

**Reliance Innovative Building Solutions  
Private Limited  
Financial Statements  
2019-20**

## Independent Auditor's Report

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### To the Members of RELIANCE INNOVATIVE BUILDING SOLUTIONS LIMITED

#### Report on the Audit of Financial Statements

##### Opinion

We have audited the accompanying financial statements of **Reliance Innovative Building Solutions Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of 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 of the Company as at March 31, 2020, its Loss including Other Comprehensive Income, its Cash Flows and the Statement of 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.

##### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### 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.

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### **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 the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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;

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- e) On the basis of written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of section 164(2) of the Act;
- f) 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 B”. 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;
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rules 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact on its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

**Jignesh Mehta**  
**Partner**  
Membership No.: 102749  
UDIN : 20102749AAAAKC6745

Place: Mumbai  
Date : April 22, 2020

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**“ANNEXURE A” TO THE INDEPENDENT AUDITORS’ REPORT ON THE FINANCIAL STATEMENTS OF RELIANCE INNOVATIVE BUILDING SOLUTIONS PRIVATE LIMITED****(Referred to in Paragraph 1 under the heading of “Report on other legal and regulatory requirements” of our report of even date)**

- i) As the Company had no Fixed Assets during the year, clause (i) of paragraph of 3 of the Order is not applicable to the Company.
- ii) As the Company had no Inventories during the year, clause (ii) of paragraph of 3 of the Order is not applicable to the Company.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, the requirement of clause (iii) (a) to clause (iii) (c) of paragraph 3 of the Order is not applicable to the Company.
- iv) Company has not granted any loans, investments, guarantees and securities covered under section 185 and 186 of the Act.
- v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Therefore, the clause (v) of paragraph 3 of the Order is not applicable to the Company.
- vi) To the best of our knowledge and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act in respect of the activities undertaken by the Company.
- vii) In respect of Statutory dues :
  - a) According to the records of the Company, undisputed statutory dues including provident fund, employees’ state insurance, income tax, goods and service tax , duty of customs, duty of excise, value added tax, cess and any other statutory dues have been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues, were outstanding as at March 31, 2020 for a period of more than six months from the date they became payable.
  - b) According to the information and explanations given to us, there are no dues of income tax, goods and service tax, duty of customs, duty of excise, value added tax , cess on account of any dispute, which have not been deposited.
- viii) The Company has not raised loans from financial institutions or banks or governments or by issue of debentures and hence clause (viii) of paragraph 3 of the Order is not applicable to the Company.
- ix) The company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans have been applied for the purpose for which they are raised.
- x) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi) Company has not paid any managerial remuneration during the year and hence clause (xi) of paragraph 3 of the Order is not applicable to the Company.
- xii) In our opinion company is not a nidhi company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the company.
- xiii) In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and their details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- xiv) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence clause (xiv) of paragraph 3 of the Order is not applicable to the company.
- xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transaction with the directors or persons connected with him and covered under section 192 of the Act. Hence, clause (xv) of the paragraph 3 of the Order is not applicable to the Company.

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xvi) To the best of our knowledge and as explained, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Chaturvedi & Shah LLP**  
Chartered Accountants  
Firm Registration No. -101720W/W100355

**Jignesh Mehta**  
**Partner**  
Membership No. 102749

Place: Mumbai  
Date: April 22, 2020

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**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS OF RELIANCE INNOVATIVE BUILDING SOLUTIONS PRIVATE LIMITED**

**(Referred to in paragraph 2 (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 Innovative Building Solutions Private Limited** (“the Company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

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

**Auditor’s Responsibility**

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

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

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

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

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

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

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may

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occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

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

For **Chaturvedi & Shah LLP**

Chartered Accountants

Firm Registration No. -101720W/W100355

**Jignesh Mehta**

Partner

Membership No. 102749

Place: Mumbai

Date: April 22, 2020

**Balance Sheet as at 31st March, 2020**

	Note	As at 31st March 2020	(₹ in Thousand) As at 31st March, 2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Other Non Current Assets	1	10 502	17 328
<b>Total Non-Current Assets</b>		<b>10 502</b>	<b>17 328</b>
<b>Current Assets</b>			
<b>Financial Assets</b>			
Trade Receivables	2	6	-
Cash and Cash Equivalents	3	2 885	802
Other Current Assets	4	2 19 228	2 17 882
<b>Total Current Assets</b>		<b>2 22 119</b>	<b>2 18 684</b>
<b>Total Assets</b>		<b>2 32 621</b>	<b>2 36 012</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	5	6 46 940	6 46 940
Other Equity	6	( 5 36 197)	( 5 21 242)
<b>Total Equity</b>		<b>1 10 743</b>	<b>1 25 697</b>
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	7	1 11 500	1 01 800
Other Financial Liabilities	8	3 737	5 767
<b>Total Non Current Liabilities</b>		<b>1 15 237</b>	<b>1 07 567</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Trade Payables	9	4 695	1 273
Other Current Liabilities	10	1 947	1 475
<b>Total Current Liabilities</b>		<b>6 642</b>	<b>2 748</b>
<b>Total Liabilities</b>		<b>1 21 879</b>	<b>1 10 315</b>
<b>Total Equity and Liabilities</b>		<b>2 32 621</b>	<b>2 36 012</b>
Significant Accounting Policies			
Notes to Financial Statements	1 to 22		

As per our Report of even date

**For Chaturvedi & Shah LLP**

Chartered Accountants

Firm Regn No: 101720W/W100355

**Jignesh Mehta**

Partner

Membership No: 102749

Place: Mumbai

Date: April 22nd, 2020

For and on behalf of the Board

**Tarun Kumar Jhunjhunwala**

Director

(DIN: 02150455)

**Sudhakar Saraswatula**

Director

(DIN: 00001330)

**Rajiv Sharma**

Chief Executive Officer

(PAN: ADBPS9087P)

**Ramesh Kumar Damani**

Director

(DIN: 00049764)

**Jagmohanlal Bhamri**

Director

(DIN: 07169306)

**Avani Gangapurkar**

Company Secretary

(Membership No: 24966)

**Dhirendra Harilal Shah**

Director

(DIN: 00004616)

**Pooja Karia**

Chief Financial Officer

(PAN: BRZPS7503M)

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

	Note	(₹ in Thousand)	
		2019-20	2018-19
<b>INCOME</b>			
Revenue from Operations			
Other Income	11	17 377	17 050
<b>Total Income</b>		<b>17 377</b>	<b>17 050</b>
<b>EXPENSES</b>			
Finance Costs	12	8 986	7 521
Other Expenses	13	23 346	97 941
<b>Total Expenses</b>		<b>32 332</b>	<b>1 05 462</b>
<b>Profit/ (Loss) Before Tax</b>		<b>( 14 955)</b>	<b>( 88 412)</b>
Tax Expenses			
<b>Profit/ (Loss) for the Year</b>		<b>( 14 955)</b>	<b>( 88 412)</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the year</b>		<b>( 14 955)</b>	<b>( 88 412)</b>
<b>Earnings/ (loss) per equity share (face value of ₹ 10 each)</b>			
Basic and Diluted	14	(0.23)	(1.37)
Significant Accounting Policies			
Notes to Financial Statements	1 to 22		

As per our Report of even date

**For Chaturvedi & Shah LLP**

Chartered Accountants

Firm Regn No: 101720W/W100355

**Jignesh Mehta**

Partner

Membership No: 102749

Place: Mumbai

Date: April 22nd, 2020

For and on behalf of the Board

**Tarun Kumar Jhunjhunwala**

Director

(DIN: 02150455)

**Sudhakar Saraswatula**

Director

(DIN: 00001330)

**Rajiv Sharma**

Chief Executive Officer

(PAN: ADBPS9087P)

**Ramesh Kumar Damani**

Director

(DIN: 00049764)

**Jagmohanlal Bhamri**

Director

(DIN: 07169306)

**Avani Gangapurkar**

Company Secretary

(Membership No: 24966)

**Dhirendra Harilal Shah**

Director

(DIN: 00004616)

**Pooja Karia**

Chief Financial Officer

(PAN: BRZPS7503M)

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

### A. EQUITY (₹ in Thousand)

Balance as at 1st April, 2018	Changes in Equity Share capital during FY 2018-19	Balance as at 31st March 2019	Changes in Equity Share capital during FY 2019-20	Balance as at 31st March, 2020
6 46 940	-	6 46 940	-	6 46 940

### B. OTHER EQUITY (₹ in Thousand)

Particulars	Reserves and Surplus	Total
	Retained Earnings	
<b>As on 31 March 2019</b>		
Balance as at 1st April, 2018	(4 32 829)	(4 32 829)
Total Comprehensive Income for the year	(88 413)	(88 413)
<b>Balance as at 31st March, 2019</b>	(5 21 242)	(5 21 242)
<b>As on 31st March 2020</b>		
Balance as at 1st April, 2019	(5 21 242)	(5 21 242)
Total Comprehensive Income for the year	(14 955)	(14 955)
<b>Balance as at 31st March, 2020</b>	(5 36 197)	(5 36 197)

As per our Report of even date

**For Chaturvedi & Shah LLP**

Chartered Accountants

Firm Regn No: 101720W/W100355

**Jignesh Mehta**

Partner

Membership No: 102749

Place: Mumbai

Date: April 22nd, 2020

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Director

(DIN: 00004616)

**Pooja Karia**

Chief Financial Officer

(PAN: BRZPS7503M)

## Cash Flow Statement for the year ended 1st April 2019 to 31st March 2020

	2019-20	2018-19		
	(₹ in Thousand)			
<b>A: CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Profit/ (Loss) before Tax as per Statement of Profit and Loss</b>	<b>(14 955)</b>	<b>(88 413)</b>		
<b>Adjusted for:</b>				
Interest Income	(398)	(128)		
Finance Costs	<u>8 986</u>	<u>7 521</u>		
	<b>8 589</b>	<b>7 393</b>		
<b>Operating Profit/ (Loss) before Working Capital Changes</b>	<b>(6 367)</b>	<b>(81 020)</b>		
<b>Adjusted for:</b>				
Trade and Other Receivables	3 335	61 707		
Trade and Other Payables	<u>1 865</u>	<u>(1 091)</u>		
	<b>5 200</b>	<b>60 616</b>		
<b>Cash (used in) Operations</b>	<b>(1 167)</b>	<b>(20 404)</b>		
Taxes (Paid) / Refund (Net)	<u>2 139</u>	<u>(213)</u>		
<b>Net Cash flow (used in) Operating Activities</b>	<b>972</b>	<b>(20 617)</b>		
<b>B: CASH FLOW FROM INVESTING ACTIVITIES</b>				
Interest received	<u>398</u>	<u>128</u>		
<b>Net Cash flow from Investing Activities</b>	<b>398</b>	<b>128</b>		
<b>C: CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Long Term Borrowings	9 700	26 700		
Interest Paid	<u>(8 986)</u>	<u>(7 521)</u>		
<b>Net Cash flow from Financing Activities</b>	<b>714</b>	<b>19 179</b>		
<b>Net (Decrease)/ Increase in Cash and Cash Equivalents</b>	<b>2 083</b>	<b>(1 310)</b>		
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>715</b>	<b>2 025</b>		
<b>Closing Balance of Cash and Cash Equivalents (Refer Note "3")</b>	<b>2 799</b>	<b>715</b>		
<b>Change in Liability arising from financing activity</b>		(₹ in Thousand)		
	<b>1 April 2019</b>	<b>Cash Flow</b>	<b>Foreign Exchange</b>	<b>31 March 2020</b>
<b>Borrowings - Non Current (Refer Note 7)</b>	<b>1 01 800</b>	<b>9 700</b>	<b>-</b>	<b>1 11 500</b>

As per our Report of even date

**For Chaturvedi & Shah LLP**

Chartered Accountants

Firm Regn No: 101720W/W100355

**Jignesh Mehta**

Partner

Membership No: 102749

Place: Mumbai

Date: April 22nd, 2020

For and on behalf of the Board

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**Dhirendra Harilal Shah**

Director

(DIN: 00004616)

**Pooja Karia**

Chief Financial Officer

(PAN: BRZPS7503M)

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

### A. CORPORATE INFORMATION

Reliance Innovative Building Solutions Private Limited ('the Company'), a Company registered under Companies Act 2013, incorporated on October 10, 2007, was a Joint Venture between Reliance Industrial Investments & Holdings Ltd. and SYNTHEON (Mauritius) Limited up to 30th March, 2015 after it has become wholly owned subsidiary of Reliance Strategic Business Ventures Limited (formerly Reliance Industrial Investments and Holdings Limited).

The projects of the company have been completed and the management has decided not to pursue any business in future, accordingly, the operations of the company have been terminated. The management has identified all existing fixed assets to be not in active use and has accordingly, transferred them to 'assets held for sale/disposal'.

Amount of ₹ 15,26,37,021/- (previous year ₹ 15,26,37,021/-) representing the net book value of the idle assets identified, have been disclosed under 'assets held for sale/disposal' to reflect the estimated recoverable amount of fixed assets based on valuation of plant and machineries and best estimates by management for rest of fixed assets. The management is firming up the plan to sell these assets.

In view of the above, no depreciation has been charged to the Statement of profit and loss.

### B. ACCOUNTING POLICIES

#### B.1 BASIS OF PREPARATION AND PRESENTATION

The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount: (i) Certain financial assets and liabilities measured at fair value. (ii) Defined benefit plans - plan assets measured at fair value.

The financial statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.

With effect from 1st April 2019, Ind AS 116 – "Leases" (Ind AS 116) supersedes Ind AS 17 – "Leases". The Company has adopted Ind AS 116 using the prospective approach.

The Company's Financial Statements are presented in Indian Rupees (₹), which is also its functional currency and all values are rounded to the nearest thousand (₹'000), except when otherwise indicated

#### B.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (a) Current and 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;
- Held primarily for the purpose of trading;
- 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 held primarily for the purpose of trading;
- 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.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

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**(b) Leases:**

The Company, as a lessee, recognizes a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

**(c) Cash and Cash Equivalent**

Cash and cash equivalents comprise of cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value

**(d) Finance Cost**

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

**(e) Impairment of non-financial assets**

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**(f) 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.

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

### (g) Tax Expenses

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive income or 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 or substantively 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.

### (h) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services

Generally, control is transfer upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped. Revenue from rendering of services is recognised over time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional. Generally, the credit period varies between 0-60 days from the shipment or delivery of goods or services as the case may be.

In case of discounts, rebates, credits, price incentives or similar terms, consideration are determined based on its most likely amount, which is assessed at each reporting period

#### Interest income

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

### (i) 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 adjusted 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 fair value through other comprehensive income if it is held within a business

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

model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

**C. Impairment of Financial Assets**

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment 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:

- a) 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
- b) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. 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 and borrowings, net of directly attributable cost. Fees of recurring nature are directly recognised in 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.

**(i) Earning Per Share**

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

**C. CRITICAL ACCOUNTING JUDGMENTS 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 future periods.

**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.

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

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**b) Impairment of non-financial assets:**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transaction are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

**c) Impairment of financial assets:**

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

**d) Recoverability of Trade Receivables**

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

**e) Recognition of Deferred Tax Assets and Liabilities**

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

Previous Period's figures have been regrouped/reclassified/re-stated, wherever necessary, to conform to the Current Year's classification.

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

Previous Period's figures have been regrouped/reclassified/re-stated, wherever necessary, to conform to the Current Year's classification.

<b>1 Other Non Current Assets</b>	(₹ in Thousand)	
(Unsecured and Considered Good)	As at	As at
	<b>31st March 2020</b>	31st March, 2019
Security Deposits	6 780	11 468
Advance Income Tax (Net of Provision)	3 721	5 860
<b>Total</b>	<b>10 502</b>	<b>17 328</b>
<b>Advance Income Tax (Net of Provision)</b>		
At the Start of the year	5 860	5 647
Charge for the year	-	
Tax paid/(Refund) during the year	(2 139)	213
<b>At end of the year</b>	<b>3 721</b>	<b>5 860</b>
	-	-
<b>2 Trade Receivables</b>	(₹ in Thousand)	
(Unsecured and Considered Good)	As at	As at
	<b>31st March 2020</b>	31st March, 2019
Receivables from Related Parties	6	-
(Refer note no : 15)		
<b>Total</b>	<b>6</b>	<b>-</b>
<b>3 Cash and Bank Balances</b>	(₹ in Thousand)	
	As at	As at
	<b>31st March 2020</b>	31st March, 2019
<b>Bank Balances:</b>		
In Current Accounts	2 797	714
<b>Other Bank Balances</b>		
In Deposits	88	88
<b>Cash and Cash Equivalents as per Balance Sheet</b>	<b>2 885</b>	<b>802</b>
<b>Cash and Cash Equivalents as per Statement of Cash Flow</b>	<b>2 797</b>	<b>714</b>
<b>3.1</b>	Cash and Cash Equivalents includes deposits maintained by the Company with banks, which can be withdrawn by the Company at any point of time without prior notice or penalty on the principal.	
<b>4 Other Current Assets</b>	(₹ in Thousand)	
	As at	As at
	<b>31st March 2020</b>	31st March, 2019
Balance with Service Tax/ Sales Tax Authorities, etc.	66 146	65 245
Others* (Refer note no 21)	1 53 082	1 52 637
<b>Total</b>	<b>2 19 228</b>	<b>2 17 882</b>

\* Includes Assets held for Sale, Prepaid Expenses, Advances to vendors and accrued interest.

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

5 Share Capital		(₹ in Thousand)	
		As at 31st March 2020	As at 31st March, 2019
<b>Authorised:</b>			
66 000	Equity Shares of ₹ 10 each	<u>6 60 000</u>	<u>6 60 000</u>
(66 000)			
<b>Total</b>		<u>6 60 000</u>	<u>6 60 000</u>
<b>Issued, Subscribed and Paid-Up:</b>			
<b>Fully paid-up</b>			
64 694	Equity Shares of ₹ 10 each	<u>6 46 940</u>	<u>6 46 940</u>
(64 694)			
<b>Total</b>		<u>6 46 940</u>	<u>6 46 940</u>

(i) **Terms/ rights attached to equity shares**

The company has only one class of equity share having par value of ₹10 per share. Each holder of equity and is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, in proportion to the number of equity shares held.

(ii) **The details of Shareholders holding more than 5% shares :**

Name of the Shareholders *	As at 31st March 2020		As at 31st March, 2019	
	No. of Shares	% held	No. of Shares	% held
Reliance Strategic Business Ventures Limited	64 693 950	100	64 693 950	100

\* Reliance Industrial Investments and Holdings Limited holds shares upto 13.09.2020

(iii) **The reconciliation of the number of shares outstanding is set out below :**

		(₹ in Thousand)	
		As at 31st March 2020	As at 31st March, 2019
<b>Particulars</b>		<b>No. of shares</b>	<b>No. of shares</b>
Equity Shares at the beginning of the year		<u>64 694</u>	<u>64 694</u>
Add: Equity Shares issued during the year		<u>-</u>	<u>-</u>
Equity Shares at the end of the year		<u>64 694</u>	<u>64 694</u>

6 Other Equity		(₹ in Thousand)	
		As at 31st March 2020	As at 31st March, 2019
<b>Retained Earnings</b>			
As per Last Balance Sheet		<u>(5 21 242)</u>	<u>(4 32 829)</u>
Add: Profit (Loss) for the year		<u>(14 955)</u>	<u>(88 413)</u>
<b>Total</b>		<u>(5 36 197)</u>	<u>(5 21 242)</u>

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

7 Borrowings - Non Current	(₹ in Thousand)	
	As at	As at
	31st March 2020	31st March, 2019
<b>Unsecured</b>		
From Related Party (Refer Note no : 15)	1 11 500	1 01 800
<b>Total</b>	<b>1 11 500</b>	<b>1 01 800</b>
8 Other Financial Liabilities - Non Current	(₹ in Thousand)	
	As at	As at
	31st March 2020	31st March, 2019
Others - Lease Equalisation Reserve	3 737	5 767
<b>Total</b>	<b>3 737</b>	<b>5 767</b>
9 Trade Payables	(₹ in Thousand)	
	As at	As at
	31st March 2020	31st March, 2019
Micro and Small Enterprises *	-	-
Others	4 695	1 273
<b>Total</b>	<b>4 695</b>	<b>1 273</b>
<b>* Trade Payables</b>		
There are no amounts outstanding to Micro, Small and Medium Enterprises as at March 31, 2020 and no amount were due during the year for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable		
10 Other Current Liabilities	(₹ in Thousand)	
	As at	As at
	31st March 2020	31st March, 2019
Others #	1 947	1 475
<b>Total</b>	<b>1 947</b>	<b>1 475</b>
# Includes statutory liabilities		
11 Other Income	(₹ in Thousand)	
	2019-20	2018-19
<b>Other Non-Operating Income</b>		
Rental Income	16 346	16 346
Interest Income	398	128
Sale of Scrap	633	575
	<u>17 377</u>	<u>17 050</u>
<b>Total</b>	<b>17 377</b>	<b>17 050</b>

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

<b>12 Finance Costs</b>	(₹ in Thousand)	
	<b>2019-20</b>	2018-19
Interest cost measured at ammortised cost	<b>8 986</b>	7 521
<b>Total</b>	<b>8 986</b>	7 521

<b>13 Other Expenses</b>	(₹ in Thousand)	
	<b>2019-20</b>	2018-19
<b>Establishment Expenses</b>		
Other Repairs	<b>7 808</b>	1 500
Rent including Lease Rentals	<b>14 316</b>	31 082
Insurance	<b>131</b>	94
Rates and Taxes	-	1 509
Payment to Auditors (Refer Note no 13.1)	<b>75</b>	75
Professional Fees	<b>299</b>	914
Loss on Sale/ Discarding of Assets	-	60 713
Electricity Expenses	<b>245</b>	1 209
Security Expenses	-	45
General Expenses	<b>472</b>	801
	<b>23 346</b>	97 941
<b>Total</b>	<b>23 346</b>	97 941

<b>13.1 Payment to auditors :</b>	(₹ in Thousand)	
	<b>2019-20</b>	2018-19
Statutory Audit Fees	<b>50</b>	50
Tax Audit Fees	<b>15</b>	15
Certification Fees	<b>10</b>	10
<b>Total</b>	<b>75</b>	75

### 14 Earning Per Share (EPS)

	<b>2019-20</b>	2018-19
(i) Face Value per Equity Share (₹)	<b>10.00</b>	10.00
(ii) Basic & Diluted Earning per Share (₹)	<b>(0.23)</b>	(1.37)
(iii) Net Profit (Loss) as per Statement of Profit & Loss attributable to Equity Shareholders (₹) in thousand	<b>(14 955)</b>	(88 412)
(iv) Weighted average number of equity shares	<b>64 694</b>	64 694
(Used as Denominator for calculating Basic & Diluted EPS)		

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

### 15 Related Party 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 related parties with whom transactions have taken place and relationship:

Name of the Related Party	Relationship
Reliance Industries Limited	Ultimate Holding Company
Reliance Strategic Business Ventures Limited	Holding Company w.e.f 13.09.2019
Reliance Industrial Investments and Holdings Limited	Holding Company till 13.09.2019
Reliance Corporate IT Park Limited Reliance Retail Limited	Fellow Subsidiary Companies

- (ii) Disclosure in respect of Material Related Party Transactions during the Year:

(₹ in Thousand)

Particulars	2019-20	2018-19
Loan taken from Reliance Industrial Investments and Holdings Limited	500	30 800
Loan taken from Reliance Strategic Business Ventures Limited	9 200	-
Lease rent received from Reliance Retail Limited	16 346	16 346
Interest payment to Reliance Strategic Business Ventures Limited	3 735	7 521
Interest payment to Reliance Industrial Investments and Holdings Limited	5 251	-
Professional Fees Paid to Reliance Industries Limited	269	80

#### Balances as at 31st March 2020

(₹ in Thousand)

<b>Unsecured Loan</b>	
Reliance Strategic Business Ventures Limited	111 500
Reliance Industrial Investments & Holdings Limited	101 800
<b>Trade Receivables</b>	
Reliance Retail Limited	6
	-
<b>Trade Payables</b>	
Reliance Industries Limited	269
	80

**Note:** Figures in italic represent Previous Year's amounts.

- The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.
- Review of outstanding balances is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. These balances are unsecured and their settlement occurs through Banking channel.

### 16 Leases

#### Operating lease: Company as lessee

The Company has taken factory premises on operating lease. The lease terms are for 9 years and 11 months, which expires on 28th February 2021. The lease is considered as short term for the purpose of classification under Ind AS 116. Lease payments for the Year amounted to ₹ 1,63,46,417 (Previous Period ₹ 3,21,25,521/-\*).

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

Future minimum lease payments under these operating leases as of March 31, 2020 are as follows:

(₹ in Thousand)

Minimum Lease Payments	2019-20	2018-19
Within One year	1 72 31 848	1 63 46 417
After one year but not more than five years	-	1 72 31 848
More than five year	Nil	Nil
	<b>1 72 31 848</b>	<b>3 35 78 266</b>

The Company has leased out a portion of the factory premises on operating lease. The lease term is for 9 years 11 months and thereafter renewable at the option of both the parties. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements

\* The agreement for one plot no 187 was extended for 8 month in the previous financial year 2018-19 till March 2019 and an addition lease rental of ₹ 1,05,19,401/- was paid.

### 17 Contingent Liabilities and Commitments

Contingent Liabilities -Nil

Commitments (For commitment relating to lease arrangement, Refer note 16)

18 Income Tax Assessment of the Company for AY 2017-18 is completed u/s 143(1). There is no Contingent Liability as on 31-03-2020.

### 19 Capital Management

The Company manages its capital to ensure that it will continue as going concern while maximising the return to stakeholders. The company manages its capital structure and make adjustment in light of changes in business condition. The overall strategy remains unchanged as compare to last year.

#### Gearing Ratio

(₹ in Thousand)

Particulars	As at 31st March 2020	As at 31st March, 2019
Debt	1 11 500	1 01 800
Cash and Bank Balance (including Liquid investment)	(2 885)	(802)
Net Debt	1 08 615	1 00 998
Total Equity	110 743	125 697
Net debt to Equity ratio	98%	80%

### 20 Financial Instruments

All financial assets and financial liabilities are measured at amortised cost. Consequently, application of fair value accounting and the related disclosure is not applicable.

#### 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 cash and cash equivalents, derivative financial instruments, deposits from financial institutions and principally from credit exposures to customers relating to outstanding receivables.

#### Liquidity Risk

Liquidity risk is the risk that suitable sources of funding for the company's business activities may not be available. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due, so that the company is not forced to obtain funds at higher rates.

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

21 The projects of the company have been completed and the management has decided not to pursue any business in future, accordingly, the operations of the company has terminated. The management has identified all existing fixed assets to be not in active use and has accordingly, transferred them to 'assets held for sale/disposal'. Amount ₹ 15,26,37,021/- (previous year ₹ 15,26,37,021/-) representing the net book value of the idle assets identified, have been disclosed under 'assets held for sale/disposal to reflect the estimated recoverable amount of fixed assets based on valuation of plant and machineries and best estimates by management for rest of fixed assets. The management is firming up the plan to sell these assets. In view of the above, no depreciation has been charged to the Statement of profit and loss.

### 22 APPROVAL OF FINANCIAL STATEMENTS

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

As per our Report of even date

**For Chaturvedi & Shah LLP**

Chartered Accountants

Firm Regn No: 101720W/W100355

**Jignesh Mehta**

Partner

Membership No: 102749

Place: Mumbai

Date: April 22nd, 2020

For and on behalf of the Board

**Tarun Kumar Jhunjhunwala**

Director

(DIN: 02150455)

**Sudhakar Saraswatula**

Director

(DIN: 00001330)

**Rajiv Sharma**

Chief Executive Officer

(PAN: ADBPS9087P)

**Ramesh Kumar Damani**

Director

(DIN: 00049764)

**Jagmohanlal Bhamri**

Director

(DIN: 07169306)

**Avani Gangapurkar**

Company Secretary

(Membership No: 24966)

**Dhirendra Harilal Shah**

Director

(DIN: 00004616)

**Pooja Karia**

Chief Financial Officer

(PAN: BRZPS7503M)