

Reliance Aromatics and Petrochemicals Limited

Independent Auditor's Report

To the Members of Reliance Aromatics and Petrochemicals Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Reliance Aromatics and Petrochemicals Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

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.

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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 and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, 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 and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
 - 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, 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 material foreseeable losses on long-term contracts including derivatives contracts that require provision under any law or accounting standards 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 **Pathak H.D & Associates**
Chartered Accountants
(Firm Registration no. 107783W)

Saurabh Pamecha
Partner
Membership No.: 126551

Mumbai
Date: 19th April, 2016

“Annexure A” to Independent Auditors’ Report

“Annexure A” to Independent Auditors’ Report 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 3 of the Order is not applicable to the company.
- ii) As explained to us, physical verification of the inventories have been conducted at reasonable intervals by the management, which in our opinion is reasonable, having regard to the size of the Company and nature of its inventories. No material discrepancies were noticed on such physical verification.
- 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 complied with the provisions of section 186 of the Act, in respect of investments, loans, guarantee or security given.
- 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, sales tax, 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, 2016 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, sales tax, service tax, duty of customs, duty of excise, value added tax , cess on account of any dispute, which have not been deposited.
- viii) In our opinion and according to the information and explanations given to us, no amounts were due for repayment to debenture holders, the clause (viii) of paragraph 3 of the order is not applicable to the Company.
- ix) The money raised by company from term loans has 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 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.

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- 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.
- 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 **Pathak H.D & Associates**
Chartered Accountants
(Firm Registration no. 107783W)

Saurabh Pamecha
Partner
Membership No.: 126551
Mumbai
Date: 19th April, 2016

“Annexure B” to Independent Auditors’ Report

“Annexure B” to Independent Auditors’ Report referred to in paragraph 2(f) under the heading “Report on other legal and regulatory requirements” of our report of even date.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the Internal Financial Control over financial reporting of **Reliance Aromatics and Petrochemicals Limited** (“the company”) as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year then ended.

Management Responsibility for the 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 (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 based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 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

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 31st March, 2016, 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 ICAI.

For **Pathak H.D & Associates**
Chartered Accountants
(Firm Registration no. 107783W)

Saurabh Pamecha
Partner
Membership No.: 126551

Mumbai
Date: 19th April, 2016

Balance Sheet as at 31st March, 2016

| | Note | As at 31st March, 2016 | Amount in ₹ As at 31st March, 2015 |
|---------------------------------|---------|------------------------------|--|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 4 51 64 800 | 4 51 64 800 |
| Reserves and Surplus | 2 | <u>2705 75 90 074</u> | <u>2705 82 35 542</u> |
| | | 2710 27 54 874 | 2710 34 00 342 |
| Non-Current Liabilities | | | |
| Long Term Borrowings | 3 | 69 79 50 000 | 69 75 00 000 |
| Current Liabilities | | | |
| Other Current Liabilities | 4 | <u>25 763</u> | <u>13 483</u> |
| TOTAL | | <u>2780 07 30 637</u> | <u>2780 09 13 825</u> |
| ASSETS | | | |
| Non-Current Assets | | | |
| Non-Current Investments | 5 | 2780 06 43 630 | 2780 06 43 630 |
| Current Assets | | | |
| Cash and Bank Balances | 6 | <u>87 007</u> | <u>2 70 195</u> |
| TOTAL | | <u>2780 07 30 637</u> | <u>2780 09 13 825</u> |
| Significant Accounting Policies | | | |
| Notes on Financial Statements | 1 to 15 | | |

As per our Report of even date

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

Saurabh Pamecha
Partner
Membership No.: 126551

Mumbai
Dated: April 19, 2016

For and on behalf of the Board

Vinod Ambani
Director

S. Rajagopal
Director

Dhiren V Dalal
Director

S. Sudhakar
Director

Shivkumar R Bhardwaj
Director

Profit and Loss Statement for the year ended 31st March, 2016

| | Note | 2015-16 | Amount in ₹ 2014-15 |
|--|---------|--------------------|------------------------|
| INCOME | | | |
| Revenue from Operations | 7 | 2 43 477 | 2 43 052 |
| Other Income | | 810 | - |
| Total Revenue | | 2 44 287 | 2 43 052 |
| EXPENDITURE | | | |
| Purchases of Stock-in-Trade | | 2 42 755 | 2 42 308 |
| Other expenditure | 8 | 6 47 000 | 42 863 |
| Total Expenses | | 8 89 755 | 2 85 171 |
| Loss before tax | | (6 45 468) | (42 119) |
| Taxes for earlier years | | - | - |
| Loss for the year | | (6 45 468) | (42 119) |
| Earnings per equity shares of face value of ₹10 each | | | |
| Basic and Diluted (in ₹) | 9 | (0.64) | (0.04) |
| Significant Accounting Policies | | | |
| Notes on Financial Statements | 1 to 15 | | |

As per our Report of even date

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

Saurabh Pamecha
Partner
Membership No.: 126551

Mumbai
Dated: April 19, 2016

For and on behalf of the Board

Vinod Ambani
Director

S. Rajagopal
Director

Dhiren V Dalal
Director

S. Sudhakar
Director

Shivkumar R Bhardwaj
Director

Cash Flow Statement for the year 2015-16

| | 2015-16 | Amount in ₹ 2014-15 |
|--|--------------------|------------------------|
| A Cash Flow from Operating Activities | | |
| Net Loss before tax as per Profit and Loss Statement | (6 45 468) | (42 119) |
| Adjusted for: | - | - |
| Operating Loss before Working Capital Changes | <u>(6 45 468)</u> | <u>(42 119)</u> |
| Adjusted for: | | |
| Trade and Other Payables | <u>12 280</u> | <u>(4 495)</u> |
| | 12 280 | (4 495) |
| Cash (used in) from Operations | <u>(6 33 188)</u> | <u>(46 614)</u> |
| Taxes paid (net) | - | - |
| Net Cash (used in) Operating Activities | <u>(6 33 188)</u> | <u>(46 614)</u> |
| B Cash Flow from Investing Activities | | |
| Sale / Redemption of Investments | - | 1 30 00 000 |
| Net Cash from Investing Activities | <u>-</u> | <u>1 30 00 000</u> |
| C Cash Flow from Financing Activities | | |
| Proceeds from Long Term Borrowings | 4 50 000 | 1 00 000 |
| Repayment of Long Term Borrowings | - | (1 28 00 000) |
| Net Cash from / (used in) Financing Activities | <u>4 50 000</u> | <u>(1 27 00 000)</u> |
| Net Increase/(Decrease) in Cash and Cash Equivalents | <u>(1 83 188)</u> | <u>2 53 386</u> |
| Opening Balance of Cash and Cash Equivalents | <u>2 70 195</u> | <u>16 809</u> |
| Closing Balance of Cash and Cash Equivalents (Refer Note No. 6) | <u>87 007</u> | <u>2 70 195</u> |

As per our Report of even date

For Pathak H. D. & Associates

Chartered Accountants

Registration No.: 107783W

Saurabh Pamecha

Partner

Membership No.: 126551

Mumbai

Dated: April 19, 2016

For and on behalf of the Board

Vinod Ambani

Director

S. Rajagopal

Director

Dhiren V Dalal

Director

S. Sudhakar

Director

Shivkumar R Bhardwaj

Director

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation of Financial Statements

These financial statements have been prepared to comply with Accounting Principles Generally accepted in India (Indian GAAP), the Accounting Standards notified under the relevant provisions of the Companies Act 2013.

The financial statements are prepared on accrual basis under the historical cost convention.

B. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of the assets and 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 recognised in the period in which the results are known/ materialised. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

C. Inventories

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

D. Revenue Recognition

Revenue is recognised only when risks and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operation includes sale of goods.

E. Investments

Investments that are readily realisable and intended to be held for not more than 12 months from the date of acquisition are classified as current investment. All other investments are classified as non-current investments. Long-term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

F. Income Taxes

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available/ except that deferred tax assets, in case there are losses, they are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same. Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date.

G. Provisions, Contingent Liabilities and Contingent Assets

Provision is recognised in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the financial statements.

Notes on Financial Statements for the year ended 31st March, 2016

| | | Amount in ₹ | |
|--|--|---------------------------|---------------------------|
| | | As at 31st March, 2016 | As at 31st March, 2015 |
| 1. Share Capital | | | |
| Authorised: | | | |
| 10,30,000 | Equity Shares of ₹ 10 each | 1 03 00 000 | 1 03 00 000 |
| (10,30,000) | | | |
| 1,000 | Preference Shares of ₹ 100 each | 1 00 000 | 1 00 000 |
| (1,000) | | | |
| 35,10,000 | Preference Shares of ₹ 10 each | 3 51 00 000 | 3 51 00 000 |
| (35,10,000) | | | |
| | | 4 55 00 000 | 4 55 00 000 |
| Issued, Subscribed and Paid up: | | | |
| * 10,09,300 | Equity Shares of ₹10 each fully paid up | 1 00 93 000 | 1 00 93 000 |
| (10,09,300) | | | |
| ** - | 10% Non-Cumulative Non-Convertible | - | 2 87 35 000 |
| @ (28,73,500) | Preference shares of ₹ 10 each | | |
| | (Redeemable at the end of fifteen years from the date of allotment i.e. 17-11-2009 at a price of ₹ 5000 per share or at the option of the Preference shareholder, at any time after the expiry of forty five days from the date of allotment by giving not less than thirty days notice to the Company.) | | |
| ** 28,73,500 | 10% Non-Cumulative Optionally-Convertible | 2 87 35 000 | - |
| (-) | Preference shares of ₹ 10 each | | |
| | (Preference Shares are redeemable at the option of the Company, at the end of fifteen years from the date of allotment i.e. 17-11-2009, by giving not less than thirty days notice to the holder of the Preference Shares, at a premium of ₹ 4,990 per share. The Company (Issuer) will have an option for early conversion at any time by giving one month notice to the Preference Shareholder. The conversion of the Preference Shares will be based on higher of the book value or face value of the share as at March 31, 2015) | | |
| *** 6,33,680 | 9% Non-Cumulative Optionally Convertible | 63 36 800 | 63 36 800 |
| (6 33 680) | Preference shares of ₹ 10 each | | |
| | (Preference Shares are redeemable at the option of the Company, at the end of ten years from the dates of allotment i.e. 13-01-2010 & 25-11-2013, by giving not less than thirty days notice to the holder of the Preference Shares, at a premium of ₹ 4,990 per share. The Company (Issuer) will have an option for early conversion at any time by giving one month notice to the Preference Shareholder. The conversion of the Preference Shares will be based on higher of the book value or face value of the share as at March 31, 2015) | | |
| | | 4 51 64 800 | 4 51 64 800 |

@ During the year, the terms have been changed from "Non-Cumulative Non-Convertible Preference Shares" to "Non-Cumulative Optionally-Convertible Preference Shares".

Notes on Financial Statements for the year ended 31st March, 2016

Note:

- a) Details of Share holders holding more than 5% shares

| Name of the Shareholders | As at 31st March, 2016 | | As at 31st March, 2015 | |
|--|------------------------|--------|------------------------|--------|
| | Nos. of shares | % held | Nos. of shares | % held |
| Holding Company | | | | |
| * Reliance Industrial Investments and Holdings Limited | 10 09 300 | 100.00 | 10 09 300 | 100.00 |
| Fellow Subsidiary Companies | | | | |
| ** Reliance Universal Enterprises Limited | 28 73 500 | 100.00 | 28 73 500 | 100.00 |
| *** Reliance World Trade Private Limited | 6 33 680 | 100.00 | 6 33 680 | 100.00 |

- b) The reconciliation of the number of shares outstanding is set out below:

| | As at 31st March, 2016 | | As at 31st March, 2015 | |
|------------------------------------|------------------------|-----------------|------------------------|-----------------|
| | Equity Nos. | Preference Nos. | Equity Nos. | Preference Nos. |
| Shares at the beginning | 10 09 300 | 35 07 180 | 10 09 300 | 35 07 180 |
| Add: Shares issued during the year | - | - | - | - |
| Shares at the end of the year | 10 09 300 | 35 07 180 | 10 09 300 | 35 07 180 |

- c) No bonus shares issued in the last five years.
- d) Refer Note 3 in respect of option on unissued share capital.
- e) Rights, Preferences and Restrictions attached to shares

The Equity Shareholder is eligible for one vote per share held. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

All the Preference Shares shall carry a preferential right over the Equity shares of the Company as regards to payment of dividend and repayment of capital, in the event of winding-up of the Company. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

Notes on Financial Statements for the year ended 31st March, 2016

| | Amount in ₹ | |
|---|---------------------------|---------------------------|
| | As at 31st March, 2016 | As at 31st March, 2015 |
| 2 Reserves and Surplus | | |
| Capital Redemption Reserve | | |
| As per last Balance Sheet | 64 18 000 | 64 18 000 |
| Securities Premium Reserve | | |
| As per last Balance Sheet | 1750 08 28 200 | 1750 08 28 200 |
| Surplus in Profit and Loss Account | | |
| As per last Balance Sheet | 955 09 89 342 | 955 10 31 461 |
| Less: Loss for the year | (6 45 468) | (42 119) |
| | <u>955 03 43 874</u> | <u>955 09 89 342</u> |
| | <u>2705 75 90 074</u> | <u>2705 82 35 542</u> |

Note:

In view of the loss for the year, the company has not created the Debenture Redemption Reserve for ₹ 3 50 087 (Previous Year ₹ Nil) in terms of section 71(4) of the Companies Act, 2013 and Rule 18(7) of the Companies (Share Capital and Debenture) Rules, 2014. The Company shall create the Debenture Redemption Reserve out of profits, if any, in the future years.

| | Amount in ₹ | |
|---|---------------------------|---------------------------|
| | As at 31st March, 2016 | As at 31st March, 2015 |
| 3 Non-Current Liabilities | | |
| Long Term Borrowings | | |
| @ Unsecured Loan from the holding company | - | 69 75 00 000 |
| Zero Coupon Unsecured Optionally Convertible Debentures | 69 75 00 000 | - |
| Unsecured Zero Coupon Optionally Convertible Loan | 4 50 000 | - |
| | <u>69 79 50 000</u> | <u>69 75 00 000</u> |

@ During the year, Unsecured Loan from the holding company has been converted into "Zero Coupon Unsecured Optionally Convertible Debentures".

Note:

- The Zero Coupon Unsecured Optionally Convertible Debentures from Reliance Industrial Investments and Holdings Limited (the holding Company) is redeemable at the end of fifteen years from the date of allotment i.e. 21-03-2016. The Company (Issuer) may redeem the outstanding OFCDs on any date after expiry of 30 days from the date of allotment of the OFCDs. The Company (Issuer) and the debenture holder may mutually agree for early conversion of the outstanding debentures at any time after allotment by giving one month notice to the Company on higher of book value [₹ 9479.34 per share] or face value [₹ 10/- per share] as at March 31, 2015).
- The Zero Coupon Optionally Convertible Loan from Reliance Strategic Investments Limited (a fellow subsidiary) is fully convertible into equity shares of ₹ 10/- each at par, at the option of the Company. The outstanding amount of Loan, if not opted for conversion shall be repayable, at the end of 10 years from the date of first disbursement i.e., 13.01.2016 or such other period as may be mutually agreed between the Borrower and the Lender.

| | Amount in ₹ | |
|------------------------------------|---------------------------|---------------------------|
| | As at 31st March, 2016 | As at 31st March, 2015 |
| 4 Other Current Liabilities | | |
| Other Payables * | 25 763 | 13 483 |
| | <u>25 763</u> | <u>13 483</u> |

* Includes liability for expenses

The Company does not have any creditors governed by the Micro, Small and Medium Enterprises Development Act, 2006.

Notes on Financial Statements for the year ended 31st March, 2016

| | | Amount in ₹ | |
|--|---------------------------|---------------------------|--|
| 5 Non-Current Investments | As at 31st March, 2016 | As at 31st March, 2015 | |
| Long Term Investments (Valued at Cost, less other than temporary diminution in value, if any) | | | |
| Other Investments | | | |
| Quoted, fully paid up In Equity shares of Ultimate Holding Company | | | |
| 2,98,89,898 Reliance Industries Limited (2,98,89,898) of ₹ 10 each | 1671 77 43 630 | 1671 77 43 630 | |
| Unquoted, fully paid up In Preference shares - Fellow Subsidiary Company | | | |
| @ - 10% Non-Cumulative Redeemable (50,92,700) Preference shares of Reliance Chemicals Limited of ₹ 10 each | - | 1018 54 00 000 | |
| 50,92,700 10% Non-Cumulative Optionally (-) Convertible Preference shares of Reliance Chemicals Limited of ₹ 10 each | 1018 54 00 000 | - | |
| @ - 11% Non-Cumulative Redeemable (1,79,500) Preference shares of Reliance Universal Enterprises Limited of ₹ 10 each | - | 89 75 00 000 | |
| 1,79,500 11% Non-Cumulative Optionally (-) Convertible Preference shares of Reliance Universal Enterprises Limited of ₹ 10 each | 89 75 00 000 | - | |
| | 1108 29 00 000 | 1108 29 00 000 | |
| | 2780 06 43 630 | 2780 06 43 630 | |
| Aggregate amount of quoted investments | 1671 77 43 630 | 1671 77 43 630 | |
| Market Value of quoted investments | 3124 09 21 390 | 2782 00 22 564 | |
| Aggregate amount of unquoted investments | 1108 29 00 000 | 1108 29 00 000 | |
| @ During the year, the terms have been changed from “Non-Cumulative Redeemable Preference Shares” to “Non-Cumulative Optionally-Convertible Preference Shares”. | | | |

| | | Amount in ₹ | |
|--------------------------------------|---------------------------|---------------------------|--|
| 6 Cash and Bank Balances | As at 31st March, 2016 | As at 31st March, 2015 | |
| Cash and cash equivalents | | | |
| Balance with Bank in current account | 87 007 | 2 70 195 | |
| | 87 007 | 2 70 195 | |

Notes on Financial Statements for the year ended 31st March, 2016

| | Amount in ₹ | |
|---|-----------------|-----------------|
| | 2015-16 | 2014-15 |
| 7 Revenue from Operations | | |
| Sales of Fabrics | 2 43 477 | 2 43 052 |
| | <u>2 43 477</u> | <u>2 43 052</u> |
| | | Amount in ₹ |
| 8 Other Expenses | 2015-16 | 2014-15 |
| Audit fees | 17 175 | 13 483 |
| Professional fees | 14 313 | 15 500 |
| Filing fees | 6 000 | 7 200 |
| Profession Tax | 2 500 | 2 500 |
| Demat / Custodian charges | 1 798 | 1 798 |
| Directors Sitting Fees | 6 03 592 | - |
| General expenses | 1 622 | 2 382 |
| | <u>6 47 000</u> | <u>42 863</u> |
| 9 Earnings per Share | 2015-16 | 2014-15 |
| i) Net Profit after Tax as per Profit and Loss Statement attributable to Equity Shareholders (₹) | (6 45 468) | (42 119) |
| Weighted Average number of Equity Shares used as denominator for calculating Basic EPS | 10 09 300 | 10 09 300 |
| Weighted Average number of Equity Shares used as denominator for calculating Diluted EPS | 10 98 789 | 10 09 300 |
| Basic Earnings per share (₹) | (0.64) | (0.04) |
| Diluted Earnings per share (₹) | (0.64) | (0.04) |
| Face Value per Equity Share (₹) | 10 | 10 |
| ii) Diluted earnings per share is same as basic earnings per share, since potential equity shares are antidilutive. | | |
| 10 The Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year presentation. | | |
| 11 The Company has no deferred tax assets or liabilities in accordance with Note F of Significant Accounting policies. | | |
| 12 The Income-Tax assessments of the Company have been completed up to Assessment Year 2013-14. The disputed demand outstanding up to the said Assessment Year is ₹ Nil. | | |
| 13 Details of Loans given, Investment made and Guarantee given covered u/s. 186 (4) of the Companies Act, 2013 | | |
| i) Investments made by the Company as at 31st March, 2016 (Refer Note No. 5) | | |
| ii) No Loans are given by the Company as at 31st March, 2016 | | |
| iii) No Guarantees / Securities are given by the Company as at 31st March, 2016 | | |

Notes on Financial Statements for the year ended 31st March, 2016

14 Segment Reporting

The Company has identified two reportable segments viz. Finance & Investments and Trading. Segments have been identified and reported taking into account nature of activities, the differing risks and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the company with following additional policies for segment reporting.

- a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- b) Segment assets and segment liabilities represent assets and liabilities in respective segments.

i) Primary Segment Information

Amount in ₹

| Sr. No. | Particulars | Finance & Investments | | Trading | | Unallocable | | Total | |
|---------|--|-----------------------|---------------|----------|---------|-------------|---------|----------------|---------------|
| | | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| 1 | Segment Revenue | | | | | | | | |
| | External Turnover | - | - | 2 43 477 | 243052 | - | - | 2 43 477 | 243052 |
| 2 | Segment results before Interest and Taxes | - | - | 722 | 744 | (6 46 190) | (42863) | (6 45 468) | (42119) |
| | Less: Interest expense | - | - | - | - | - | - | - | - |
| | Add: Interest Income | - | - | - | - | - | - | - | - |
| | Profit before tax | - | - | 722 | 744 | (6 46 190) | (42863) | (6 45 468) | (42119) |
| | Current Tax/Taxes for earlier years | - | - | - | - | - | - | - | - |
| | Net profit after tax | - | - | 722 | 744 | (6 46 190) | (42863) | (6 45 468) | (42119) |
| 3 | Other Information | | | | | | | | |
| | Segment Assets | 2780 07 30 637 | 278009 13 825 | - | - | - | - | 2780 07 30 637 | 278009 13 825 |
| | Segment Liabilities | 69 79 75 763 | 69 75 13 483 | - | - | - | - | 69 79 75 763 | 69 75 13 483 |
| | Capital Expenditure | - | - | - | - | - | - | - | - |
| | Depreciation | - | - | - | - | - | - | - | - |

- ii) Since all the operations of the Company are conducted within India, as such there is no separate reportable geographical segment.

15 Related Party Disclosure

As per Accounting Standard 18, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

i) List of related parties with whom transactions have taken place and relationship:

| Sr. No. | Name of the Related Party | Relationship |
|---------|--|-----------------------------|
| 1 | Reliance Industries Limited | Ultimate Holding Company |
| 2 | Reliance Industrial Investments and Holdings Limited | Holding Company |
| 3 | Reliance Chemicals Limited | Fellow Subsidiary Companies |
| 4 | Reliance Universal Enterprises Limited | |
| 5 | Reliance World Trade Private Limited | |
| 6 | Reliance Strategic Investments Limited | |

Notes on Financial Statements for the year ended 31st March, 2016

Amount in ₹

ii) Transactions during the year with related parties:

| Sr. No. | Nature of Transaction | Ultimate Holding Company | Holding Company | Fellow Subsidiary Companies | Total |
|---------------------------------------|--|--------------------------|----------------------|-----------------------------|-----------------------|
| 1 | Unsecured Loan converted into Zero Coupon Optionally Convertible Debentures (Refer Note No. 3) | - | 69 75 00 000 | - | 69 75 00 000 |
| 2 | Net Loans taken / (repaid) | - | - | 4 50 000 | 4 50 000 |
| | | - | <i>(1 27 00 000)</i> | - | <i>(1 27 00 000)</i> |
| 3 | Sale / Redemption of Investments | - | - | - | - |
| | | - | - | <i>1 30 00 000</i> | <i>13,000,000</i> |
| 4 | Purchases | 2 42 755 | - | - | 2 42 755 |
| | | <i>2 42 308</i> | - | - | <i>2 42 308</i> |
| Balance as at 31st March, 2016 | | | | | |
| 5 | Equity Share Capital | - | 1 00 93 000 | - | 1 00 93 000 |
| | | - | <i>1 00 93 000</i> | - | <i>1 00 93 000</i> |
| 6 | Preference Share Capital (including premium) | - | - | 1753 59 00 000 | 1753 59 00 000 |
| | | - | - | <i>1753 59 00 000</i> | <i>1753 59 00 000</i> |
| 7 | Unsecured Loan | - | 69 75 00 000 | 4 50 000 | 69 79 50 000 |
| | | - | <i>69 75 00 000</i> | - | <i>69 75 00 000</i> |
| 8 | Investments | 1671 77 43 630 | - | 1108 29 00 000 | 2780 06 43 630 |
| | | <i>1671 77 43 630</i> | - | <i>1108 29 00 000</i> | <i>2780 06 43 630</i> |

Note: Figures in Italics represents previous year's amount.

Amount in ₹

Disclosure in Respect of Material Related Party Transactions during the year:

| Particulars | Relationship | 2015-16 | 2014-15 |
|---|--|---------------------|----------------------|
| Unsecured Loan converted into Zero Coupon Optionally Convertible Debentures (Refer Note No. 3) | | | |
| 1 | Reliance Industrial Investments and Holdings Limited | 69 75 00 000 | - |
| 2 | Net Loans taken / (repaid) | | |
| | Reliance Strategic Investments Limited | - | <i>(1 00 000)</i> |
| | Reliance Strategic Investments Limited | 4 50 000 | <i>1 00 000</i> |
| | Reliance Industrial Investments and Holdings Limited | - | <i>(1 27 00 000)</i> |
| 3 | Sale / Redemption of Investments | | |
| | Reliance Chemicals Limited | - | <i>1 30 00 000</i> |
| 4 | Purchases | | |
| | Reliance Industries Limited | 2 42 755 | <i>2 42 308</i> |

Notes on Financial Statements for the year ended 31st March, 2016

As per our Report of even date

For Pathak H. D. & Associates

Chartered Accountants

Registration No.: 107783W

Saurabh Pamecha

Partner

Membership No.: 126551

Mumbai

Dated: April 19, 2016

For and on behalf of the Board

Vinod Ambani

Director

S. Rajagopal

Director

Dhiren V Dalal

Director

S. Sudhakar

Director

Shivkumar R Bhardwaj

Director