GULLFOSS ENTERPRISES PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2020

(Rupees)

Particulars	From Jan. 24, 2019 to Mar 31, 2020
<u>A. Cash Flow from Operating Activities</u>	
Net Loss	(4,41,689)
Adjusted for Finance Cost	4,03,142
Cash from / (used in) Operating Activities before working capital change	(38,547)
Adjustments for working capital change Increase/(Decrease) in Current Liability	11,800
Net Cash from / (used in) Operating Activities	(26,747)
<u>B. Cash Flow from Investing Activities</u>	
Investment in equity shares of associate company	(33,00,000)
Net Cash from / (used in) Investing Activities	(33,00,000)
<u>C. Cash Flow from Financing Activities</u>	
Issue of equity shares during the period	1,00,000
ICD Taken from Related Party	33,00,000
Net Cash from / (used in) Financing Activities	34,00,000
Net increase / (decrease) in Cash and Cash Equivalents (A + B + C)	73,253
Opening Balance of Cash and Cash Equivalents	-
Closing Balance of Cash and Cash Equivalents	73,253

Note : The above cash flow statement has been prepared under the "Indirect method" as set out in Ind-AS 7 - Cash flow Statement.

As per our report of even date attached

For and on behalf of the Board of Directors

For Pathak H.D. & Associates
Firm Registration No. : 107783W
Chartered Accountants

Vishal D. Shah
Partner
Membership No.: 119303

(Director)

(Director)

Mumbai
Dated : May 07, 2020

GULLFOSS ENTERPRISES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

1 General information

Gullfoss Enterprises Private Limited ("the Company"), was incorporated on January 24, 2019 as a company limited by shares pursuant to the Companies Act, 2013, with the Registrar of Companies (RoC), Maharashtra, Mumbai. The Company is principally engaged in financing, manufacturing of all kinds of rotor craft, fixed wing aircraft of every description and carry out all the related allied activities.

The Company is a subsidiary of Reliance Commercial Finance Limited ('RCFL' or 'Holding company'), a Non-Banking Financial Company without accepting public deposits, as defined under Section 45-IA of the Reserve Bank of India Act, 1934.

As explained earlier the Company was incorporated on January 24, 2019 accordingly this is the first financial year of the Company hence previous year figures are not given in the financials.

2 Significant accounting policies and critical accounting estimate and judgments

2.1 Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

a Basis of Preparation of Financial Statements

(i) Compliance with Ind AS

The holding company has prepared its financial statements for the year ended March 31, 2020 in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

Accordingly, the financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant provisions of the Companies Act, 2013 ("the Act"). These financial statements are presented in Indian rupees.

(ii) Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by the certain financial assets and financial liabilities at fair value;

(iii) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Company uses valuation techniques that are appropriate in the circumstances for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(iv) Current vis-à-vis non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Act. Based on the nature of the services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

2.2 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The power to assess the financial performance and position of the Company and make strategic decisions is vested in the executive director who has been identified as the chief operating decisions maker.

The Company is mainly engaged in the financing, manufacturing of all kinds of rotor craft, fixed wing aircraft of every description and all other activities revolve around the main business of the Company. Further, all activities are conducted within India and as such there is no separate reportable segment as specified in Ind AS 108 on 'Operating Segment'.

2.3 Foreign currency translation

(i) Functional and presentation currency

Items included in financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Gullfoss Enterprises Private Limited's functional and presentation currency.

(ii) Translation and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on nonmonetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

2.4 Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialised.

2.5 Revenue Recognition

Revenue from rendering of services is recognised when the performance of agreed contractual task has been completed. Revenue from operations is measured at the fair value of the consideration received or receivable, taking into account

i) Revenue from operation include income from sale of goods, services and service tax/Goods and Service Tax and is net of value added tax and sales tax recovered. Revenue from sale of goods and services is recognised considering the following steps:

1. Identify the Contract with Customer
2. Identify the performance obligations in the contract
3. Determining the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when the entity satisfies a performance obligation

ii) In case of contract for rotor craft, fixed wing aircraft, performance obligations are satisfied over a period of time. Revenue from contracts, where performance obligation is satisfied over a period of time, is recognised by measuring the progress towards complete satisfaction of that performance obligation over a period of time.

Progress of performance obligation is measured as follows:

1. In respect of commercial vessels, including bulk carriers, tankers, container vessels, etc. and floating platforms, progress of performance obligation is measured using input method on the basis of actual cost incurred as against the total estimated cost of the contract under execution.

2. In respect of other vessels, including offshore support vessels, progress of performance obligation is measured using output method, where the stage of completion is measured by reference to the percentage of proportion of the contract work completed as determined by the technical experts performing survey of the work. As soon as the outcome of the construction contract can be estimated reliably, contract revenue and expenses are recognized in the Statement of Profit and Loss in proportion to the degree of completion of the contract.

3. In respect of contract of repair and fabrication, revenue is recognised based on the performance obligation measured by the actual cost incurred to the total estimated cost of the contract

4. The Management believes that the method of measuring performance obligation as above is the best represent considering the nature of the contract. The estimates of cost and progress of performance obligations are measured at each reporting date by the management. The effect of such changes to estimates is recognized in the period in which such changes are determined. The estimated cost of each contract is determined based on the management's estimate of the cost to be incurred till the final completion of the vessel and includes cost of materials, services, finance cost and other related overheads. Any projected losses on contracts under execution are recognized in full when identified. Recognition of revenue relating to agreements entered in to with the buyers, which are subject to fulfilment of obligations/conditions imposed by statutory authorities is postponed till such obligations are discharged.

iii. Interest income is recognised on a time proportion basis. Dividend is considered when the right to receive is established. Insurance and other claims are recognised as revenue on certainty of receipt on prudent basis.

2.6 Investments

Investments are classified into current investments and long-term investments. Current investments are carried at lower of cost and fair value and long term investments are carried at cost. However, provision is made to recognize decline other than temporary in the carrying amount of long term investments. Unquoted investments in the units of Mutual Funds in nature of current investment are valued at lower of cost or Net Asset Value declared by Mutual Funds in respect of each particular scheme.

2.7 Cash & Cash Equivalents

In the cashflow statements, cash and cash equivalents includes cash in hand, balance in banks, fixed deposits with banks (without lien) and other short-term highly liquid investments with original maturities of three months or less

2.8 Earnings per share

The basic earnings per share is computed by dividing the net profit / (loss) attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and also the number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit / (loss) per share are included.

2.9 Provision for Current Tax and Deferred Tax

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit entitlement is recognised where there is convincing evidence that the same can be realised in future.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

2.10 Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

2.11 Provisions, Contingent Liabilities and Contingent Assets

The Company creates a provision when there is a present obligation as a result of past events and it is probable that there will be outflow of resources and a reliable estimate of the obligation can be made of the amount of the obligation.

Contingent liabilities are not recognised but are disclosed in the notes to the financial statements. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

GULLFOSS ENTERPRISES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

3. Non current Investments	(Rupees)		
	Face Value Rs.	No. of Shares	As at March 31, 2020
Equity Shares valued at cost unless stated otherwise Unquoted, fully paid-up In Associate company			
Reinplast Advance Composites Pvt Ltd	10	3,30,000	33,00,000
			33,00,000

4. Financial assets - Cash & Cash equivalents	(Rupees)
	As at March 31, 2020
Balance with Banks - in Current Accounts	73,253
	73,253

5. Equity Share Capital	(Rupees)	
	As at March 31, 2020	
a) Authorised		
10,000 Equity Shares of Rs. 10 each		1,00,000
		1,00,000
b) Issued, subscribed & Fully paid up		
10,000 Equity Shares of Rs. 10 each		1,00,000
		1,00,000
c) Par Value per Share		Amount in Rs.
Equity		10
d) Reconciliation of issued, subscribed and fully paid up Share Capital	No of Shares	Amount
<u>Equity Shares</u>		
Opening Balance	-	-
Issue during the year	10,000	1,00,000
Reduction during the year	-	-
Closing Balance	10,000	1,00,000

e) Rights, Preferences and Restrictions attached to shares

Voting Rights :

In case of equity Shares

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

f) Details of shareholders holding more than 5% of the shares in the Company			(Rupees)
			As at March 31, 2020
Equity Shares	%	No of Shares	Amount
Reliance Defence Limited	50%	5,001	50,010
Reliance Commercial Finance Limited	50%	4,999	49,990
Total	100%	10,000	1,00,000

6. Other Equity		(Rupees)
		As at March 31, 2020
Retained Earnings		
Opening Balance		-
Loss for the year		(33,649)
		(33,649)

7. Non-Current Liabilities		(Rupees)
		As at March 31, 2020
ICD Taken from Related party		33,00,000
		33,00,000

8. Other Current Liabilities		(Rupees)
		As at March 31, 2020
Other Liabilities		11,800
Interest accrued but not due		4,03,142
		4,14,942

9. Finance Cost		(Rupees)
		As at March 31, 2020
Interest Expense (ICD)		4,03,142
		4,03,142

10. Other expenses		(Rupees)
		As at March 31, 2020
Audit Fees		11,800
Bank Charges		3,216
Legal & Professional Fees		23,531
		38,547

11 Related party disclosures:**(i) List of Related Parties and their relationship:****a) Ultimate Parent Company**

Reliance Capital Limited w.e.f. February 24, 2019

b) Holding Company (Refer Note 14)

Reliance Commercial Finance Limited w.e.f. February 24, 2019

c) Associate Company

Reliance Defence Limited w.e.f. April 26, 2019

Reinplast Advance Composites Pvt Ltd w.e.f. April 24, 2019

(ii) Transactions during the period with related parties:

Particulars	(Rupees)		
	Reliance Commercial Finance Limited	Reliance Defence Limited	Reinplast Advance Composites Pvt Ltd
Equity Share Capital			
Balance as at March 31, 2020	49,990	50,010	-
Inter Corporate Deposits			
Taken during the period	33,00,000	-	-
Balance as at March 31, 2020	33,00,000	-	-
Current liabilities			
Interest payable as at March 31, 2020	4,03,142	-	-
Investments			
Investments during the period	-	-	-
Balance as at March 31, 2020	-	-	33,00,000
Expenses			
Interest Expenses	4,03,142	-	-

12 Basic and diluted earnings per share:

The computation of earnings per share is set out below

Particulars	(Rupees)	
	From Jan. 24, 2019 to Mar 31, 2020	
Amounts used as the numerators		
Net Profit / (Loss) after tax	(4,41,689)	
Net Profit / (Loss) attributable to equity shareholders	(4,41,689)	
Weighted average number of equity shares (Nos.)	10,000	
Basic earnings per share of face value Rs. 10 each (In Rupees)	(44.17)	
Diluted earnings per share of face value Rs. 10 each (In Rupees)	(44.17)	

13 In the opinion of management, all the Assets other than Non-Current Investments are approximately of the value stated if realised in the ordinary course of business.

14 Pursuant to Voting Agreement dated April 26, 2019 the Reliance Capital Limited and Reliance Commercial Finance Limited (both jointly as well as severally) has control the Composition of the Board of Directors of the Company and Reliance Defence Limited accordingly the Reliance Commercial Finance Limited is a holding company of the Company.

As per our report of even date attached

For and on behalf of the Board of Directors

For Pathak H.D. & Associates

Firm Registration No. : 107783W

Chartered Accountants

Vishal D. Shah

Partner

Membership No.: 119303

(Director)

(Director)

Mumbai

Dated : May 07, 2020