

RELIANCE ENERGY GENERATION AND DISTRIBUTION LIMITED

Reliance Energy Generation and Distribution Limited

Independent Auditor's Report

To the Members of Reliance Energy Generation and Distribution Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Reliance Energy Generation and Distribution 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.
 - 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	1 25 00 000	1 25 00 000
Reserves and Surplus	2	371 74 72 700	371 75 46 609
		372 99 72 700	373 00 46 609
Current Liabilities			
Other Current Liabilities	3	3263 37 18 917	3263 37 17 793
TOTAL		3636 36 91 617	3636 37 64 402
ASSETS			
Non-Current Assets			
Non-Current Investments	4	3636 25 93 370	3636 25 93 370
Current Assets			
Cash and Bank Balance	5	10 98 247	11 71 032
TOTAL		3636 36 91 617	3636 37 64 402
Significant Accounting Policies Notes on Financial Statements	1 to 12		

As per our Report of even date

For Pathak H. D. & AssociatesChartered Accountants
Registration No.: 107783W**Saurabh Pamecha**Partner
Membership No. :126551

For and on behalf of the Board

N ShankerDirector
DIN : 05199681**Ashwin Khasgiwala**Director
DIN : 00006481

Mumbai

Dated : April 14, 2015

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

	Note	2014-15 ₹	2013-14 ₹
INCOME			
Revenue from Operations	6	2 33 541	2 24 548
EXPENDITURE			
Purchases of Stock-in-Trade		2 32 906	2 24 126
Other Expenses	7	74 544	4 29 799
		<u>3 07 450</u>	<u>6 53 925</u>
Loss before tax		(73 909)	(4 29 377)
Current Tax		-	-
Loss for the year		(73 909)	(4 29 377)
Earnings per equity shares of face value of ₹ 10 each			
Basic and Diluted (In ₹)	8	(0.06)	(0.50)
Significant Accounting Policies			
Notes on Financial Statements	1 to 12		

As per our Report of even date

For Pathak H. D. & Associates

Chartered Accountants

Registration No.: 107783W

Saurabh Pamecha

Partner

Membership No. :126551

For and on behalf of the Board

N Shanker

Director

DIN : 05199681

Ashwin Khasgiwala

Director

DIN : 00006481

Mumbai

Dated : April 14, 2015

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 Account	(73 909)	(4 29 377)
Adjusted for :	-	-
Operating Loss before Working Capital Changes	<u>(73 909)</u>	<u>(4 29 377)</u>
Adjusted for :		
Trade and Other Payables	<u>1 124</u>	<u>(1 14 93 259)</u>
	<u>1 124</u>	<u>(1 14 93 259)</u>
Cash (used in) from operations	<u>(72 785)</u>	<u>(1 19 22 636)</u>
Taxes paid (net)	-	-
Net Cash (used in) Operating Activities	<u>(72 785)</u>	<u>(1 19 22 636)</u>
B. Cash Flow from Investing Activities	-	-
C. Cash Flow from Financing Activities		
Proceeds from issue of Equity Share Capital	-	1 20 00 000
Net Cash Generated from Financing Activities	<u>-</u>	<u>1 20 00 000</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>(72 785)</u>	<u>77 364</u>
Opening Balance of Cash and Cash Equivalents	<u>11 71 032</u>	<u>10 93 668</u>
Closing Balance of Cash and Cash Equivalents	<u>10 98 247</u>	<u>11 71 032</u>

As per our Report of even date

For Pathak H. D. & Associates

Chartered Accountants

Registration No.: 107783W

Saurabh Pamecha

Partner

Membership No. :126551

For and on behalf of the Board

N Shanker

Director

DIN : 05199681

Ashwin Khasgiwala

Director

DIN : 00006481

Mumbai

Dated : April 14, 2015

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 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.

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. Foreign Currency Transactions

- a. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.
- b. Monetary items denominated in foreign currencies at the year end are restated at year end rates.
- c. Non-monetary foreign currency items are carried at cost.
- d. In respect of foreign operations, which are non-integral operations, all assets and liabilities, both monetary and non-monetary, are translated at closing rate, while all income and expenses are translated at average exchange rate for the year. The resulting exchange differences are accumulated in the 'Foreign Currency Translation Reserve'
- e. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss,

G. 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.

H. 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 :		
12,50,000 Equity Shares of ₹ 10 each (12,50,000)	1 25 00 000	1 25 00 000
	<u>1 25 00 000</u>	<u>1 25 00 000</u>
Issued, Subscribed and Paid up:		
12,50,000 Equity Shares of ₹ 10 each fully paid up (12,50,000)	1 25 00 000	1 25 00 000
	<u>1 25 00 000</u>	<u>1 25 00 000</u>
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	Nos. of shares
	% held	% held
Reliance Industries Limited (Holding Company)	12 50 000 100.00	12 50 000 100.00
b) Reconciliation of number of shares outstanding at the beginning and at the end of the year is set out below :		
Particulars	As at 31st March, 2015 Nos.	As at 31st March, 2014 Nos.
Equity shares at the beginning	12 50 000	50 000
Add : Shares issued during the year	-	12 00 000
Equity shares at the end of the year	<u>12 50 000</u>	<u>12 50 000</u>
2. Reserves and Surplus	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
Capital Reserve		
As per last Balance Sheet	372 84 87 440	372 84 87 440
Deficit in Profit and Loss Account		
As per last Balance Sheet	(1 09 40 831)	(1 05 11 454)
Less : Loss for the year	<u>(73 909)</u>	<u>(4 29 377)</u>
	<u>(1 10 14 740)</u>	<u>(1 09 40 831)</u>
	<u>371 74 72 700</u>	<u>371 75 46 609</u>
3. Other Current Liabilities	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
Payable against purchase of shares	3263 37 04 310	3263 37 04 310
Others - for expenses	14 607	13 483
	<u>3263 37 18 917</u>	<u>3263 37 17 793</u>

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

	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
4. Non-Current Investments		
Long Term Investments (Valued at Cost, less other than temporary diminution in value, if any)		
Other Investments		
Unquoted, fully paid up		
In Equity Shares of Subsidiary Company		
5,00,000 Reliance Holding USA, Inc of USD 0.10 each	3636 25 93 370	3636 25 93 370
(5,00,000)	<u>3636 25 93 370</u>	<u>3636 25 93 370</u>
Aggregate amount of unquoted investments	<u>3636 25 93 370</u>	<u>3636 25 93 370</u>
	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
5. Cash and Bank Balances		
Cash and cash equivalents		
Balance with Banks in current account	10 98 247	11 71 032
	<u>10 98 247</u>	<u>11 71 032</u>
	2014-15 ₹	2013-14 ₹
6. Revenue from Operations		
Sale of Fabrics	2 33 541	2 24 548
	<u>2 33 541</u>	<u>2 24 548</u>
	2014-15 ₹	2013-14 ₹
7. Other Expenses		
Audit fees	14 607	13 483
Professional fees	49 620	3 66 395
Exchange Difference	-	(1 53 960)
Filing fees	5 400	1 78 800
Profession tax	2 500	2 500
General expenses	2 417	22 581
	<u>74 544</u>	<u>4 29 799</u>
	2014-15	2013-14
8. Earning per share		
Basic and Diluted earnings per share (₹)	(0.06)	(0.50)
Loss after tax as per Statement of Profit and Loss (₹)	(73 909)	(4 29 377)
Weighted average number of equity shares used as Denominator for calculating EPS	12 50 000	8 52 192
Face value per equity share (₹)	10	10

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

	2014-15 ₹	2013-14 ₹
ii) Secondary Segment Information		
a) Segment Revenue - External Turnover		
Within India	2 33 541	2 24 548
Outside India	-	-
Total revenue	<u>2 33 541</u>	<u>2 24 548</u>
b) Segment Assets		
Within India	10 98 247	11 71 032
Outside India	3636 25 93 370	3636 25 93 370
Total Assets	<u>3636 36 91 617</u>	<u>3636 37 64 402</u>
c) Segment Liabilities		
Within India	3263 37 18 917	3263 37 17 793
Outside India	-	-
Total Liability	<u>3263 37 18 917</u>	<u>3263 37 17 793</u>
d) Capital Expenditure		
Within India	-	-
Outside India	-	-
Total Expenditure	<u>-</u>	<u>-</u>

12. Related Party Disclosures

As per Accounting Standard - 18, notified in the Companies (Accounting Standards) Rules, 2006, the disclosures of transactions with the related parties are given below :

i) List of related parties and relationships :

Sr. No.	Name of Related Parties	Relationship
1.	Reliance Industries Limited	Holding company
2.	Reliance Holding USA Inc	Subsidiary Companies
3.	Reliance Marcellus II LLC	
4.	Reliance Marcellus LLC	
5.	Reliance Eagleford Upstream LLC	
6.	Reliance Eagleford Upstream GP LLC	
7.	Reliance Eagleford Midstream LLC	
8.	Reliance Eagleford Upstream Holding LP	
9.	Reliance USA Gas Marketing LLC	
10.	Affinity Names Inc.	
11.	Reliance Marcellus Holding LLC	

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

ii) Transactions during the year with related parties :

Sr. No.	Nature of Transaction (Excluding reimbursement)	Holding Company ₹	Subsidiary Companies ₹	Total ₹
1.	Application money received for Share Capital	- <i>1 20 00 000</i>	- -	- <i>1 20 00 000</i>
2.	Purchases	2 32 906 <i>2 24 126</i>	- -	2 32 906 <i>2 24 126</i>
Balance as at 31st March, 2015				
3.	Equity Share Capital	1 25 00 000 <i>1 25 00 000</i>	- -	1 25 00 000 <i>1 25 00 000</i>
4.	Other Liabilities	3263 37 04 310 <i>3263 37 04 310</i>	- -	3263 37 04 310 <i>3263 37 04 310</i>
5.	Non-current Investments	- -	3636 25 93 370 <i>3636 25 93 370</i>	3636 25 93 370 <i>3636 25 93 370</i>

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. Application money received for Share Capital			
Reliance Industries Limited	Holding Company	-	1 20 00 000
2. Purchases			
Reliance Industries Limited	Holding Company	2 32 906	2 24 126

As per our Report of even date

For Pathak H. D. & Associates

Chartered Accountants
Registration No.: 107783W

Saurabh Pamecha

Partner
Membership No. :126551

For and on behalf of the Board

N Shanker

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Dated : April 14, 2015