

Reliance Aromatics and Petrochemicals Limited
Financial Statements
FY : 2017-18

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, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 state of affairs, profit or loss, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of 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 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 of the financial statements 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 the 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 the 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 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 including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Independent Auditor's Report (Contd.)

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 in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 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 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)

Ashutosh Jethlia
Partner
Membership No.: 136007

Place : Mumbai
Date : April 19, 2018

“ANNEXURE A” TO THE INDEPENDENT AUDITORS’ REPORT ON THE FINANCIAL STATEMENTS OF RELIANCE AROMATICS AND PETROCHEMICALS LIMITED

(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 has no Fixed assets during the year, clause (i) (a) to clause (i) (c) 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 not directly or indirectly advanced loan to the persons covered under Section 185 of the Act or given guarantees or securities in connection with the loan taken by such persons and has complied with the provisions of section 186 of the Act, in respect of investments, loans, guarantee or security given, as applicable.
- 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, goods and services 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, 2018 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, goods and services 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 any loans from financial institutions or banks or government. Further, no amounts were due for repayment to debenture holders. Therefore, the clause (viii) of paragraph 3 of the Order is not applicable to the Company.
- ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term Loan and hence clause (ix) of paragraph 3 of the Order is not applicable to the Company.
- 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.

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- 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 of shares 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.
- 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)

Ashutosh Jethlia
Partner
Membership No.: 136007

Place : Mumbai
Date : April 19, 2018

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS OF RELIANCE AROMATICS AND PETROCHEMICALS LIMITED

(Referred to in paragraph 2 (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

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

We have audited the internal financial controls over financial reporting of **Reliance Aromatics and Petrochemicals Limited** (“the Company”) as of 31st March, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for 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 (the “Guidance Note”) 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 issued by ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 judgement, 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, to the best of our information and according to the explanations given to us, 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, 2018, 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 issued by ICAI.

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

Ashutosh Jethlia
Partner
Membership No.: 136007

Place : Mumbai
Date : April 19, 2018

Balance Sheet as at 31st March 2018

	Notes	As at 31st March, 2018	(Amount ₹) As at 31st March, 2017
ASSETS			
Non-current assets			
Financial Assets			
Investments	1	2780 06 43 630	2780 06 43 630
Total Non-Current assets		2780 06 43 630	2780 06 43 630
Financial Assets			
Cash and Cash Equivalents	2	93 257	70 709
Other Current Assets	3	25 426	-
Total Current assets		1 18 683	70 709
Total Assets		2780 07 62 313	2780 07 14 339
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	4	1 00 93 000	1 00 93 000
Other Equity	5	2779 05 22 637	2779 06 02 939
Total equity		2780 06 15 637	2780 06 95 939
Liabilities			
Current liabilities			
Financial Liabilities			
Trade Payables	6	1 25 351	18 400
Other Current liabilities	7	21 325	-
Total current liabilities		1 46 676	18 400
Total Liabilities		1 46 676	18 400
Total Equity and Liabilities		2780 07 62 313	2780 07 14 339
Significant Accounting Policies			
See accompanying Notes to the Financial Statements			

As per our Report of even date

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

Ashutosh Jethlia
Partner
Membership No. :136007

Mumbai
Dated : April 19, 2018

For and on behalf of the Board

Vinod Ambani
Director

S. Sudhakar
Director

S. Rajagopal
Director

Shivkumar R Bhardwaj
Director

Dhiren V Dalal
Director

Statement of Profit and Loss for the year ended 31st March, 2018

	Notes	2017-18	(Amount ₹) 2016-17
INCOME			
Revenue from operation			
Sale of Products	8	2 02 519	2 00 667
Total Income		2 02 519	2 00 667
EXPENDITURE			
Purchase of Stock-in-Trade		2 02 220	2 00 009
Other Expenses	9	8 80 601	7 59 593
Total Expenses		10 82 821	9 59 602
Profit / (Loss) Before Tax		(8 80 302)	(7 58 935)
Tax Expenses			
Current Tax		-	-
Profit / (Loss) for the Year		(8 80 302)	(7 58 935)
Other comprehensive income		-	-
Total comprehensive income for the year		(8 80 302)	(7 58 935)
Earnings per equity share of face value of ₹ 10 each			
Basic (in ₹)	10	(0.87)	(0.75)
Diluted (in ₹)	10	(0.87)	(0.75)
Significant Accounting Policies			
See accompanying Notes to the Financial Statements	1 to 17		

As per our Report of even date

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

Ashutosh Jethlia
Partner
Membership No. :136007

Mumbai

Dated : April 19, 2018

For and on behalf of the Board

Vinod Ambani
Director

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Director

Dhiren V Dalal
Director

Statement of Changes in Equity for the Year ended 31st March, 2018

A. EQUITY SHARE CAPITAL

(Amount ₹)

Balance at the beginning of the reporting period i.e. 1st April, 2016	Changes in equity share capital during the year 2016-17	Balance at the end of the reporting period i.e. 31st March, 2017	Change in equity share capital during the year 2017-18	Balance at the end of the reporting period i.e. 31st March, 2018
1 00 93 000	-	1 00 93 000	-	1 00 93 000

B. OTHER EQUITY

(Amount ₹)

	Instruments classified as Equity	Reserves and Surplus			Total
		Capital Redemption Reserve	Securities Premium Reserve	Retained Earnings	
Year ended 31st March, 2017					
Balance at beginning of reporting period	73 30 21 800	64 18 000	1750 08 28 200	955 03 43 874	2779 06 11 874
Unsecured Zero Coupon Optionally Convertible Loan	7 50 000	-	-	-	7 50 000
Total Comprehensive Income for the year	-	-	-	(7 58 935)	(7 58 935)
Balance at the end of the reporting period	73 37 71 800	64 18 000	1750 08 28 200	954 95 84 939	2779 06 02 939
Year ended 31st March, 2018					
Balance at beginning of reporting period	73 37 71 800	64 18 000	1750 08 28 200	954 95 84 939	2779 06 02 939
Unsecured Zero Coupon Optionally Convertible Loan	8 00 000	-	-	-	8 00 000
Total Comprehensive Income for the year	-	-	-	(8 80 302)	(8 80 302)
Balance at the end of the reporting period	73 45 71 800	64 18 000	1750 08 28 200	954 87 04 637	2779 05 22 637

As per our Report of even date

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

Ashutosh Jethlia
Partner
Membership No. :136007

Mumbai
Dated : April 19, 2018

For and on behalf of the Board

Vinod Ambani
Director

S. Sudhakar
Director

S. Rajagopal
Director

Shivkumar R Bhardwaj
Director

Dhiren V Dalal
Director

Cash Flow Statement for the Year ended 31st March, 2018

	(Amount ₹)	
	2017-18	2016-17
A Cash Flow from Operating Activities		
Net Profit/ (Loss) before Tax as per Statement of Profit and Loss	(8 80 302)	(7 58 935)
Adjusted for :	-	-
Operating Loss before Working Capital Changes	(8 80 302)	(7 58 935)
Adjusted for :		
Trade and Other Receivables	(25 426)	-
Trade and Other Payables	1 28 276	(7 363)
	1 02 850	(7 363)
Cash Used in Operations	(7 77 452)	(7 66 298)
Taxes paid	-	-
Net Cash flow Used in Operating Activities	(7 77 452)	(7 66 298)
B Cash Flow from Investing Activities		
Net Cash flow from Investing Activities	-	-
C Cash Flow from Financing Activities		
Proceeds from Zero Coupon Optionally Convertible Loan	8 00 000	7 50 000
Net Cash flow from Financing Activities	8 00 000	7 50 000
Net Increase/(Decrease) in Cash and Cash Equivalents	22 548	(16 298)
Opening Balance of Cash and Cash Equivalents	70 709	87 007
Closing Balance of Cash and Cash Equivalents (Refer Note 2)	93 257	70 709

As per our Report of even date

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

Ashutosh Jethlia
Partner
Membership No. :136007

Mumbai

Dated : April 19, 2018

For and on behalf of the Board

Vinod Ambani
Director

S. Sudhakar
Director

S. Rajagopal
Director

Shivkumar R Bhardwaj
Director

Dhiren V Dalal
Director

Notes to the Financial Statements for the Year ended 31st March, 2018

A. CORPORATE INFORMATION

Reliance Aromatics and Petrochemicals Limited [‘the company’] is a public limited company incorporated in India. The registered office of the Company is located at 9th Floor, Maker Chambers IV, 222 Nariman Point, Mumbai 400021. The Company is mainly engaged in the business of Wholesale Trading of Goods and Investment in shares & securities.

B. SIGNIFICANT ACCOUNTING POLICIES

B.1 Basis of Preparation and Presentation

The financial statements have been prepared on the historical cost basis.

The financial statements of the Company have been prepared to comply with the Indian Accounting standards (‘Ind AS’), including the Accounting Standards notified under the relevant provisions of the companies Act, 2013.

Company’s financial statements are presented in Indian Rupees (₹), which is its functional currency.

B.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Finance Cost

All borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

(b) 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 and other costs net of recoverable taxes incurred in bringing them to their respective present location and condition.

Cost of Inventories are determined on weighted average basis.

(c) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(d) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income and equity.

Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted at the Balance sheet date.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

Notes to the Financial Statements for the Year ended 31st March, 2018

(e) Foreign currencies transactions and translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

(f) Revenue recognition

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

Revenue from rendering of services is recognised when the performance of agreed contractual task has been completed. Revenue from sale of goods is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Interest income

Interest income from a financial asset is recognised using effective interest rate method.

Dividends

Revenue is recognised when the Company's right to receive the payment has been established.

(g) Financial instruments

i) Financial Assets

A. Initial recognition and measurement

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

B. Subsequent measurement

a) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

C. Investment in Holding and Subsidiaries

The Company has accounted for its investments in holding and fellow subsidiaries at cost.

Notes to the Financial Statements for the Year ended 31st March, 2018

D. Impairment of financial assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment assessment of financial assets other than those measured at fair value through profit and loss (FVTPL). Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. Further the company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

ii) Financial liabilities

A. Initial recognition and measurement

All financial liabilities are recognized at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognised in Statement of Profit or Loss as finance cost.

B. Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii) Derecognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

C. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

The preparation of the Company's financial statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(a) Recoverability of trade receivable:

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

(b) Provisions

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

Notes to the Financial Statements for the Year ended 31st March, 2018

(c) **Impairment of financial assets:**

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

D. STANDARDS ISSUED BUT NOT EFFECTIVE

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - Revenue from Contract with Customers and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 01, 2018.

a) Issue of Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related interpretations. Ind AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

b) Amendment to Existing issued Ind AS

The MCA has also carried out amendments of the following accounting standards:

- i. Ind AS 21 - The Effects of Changes in Foreign Exchange Rates
- ii. Ind AS 40 - Investment Property
- iii. Ind AS 12 - Income Taxes
- iv. Ind AS 28 - Investments in Associates and Joint Ventures and
- v. Ind AS 112 - Disclosure of Interests in Other Entities

Application of above standards are not expected to have any significant impact on the Company's financial statements.

Notes to the Financial Statements for the Year ended 31st March, 2018

The figures for the corresponding previous year have been regrouped / reclassified wherever necessary, to make them comparable.

1. INVESTMENTS - NON-CURRENT	As at 31st March, 2018		As at 31st March, 2017	
	Units	Amount	Units	Amount
(Amount ₹)				
Investments measurement at Cost				
In Equity Shares of Ultimate Holding Company				
Quoted, fully paid up				
Reliance Industries Limited of ₹ 10 each	2,98,89,898	1671 77 43 630	2,98,89,898	1671 77 43 630
In Preference shares of Fellow Subsidiary Companies				
Unquoted, fully paid up				
10% Non-Cumulative Optionally Convertible Preference Shares of Reliance Chemicals Limited of ₹ 10 each	50,92,700	1018 54 00 000	50,92,700	1018 54 00 000
11% Non-Cumulative Optionally Convertible Preference Shares of Reliance Universal Enterprises Limited of ₹ 10 each	1,79,500	89 75 00 000	1,79,500	89 75 00 000
		<u>1108 29 00 000</u>		<u>1108 29 00 000</u>
Total of Investments measured at Cost		<u>2780 06 43 630</u>		<u>2780 06 43 630</u>
Total Investments - Non Current		<u>2780 06 43 630</u>		<u>2780 06 43 630</u>
Aggregate amount of quoted investments		1671 77 43 630		1671 77 43 630
Market Value of quoted investments		2638 38 12 965		3948 15 66 268
Aggregate amount of unquoted investments		1108 29 00 000		1108 29 00 000
(Amount ₹)				
2. CASH AND CASH EQUIVALENTS		As at	As at	
		31st March, 2018	31st March, 2017	
Balance with bank		93 257	70 709	
Cash and cash equivalents as per Balance Sheet		<u>93 257</u>	<u>70 709</u>	
Cash and cash equivalents as per statement of Cash Flows		<u>93 257</u>	<u>70 709</u>	
(Amount ₹)				
3. OTHER CURRENT ASSETS		As at	As at	
(Unsecured and Considered Good)		31st March, 2018	31st March, 2017	
Recoverable from Statutory Authorities		25 426	-	
Total		<u>25 426</u>	<u>-</u>	

Notes to the Financial Statements for the Year ended 31st March, 2018

4. SHARE CAPITAL	As at 31st March, 2018		(Amount ₹) As at 31st March, 2017	
	Units	Amount	Units	Amount
Authorised:				
Equity Shares of ₹ 10/- each	10,30,000	1 03 00 000	10,30,000	1 03 00 000
Preference Shares of ₹ 100/- each	1,000	1 00 000	1,000	1 00 000
Preference Shares of ₹ 10/- each	35,10,000	3 51 00 000	35,10,000	3 51 00 000
		<u>4 55 00 000</u>		<u>4 55 00 000</u>
Issued, Subscribed and Paid up:				
Equity Shares of ₹ 10/- each fully paid up	10,09,300	1 00 93 000	10,09,300	1 00 93 000
Total		<u>1 00 93 000</u>		<u>1 00 93 000</u>

4.1 The details of shareholders holding more than 5% shares :

Name of the Shareholders	As at 31st March, 2018		As at 31st March, 2017	
	No. of shares	% held	No. of shares	% held
Holding Company : Equity Shares				
Reliance Industrial Investments and Holdings Limited	10,09,300	100.00	10,09,300	100.00

4.2 The reconciliation of the number of shares outstanding is set out below :

Particulars	As at 31st March, 2018	As at 31st March, 2017
	Equity (Nos.)	Equity (Nos.)
Shares at the beginning of the year	10,09,300	10,09,300
Add : Shares issued during the year	-	-
Shares at the end of the year	<u>10,09,300</u>	<u>10,09,300</u>

4.3 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.

5. OTHER EQUITY	As at 31st March, 2018		(Amount ₹) As at 31st March, 2017	
Instruments classified as Equity				
10% Non-Cumulative Optionally Convertible Preference Shares				
As per last Balance Sheet		2 87 35 000		2 87 35 000
9% Non-Cumulative Optionally Convertible Preference Shares				
As per last Balance Sheet		63 36 800		63 36 800
Zero Coupon Unsecured Optionally Convertible Debentures				
As per last Balance Sheet		69 75 00 000		69 75 00 000
Unsecured Zero Coupon Optionally Convertible Loan				
As per last Balance Sheet	12 00 000		4 50 000	
Add: Taken during the year	8 00 000		7 50 000	
		<u>20 00 000</u>		<u>12 00 000</u>
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
Retained Earnings				
As per last Balance Sheet	954 95 84 939		955 03 43 874	
Less : Loss for the year	(8 80 302)		(7 58 935)	
		<u>954 87 04 637</u>		<u>954 95 84 939</u>
Total		<u>2779 05 22 637</u>		<u>2779 06 02 939</u>

Notes to the Financial Statements for the Year ended 31st March, 2018

- 5.1** 28,73,500 Nos of 10% Non-Cumulative Optionally Convertible Preference Shares of ₹ 10/- each issued to Reliance Universal Enterprises Limited (a fellow subsidiary) 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.
- 5.2** 6,33,680 Nos of 9% Non-Cumulative Optionally Convertible Preference Shares of ₹ 10/- each issued to Reliance World Trade Private Limited (a fellow subsidiary) 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
- 5.3** The Zero Coupon Unsecured Optionally Convertible Debentures (OFCDs) 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).
- 5.4** The Zero Coupon Optionally Convertible Loan [ZCOC 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.
- 5.5** In view of the loss for the Year, the company has not created the Debenture Redemption Reserve for ₹ 1 16 16 513 (Previous Year ₹ 1 16 16 513) 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.
- 5.6 The details of holding more than 5% shares :**

Name of the holders	As at 31st March, 2018		As at 31st March, 2017	
	Nos.	% held	Nos.	% held
Zero Coupon Unsecured Optionally Convertible Debentures				
Reliance Industrial Investments and Holdings Limited	6,97,50,000	100.00	6,97,50,000	100.00
10% Non-Cumulative Optionally Convertible Preference Shares				
Reliance Universal Enterprises Limited	28,73,500	100.00	28,73,500	100.00
9% Non-Cumulative Optionally Convertible Preference Shares				
Reliance World Trade Private Limited	6,33,680	100.00	6,33,680	100.00

5.7 The reconciliation of the number outstanding is set out below :

Particulars	As at 31st March, 2018			As at 31st March, 2017		
	Debenture	10% Preference	9% Preference	Debenture	10% Preference	9% Preference
At the beginning of the year	6,97,50,000	28,73,500	6,33,680	6,97,50,000	28,73,500	6,33,680
Add : Issued during the year	-	-	-	-	-	-
At the end of the year	6,97,50,000	28,73,500	6,33,680	6,97,50,000	28,73,500	6,33,680

5.8 Rights, Preferences and Restrictions attached to shares

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.

(Amount ₹)

6. TRADE PAYABLES	As at	As at
	31st March, 2018	31st March, 2017
Micro and Small Enterprises	-	-
Other Payables	1 25 351	18 400
Total	1 25 351	18 400

Notes to the Financial Statements for the Year ended 31st March, 2018

- 6.1 There are no overdue amounts to Micro and Small Enterprises as at March 31, 2018 for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

	As at 31st March, 2018	(Amount ₹) As at 31st March, 2017
7. OTHER CURRENT LIABILITIES		
Other Payables *	21 325	-
Total	<u>21 325</u>	<u>-</u>
* Includes Statutory Dues		

	2017-18	(Amount ₹) 2016-17
8. SALE OF PRODUCTS		
Sale of Fabrics	2 02 519	2 00 667
Total	<u>2 02 519</u>	<u>2 00 667</u>

	2017-18	(Amount ₹) 2016-17
9. OTHER EXPENSE		
Establishment Expenses		
Professional Fees	2 31 050	97 788
General Expenses	1 870	1 398
Rates & Taxes	4 341	13 926
Demat / Custodian charges	1 840	1 831
Directors Sitting Fees	6 25 500	6 20 500
Payment to Auditors	16 000	24 150
Total	<u>8 80 601</u>	<u>7 59 593</u>

	2017-18	(Amount ₹) 2016-17
9.1 Payment to Auditors as		
Statutory Audit fees	16 000*	18 400
Certification fees #	-	5 750
	<u>16 000</u>	<u>24 150</u>

* Excluding taxes

Certification fees includes certification fees paid to auditors towards certification of XBRL filings.

	2017-18	2016-17
10. EARNINGS PER SHARE (EPS)		
Face Value per Equity Share (₹)	10	10
Basic Earnings per share (₹)	(0.87)	(0.75)
Net Profit/ (Loss) after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹)	(8 80 302)	(7 58 935)
Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	10 09 300	10 09 300
Diluted Earnings per share (₹)*	(0.87)	(0.75)
Net Profit/ (Loss) after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹)	(8 80 302)	(7 58 935)
Weighted Average number of Equity Shares used as denominator for calculating Diluted EPS	30 98 158	30 14 734

Notes to the Financial Statements for the Year ended 31st March, 2018

Reconciliation of weighted average number of shares outstanding	2017-18	2016-17
Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	10 09 300	10 09 300
Total Weighted Average Potential Equity Shares	20 88 858	20 05 434
Weighted Average number of Equity Shares used as denominator for calculating Diluted EPS	30 98 158	30 14 734

* Diluted earnings per share is same as basic earnings per share, since the potential equity share are anti dilutive.

11. The Income-Tax assessments u/s 143(3) of the Company have been completed up to Assessment Year 2015-16. The disputed demand outstanding up to the said Assessment Year is ₹ Nil.

12. RELATED PARTY DISCLOSURES

As per Ind AS 24, the disclosures of transactions with the related parties are given below:

i) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

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 Subsidiaries
4	Reliance Universal Enterprises Limited	
5	Reliance World Trade Private Limited	
6	Reliance Strategic Investments Limited	

ii) Transactions during the year with related parties:

(Amount ₹)

Sr. No.	Nature of Transaction (Excluding reimbursements)	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Total
1	ZCOC Loans taken / (repaid)	-	-	8 00 000	8 00 000
		-	-	<i>7 50 000</i>	<i>7 50 000</i>
2	Purchases	2 02 220	-	-	2 02 220
		<i>2 00 009</i>	-	-	<i>2 00 009</i>
3	Professional Fees	1 01 250	-	-	1 01 250
		-	-	-	-
Balance as at 31st March, 2018					
4	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>
5	ZCOC Loan / OFCDs	-	69 75 00 000	20 00 000	69 95 00 000
		-	<i>69 75 00 000</i>	<i>12 00 000</i>	<i>69 87 00 000</i>
6	Trade Payables	1 09 351	-	-	1 09 351
		-	-	-	-

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

Notes to the Financial Statements for the Year ended 31st March, 2018

Disclosure in Respect of Major Related Party Transactions during the year:				(Amount ₹)
Sr. No.	Particulars	Relationship	2017-18	2016-17
1	ZCOC Loans taken / (repaid) Reliance Strategic Investments Limited	Fellow Subsidiary	8 00 000	7 50 000
2	Purchases Reliance Industries Limited	Ultimate Holding Company	2 02 220	2 00 009
3	Professional Fees Reliance Industries Limited	Ultimate Holding Company	1 01 250	-

13. SEGMENT INFORMATION

The Company operating segments are established on the basis of those components which are evaluated regularly by the Board (the 'Chief Operating Decision Maker' as defined in Ind AS 108 'Operating Segments'), in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of activities and the differing risks and returns.

The Company has two principal operating and reporting segments; viz. Finance & Investments and Trading as follows:

- The Finance and Investment segment, which comprises of loans, investments and borrowings of the Company.
- The Trading segment, denotes wholesale trading of Fabrics undertaken by the company
- No operating segments have been aggregated to form the above reportable operating 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".

Year ended 31st March, 2018					(Amount ₹)
Sr. No.	Particulars	Finance & Investments	Trading	Unallocable	Total
1	Segment Revenue				
	External Turnover	-	2 02 519	-	2 02 519
	Total Revenue	-	2 02 519	-	2 02 519
2	Income / (expenses)				
	Depreciation and amortisation	-	-	-	-
3	Segment Profit	(1 840)	299	(8 78 761)	(8 80 302)
	Less: Current tax			-	-
	Less: Deferred tax			-	-
	Profit after tax	(1 840)	299	(8 78 761)	(8 80 302)
4	Total Assets	2780 06 43 630	-	1 18 683	2780 07 62 313
5	Total Liabilities	-	-	1 46 676	1 46 676
6	Other disclosures				
	Capital Expenditure	-	-	-	-

Notes to the Financial Statements for the Year ended 31st March, 2018

Year ended 31st March, 2017					(Amount ₹)
Sr. No.	Particulars	Finance & Investments	Trading	Unallocable	Total
1	Segment Revenue				
	External Turnover	-	2 00 667	-	2 00 667
	Total Revenue	-	2 00 667	-	2 00 667
2	Income / (expenses)				
	Depreciation and amortisation	-	-	-	-
3	Segment Profit	(1 831)	658	(7 57 762)	(7 58 935)
	Less: Current tax			-	-
	Less: Deferred tax			-	-
	Profit after tax	(1 831)	658	(7 57 762)	(7 58 935)
4	Total Assets	2780 06 43 630	-	70 709	2780 07 14 339
5	Total Liabilities	-	-	18 400	18 400
6	Other disclosures				
	Capital Expenditure	-	-	-	-

Reconciliations to amounts reflected in the financial statements

Reconciliation of profit	2017-18	2016-17
Segment profit	(8 80 302)	(7 58 935)
Profit / (Loss) Before Tax	(8 80 302)	(7 58 935)
Reconciliation of assets	As at	As at
	31st March, 2018	31st March, 2017
Segment operating assets	2780 07 62 313	2780 07 14 339
Total assets	2780 07 62 313	2780 07 14 339
Segment operating liabilities	1 46 676	18 400
Total liabilities	1 46 676	18 400

Notes :

- 1) Since all the operations of the Company are conducted within India, as such there is no separate reportable geographical segment.
- 2) Entire Revenue is from sale to its largest customer. No other single customer contributed 10% or more to the Company's revenue for both 2017-18 and 2016-17.

14. Capital Management

The Company manages its capital to ensure that it will continue as going concern while maximising the return to stakeholders. The company manages its capital structure and make adjustment in light of changes in business condition. The overall strategy remains unchanged as compared to last year.

Notes to the Financial Statements for the Year ended 31st March, 2018

15. Financial Instruments

Valuation

All financial instruments are measured at amortised cost as described below:

Fair value measurement hierarchy:

(Amount ₹)

Particulars	As at 31st March, 2018			As at 31st March, 2017		
	Carrying amount	Level of Input used in		Carrying amount	Level of Input used in	
		Level 1	Level 2		Level 1	Level 2
Financial Assets						
At Amortised Cost						
Cash and Cash Equivalents	93 257	-	-	70 709	-	-
Financial Liabilities						
At Amortised Cost						
Trade Payable	1 25 351	-	-	18 400	-	-

The financial instruments are categorized into two levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Credit Risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due causing financial loss to the company. It arises from its investment activities, derivative instruments and other financial assets.

Liquidity Risk

Liquidity risk is the risk that arises from the Company's inability to meet its cash flow commitments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Management monitors rolling forecasts of the company's cash flow position and ensures that the Company is able to meet its financial obligations at all times including contingencies.

16. Details of loans given, investments made and guarantee given covered u/s 186 (4) of the Companies Act, 2013.

Investments made is given under the said head.

No Loans and Guarantees are given by the Company as at 31st March, 2018

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on April 19, 2018.

As per our Report of even date

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

Ashutosh Jethlia
Partner
Membership No. :136007

Mumbai
Dated : April 19, 2018

For and on behalf of the Board

Vinod Ambani
Director

S. Sudhakar
Director

S. Rajagopal
Director

Shivkumar R Bhardwaj
Director

Dhiren V Dalal
Director