

**Reliance Energy and  
Project Development Limited**

## Independent Auditor's Report

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### To the Members of Reliance Energy and Project Development Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of **Reliance Energy and Project Development Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that we are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its loss and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

- c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact on its financial position.
  - ii. The Company did not have any long term contracts including derivative contracts that require provision under any law or accounting standards for which there were any material foreseeable losses.
  - iii. There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year.

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

Place : Mumbai  
Date : April 14, 2015

**Saurabh Pamecha**  
*Partner*  
Membership No. : 126551

**Balance Sheet as at 31st March, 2015**

	Note	As at 31st March, 2015		As at 31st March, 2014	
		₹	₹	₹	₹
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	1 00 92 800		1 00 92 800	
Reserves and Surplus	2	<u>951 79 13 711</u>		<u>951 79 57 847</u>	
			<b>952 80 06 511</b>		952 80 50 647
<b>Non-Current Liabilities</b>					
Long Term Borrowings	3		<b>303 25 00 000</b>		303 25 00 000
<b>Current Liabilities</b>					
Other Current Liabilities	4		<u>18 27 259</u>		<u>18 31 192</u>
<b>TOTAL</b>			<u><b>1256 23 33 770</b></u>		<u><b>1256 23 81 839</b></u>
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Non-Current Investments	5		<b>1255 98 85 914</b>		1255 98 85 914
<b>Current Assets</b>					
Cash and Bank Balances	6	<b>1 25 516</b>		1 73 585	
Other Current Assets	7	<u>23 22 340</u>		<u>23 22 340</u>	
			<b>24 47 856</b>		24 95 925
<b>TOTAL</b>			<u><b>1256 23 33 770</b></u>		<u><b>1256 23 81 839</b></u>
Significant Accounting Policies					
Notes on Financial Statements	<b>1 to 14</b>				

As per our Report of even date

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

**Saurabh Pamecha**  
Partner  
Membership No.:126551

Mumbai  
Dated: April 14, 2015

For and on behalf of the Board

**KVVS Murthy**  
Director  
DIN: 00014597

**Shivkumar R. Bhardwaj**  
Director  
DIN: 00001584

**S Rajagopal**  
Director  
DIN: 03443308

**Dhiren V. Dalal**  
Director  
DIN: 01218886

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

	Note	2014-15 ₹	2013-14 ₹
<b>INCOME</b>			
Revenue from Operations	8	1 97 993	1 97 216
<b>Total Revenue</b>		<b>1 97 993</b>	<b>1 97 216</b>
<b>EXPENDITURE</b>			
Purchases of Stock-in-Trade		1 97 441	1 96 087
Other Expenses	9	44 688	43 511
<b>Total Expenses</b>		<b>2 42 129</b>	<b>2 39 598</b>
Loss before tax		(44 136)	(42 382)
Current tax		-	-
Taxes for earlier years		-	43 128
Loss for the year		<b>(44 136)</b>	<b>(85 510)</b>
Earnings per equity shares of face value of ₹ 10 each			
Basic and Diluted (in ₹)	10	(0.04)	(0.09)
Significant Accounting Policies			
Notes on Financial Statements	1 to 14		

As per our Report of even date

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

**Saurabh Pamecha**  
Partner  
Membership No.:126551

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Director  
DIN: 01218886

## Cash Flow Statement for the year 2014 - 2015

	2014-15		2013-14	
	₹	₹	₹	₹
<b>A Cash Flow from Operating Activities</b>				
Net Loss before tax as per Statement of Profit and Loss		(44 136)		(42 382)
Adjusted for:		-		-
<b>Operating Loss before Working Capital Changes</b>		(44 136)		(42 382)
Adjusted for:				
Trade and other payables	(3 933)		2 084	
		(3 933)		2 084
<b>Cash (used in) from Operations</b>		(48 069)		(40 298)
Taxes paid (net)		-		-
Net Cash (used in) Operating Activities		(48 069)		(40 298)
<b>B Cash Flow from Investing Activities</b>				
Net Cash from Investing Activities		-		-
<b>C Cash Flow from Financing Activities</b>				
Proceeds from Equity capital		-		64 800
Redemption of Preference capital		-		(72 000)
Dividend paid including dividend distribution tax		-		(17 576)
Net Cash (used in) Financing Activities		-		(24 776)
<b>Net (Decrease) in Cash and Cash Equivalents</b>		(48 069)		(65 074)
<b>Opening Balance of Cash and Cash Equivalents</b>		1 73 585		2 38 659
<b>Closing Balance of Cash and Cash Equivalents</b>		1 25 516		1 73 585
(Refer Note No. 6)				

As per our Report of even date

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

**Saurabh Pamecha**  
Partner  
Membership No.:126551

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Director  
DIN: 01218886

## Significant Accounting Policies

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

These financial statements have been prepared to comply with Accounting Principles Generally accepted in India (Indian GAAP), the Accounting Standards notified under the relevant provisions of the Companies Act 2013.

The financial statements are prepared on accrual basis under the historical cost convention.

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

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

### C. **Inventories**

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition.

### D. **Revenue recognition**

Revenue is recognised only when risks and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection.

### E. **Investments**

Long-term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

### F. **Income Taxes**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available/ except that deferred tax assets, in case there are losses, they are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same.

### G. **Provisions, Contingent Liabilities and Contingent Assets**

Provision is recognised in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the financial statements.

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

	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
<b>1. Share Capital</b>		
<b>Authorised:</b>		
10,30,000 Equity Shares of ₹10 each (10,30,000)	1 03 00 000	1 03 00 000
1,000 Preference Shares of ₹ 100 each (1,000)	1 00 000	1 00 000
15,00,000 Preference Shares of ₹ 10 each (15,00,000)	1 50 00 000	1 50 00 000
10,000 Unclassified Shares of ₹ 10 each (10,000)	1 00 000	1 00 000
	<u>2 55 00 000</u>	<u>2 55 00 000</u>
<b>Issued, Subscribed and Paid up:</b>		
10,09,280 Equity Shares of ₹ 10 each fully paid up (10,09,280)	1 00 92 800	1 00 92 800
	<u>1 00 92 800</u>	<u>1 00 92 800</u>

### Note

- a) Details of Shareholders holding more than 5% shares

Name of the Shareholders	As at 31st March, 2015		As at 31st March, 2014	
	Nos. of shares	% held	Nos. of shares	% held
Reliance Industrial Investments and Holdings Limited (Holding Co.)	10 09 280	100.00	10 09 280	100.00

- b) Reconciliation of shares outstanding is set out below:

	As at 31st March, 2015		As at 31st March, 2014	
	Equity	Preference	Equity	Preference
	Nos.	Nos.	Nos.	Nos.
Shares at the beginning of the year	10 09 280	-	10 09 280	720
Add: Shares issued during the year	-	-	-	-
Less: Shares redeemed during the year	-	-	-	720
Shares at the end of the year	10 09 280	-	10 09 280	-

- c) No bonus shares issued in the last five years.
- d) Rights, Preferences and Restrictions attached to shares

The Equity Shareholder is eligible for one vote per share held. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

The Preference Shares shall carry a preferential right over the Equity shares of the Company as regards to payment of dividend and repayment of capital, in the event of winding-up of the Company. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

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

	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
<b>2. Reserves and Surplus</b>		
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	62 27 400	61 55 400
Add: Transferred from Profit and Loss Account	-	72 000
	<u>62 27 400</u>	<u>62 27 400</u>
<b>Surplus in Profit and Loss Account</b>		
As per last Balance Sheet	951 17 30 447	951 18 93 740
Less: Loss for the year	(44 136)	(85 510)
	<u>951 16 86 311</u>	<u>951 18 08 230</u>
Appropriation:		
Proposed Dividend on Preference Shares	-	4 943
Tax on Dividend	-	840
Transferred to Capital Redemption Reserve	-	72 000
	<u>-</u>	<u>77 783</u>
	<u>951 16 86 311</u>	<u>951 17 30 447</u>
	<u>951 79 13 711</u>	<u>951 79 57 847</u>
	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
<b>3. Long Term Borrowings</b>		
Unsecured loans from the holding company	303 25 00 000	303 25 00 000
	<u>303 25 00 000</u>	<u>303 25 00 000</u>
Above loan is repayable in two years		
	As at 31st March, 2015	As at 31st March, 2014
	₹	₹
<b>4 Other Current Liabilities</b>		
Others payables - for expenses	18 27 259	18 31 192
	<u>18 27 259</u>	<u>18 31 192</u>

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

	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
<b>5. Non-Current Investments</b>		
Long Term Investments		
(Valued at Cost, less other than temporary diminution in value, if any.)		
Other Investments		
<b>Quoted, fully paid up</b>		
<b>In Equity shares of Ultimate Holding Company</b>		
20,58,000 Reliance Industries Limited of ₹ 10 each	81 38 85 914	81 38 85 914
(20,58,000)		
<b>Unquoted, fully paid up</b>		
<b>In Preference shares - Fellow Subsidiary Company</b>		
1,17,46,000 10% Non-Cumulative Redeemable	1174 60 00 000	1174 60 00 000
(1,17,46,000) Preference Shares of Reliance		
Polyolefins Limited of ₹ 10 each		
	<u>1255 98 85 914</u>	<u>1255 98 85 914</u>
Aggregate amount of quoted investments	81 38 85 914	81 38 85 914
Market Value of quoted investments	169 99 08 000	191 54 83 500
Aggregate amount of unquoted investments	1174 60 00 000	1174 60 00 000
	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
<b>6. Cash and Bank Balances</b>		
Cash and cash equivalents		
Balance with Bank in current account	1 25 516	1 73 585
	<u>1 25 516</u>	<u>1 73 585</u>
	As at 31st March, 2015 ₹	As at 31st March, 2014 ₹
<b>7. Other Current Assets</b>		
Advance payment of taxes	23 22 340	23 22 340
	<u>23 22 340</u>	<u>23 22 340</u>

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

	2014-15 ₹	2013-14 ₹
<b>8. Revenue from Operations</b>		
Sale of Fabrics	1 97 993	1 97 216
	<u>1 97 993</u>	<u>1 97 216</u>
<b>9. Other Expenses</b>		
Audit fees	13 483	8 989
Professional fees	15 500	28 784
Filing fees	6 600	2 500
Demat / Custodian charges	2 123	618
* Charities and Donations	2 000	-
Professional Tax	2 500	2 500
General expenses	2 482	120
	<u>44 688</u>	<u>43 511</u>

\* Represents expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof.

	2014-15	2013-14
<b>10. Earnings per share</b>		
Basic and Diluted earnings per equity share (₹)	(0.04)	(0.09)
Loss after tax as per Statement of Profit and Loss and Preference Dividend and dividend tax (₹)	(44 136)	(91 293)
Weighted average number of equity shares	10 09 280	10 09 280
Face value per equity share (₹)	10	10

11. The Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year presentation.

12. a) The Company has no deferred tax assets or liabilities in accordance with Note. F of significant accounting policies.
- b) The Income-Tax assessments of the Company have been completed up to Assessment Year 2012-13. The disputed demand outstanding up to the said Assessment Year is ₹ Nil.
- c) Details of Loans given, Investment made and Guarantee given covered u/s. 186 (4) of the Companies Act, 2013
- i) Investments made by the Company as at 31st March, 2015 (Refer Note No. 5)
  - ii) No Loans are given by the Company as at 31st March, 2015.
  - iii) No Guarantees are given by the Company as at 31st March, 2015.

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

### 13 Segment Reporting

The Company has identified two reportable segments viz. Finance & Investments and Trading. Segments have been identified and reported taking into account nature of activities, the differing risks and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the company with following additional policies for segment reporting.

- a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as “Unallocable”.
- b) Segment assets and segment liabilities represent assets and liabilities in respective segments.

#### i) Primary Segment Information

Sr No	Particulars	Finance & Investments		Trading		Unallocable		Total	
		2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
1	<b>Segment Revenue</b> External Turnover	₹ -	₹ -	₹ 1 97 993	₹ 1 97 216	₹ -	₹ -	₹ 1 97 993	₹ 1 97 216
2	<b>Segment results before Interest and Taxes</b> Less: Interest expense Add: Interest Income Profit before tax Current Tax / Taxes for earlier years Net profit after tax	(2 123)	(2 123)	552	1 129	(42 565)	(41 388)	(44 136)	(42 382)
		-	-	-	-	-	-	-	-
		(2 123)	(2 123)	552	1 129	(42 565)	(41 388)	(44 136)	(42 382)
		-	-	-	-	-	43 128	-	43 128
		(2 123)	(2 123)	552	1 129	(42 565)	(84 516)	(44 136)	(85 510)
3	<b>Other Information</b> Segment Assets Segment Liabilities Capital Expenditure Depreciation	1256 23 33 770 303 43 27 259	1256 23 81 839 303 43 31 192	- -	- -	- -	- -	1256 23 33 770 303 43 27 259	1256 23 81 839 303 43 31 192
		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-

- ii) Since all the operations of the Company are conducted within India, as such there is no separate reportable geographical segment.

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

### 14 Related Party Disclosure

As per Accounting Standard 18, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

i) List of related parties with whom transactions have taken place and relationship:

Sr. No.	Name of the Related Party	Relationship
1	Reliance Industries Limited	Ultimate Holding Company
2	Reliance Industrial Investments and Holdings Limited	Holding company
3	Reliance Polyolefins Limited	Fellow subsidiary company

ii) Transactions during the year with related parties:

Sr. No.	Nature of Transaction	Ultimate Holding Company	Holding Company	Fellow Subsidiary Companies	Total
		₹	₹	₹	₹
1	Equity Share Capital	-	-	-	-
		-	64,800	-	64,800
2	Purchases	<b>1 97 441</b>	-	-	<b>1 97 441</b>
		<i>1 96 087</i>	-	-	<i>1 96 087</i>
<b>Balance as at 31st March, 2015</b>					
3	Equity share capital	-	<b>1 00 92 800</b>	-	<b>1 00 92 800</b>
		-	<i>1 00 92 800</i>	-	<i>1 00 92 800</i>
4	Loans Taken	-	<b>303 25 00 000</b>	-	<b>303 25 00 000</b>
		-	<i>303 25 00 000</i>	-	<i>303 25 00 000</i>
5	Investments	<b>81 38 85 914</b>	<b>-1174 60 00 000</b>	<b>1255 98 85 914</b>	
		<i>81 38 85 914</i>	<i>-1174 60 00 000</i>	<i>1255 98 85 914</i>	

Note: Figures in Italic represent previous year's amount.

Disclosure in Respect of Material Related Party Transactions during the year:

Particulars	Relationship	2014-15	2013-14
1 <b>Equity Share Capital Received</b>			
Reliance Industrial Investments and Holdings Limited	Holding	-	64 800
2 <b>Purchases</b>			
Reliance Industries Limited	Ultimate Holding	<b>1 97 441</b>	1 96 087

As per our Report of even date

For and on behalf of the Board

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

**KVVS Murthy**  
Director  
DIN: 00014597

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Director  
DIN: 03443308

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Membership No.:126551

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Mumbai

Dated: April 14, 2015