Addendum to the Annual Report 2023

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2023

**Company Information**

Radiant Financial Services Limited (the company) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is registered as a non-systematically important non-deposit taking Non-Banking Finance Company (NBFC) as defined under section 45-IA of the Reserve Bank of India Act, 1934. The company is providing short term and medium-term finance to various entities as well as engaged in investment and trading of shares of various listed and unlisted companies. The equity shares of the company are listed in the Calcutta Stock Exchange Ltd.

**Note No.1: SIGNIFICANT ACCOUNTING POLICIES**

**A) Basis of preparation of Financial Statements:**

The financial statements for the year ended March 31, 2023 have been prepared by the Company in accordance with Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016, as amended from time to time, in this regard.

The Financial Statements for the year ended March 31, 2023 are prepared under Ind AS. Company's financial statements are presented in Indian Rupees (INR), which is also its functional currency.

The company has complied with the Non-Systematically Important Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 with regard to Income Recognition, Assets Classification, Provision for Standard, Sub-standard, Bad & Doubtful Assets as applicable to it.

**B) Use of Estimates:**

The preparation of the Financial Statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year.

The estimates and judgements used are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

**C) Property, Plant and Equipment:**

All Property, Plant and Equipment are stated at cost of acquisition less accumulated depreciation and accumulated impairment loss, if any. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the assets to the working condition for its intended use. Expenditure for additions, improvements and renewals are capitalized and expenditure for maintenance and repairs are charged to Statement of Profit and Loss.

The company had purchased a under construct flat in the financial year 2018-19 admeasuring about 550.59 sq. ft. carpet area on the 4th floor in 12 Wing situated at "LIVSMART" complex, Premier Road, opposite Don Bosco Institute of Technology, Kurla (W), Mumbai-400070, Maharashtra, with the buy-back clause of 27 months. Since the status of the flat remains under-constructed at the end of the reporting period and also the flat has been purchased under buy-back clause, hence it was decided by the management to account the same under "Investment in Property" head and not under "Property, Plant and Equipment".

The Fair Market Value of the Property is Rs.1, 41, 52,320

**D) Depreciation:**

Depreciation is provided over the useful life of the assets as per Schedule-II of Companies Act, 2013 and depreciation rates have been worked out by applying written down value method. Depreciation for the assets purchased/sold during the period is proportionately charged.

**E) Impairment of Assets:**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. An impairment loss is recognized in the Statement of Profit and Loss whenever the carrying amount of an asset exceeds recoverable amount of such asset. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

**F) Financial Instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

***Initial Recognition and Measurement:***

Financial Assets and Financial Liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial Assets and Financial Liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

***Subsequent Measurement:***

i) **Loan Instruments: -** All loan instruments are subsequently measured at amortized cost if it is held within a business model whose objective is to hold the instrument in order to collect contractual cash flows and the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of interest on the principal amount outstanding.
ii) **Equity Instruments: -** All equity instruments in scope of Ind AS-109 are measured at fair value. Equity instruments which are held for trading are classified at Fair Value through Profit & Loss (FVTPL). For all other equity instruments, the company make an irrevocable election to present in Other Comprehensive Income (OCI) subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at Fair Value through Other Comprehensive Income (FVOCI), then all fair value changes on the instrument excluding dividends are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

iii) **Financial Liabilities: -** Borrowings (Other than Debt Securities) are subsequently carried at amortized cost. Other Financial Liabilities maturing within one year from the balance sheet date are subsequently carried at carrying amounts due to the short maturity ofthese liabilities.

**G) Revenue Recognition:**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the applicable rate. Dividend is recognized when the right to receive the dividend is established. All other items of income are accounted for on accrual basis.

**H) Employee Benefits:**

As per the management, the company is exempted from contribution towards Employee's Provident Fund and Employee's State Insurance, since the number of employees in the company is below the minimum number specified under the Employees' Provident Funds and Miscellaneous Act, 1952 and Employees' State Insurance Act, 1948.

**I) Taxes:**

Tax expense comprises current tax and deferred tax.

***Current Income Tax***

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

***Deferred Tax***

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and deferred tax liabilities are offset, if deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

**J) Provisions and Contingent Liabilities:**

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. The expense relating to a provision is presented in the statement of profit and loss.

As per notification no. DNBS. PD. CC. No.207/ 03.02.002 /2010-11, DNBS. 222 CGM (US) 2011 and DNBS. 223 CGM (US)2011, all dated 17th January 2011 issued by RBI, provision of 0.25% on Standard Assets as on 31/03/2021 has been made in the books.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**K) Earnings per share:**

Earnings per share are calculated by dividing the profit/(loss) after tax attributable to equity shareholders by weighted average number of equity shares outstanding during the year.

| Particulars | For the year ended 31st March,2023 | For the year ended 31st March,2022 |
|---|---|---|
| Profit/(Loss) after tax attributable to equity shareholders (in Rs.) | 5,26,901 | 12,64,716 |
| Weighted average no. of equity shares outstanding during the year (Basic & Diluted) | 49,85,700 | 49,85,700 |
| Earnings per equity share (Basic & Diluted) (in Rs.) | 0.11 | 0.25 |
| Nominal Value of equity shares (in Rs.) | 10 | 10 |

**L)Segment Reporting:**

The company is in the business of providing short term and medium-term finance to various entities as well as engaged in investment and trading of shares of various listed and unlisted companies and accordingly there are no separate reportable segments.

**M)** Figures mentioned in the financial statements are rounded off to nearest rupees, wherever applicable. Further, previous year figure has been re-grouped/re-classified wherever applicable.