RELIANCE SIBUR ELASTOMERS PRIVATE LIMITED
FINANCIAL STATEMENTS
2017-18

Independent Auditor's Report

To The Members of Reliance Sibur Elastomers Private Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Reliance Sibur Elastomers Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and 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 Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, 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 read with relevant rules issued thereunder.

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 judgments 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 Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Board of Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, 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 Ind AS 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 A”.

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, as amended, 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 its financial position.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. 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 B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Chaturvedi & Shah**
Chartered Accountants
(Registration No.101720W)

R. Koria
Partner
Membership No. 35629

Mumbai, April 20,2018

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Registration No.117366W / W-100018)

A. Siddharth
Partner
Membership No. 31467

Mumbai, April 20, 2018

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of **RELIANCE SIBUR ELASTOMERS PRIVATE LIMITED** on the financial statements for the year ended March 31, 2018)

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 Sibur Elastomers Private Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS 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. 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, 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 March 31, 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.

For **Chaturvedi & Shah**
Chartered Accountants
(Registration No.101720W)

R. Koria
Partner
Membership No. 35629

Mumbai, April 20,2018

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Registration No.117366W / W-100018)

A. Siddharth
Partner
Membership No. 31467

Mumbai, April 20, 2018

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of **RELIANCE SIBUR ELASTOMERS PRIVATE LIMITED on** the Ind AS financial statements for the year ended March 31, 2018)

i. The Company does not have any fixed assets except tangible and intangible assets under development and accordingly, the provisions of Clause (i) of paragraph 3 of the Order are not applicable to the Company.

ii. The Company does not have any inventories and accordingly, the provisions of Clause (ii) of paragraph 3 of the Order are not applicable to the Company.

iii. The Company has not granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of Clause (iii) of paragraph 3 of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has not given loan and it has not made any investments or given any guarantee or security on which the provisions of Section 185 and 186 of the Companies Act, 2013 applies. Accordingly, the provisions of Clause (iv) of paragraph 3 of the Order are not applicable to the Company.

v. According to the information and explanations given to us, the Company has not accepted any deposit and accordingly, the provisions of Clause (v) of paragraph 3 of the Order are not applicable to the Company.

vi. The Company has not commenced the manufacturing operations and accordingly, the provisions of Clause (vi) of paragraph 3 of the Order are not applicable to 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 Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues as applicable, have generally been regularly deposited with the 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 of becoming payable.

   b. There were no dues of Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited on account of any dispute.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to banks. During the year, the Company has no dues to financial institution and government. The Company has not issued any debentures.

ix. In our opinion and according to the information and explanations given to us, the term loans raised have been applied by the Company during the year for the purposes for which they were raised or pending utilization been temporarily kept in the deposits with banks. During the year, the Company has not raised money by way of initial public offer or further public offer (including debt instruments).

x. In our opinion and according to the information and explanations given to us, no material fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, during the year no managerial remuneration has been paid or provided by the Company. Therefore, the provisions of Clause (xi) of paragraph 3 of the Order are not applicable to the Company.

xii. In our opinion, the 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, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards.

xiv. In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Therefore, the provisions of Clause (xiv) of paragraph 3 of the CARO 2016 are not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

xvi. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Chaturvedi & Shah**
Chartered Accountants
(Registration No.101720W)

R. Koria
Partner
Membership No. 35629

Mumbai, April 20,2018

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Registration No.117366W / W-100018)

A. Siddharth
Partner
Membership No. 31467

Mumbai, April 20, 2018

Balance Sheet as at 31st March, 2018

(₹ in million)

	Notes	As at 31st March, 2018	As at 31st March, 2017
ASSETS			
Non-Current Assets			
Capital Work-in-Progress	1	**21,447.94**	12,605.46
Intangible Assets under Development	1	**499.83**	498.61
Other Non-Current Assets	2	**324.53**	678.69
Total Non-Current Assets		**22,272.30**	13,782.76
Current Assets			
Financial Assets			
Investments	3	**1,538.38**	178.44
Cash and Cash Equivalents	4	**13.59**	411.16
Other Financial Assets	5	**110.84**	0.78
Other Current Assets	6	**2,018.77**	879.65
Total Current Assets		**3,681.58**	1,470.03
Total Assets		**25,953.88**	15,252.79
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	7	**15,445.30**	6,195.30
Other Equity	8	**65.80**	102.83
Total Equity		**15,511.10**	6,298.13
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	9	**8,226.17**	4,215.25
Total Non-Current Liabilities		**8,226.17**	4,215.25
Current Liabilities			
Financial Liabilities			
Other Financial Liabilities	10	**2,201.09**	4,706.55
Other Current Liabilities	11	**15.52**	32.86
Total Current Liabilities		**2,216.61**	4,739.41
Total Liabilities		**10,442.78**	8,954.66
Total Equity and Liabilities		**25,953.88**	15,252.79
Significant Accounting Policies			
See accompanying Notes to Financial Statements	**1 to 20**		

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
(Reg. No. 101720W)

R. Koria
Partner
Membership No. 35629

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Reg. No. 117366W/W-100018)

A. Siddharth
Partner
Membership No. 31467

Place: Mumbai
Dated : April 20, 2018

For and on behalf of the Board

Sudhakar Saraswatula
Kishor Jhalaria
Ajay Shah
Virendra Rathod
Vadim Lishchinskiy — Directors

Dmitry Khrichenko — Alternate Director

Chandrakant Shripad Gokhale
Parvinder Singh Pruthi — Independent Directors

Siddharth A. Shah — Company Secretary

Pankaj Dadhich — Chief Financial Officer

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

(₹ in million)

	Notes	2017-18	2016-17
INCOME			
Other Income		**-**	-
Total Income		**-**	-
EXPENSES			
Other Expenses	**12**	**2.55**	2.90
Total Expenses		**2.55**	2.90
Profit/ (Loss) Before Tax		**(2.55)**	(2.90)
Tax Expense			
Current tax	**13**	**34.48**	12.25
Profit/ (Loss) for the Year		**(37.03)**	(15.15)
Other Comprehensive Income		-	**-**
Total Comprehensive Income/ (Loss) for the Year		**(37.03)**	(15.15)
Earnings per equity share of face value of ₹ 10 each			
Basic and Diluted (in ₹)	**14**	**(0.03)**	(0.03)
Significant Accounting Policies See accompanying Notes to Financial Statements	**1 to 20**		

As per our Report of even date

For Chaturvedi & Shah
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R. Koria
Partner
Membership No. 35629

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Reg. No. 117366W/W-100018)

A. Siddharth
Partner
Membership No. 31467

Place: Mumbai
Dated : April 20, 2018

For and on behalf of the Board

Sudhakar Saraswatula **Kishor Jhalaria** **Ajay Shah** **Virendra Rathod** **Vadim Lishchinskiy**	Directors
Dmitry Khrichenko	Alternate Director
Chandrakant Shripad Gokhale **Parvinder Singh Pruthi**	Independent Directors
Siddharth A. Shah	Company Secretary
Pankaj Dadhich	Chief Financial Officer

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

(₹ in million)

	A. Equity share capital	B. Other Equity
		Reserve and Surplus Retained Earnings
As on 31st March, 2017		
Balance at the beginning of the reporting period i.e. 1st April, 2016	4,425.22	117.98
Issue of equity share capital during the year	1,770.08	-
Total Comprehensive Income / (Loss) for the year	-	(15.15)
Balance at the end of the reporting period i.e. 31st March, 2017	**6,195.30**	**102.83**
As on 31st March, 2018		
Balance at the beginning of the reporting period i.e. 1st April, 2017	6,195.30	102.83
Issue of equity share capital during the year	9,250.00	-
Total Comprehensive Income / (Loss) for the year	**-**	(37.03)
Balance at the end of the reporting period i.e. 31st March, 2018	**15,445.30**	**65.80**

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
(Reg. No. 101720W)

R. Koria
Partner
Membership No. 35629

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Reg. No. 117366W/W-100018)

A. Siddharth
Partner
Membership No. 31467

Place: Mumbai
Dated : April 20, 2018

For and on behalf of the Board

Sudhakar Saraswatula
Kishor Jhalaria
Ajay Shah — Directors
Virendra Rathod
Vadim Lishchinskiy

Dmitry Khrichenko — Alternate Director

Chandrakant Shripad Gokhale — Independent Directors
Parvinder Singh Pruthi

Siddharth A. Shah — Company Secretary

Pankaj Dadhich — Chief Financial Officer

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

(₹ in million)

		2017-18		2016-17
A: CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before Tax as per Statement of Profit and Loss		**(2.55)**		(2.90)
Adjusted for:				
		-		-
Operating Profit/ (Loss) before Working Capital Changes		**(2.55)**		(2.90)
Adjusted for:				
Trade and Other Receivables	**(1,138.91)**		(935.01)	
Trade and Other Payables	**(54.66)**		67.83	
		(1,193.57)		(867.18)
Cash (Used in) Operations		**(1,196.12)**		(870.08)
Taxes (paid)/ refund (net)		**(31.86)**		(15.21)
Net Cash Flow (Used in) Operating Activities		**(1,227.98)**		(885.29)
B: CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Tangible and Intangible Assets		**(11,175.89)**		(5,524.86)
Purchase of Other Investments		**(16,439.16)**		(2,461.05)
Proceeds from sale of Other Investments		**15,157.06**		3,171.39
Dividend income from Other Investments		**67.95**		9.71
Interest Income		**13.90**		8.46
Net Cash Flow (Used in) Investing Activities		**(12,376.14)**		(4,796.35)
C: CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Equity Share Capital		**9,250.00**		1,770.08
Proceeds from Borrowings - Non-Current		**4,194.41**		4,374.31
Interest Paid		**(237.86)**		(52.07)
Net Cash Flow from Financing Activities		**13,206.55**		6,092.32
Net (Decrease) / Increase in Cash and Cash Equivalents		**(397.57)**		410.68
Opening Balance of Cash and Cash Equivalents		**411.16**		0.48
Closing Balance of Cash and Cash Equivalents		**13.59**		411.16
(Refer Note no. 4)				

Cash Flow Statement for the Year ended 31st March, 2018 (Cont.)

Change in Liability arising from Financing Activities

(₹ in million)

	1 April, 2017	Cash flow	Foreign exchange movement	31 March, 2018
Borrowing - Non-Current (Refer Note 9)	4,215.25	(3,947.83)	(63.09)	8,226.17

	1 April, 2016	Cash flow	Foreign exchange movement	31 March, 2017
Borrowing - Non-Current (Refer Note 9)	-	(4,374.31)	159.06	4,215.25

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
(Reg. No. 101720W)

R. Koria
Partner
Membership No. 35629

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Reg. No. 117366W/W-100018)

A. Siddharth
Partner
Membership No. 31467

Place: Mumbai
Dated : April 20, 2018

For and on behalf of the Board

Sudhakar Saraswatula **Kishor Jhalaria** **Ajay Shah** **Virendra Rathod** **Vadim Lishchinskiy**	Directors
Dmitry Khrichenko	Alternate Director
Chandrakant Shripad Gokhale **Parvinder Singh Pruthi**	Independent Directors
Siddharth A. Shah	Company Secretary
Pankaj Dadhich	Chief Financial Officer

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

A. Corporate Information

Reliance Sibur Elastomers Private Limited ("the Company") is an unlisted entity incorporated in India. The Company's registered office and principal place of business is at Admin Building, MTF Area, Village Sikka, Taluka & District Jamnagar 361140. The Company, a joint venture between "Reliance Industries Limited" and "Sibur Investments AG", is in the process of setting up a Butyl Rubber Plant and Halo Butyl Rubber Plant ('Project') at Jamnagar, Gujarat, India.

B. Significant Accounting Policies

B.1 Basis Of Preparation And Presentation

The Financial Statements have been prepared on the historical cost basis except for Certain financial assets and liabilities (including derivative instruments) measured at fair value amount.

The Financial Statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the Rules notified under the relevant provisions of the Companies Act, 2013.

Company's financial statements are presented in Indian Rupees (₹), which is also its functional currency and all values are rounded to the nearest million (₹ 000,000), except when otherwise indicated.

B.2 Summary Of Significant Accounting Policies

(a) Property, plant and equipment

Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work-in-Progress.

(b) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

(c) Intangible assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation/depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

(d) Finance Cost

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Notes to the Financial Statements for the Year ended 31st March, 2018 (Contd.)

(e) Impairment of Non-Financial Assets - Property, Plant and Equipment and Intangible Assets

The Company assesses at each reporting date as to whether there is any indication that any Property, Plant and Equipment and Intangible Assets or group of assets, called Cash Generating Units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual assets, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

(f) Employee Benefits

Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered. Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Profit and Loss Account/ Project Development Expenditure Account.

(g) 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.

(h) Tax Expenses

The tax expense for the period comprises current and deferred income tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income or in Equity. In this case, the tax is also recognised in Other Comprehensive Income or Equity.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the Income Tax 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.

(i) 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.

Notes to the Financial Statements for the Year ended 31st March, 2018 (Contd.)

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

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.

(j) 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.

Dividend Income

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

(k) 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. 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).

Notes to the Financial Statements for the Year ended 31st March, 2018 (Contd.)

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) Derivative Financial Instruments

The Company uses various derivative financial instruments such as interest rate swaps and forwards to mitigate the risk of changes in interest rates and exchange rates risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

iv) 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.

v) Offsetting

Financial Assets and Financial Liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company has a legally enforceable right to set off the amount and it intends, either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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.

Notes to the Financial Statements for the Year ended 31st March, 2018 (Contd.)

i) 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.

ii) Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transaction are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

iii) 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 (Contd.)

1. Capital work-in-progress and Intangible Assets under development

(₹ in million)

	As at 31st March, 2018	As at 31st March, 2017
Capital work-in-progress	**21,447.94**	12,605.46
Intangible Assets under development		
Technical Know-how and License Fee	**499.83**	498.61
	21,947.77	13,104.07

1.1 The Company is in the process of setting up a Butyl Rubber and Halo Butyl Rubber Plant ('Project') at Jamnagar, Gujarat, India.

1.2 Capital Work-in-Progress include :

(i) ₹ 15,146.06 millions (Previous Year ₹ 9,143.59 millions) on account of cost of construction material at site.

(ii) ₹ 1,048.22 millions (Previous Year ₹ 885.78 millions) on account of Project Development Expenditure.

(₹ in million)

		As at 31st March, 2018		As at 31st March, 2017
1.3 Project Development Expenditure include :				
Opening Balance		**885.78**		964.87
Add:				
Interest & Finance Charges	**243.12**		81.92	
Interest earned on Bank Deposits	**(13.50)**		(9.04)	
Dividend Income on Investments	**(67.95)**		(9.71)	
Gain on Investments	**(77.84)**	**83.83**	(33.98)	29.19
Professional Fees	**10.94**		12.13	
Fluctuation on Foreign exchange	**39.24**		(137.80)	
Salaries & Wages	**7.11**		-	
Contribution to Provident and Other funds	**0.51**		-	
Insurance	**18.52**		13.73	
Others	**2.29**		3.66	
		78.61		(108.28)
Closing Balance		**1,048.22**		885.78

1.4 Assets include assets charged as security - Refer Note no 9.

(₹ in million)

2. Other Non-Current Assets (Unsecured and Considered Good)	As at 31st March, 2018	As at 31st March, 2017
Capital Advances #	**324.15**	399.92
Advance Income Tax (Net of Provision)	**0.36**	2.98
Others *	**0.02**	275.79
Total	**324.53**	678.69

Refer note no. 15

* Includes Deposits in current year and prepaid finance charges in previous year.

Notes to the Financial Statements for the Year ended 31st March, 2018 (Contd.)

(₹ in million)

		As at 31st March, 2018	As at 31st March, 2017
2.1	**Advance Income Tax (Net of Provision)**		
	At start of year	**2.98**	0.02
	Charge for the year	**(34.48)**	(12.25)
	Tax paid during the year	**31.86**	15.21
	At end of year	**0.36**	2.98

(₹ in million)

		As at 31st March, 2018 Units		As at 31st March, 2017 Units	
3.	**Investments - Current**				
	Investment measured at Fair Value Through Profit or Loss				
	Investment in Mutual Funds - Unquoted				
	IDFC Cash Fund - Growth - Direct Plan	**-**	**-**	90,318	178.44
	Kotak Equity Arbitrage Fund-Direct Plan Fortnight Dividend	**40,626,904**	**957.09**	-	-
	L&T Liquid Fund Direct Plan-Daily Dividend Reinvestment Plan	**77,355**	**78.40**	-	-
	ICICI Prudential Money Market Fund-Direct plan- Daily Dividend	**5,018,731**	**502.89**	-	-
	Total		**1,538.38**		178.44
	Aggregate amount of unquoted investments		**1,538.38**		178.44

(₹ in million)

		As at 31st March, 2018	As at 31st March, 2017
4.	**Cash and Cash Equivalents**		
	Bank Balances :		
	In Current Accounts	**0.89**	2.97
	In Deposit Accounts	**12.70**	408.19
	Cash and cash equivalents as per Balance Sheet	**13.59**	411.16
	Cash and cash equivalents as per Cash Flow Statement	**13.59**	411.16

4.1 Cash and Cash Equivalents includes deposits maintained by the Company with banks, which can be withdrawn by the Company at any point of time without prior notice or penalty on the principal.

(₹ in million)

		As at 31st March, 2018	As at 31st March, 2017
5.	**Others Financial Assets - Current**		
	Others *	**110.84**	0.78
	Total	**110.84**	0.78

* Includes interest accrued and fair valuation of Derivatives

Notes to the Financial Statements for the Year ended 31st March, 2018 (Contd.)

(₹ in million)

6. Other Current Assets	As at 31st March, 2018	As at 31st March, 2017
(Unsecured and Considered Good)		
Balance with GST Authorities	**1,963.43**	417.83
Others*	**55.34**	461.82
Total	**2,018.77**	879.65

*Includes taxes paid pending for availment.

(₹ in million)

7. Equity Share Capital	As at 31st March, 2018		As at 31st March, 2017	
	Nos.		Nos.	
Authorised Share Capital:				
Equity shares of ₹ 10 each	**1,720,000,000**	**17,200.00**	1,120,000,000	11,200.00
		17,200.00		11,200.00
Issued, Subscribed and Paid-up:				
Equity shares of ₹ 10 each fully paid up	**1,544,530,198**	**15,445.30**	619,530,198	6,195.30
Total		**15,445.30**		6,195.30

7.1 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
Reliance Industries Limited	**1,156,853,117**	**74.90**	464,028,117	74.90
Sibur Investments AG	**387,677,081**	**25.10**	155,502,081	25.10

7.2 Reconciliation of the number of shares outstanding is set out below :

Particulars	As at 31st March, 2018	As at 31st March, 2017
	No. of shares	No. of shares
Equity Shares at the beginning of the year	**619,530,198**	442,521,570
Add: Shares issued during the year	**925,000,000**	177,008,628
Equity Shares at the end of the year	**1,544,530,198**	619,530,198

7.3 Rights, Preferences and Restrictions attached to Equity Shares :

The Company has one class of Equity Shares having a par value of ₹ 10 per share. Each equity shareholder is entitled to 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 ensuing Annual General Meeting. In the event of liquidation, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

Notes to the Financial Statements for the Year ended 31st March, 2018 (Contd.)

(₹ in million)

8.	Other Equity		As at 31st March, 2018		As at 31st March, 2017
	Retained Earnings				
	As per last Balance Sheet	**102.83**		117.98	
	Add: Profit / (Loss) for the Year	**(37.03)**		(15.15)	
			65.80		102.83
	Total		**65.80**		102.83

(₹ in million)

9.	Borrowings - Non-Current	As at 31st March, 2018	As at 31st March, 2017
	Secured - at Amortised Cost		
	Term loans from banks	**8,226.17**	4,215.25
	Total	**8,226.17**	4,215.25

9.1 Term loan represents drawdown of US$ 130.00 Million (Previous Year US $ 65 million) against sanctioned Facility of US$ 330.00 million.

9.2 Term loan is secured by way of a first ranking pari passu charge on all the fixed assets (excluding land and/or any interest in the land) relating to the Project located at Jamnagar. This Facility is additionally secured by Corporate Guarantee of Reliance Industries Limited, the holding company.

9.3 Term loan is repayable by 13 equal semi-annual instalments starting from September 2020.

(₹ in million)

10.	Other Financial Liabilities	As at 31st March, 2018	As at 31st March, 2017
	Interest accrued but not due on borrowings	**20.77**	7.05
	Creditors for Capital Expenditure *	**2,179.48**	4,624.10
	Others #	**0.84**	75.40
	Total	**2,201.09**	4,706.55

* Includes for Micro, Small and Medium Enterprises ₹ 53.28 million (Previous year ₹ 11.45 million)

Includes book overdraft and fair valuation of Derivatives.

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

(₹ in million)

11.	Other Current Liabilities	As at 31st March, 2018	As at 31st March, 2017
	Other Payables^	**15.52**	32.86
	Total	**15.52**	32.86

^ Includes statutory dues.

Notes to the Financial Statements for the Year ended 31st March, 2018 (Contd.)

-

(₹ in million)

12.	Other Expenses		2017-18		2016-17
	Establishment Expense				
	Professional Fees	**0.67**		0.36	
	Rates & Taxes	**0.05**		0.05	
	General Expenses	**1.02**		1.29	
	Payment to Auditors	**0.50**		0.51	
	Charity and Donations	**0.31**		0.69	
			2.55		2.90
	Total		**2.55**		2.90

(₹ in million)

12.1	Payment to Auditors as:	2017-18	2016-17
(a)	Auditor		
	Statutory Audit Fees	**0.28**	0.26
(b)	Certification and Consultation Fees	**0.22**	0.25
		0.50	0.51

12.2 Corporate Social Responsibility (CSR)

(a) CSR amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the company during the year ₹ 0.30 millions (Previous year ₹ 0.68 millions)

(b) Expenditure related to Corporate Social Responsibility is ₹ 0.30 millions (Pervious year ₹ 0.69 millions)

(c) The amount spent on CSR activity during the financial year 2017-18 and previous year was utilised for promoting Education.

(₹ in million)

13.	Taxation	2017-18	2016-17
	Income tax recognised in Statement of Profit and Loss		
	Current tax	**34.48**	12.25
	In respect of the current year	**31.49**	12.25
	In respect of the previous year	**2.99**	-
	Total income tax expenses recognised in the current year	**34.48**	12.25

The income tax expenses for the year can be reconciled to the accounting profit as follows: (₹ in million)

	2017-18	2016-17
Profit before tax from continuing operations	**(2.55)**	(2.90)
Applicable Tax Rate	**33.063%**	**33.063%**
Computed Tax Expense	**(0.85)**	(0.96)
Expenses disallowed for tax purposes	**0.85**	0.96
Additional allowances for tax purposes	**(0.05)**	(0.11)
Gain on Investment	**27.08**	11.85
Others	**7.45**	0.51
Tax expenses recognised in Statement of Profit and Loss	**34.48**	12.25

Notes to the Financial Statements for the Year ended 31st March, 2018 (Contd.)

		2017-18	2016-17
14	**Earnings per share (EPS)**	**2017-18**	2016-17
(i)	Net Profit/ (Loss) after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in million)	**(37.03)**	(15.15)
(ii)	Weighted Average number of equity shares used as denominator for calculating EPS	**1,194,598,691**	548,241,792
(iii)	Basic and diluted earnings/ (loss) per share (₹)	**(0.03)**	(0.03)
(iv)	Face Value per equity share (₹)	**10**	10

15 Related Parties Disclosures

As per Indian Accounting Standards 24, the disclosures of transactions with the related parties are given below :

(i) List of Related Parties with whom transactions have taken place and relationships:

Sr. No.	Name of the Related Party	Relationships
1	Reliance Industries Limited	Holding Company
2	Sibur Investments AG	Investing entity
3	Shri Kanchan Chakrabarty	Key Managerial Personnel
4	Shri Pankaj Dadhich	
5	Shri Siddharth A. Shah	
6	Reliance Industrial Investments And Holdings Limited	Fellow Subsidiary
7	Reliance Retail Limited	
8	Reliance Petro Marketing Limited	
9	Sikka Ports and Terminals Limited (Formerly known as Reliance Ports and Terminals Limited)	Holding's Associates
10	Reliance Utilities and Power Private Limited	
11	Reliance Industrial Infrastructure Limited	

(ii) Transactions during the year with related parties: (₹ in million)

Sr. No.	Nature of Transactions (excluding reimbursements)	Holding Company	Investing Entity	Key Managerial Personnel	Fellow Subsidiary	Holding's Associates	Total
1	Proceeds from issue of Equity Share Capital	**6,928.25**	**2,321.75**	**-**	**-**	**-**	**9,250.00**
		1,325.79	*444.29*	-	-	-	*1,770.08*
2	Purchase of Tangible and Intangible Assets	**2,902.26**	**-**	**-**	**175.52**	**258.18**	**3,335.96**
		2,273.88	-	-	*48.20*	*66.31*	*2,388.39*
3	Sale of Project Materials	**13.90**	**-**	**-**	**-**	**-**	**13.90**
		0.20	-	-	-	-	*0.20*
4	Payment to Key Managerial Personnel	**-**	**-**	**10.95**	**-**	**-**	**10.95**
		-	-	*12.13*	-	-	*12.13*

Notes to the Financial Statements for the Year ended 31st March, 2018 (Contd.)

Balance as at 31st March, 2018							
5	Equity Share Capital	**11,568.50**	**3,876.80**	**-**	**-**	**-**	**15,445.30**
		4,640.30	*1,555.00*	*-*	*-*	*-*	*6,195.30*
6	Capital Advance	**150.00**	**-**	**-**	**-**	**-**	**150.00**
		150.00	*-*	*-*	*-*	*-*	*150.00*
7	Other Financial Assets	**-**	**-**	**-**	**-**	**-**	**-**
		0.20	*-*	*-*	*-*	*-*	*0.20*
8	Creditors for Capital Expenditure	**621.63**	**-**	**-**	**41.80**	**70.80**	**734.23**
		187.99	*-*	*-*	*10.18*	*14.61*	*212.78*
9	Performance Guarantee	**311.97**	**76.89**	**-**	**-**	**-**	**388.86**
		300.03	*73.55*	*-*	*-*	*-*	*373.58*
10	Financial Guarantee	**8,472.75**	**-**	**-**	**-**	**-**	**8,472.75**
		4,215.25	*-*	*-*	*-*	*-*	*4,215.25*

Figures in *italics* represents previous year's amount.

Disclosure in respect of Major Related Party Transactions during the year : (₹ in million)

	Particulars	Relationship	**2017-18**	2016-17
1	**Proceeds from issue of Equity Share Capital**			
	Reliance Industries Limited	Holding Company	**6,928.25**	1,325.79
	Sibur Investments AG	Investing Entity	**2,321.75**	444.29
2	**Purchase of Tangible and Intangible Assets**			
	Reliance Industries Limited	Holding Company	**2,902.26**	2,273.88
	Reliance Retail Limited	Fellow Subsidiary	**0.63**	0.23
	Reliance Petro Marketing Limited	Fellow Subsidiary	**174.89**	47.97
	Sikka Ports and Terminals Limited	Holding's Associates	**148.14**	47.25
	Reliance Utilities and Power Private Limited	Holding's Associates	**63.50**	8.16
	Reliance Industrial Infrastructure Limited	Holding's Associates	**46.54**	10.90
3	**Sale of Project Materials**			
	Reliance Industries Limited	Holding Company	**13.90**	0.20
4	**Payment to Key Managerial Personnel**			
	Shri Kanchan Chakrabarty #	Key Managerial Personnel	**4.32**	4.86
	Shri Pankaj Dadhich #	Key Managerial Personnel	**4.59**	5.43
	Shri Siddharth A. Shah#	Key Managerial Personnel	**2.03**	1.84
	# Reimbursement to Holding Company towards Remuneration.			
5	**Financial Guarantee**			
	Reliance Industries Limited	Holding Company	**8,472.75**	4,215.25

Notes to the Financial Statements for the Year ended 31st March, 2018 (Contd.)

(₹ in million)

		As at 31st March, 2018	As at 31st March, 2017
16	**Contingent Liabilities and Commitments**		
	Capital Commitments:		
	Estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for	**6,966.77**	3,967.59

17 Capital Management

The Company adheres to a robust Capital Management framework which is underpinned by the following guiding principles;

a) Ensure financial flexibility and diversify sources of financing and their maturities to minimize liquidity risk while meeting investment requirements.

b) Proactively manage exposure in forex and interest to mitigate risk to earnings.

c) Leverage optimally in order to maximize shareholder returns while maintaining strength and flexibility of the Balance sheet.

Net Gearing Ratio

The Net Gearing Ratio at end of the reporting period was as follows:- (₹ in million)

	As at 31st March, 2018	As at 31st March, 2017
Gross Debt	**8,226.17**	4,215.25
Cash and Marketable Securities	**1,551.97**	589.60
Net Debt (A)	**6,674.20**	3,625.65
Total Equity [As per Balance Sheet] (B)	**15,511.10**	6,298.13
Net Gearing Ratio (A/B)	**43.03%**	57.57%
Debt is defined as borrowing as described in note 9.		

18 Financial Instruments

A. Fair Value Measurement Hierarchy:

(₹ in million)

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	**13.59**	**-**	**-**	411.16	-	-
Other Financial Assets	**0.17**	**-**	**-**	0.78	-	-
At FVTPL						
Investments	**1,538.38**	**1,538.38**	**-**	178.44	178.44	-
Other Financial Assets	**110.67**	**-**	**110.67**	-	-	-
Financial Liabilities						
At Amortised Cost						
Borrowings	**8,226.17**	**-**	**-**	4,215.25	-	-
Other Financial Liabilities	**2,200.97**	**-**	**-**	4,669.19	-	-
At FVTPL						
Other Financial Liabilities	**0.12**	**-**	**0.12**	37.36	-	37.36

Notes to the Financial Statements for the Year ended 31st March, 2018 (Contd.)

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.

Valuation Methodology

All financial instruments are initially recognized and subsequently re-measured at fair value as described below:

a) The fair value of investment in Mutual Funds is measured at NAV.

b) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

c) The fair value of forward foreign exchange contracts are determined using forward exchange rates at the balance sheet date.

d) The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

e) All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.

B. Financial Risk Management

The Company's activities expose it to Foreign currency risk, Interest rate risk, credit risk and liquidity risk. The Company uses derivatives financial instruments such as forward and swap contracts to minimise any adverse effect on its financial performance.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. Exposures can arise on account of the various assets and liabilities which are denominated in currencies other than Indian Rupee.

The following table shows foreign currency exposures in USD, EUR and JPY on financial instruments at the end of the reporting period. The exposure to foreign currency for all other currencies are not material.

(₹ in million)

Foreign Currency Exposure						
Particulars	**As at 31st March, 2018**			As at 31st March, 2017		
	USD	**Euro**	**JPY**	USD	Euro	JPY
Borrowings*	**8,472.75**	**-**	**-**	4,215.25	-	-
Other Payables / Creditors	**243.58**	**95.74**	**161.83**	481.89	1,736.79	1,162.05
Derivatives						
- Forwards	**-**	**(234.56)**	**(161.84)**	-	(1,732.92)	(1,187.22)
Exposure	**8,716.33**	**(138.82)**	**(0.01)**	4,697.14	3.87	(25.17)

Sensitivity analysis of 1% change in exchange rate at the end of reporting period

* Net off ₹ 246.58 millions as prepaid finance charges.

(₹ in million)

Foreign Currency Sensitivity						
Particulars	**As at 31st March, 2018**			As at 31st March, 2017		
	USD	**Euro**	**JPY**	USD	Euro	JPY
1% Depreciation in INR						
Impact on Equity	**(87.16)**	**1.39**	**0.00**	(46.97)	(0.04)	0.25
1% Appreciation in INR						
Impact on Equity	**87.16**	**(1.39)**	**(0.00)**	46.97	0.04	(0.25)

Notes to the Financial Statements for the Year ended 31st March, 2018 (Contd.)

Interest Rate Risk

The exposure of the Company's borrowing and derivatives to interest rate changes at the end of the reporting period are as follows:

(₹ in million)

Interest Rate Exposure		
Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Borrowings - Floating Rate	**8,472.75**	4,215.25
Derivatives - Interest Rate Swaps	**4,399.31**	2,269.75

Sensitivity analysis for 1% change in interest rate is given below :

(₹ in million)

Interest Rate Sensitivity				
Particulars	**As at 31st March, 2018**		As at 31st March, 2017	
	Up Move	**Down Move**	Up Move	Down Move
Floating Rate Loans	**(84.73)**	**84.73**	(42.15)	42.15
Interest Rate Swaps	**145.80**	**(145.80)**	98.21	(98.21)
Impact on Equity	**61.07**	**(61.07)**	56.06	(56.06)

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 on due date. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Company accesses global financial markets to meet its liquidity requirements. It uses a range of products and a mix of currencies to ensure efficient funding from across well-diversified markets and investor pools. Treasury 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.

(₹ in million)

	Maturity Profile of as at 31st March, 2018					
Particulars	**Below 3 months**	**3-6 months**	**6-12 months**	**1-3 years**	**3-5 years**	**Above 5 years**
Borrowings						
Non-Current*	-	-	-	**1,303.50**	**2,607.00**	**4,562.25**
Total	-	-	-	**1,303.50**	**2,607.00**	**4,562.25**
Derivative Liabilities						
Forwards	**0.13**	-	-	-	-	-
Interest Rate Swaps	-	-	-	-	-	-
Total	**0.13**	-	-	-	-	-

* Includes ₹ 246.58 millions as prepaid finance charges

Notes to the Financial Statements for the Year ended 31st March, 2018 (Contd.)

(₹ in million)

	Maturity Profile of as at 31st March, 2017		
Particulars	**Below 3 months**	**3-5 years**	**Above 5 years**
Borrowings			
Non-Current	-	1,297.00	2,918.25
Total	**-**	**1,297.00**	**2,918.25**
Derivative Liabilities			
Forwards	31.23	-	-
Interest Rate Swaps	-	6.13	-
Total	**31.23**	**6.13**	**-**

19 The Company's activities during the financial year revolve around setting up of the Butyl Rubber Plant and Halo Butyl Rubber Plant ('Project'). The Chief Operating Descision Maker (being the Board and executive officers of the Company), who is responsible for allocating resources and assessing performance obtains financial information. Accordingly, the Company has single reportable segment under Indian Accounting Standard 108 "Operating Segment".

20 Approval of Financial Statements

The financial statements were approved for issue by the board of directors on April 20, 2018.

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
(Reg. No. 101720W)

R. Koria
Partner
Membership No. 35629

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Reg. No. 117366W/W-100018)

A. Siddharth
Partner
Membership No. 31467

Place: Mumbai
Dated : April 20, 2018

For and on behalf of the Board

Sudhakar Saraswatula	Directors
Kishor Jhalaria	
Ajay Shah	
Virendra Rathod	
Vadim Lishchinskiy	
Dmitry Khrichenko	Alternate Director
Chandrakant Shripad Gokhale	Independent Directors
Parvinder Singh Pruthi	
Siddharth A. Shah	Company Secretary
Pankaj Dadhich	Chief Financial Officer