

Surela Investment & Trading Private Limited
Financial Statements
2014-15

Independent Auditor's Report

To the Members of Surela Investment & Trading Private Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Surela Investment & Trading Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of 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 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 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 standalone financial statements based on our audit.

We have taken into account the provision 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 misstatements.

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 judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 Regulation requirements

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 purpose 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.

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- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone 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 the 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 has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 18 to the financial statements;
 - 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.

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

(Mukesh Mehta)
Partner
Membership No.:043495

Place: Mumbai
Date: 13th April, 2015.

Balance Sheet as at 31st March, 2015

	Note	As at 31st March, 2015		(Amount in ₹)	
		₹	₹	₹	₹
EQUITY AND LIABILITIES					
SHAREHOLDERS' FUNDS					
Share Capital	1	5 00 000		5 00 000	
Reserves and Surplus	2	(98 89 876)		(50 63 855)	
			(93 89 876)		(45 63 855)
NON - CURRENT LIABILITIES					
Other Long Term Liabilities	3		21 00 00 000		21 00 00 000
CURRENT LIABILITIES					
Trade Payables	4	1 43 191		1 38 073	
Other Current Liabilities	5	1 04 58 063		1 04 57 563	
			1 06 01 254		1 05 95 636
TOTAL			21 12 11 378		21 60 31 781
ASSETS					
NON-CURRENT ASSETS					
Fixed Assets - Tangible Assets	6		16 68 37 853		16 92 46 867
CURRENT ASSETS					
Current Investments	7	2 60 12 735		2 51 86 464	
Cash and Bank Balances	8	1 35 932		1 12 218	
Short-Term Loans and Advances	9	1 82 24 858		2 14 86 232	
			4 43 73 525		4 67 84 914
TOTAL			21 12 11 378		21 60 31 781

Significant Accounting Policies

Notes on Financial Statements 1 to 19

As per our Report of even date

For and on behalf of the Board

For **PATHAK H.D. & ASSOCIATES**

Firm Registration No. 107783W

Chartered Accountants

Mukesh Mehta

Partner

Membership No: 043495

Ashwin Khasgiwala

Director

(DIN: 0000648)

Aspi Mistry

Director

(DIN: 05345572)

Rajmal Nahar

Director

(DIN: 05345572)

Place: Mumbai

Dated : April 13, 2015

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

INCOMES	Note	2014-15	2013-14
Revenue from Operations	10	5 76 271	-
Other Income	11	7 692	22 509
Total Revenue		5 83 963	22 509
EXPENSES			
Depreciation		24 09 014	21 05 576
Other Expenses	12	69 498	73 997
Total Expenses		24 78 512	21 79 573
Profit / (Loss) before tax		(18 94 549)	(21 57 064)
Less: Tax expenses			
Current Tax		1 80 446	7 000
Income Tax for earlier years		27 51 026	18 53 236
Profit / (Loss) After Tax		(48 26 021)	(40 17 300)
Earnings per equity share of face value of ₹ 100 each			
Basic and Diluted (in ₹)	13	(965.20)	(803.46)

As per our Report of even date

For **PATHAK H.D. & ASSOCIATES**

Firm Registration No. 107783W

Chartered Accountants

Mukesh Mehta

Partner

Membership No: 043495

For and on behalf of the Board

Ashwin Khasgiwala

Director

(DIN: 0000648)

Aspi Mistry

Director

(DIN: 05345572)

Place: Mumbai

Dated : April 13, 2015

Rajmal Nahar

Director

(DIN: 05345572)

Cash Flow Statement for the year 2014-2015

	2014-15	(Amount in ₹) 2013-14
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax as per Statement of Profit and Loss	(18 94 549)	(21 57 064)
Adjusted for :		
Net Gain on Sale of Investments	(5 76 271)	-
Interest Income	(7 692)	-
Depreciation	24 09 014	21 05 576
	<u>18 25 051</u>	<u>21 05 576</u>
Operating Loss before Working Capital Changes	(69 498)	(51 488)
Adjusted for :		
Trade and Other Receivables	-	5 00 276
Trade and Other Payables	5 618	(3 33 022)
	<u>5 618</u>	<u>1 67 254</u>
Cash Generated from / (used in) Operations	(63 880)	1 15 766
Tax Paid / (Refund)	3 37 594	-
Net Cash from Operating Activities	2 73 714	1 15 766
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	(37 50 000)	(3 00 000)
Sale of Investments	35 00 000	-
Net Cash generated / (used in) Investing Activities	(2 50 000)	(3 00 000)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long term borrowings	-	-
Net Cash from Financing Activities	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents	23 714	(1 84 234)
Opening Balance of Cash and Cash Equivalents	1 12 218	2 96 452
Closing Balance of Cash and Cash Equivalents (Refer Note No. 8)	1 35 932	1 12 218

As per our Report of even date

For and on behalf of the Board

For **PATHAK H.D. & ASSOCIATES**

Firm Registration No. 107783W

Chartered Accountants

Mukesh Mehta

Partner

Membership No: 043495

Ashwin Khasgiwala

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Aspi Mistry

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(DIN: 05345572)

Place: Mumbai

Dated : April 13, 2015

Rajmal Nahar

Director

(DIN: 05345572)

SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING

The financial statements have been prepared under historical cost of convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 2013 as consistently adopted by the Company.

B. USE OF ESTIMATES

The preparation of financial statements requires 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

Revenues are recognised when it is earned and no significant uncertainty exists as to its ultimate collection and includes, service tax, wherever applicable. Dividend is recognized when right to receive payment is established by balance sheet date. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

D. FIXED ASSETS

Fixed Assets are stated at cost of acquisition less accumulated depreciation.

E. DEPRECIATION

Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 over their useful life.

F. INVESTMENTS

Current investments are carried at the lower of cost or quoted / fair value, computed scrip wise. Long term Investments are stated at cost. Provision for diminution in the long-term investments is made only if such a decline is other than temporary.

G. TAXATION

Provision for current tax is made on the basis of the amount of tax payable on taxable income for the year in accordance with the Income-tax Act, 1961. Deferred tax resulting from “timing differences” between book and taxable profit, is accounted for using the tax rates and laws that have been enacted or substantively enacted as on balance sheet date. Deferred tax assets, are recognized and carried forward only to the extent that there is reasonable/virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

H. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized 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 recognized but are disclosed in the notes to the financial statements. Contingent Assets are neither recognized nor disclosed in the financial statements.

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

	(Amount in ₹)	
	As at 31st March, 2015	As at 31st March, 2014
1. Share Capital		
Authorised		
5 000 Equity Shares of ₹ 100/- each	5 00 000	5 00 000
(5 000)	<u>5 00 000</u>	<u>5 00 000</u>
Issued, Subscribed and Paid-up		
5 000 Equity Shares of ₹ 100/- each	5 00 000	5 00 000
(5 000) fully paid up	<u>5 00 000</u>	<u>5 00 000</u>
TOTAL	<u>5 00 000</u>	<u>5 00 000</u>

1.1 Details of Shareholders holding more than 5% shares

Name of Shareholder	As at		As at	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
	No. of Shares	No. of Shares	% held	% held
Reliance Commercial Land & Infrastructure Ltd.	5 000	5 000	100	100

Note: The entire paid up Share Capital of the Company is held by Reliance Commercial Land & Infrastructure Limited the Parent Holding Company along with its nominee(s).

1.2 The reconciliation of the number of shares outstanding is set out below:

Particulars	As at	
	31st March, 2015	31st March, 2014
	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	5 000	5 000
Add: Shares Issued during the year	-	-
Equity Shares at the end of the year	<u>5 000</u>	<u>5 000</u>

1.3 Terms/Rights attached to Equity Shares :

The company has only one class of equity shares, having a par value of Rs. 100 per shares. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in proportion to the number of equity shares held by them.

	(Amount in ₹)	
	As at 31st March, 2015	As at 31st March, 2014
2. Reserves and Surplus		
Profit & Loss Account		
As per last Balance Sheet	(50 63 855)	(10 46 555)
Add: Profit /(Loss) for the year	<u>(48 26 021)</u>	<u>(40 17 300)</u>
	<u>(98 89 876)</u>	<u>(50 63 855)</u>
TOTAL	<u>(98 89 876)</u>	<u>(50 63 855)</u>

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

	As at 31st March, 2015	(Amount in ₹) As at 31st March, 2014
3. Other Long Term Liabilities		
Unsecured		
Earnest Deposit against Pre-emption right	<u>21 00 00 000</u>	21 00 00 000
TOTAL	<u><u>21 00 00 000</u></u>	<u><u>21 00 00 000</u></u>

- 3.1** The Company has an agreement of pre-emption of rights with Reliance Industries Limited (RIL). Against the said agreement, the Company has received ₹ 21,00,00,000/- from RIL. Further, expenses incurred for common utility services are reimbursed / paid by them.

	As at 31st March, 2015	(Amount in ₹) As at 31st March, 2014
4. Trade Payables		
Trade Payables*	<u>1 43 191</u>	1 38 073
TOTAL	<u><u>1 43 191</u></u>	<u><u>1 38 073</u></u>

* There is no supplier covered under the provision of Micro, Small and Medium Enterprises Development Act, 2006.

	As at 31st March, 2015	(Amount in ₹) As at 31st March, 2014
5. Other Current Liabilities		
Creditors for Capital Expenditure	<u>99 22 552</u>	99 22 552
Other payables	<u>5 35 511</u>	5 35 011
TOTAL	<u><u>1 04 58 063</u></u>	<u><u>1 04 57 563</u></u>

6. Fixed Assets

Amount in ₹

Description	Gross Block			Depreciation			Net Block	
	As at 4/1/2014	Additions	As at 3/31/2015	Upto 3/31/2014	For the Year	Upto 3/31/2015	As at 3/31/2015	As at 3/31/2014
TANGIBLE ASSETS OWN ASSETS :								
Freehold Land	4 63 87 146	-	4 63 87 146	-	-	-	4 63 87 146	4 63 87 146
Building	12 91 76 449	-	12 91 76 449	63 16 728	24 09 014	87 25 742	12 04 50 707	12 28 59 721
Total	17 55 63 595	-	17 55 63 595	63 16 728	24 09 014	87 25 742	16 68 37 853	16 92 46 867
Previous Year	17 55 63 595	-	17 55 63 595	42 11 152	21 05 576	63 16 728	16 92 46 867	

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

	As at 31st March, 2015	(Amount in ₹) As at 31st March, 2014
7. Current Investments		
Other investment (in units)		
Unquoted, Fully Paid-up		
1 46 858 ICICI Prudential Liquid Plan - Direct - Growth	2 60 12 735	2 51 86 464
(1 45 545)		
TOTAL	<u>2 60 12 735</u>	<u>2 51 86 464</u>
7.1 Aggregate amount of Unquoted Investments	<u>2 60 12 735</u>	<u>2 51 86 464</u>
7.2 Refer Note No. 'F' of Significant Accounting Policies for basis of valuation of Current Investments.		
	As at	(Amount in ₹) As at
	31st March, 2015	31st March, 2014
8. Cash and Cash Equivalents		
Balance with Bank		
In Current Accounts	1 35 932	1 12 218
TOTAL	<u>1 35 932</u>	<u>1 12 218</u>
	As at	(Amount in ₹) As at
	31st March, 2015	31st March, 2014
9. Short-term Loans And Advances		
Unsecured, considered good, unless otherwise stated		
Security Deposits	46 80 331	46 80 331
Advance Income Tax (Net of Provision)	1 29 88 100	1 62 49 474
Others *	5 56 427	5 56 427
TOTAL	<u>1 82 24 858</u>	<u>2 14 86 232</u>
* includes mainly reimbursement of expenses.		
	2014-15	(Amount in ₹) 2013-14
10. Revenue from Operations		
Profit On Sale of Current Investment	5 76 271	-
TOTAL	<u>5 76 271</u>	<u>-</u>

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

	2014-15	(Amount in ₹) 2013-14
11. Other Income		
Interest Income		
On Income Tax Refunds	7 692	22 509
TOTAL	<u>7 692</u>	<u>22 509</u>
		(Amount in ₹)
	2014-15	2013-14
12. Other Expenses		
Legal & Professional Charges	-	950
General Expenses	-	1 967
Profession Tax	2 500	2 500
Filing fees	5 200	12 400
Auditors' Remuneration		
Audit Fees	50 562	44 944
Cerification fees	11 236	11 236
	<u>61 798</u>	56 180
Rates and Taxes	34 74 266	19 833
Less: Reimbursement	<u>34 74 266</u>	<u>19 833</u>
	-	-
TOTAL	<u>69 498</u>	<u>73 997</u>
13. Earnings per share	2014-15	2013-14
Basic and Diluted earnings per equity share (₹)	(965.20)	(803.46)
Numerator - Profit / (Loss) after tax (₹)	(48 26 021)	(40 17 300)
Denominator - Weighted average number of equity shares-Basic and Diluted	5 000	5 000
Nominal value per equity share (₹)	100	100

14. Going Concern

The Company continues to prepare the accounts on a going concern concept as the Directors are exploring various alternatives for development of its properties.

15. Segment Reporting

The Company does not have more than one segment as defined in Accounting Standard - 17 "Segment Reporting".

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

16. Related Party

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

i) List of related parties 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 Commercial Land & Infrastructure Ltd.	Parent Holding Company

ii) Transactions during the year with related parties (excluding reimbursements): Nil

	Ultimate Holding Company	Parent Holding Company
Balance as at 31st March, 2015		
1. Equity Share Capital	-	5 00 000
	-	<i>5 00 000</i>
2. Earnest Deposit against Pre-emption right	21 00 00 000	-
	<i>21 00 00 000</i>	-

Note : Figures in italics represent previous years amount.

17. The Company has deferred tax assets of Rs. 26.96 Lakhs (previous year 19.51 Lakhs) relating to fixed assets. In the absence of virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised, as a matter of providence, the company has not recognised the deferred tax assets in the books of account as on 31 March, 2015.

(Amount in ₹)

18. Contingent Liabilities	2014-15	2013-14
Disputed liabilities in appeal		
Income tax	1 29 04 732	1 54 81 191

- 18.1 The company has been advised that income tax demands are not sustainable and hence will not have any adverse impact on the financial position of the company, however the company has paid Rs. 1,29,04,732 (Previous year Rs. 1,54,81,191/-) towards Income Tax under protest till 31st March, 2015

19. Previous year figures have been regrouped / reclassified to conform to the current year presentation.

As per our Report of even date

For and on behalf of the Board

For **PATHAK H.D. & ASSOCIATES**

Firm Registration No. 107783W

Chartered Accountants

Mukesh Mehta

Partner

Membership No: 043495

Ashwin Khasgiwala

Director

(DIN: 0000648)

Aspi Mistry

Director

(DIN: 05345572)

Rajmal Nahar

Director

(DIN: 05345572)

Place: Mumbai

Dated : April 13, 2015