

**Reliance Innovative Building Solutions
Private Limited**

Independent Auditor's Report

To the Members of Reliance Innovative Building Solutions Private Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **Reliance Innovative Building Solutions Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, 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 standalone 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 standalone 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.

Independent Auditor's Report

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 derivative contracts that require provision under any law or accounting standards for which there were any material foreseeable losses.
 - iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company.

For **CHATURVEDI & SHAH**
Chartered Accountants
Registration No : 101720W

Jignesh Mehta
Partner
Membership No. : 102749

Place : Mumbai
Dated : 19th April, 2016

“Annexure A” to Independent Auditor’s 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 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 thereunder. 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) The Company has not raised loans from financial institutions or banks or by issue of debentures and hence 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 **CHATURVEDI & SHAH**
Chartered Accountants
Registration No : 101720W

Place : Mumbai
Dated : 19th April, 2016

Jignesh Mehta
Partner
Membership No. : 102749

“Annexure B” to Independent Auditor’s 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 Innovative Building Solutions Private Limited** (“the Company”) as of 31st March, 2016 in conjunction with our audit of the standalone 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 **CHATURVEDI & SHAH**

Chartered Accountants

Registration No : 101720W

Jignesh Mehta

Partner

Membership No. : 102749

Place : Mumbai

Dated : 19th April, 2016

Balance Sheet as at March 31, 2016

	Notes	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Equity and liabilities			
Shareholders' funds			
Share capital	3	64,69,39,500	64,69,39,500
Reserves and surplus	4	(44,79,77,500)	(42,99,34,631)
		19,89,62,000	21,70,04,869
Non - current liabilities			
Unsecured Loan	5	2,55,00,000	1,20,00,000
Other long term liabilities	5	1,31,69,346	1,43,68,218
		3,86,69,346	2,63,68,218
Current liabilities			
Trade payables		-	-
Micro, Small and Medium Enterprises		-	-
Others		2,24,795	-
Other current liabilities	6	43,89,648	2,33,147
		46,14,443	2,33,147
TOTAL		24,22,45,789	24,36,06,235
Assets			
Non-current assets			
Long - term loans and advances	7	1,14,77,630	1,14,77,630
Other non current assets	8	63,919	63,919
		1,15,41,549	1,15,41,549
Current assets			
Trade receivables	9	27,12,558	5,56,884
Cash and bank balances	10	5,35,508	52,12,338
Short - tem loans and advance	7	73,94,914	40,85,986
Other current assets	8	22,00,64,260	22,22,09,478
		23,07,04,240	23,20,64,686
TOTAL		24,22,45,789	24,36,06,235
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For Chaturvedi & Shah
Firm registration number: 101720W
Chartered Accountants

For and on behalf of the Board

Jignesh Mehta
Partner
Membership No. 102749

Tarun Jhunjunwala
Director

Ramesh Kumar Damani
Director

Place : Mumbai
Date : April 19, 2016

Pooja Karia
Chief Financial Officer

Ankita Chhajed
Company Secretary

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

	Notes	2015-16 ₹	From July 1, 2014 to March 31, 2015 ₹
Income			
Other income	11	1,76,26,828	1,10,29,932
Total revenue		<u>1,76,26,828</u>	<u>1,10,29,932</u>
Expenses			
Employee benefits expense	12	-	10,982
Finance cost	13	22,07,933	-
Other expenditure	14	3,34,61,765	2,36,32,961
Total expenses		<u>3,56,69,698</u>	<u>2,36,43,943</u>
(Loss) before tax		<u>(1,80,42,870)</u>	<u>(1,26,14,011)</u>
Tax expenses		-	-
(Loss) for the Year / Period		<u><u>(1,80,42,870)</u></u>	<u><u>(1,26,14,011)</u></u>
Earning per equity share of face value of ₹ 10			
Basic (in ₹)	15	(0.28)	(0.19)
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For Chaturvedi & Shah
Firm registration number: 101720W
Chartered Accountants

For and on behalf of the Board

Jignesh Mehta
Partner
Membership No. 102749

Tarun Jhunjunwala
Director

Ramesh Kumar Damani
Director

Place : Mumbai
Date : April 19, 2016

Pooja Karia
Chief Financial Officer

Ankita Chhajed
Company Secretary

Cash Flow Statement for the year 2015-16

	2015-16 ₹	From July 1, 2014 to March 31, 2015 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax as per statement of Profit and Loss	(1,80,42,870)	(1,26,14,011)
Adjusted for:		
Provision for doubtful advances	-	7,92,348
Provision for doubtful advances Writeback	(34,12,552)	-
Provision for doubtful debtors	4,56,884	-
Interest accrued but not due	22,07,876	-
Loss on Sale of Fixed Assets	28,18,661	-
	<u>20,70,869</u>	<u>7,92,348</u>
Operating (Loss) before Working Capital Changes	(1,59,72,001)	(1,18,21,663)
Adjusted for:		
Trade & Other Payables	9,74,548	(4,88,573)
Trade & Other Receivables	<u>(48,14,336)</u>	<u>42,76,954</u>
	<u>(38,39,788)</u>	<u>37,88,381</u>
Cash generated from Operations	(1,98,11,789)	(80,33,282)
Taxes Paid	(11,84,520)	2,25,572
Net Cash (used in) Operating Activities	<u>(2,09,96,309)</u>	<u>(78,07,710)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceed from sale of Fixed Assets	28,19,478	-
Net Cash generated from investing activities	<u>28,19,478</u>	<u>-</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Unsecured loan	1,35,00,000	1,20,00,000
Net Cash generated from financing activities	<u>1,35,00,000</u>	<u>1,20,00,000</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(46,76,831)	41,92,290
Opening Balance of Cash & Cash Equivalents	52,12,339	10,20,049
Closing Balance of Cash & Cash Equivalents*	<u>5,35,508</u>	<u>52,12,339</u>
*Refer note 10		

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For Chaturvedi & Shah
Firm registration number: 101720W
Chartered Accountants

For and on behalf of the Board

Jignesh Mehta
Partner
Membership No. 102749

Tarun Jhunjunwala
Director

Ramesh Kumar Damani
Director

Place : Mumbai
Date : April 19, 2016

Pooja Karia
Chief Financial Officer

Ankita Chhajed
Company Secretary

Notes to financial statements for the year ended March 31, 2016

Significant Accounting Policies:

1. Corporate information

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

2. Basis of preparation

These financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including 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. The financial statements are presented in Indian Rupees.

The accounting policies adopted in the preparation of financial are consistent with those of previous year.

The financial statements of the Company have been prepared on the assumption that the fundamental accounting assumption of going concern is no longer applicable. Accordingly, all assets have been valued at the lower of their historical costs and estimated net realisable values as at March 31, 2016. Liabilities are reflected at the values at which they are expected to be discharged / settled.

2.1. Summary of significant accounting policies

a) Use of estimates

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

b) Impairment of 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 cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or 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 a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a

Notes to financial statements for the year ended March 31, 2016

change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

c) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty, Sales Tax and VAT deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year.

Income from services

Revenues from construction services are recognized pro-rata over the period of the contract as and when services are rendered. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends

Revenue is recognized when the right to receive the payment is established by the balance sheet date.

d) Leases

Where the Company is lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

e) Income Taxes

Tax expense comprises current and deferred 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 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after

Notes to financial statements for the year ended March 31, 2016

the tax holiday period is recognized in the year in which the timing differences originate. However, the company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

f) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

g) Provisions

A provision is recognized when the company has a present obligation as a result of 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. 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.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

Notes to financial statements for the year ended March 31, 2016

3. Share capital

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Authorised shares		
6,60,00,000 (March 31, 2015 : 6,60,00,000) equity shares of ₹ 10 each	<u>66,00,00,000</u>	<u>66,00,00,000</u>
	<u>66,00,00,000</u>	<u>66,00,00,000</u>
Issued, subscribed and fully paid- up shares		
6,46,93,950 (March 31, 2015: 6,46,93,950) equity shares of ₹ 10 each fully paid up	<u>64,69,39,500</u>	<u>64,69,39,500</u>
Total issued, subscribed and fully paid up share capital	<u>64,69,39,500</u>	<u>64,69,39,500</u>

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2016		As at March 31, 2015	
	Nos.	₹	Nos.	₹
At the beginning of the period / year			6,46,93,950	64,69,39,500
Outstanding at the end of the period / year	<u>6,46,93,950</u>	<u>6,469,39,500</u>	<u>6,46,93,950</u>	<u>64,69,39,500</u>

(b) 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 shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. 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, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity share held by the share holders.

(c) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	Nos.	% of holding in the class	Nos.	% of holding in the class
Equity shares of ₹ 10 each fully paid				
Reliance Industrial Investments & Holdings Limited	6,46,93,950	100%	6,46,93,950	100%

As per records of the Company, including its register of Shareholders/ Members and other declarations received from Shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

4. Reserves and surplus

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Surplus / (deficit) in the statement of profit and loss		
Balance as per the last financial statements	(42,99,34,630)	(41,73,20,619)
Loss for the period / year	(1,80,42,870)	(1,26,14,011)
Net deficit in the statement of profit and loss	<u>(44,79,77,500)</u>	<u>(42,99,34,631)</u>

Notes to financial statements for the year ended March 31, 2016

5. Non Current Liabilities	As at March 31, 2016 ₹	As at March 31, 2015 ₹		
Unsecured Loans				
From Related Party (Payable in 2 Years)	2,55,00,000	1,20,00,000		
Other long term liabilities				
Lease equalisation reserve	1,31,69,346	1,43,68,218		
	<u>3,86,69,346</u>	<u>2,63,68,218</u>		
6. Other current liabilities	As at March 31, 2016 ₹	As at March 31, 2015 ₹		
Statutory liabilities.	2,72,908	2,33,147		
Others*	41,16,740	-		
	<u>43,89,648</u>	<u>2,33,147</u>		
* Includes interest accrued on unsecured loan				
7. Loans and advances	Non Current		Current	
	As at March 31, 2016 ₹	As at March 31, 2015 ₹	As at March 31, 2016 ₹	As at March 31, 2015 ₹
(a) Security deposits				
Unsecured, considered good	1,14,77,630	1,14,77,630	-	-
	<u>1,14,77,630</u>	<u>1,14,77,630</u>	<u>-</u>	<u>-</u>
(b) Other loans and advances				
Advance income tax (net of provision)	-	-	51,52,509	39,67,989
Balances with statutory / government authorities	-	-	20,93,804	34,12,552
	-	-	72,46,313	73,80,541
Less: Provision for doubtful advances	-	-	-	(34,12,552)
	-	-	<u>72,46,313</u>	<u>39,67,989</u>
(c) Advances receivable in cash or in kind				
Unsecured, considered good	-	-	1,45,601	1,17,997
	-	-	<u>1,45,601</u>	<u>1,17,997</u>
	<u>1,14,77,630</u>	<u>1,14,77,630</u>	<u>73,91,914</u>	<u>40,85,986</u>

Notes to financial statements for the year ended March 31, 2016

8. Other assets

	Non Current		Current	
	As at March 31, 2016 ₹	As at March 31, 2015 ₹	As at March 31, 2016 ₹	As a March 31, 2015 ₹
Non - current bank balances (note 10)	50,000	50,000	-	-
Others				
Interest accrued on fixed deposits	13,919	13,919	-	-
Assets held for sale / disposal (refer note 8, 2 and 21)	-	-	21,65,71,339	22,22,09,478
Others*	-	-	34,92,921	-
	63,919	63,919	22,00,64,260	22,22,09,478

* Includes service tax clearing

9. Trade receivables

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
Unsecured		
Outstanding for a period more than six months		
Considered Doubtful	4,56,884	-
Less: Provision for doubtful debts	4,56,884	-
	-	-
Other debts (Considered good)	27,12,558	5,56,884
	27,12,558	5,56,884

10. Cash and bank balances

	Non Current		Current	
	As at March 31, 2016 ₹	As at March 31, 2015 ₹	As at March 31, 2016 ₹	As a March 31, 2015 ₹
Cash and cash equivalents				
Balances with banks				
- In current accounts	-	-	5,35,508	52,12,338
	-	-	5,35,508	52,12,338
Other bank balances				
- Deposits with original maturity for more than 12 months	50,000	50,000	-	-
	50,000	50,000	5,35,508	52,12,338
Amount disclosed under non - current assets (note 8)	(50,000)	(50,000)	-	-
	-	-	5,35,508	52,12,338

Notes to financial statements for the year ended March 31, 2016

11. Other income:

	2015-16	From July 01, 2014 to March 31, 2015
	₹	₹
Rent received	142,14,276	110,29,932
Others	34,12,552	-
	<u>176,26,828</u>	<u>110,29,932</u>

12. Employee benefits expense

	2015-16	From July 01, 2014 to March 31, 2015
	₹	₹
Salaries and other allowances	-	185
Contribution to provident and other funds	-	64
Staff welfare expenses	-	10,733
	<u>-</u>	<u>10,982</u>

13. Finance costs

	2015-16	From July 01, 2014 to March 31, 2015
	₹	₹
Interest on Intercompany Loans	22,07,876	-
Bank charges	57	-
	<u>22,07,933</u>	<u>-</u>

14. Other expenditure

	2015-16	From July 01, 2014 to March 31, 2015
	₹	₹
Power, fuel and water charges	9,57,982	13,23,304
Labour, processing and machinery hire charges	51,209	67,417
Repairs and maintenance	3,028	2,500
Lease Rent	2,67,36,368	2,06,53,151
Rent Others	46,559	-
Insurance	81,855	-
Rates and taxes	39,975	5,101
Payment to auditor (refer details below)	1,00,000	2,07,500
Security expenses	3,48,829	5,18,237
Legal and professional charges	17,95,386	-
Loss on sale of assets	28,18,661	-
Provision	-	41,000
Provision for doubtful advances	-	7,92,348
Provision for doubtful debtors	4,56,884	-
Other General & Administrative Expenses	25,029	22,404
	<u>3,34,61,765</u>	<u>2,36,32,961</u>

Notes to financial statements for the year ended March 31, 2016

Payment to auditor

	2015-16	From July 01, 2014 to March 31, 2015
	₹	₹
As auditor :		
Statutory audit fee	45,000	-
Tax audit Fee	10,000	-
Other Services	45,000	2,07,500
	<u>1,00,000</u>	<u>2,07,500</u>

15. Earnings per share (EPS)

	2015-16	From July 01, 2014 to March 31, 2015
	₹	₹
(Loss) for the year/period	(1,80,42,870)	(1,26,14,011)
Weighted average of number of Equity Shares (Used as denominator for calculating EPS)	6,46,93,950	6,46,93,950
Basic Earning per Share (₹)	(0.28)	(0.19)
Face Value per Equity Share (₹)	10.00	10.00

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. Lease payments for the year amounted to ₹ 2,79,35,240 (Previous Period ₹ 2,06,53,148).

Future minimum lease payments under these operating leases as of March 31, 2016 are as follows:

Minimum Lease Payments	As at March 31, 2016	As at March 31, 2015
	₹	₹
(i) Within one year	2,79,35,240	2,79,35,240
(ii) After one year but not more than five years	8,64,52,351	9,71,55,743
(iii) More than five years	Nil	1,72,31,848
Total	<u>11,43,87,591</u>	<u>14,23,22,831</u>

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 the both the parties. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

17. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006.

There is no principal amount and interest overdue to Micro and Small Enterprises. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

Notes to financial statements for the year ended March 31, 2016

18. Contingent Liabilities & Commitment

Contingent Liabilities - Nil

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

19. As required by Para 18 of the Accounting Standard 22 on Accounting for Taxes on Income, the Company has not recognized deferred tax assets due to absence of virtual certainty supported by convincing evidence that future taxable income will be available against which deferred tax assets can be realized.
20. The disclosures in respect of Related Parties as required under Accounting Standards 18 (AS-18) 'Related Party Disclosures' is stated below.

a. Related parties and relationships for which disclosure is required under AS-18:

Ultimate Holding Company	Reliance Industries Limited
Holding Company	Reliance Industrial Investments & Holding Limited
Fellow Subsidiary Company	Reliance Corporate IT Park Limited
	Reliance Retail Limited
	Model Economic Township Limited

b. Disclosure as required under AS-18 in respect of Related Party Transactions:

S.No.	Nature of transaction	Amount (₹)
1.	Loan taken from Reliance Industrial Investments and Holdings Limited	1,35,00,000 <i>(1,20,00,000)</i>
2.	Sale of Fixed Assets to Reliance Corporate IT Park Limited	31,02,209 <i>(Nil)</i>
3.	Lease rent received from Reliance Retail Limited	1,42,14,276 <i>(Nil)</i>
4.	Interest payment to Reliance Industrial Investments and Holdings Limited	22,07,876 <i>(Nil)</i>
5.	Professional Fees Paid to Model Economic Township Limited	19,45,394 <i>(Nil)</i>
Balance as at March 31, 2016		Amount (₹)
Unsecured Loan		
Reliance Industrial Investments and Holdings Limited		2,55,00,000 <i>(1,20,00,000)</i>
Trade receivable		
Reliance Retail Limited		27,12,558 <i>(Nil)</i>
Reliance Industries Limited		Nil <i>(275,435)</i>
Trade payable		
Reliance Industrial Investments and Holdings Limited		22,05,975 <i>(Nil)</i>

Note: Figures in italics represents previous period's amount.

Notes to financial statements for the year ended March 31, 2016

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 ₹ 21,65,71,339 (previous year ₹ 22,22,09,478) 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.

Previous period's figures have been regrouped/reclassified/re-stated, wherever necessary, to conform to the current year's classification.

As per our report of even date

For Chaturvedi & Shah

Firm registration number: 101720W

Chartered Accountants

Jignesh Mehta

Partner

Membership No. 102749

Place : Mumbai

Date : April 19, 2016

For and on behalf of the Board

Tarun Jhunjunwala

Director

Pooja Karia

Chief Financial Officer

Ramesh Kumar Damani

Director

Ankita Chhajed

Company Secretary