

RELIANCE UNIVERSAL COMMERCIAL LIMITED

Reliance Universal Commercial Limited

Independent Auditor's Report

To the Members of Reliance Universal Commercial Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Reliance Universal Commercial 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 31st 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 under provisions of 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 10, 2015

Saurabh Pamecha
Partner
Membership No. : 126551

Balance Sheet as at 31st March, 2015

| | Note | As at | |
|---------------------------------|---------|---------------------------|---------------------------|
| | | 31st March, 2015 | 31st March, 2014 |
| | | ₹ | ₹ |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 5 00 000 | 5 00 000 |
| Reserves and Surplus | 2 | 37 574 | 49 756 |
| | | <u>5 37 574</u> | <u>5 49 756</u> |
| Non-Current Liabilities | | | |
| Long Term Borrowings | 3 | 4 43 00 000 | 4 43 00 000 |
| Current Liabilities | | | |
| Other Current Liabilities | 4 | 13 483 | 11 236 |
| TOTAL | | <u><u>4 48 51 057</u></u> | <u><u>4 48 60 992</u></u> |
| ASSETS | | | |
| Non-Current Assets | | | |
| Non-Current Investments | 5 | 4 47 21 848 | 4 47 21 848 |
| Current Assets | | | |
| Cash and Bank Balances | 6 | 1 29 209 | 1 39 144 |
| TOTAL | | <u><u>4 48 51 057</u></u> | <u><u>4 48 60 992</u></u> |
| Significant Accounting Policies | | | |
| Notes on Financial Statements | 1 to 15 | | |

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 10, 2015

For and on behalf of the Board

S Sudhakar
Chairman
DIN : 00001330

S Rajagopal
Director
DIN : 03443308

N Shanker
Director
DIN : 05199681

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

| | Note | 2014-15 ₹ | 2013-14 ₹ |
|---|---------|--------------|--------------|
| INCOME | | | |
| Other Income | 7 | 10 000 | 10 000 |
| EXPENDITURE | | | |
| Other Expenses | 8 | 22 182 | 19 736 |
| Loss before tax | | (12 182) | (9 736) |
| Current tax | | - | - |
| Taxes for earlier years | | - | (139) |
| Loss for the year | | (12 182) | (9 597) |
| Earnings per equity shares of face value of ₹ 10 each | | | |
| Basic and Diluted (in ₹) | 9 | (0.24) | (0.19) |
| Significant Accounting Policies | | | |
| Notes on Financial Statements | 1 to 15 | | |

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 10, 2015

For and on behalf of the Board

S Sudhakar
Chairman
DIN : 00001330

S Rajagopal
Director
DIN : 03443308

N Shanker
Director
DIN : 05199681

Cash Flow Statement for the year 2014-15

| | 2014-15 | 2013-14 |
|---|------------------------|------------------------|
| | ₹ | ₹ |
| A. Cash Flow from Operating Activities | | |
| Net Loss before tax as per Statement of Profit and Loss | (12 182) | (9 736) |
| Adjusted for: | - | - |
| Operating Loss before Working Capital Changes | <u>(12 182)</u> | <u>(9 736)</u> |
| Adjusted for : | | |
| Other Current liabilities | <u>2 247</u> | <u>-</u> |
| | <u>2 247</u> | <u>-</u> |
| Cash (used in) Operations | <u>(9 935)</u> | <u>(9 736)</u> |
| Taxes paid | - | - |
| Net Cash (used in) Operating Activities | <u>(9 935)</u> | <u>(9 736)</u> |
| B. Cash Flow from Investing Activities | | |
| Sale of Investments | - | 50 128 |
| Net Cash Generated from Investing Activities | <u>-</u> | <u>50 128</u> |
| C. Cash Flow from Financing Activities | | |
| Proceeds from Long Term Borrowings | 1 00 000 | - |
| Repayment of Long Term Borrowings | <u>(1 00 000)</u> | <u>-</u> |
| Net Cash from Financing Activities | <u>-</u> | <u>-</u> |
| Net Increase/(Decrease) in Cash and Cash Equivalents | (9 935) | 40 392 |
| Opening Balance of Cash and Cash Equivalents | <u>1 39 144</u> | <u>98 752</u> |
| Closing Balance of Cash and Cash Equivalents | <u><u>1 29 209</u></u> | <u><u>1 39 144</u></u> |

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 10, 2015

For and on behalf of the Board

S Sudhakar
Chairman
DIN : 00001330

S Rajagopal
Director
DIN : 03443308

N Shanker
Director
DIN : 05199681

Significant Accounting Policies

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. 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. Other income includes sale of services.

D. 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.

E. 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.

F. 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 | |
|--|---------------------------|--------|---------------------------|--------|
| | ₹ | | ₹ | |
| 1 Share Capital | | | | |
| Authorised : | | | | |
| 4,95,000 Equity Shares of ₹ 10 each (4,95,000) | 49 50 000 | | 49 50 000 | |
| 50,000 Preference shares of ₹ 1 each (50,000) | 50 000 | | 50 000 | |
| | <u>50 00 000</u> | | <u>50 00 000</u> | |
| Issued, Subscribed and Paid up: | | | | |
| 50,000 Equity Shares of ₹ 10 each fully paid up (50,000) | 5 00 000 | | 5 00 000 | |
| | <u>5 00 000</u> | | <u>5 00 000</u> | |
| Note | | | | |
| a) Details of Share holders 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 Strategic Investments Limited (Holding Company) | 25 000 | 50 | 25 000 | 50 |
| Reliance Global Commercial Limited (Fellow Subsidiary Company) | 25 000 | 50 | 25 000 | 50 |
| b) Reconciliation of number of shares outstanding is set out below : | | | | |
| Particulars | As at 31st March, 2015 | | As at 31st March, 2014 | |
| | Nos. | | Nos. | |
| Equity shares at the beginning | 50 000 | | 50 000 | |
| Add : Shares issued during the year | - | | - | |
| Equity shares at the end of the year | <u>50 000</u> | | <u>50 000</u> | |
| c) No bonus shares issued in the last five years. | | | | |
| d) Refer Note no.3 in respect of option on unissued Share Capital | | | | |
| 2. Reserves and Surplus | As at 31st March, 2015 | | As at 31st March, 2014 | |
| | ₹ | | ₹ | |
| Capital Redemption Reserve | | | | |
| As per last Balance Sheet | 32 350 | | 32 350 | |
| Surplus in Profit and Loss Account | | | | |
| As per last Balance Sheet | 17 406 | | 27 003 | |
| Less :Loss for the year | (12 182) | | (9 597) | |
| | <u>5 224</u> | | <u>17 406</u> | |
| | <u>37 574</u> | | <u>49 756</u> | |

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

| | As at 31st March, 2015 ₹ | As at 31st March, 2014 ₹ |
|--|--------------------------------|--------------------------------|
| 3. Long Term Borrowings | | |
| Unsecured loan from the holding company | | |
| i) Zero Coupon Optionally Convertible Loan | 4 43 00 000 | 4 42 00 000 |
| ii) Unsecured Loan | - | 1 00 000 |
| | <u>4 43 00 000</u> | <u>4 43 00 000</u> |

In respect of loan referred in (i) above, the lender may have option for conversion into Equity Shares at par at any time after the date of disbursement but upto three months before the repayment date. In the event the option is not exercised by the lender, the said loan is repayable within ten years from the date of first disbursement or such other period as may be mutually agreed.

| | As at 31st March, 2015 ₹ | As at 31st March, 2014 ₹ |
|-------------------------------------|--------------------------------|--------------------------------|
| 4. Other Current Liabilities | | |
| Others - for expenses | 13 483 | 11 236 |
| | <u>13 483</u> | <u>11 236</u> |

The Company does not have any creditors governed by the Micro, Small and Medium Enterprises Development Act, 2006.

| | As at 31st March, 2015 ₹ | As at 31st March, 2014 ₹ |
|--|--------------------------------|--------------------------------|
| 5. Non-Current Investments | | |
| Long Term Investments | | |
| (Valued at Cost, less other than temporary diminution in value, if any.) | | |
| Other Investments | | |
| Quoted, fully paid up | | |
| In Equity shares of Ultimate Holding Company | | |
| 200 Reliance Industries Limited of ₹ 10 each (200) | 89 078 | 89 078 |
| Unquoted, fully paid up | | |
| In Equity shares - Fellow Subsidiary Company | | |
| 44,38,777 Reliance Petroinvestments Limited | 4 43 87 770 | 4 43 87 770 |
| (44,38,777) of ₹ 10 each | | |
| 24,500 Reliance Global Commercial Limited | 2 45 000 | 2 45 000 |
| (24,500) of ₹ 10 each | | |
| | <u>4 46 32 770</u> | <u>4 46 32 770</u> |
| | <u>4 47 21 848</u> | <u>4 47 21 848</u> |
| Aggregate amount of quoted investments | 89 078 | 89 078 |
| Market Value of quoted investments | 1 65 200 | 1 86 150 |
| Aggregate amount of unquoted investments | 4 46 32 770 | 4 46 32 770 |

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

| | As at 31st March, 2015 ₹ | As at 31st March, 2014 ₹ |
|--|--------------------------------|--------------------------------|
| 6. Cash and Bank Balances | | |
| Cash and cash equivalents | | |
| Balance with Bank in current account | 1 29 209 | 1 39 144 |
| | <u>1 29 209</u> | <u>1 39 144</u> |
| | 2014-15 ₹ | 2013-14 ₹ |
| 7. Other Income | | |
| Advisor & consultant fees | 10 000 | 10 000 |
| | <u>10 000</u> | <u>10 000</u> |
| | 2014-15 ₹ | 2013-14 ₹ |
| 8. Other Expenses | | |
| Audit fees | 13 483 | 11 236 |
| Professional fees | - | 3 371 |
| Filing fees | 4 500 | 500 |
| Demat / Custodian charges | 899 | 618 |
| Profession tax | 2 500 | 2 500 |
| General expenses | 800 | 1 511 |
| | <u>22 182</u> | <u>19 736</u> |
| 9. Earnings per share | 2014-15 | 2013-14 |
| Net Loss after tax as per Statement of Profit and Loss (₹) | (12 182) | (9 597) |
| Weighted Average number of equity shares used as denominator for calculating EPS | 50 000 | 50 000 |
| Basic and Diluted earnings per equity share (₹) | (0.24) | (0.19) |
| Face Value per equity share (₹) | 10 | 10 |
| 10. The Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year presentation. | | |
| 11. | | |
| a) The Company has no deferred tax assets or liabilities in accordance with Note E 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. | | |
| 12. Segment Reporting | | |
| The Company has identified two reportable segments viz. Finance & Investments and Advisor & Consultancy. 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". | | |

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

b) Segment assets and segment liabilities represent assets and liabilities in respective segments.

i) Primary Segment Information

| Sr. No. | Particulars | Finance & Investments | | Advisor & consultancy | | Unallocable | | Total | |
|---------|--|-----------------------|-------------|-----------------------|---------|-------------|----------|-------------|-------------|
| | | 2014-15 | 2013-14 | 2014-15 | 2013-14 | 2014-15 | 2013-14 | 2014-15 | 2013-14 |
| | | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| 1. | Segment Revenue | | | | | | | | |
| | Other income | - | - | 10 000 | 10 000 | - | - | 10 000 | 10 000 |
| 2. | Segment results before Interest and Taxes | (899) | (618) | 10 000 | 10 000 | (21 283) | (19 118) | (12 182) | (9 736) |
| | Less: Interest expense | - | - | - | - | - | - | - | - |
| | Add : Interest Income | - | - | - | - | - | - | - | - |
| | Profit before tax | (899) | (618) | 10 000 | 10 000 | (21 283) | (19 118) | (12 182) | (9 736) |
| | Current Tax/Taxes for earlier years | - | - | - | - | - | (139) | - | (139) |
| | Net profit after tax | (899) | (618) | 10 000 | 10 000 | (21 283) | (18 979) | (12 182) | (9 597) |
| 3. | Other Information | | | | | | | | |
| | Segment Assets | 4 48 51 057 | 4 48 60 992 | - | - | - | - | 4 48 51 057 | 4 48 60 992 |
| | Segment Liabilities | 4 43 13 483 | 4 43 11 236 | - | - | - | - | 4 43 13 483 | 4 43 11 236 |
| | Capital Expenditure | - | - | - | - | - | - | - | - |
| | Depreciation | - | - | - | - | - | - | - | - |

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

13. Related Party

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 Strategic Investments Limited | Holding Company |
| 3. | Reliance Petroinvestments Limited | Fellow Subsidiary Companies |
| 4. | Reliance Global Commercial Limited | |
| 5. | Reliance Industrial Investments and Holdings Limited | |

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

ii) Transactions during the year with related parties:

| Sr. No. | Nature of Transaction | Ultimate Holding Company | Holding Company | Fellow Subsidiary Company | Total |
|---------------------------------------|--|--------------------------|-----------------|---------------------------|-------------|
| | | ₹ | ₹ | ₹ | ₹ |
| 1. | Net Loan and Advances taken / (repaid) | - | - | - | - |
| 2. | Sale of Investments | - | - | - | - |
| | | - | - | 50 128 | 50 128 |
| Balance as at 31st March, 2015 | | | | | |
| 3. | Equity share capital | - | 2 50 000 | 2 50 000 | 5 00 000 |
| | | - | 2 50 000 | 2 50 000 | 5 00 000 |
| 4. | Loans Taken | - | 4 43 00 000 | - | 4 43 00 000 |
| | | - | 4 43 00 000 | - | 4 43 00 000 |
| 5. | Investments | 89 078 | - | 4 46 32 770 | 4 47 21 848 |
| | | 89 078 | - | 4 46 32 770 | 4 47 21 848 |

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

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

| Particulars | Relationship | 2014-15 | 2013-14 |
|--|-------------------|------------|---------|
| 1. Net Loan and Advances taken / (repaid) | | | |
| Reliance Strategic Investments Limited | Holding | 1 00 000 | - |
| Reliance Strategic Investments Limited | Holding | (1 00 000) | - |
| 2. Sale of Investments | | | |
| Reliance Industrial Investments and Holdings Limited | Fellow Subsidiary | - | 50 128 |

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 10, 2015

For and on behalf of the Board

S Sudhakar
Chairman
DIN : 00001330

S Rajagopal
Director
DIN : 03443308

N Shanker
Director
DIN : 05199681