

**Reliance Textiles Limited**

## INDEPENDENT AUDITORS' REPORT

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### TO THE MEMBERS OF RELIANCE TEXTILES LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **Reliance Textiles Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Profit and Loss Statement and the Cash Flow Statement for the period from March 23, 2015 to March 31, 2016, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards 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 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 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 and the Order under section 143 (11) of the Act.

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 judgment, 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, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the period March 23, 2015 to March 31, 2016.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

## INDEPENDENT AUDITORS' REPORT

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- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Profit and Loss Statement and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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, 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 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.
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 **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

(Abhijit A. Damle)  
(Partner)  
(Membership No. 102912)

Mumbai, dated: April 15, 2016

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**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS OF RELIANCE TEXTILES LIMITED**

**(Referred to in paragraph 1(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 TEXTILES LIMITED** (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the period from March 23, 2015 to March 31, 2016.

**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 (“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 on Audit of Internal Financial Controls Over Financial Reporting (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 receipt and expenditure 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.

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**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, 2016, 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 **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

(Abhijit A. Damle)  
(Partner)  
(Membership No. 102912)

Mumbai, dated: April 15, 2016

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**ANNEXURE ‘B’ TO THE INDEPENDENT AUDITORS’ REPORT ON THE FINANCIAL STATEMENTS OF RELIANCE TEXTILES LIMITED****(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

- (i) The Company does not have any fixed assets and hence reporting under clause (i) of the Order is not applicable.
- (ii) The Company does not have any inventories and hence reporting under clause (ii) of the Order is not applicable.
- (iii) The Company has not granted loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted loans, made investments or provide guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to information and explanations given to us, the Company has not accepted any deposit and hence reporting under clause (v) of the Order is not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us and the records of the Company examined by us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) 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, 2016 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, and Cess which have not been deposited as at 31<sup>st</sup> March, 2016 on account of any dispute with the relevant authorities.
- (viii) The Company has not taken loans or borrowings from financial institutions, banks and has no dues to the government and has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the period.
- (xi) According to the information and explanations given to us, the Company has not made any payment to managerial remuneration and hence reporting under clause (xi) of the Order is not applicable.
- (xii) Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (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 financial statements etc. as required by the applicable accounting standards.
- (xiv) During the period the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) 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, during the period 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) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

(Abhijit A. Damle)  
(Partner)  
(Membership No. 102912)

Mumbai, dated: April 15, 2016

## Balance Sheet as at March 31, 2016

	Notes	(Amount in ₹) As at March 31, 2016
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>		
Share capital	2	5,00,000
Reserves and surplus	3	(1,48,488)
<b>Total</b>		<u>3,51,512</u>
<b>Current liabilities</b>		
Trade payables (Refer note 9)		
Others		1,00,000
		<u>1,00,000</u>
<b>Total</b>		<u><u>4,51,512</u></u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4	4,51,512
		<u>4,51,512</u>
<b>Total</b>		<u><u>4,51,512</u></u>
Significant Accounting Policies	1	
Notes on Financial Statements	2 to 10	

As per our Report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Abhijit A. Damle**  
Partner

**For and on Behalf of the Board**

**N. B. Wadhvani**  
Director

**R. D. Udeshi**  
Director

**A. M. Parekh**  
Director

Place: Mumbai  
Date: April 15, 2016

## Profit and Loss Statement for the period from March 23, 2015 to March 31, 2016

	Notes	(Amount in ₹)
<b>INCOME</b>		-
<b>Total Revenue</b>		-
<b>EXPENDITURE</b>		
Other Expenses	5	1,48,488
<b>Total Expenses</b>		<b>1,48,488</b>
<b>(Loss) for the period</b>		<b>(1,48,488)</b>
Earnings per equity share of face value of ₹ 10/- each		
- Basic	6	<b>(2.97)</b>
Significant Accounting Policies	1	
Notes on Financial Statements	2 to 10	

As per our Report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Abhijit A. Damle**  
Partner

**For and on Behalf of the Board**

**N. B. Wadhvani**  
Director

**R. D. Udeshi**  
Director

**A. M. Parekh**  
Director

Place: Mumbai  
Date: April 15, 2016

## Cash Flow Statement for the period from March 23, 2015 to March 31, 2016

(Amount in ₹)

<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>	
(Loss) for the period	(1,48,488)
<b>Operating (loss) before working capital changes</b>	<u>(1,48,488)</u>
Increase in trade payables	1,00,000
<b>NET CASH (USED IN) OPERATING ACTIVITIES (A)</b>	<u>(48,488)</u>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>	
<b>NET CASH FROM INVESTING ACTIVITIES (B)</b>	<u>-</u>
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>	
Proceeds from issue of share capital	5,00,000
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES (C)</b>	<u>5,00,000</u>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<u>4,51,512</u>
Closing Balance of Cash and Cash Equivalents (Refer Note 4)	<u>4,51,512</u>

As per our Report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Abhijit A. Damle**  
Partner

**For and on Behalf of the Board**

**N. B. Wadhvani**  
Director

**R. D. Udeshi**  
Director

**A. M. Parekh**  
Director

Place: Mumbai  
Date: April 15, 2016

## Notes on Financial Statements for the period from March 23, 2015 to March 31, 2016

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### **1 Significant Accounting Policies:**

#### **A. Basis of Preparation of Financial Statements**

- (i) These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013.
- (ii) The financial statements are prepared on accrual basis under the historical cost convention. The financial statements are presented in Indian rupees .

#### **B. Use of Estimates**

The preparation of financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

#### **C Revenue Recognition**

Revenue is recognised only when risks and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods, sale of services, service tax, adjusted for discounts (net). Interest income is recognized on time proportion basis taking into account, amount outstanding and the rate of return.

#### **D Provision for Current and Deferred Tax**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable income and accounting income is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax Assets are recognized and carried forward only to the extent that there is a virtual or reasonable certainty that the assets will realize in future.

#### **E Provision, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised, nor disclosed in the financial statements.

## Notes on Financial Statements for the period from March 23, 2015 to March 31, 2016

		(Amount in ₹)
		As at March 31, 2016
<b>2</b>	<b>Share capital</b>	
	<b>Authorised:</b>	
	50,000 Equity shares of ₹ 10 each	5,00,000
		<u>5,00,000</u>
	<b>Issued, subscribed and paid up:</b>	
	50,000 Equity shares of ₹ 10/- each	5,00,000
	<b>Total</b>	<u><u>5,00,000</u></u>
<b>2.1</b>	<b>The details of shareholders holding more than 5% shares :</b>	
	<b>Name of the shareholder:</b>	As at 31.3.2016
		% held
		<b>No. of shares</b>
	Reliance Industries Limited	50,000 100
<b>2.2</b>	<b>The reconciliation of the number of shares outstanding is set out below:</b>	
		As at 31.3.2016
	<b>Particulars</b>	<b>No. of shares</b>
	Shares issued during the Period	50,000
	Equity shares outstanding at the end of the Period	<u>50,000</u>
<b>2.3</b>	The Company has only one class of equity shares having a par value of ₹10 each. Each equity shareholder is eligible for one vote per share held and is entitled to receive dividend as and when declared by the Company and to residual assets after payment of all liabilities on liquidation.	
<b>3</b>	<b>Reserves and surplus</b>	
	<b>Profit and Loss Account</b>	
	(Loss) for the period	(1,48,488)
	<b>Total</b>	<u><u>(1,48,488)</u></u>
<b>4</b>	<b>Cash and cash equivalents</b>	
	Balance with banks:	
	- In current accounts	4,51,512
	<b>Total</b>	<u><u>4,51,512</u></u>
<b>5</b>	<b>Other Expenses</b>	
	Rates & Taxes	5,100
	Payment to auditors	1,00,000
	Miscellaneous expenses	43,388
	<b>Total</b>	<u><u>1,48,488</u></u>

## Notes on Financial Statements for the period from March 23, 2015 to March 31, 2016

### 5.1 Payment to auditors (excluding service tax)

Audit fees	1,00,000
<b>Total</b>	<b>1,00,000</b>

### 6 Earnings per Equity Share

i) (Loss) for the period attributable to the equity shareholders (₹)	(1,48,488)
ii) Weighted average number of equity shares used as a denominator for calculating EPS	50,000
iii) Basic earnings per shares (₹)	<b>(2.97)</b>
iv) Face value per Equity share (₹)	<b>10</b>

### 7 Related Party Disclosures:

- i) As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:  
List of Related Parties with whom transactions have taken place and relationships:

Name of the Related Party	Relationship:
Reliance Industries Limited	Holding Company

- ii) Transactions during the period with related parties:

Name of the Related Party	Relationship:	(Amount in ₹)
Reliance Industries Limited	Holding Company	
Proceeds from issue of share capital		5,00,000

- 8 The Company does not have any reportable business/geographical segment.
- 9 There are no Micro, Small and Medium Enterprises to whom the Company owes dues and which are outstanding for more than 45 days during the period. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
- 10 Figures for the current period are from March 23, 2015, being the date of incorporation to March 31, 2016 and hence previous period comparatives are not applicable.

As per our Report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Abhijit A. Damle**  
Partner

**For and on Behalf of the Board**

**N. B. Wadhvani**  
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Place: Mumbai  
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