

**RELIANCE INNOVATIVE BUILDING
SOLUTIONS PRIVATE LIMITED
FINANCIAL STATEMENTS
2016-17**

Independent Auditor's Report

TO THE MEMBERS OF

Reliance Innovative Building Solutions Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Reliance Innovative Building Solutions Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, 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 Standalone 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 (financial position), profit or loss (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.

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, 2017, and its loss (financial performance including other comprehensive income), 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 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.

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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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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.
 - iv. The Company did not hold any Specified Bank Notes as on 8th November, 2016 and Company had not dealt with such notes during the period from 8th November, 2016 to 30th December, 2016 and hence, the requirement of disclosure in financial statements is not applicable to the Company.

For Chaturvedi & Shah

Chartered Accountants

Firm Registration No. -101720W

Jignesh Mehta

Partner

M. No 102749

Place: Mumbai

Date: April 17 , 2017

“Annexure A” to the Independent Auditors’ Report on the Financial Statements of Reliance Innovative Building Solutions Private 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 had no Fixed Assets during the year, clause (i) of paragraph of 3 of the Order is not applicable to the Company.
- ii) As the Company had no Inventories during the year, clause (ii) of paragraph of 3 of the Order is not applicable to the Company.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, the requirement of clause (iii) (a) to clause (iii) (c) of paragraph 3 of the Order is not applicable to the Company.
- iv) Company has not granted any loans, investments, guarantees and securities covered under section 185 and 186 of the Act.
- v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed 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, 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 31st March, 2017 for a period of more than six months from the date they became payable.
 - b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax , cess on account of any dispute, which have not been deposited.
- viii) The Company has not raised loans from financial institutions or banks or governments or by issue of debentures and hence 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.
- 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.

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- xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transaction with the directors or persons connected with him and covered under section 192 of the Act. Hence, clause (xv) of the paragraph 3 of the Order is not applicable to the Company.
- xvi) To the best of our knowledge and as explained, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Chaturvedi & Shah

Chartered Accountants

Firm Registration No. -101720W

Jignesh Mehta

Partner

M. No 102749

Place: Mumbai

Date: April 17, 2017

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS OF

Reliance Innovative Building Solutions Private 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 Innovative Building Solutions Private Limited** (“the Company”) as of 31st March, 2017 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. 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.

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 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 31st March, 2017, 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

Firm Registration No. -101720W

Jignesh Mehta

Partner

M. No 102749

Place: Mumbai

Date: April 17 , 2017

Balance Sheet as at 31st March, 2017

	Note	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015	₹
ASSETS					
Non-Current Assets					
Other Non Current Assets	1	1,14,77,630	1,14,77,630	1,14,77,630	
Total Non-Current Assets		1,14,77,630	1,14,77,630	1,14,77,630	
Current Assets					
Financial Assets					
Trade Receivables	2	5,923	27,12,558	5,56,884	
Cash and Cash Equivalents	3	7,76,374	5,99,427	52,76,257	
Other Current Assets	4	23,13,26,034	22,74,56,175	22,62,95,464	
Total Current Assets		23,21,08,331	23,07,68,159	23,21,28,605	
Total Assets		24,35,85,961	24,22,45,789	24,36,06,235	
EQUITY AND LIABILITIES					
Equity					
Equity Share Capital	5	64,69,39,500	64,69,39,500	64,69,39,500	
Other Equity	6	(46,72,78,084)	(44,79,77,500)	(42,99,34,630)	
Total Equity		17,96,61,416	19,89,62,000	21,70,04,870	
Non-Current Liabilities					
Financial Liabilities					
Borrowings	7	4,43,00,000	2,55,00,000	1,20,00,000	
Other Financial Liabilities	8	1,23,13,833	1,31,69,346	1,43,68,218	
Total Non Current Liabilities		5,66,13,833	3,86,69,346	2,63,68,218	
Current Liabilities					
Financial Liabilities					
Trade Payables	9	4,98,669	2,24,795	-	
Other Current Liabilities	10	68,12,044	43,89,648	2,33,147	
Total Current Liabilities		73,10,713	46,14,443	2,33,147	
Total Liabilities		6,39,24,546	4,32,83,789	2,66,01,365	
Total Equity and Liabilities		24,35,85,961	24,22,45,789	24,36,06,235	
Significant Accounting Policies Notes on Financial Statements	1 to 24				

As per our report of even date

For and on behalf of the board

For Chaturvedi & Shah
Chartered Accountants

Jignesh Mehta
Partner

Tarun Jhunjunwala
Director

Ramesh Kumar Damani
Director

Place : Mumbai
Date : April 17, 2017

Pooja Karia
Chief Financial Officer

Ankita Chhajed
Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2017

	Note	2016-17	2015-16
INCOME			
Revenue from Operations		-	-
Other Income	11	1,42,27,726	1,76,26,828
Total Income		1,42,27,726	1,76,26,828
EXPENSES			
Finance Costs	12	43,77,472	22,07,933
Other Expenses	13	2,91,50,839	3,34,61,765
Total Expenses		3,35,28,310	3,56,69,698
Profit/ (Loss) Before Tax		(1,93,00,584)	(1,80,42,870)
Tax Expenses		-	-
Profit/ (Loss) for the Year		(1,93,00,584)	(1,80,42,870)
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		(1,93,00,584)	(1,80,42,870)
Earnings/ (loss) per equity share of face value of ₹ 10 each			
Basic and Diluted (in ₹)	14	(0.30)	(0.28)
Significant Accounting Policies			
Notes on Financial Statements	1 to 24		

As per our report of even date

For and on behalf of the board

For Chaturvedi & Shah
Chartered Accountants

Jignesh Mehta
Partner

Tarun Jhunjhunwala
Director

Ramesh Kumar Damani
Director

Place : Mumbai
Date : April 17, 2017

Pooja Karia
Chief Financial Officer

Ankita Chhajed
Company Secretary

Statement of Changes in Equity for the year ended 31st March, 2017

A. Equity Share Capital

	Balance at the beginning of the reporting period i.e. 1st April, 2015	Changes in equity share capital during the year 2015-16	Balance at the end of the reporting period i.e. 31st March, 2016	Changes in equity share capital during the year 2016-17	Balance at the end of the reporting period i.e. 31st March, 2017
	64,69,39,500.00	-	64,69,39,500.00	-	64,69,39,500.00

B. Other Equity

	Reserves and Surplus Retained Earnings	Total
As on 31 March 2016		
Balance at the beginning of the reporting period i.e. 1st April, 2015	(42,99,34,630)	(42,99,34,630)
Total Comprehensive Income for the year	(1,80,42,870)	(1,80,42,870)
Balance at the end of the reporting period i.e. 31st March, 2016	(44,79,77,500)	(44,79,77,500)
As on 31 March 2017		
Balance at the beginning of the reporting period i.e. 1st April, 2016	(44,79,77,500)	(44,79,77,500)
Total Comprehensive Income for the year	(1,93,00,584)	(1,93,00,584)
Balance at the end of the reporting period i.e. 31st March, 2017	(46,72,78,084)	(46,72,78,084)

As per our report of even date

For Chaturvedi & Shah
Chartered Accountants

Jignesh Mehta
Partner

Place : Mumbai
Date : April 17, 2017

For and on behalf of the board

Tarun Jhunjunwala
Director

Pooja Karia
Chief Financial Officer

Ramesh Kumar Damani
Director

Ankita Chhajed
Company Secretary

Cash Flow Statement for the year 2016-17

	2016-17	₹ crore 2015-16
A: CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax as per Statement of Profit and Loss	(1,93,00,584)	(1,80,42,870)
Adjusted for:		
(Profit)/Loss on Sale/Discarding of Assets (Net)	-	28,18,661
Provision for Doubtful Debts/Bad Debts Written Off	-	4,56,884
Provision for doubtful advances Writeback	-	(34,12,552)
Finance Costs	<u>43,77,472</u>	<u>22,07,876</u>
	43,77,472	20,70,869
Operating Profit/ (Loss) before Working Capital Changes	(1,49,23,113)	(1,59,72,001)
Adjusted for:		
Trade and Other Receivables	<u>4,89,181</u>	<u>9,74,548</u>
Trade and Other Payables	<u>(25,36,716)</u>	<u>(48,14,336)</u>
	(20,47,535)	(38,39,788)
Cash (used in) Operations	(1,69,70,648)	(1,98,11,789)
Taxes Paid (Net)	<u>(16,52,405)</u>	<u>(11,84,520)</u>
Net Cash flow from Operating Activities	(1,86,23,053)	(2,09,96,309)
B: CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	-	<u>28,19,478</u>
Net Cash from Investing Activities	-	<u>28,19,478</u>
C: CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	<u>1,88,00,000</u>	<u>1,35,00,000</u>
Net Cash flow generated from Financing Activities	1,88,00,000	1,35,00,000
Net (Decrease)/ Increase in Cash and Cash Equivalents	1,76,947	(46,76,831)
Opening Balance of Cash and Cash Equivalents	<u>5,35,508</u>	<u>52,12,338</u>
Closing Balance of Cash and Cash Equivalents (Refer Note "3")	<u>7,12,455</u>	<u>5,35,508</u>

As per our report of even date

For and on behalf of the board

For Chaturvedi & Shah
Chartered Accountants

Jignesh Mehta
Partner

Tarun Jhunjunwala
Director

Ramesh Kumar Damani
Director

Place : Mumbai
Date : April 17, 2017

Pooja Karia
Chief Financial Officer

Ankita Chhajed
Company Secretary

Notes on Financial Statements for the year ended 31st March, 2017

Significant Accounting Policies

A. CORPORATE INFORMATION

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

The projects of the company have been completed and the management has decided not to pursue any business in future, accordingly, the operations of the company has terminated. The management has identified all existing fixed assets to be not in active use and has accordingly, transferred them to 'assets held for sale/disposal'.

Amount ₹ 21,65,71,339 (previous year ₹ 21,65,71,339) representing the net book value of the idle assets identified, have been disclosed under 'assets held for sale/disposal' to reflect the estimated recoverable amount of fixed assets based on valuation of plant and machineries and best estimates by management for rest of fixed assets. The management is firming up the plan to sell these assets. In view of the above, no depreciation has been charged to the Statement of profit and loss.

B. ACCOUNTING POLICIES

B.1 BASIS OF PREPARATION AND PRESENTATION

"The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- (i) Certain financial assets and liabilities.
- (ii) Defined benefit plans - plan assets.

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.

Upto the year ended March 31, 2016, the Company has prepared its financial statements in accordance with the requirement of Indian Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 and considered as "Previous GAAP".

These financial statements are the Company's first Ind AS standalone financial statements.

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

B.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) 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.

b) Inventories :

Inventories are measured at lower of cost or net realisable value. Cost is 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.

Notes on Financial Statements for the year ended 31st March, 2017

(d) 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.

Revenue from operations includes sale of goods, services, service tax, excise duty and sales during trial run period, adjusted for discounts (net), and gain/loss on corresponding hedge contracts.

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.

(e) 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 adjusted 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 subsequently 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 subsequently measured at fair value through other comprehensive income 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 subsequently fair valued through profit or loss.

C. Impairment of financial assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment 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. The Company uses historical default rates to determine impairment loss on the

Notes on Financial Statements for the year ended 31st March, 2017

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 initially at fair value and in case of loans and borrowings and payables, net of directly attributable cost. Fees of recurring nature are directly recognised in 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.

f) Tax Expenses

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In which 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 taxation authorities, based on tax rates and laws that are enacted or substantively 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.

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) 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.

(b) 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, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or 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

Notes on Financial Statements for the year ended 31st March, 2017

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.

(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) 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.

D. FIRST TIME ADOPTION OF IND AS

The Company has adopted Ind AS with effect from 1st April 2016 with comparatives being restated. Accordingly the impact of transition has been provided in the Opening Retained Earnings as at 1st April 2015. The figures for the previous period have been restated, regrouped and reclassified wherever required to comply with the requirement of Ind AS and Schedule III.

1 Other Non Current Assets	₹		
<i>(Unsecured and Considered Good)</i>	As at	As at	As at
	31st March, 2017	31st March, 2016	1st April 2015
Security Deposits	<u>1,14,77,630</u>	<u>1,14,77,630</u>	<u>1,14,77,630</u>
Total	<u>1,14,77,630</u>	<u>1,14,77,630</u>	<u>1,14,77,630</u>
2 Trade Receivables	₹		
<i>(Unsecured and Considered Good)</i>	As at	As at	As at
	31st March, 2017	31st March, 2016	1st April 2015
Trade Receivables	<u>5,923</u>	<u>27,12,558</u>	<u>5,56,884</u>
Total	<u>5,923</u>	<u>27,12,558</u>	<u>5,56,884</u>

Notes on Financial Statements for the year ended 31st March, 2017

3	Cash and Bank Balances	As at	As at	₹
		31st March, 2017	31st March, 2016	As at 1st April 2015
	Bank Balances:			
	In Current Accounts	<u>7,12,455</u>	<u>5,35,508</u>	<u>52,12,338</u>
		<u>7,12,455</u>	<u>5,35,508</u>	<u>52,12,338</u>
	Other Bank Balances			
	In Deposits*	<u>63,919</u>	<u>63,919</u>	<u>63,919</u>
		<u>63,919</u>	<u>63,919</u>	<u>63,919</u>
	Cash and Cash Equivalents as per Balance Sheet	<u>7,76,374</u>	<u>5,99,427</u>	<u>52,76,257</u>
	Cash and Cash Equivalents as per Statement of Cash Flow	<u>7,12,455</u>	<u>5,35,508</u>	<u>52,12,338</u>

*Deposited with maturity of more than 12 months

- 3.1 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.
- 3.2 Refer note 22 for details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016.

4	Other Current Assets (Unsecured and Considered Good)	As at	As at	₹
		31st March, 2017	31st March, 2016	As at 1st April 2015
	Balance with Service Tax/ Sales Tax Authorities, etc.	<u>38,16,486</u>	<u>20,93,804</u>	-
	Advance Income Tax (Net of Provision)	<u>68,04,914</u>	<u>51,52,509</u>	<u>39,67,989</u>
	Others* (Refer note 21)	<u>22,07,04,634</u>	<u>22,02,09,861</u>	<u>22,23,27,474</u>
	Total	<u>23,13,26,034</u>	<u>22,74,56,175</u>	<u>22,62,95,464</u>

* Includes Assets held for Sale, Prepaid Expenses, Advances to vendors and accrued interest.

Advance Income Tax (Net of Provision)	As at	As at	₹
	31st March, 2017	31st March, 2016	As at 1st April 2015
At Start of the year	<u>51,52,509</u>	<u>39,67,989</u>	
Charge for the year	-	-	
Tax paid during the year	<u>16,52,405</u>	<u>11,84,520</u>	
At end of the year	<u>68,04,914</u>	<u>51,52,509</u>	<u>39,67,989</u>

Notes on Financial Statements for the year ended 31st March, 2017

₹							
5	Share Capital	As at		As at		As at	
		31st March, 2017	31st March, 2017	31st March, 2016	31st March, 2016	1st April, 2015	1st April, 2015
		Units	Amount	Units	Amount	Units	Amount
Authorised:							
	Equity Shares of ₹ 10 each	6,60,00,000	66,00,00,000	66,00,00,000	66,00,00,000	66,00,00,000	66,00,00,000
	Total		66,00,00,000		66,00,00,000		66,00,00,000
Issued, Subscribed and Paid-Up:							
Fully paid-up							
	Equity Shares of ₹ 10 each	6,46,93,950	64,69,39,500	6,46,93,950	64,69,39,500	6,46,93,950	64,69,39,500
	Total		64,69,39,500		64,69,39,500		64,69,39,500
(i)	Terms/rights attached to equity shares						
	The company has only one class of equity share having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting.						
	In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity share held by the share holders.						
(ii)	The details of Shareholders holding more than 5% shares :						
	Name of the Shareholders	As at		As at		As at	
		31st March, 2017	31st March, 2017	31st March, 2016	31st March, 2016	1st April 2015	1st April 2015
		No. of	% held	No. of	% held	No. of	% held
				Shares		Shares	
	Reliance Industrial Investments and Holdings Limited (Holding Company)	6,46,93,950	100	6,46,93,950	100	6,46,93,950	100
(iii)	Reconciliation of opening and closing number of shares						
	Particulars	As at		As at		As at	
		31st March, 2017	31st March, 2017	31st March, 2016	31st March, 2016	1st April 2015	1st April 2015
		No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
	Equity Shares outstanding at the beginning of the year	6,46,93,950	6,46,93,950	6,46,93,950	6,46,93,950	6,46,93,950	6,46,93,950
	Add: Equity Shares issued during the year	-	-	-	-	-	-
	Equity Shares outstanding at the end of the year	6,46,93,950	6,46,93,950	6,46,93,950	6,46,93,950	6,46,93,950	6,46,93,950
₹							
6	Other Equity	As at		As at		As at	
		31st March, 2017	31st March, 2017	31st March, 2016	31st March, 2016	1st April 2015	1st April 2015
	Retained Earnings						
	As per Last Balance Sheet	(44,79,77,500)	(44,79,77,500)	(42,99,34,630)	(42,99,34,630)	(42,99,34,630)	(42,99,34,630)
	Add: Profit (Loss) during the year	(1,93,00,584)	(1,93,00,584)	(1,80,42,870)	(1,80,42,870)		
	Total	(46,72, 78,084)	(46,72, 78,084)	(44,79,77,500)	(44,79,77,500)	(42,99,34,630)	(42,99,34,630)

Notes on Financial Statements for the year ended 31st March, 2017

7	Borrowings - Non Current	₹		
		As at 31st March, 2017	As at 31st March, 2016	As at 1st April 2015
	Unsecured			
	From Related Party	4,43,00,000	2,55,00,000	1,20,00,000
	Total	4,43,00,000	2,55,00,000	1,20,00,000

8	Other Financial Liabilities	₹		
		As at 31st March, 2017	As at 31st March, 2016	As at 1st April 2015
	Others - Lease Equalisation Reserve	1,23,13,833	1,31,69,346	1,43,68,218
	Total	1,23,13,833	1,31,69,346	1,43,68,218

9	Trade Payables	₹		
		As at 31st March, 2017	As at 31st March, 2016	As at 1st April 2015
	Micro and Small Enterprises*	-	-	-
	Others	4,98,669	2,24,795	-
	Total	4,98,669	2,24,795	-

9.1 Trade Payables

*The details of amounts outstanding to Micro and Small Enterprises based on available information with the Company is as under:

Sr. No.	Particulars	₹		
		As at 31st March, 2017	As at 31st March, 2016	As at 1st April 2015
1	Principal amount due and remaining unpaid	-	-	-
2	Interest due on above and the unpaid interest	-	-	-
3	Interest paid	-	-	-
4	Payment made beyond the appointed day during the year	-	-	-
5	Interest due and payable for the period of delay	-	-	-
6	Interest accrued and remaining unpaid	-	-	-
7	Amount of further interest remaining due and payable in succeeding year	-	-	-

10	Other Current Liabilities	₹		
		As at 31st March, 2017	As at 31st March, 2016	As at 1st April 2015
	Interest Accrued but not due on Borrowings	65,78,750	22,05,975	-
	Others**	2,33,294	21,83,673	2,33,147
	Total	68,12,044	43,89,648	2,33,147

** Includes advances/ deposits received and statutory liabilities.

Notes on Financial Statements for the year ended 31st March, 2017

		₹
11 Other Income	2016-17	2015-16
Other Non-Operating Income		
Rental Income	1,42,14,276	1,42,14,276
Others	13,450	34,12,552
Total	1,42,27,726	1,76,26,828
		₹
12 Finance Costs	2016-17	2015-16
Interest Cost	43,72,775	22,07,876
Others	4,697	57
Total	43,77,472	22,07,933
		₹
13 Other Expenses	2016-17	2015-16
Establishment Expenses		
Other Repairs	-	3,028
Rent including Lease Rentals	2,71,08,929	2,67,82,927
Insurance	59,751	81,855
Rates and Taxes	33,743	39,975
Payment to Auditors (Refer Note no 13.1)	59,000	1,00,000
Professional Fees	1,93,384	17,95,386
Loss on Sale/ Discarding of Assets	-	28,18,661
Provision for Doubtful Debts	-	4,56,884
Electricity Expenses	11,30,513	9,57,982
Labour processing, machinery hire charges	6,483	51,209
Security Expenses	4,21,996	3,48,829
General Expenses	1,37,040	25,029
Total	2,91,50,839	3,34,61,765
		₹
13.1 Payment to auditors :	2016-17	2015-16
Statutory Audit Fees	48,000	45,000
Tax Audit Fees	11,000	10,000
Other Services	-	45,000
Total	59,000	100,000

Notes on Financial Statements for the year ended 31st March, 2017

14 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 relationship:

Name of the Related Party	Relationship
Reliance Industries Limited	Ultimate Holding Company
Reliance Industrial Investments & Holdings Limited Reliance Corporate IT Park Limited	Holding Company
Reliance Retail Limited Model Economic Township Limited	Fellow Subsidiary Companies

- (iii) Disclosure in respect of Material Related Party Transactions during the Year:

Particulars	2016-17	2015-16	₹
Loan taken from Reliance Industrial Investments and Holdings Limited	1,88,00,000	1,35,00,000	
Sale of Fixed Assets to Reliance Corporate IT Park Limited	-	31,02,209	
Lease rent received from Reliance Retail Limited	1,42,14,276	1,42,14,276	
Interest payment to Reliance Industrial Investments and Holdings Limited	43,72,775	22,07,876	
Professional Fees Paid to Model Economic Township Limited	-	19,45,394	
			Amt in ₹
Balances as at 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Unsecured Loan			
Reliance Industrial Investments & Holdings Limited	4,43,00,000	2,55,00,000	1,20,00,000
Trade Receivables			
Reliance Retail Limited	5,923	27,12,558	27,12,558
Reliance Industries Limited	-	-	2,75,435
Trade Payables			
Reliance Industrial Investments & Holdings Limited	65,23,016	22,05,975	-

Note: Figures in italic represent Previous Year's amounts.

- (1) The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.
(2) Review of outstanding balances is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. These balances are unsecured and their settlement occurs thru Banking channel.

	2016-17	2015-16
15 Basic Earning/ (Loss) Per Share		
(i) Net Profit (Loss) as per Statement of Profit & Loss attributable to Equity Shareholders (₹)	(1,93,00,584.00)	(1,80,42,870.23)
(ii) Weighted average number of equity shares (Used as Denominator for calculating EPS)	6,46,93,950	6,46,93,950
(iii) Basic & Diluted Earning per Share (₹)	(0.30)	(0.28)
(iv) Face Value per Equity Share (₹)	10.00	10.00

Notes on Financial Statements for the year ended 31st March, 2017

16 Leases

Operating lease: company as lessee

The Company has taken factory premises on operating lease. The lease terms are for 9 years and 11 months. Lease payments for the Year amounted to ₹ 2,79,35,240 (Previous Period ₹ 2,79,35,240/-).

Future minimum lease payments under these operating leases as of March 31, 2017 are as follows:

	₹	
Minimum Lease Payments	2016-17	2015-16
(i) Within One year	3,12,67,966	2,79,35,240
(ii) After one year but not more than five years	5,51,84,386	8,64,52,351
(iii) More than five year	Nil	Nil
Total	8,64,52,352	11,43,87,591

The Company has leased out a portion of the factory premises on operating lease. The lease term is for 9 years 11 months and thereafter renewable at the option of the both the parties. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements

17 Contingent Liabilities and Commitments

Contingent Liabilities -Nil

Commitments (For commitment relating to lease arrangement, Refer note no 16)

18 Income Tax Assessment of the Company for AY 2014-15 is completed u/s 143(1). There is no Contingent liability as on 31-03-2017.

19 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 compare to last year.

	₹		
Gearing Ratio	As at	As at	As at
Particulars	31st March, 2017	31st March, 2016	1st April, 2015
Debt	4,43,00,000	2,55,00,000	1,20,00,000
Cash and Bank Balance (including Liquid investment)	(7,76,374)	(5,99,427)	(52,76,257)
Net Debt	4,35,23,626	2,49,00,573	67,23,743
Total Equity	17,96,61,416	19,89,62,000	21,70,04,870
Net debt to Equity ratio	24%	13%	3%

20 Financial Instruments

All financial assets and financial liabilities are measured at amortised cost. Consequently, application of fair value accounting and the related disclosure is not applicable.

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 cash and cash equivalents, derivative financial instruments, deposits from financial institutions and principally from credit exposures to customers relating to outstanding receivables.

Notes on Financial Statements for the year ended 31st March, 2017

Liquidity Risk

Liquidity risk is the risk that suitable sources of funding for the company's business activities may not be available. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due, so that the company is not forced to obtain funds at higher rates.

- 21 The projects of the company have been completed and the management has decided not to pursue any business in future, accordingly, the operations of the company has terminated. The management has identified all existing fixed assets to be not in active use and has accordingly, transferred them to 'assets held for sale/disposal'. Amount Rs. 21,65,71,339 (previous year Rs. 21,65,71,339) representing the net book value of the idle assets identified, have been disclosed under 'assets held for sale/disposal to reflect the estimated recoverable amount of fixed assets based on valuation of plant and machineries and best estimates by management for rest of fixed assets. The management is firming up the plan to sell these assets. In view of the above, no depreciation has been charged to the Statement of profit and loss.
- 22 **Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.**

	SBN	Other denomination notes	₹ Total
Closing cash in hand as on November 8, 2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on December 30, 2016	-	-	-

The Company does not receive or, does not make any payment in Cash. Hence, Cash balance as on 8th November 2016 and as on 30th December 2016 was NIL.

23 Approval of Financial Statements

The Financial Statements were approved for issue by the Board of Directors on 17th April, 2017.

24 First Time Ind AS adoption Reconciliations

The Company has adopted Ind AS with effect from 1st April, 2016 with comparatives being restated. The transition to Ind AS does not have any impact on the Company from the perspective of recognition and measurement of assets and liabilities. Consequently, no reconciliation between numbers as per the previous GAAP and Ind AS have been provided.

As per our report of even date

For and on behalf of the board

For Chaturvedi & Shah

Chartered Accountants

Jignesh Mehta

Partner

Tarun Jhunjunwala

Director

Ramesh Kumar Damani

Director

Place : Mumbai

Date : April 17, 2017

Pooja Karia

Chief Financial Officer

Ankita Chhajed

Company Secretary