Financial Statement

2020-21

Gullfoss Enterprises Private Limited

ANNEXURE “1” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **Gullfoss Enterprises Private Limited** of even date)

i) The Company has no fixed assets hence clause 3 (i) of the Order is not applicable.

ii) There is no inventory during the year hence clause 3(ii) of the Order is not applicable.

iii) According to the information and explanations given, during the year the Company has not granted any loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained pursuant to section 189 of the Act. Hence clause 3(iii) of the Order is not applicable.

iv) According to the information and explanations given to us, the Company has not given any loans or provided any guarantee or security hence clause 3(iv) of the Order is not applicable.

v) According to information and explanations given to us, the Company has not accepted any deposits from the public.

vi) According to the information and explanations given to us, no cost records have been prescribed by the Central Government of India under section 148(1) of the Act.

vii) (a) Based on our examination of the books and records, the Company has generally been regular in depositing with appropriate authority undisputed statutory dues including provident fund, income-tax, duty of customs, Goods and service tax, cess and other statutory dues, wherever applicable, during the year. Further no undisputed amounts payable in respect of provident fund, income tax, duty of customs, Goods and service tax, cess and other statutory dues were in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
(b) As per the information and explanations given to us, there are no disputed statutory dues pending to be deposited with the respective authorities by the Company.

viii) As per the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, government or debenture holders during the year.

ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi) The Company has not paid any managerial remuneration. Hence paragraph 3(xi) of the Order is not applicable.

xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or debentures during the year.

xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Bakliwal & Co.**
Chartered Accountants
Regn.No.130381W

Ashish Bakliwal
Partner
Membership No.133823

Place: Mumbai
Date: 04.05.2021

ANNEXURE 2 TO THE AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Gullfoss Enterprises Private Limited** ("the Company") 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 **Gullfoss Enterprises Private Limited** as of March 31, 2021 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 issued by the Institute of Chartered Accountants of India. 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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 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 and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting 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 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, 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 **Bakliwal & Co.**
Chartered Accountants
Regn.No.130381W

Ashish Bakliwal
Partner
Membership No.133823

Place: Mumbai
Date: 04.05.2021

412, Atlanta Estate, Near Virwani Estate, G-M Link Road, W.E. Highway, Goregaon (E), Mumbai- 400063
E-Mail: info@bakliwalca.com; Ph (022) 29271661; Web: www.bakliwalca.com

GULLFOSS ENTERPRISES PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2021

(Rupees)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
1 Non-current assets			
Financial assets :			
- Investments	3	**33 00 000**	33 00 000
Sub total of non-current assets		**33 00 000**	33 00 000
2 Current assets			
Financial assets :			
- Cash & cash equivalents	4	**58 386**	73 253
Other Current assets :	5	**1 800**	-
Sub total of current assets		**60 186**	73 253
TOTAL ASSETS		**33 60 186**	**33 73 253**
EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	6	**1 00 000**	1 00 000
(b) Other equity	7	**(8 83 759)**	(4 41 689)
Sub total of equity		**(7 83 759)**	(3 41 689)
2 Non-Current liabilities			
Financial Liabilities :			
- Borrowings	8	**33 00 000**	33 00 000
Sub total of non-current liabilities		**33 00 000**	33 00 000
3 Current liabilities			
Financial Liabilities :			
- Other Financial Liabilities	9	**8 43 944**	4 14 942
Sub total of current liabilities		**8 43 944**	4 14 942
TOTAL EQUITY AND LIABILITIES		**33 60 186**	**33 73 253**

See accompanying notes to the financial statements '1 to 19'

As per our report of even date attached

For and on behalf of the Board of Directors

For Bakliwal & Co.
Firm Registration No. : 130381W
Chartered Accountants

Ashish Bakliwal
Partner
Membership No.: 133823

Rajib Gangopadhyay
(Director)
DIN : 08088544

Asheesh Chaturvedi
(Director)
DIN : 08899956

Mumbai
Dated : May 4, 2021

GULLFOSS ENTERPRISES PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(Rupees)

	Particulars	Note No.	2020-21	From Jan. 24, 2019 to Mar 31, 2020
			(For 12 months)	(For 15 months)
	REVENUE			
	Revenue from operations		-	-
(I)	**Total Revenue**		**-**	-
	EXPENSES			
	Finance cost	**10**	**4 29 002**	4 03 142
	Other expenses	**11**	**13 068**	38 547
(II)	**Total Expenses**		**4 42 070**	4 41 689
(III)	**Loss Before Tax (I-II)**		**(4 42 070)**	(4 41 689)
(IV)	**Tax Expense :**			
	a) Current Tax		-	-
	b) Deferred Tax		-	-
(V)	**Loss For The Period (III-IV)**		**(4 42 070)**	(4 41 689)
(VI)	**Other Comprehensive Income**		**-**	-
(VII)	**Total Comprehensive Income / Loss For The Period (V+ VI)**		**(4 42 070)**	(4 41 689)
(VIII)	**Earnings Per Equity Share**	**13**		
	(Face value of Rs. 10 each fully paid up)			
	Basic		**(44.21)**	(44.17)
	Diluted		**(44.21)**	(44.17)

See accompanying notes to the financial statements '1 to 19'

As per our report of even date attached

For Bakliwal & Co.
Firm Registration No. : 130381W
Chartered Accountants

Ashish Bakliwal
Partner
Membership No.: 133823

Mumbai
Dated : May 4, 2021

For and on behalf of the Board of Directors

Rajib Gangopadhyay
(Director)
DIN : 08088544

Asheesh Chaturvedi
(Director)
DIN : 08899956

GULLFOSS ENTERPRISES PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

Equity Share Capital (Rupees)

Particulars	Numbers	Amount
As at March 31, 2020	**10 000**	**1 00 000**
Issue of Share Capital	-	-
As at March 31, 2021	**10 000**	**1 00 000**

Other Equity (Rupees)

Particulars	Reserve and Surplus	Other Comprehensive Income	Total Other Equity
	Surplus/ (deficit) in the statement of profit and loss		
As at beginning of the year/ period	-	-	-
Loss for the Period	(4 41 689)	-	(4 41 689)
Other comprehensive income / (loss)	-		-
As at March 31, 2020	**(4 41 689)**	**-**	**(4 41 689)**
Profit / Loss for the Period	(4 42 070)	-	(4 42 070)
Other comprehensive income / (loss)	-	-	-
As at March 31, 2021	**(8 83 759)**	**-**	**(8 83 759)**

See accompanying notes to the financial statements '1 to 19'

As per our report of even date attached

For Bakliwal & Co.
Firm Registration No. : 130381W
Chartered Accountants

Ashish Bakliwal
Partner
Membership No.: 133823

Mumbai
Dated : May 4, 2021

For and on behalf of the Board of Directors

Rajib Gangopadhyay
(Director)
DIN : 08088544

Asheesh Chaturvedi
(Director)
DIN : 08899956

GULLFOSS ENTERPRISES PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

(Rupees)

Particulars	**2020-21**	**From Jan. 24, 2019 to Mar 31, 2020**
	(For 12 months)	**(For 15 months)**
A. Cash Flow from Operating Activities		
Loss before tax	**(4 42 070)**	(4 41 689)
Adjustment :		
Finance Cost	**4 29 002**	4 03 142
Operating profit before working capital changes	**(13 068)**	(38 547)
Adjustments for increase/ (decrease) in operating liabilities		
Financial Liability	**-**	11 800
Net cash generated/(used) from operating activities (a)	**(13 068)**	(26 747)
B. Cash Flow from Investing Activities		
Investment in equity shares	**-**	(33 00 000)
Net Cash used in Investing Activities	**-**	(33 00 000)
C. Cash Flow from Financing Activities		
Proceeds from Issue of equity shares	**-**	1 00 000
Proceeds from unsecured loan taken from Related Party	**-**	33 00 000
Net Cash generated from Financing Activities	**-**	34 00 000
Net increase / (decrease) in Cash and Cash Equivalents (A + B + C)	**(13 068)**	73 253
Add : Cash and cash equivalents at the begning of the year	**73 253**	-
Cash and cash equivalents at end of the year	**60 185**	73 253
Components of Cash and cash equivalents are disclosed in note no 4.		

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 Bakliwal & Co.
Firm Registration No. : 130381W
Chartered Accountants

Partner
Membership No.: 133823

Mumbai
Dated : May 4, 2021

For and on behalf of the Board of Directors

Rajib Gangopadhyay
(Director)

Asheesh Chaturvedi
(Director)

GULLFOSS ENTERPRISES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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, manufaturing 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) (Amendement) 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

(b) Current versus Non-Current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.
An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

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.

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.

(i) 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

2.6 Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognizes the difference as follows:

a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss

2.7 Financial assets

(i) Classification and subsequent measurement

The Company has applied Ind AS 109 and classifies its financial assets in the following measurement categories:

 Fair value through profit or loss (FVPL);
 Fair value through other comprehensive income (FVOCI); or
 Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables.

Classification and subsequent measurement of debt instruments depend on:

(i) the Company's business model for managing the asset; and

(ii) the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured . Interest income from these financial assets is recognised using the effective interest rate method.

Fair value through other comprehensive income: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

2.8 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

2.9 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.

2.10 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 supoorted by convenience 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.

2.11 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.

2.12 Off-setting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty

2.13 Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

2.14 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.

Contingent assets are not recognised nor disclosed in the financial statements.

GULLFOSS ENTERPRISES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

3. Non current- Investments (Rupees)

	Face Value	As at March 31, 2021		As at March 31, 2020	
		Qty	Amount	Qty	Amount
Equity Shares valued at cost unless stated otherwise					
Unquoted, fully paid-up					
In Associate company					
Reinplast Advance Composites Private Limited	10	**3 30 000**	**33 00 000**	3 30 000	33 00 000
			33 00 000		**33 00 000**

4. Financial assets - Cash & Cash equivalents (Rupees)

	As at March 31, 2021	As at March 31, 2020
Balance with Banks		
- in Current Accounts	**58 386**	73 253
	58 386	**73 253**

5. Other Current assets (Rupees)

	As at March 31, 2021	As at March 31, 2020
(Unsecured and considered good)		
Balance with statutory authorities (includes GST recoverable)	**1 800**	-
	1 800	**-**

6. Equity Share Capital (Rupees)

	As at March 31, 2021	As at March 31, 2020
a) Authorised		
10,000 Equity Shares of Rs. 10 each	**1 00 000**	1 00 000
	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
	1 00 000	**1 00 000**

	Amount in Rs.
c) Par Value per Share	
Equity	**10**

d) Reconciliation of issued, subscribed and fully paid up Share Capital	No of Shares	Amount	No of Shares	Amount
Equity Shares				
Opening Balance	**10 000**	**1 00 000**	-	-
Issue during the year	-	-	10 000	1 00 000
Reduction during the year	-	-	-	-
Closing Balance	**10 000**	**1 00 000**	**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, 2021			As at March 31, 2020		
Equity Shares	%	No of Shares	Amount	%	No of Shares	Amount
Reliance Defence Limited	**50%**	**5 001**	**50 010**	50%	5 001	50 010
Reliance Commercial Finance Limited	**50%**	**4 999**	**49 990**	50%	4 999	49 990
Total	100%	10 000	1 00 000	100%	1 00 000	1 00 000

7. Other Equity (Rupees)

	As at March 31, 2021	As at March 31, 2020
Retained Earnings		
Opening Balance	**(4 41 689)**	-
Loss for the period	**(4 42 070)**	(4 41 689)
	(8 83 759)	(4 41 689)

8. Borrowings (Rupees)

	As at March 31, 2021	As at March 31, 2020
Unsecured		
ICD Taken from Holding Company	**33 00 000**	33 00 000
	33 00 000	33 00 000

Terms and Condition

a) Principal is repayable on Maturity i.e. three years from date of disbursement of first tranche of the facility or upon such other period as may be mutually agreed between the parties unless the same becomes repayable/payable earlier under any other provision of the agreement.

b)) Rate of interest is variable, presently interest rate is 13% p.a. and payable annually.

c) The facility shall not be secured. However borrower shall issue a demand promissory note in respect of obligation.

9. Other Financial Liabilities (Rupees)

	As at March 31, 2021	As at March 31, 2020
Other Liabilities	**11 800**	11 800
Interest accrued and due but not paid	**8 32 144**	4 03 142
	8 43 944	4 14 942

Note :

1 Interest accrued and due on Inter Corporate Deposit taken from holding company i.e. Reliance Commercial Finance Limited (Financial Institution) amounting to Rs. 8,82,144 (Previous year Rs. 4,03,142) was unpaid

2 In regard to inter corporate deposits taken, the Company has received confirmation from the lenders that they have accounted Interest on ICD due to them in their books of account for the financial year 2019-20 and have requested to remit gross amount of interest to their account and also undertake that a certificate from an accountant certifying that Company has fulfilled all the conditions mentioned in the first proviso to sub-section (1) of section 201 of the Income-tax Act, 1961 will furnish post filing of income tax return.

10. Finance Cost (Rupees)

	2020-21	Jan. 24, 2019 to Mar 31, 2020
Interest on Inter Corporate Deposit	**4 29 002**	4 03 142
	4 29 002	4 03 142

11. Other expenses (Rupees)

	2020-21	Jan. 24, 2019 to Mar 31, 2020
Audit Fees	**10 000**	11 800
Bank Charges	**3 068**	3 216
Legal & Professional Fees	**-**	23 531
	13 068	38 547

12 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 18)

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 Private Limited — w.e.f. April 24, 2019

parties:

(Rupees)

Particulars	**Reliance Commercial Finance Limited**	**Reliance Defence Limited**	**Reinplast Advance Composites Pvt Ltd**
Equity Share Capital			
Balance as at March 31, 2021	**49 990**	**50 010**	**-**
	(49 990)	(50 010)	(-)
Inter Corporate Deposits			
Taken during the period	**33 00 000**	**-**	**-**
	(33 00 000)	(-)	(-)
Balance as at March 31, 2021	**33 00 000**	**-**	**-**
	(33 00 000)	(-)	(-)
Current liabilities			
Interest payable as at March 31, 2021	**8 32 144**	**-**	**-**
	(4 03 142)	(-)	(-)
Investments			
Investments during the period	**-**	**-**	**33 00 000**
	(-)	(-)	(33 00 000)
Balance as at March 31, 2021	**-**	**-**	**33 00 000**
	(-)	(-)	(33 00 000)

Expenses			
Interest Expenses	**4 29 002**	**-**	**-**
	(4 03 142)	(-)	(-)

Note :
Figures in bracket indicate previous year figures.

13 Basic and diluted earnings per share:

The computation of earnings per share is set out below **(Rupees)**

Particulars	**2020-21**	**Jan. 24, 2019 to Mar 31, 2020**
Amounts used as the numerators		
Loss after tax	**(4 42 070)**	(4 41 689)
(a) Loss attributable to equity shareholders	**(4 42 070)**	(4 41 689)
(b) Weighted average number of equity shares (Nos.)	**10 000**	10 000
Basic earnings per share of face value Rs. 10 each (In Rupees) (a)	**(44.21)**	(44.17)
Diluted earnings per share of face value Rs. 10 each (In Rupees)	**(44.21)**	(44.17)

14 Income and Deferred Taxes

(a) Income Tax Expense **(Rupees)**

Particulars	**2020-21**	**From Jan. 24, 2019 to Mar 31, 2020**
Current tax		
Current tax on profits for the period	-	-
Total current tax expense (A)		-
Deferred tax		
Decrease/(increase) in deferred tax assets	-	-
(Decrease)/increase in deferred tax liabilities	-	-
Total Deferred Tax Expense/(Benefit)	-	-
Income Tax Expense (A+B)	-	-

(b) Reconciliation of tax expenses and the accounting profit multiplied by India's tax rate:

(Rupees)

Particulars	**2020-21**	**Jan. 24, 2019 to Mar 31, 2020**
Loss as per Ind AS before income tax expense	**(4 42 070)**	(4 41 689)
Tax at the Indian tax rate of 25%	**(1 10 518)**	(1 10 422)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non recognition of unabsorbed tax losses	**1 10 518**	1 10 422
Income Tax Expense	-	-

The unabsorbed tax losses has been considered to the extent of amount determined and claimed in the income tax returns filed with the Income Tax Authorities and for which no deferred tax asset has been recognised.

(c) Deferred Tax **(Rupees)**

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Deferred tax asset on account of:		
Carry forward Loss	**(2 20 940)**	(1 36 482)

Note : As a matter of prudence, the Company has not been recognised the above deferred tax asset in the financial statements.

15 Fair Value Measurements and Financial Risk Management

(a) Financial Instruments by Category

Set out below is the detail of the carrying amounts and fair values by class of Financial instruments.

(Rupees)

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Financial Assets	**At Amortised cost**	**At Amortised cost**
Cash and Cash Equivalents	**58 386**	73 253
Financial Liabilities		
Other Financial Liabilities	**8 43 944**	4 14 942

(b) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(Rupees)

Assets and liabilities for which fair values are disclosed at March 31, 2021	**Level 1**	**Level 2**	**Level 3**
Financial Liabilities			
Borrowings	-	-	**33 00 000**
Other Financial Liabilities	-	-	**8 43 944**

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have a quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying amounts of cash and cash equivalents are considered to be the same as their fair values.

(B) Financial Risk Management

(a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.
The Company does not have any significant exposure to credit risk.

(b) Market risk - interest rate risk

(i) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting year are as follows:

(Rupees)

	As at March 31, 2021	**As at March 31, 2020**
Variable rate borrowings	**33 00 000**	33 00 000

(ii) Sensitivity Analysis

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

(Rupees)

	Impact on profit before tax
Interest rates – increase by 100 basis points (100	(33 000)
Interest rates – decrease by 100 basis points (100 bps)*	33 000

(c) Liquidity Risk

The table below analyses the Company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(Rupees)

Contractual Maturities of Financial Liabilities as at March 31, 2021	**Upto 1 year**	**Between 1 and 5 years**	**Total**
Non-derivatives			
Borrowings	**-**	**33 00 000**	**33 00 000**
Other Financial Liabilities	**8 43 944**	**-**	**8 43 944**

16 The Company has incurred losses and its net worth is entirely eroded, which indicate uncertainty that may cast a doubt on the Company's ability to continue as a going concern and it also continues to be funded by its Parent Company viz. Reliance Commercial Finance Limited and accordingly, the accounts of the Company has been prepared on a Going Concern Basis.

17 The Company is engaged in "engaged in manufacturing of rotor craft and fixed wing aircraft" which in the context of Ind AS 108 "Operating Segment" is considered as the only segment. The Company activities are restricted within India and hence, no separate geographical segment disclosure is considered necessary.

18 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 as well as Reliance Defence Limited accordingly the Reliance Commercial Finance Limited is a holding company of the Company.

19 Previous year/period figures has been regrouped / reclassified wherever necessary. The Company was incorporated on January 24, 2019, and accordingly previous year/ period being the first financial year of the Company i.e. begining from the date of incorporation to March 31, 2020, (15 months) and therefore to that extent not strictly comparable to the current year's figures (12 months).

As per our report of even date attached

For and on behalf of the Board of Directors

For Bakliwal & Co.
Firm Registration No. : 130381W
Chartered Accountants

Rajib Gangopadhyay
(Director)

Asheesh Chaturvedi
(Director)

Partner
Membership No.: 133823

Mumbai
Dated : May 4, 2021