

Reliance Chemicals Limited

Independent Auditor's Report

To the Members of Reliance Chemicals Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Reliance Chemicals Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, 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 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 we are 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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, 2015, 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 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.

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- 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 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 March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Act.
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 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 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 are required to be transferred to the Investor Education and Protection Fund by the Company during the year.

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

Place : Mumbai
Date : April 14,2015

Saurabh Pamecha
Partner
Membership No. : 126551

Balance Sheet as at 31st March, 2015

	Note	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	7 57 24 500	7 57 89 500
Reserves and Surplus	2	2597 32 92 329	2598 64 00 134
		2604 90 16 829	2606 21 89 634
Current Liabilities			
Other Current Liabilities	3	1 51 994	15 927
TOTAL		2604 91 68 823	2606 22 05 561
ASSETS			
Non-Current Assets			
Non-Current Investments	4	2604 90 89 450	2604 90 89 450
Long Term Loans and Advances	5	-	1 30 00 000
		2604 90 89 450	2606 20 89 450
Current Assets			
Cash and Bank Balances	6	79 373	1 16 111
TOTAL		2604 91 68 823	2606 22 05 561
Significant Accounting Policies Notes on Financial Statements	1 to 13		

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 14, 2015

For and on behalf of the Board

S Sudhakar
Director
DIN : 00001330

Rina J. Goda
Secretarial Officer
Membership No. A21532

KVVS Murthy
Director
DIN : 00014597

Statement of Profit and Loss for the year ended 31st March, 2015

	Note	2014-15 ₹	2013-14 ₹
INCOME			
Revenue from Operations	7	2 12 674	1 97 216
Total Revenue		2 12 674	1 97 216
EXPENDITURE			
Purchases of Stock-in-Trade		2 11 890	1 96 087
Other Expenses	8	1 73 589	26 828
Total Expenses		3 85 479	2 22 915
Loss before tax		(1 72 805)	(25 699)
Taxation for earlier years		-	(167)
Loss for the year		(1 72 805)	(25 532)
Earnings per equity shares of face value of ₹ 10 each	9		
Basic (in ₹)		(0.17)	(0.03)
Diluted (in ₹)		(0.12)	(0.01)
Significant Accounting Policies Notes on Financial Statements	1 to 13		

As per our Report of even date

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Cash Flow Statement for the year 2014-15

	2014-15	2013-14
	₹	₹
A. Cash Flow from Operating Activities		
Net Loss before tax as per Statement of Profit and Loss	(1 72 805)	(25 699)
Adjusted for :	-	-
Operating Loss before Working Capital Changes	(1 72 805)	(25 699)
Adjusted for :		
Trade payables	<u>1 36 067</u>	<u>4 549</u>
	1 36 067	4 549
Cash Generated from / (used in) operations	(36 738)	(21 150)
Taxes paid (net)	-	-
Net Cash Generated from / (used in) Operating Activities	(36 738)	(21 150)
B. Cash Flow from Investing Activities		
Movement in Loans and Advances	<u>1 30 00 000</u>	<u>-</u>
	1 30 00 000	-
C. Cash Flow from Financing Activities		
Redemption of Preference Shares (incl. Premium)	<u>(1 30 00 000)</u>	<u>-</u>
Net Cash (used in) Financing Activities	<u>(1 30 00 000)</u>	<u>-</u>
Net (Decrease) in Cash and Cash Equivalents	(36 738)	(21 150)
Opening Balance of Cash and Cash Equivalents	1 16 111	1 37 261
Closing Balance of Cash and Cash Equivalents	79 373	1 16 111

As per our Report of even date

For **Pathak H. D. & Associates**
Chartered Accountants
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Significant Accounting Polices

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 in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of 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.

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

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.

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, 2015

		As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
1. Share Capital			
Authorised :			
10,50,000	Equity Shares of ₹ 10 each	1 05 00 000	1 05 00 000
(10,50,000)			
1,20,00,000	Preference Shares of ₹ 10 each	12 00 00 000	12 00 00 000
(1,20,00,000)			
		13 05 00 000	13 05 00 000
Issued, Subscribed and Paid up:			
*	10,10,600 Equity Shares of ₹ 10 each fully paid up	1 01 06 000	1 01 06 000
(10,10,600)			
**	52 17 150 10% Non-Cumulative Redeemable	5 21 71 500	5 22 36 500
(52,23,650)	Preference shares of ₹ 10 each		
	(Redeemable at the end of ten years from the date of allotment i.e. 30.03.2007 at a price of ₹ 2000 per share. The Company / Preference shareholder have an option for early redemption any time after expiry of forty five days from the date of allotment by giving not less than seven days notice.)		
***	- 10% Non-Cumulative Optionally Convertible	-	1 34 47 000
(13,44,700)	Preference shares of ₹ 10 each #		
	(Redeemable at the end of ten years from the respective dates of allotment i.e. 07.01.2010 & 13.01.2010 at a price of ₹ 5000 per share. The Preference Shareholders have an option for early redemption any time after expiry of forty five days from the date of allotments by giving not less than thirty days notice. The Preference Shares shall at the option of Preference Shareholders, be redeemable by way of converting them into Equity shares of the Company at fair value)		
***	13,44,700 10% Non-Cumulative Redeemable	1 34 47 000	-
(-)	Preference shares of ₹ 10 each #		
	(Redeemable at the end of ten years from the respective dates of allotment i.e. 07.01.2010 & 13.01.2010 at a price of ₹ 5000 per share. The Preference Shareholders have an option for early redemption any time after expiry of forty five days from the date of allotments by giving not less than thirty days notice)		
		7 57 24 500	7 57 89 500

: During the year, the Company with the approval of Preference Shareholders has converted 10% Non-Cumulative Optionally Convertible Preference Shares into 10% Non-Cumulative Redeemable Preference Shares.

Notes on Financial Statements for the year ended 31st March, 2015

Note

a) Details of Shareholders holding more than 5% shares

Name of the Shareholders	As at 31st March, 2015		As at 31st March, 2014	
	Nos. of shares	% held	Nos. of shares	% held
Holding Company :				
* Reliance Industrial Investments and Holdings Limited	10 10 600	100.00	10 10 600	100.00
Fellow Subsidiary Companies :				
** Reliance Aromatics and Petrochemicals Limited	50 92 700	97.61	50 99 200	97.62
Reliance Polyolefins Limited	1 24 450	2.39	1 24 450	2.38
*** Reliance World Trade Private Limited	13 44 700	100.00	13 44 700	100.00

b) Reconciliation of shares outstanding is set out below :

Name of the Shareholders	As at 31st March, 2015		As at 31st March, 2014	
	Equity Nos.	Preference Nos.	Equity Nos.	Preference Nos.
Shares at the beginning of the year	10 10 600	65 68 350	10 10 600	65 68 350
Add : Shares issued during the year	-	-	-	-
Less : Shares redeemed during the year	-	6 500	-	-
Shares at the end of the year	10 10 600	65 61 850	10 10 600	65 68 350

c) No bonus shares issued in the last five years.

d) 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.

2. Reserves and Surplus	As at 31st March, 2015		As at 31st March, 2014	
	₹	₹	₹	₹
Capital Redemption Reserve				
As per last Balance Sheet	1 32 50 000		1 32 50 000	
Add: Transferred from Profit and Loss Account	65 000		-	
		1 33 15 000		1 32 50 000
Securities Premium Reserve				
As per last Balance Sheet	1710 51 16 500		1710 51 16 500	
Less : On Redemption of Preference Shares	1 29 35 000		-	
		1709 21 81 500		1710 51 16 500

Notes on Financial Statements for the year ended 31st March, 2015

2. Reserves and Surplus (Continued)	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
Surplus in Profit and Loss Account		
As per last Balance Sheet	886 80 33 634	886 80 59 166
Less : Loss for the year	<u>(1 72 805)</u>	<u>(25 532)</u>
	886 78 60 829	886 80 33 634
Appropriation :		
Less: Transferred to Capital Redemption Reserve	<u>65 000</u>	-
	886 77 95 829	886 80 33 634
	<u>2597 32 92 329</u>	<u>2598 64 00 134</u>
3. Other Current Liabilities		
Others - for Statutory dues and expenses	<u>1 51 994</u>	<u>15 927</u>
	<u>1 51 994</u>	<u>15 927</u>
4. Non-Current Investments		
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		
6,22,39,998 Reliance Industries Limited of ₹ 10 each (6,22,39,998)	2451 39 89 450	2451 39 89 450
Unquoted, fully paid up		
In Preference shares - Fellow Subsidiary Company		
3,07,020 11% Redeemable Non-Cumulative Preference (3,07,020) Shares of Reliance Universal Enterprises Limited of ₹ 10 each	153 51 00 000	153 51 00 000
	<u>2604 90 89 450</u>	<u>2604 90 89 450</u>
Aggregate amount of quoted investments	2451 39 89 450	2451 39 89 450
Market Value of quoted investments	5141 02 38 348	5792 98 78 139
Aggregate amount of unquoted investments	153 51 00 000	153 51 00 000
5. Long Term Loans and Advances (Unsecured and considered good)		
Loan to other than related party	-	1 30 00 000
	<u>-</u>	<u>1 30 00 000</u>

Notes on Financial Statements for the year ended 31st March, 2015

	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
6. Cash and Bank Balances		
Cash and cash equivalents		
Balance with Bank in current account	79 373	1 16 111
	<u>79 373</u>	<u>1 16 111</u>
	2014-15	2013-14
	₹	₹
7. Revenue from Operations		
Sale of Fabrics	2 12 674	1 97 216
	<u>2 12 674</u>	<u>1 97 216</u>
	2014-15	2013-14
	₹	₹
8. Other Expenses		
Audit fees	13 483	7 500
Professional fees	1 38 511	13 484
Filing fees	13 800	2 500
Demat / Custodian charges	899	618
* Charity and Donations	2 000	-
Profession Tax	2 500	2 500
General expenses	2 396	226
	<u>1 73 589</u>	<u>26 828</u>

* Represents expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof.

8.1 Professional fees includes payment to Key Managerial Personnel. ₹ 1 38 511 (Previous year ₹ Nil)

9. Earnings per share	2014-15	2013-14
Loss after tax as per Statement of Profit and Loss (₹)	(1 72 805)	(25 532)
Weighted average number of equity shares used as denominator for calculating Basic EPS	10 10 600	10 10 600
Weighted average number of equity shares used as denominator for calculating Diluted EPS	14 26 904	23 55 300
Basic Earnings per share (₹)	(0.17)	(0.03)
Diluted earnings per equity share (₹)	(0.12)	(0.01)
Face value per equity share (₹)	10	10

10. The previous year figures have been regrouped / reclassified wherever necessary to conform to the current year presentation.

11. a) Deferred tax assets (net) as on 31st March, 2015 consists of the following items. As a matter of prudence, the Company has not recognised deferred tax assets in the books of accounts

	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
Deferred Tax Liabilities	Nil	Nil
Deferred Tax Assets		
Carried forward Losses	83 691	23 461
Deferred Tax Asset (Net)	<u>83 691</u>	<u>23 461</u>

Notes on Financial Statements for the year ended 31st March, 2015

- b) The Income-Tax assessments of the Company have been completed up to Assessment Year 2012-13. The disputed demand outstanding up to the said Assessment Year is ₹ Nil.
- c) Details of Loans given, Investment made and Guarantee given covered u/s. 186 (4) of the Companies Act, 2013
- Investments made by the Company as at 31st March, 2015 (Refer Note No. 4)
 - No Loans are given by the Company as at 31st March, 2015.
 - No Guarantees are given by the Company as at 31st March, 2015.

12. 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.

Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment.

Segment assets and segment liabilities represent assets and liabilities in respective segments.

- 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".
 - Segment assets and segment liabilities represent assets and liabilities in respective segments.
- i) Primary Segment Information

Sr No	Particulars	Finance & Investments		Trading		Unallocable		Total	
		2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
		₹	₹	₹	₹	₹	₹	₹	₹
1.	Segment Revenue								
	External Turnover	-	-	2 12 674	1 97 216	-	-	2 12 674	1 97 216
2.	Segment results before Interest and Taxes	(899)	(618)	784	1 129	(1 72 690)	(26 210)	(1 72 805)	(25 699)
	Less: Interest expense	-	-	-	-	-	-	-	-
	Add : Interest Income	-	-	-	-	-	-	-	-
	Profit before tax	(899)	(618)	784	1 129	(1 72 690)	(26 210)	(1 72 805)	(25 699)
	Current Tax	-	-	-	-	-	(167)	-	(167)
	Net profit after tax	(899)	(618)	784	1 129	(1 72 690)	(26 043)	(1 72 805)	(25 532)
3.	Other Information								
	Segment Assets	2604 91 68 823	2606 22 05 561	-	-	-	-	2604 91 68 823	2606 22 05 561
	Segment Liabilities	1 51 994	15 927	-	-	-	-	1 51 994	15 927
	Capital Expenditure	-	-	-	-	-	-	-	-
	Depreciation	-	-	-	-	-	-	-	-

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

Notes on Financial Statements for the year ended 31st March, 2015

13. 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 Aromatics and Petrochemicals Limited	Fellow Subsidiary Companies
4.	Reliance Polyolefins Limited	
5.	Reliance World Trade Private Limited	
6.	Reliance Universal Enterprises Limited	

ii) Transactions during the year with related parties:

Sr. No.	Nature of Transaction (excluding reimbursements)	Ultimate Holding Company	Holding Company	Fellow Subsidiary Companies	Total
		₹	₹	₹	₹
1.	Redemption of Preference Shares (incl. Premium)	-	-	1 30 00 000	1 30 00 000
2.	Purchases	2 11 890 1 96 087	-	-	2 11 890 1 96 087
Balance as at 31st March, 2015					
3.	Equity Share Capital	-	1 01 06 000 1 01 06 000	-	1 01 06 000 1 01 06 000
4.	Preference Share Capital (including premium)	-	-	1715 78 00 000 1717 08 00 000	1715 78 00 000 1717 08 00 000
5.	Other Current Liabilities	1 26 184	-	-	1 26 184
6.	Investments	2451 39 89 450 2451 39 89 450	-	153 51 00 000 153 51 00 000	2604 90 89 450 2604 90 89 450

Note : Figures in Italic represents Previous Year's amount

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

Particulars	Relationship	2014-15	2013-14
1. Redemption of Preference Shares (incl. Premium)			
Reliance Aromatics and Petrochemicals Limited	Fellow Subsidiary	1 30 00 000	-
2. Purchases			
Reliance Industries Limited	Ultimate Holding	2 11 890	1 96 087

As per our Report of even date

For Pathak H. D. & Associates
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Partner
Membership No. :126551

Mumbai
Dated : April 14, 2015

For and on behalf of the Board

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