

Reliance Financial Limited

Annual Report

2022-2023

Directors' Report

To the Members,

Your Directors have pleased to present the 18th Directors' Report together with the audited financial statement of the Company for the financial year ended March 31, 2023.

Financial Results:

Particulars	(Rupees in thousands)	
	For the financial year ended March 31, 2023	For the financial year ended March 31, 2022
Total Income	3,12,250	3,12,943
Total Expenses	2,78,987	4,23,110
Profit/(Loss) Before Tax	33,263	(1,10,167)
Tax Expense	1,261	(7,732)
Profit /(Loss) After Tax	32,002	(1,02,435)
Transfer to Special Reserve under section 45-IC of the Reserve Bank of India Act,1934	6,401	-

Financial Performance and State of Company's Affairs:

The total income of the Company decreased from ₹ 3,12,943 thousands in FY 2021-2022 to ₹ 3,12,250 thousands in FY 2022-2023. The net Profit for the year under review is ₹ 32,002 thousands against net loss of ₹ 1,02,435 thousands in the FY 2021-2022. The profit of the Company increased on account of increase in the Net gain on fair value of investments and reduction in the total expenses compared to previous financial year.

Transfer to reserves:

Since the Company has net profit of ₹ 32,002 thousands for year ended March 31, 2023, ₹ 6,401 thousands was transferred to statutory reserve in terms of section 45IC of the RBI Act, 1934.

Share Capital:

As on date of the report, the authorized share capital of the Company has remained unchanged i.e. ₹ 60,00,00,000/- and paid up capital is reduced to ₹ 24,17,08,970 /- due to redemption of preference share of ₹ 16,10,52,250/-

Dividend:

With a view to conserve resources, your Directors have not recommended any dividend for the financial year under review.

Operation:

During the financial year under review, the Company had varied the rights attached to the 1,61,05,225 - 12% Non-Convertible, Cumulative, Redeemable (NCCR) Preference shares of ₹ 10/- each fully paid up amounting to ₹ 16,10,52,250/-, by paying off the holder of such preference shares, a sum of ₹ 10 (Rupees Ten only) each per share being the paid-up value of each Preference Share, from out of the profit of the

Company in four equal monthly instalments (from March 25, 2023 to June 25, 2023) along with accrued dividend in last instalment.

Further, the Company did not perform any lending activity during the financial year. However, Company earned profit for the year on account of interest income, Fee, Commission and Net gain in the fair value of investments.

Changes in the Nature of Business:

There are no changes in the nature of business of the Company during the period under review.

Public Deposits:

The Company has not accepted any deposits from the public within the meaning of Section 73 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014. Accordingly, the requirement of details of deposits which are not in compliance with the requirements of Chapter V of the Act does not arise.

The Company is a Non-Banking Financial Company not accepting Public Deposits. It intends to continue the status of a non-deposit taking NBFC.

Debentures:

The Company did not issue any Debentures during the period under review. Total Outstanding Debentures as on March 31, 2023 is ₹ 14,60,00,000/-

Further, total outstanding debenture as on June 30, 2023, is ₹ 6,20,00,000/-

Particulars of Loans Investments & Guarantees:

The provisions of Section 186 of the Companies Act, 2013 pertaining to investment and lending activities are not applicable to the Company since the Company is an NBFC. During the year the Company has not provided any guarantee.

Subsidiary companies, joint venture or associate companies:

During the financial year under review, no companies have become/ceased to become a Subsidiary/ Joint Venture/ Associate Company of the Company.

Directors:

During the financial year under review, the Company has received declarations from all the Independent Directors of the Company under sub-section (6) of section 149 confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013.

- During the financial year under review, the following changes took place in the composition of Directors of the Company:
 1. In terms of the provisions of the Companies Act, 2013, Mr. Lav Chaturvedi (DIN: 02859336), Director, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

Key Managerial Personnel:

- During the financial year under review, the following changes took place in the constitution of the Key Managerial Personnel of the Company:
 1. Ms. Tanvi Salunkhe resigned as Company Secretary with effect from from the closure of business hours of August 01, 2022.
 2. Mr. Ajit Mishra resigned as Chief Financial Officer with effect from the closure of business hours of August 31, 2022.
 3. Mr. Sarvesh Sharma has been appointed as the Chief Financial Officer with effect from October 22, 2022.
 4. Mr. Rishabh Chouhan has been appointed as the Company Secretary with effect from November 01, 2022.

Evaluation of Directors, Board and Committees:

The Nomination and Remuneration Committee (Committee) of the Board has carried out an annual evaluation of the performance of directors individually as well as of the Board and of its Committees. The Committee has reviewed the performance of the individual directors based on criteria such as their knowledge of Company's operations, level of preparation and effective participation in Meetings and understanding of their roles as directors. The performance of the Board was evaluated based on inputs received from all the Directors on criteria such as Board composition and structure, effectiveness of Board / Committee processes and information provided to the Board and decisions taken by them. The performance of the Committees of the Board was evaluated on criteria such as adequacy of the roles and responsibilities of the Committee Members, frequency of reporting to /monitoring by the Committees, Management / Auditors responses to the recommendations of the Committees. A separate meeting of the Independent Directors was also held during the year for the evaluation of the performance of non-independent Directors, performance of the Board as a whole and that of the Chairperson.

Directors' Responsibility Statement:

Pursuant to section 134(3)(c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement it is hereby confirmed that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;

- (e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls with reference to Financial Statements:

The Company has in place adequate internal financial controls across the organization. The same is subject to review periodically by the internal auditors for its effectiveness.

Contracts and Arrangements with Related Parties:

All contracts / arrangements / transactions entered into/ by the Company during the financial year under review with related parties were on an arm's length basis and in the ordinary course of business and there were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interest of the Company at large.

Prior omnibus approval of the Audit Committee was obtained for the transactions which were of a repetitive nature. The transactions entered into pursuant to the omnibus approval so granted and statements giving details of all related party transactions were placed before the Audit Committee for their review and noting on a quarterly basis.

Your Directors draw attention of the members to the notes to the financial statement which sets out related party disclosures.

Wherever applicable under the extant provisions of section 188 of the Companies Act, 2013 and the Rules made thereunder, the Company has also obtained the requisite approvals of the Audit Committee of the Board and of the Board of Directors prior to entering into any such transactions.

Material changes and Commitments affecting the financial position of the Company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report:

There are no material changes or commitments affecting the financial position of the Company which have occurred between the financial year ended on March 31, 2023 and the date of this report.

Meetings of the Board:

During the year, Five (5) Board Meetings were held on April 13, 2022, June 08, 2022, July 22, 2022, October 22, 2022 and January 20, 2023.

Audit Committee:

Currently the Audit Committee of the Board consists of Ms. Homai Daruwalla (DIN:00365880) – Independent Director, Mr. Chetan Desai (DIN: 03595319) – Independent Director, Ms. D. Vijayalakshmi (DIN:00467785) – Independent Director and Mr. Lav Chaturvedi (DIN: 02859336) – Non-Executive Director, as members.

All the members of the Committee possess financial expertise. The Audit Committee functions in accordance with Section 177 of the Companies Act, 2013.

During the year, all the recommendations made by the Audit Committee were accepted by the Board.

Nomination and Remuneration Committee:

Currently the Nomination and Remuneration Committee of the Board consists of Ms. Homai Daruwalla (DIN:00365880) – Independent Director, Mr. Chetan Desai (DIN: 03595319) – Independent Director and Ms. D. Vijayalakshmi (DIN:00467785) - Independent Director as members.

During the year, all the recommendations made by the Nomination and Remuneration Committee were accepted by the Board.

Corporate Social Responsibility (CSR) Committee:

Currently the Corporate Social Responsibility Committee of the Board consists of Ms. Homai Daruwalla (DIN:00365880) - Independent Director, Mr. Chetan Desai (DIN: 03595319) - Independent Director and Ms. D Vijayalakshmi (DIN:00467785) - Independent Director as members.

The Company has adopted a well-defined corporate social responsibility policy (formed in accordance with the requirements of Schedule VII to the Companies Act, 2013 and the Group's policy on the same).

The CSR Policy of the Company is available on the Company's website at <http://reliancefinancial.co.in/> The CSR Policy and the disclosures with respect to CSR activities for the financial year under review is given as **Annexure – 1** to the report.

Risk Committee:

Currently the Risk Committee of the Board consists of Ms. Homai Daruwalla (DIN:00365880) - Independent Director, Mr. Chetan Desai (DIN: 03595319) - Independent Director, Ms. D Vijayalakshmi (DIN:00467785) - Independent Director, Mr. K Bhanu Prakash – Manager, Mr. Mihir Sundhani - Business Head and Mr. Sandeep Jain - Chief Risk Officer as members.

Policy on appointment and remuneration for Directors, Key Managerial Personnel and Senior Management Employees:

The Nomination and Remuneration Committee of the Board has devised a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Employees and their remuneration. The Committee has formulated the criteria for determining qualifications, positive attributes and independence of a Director and other matters provided under sub-section (3) of of the Companies Act, 2013. The policy on the above is attached as **Annexure 2** to this Report and is also available on the Company's website at <http://reliancefinancial.co.in/>

Auditors:

M/s. Pathak H. D & Associates LLP, Chartered Accountants, were re-appointed as the Statutory Auditors of the Company, for a period of five years from the conclusion of 16th Annual General Meeting (AGM) of the Company held in Financial year 2021-2022 till the 21st Annual General Meeting (AGM) of the Company to be held in the Financial Year 2026-2027.

Explanation by Board on the qualification, reservation, adverse remark or disclaimer made by the Auditors:

A. Statutory Auditors' Report:

The Statutory Auditors' Report for the financial year ended March 31, 2023 do not contain any qualification, reservation, adverse remark or disclaimer.

B. Secretarial Audit Report:

The Secretarial Auditors' Report for the financial year ended March 31, 2023 do not contain any qualification, reservation, adverse remark or disclaimer. The Audit Report of the secretarial auditors is annexed herewith as **Annexure- 3**.

C. Cost Records:

The Company is not required to maintain cost records as per sub-section (1) of Section 148 of the Companies Act, 2013.

Annual Return:

The Extract of Annual Return in Form MGT-9 pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is attached as **Annexure - 4** to this Report. The Annual Return of the Company containing the particulars as they stood on the close of the financial year March 31, 2023, shall be placed on the website of the Company, soon after the Annual General Meeting to be held during the calendar year 2023 and the Annual Return under section 92(4) of the Companies Act, 2013 is filed with the Registrar of Companies, Maharashtra, Mumbai.

The weblink for accessing such Annual Return is <http://reliancefinancial.co.in/>

Particulars of Employees and related Disclosure:

In terms of provisions of Section 197 of the Companies Act, 2013 ("the Act") read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, as amended, a statement showing the names and other particulars of the top ten employees drawing remuneration in excess of the limits set out in the said Rules are provided in the Annexure to the Directors' Report. However, having regard to the provisions of Section 136 of the Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. The said information is available for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of the meeting and any member interested in obtaining the same may write to the Company Secretary. Upon receipt of such request, the information shall be furnished.

Disclosures relating to the remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure- 5**.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

Particulars required to be furnished under Rule 8(3) of the Companies (Accounts) Rules, 2014 are as under:

- 1] In view of the nature of activities of the Company, Parts (A) and (B) pertaining to conservation of energy and technology absorption are not applicable to the Company.
- 2] Foreign Exchange Earnings and Outgo: The Foreign Exchange earned in terms of actual inflows and the Foreign Exchange Outgo in terms of actual outflows is NIL.

Risk Management Policy:

The Company has in place a well-defined and articulated risk management policy in respect of all business processes. This has been also communicated and percolated to all the stakeholders in the business as well as to the Directors, Key Managerial Personnel and other employees. All the risks relevant to the business and business environment have been identified and covered in the risk management policy. The policy is also periodically reviewed either as mandated by the regulators or as a result of the experience gained by the Company as also by others in the industry in which the Company operates.

The risk management policy of the Company is also aligned with that of the Group's risk management and enterprise risk management which the Group is implementing.

Whistle Blower (Vigil Mechanism):

The Company has formulated a Whistle Blower (Vigil Mechanism) Policy to address the genuine concerns, if any, of the Directors and the employees. The policy can be accessed on the Company's website.

Frauds reported by auditors:

No frauds have been reported by the auditors under sub-section (12) of section 143 of the Companies Act, 2013.

Orders passed by Regulators, Courts or Tribunals:

No significant or material orders have been passed by any regulator, court or tribunal, which impacts the going-concern status or the Company's operation in future.

Compliance with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company is committed to uphold and maintain the dignity of woman employees and it has in place a policy which provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. The Company has in place an Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year, no such complaints were received.

Compliance with Secretarial Standards:

During the year under review, the Company has complied with all the applicable Secretarial Standards notified by the Institute of the Companies Secretaries of India.

The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year:

During the financial year under review, the Company has neither made any application nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016.

The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons there of:

During the financial year under review, no valuation was required.

Disclosures relating to appointment & remuneration of Managerial Personnel:

Disclosures as required under sections 196 and 197 of the Companies Act, 2013 ('Act') read together with Section II of Schedule V to the Act are given below:

1. All elements of remuneration packages such as salary, benefits, bonuses, stock options, pension, etc. of all the Directors:

Independent Directors are paid sitting fees for attending meetings of the Board of Directors and the Committees of the Board in which they are members.

2. Details of fixed component and performance linked incentives along with the performance criteria:

The remuneration of the Manager consists of fixed component and performance linked incentives. Performance criteria is based upon the performance of the individual and also of the Company.

Further information in this regard appears in **Annexure - 5** to this Report.

3. Service contracts, notice period, severance fees:

Employment contract is upto to the age of 58 years. The office of the Manager may be terminated by the Company or the concerned Director by giving 90 days' prior notice in writing. Severance fees payable as applicable at that point of time.

4. Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable: NIL

Debenture Trustee:

The Company has appointed Vistra ITCL (India) Limited as the Debenture Trustee for its debenture programme of ₹ 600 crores. The details of the Trustee are as under:

Vistra ITCL (India) Limited (Formerly known as IL&FS Trust Company Limited)

The IL&FS Financial Center,
Plot No. C-22, G Block, 7th Floor,
Bandra Kurla Complex, Bandra (East), Mumbai- 400 051

Tel: +91 22 2659 3535; Fax: +91 22 2653 3297

Email: mumbai@vistra.com

Website: www.vistraitcl.com

Acknowledgements:

Your Directors wish to place on record their appreciation for the assistance and co-operation received from various statutory and regulatory authorities, executives, officers and staff of the Company during the year.

For and on behalf of the Board of Directors

SD/-

Lav Chaturvedi

Director

DIN:02859336

SD/-

Damodaran Vijayalakshmi

Director

DIN: 00467785

Date: July 18, 2023

Place: Mumbai

**THE ANNUAL REPORT ON CSR ACTIVITIES
FOR FINANCIAL YEAR 2022-2023**

1. Brief outline on CSR Policy of the Company:

The Company has a robust CSR Policy. As per the said policy, all efforts are focused towards two goals: building a great enterprise for the stakeholders and a great future for our country.

Our approach is to interweave social responsibility into the Company's mainstream business functions through translating commitments into policies, which not only drive all employees but influence and mobilize stakeholders, especially partners and suppliers, to embrace responsible business practices in their respective spheres of action. The policy affirms business objectives and strategy along with our commitment to preserve natural resources and augment the growth and development of employees and families, the communities we operate in, suppliers/vendors, and our investors. Through the social policy manual, the Company seeks to engage with all the stakeholders, using it as a reference or guideline for all stakeholders and practitioners. Our CSR Policy is placed on our website at the link <http://reliancefinancial.co.in/>

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Chetan Desai	Independent Director	1	1
2	Ms. Homai Daruwalla	Independent Director	1	1
3	Ms. D Vijayalakshmi	Independent Director	1	1

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

<http://www.reliancefinancial.co.in>

4. Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):

Not Applicable.

- 5. (a) Average net profit of the company as per sub-section (5) of section 135: ₹ (24,96,297)/-**
(b) Two percent of average net profit of the company as per sub-section (5) of section 135.: Nil
(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
(d) Amount required to be set off for the financial year, if any: Nil

(e) Total CSR obligation for the financial year [(b)+ (c) – (d)]: Nil

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)- Nil

(b) Amount spent in Administrative Overheads - Nil

(c) Amount spent on Impact Assessment, if applicable – N.A.

(d) Total amount spent for the Financial Year [(a)+(b)+(c)] - Nil

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) (Total spent amount)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
NIL					

(f) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit/(loss)s of the company as per section 135(5)	₹ (49,926) /-
(ii)	Total amount spent for the Financial Year	NIL
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years[(iii)-(iv)]	-

7. Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
NIL							

8. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details). – Not Applicable

(a) Date of creation or acquisition of the capital asset(s).

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135.: Not Applicable

For and on behalf of the Board of Directors

SD/-

Lav Chaturvedi

Director

DIN:02859336

SD/-

Damodaran Vijayalakshmi

Director

DIN: 00467785

Date: July 18, 2023

Place: Mumbai

Annexure - 1

**Reliance Group
CSR Policy**

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1. Introduction

- 1.1 Reliance Group is among India's leading business houses, having a dominant presence across a wide array of high-growth consumers-facing businesses ranging from telecom and financial services to infrastructure and healthcare, touching the life of almost every Indian.
- 1.2 Through its various consumer-facing businesses, the group provides a robust platform to every Indian to realise his potential and shape the destiny through its state-of-the-art products and services.
- 1.3 Our constant endeavour has been to provide an enhanced customer experience and achieve customer satisfaction by upscaling the productivity of the enterprises and individuals we serve.
- 1.4 We as a corporate entity envisage to nourish and sustain the ecosystems on which we operate by aiming for growth through sustainable development. The group positively influences the lives of one in every 6 young and aspiring Indians-every single day across 600000 villages and 24000 towns.
- 1.5 At Reliance Group all our efforts are focused towards two goals: building a great enterprise for its stakeholders and a great future for our country.

2.1 Guiding Charter:

1. We are committed to ensuring ethical business practices, honouring in spirit the legal norms of the country we operate in and transparency in all our activities to be a good corporate citizen.
2. We shall strive to preserve and uphold natural resources and reduce the environmental impact of our products and services throughout their lifecycle in order to be a responsible corporate citizen.
3. We believe in creating synergies with our partners in growth and success: the communities. We are committed to augment the overall economic and social development of local communities by discharging our social responsibilities in a sustainable manner.
4. We uphold our commitment to our customers by making our products and services greener and within reach of the common masses, leading to maximization of customer satisfaction and enriching quality of life.
5. We are dedicated to promoting and invest resources for joint learning in the areas of quality improvement, productivity enhancement, and implementation of greener and advanced technology and processes across our supply chain for the benefit of the larger society and the business. Thus, we wish to build strong partnerships with suppliers and work with them to fulfil our social responsibilities together.
6. We uphold our commitment to serve and partner with government and quasi-government agencies in nation-building.
7. We shall respect the varied traditions and cultures of our country and are committed to preserve and document history and art for the benefit of present and future generations.
8. We believe and promote an open corporate culture that values teamwork while honouring individual commitment and mutual trust. We do not accept or tolerate the use of child labour at any stage of the supply chain, gender discrimination, disability, bias on the basis of caste or religion, and violation of human rights.
9. We aim to meet the expectations of shareholders and investors by maximizing the group company's value and active disclosure.
10. We shall nurture the silvers and groom the youth of our country in response to various global and local concerns.

11. We will avidly pursue research and development along with our partners to meet changing global requirements by redefining our processes, products and services.

2.2 Objective:

The policy document is an attempt to articulate the group's Social Responsibility. The framework enables business heads to put in place policies and practices in line with this policy.

2.3 Scope:

2.3.1 The social policy is an overarching policy applicable to the entire Reliance Group including all group companies, business divisions and business units.

2.3.2 The policy conforms to the business strategy and will apply to all employees across the bandwidth of group companies. Their commitment and involvement in putting the policy into action would support us in achieving our principles and mandate and adhering to global standards.

2.3.3 The social policy document is an attempt to showcase the linkage of our social objectives with business strategy.

2.3.4 The policy will also assist and promote our suppliers and vendors in adhering to its imperatives.

2.4 The CSR Approach:

At Reliance Group, the approach is to interweave social responsibility into the company's mainstream business functions through translating commitments into policies, which not only drive all employees but influence and mobilize stakeholders, especially partners and suppliers, to embrace responsible business practices in their respective spheres of action.

The policy affirms business objectives and strategy along with our commitment to preserve natural resources and augment the growth and development of employees and families, the communities we operate in, suppliers/vendors, and our investors.

Through the social policy manual, the Group seeks to engage with all the stakeholders, using it as a reference or guideline for all stakeholders and practitioners.

We follow an integrated multi-stakeholder approach covering all social, environmental and economic aspects.

The commitments of Reliance Group under the gamut of CSR, based on the CSR Charter, are as follows:

2.4.1 Environment:

The guiding line for the environment is the 5Rs: Reduce, Reuse, Recycle, Renew and Respect. The imperative is to use natural resources efficiently to leave a minimal carbon footprint and impact on biodiversity.

The Group strives to develop and promote processes and newer technologies to make all our products and services environmentally responsible.

Employees, the supply chain and other stakeholders are sensitized through personal interactions and other channels of effective communication. Initiatives can be measured through resource savings in all cases. The Group aims to engage with government and non-government agencies to promote conservation.

2.4.2 Community Development:

The community is an integral part of the business environment. Business intervention can have a positive or negative effect on a community. The need assessment and engagement process are critical to the system and demands focus on a case-to-case basis, which includes setting up strong ties with the community and its leaders.

Factors that affect the local community could range from education, health and hygiene, to displacement, livelihood and environmental concerns. There could be a combination of some of these factors or all of them.

The Pareto of the factors is to be analyzed and resources allocated accordingly. Reach and penetration could be enhanced by roping in community leaders and other agencies working in the area with a specialization on the usage area.

The objective is to augment overall economic and social development of local communities by discharging our social responsibilities in a sustainable manner.

2.4.3 Health and Safety:

Health and Safety are of universal concern across the spectrum of the community. As a Group, we are committed to comply with legal norms as well as voluntarily go beyond the compliance to minimize the impact of our businesses across our various stakeholders.

We are committed to provide all possible support to create awareness among our stakeholders within office premises as well as across boundaries.

Reliance Group will systematically outline Health and Safety as defined under the OSHAS-18001 and other compliances.

Health concerns vary across the urban and rural divide. Issues include lack of availability to primary healthcare and infant mortality owing to low awareness on health and hygiene.

A multidimensional approach that considers the needs of an area could lead to an effective plan to address all issues in consultation with the local administration, community workers and NGOs working in the area.

2.4.4 Education

Education is the basic tool to bring development to an area and its population. We aim to create an aware pool of human resource both within and across our area of operations.

We are committed to bridging the digital divide between the 'haves' and the 'have nots'.

Exposure to technology along with a sustainable education model could be strengthened through partnership with government and quasi-government agencies.

The CSR gamut is covered by these broad areas but not limited to them.

Annexure -2

NRC Policy

Policy on Directors, Key Managerial Personnel and Senior Management Employees Appointment and Remuneration

1. Introduction

1.1. Reliance Financial Limited considers human resources as its invaluable assets of the Company. The policy aims to harmonise the aspirations of the directors/ employees with the goals of the Company.

1.2 Human capital is a strategic source of value creation and an important asset of our Company. As part of progressive HR Philosophy, it is necessary to have in place a comprehensive Compensation Policy, which is in line with the industry trend and is employee friendly.

2. Objectives

2.1 Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the Company successfully.

2.2 Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.

2.3 Ensure that annual compensation review considers industry/ business outlook and strategies adopted by industry peers, differentiates employees based on their merits and also protects employees, particularly those in junior cadre, against inflationary pressures.

2.4 Retention of high performers at all levels and those playing critical roles.

3. Scope and Exclusion

The Board has constituted the “Nomination and Remuneration Committee” in line with the requirements under the provisions of the Companies Act, 2013. This Policy sets out the broad guiding principles for the Committee for recommending to the Board for the appointment and remuneration of the directors, key managerial personnel, Senior managerial personnel of the Company.

4. Definitions

4.1 “Director” means a director appointed to the Board of the Company.

4.2 “Key Managerial Personnel” means

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;

- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed under the Companies Act, 2013.

4.3 “Senior Management” means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, if any.

5. Policy:

5.1. Appointment of Directors / Key Managerial / Senior Management personnel

The Nomination and Remuneration Committee, inter alia, considers qualifications, positive attributes, areas of expertise and number of Directorships and Memberships held in various committees of other companies by such persons for Selection. The Board considers the recommendation of the Committee and takes appropriate decision. The Company also considers the requirement of skills and effectiveness of persons contributing to the Company’s business and policy decisions of the Company.

5.2. Remuneration to Directors/ Key Managerial Personnel

5.2.1 The remuneration of the Directors/ Managing Directors/ Whole Time Directors and Managers etc. will be governed as per provisions contained in the Companies Act, 2013 and rules made therein from time to time.

5.2.2 Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof as approved by the Board of Directors from time to time. The Non-Executive Directors shall also be entitled to profit related Commission, if approved by the Board, in addition to the sitting fees.

5.2.3 The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Directors / Key Managerial Personnel/ Senior Management Personnel of the Company within the overall limits, if any, approved by the shareholders.

5.2.4 The remuneration structure shall include the following components:

- (i) Basic Pay
- (ii) Perquisites and Allowances
- (iii) Stock Options, if any.
- (iv) Commission (Applicable in case of Executive Directors/ Directors)
- (v) Retiral benefits
- (vi) Annual Performance Linked Incentives

5.2.5 The Annual Plan, Objectives, financial results of the Company shall be reviewed by the Nomination and Remuneration Committee and Annual Performance Incentives, increment, revision in remuneration etc. will be proposed based on the achievements.

5.3. Remuneration to other employees

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience, performance and prevailing remuneration levels for equivalent jobs.

6. Retention Features as part of Compensation Package

Based on the organizational need for retaining performing employees and those in critical roles, certain retention features may be rolled out as part of the overall compensation package. These may take form of Retention Bonuses (RBs); Special Monetary Programs (SMPs), Long-term Incentives (LTIs), Employee Stock Options, Phantom Stock Options, etc.

7. Modification and Amendment

The policy is subject to modification, amendment and alterations by the management at any time without assigning any reasons.

Date: 7th July, 2023

To,
The Members,
Reliance Financial Limited
(CIN: U65990MH2005PLC155675)
11th Floor, R-Tech IT Park,
Nirlon Compound Western Express Highway,
Goregaon (East) Mumbai 400063

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of provisions of corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/s. G. S. Shetty & Associates
Practicing Company Secretaries

SD/-
CS. Ganesha Sanjeeva Shetty
Proprietor
Membership Number: FCS 7904
Certificate of Practice: 7729
UDIN: F007904E000566363

PS: Attached hereto is our Secretarial Audit Report (Form No. MR-3) of Even Date

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

To,

The Members,

Reliance Financial Limited

(CIN: U65990MH2005PLC155675)

11th Floor, R-Tech IT Park,

Nirlon Compound Western Express Highway,

Goregaon (East) Mumbai 400063

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **RELIANCE FINANCIAL LIMITED**. (hereinafter called as 'the Company'). Upon physical interaction and verification of records while taking review after completion of financial year, the Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in **Annexure I**, (for the Financial Year ended on 31st March, 2023 according to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable)
 - (v) The Reserve Bank of India Act, 1934
 - (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not Applicable)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable)
2. I/we have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
3. We are given to understand that based on the nature of the business activities of the Company, the following **specific** laws are applicable to the Company:
- (i) Employees' Welfare and other related labour laws applicable to employees appointed by the company either on payroll or on contractual basis of respective states;
 - (ii) Indian Contracts Act, 1872;
 - (iii) Indian Stamp Act, 1899;
 - (iv) Acts prescribed under Direct Tax and Indirect Tax Laws by the Central and respective State Government;
 - (v) Negotiable Instrument Act, 1881;
 - (vi) Sales Act including Value Added Tax Act, 2002;
 - (vii) Shops and Establishment Act;
 - (viii) Rent Act;
 - (ix) Information Technology Act, 2000;
 - (x) Limitation Act, 1963;
 - (xi) Insurance Act, 1938;
 - (xii) Goods and Services Tax, 2017.

We further report that:-

Unanimous decisions were carried through as there was no case of dissent of any Director in respect of any decision and was accordingly captured and recorded as part of the minutes, all compliances with the provision of Companies Act, 2013 and other applicable Rules and Regulations.

We further report that:-

There are adequate systems and processes in place in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines of the Company. We have observed the Company is generally complying with the provisions of the Company law, Company law rules and other allied corporate laws.

SD/-

CS. Ganesha Sanjeeva Shetty

Proprietor

Membership Number: F7904

Certificate of Practice: 7729

UDIN: F007904E000566363

Place: Mumbai

Date: 07th July 2023

Encl: 1) List of Documents Verified – “Annexure – 1”

Note: This report should be read with our letter of even date which is annexed with MR-3 and forms an integral part of this report.

ANNEXURE – I

List of documents verified:

1. Memorandum & Articles of Association of the Company and other various documents as under:
 - a) maintenance of various statutory registers and documents and making necessary entries therein;
 - i. Register of Directors
 - ii. Register of Directors' Shareholding (MBP -4)
 - iii. Register of Members (MGT-1)
 - iv. Register of Directors Attendance
 - v. Register of Shareholders Attendance
 - vi. Register of Loans, Guarantee, Security and Acquisition made by the Company
 - b) record date for debenture holders;
 - c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies, Regional Director, Central Government, Company Law Board, Reserve Bank of India, Securities Exchange Board of India or other authorities;
 - d) service of documents by the Company on its Members, Debenture holders, Stock Exchanges, Auditors and the Registrar of Companies;
 - e) notice of Board and various Committee meetings of Directors;
 - f) meetings of Directors and all the Committees of Directors;
 - g) notice and convening of Annual General Meeting held on 07th July 2022;
 - h) minutes of the proceedings of the Board Meetings, Committee Meetings and General Meetings together with the Notices and Attendance Registers.;
 - i) approvals of the Board of Directors, Committee of Directors, Members and government authorities, wherever required;
 - j) constitution of the Board of Directors, Committees of Directors and appointment, retirement and reappointment of Directors including Managers.
 - k) payment of remuneration to Directors and Managers.
 - l) appointment and remuneration of Statutory Auditors;
 - m) transfer and transmission of the Company's shares, issue and allotment of shares and issue and delivery of certificates of shares;
 - n) declaration and payment of dividend; (not applicable)
 - o) transfer of amounts as required under the Act to the Investor Education and Protection Fund;
 - p) borrowings and registration of charges;
 - q) report of the Board of Directors;
 - r) generally, all other applicable provisions of the Act and the Rules there under.

- (a) MBP -1 Declarations are received from the Directors of the Company in accordance with section 184 (1) of the Companies Act 2013 at the beginning of each financial year and as and when there are changes in directorship in pursuance to the provisions of the Companies Act, 2013.

- (b) E-Forms filed by the Company, from time to time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year. We have observed that the company is complying with the attachments wherever it is mandatory to the e-forms filed with the MCA portal. In other cases attachments are not a part of the e-form.

- (c) RBI Monthly, Quarterly and Annual Returns are filed by the company from time to time, queries raised by the RBI through mail have been addressed from time to time and required filings and clarifications have been submitted.

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2023

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:		
(i)	CIN:-	U65990MH2005PLC155675
(ii)	Registration Date	August 26, 2005
(iii)	Name of the Company	Reliance Financial Limited
(iv)	Category/Sub-Category of the Company	Public Limited Company/ Company Limited by Shares
(v)	Address of the Registered office & contact details	11th Floor, R-Tech IT Park, Nirlon Compound Western Express Highway, Goregaon (East) Mumbai, Maharashtra - 400063, India; Tel: 022-41681200
(vi)	Whether listed company	Yes/No Yes - Debt Listed
(vii)	Name, Address & contact details of Registrar & Transfer Agent	KFin Technologies Limited Selenium, Tower – B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally Hyderabad Rangareddi TG, Hyderabad – 500 032, Telangana. Tel : + 91 40 6716 1771 Fax : + 91 40 6716 1791 Email : mis.radag@kfintech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Interest Income	6492	15.28%
2	Proprietary Trading	6499	74.28%
3	Distribution of Financial Product	6619	10.44%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

S. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1	Reliance Capital Limited Trade World, B-Wing, 7th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai City Maharashtra 400013	L65910MH1986PLC165645	Holding	100	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	1,09,99,930	1,31,57,967	2,41,57,897	100	1,09,99,930	1,31,57,967	2,41,57,897	100	-
e) Banks/ FI	-	-	-	-	-	-	-	-	-
f) Any other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	1,09,99,930	1,31,57,967	2,41,57,897	100	1,09,99,930	1,31,57,967	2,41,57,897	100	-
(2) Foreign									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	1,09,99,930	1,31,57,967	2,41,57,897	100	1,09,99,930	1,31,57,967	2,41,57,897	100	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-

2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDR & ADR	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	1,09,99,930	1,31,57,967	2,41,57,897	100	1,09,99,930	1,31,57,967	2,41,57,897	100	0

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Reliance Capital Limited	2,41,57,897	100	Nil	2,41,57,897	100	Nil	0
	Total	2,41,57,897	100	Nil	2,41,57,897	100	Nil	0

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	2,41,57,897	100	2,41,57,897	100
2	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (eg. Allotment/ transfer/ bonus/ sweat equity etc.)	There is no change in the shareholding of the promoters			
3	At the end of the year	2,41,57,897	100	2,41,57,897	100

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDR and ADR):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. Allotment/ transfer/ bonus/ sweat equity etc.):	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	Nil	Nil	Nil	Nil

(v) Shareholding of Directors and Key Managerial Personnel:					
Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. Allotment/ transfer/ bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil
V. INDEBTEDNESS (Amount in Rupees)					
Indebtedness of the Company including interest outstanding/ accrued but not due for payment					
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness	
Indebtedness at the beginning of the financial year					
i) Principal Amount	40,50,00,000	16,11,82,250	-	56,61,82,250	
ii) Interest due but not paid	-	-	-	-	
iii) Interest accrued but not due	24,91,08,700	7,38,97,618	-	32,30,06,318	
Total (i+ii+iii)	65,41,08,700	23,50,79,868	-	88,91,88,568	
Change in Indebtedness during the financial year					
* Addition	-	22,18,00,000	-	22,18,00,000	
* Reduction	25,90,00,000	26,20,63,063	-	52,10,63,063	
Net Change	(25,90,00,000)	(4,02,63,063)	-	(29,92,63,063)	
Indebtedness at the end of the financial year					
i) Principal Amount	14,60,00,000	12,09,19,187	-	26,69,19,187	
ii) Interest due but not paid	-	-	-	-	
iii) Interest accrued but not due	6,30,60,812	9,69,04,482	-	15,99,65,294	
Total (i+ii+iii)	20,90,60,812	21,78,23,669	-	42,68,84,481	
*Addition/Reduction represents principal movement					
VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL					
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:					
Sl.No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount	
	Name	MR. K Bhanu Prakash		₹	
	Designation	Manager			
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	25,28,412		25,28,412	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-		-	
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-		-	
2	Stock Option	-		-	
3	Sweat Equity	-		-	
4	Commission	-		-	
	- as % of profit	-		-	
	- others. Specify	-		-	
5	Others, (PF, NPS)	1,47,588		1,47,588	
	Other Payment (VPP/ PLI/ Joining Bonus/ Deferred Payments)	16,08,910		16,08,910	
	Reimbursement	3,00,000		3,00,000	
	Total (A)	45,84,910		45,84,910	
	Ceiling as per the Act	₹ 84 Lakhs p.a.			
B. Remuneration to other Directors:					
Sl.No.	Particulars of Remuneration	Name of Directors			Total Amount
					₹
1	Independent Directors	Ms. Homai Daruwalla	Ms. D Vijayalakshmi	Mr. Chetan Desai	
	* Fee for attending board committee meetings	5,00,000	5,00,000	5,00,000	15,00,000
	* Commission	-	-	-	-
	* Others, please specify	-	-	-	-
	Total (1)	5,00,000	5,00,000	5,00,000	15,00,000
2	Other Non-Executive Directors	Mr. Lav Chaturvedi			
	* Fee for attending board committee meetings	-			-
	* Commission	-			-
	* Others, please specify	-			-
	Total (2)	-			-
	Total (B)=(1+2)				15,00,000
	Total Managerial Remuneration				45,84,910
	Overall Ceiling as per the Act	₹ 1,00,000/- Per Meeting			

C. Remuneration to Key Managerial Personnel other than MD/Manager/ WTD							
Sl.No.	Particulars of Remuneration	Key Managerial Personnel					Total Amount ₹
		Mr. Rishabh Chouhan*	Ms. Tanvi Salunkhe#	Mr. Ashish Jagatia\$	Mr. Ajit Mishra**	Mr. Sarvesh Sharma^	
		Company Secretary	Company Secretary	Chief Financial Officer	Chief Financial Officer	Chief Financial Officer	
1	Gross salary						-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,21,275	2,15,089	1,01,705	6,12,175	10,51,143	23,01,387
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission - as % of profit - others, specify	-	-	-	-	-	-
5	Others, please specify (PF + NPS)	12,180	8,153	15,334	27,523	41,656	1,04,846
	Others (VPP/ PLI/ Joining Bonus/ Deferred Payments)	-	-	-	3,00,000	2,50,000	5,50,000
	Reimbursement	-	-	7,667	1,00,000	47,606	1,55,273
	Total	3,33,455	2,23,242	1,24,706	10,39,698	13,90,405	31,11,506
* Mr. Rishabh Chouhan was appointed as CS w.e.f. November 01, 2022							
# Ms. Tanvi Salunkhe has resigned as CS w.e.f. closure of business hours of August 01, 2022							
\$ Mr. Ashish Jagatia has resigned as CFO w.e.f. closure of business hours of April 18, 2022							
** Mr. Ajit Mishra was appointed as CFO w.e.f April 19, 2022 & resigned w.e.f. closure of business hours of August 31, 2022							
^ Mr. Sarvesh Sharma was appointed as CFO w.e.f. October 22, 2022							
VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:							
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)		
A. COMPANY							
Penalty							
Punishment				No, None			
Compounding							
B. DIRECTORS							
Penalty							
Punishment				No, None			
Compounding							
C. OTHER OFFICERS IN DEFAULT							
Penalty							
Punishment				No, None			
Compounding							

Details pertaining to remuneration as required under section 197(12) of the Companies Act,2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

The Company has appointed Non-Executive Director, Manager, Chief Financial Officer and Company Secretary as on March 31, 2023. Non-Executive Independent Directors are paid remuneration only by way of sitting fees for attending the Board/ Committee meetings. Hence the ratio and comparison is not provided for Non-Executive Directors.

Sr. No.	Particulars	Disclosure
1	The Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Not Applicable as all the Directors are the Non-Executive Directors and Mr. Chetan Desai, Ms. Damodaran Vijayalakshmi and Ms. Homai Daruwalla received the sitting fees during the Financial year 2022-2023.
2	Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Percentage increase in remuneration is in between 7% to 8%
3	Percentage increase in the median remuneration of employees in the financial year;	The median remuneration of employees in the financial year 2022-2023 increased by 13%
4	Number of permanent employees on the rolls of company;	13
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	The average 18.3% increase has been made in the salaries of employees other than the managerial personnel in financial year 2022-2023, whereas increase in the remuneration of Key Managerial Personnel was in the range of 7% to 8%.
6	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes

- (i) the expression “median” means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one;
- (ii) if there is an even number of observations, the median shall be the average of the two middle values.

Independent Auditors' Report

To the Members of Reliance Financial Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Reliance Financial Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023; and its Profit and other Comprehensive Income, Change in Equity and its Cash Flows for the year ended on that date.

Basis for opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

The Key Audit Matter	How the matter was addressed in our audit
<p data-bbox="193 232 815 273">Marked Linked Debentures (MLD)</p> <p data-bbox="193 315 815 629">The Company has non-convertible debentures (Marked Linked Debentures) of Rs. 2,09,061 thousands as at March 31, 2023. The rate of interest on which is linked to performance of specified indices over the period of the debentures. The terms and conditions of the Marked Linked Debentures are detailed in note 19 of the financial statements.</p> <p data-bbox="193 674 815 1032">Further, Marked Linked Debentures is a key number in the balance sheet and will remain an important funding mechanism for continued growth. Therefore, in our view, Marked Linked Debentures is important to the readers understanding of the financial statements. As a result of these items we consider accounting for Marked Linked Debentures to be a key audit matter at March 31, 2023.</p>	<p data-bbox="815 315 1398 394">We carried out following procedures in respect to Marked Linked Debentures :</p> <ul data-bbox="815 394 1398 752" style="list-style-type: none"> - held discussion with management and obtained understanding of valuation process including management’s determination and approval of assumptions and data inputs. - evaluate the design and tested operating effectiveness of controls related to the data considered in the valuation, related calculations and Valuation reports provided by management’s external expert. <p data-bbox="815 797 1398 909">Based on our audit procedures, we noted no reportable matters regarding MLD classification and its valuation.</p>

Information Other than the Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the Board’s Report including Annexure to Board’s Report, but does not include the financial statements and our auditor’s report thereon. The report containing other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the report containing other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management for the financial statements

The Company’s Management and Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, change in equity and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. 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 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.

In preparing the financial statements, Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (Including Other Comprehensive Income), the Cash Flow Statement and the Statement of Change in Equity dealt with by this report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under section 133 of the Act read with relevant rules made thereunder'.

- e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid/provided for any remuneration to its directors during the year.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rules 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 financial statements as referred to in Note no. 34 of the financial statements;
 - ii. The Company have derivative contracts as maintained in note 5 & 17 and gain/losses on those contracts as on March 31, 2023 has been recognised in the books of account. Further, there were no long-term 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 the year ended March 31, 2023.
 - iv. (a) The management has represented to us that, to the best of it’s knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The management has represented to us that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on our audit procedure conducted that are considered reasonable and appropriate in the circumstances, nothing has come to our attention that cause us to believe that the representation given by the management under paragraph (2) (h) (iv) (a) & (b) contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year.
- vi. Pursuant to Rule 3 (1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 01, 2023 to the Company which are companies incorporated in India and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For **Pathak H. D. & Associates LLP**

Chartered Accountants

Firm Registration no. 107783W/W100593

Sd/-

Jigar T. Shah

Partner

Membership No.: 161851

UDIN: 23161851BGSWPG7319

Place: Mumbai

Date: April 24, 2023

Annexure A to Auditors' Report

Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report in the Independent Auditors' Report of even date to the members of Reliance Financial Limited on the financial statements as of and for the year ended March 31, 2023

(i) In respect of its Property Plant and Equipment:

(a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of its property, plant and equipment, on the basis of available information.

(B) Based on the records examined by us and information and explanation given to us the Company is maintaining proper records showing full particulars of Intangible Assets.

(b) The Company has a regular programme of physical verification of its property, plant and equipment, by which all property, plant and equipment are verified in a phased manner over a period of time. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, property, plant and equipment has been physically verified by the Management during the year and no material discrepancies between the book records and the physical assets were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, we report that, the title deeds of all the immovable properties comprising of a building other than self-constructed properties are held in the name of the Company.

(d) According to information and explanations given to us and books of accounts and records examined by us, Company during the year has not revalued its Property, Plant and Equipment and intangible assets, hence, the requirements of the said clause i(d) of paragraph 3 of the Order is not applicable to the Company.

(e) According to information, explanations and representation given to us by the management, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) (a) According to the information and explanations given to us, the Company does not hold any physical inventories. Thus, the reporting requirements under paragraph 3(ii)(a) of the order is not applicable to the Company.

(b) As per the information and explanations given to us and books of accounts and records examined by us, no working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets has been taken by the Company. Therefore, the reporting requirements under paragraph 3(ii)(b) of the Order is not applicable to the Company.

- (iii) (a) According to information and explanations given to us and books of accounts and records examined by us, the Company's principle business is to give loans, hence the reporting requirements under paragraph 3(iii)(a)(A) & (B) of the Order is not applicable.
- (b) In our opinion and according to information and explanations given us and on the basis of our audit procedures, the terms and conditions of all loans ,advances in the nature of loans and investments made by the Company are not prejudicial to Company's interest. Company has not provided any guarantees or given security during the year.
- (c) According to the books of accounts and records examined by us in respect of the loans, where the schedule of repayment of principal and payment of interest has been stipulated, the repayments or receipts are generally regular except for loans given to various parties amounting to Rs. 2, 48,725 thousands on prudence basis, the Company has not recognised interest on certain parties from April 01, 2020 onwards.
- (e) According to information and explanations given to us and books of accounts and records examined by us, the Company principle business is to give loans. Hence, the reporting requirements under paragraph 3(iii)(e) of the Order is not applicable.
- (f) In our opinion and according to information and explanation given and records examined by us, the Company has granted loans which are repayable on demand. The details are as follows:

Rs. In Thousand

Particulars	All Parties	Promoters	Related Parties
Aggregate amount of loans/ advances in nature of loans - Repayable on demand (A)	4,30,225	-	1,04,500
- Agreement does not specify any terms or period of repayment (B)	-	-	-
Total (A+B)	4,30,225	-	1,04,500
Percentage of loans/ advances in nature of loans to the total loans	100%	-	24.29%

- (iv) The Company has not granted any loan or provided any guarantee or security in connection with any loan taken by parties covered under section 185 of the Act. Therefore, the provisions of section 185 are not applicable to the Company. The Company is registered as Non Banking Financial Company with RBI. Thus, the provision of section 186 except sub-section (1) of the Act is not applicable to the Company. In our opinion and information and explanations given to us, during the year, the Company has not made any investments through more than two layers of investment companies as mentioned in sub-section (1) of section 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions

of the Act and the relevant rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

- (vi) According to information & explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Act. Hence, the reporting requirements under paragraph 3(vi) of the order is not applicable to the Company.
- (vii) Based on the records examined by us and according to the information and explanations given to us, in respect of statutory dues:
 - (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including goods and service tax, provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable, with the appropriate authorities. There are no undisputed amounts payable in respect to such applicable statutory dues outstanding as at March 31, 2023 for a period of six months from the date they became payable.
 - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of goods and service tax, provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as at March 31, 2023 which have not been deposited on account of a dispute.
- (viii) According to the information and explanations given to us and representation given by the management, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (ix)
 - a) In our opinion and according to the information and explanations given and books of accounts and records examined by us, the Company has not defaulted in repayment of dues to debentures holders of Market linked debentures and banks. The Company does not have any borrowings from financial institutions and government.
 - b) In our opinion, and according to the information and explanations given to us, the Company has not been declared wilful defaulter by any bank or financial institution or other lender.
 - c) In our opinion, and according to the information and explanations given and records examined by us, the Company does not have any term loans from banks, financial institutions and government. Hence, the reporting requirements under paragraph 3(ix)(c) of the Order is not applicable.
 - d) In our opinion, and according to the information and explanations given to us, funds raised on the short-term basis have not been utilized for long term purposes.

- e) In our opinion, and according to the information and explanations given to us, the Company does not have any subsidiaries, associates or joint ventures. Hence, the reporting requirements under paragraph 3(ix)(e) and (f) of the Order is not applicable.
- (x) (a) During the year the Company has not raised money by way of initial public offer or further public offer (including debt instruments) hence the reporting requirements under paragraph 3(ix) (a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) as per section 42 and 62 of the Act, hence the reporting requirements under paragraph 3(ix)(b) of the Order is not applicable.
- (xi) (a) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.
- (b) According to the information and explanations given to us, no report under sub-section 12 of section 143 of the Act has been filed by us or by any other auditor in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information, explanations and representation given to us by the management, no whistle-blower complaints have been received during the year by the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii)(a), (xii)(b) and (xii)(c) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) In our opinion, and according to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the company issued till date, for the period under audit.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

- (xvi) (a) The Company is registered under section 45-IA of the Reserve Bank of India Act, 1934.
- (b) In our opinion, and according to the information and explanations provided to us and on the basis of our audit procedures, the Company is registered as Non-Banking Financial under section 45-IA of the Reserve bank of India Act, 1934 and holds a valid certificate of registration.
- (c) In our opinion, and according to the information and explanations provided to us, the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (d) As represented by the management, the Group does not have more than one Core Investment Company as part of the Group as per the definition of Group contained in the Core Investment Companies (Reserve Bank) Directions, 2016.
- (xvii) Based on examination of records, the Company has incurred cash losses of Rs. 1, 47,794 thousand in the financial year 2022-23 and has not incurred cash losses in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) Based on the examination of records of the Company and information and explanations given to us, due to losses incurred, the conditions and requirements of section 135 of the act is not applicable to the Company hence, paragraph 3(xx) (a) and (xx) (b) of the Order is not applicable.

For **Pathak H. D. & Associates LLP**

Chartered Accountants

Firm Registration no. 107783W/W100593

Sd/-

Jigar T. Shah

Partner

Membership No.: 161851

UDIN: 23161851BGSWPG7319

Place: Mumbai

Date: April 24, 2023

Annexure B to the Independent Auditor's Report on the financial statements of Reliance Financial Limited for year ended March 31, 2023

Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(f) under 'Report on other legal and regulatory requirements' section of our report of even date) to the members of Reliance Financial Limited for the year ended March 31, 2023)

We have audited the Internal Financial Controls with reference to financial statements of **Reliance Financial Limited** (hereinafter referred to as "the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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 ('ICAI'). 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 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 judgment, 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 with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control with reference to financial statements 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 issued by the Institute of Chartered Accountants of India.

For **Pathak H. D. & Associates LLP**

Chartered Accountants

Firm Registration no. 107783W/W100593

Sd/-

Jigar T. Shah

Partner

Membership No.: 161851

UDIN: 23161851BGSWPG7319

Place: Mumbai

Date: April 24, 2023

Reliance Financial Limited

Balance Sheet as at March 31, 2023

(Currency: Indian rupees in thousands)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS			
Financial Assets			
(a) Cash and cash equivalents	3	2,12,052	3,05,632
(b) Bank Balance other than (a) above	4	50,603	2,00,603
(c) Derivative financial instruments	5	537	239
(d) Receivables			
(i) Trade receivables	6	-	-
(ii) Other receivables		-	-
(e) Loans	7	1,72,001	2,86,765
(f) Investments	8	7,82,637	4,06,999
(g) Other Financial assets	9	45,818	5,37,033
Non-financial Assets			
(a) Inventories	10	67,320	41,607
(b) Current tax assets (net)	11	28,113	25,156
(c) Deferred tax assets (net)	12	1,07,909	1,07,909
(d) Investment property	13	2,095	2,138
(e) Property, plant and equipment	14	405	1,169
(f) Goodwill	15A	59,327	59,327
(g) Other intangible assets	15B	3,693	5,045
(h) Other non-financial assets	16	256	536
Total Assets		15,32,766	19,80,158
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
(a) Derivative financial instruments	17	730	21
(b) Payables			
Trade Payables	18		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		395	757
Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(c) Debt securities	19	2,09,061	6,54,109
(d) Subordinated liabilities	20	1,20,919	1,61,182
(e) Other financial liabilities	21	1,97,460	1,48,625
Non-Financial Liabilities			
(a) Provisions	22	3,592	3,578
(b) Other non-financial liabilities	23	20,311	62,455
EQUITY			
(a) Equity share capital	24	2,41,579	2,41,579
(b) Other equity	25	7,38,719	7,07,852
Total Liabilities and Equity		15,32,766	19,80,158

Significant accounting policies and notes to the financial statement

1 to 53

The accompanying notes form an integral part of the financial statements.

As per our attached report of even date

For Pathak H. D. & Associates LLP

Chartered Accountants

FRN:- 107783W/W100593

Sd/-

Jigar T. Shah

Partner

M. No.: 161851

Place : Mumbai

Date: April 24, 2023

For and on behalf of the board of directors

sd/-

Lav Chaturvedi

Director

DIN : 02859336

sd/-

Homai Daruwalla

Director

DIN : 00365880

sd/-

Sarvesh Sharma

Chief financial officer

sd/-

Rishabh Chouhan

Company Secretary

M. No. : A68523

Reliance Financial Limited

Statement of Profit and Loss account for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Particulars	Note No.	Year ended March 31, 2023	Year ended March 31, 2022
A Revenue from operations			
Interest income	26	48,497	66,810
Fees, Commission & Other Operating Income	27	32,492	69,493
Net gain on fair value changes	28	2,30,009	1,73,593
Total Revenue from operations		3,10,998	3,09,896
B Other Income	29	1,252	3,047
C Total Income (A + B)		3,12,250	3,12,943
Expenses			
Finance cost	30	8,816	11,653
Fees and commission expense	31	489	5,338
Employee benefits expenses	32	1,17,242	1,44,884
Depreciation and amortization	14 & 15A	2,139	2,812
Others expenses	33	1,50,301	2,58,423
D Total Expenses		2,78,987	4,23,110
(I) Profit / (Loss) before exceptional items and tax (C-D)		33,263	(1,10,167)
(II) Exceptional items		-	-
(III) Profit / (Loss) before tax (I - II)		33,263	(1,10,167)
(IV) Tax Expense:			
(1) Current Tax		2,583	1,480
(2) Deferred Tax		-	-
(3) Taxes of earlier years		(1,322)	(9,212)
(V) Profit / (Loss) for the year (III-IV)		32,002	(1,02,435)
(VI) Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment retirement benefit		(1,520)	4
Tax on above		383	(1)
Other Comprehensive Income/(Loss) for the year		(1,137)	3
(VII) Total Comprehensive Income for the year		30,865	(1,02,432)
Earnings per equity share (Amount in ₹)			
Basic (Rs.)		1.32	(4.24)
Diluted (Rs.)		1.32	(4.24)

Significant accounting policies and notes to the financial statement 1 to 53

The accompanying notes form an integral part of the financial statements.

As per our attached report of even date

For Pathak H. D. & Associates LLP

Chartered Accountants

FRN.: 107783W/W100593

sd/-

Jigar T. Shah

Partner

M. No.: 161851

Place : Mumbai

Date: April 24, 2023

For and on behalf of the board of directors

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Lav Chaturvedi

Director

DIN : 02859336

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Sarvesh Sharma

Chief financial officer

sd/-

Homai Daruwalla

Director

DIN : 00365880

sd/-

Rishabh Chouhan

Company Secretary

M. No. : A68293

Reliance Financial Limited

Statement of Cash Flow for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Particulars	As at March 31, 2023	As at March 31, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit/(Loss) before tax:	33,263	(1,10,167)
Adjustments :		
Depreciation, amortisation and impairment	2,139	2,812
Provision for Gratuity	998	812
Provision for doubtful debts & other receivable	(1,37,573)	2,41,282
Excess Provision written back	(478)	(90)
Loss on sale\discardment of property, plant and equipment	20	245
Bad Debts	2,76,200	-
Interest expense on preference shares	23,007	18,486
Finance Cost	(14,191)	(6,833)
Interest on income tax refund	(755)	(2,957)
Profit on sale of mutual funds	(28,976)	(18,980)
Interest on fixed deposit	(6,890)	(18,174)
Interest on bond	(9,331)	(2,922)
Net gain/ (loss) on fair value changes on preference shares	(15,301)	(14,630)
Operating profit before working capital changes	1,22,132	88,884
Adjustments for (increase)/ decrease in operating assets:		
Inventories	(16,382)	11,130
Trade receivables	-	-
Loans	(23,863)	22,878
Other financial assets	4,91,215	(1,96,589)
Other non-financial assets	281	28,782
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(362)	474
Provisions	(2,503)	(2,848)
Other financial Liabilities	26,306	33,808
Other non-financial liabilities	(42,145)	38,919
Cash generated from / (used in) operations	5,54,679	25,438
Less : Income taxes paid (net of refunds)	(3,080)	12,563
Net cash inflow / (outflow) from operating activities	5,51,599	38,001
B. CASH FLOW FROM INVESTING ACTIVITIES :		
(Purchases)/Sale of Investment (net)	(3,31,361)	1,50,046
(Investment)/ redemption of Fixed deposit (net)	1,50,000	59,700
Interest received on fixed deposits	6,890	16,345
Net cash inflow / (outflow) from investing activities	(1,74,471)	2,26,090
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of Market link debenture (net)	(2,59,000)	(83,320)
Repayment of Preference share	(40,263)	-
Interest paid	(1,71,856)	(298)
Settlement on derivative financial instruments	411	1,06,531
Net cash inflow / (outflow) from financing activities	(4,70,708)	22,913
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(93,580)	2,87,004
Add : Cash and cash equivalents at beginning of the year	3,05,632	18,628
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	2,12,052	3,05,632
Cash and cash equivalents comprise		
Balance with scheduled banks		
-in current accounts	2,12,052	3,05,632
-in cheque in hand	-	-
Total cash and cash equivalents	2,12,052	3,05,632

Reliance Financial Limited

Statement of Cash Flow for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note :

1. Net debt reconciliation

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalent	2,12,052	3,05,632
Subordinated liabilities	(1,20,919)	(1,61,182)
Debt securities	(2,09,061)	(6,54,109)
Net debt	(1,17,928)	(5,09,659)

Particulars	Cash and cash equivalent	Borrowings	Debt securities	Total
Net debt as at March 31, 2021	18,628	(1,61,182)	(6,36,254)	(7,78,808)
Cash flows	2,87,004	-	83,320	3,70,324
Interest expense	-	-	(1,01,175)	(1,01,175)
Interest paid	-	-	-	-
Net debt as at March 31, 2022	3,05,632	(1,61,182)	(6,54,109)	(5,09,659)
Cash flows	(93,580)	40,263	2,59,000	2,05,683
Interest (expense)/Reversal	-	-	42,557	42,557
Interest paid	-	-	1,43,491	1,43,491
Net debt as at March 31, 2023	2,12,052	(1,20,919)	(2,09,061)	(1,17,928)

2 The above Statement of Cash Flows has been prepared under the Indirect method as set out in IND AS - 7 on Statement of Cash Flows notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015], as amended.

3 Figures in brackets indicate cash outflow.

4 Figures of previous year are regrouped and reclassified wherever necessary to correspond to figures of the current year.

The accompanying notes form an integral part of the financial statements

As per our attached report of even date

For Pathak H. D. & Associates LLP

Chartered Accountants

FRN.:- 107783W/W100593

sd/-

Jigar T. Shah

Partner

M. No.: 161851

Place : Mumbai

Date: April 24, 2023

For and on behalf of the board of directors

sd/-

Lav Chaturvedi

Director

DIN : 02859336

sd/-

Sarvesh Sharma

Chief financial officer

sd/-

Homai Daruwalla

Director

DIN : 00365880

sd/-

Rishabh Chouhan

Company Secretary

M. No. : A68293

Reliance Financial Limited

Statement of changes in equity for the year ended for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

A Equity share capital (refer note 24)

Particulars	Number	Amount
As at March 31, 2021	2,41,57,897	2,41,579
Change in equity share capital during the year	-	-
As at March 31, 2022	2,41,57,897	2,41,579
Change in equity share capital during the year	-	-
As at March 31, 2023	2,41,57,897	2,41,579

B Other equity (refer note 25)

Particulars	Reserves and surplus			Other comprehensive income	Total other equity
	Securities premium	Statutory reserve fund	Retained earnings		
As at March 31, 2021	3,68,420	1,18,921	3,24,107	(1,164)	8,10,284
Profit / (Loss) for the year	-	-	(1,02,435)	-	(1,02,435)
Re-measurement of post retirement benefit obligation gain / (loss) (net)	-	-	-	3	3
Total comprehensive income for the year	-	-	(1,02,435)	3	(1,02,432)
Transfers to Statutory reserve fund	-	-	-	-	-
As at March 31, 2022	3,68,420	1,18,921	2,21,672	(1,161)	7,07,852
Profit / (Loss) for the year	-	-	32,003	-	32,003
Re-measurement of post retirement benefit obligation gain / (loss) (net)	-	-	-	(1,136)	(1,136)
Total comprehensive income for the year	-	-	32,003	(1,136)	30,867
Transfers to Statutory reserve fund	-	6,401	(6,401)	-	-
As at March 31, 2023	3,68,420	1,25,322	2,47,274	(2,297)	7,38,719

The accompanying notes form an integral part of the financial statements

As per our attached report of even date

For Pathak H. D. & Associates LLP

Chartered Accountants

FRN.: - 107783W/W100593

sd/-

Jigar T. Shah

Partner

M. No.: 161851

Place : Mumbai

Date: April 24, 2023

For and on behalf of the board of directors

sd/-

Lav Chaturvedi

Director

DIN : 02859336

sd/-

Sarvesh Sharma

Chief financial officer

sd/-

Homai Daruwalla

Director

DIN : 00365880

sd/-

Rishabh Chouhan

Company Secretary

M. No. : A68293

Reliance Financial Limited

Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

1 Company information

Reliance Financial Limited was incorporated on August 26, 2005. The Company is licensed by the Reserve Bank of India to act as a Non-banking financial company. The Regd. Office of the company is 11th Floor, R - Tech IT Park, Nirlon Compound, Western Express Highway, Goregaon (East), Mumbai - 400063.

These financial statement of the Company for the year ended March 31, 2023 were authorised for issue by the board of directors on April 24, 2023. Pursuant to the provision of the section of the Companies Act, 2013 (the 'Act') the Central Government, Income tax authorities, Securities and Exchange Board of India, other statutory regulatory body and under section 131 of the Act, the board of directors of the Company have powers to amend / re-open the financial statements approved by the board / adopted by the members of the Company.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.01 Basis of preparation

(i) Compliance with Ind AS

These financial statements have been prepared in accordance with the Indian Accounting standards (Ind AS) notified under section 133 of the Companies Act, 2013 ('the Act') [Companies (Indian Accounting Standards) Rules, 2015], as amended and other relevant provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (ICAI).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivatives instruments) are measured at fair value;
- Assets held for sale – measured at fair value less cost to sell;
- Defined benefit plans – plan assets measured at fair value.

2.02 Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in statement of profit or loss.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognizes the difference as follows:

- (a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.
- (b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in statement of profit or loss.

2.03 Financial assets

(i) Classification and subsequent measurement

The Company has applied Ind AS 109 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost

Reliance Financial Limited

Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables.

Classification and subsequent measurement of debt instruments depend on:

- (i) the Company's business model for managing the asset; and
- (ii) the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual Cash flows where those Cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortized cost. The carrying amount of these Assets is adjusted by any expected credit loss allowance recognized and measured as described in note 44. Interest income from these financial Assets is recognized using The effective interest rate method.

Fair value through other comprehensive income: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value option for financial assets: The Company may also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates an accounting mismatch created by assets and liabilities being measured on different bases.

Trade receivables are measured at transaction price.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a Company of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Reliance Financial Limited

Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

a) Purchased financial assets, for which the original credit-adjusted effective interest rate is applied to the amortized cost of the financial asset.

b) Financial assets that have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortized cost (i.e. net of the expected credit loss provision).

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Company subsequently measures all equity investments at fair value.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in net gain/loss on fair value changes in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Gains and losses on equity investments at FVPL are included in the statement of profit or loss.

(ii) Impairment

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortized cost and FVOCI. The Company recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The measurement of the ECL allowance is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 44, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL detailed information about the judgements and estimates made by the Company in the above areas is set out in note 44.

Reliance Financial Limited

Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

(iii) Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. The Company does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Company de-recognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Company also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on de-recognition.

If the terms are not substantially different, the renegotiation or modification does not result in de-recognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in the statement of profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The impact of modifications of financial assets on the expected credit loss calculation is discussed in note 44.

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control. The Company directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

2.04 Financial liabilities

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortized cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in statement of profit or loss: and
- Financial liabilities arising from the transfer of financial assets which did not qualify for de-recognition, whereby a financial liability is recognized for the consideration received for the transfer. In subsequent periods, the Company recognizes any expense incurred on the financial liability.

Reliance Financial Limited

Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Market linked debentures (MLDs)

The Company has issued certain non-convertible debentures, the rate of interest on which is linked to performance of specified indices over the period of the debentures. The Company has opted to designate the entire hybrid contract at FVTPL as the embedded derivative significantly modifies the cash flows that otherwise would be required by the contract. Further, the embedded derivative is not closely related to the financial liability host contract. The Company hedges its interest rate risk on MLD by taking positions in future & options based on specified indices. Any gain / loss on these hedge positions is recognized in Statement of Profit and Loss.

(ii) Derecognition

Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires.

The exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

2.05 Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The method of recognizing the resulting fair value gain or loss depends on whether the derivative is designated and qualifies as a hedging instrument, and if so, the nature of the item being hedged.

(i) Derivatives that are not designated as hedges :

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.

2.06 Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognized when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

When (or as) a performance obligation is satisfied, the Company recognizes as revenue the amount of the transaction price (excluding estimates of variable consideration) that is allocated to that performance obligation.

The Company applies the five-step approach for recognition of revenue:

- Identification of contract(s) with customers;
- Identification of the separate performance obligations in the contract;
- Determination of transaction price;
- Allocation of transaction price to the separate performance obligations; and
- Recognition of revenue when (or as) each performance obligation is satisfied.

(i) Interest income

Interest income is recognized using the effective interest rate (refer note 2.03)

(ii) Dividend income

Dividend income is recognized in the statement of profit or loss on the date that the Company's right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be reliably measured. This is generally when the shareholders approve the dividend.

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Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

For all equity instruments (in the nature of equity) measured at amortized cost, interest income (refer note 28) is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument. Interest income is included in net gain on fair value changes in the statement of profit and loss.

(iii) Processing fees

Processing fees on loan disbursement is amortized over the life of loan using the "effective interest rate" method.

(iv) Delay payment interest

Delay payment interest is recognised on an accrual basis.

(v) Income from trading in derivatives

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into, and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in the statement of profit and loss immediately. Other payments made in connection with the acquisition of derivatives are recognized in the statement of profit and loss.

2.07 Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional i.e. only the passage of time is required before payment of consideration is due and the amount is billable.

2.08 Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.09 Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Reliance Financial Limited

Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

2.10 Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash at banks and on hand, cheques on hand, short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.12 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of noncash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.13 Property, plant and equipments

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives & residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

The estimated useful lives for the different types of assets are:

Asset	Useful life
Office Equipments	5 years
Furniture and Fixtures	10 years
Data Processing Equipments	
(i) Servers and networks	6 years
(ii) End user devices (desktops, laptops, etc.)	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in the statement of profit or loss.

Asset costing less than ₹ 5,000 are fully depreciated at the time of acquisition.

Reliance Financial Limited

Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

2.14 Intangible assets

Intangible assets are recognized where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortization and impairment, if any.

Expenditure incurred on acquisition/development of intangible assets which are not put/ready to use at the reporting date is disclosed under intangible assets under development. The Company amortizes intangible assets on a straight-line basis over the useful lives of the assets commencing from the month in which the asset is first put to use. The Company provides pro-rata depreciation from the day the asset is put to use.

The estimated useful lives for the different types of assets are:

Asset	Useful life
Software	6 years

2.15 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is de-recognized.

Investment properties are depreciated using the straight-line method over their estimated useful lives. The useful life has been considered as 60 years as prescribed in Part C of Schedule II of the Company Act, 2013.

2.16 Off-setting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.17 Inventories

Financial instruments held as inventory are measured at fair value through profit or loss.

2.18 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

2.19 Provisions, Contingent Liabilities and Contingent Asset

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events. Contingent liability is not recognised as it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with reliability. Contingent Liabilities are not recognised but are disclosed in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. A contingent asset is not recognised however disclosed in the financial statements, if any.

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Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

2.20 Employee benefits

(i) Short-term obligations

Liabilities for salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) Gratuity; and
- (b) Provident fund.

Defined Benefits plans

Gratuity Obligations

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in other equity in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

Defined contribution plans

Provident fund

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Other long-term employee benefit obligations

Leave encashment

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the statement of profit or loss.

2.21 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

For all equity instruments (in the nature of equity) measured at amortized cost, interest expenses (refer note 30) is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments over the expected life of the financial instrument. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument. Interest expense is included in finance cost in the statement of profit and loss.

2.22 Earnings per share

(a) Basic earnings per share

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial Year, adjusted for bonus element in equity shares issued during the Year (Note 38).

Reliance Financial Limited

Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.23 Foreign currency translations

Initial recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Subsequent recognition

As at the reporting date, foreign currency monetary items are translated using the closing rate and non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction.

Exchange gains and losses arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the year or in previous financial statements are recognised in profit or loss in the year in which they arise.

2.24 Functional and presentation currency

The financial statements are presented in Indian Rupees and all amounts disclosed in the financial statements and notes have been rounded off upto the nearest thousand unless otherwise stated.

2.25 Critical accounting estimates and judgements

The preparation of financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the balance sheet and statement of profit or loss. The actual amounts realised may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Information about significant areas of estimation/uncertainty and judgements in applying accounting policies that have the most significant effect on the consolidated financial statements are as follows:

- (a) Estimation of deferred tax -Note 36.3
- (b) Estimation of defined benefit obligation-Note 37
- (c) Measurement of fair values and Expected Credit Loss (ECL)-Note 44

2.26 Standard issued but not effective

On March 31, 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into amendments in the following existing accounting standards which are applicable to company from April 1, 2023.

- Ind AS 101 – First-time Adoption of Indian Accounting Standards
- Ind AS 102 – Share-based Payment
- Ind AS 103 – Business Combinations
- Ind AS 107 – Financial Instruments Disclosures
- Ind AS 109 – Financial Instruments
- Ind AS 115 – Revenue from Contracts with Customers
- Ind AS 1 – Presentation of Financial Statements
- Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Ind AS 12 – Income Taxes
- Ind AS 34 - Interim Financial Reporting

Application of above standards are not expected to have any significant impact on the company's financial statements.

2.27 Segment Reporting

The Operating segments has been identified and reported taking into account its internal financial reporting, performance evaluation and organizational structure of its operations, operating segment is reported in the manner evaluated by Board considered as Chief Operating Decision-Maker under Ind AS 108 "Operating Segment".

Reliance Financial Limited

Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note 3 - Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents		
Balance with banks in current accounts	2,12,052	3,05,632
Total	2,12,052	3,05,632

Note 4 - Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed deposit accounts		
- Under lien	603	603
- Under margin	-	1,50,000
- Under lien for OD	50,000	50,000
Total	50,603	2,00,603

In respect of balances with banks in fixed deposit accounts above includes:

(a) Rs. 603 thousands (March 31, 2022 - Rs. 603 thousands) kept as deposit with Sales Tax Authority of which Rs. 350 thousands (March 31, 2022 - Rs. 350 thousands) are utilised for issuing Bank guarantees.

(b) Rs. Nil (March 31, 2022 - Rs. 1,50,000 thousands) placed as margin favouring National Securities Clearing Corporation Limited.

(c) Rs. 50,000 thousands (March 31, 2022 - Rs. 50,000 thousands) are liened against bank overdraft facility.

Note 5 - Derivative financial instruments

The company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges, but the company has elected not to apply hedge accounting requirements.

The table below shows the fair values of derivative financial instruments recorded as assets together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

Particulars	Notional value	Fair value of assets
As at March 31, 2023		
Equity derivatives	3,38,540	537
As at March 31, 2022		
Equity derivatives	2,63,955	239

The company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are Market linked debentures.

Reliance Financial Limited

Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note 6 - Trade receivables

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Other receivables - credit impaired	-	575
Less : Impairment loss allowance	-	(575)
Total	-	-

Note 7 - Loans

Particulars	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Loans against securities	70,675	70,675
Loans repayable on demand	2,55,050	5,31,150
Loans to related parties	1,04,500	84,100
Total (Gross)	4,30,225	6,85,925
Less : Impairment loss allowance	(2,58,224)	(3,99,160)
Total (Net)	1,72,001	2,86,765
At amortised cost		
Loans against securities	16%	10%
Loans repayable on demand	59%	77%
Loans to related parties	24%	12%
	100%	100%
Of above		
Secured	70,675	70,675
Unsecured	3,59,550	6,15,250
Total (Gross)	4,30,225	6,85,925
Less : Impairment loss allowance	(2,58,224)	(3,99,160)
Total (Net)	1,72,001	2,86,765
Related parties	1,04,500	84,100
Individual	70,675	70,675
Corporates	2,55,050	5,31,150
Total (Gross)	4,30,225	6,85,925
Less : Impairment loss allowance	(2,58,224)	(3,99,160)
Total (Net) (C)	1,72,001	2,86,765
(I) Loan In india		
(i) Public Sector	-	-
(ii) Others	4,30,225	6,85,925
Total (Gross) (D) (I)	4,30,225	6,85,925
Less : Impairment loss allowance	(2,58,224)	(3,99,160)
Total (Net) (D) (I)	1,72,001	2,86,765
(II) Loan outside India		
Less : Impairment loss allowance	-	-
Total (Net) (D) (II)	-	-
Total (D) (I) and (D) (II)	1,72,001	2,86,765

Note : During the year the Company has accounted / (reversed) for expected credit loss on ICD's aggregating to Rs. (1,40,936) thousand (during the previous year Rs. 1,41,277 thousand).

Reliance Financial Limited

Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note 7 - Loans

7.1 Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the company's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis are disclosed in note 44.

Internal rating grade	As at March 31, 2023			Total	As at March 31, 2022			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Performing								
High grade	-	-	-	-	-	-	-	-
Standard grade	1,81,500	-	-	1,81,500	2,81,550	-	-	2,81,550
Sub-standard grade	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-
Non- performing								
Individually impaired	-	-	2,48,725	2,48,725	-	-	4,04,375	4,04,375
Total	1,81,500	-	2,48,725	4,30,225	2,81,550	-	4,04,375	6,85,925

Analysis of changes in the gross carrying amount of loans

Particulars	As at March 31, 2023			Total	As at March 31, 2022			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	2,81,550	-	4,04,375	6,85,925	4,86,000	-	2,22,803	7,08,803
New assets originated or purchased	20,500	-	-	20,500	40,650	-	-	40,650
Assets derecognised or repaid	-	-	(2,76,200)	(2,76,200)	(61,400)	-	(2,128)	(63,528)
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 3	(1,20,550)	-	1,20,550	-	(1,83,700)	-	1,83,700	-
Closing balance	1,81,500	-	2,48,725	4,30,225	2,81,550	-	4,04,375	6,85,925

Reconciliation of ECL balance

Particulars	As at March 31, 2023			Total	As at March 31, 2022			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	28,155	-	3,71,005	3,99,160	1,10,080	-	1,47,803	2,57,883
New assets originated or purchased	2,292	-	1,05,353	1,07,645	4,065	-	1,40,480	1,44,545
Assets derecognised or repaid	-	-	(2,48,580)	(2,48,580)	(1,140)	-	(2,128)	(3,268)
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 3	(12,045)	-	12,045	-	(84,850)	-	84,850	-
Closing balance	18,402	-	2,39,823	2,58,225	28,155	-	3,71,005	3,99,160

Reliance Financial Limited

Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note 8 - Investments

Particulars	As at March 31, 2023				
	Amortised cost	At Fair value			Total
		Through OCI	Through P/L	Subtotal	
Mutual funds (quoted)	-	-	4,33,811	4,33,811	4,33,811
National savings certificate (quoted)	20	-	-	-	20
Preference Shares (unquoted)	-	-	3,48,806	3,48,806	3,48,806
Total – Gross (A)	20	-	7,82,617	7,82,617	7,82,637
(i) Overseas Investments	-	-	-	-	-
(ii) Investments in India	20	-	7,82,617	7,82,617	7,82,637
Total (B)	20	-	7,82,617	7,82,617	7,82,637
Less: Allowance for Impairment loss (C)	-	-	-	-	-
Total – Net D= (A)- (C)	20	-	7,82,617	7,82,617	7,82,637

Particulars	As at March 31, 2022				
	Amortised cost	At Fair value			Total
		Through OCI	Through P/L	Subtotal	
Mutual funds (quoted)	-	-	73,474	73,474	73,474
National savings certificate (quoted)	20	-	-	-	20
Preference Shares (unquoted)	-	-	3,33,505	3,33,505	3,33,505
Total – Gross (A)	20	-	4,06,979	4,06,979	4,06,999
(i) Overseas Investments	-	-	-	-	-
(ii) Investments in India	20	-	4,06,979	4,06,979	4,06,999
Total (B)	20	-	4,06,979	4,06,979	4,06,999
Less: Allowance for Impairment loss (C)	-	-	-	-	-
Total – Net D= (A)- (C)	20	-	4,06,979	4,06,979	4,06,999

Reliance Financial Limited

Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note 8 : Investment (Continued)

(i) Mutual Funds :

Market value of investments in quoted mutual funds represents the repurchase price of the units issued by the mutual funds. These units of mutual funds are invested in growth scheme of various funds.

Mutual funds	Units	As at March 31, 2023	Units	As at March 31, 2022
Aditya Birla Sun Life Credit Risk Fund Segregated Portfolio 1 Direct Plan Growth	-	-	12,81,805	218
Aditya Birla Sun Life Medium Term Plan Segregated Portfolio 1 Direct Plan Growth	-	-	42,03,340	2,394
Aditya Birla Sun Life Credit Risk Fund - Direct Plan - Growth	-	-	0	-
Aditya Birla Sun Life Medium Term Plan - Growth - Direct Plan	21,01,270	71,944	21,01,270	58,978
Axis Strategic Bond Fund - Direct Plan - Growth Option	1	-	1	-
Bharat Bond FOF - April 2023 - Direct Plan - Growth Option	63,12,898	77,146	-	-
Edelweiss NIFTY PSU Bond Plus SDL Apr 2026 50:50 Index Fund - Direct Plan - Growth	37,43,197	41,438	-	-
Franklin India Credit Risk Fund - Direct - Growth	1,26,407	3,167	3,00,109	7,209
Franklin India Credit Risk Fund- Segregated Portfolio 2 - Direct Growth Plan	24,18,297	1,394	32,40,532	1,758
Franklin India Credit Risk Fund - Segregated Portfolio 3 - Direct Growth Plan	38,57,985	-	38,57,985	-
Franklin India Income Opportunities Fund- Segregated Portfolio 2 - Direct Growth Plan	20,71,670	1,122	27,76,041	1,414
Franklin India SHORT TERM INCOME PLAN - Direct - GROWTH	2	8	2	8
Franklin India Short term Income Plan- Retail Plan- Segregated Portfolio 2 - Direct Growth Option	11,985	1,182	16,060	1,490
Franklin India Short Term Income Plan Segregated Portfolio 3 Direct Retail Growth	19,122	-	19,122	-
Franklin India Income Opportunities Direct Plan-Growth	-	-	0	-
HDFC Liquid Fund - Growth Option - Direct Plan	11,939	52,808	-	-
ICICI Prudential Liquid Fund - Direct Plan - Growth	1,58,513	52,814	-	-
ICICI Prudential Medium Term Bond Fund - Direct Plan - Growth	1	-	1	-
ICICI Prudential Overnight Fund Direct - Growth	0	-	-	-
ICICI Prudential Liquid Fund - Growth	-	-	0	-
BANDHAN CRISIL IBX Gilt June 2027 Index Fund Direct Plan-Growth	47,48,539	51,856	-	-
Kotak Credit Risk Fund - Direct	-	-	0	-
Kotak Medium Term Fund - Direct Growth	-	-	0	-
Nippon India Low Duration Fund - Direct Plan Growth Plan - Growth Option	-	-	0	-
Nippon India Credit Risk Fund - Direct Plan - Growth Plan	1	-	1	-
Nippon India Credit Risk Fund - Segregated Portfolio 2 - Direct Plan - Growth Plan	1	-	1	-
Nippon India Liquid Fund - Direct Plan Growth Plan - Growth Option	9,592	52,824	0	2
Nippon India Money Market Fund - Direct Plan Growth Plan - Growth Option	1	3	1	3
Nippon India Credit Risk Fund Segregated Portfolio 1 Direct Growth	-	-	-0	-
SBI Liquid Fund - DIRECT PLAN -Growth	7,409	26,105	-	-
UTI - Master Share-Growth Option	1	-	-	-
Total		4,33,811		73,474

(ii) Investments in Preference shares :

The company has been invested in 0 % Compulsorily Convertible Preference Shares Qty 2,50,00,000 (Previous Year Qty. 2,50,00,000) of ₹ 10 each of Reliance Securities Limited as per below terms :-

Particulars	Terms
Instrument	0% Compulsorily Convertible Optionally Redeemable preference shares ('CCPS') (with Guaranteed yield - 6%).
Conversion terms	A. 2 fully paid equity shares for 5 preference shares held. B. During the tenor of the shares, the issuer thereof shall have the option to convert the CCPS (along with guaranteed yield accrued thereon till date) at any time during the tenor of the instrument into fully paid equity shares in the conversion ratio mentioned above. C. To the extent the issuer has not exercised its option to convert into equity shares during the tenor of the shares, and further if the issuer has not exercised its redemption option as stated below, then it shall be compulsorily converted into fully paid equity shares (along with guaranteed yield accrued thereon till date) at the end of the tenor of the CCPS. D. To determine the number of shares to be issued against guaranteed yield accrued till the date of conversion, amount of yield accrued will be divided by Rs.25 (i.e. value per share). E. The issue price of equity shares on conversion would be Rs. 25/- per share comprising of face Value of Rs. 10/- each and a premium of Rs. 15 per share.
Redemption Option	The issuer shall have an option to redeem (along with guaranteed yield accrued till date) which can be exercised before the expiry of tenor of CCPS (i.e. 10 years from issue date).
Yield payments	The issuer has a discretion to pay the yield on CCPS in cash.

Reliance Financial Limited

Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note 8 : Investment (Continued)

8.1 Investments measured at fair value through profit and loss

The table below shows the credit quality and the maximum exposure to credit risk per based on the company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the company's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 44.

Internal rating grade	As at March 31, 2023			Total	As at March 31, 2022			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Performing								
High grade								
Mutual Fund	4,33,811	-	-	4,33,811	73,474	-	-	73,474
Preference shares	3,48,806	-	-	3,48,806	3,33,505	-	-	3,33,505
Standard grade	-	-	-	-	-	-	-	-
Sub-standard grade	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-
Non- performing								
Individually impaired	-	-	-	-	-	-	-	-
Total	7,82,617	-	-	7,82,617	4,06,979	-	-	4,06,979

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows

Particulars	As at March 31, 2023			Total	As at March 31, 2022			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	4,06,979	-	-	4,06,979	5,23,415	-	-	5,23,415
New assets originated or purchased	3,75,638	-	-	3,75,638	-	-	-	-
Assets derecognised or repaid	-	-	-	-	(1,16,436)	-	-	(1,16,436)
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Closing balance	7,82,617	-	-	7,82,617	4,06,979	-	-	4,06,979

Reconciliation of ECL balance

Particulars	As at March 31, 2023			Total	As at March 31, 2022			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	-	-	-	-	-	-	-	-
New assets originated or purchased	-	-	-	-	-	-	-	-
Assets derecognised or repaid	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-

Reliance Financial Limited

Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

8.2 Investments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk per based on the company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the company's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 44.

Internal rating grade	As at March 31, 2023			Total	As at March 31, 2022			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Performing								
High grade								
National savings certificate	20	-	-	20	20	-	-	20
Bonds	-	-	-	-	-	-	-	-
Standard grade	-	-	-	-	-	-	-	-
Sub-standard grade	-	-	-	-	-	-	-	-
Past due but not impaired	-	-	-	-	-	-	-	-
Non- performing								
Individually impaired	-	-	-	-	-	-	-	-
Total	20	-	-	20	20	-	-	20

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows

Particulars	As at March 31, 2023			Total	As at March 31, 2022			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	20	-	-	20	20	-	-	20
New assets originated or purchased	-	-	-	-	-	-	-	-
Assets derecognised or repaid	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Closing balance	20	-	-	20	20	-	-	20

Reconciliation of ECL balance

Particulars	As at March 31, 2023			Total	As at March 31, 2022			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	-	-	-	-	-	-	-	-
New assets originated or purchased	-	-	-	-	-	-	-	-
Assets derecognised or repaid	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-

Reliance Financial Limited

Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note 9 - Other Financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Margin money placed with broker	20,326	4,85,050
Accrued Interest		
On loans and advances	6,441	10,592
(Less):- Provision for credit impaired	(6,441)	-
On fixed deposits	-	1,829
Other deposits	27	27
Receivable from Mutual Fund	-	-
Other receivables*	1,25,469	1,39,539
Provision on other receivable	(1,00,004)	(1,00,004)
Total	45,818	5,37,033

*During the earlier years company had sold Monsoon Studio Bond (ISIN INE955X07016) of Rs. 1,00,004 thousand to Quant Capital Private Limited and said amount has been fully provided in FY 2021-22.

Note 10 - Inventories

Particulars	As at March 31, 2023	As at March 31, 2022
Shares & Securities*	67,320	41,607
Total	67,320	41,607
(i) Overseas Investments	-	-
(ii) Investments in India	67,320	41,607
Total	67,320	41,607
Less: Allowance for Impairment loss		
Total	67,320	41,607

* Financial instruments held as inventory are measured at fair value through profit or loss.

Reliance Financial Limited

Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note 10 - Inventories (Continue)

Debt Securities	Face Value	As at March 31, 2023		As at March 31, 2022	
		Quantity	Amount	Quantity	Amount
Cosmea Financial Holdings Private Limited FA/013-III	1,00,000	23	2,428	-	-
Cosmea Financial Holdings Private Limited FA/028	1,00,000	40	4,039	-	-
Cosmea Financial Holdings Private Limited FA/030	1,00,000	20	2,012	-	-
Cosmea Financial Holdings Private Limited FA/031	1,00,000	100	10,037	-	-
ECL FINANCE SEC RED NCD SR. II	1,000	-	-	315	426
ECL FINANCE SEC RED NCD SR. IV	1,000	98	147	610	803
ECL FINANCE SEC RED NCD SR. V	1,000	2,965	4,367	2,965	4,110
8.52% IDFC Bank Ltd	10,00,000	1	1,000	1	1,000
Reliance Capital Limited B/353A-I	1,00,000	50	1,250	50	1,250
Reliance Capital Limited B/359A-III	1,00,000	195	4,875	195	4,875
Reliance Capital Limited NIFTY-9-3-20-PVT	1,00,000	75	1,875	75	1,875
Reliance Home Finance Limited NIFTY-16-8-22-PVT	5,00,000	25	3,125	25	3,125
Reliance Securities Limited RC/180731	1,00,000	-	-	25	3,376
Reliance Securities Limited NIFTY-20-6-23-PVT	1,00,000	40	6,467	5	982
Torus Financial Market A/010	10,00,000	1	1,000	-	-
Torus Financial Market A/011	10,00,000	5	5,000	-	-
Torus Financial Market B/017	10,00,000	3	3,000	-	-
Torus Financial Market B/001	10,00,000	-	-	4	4,000
Torus Financial Market B/014-II	10,00,000	2	2,000	-	-
Anheuser Busch Limited	10	5,000	1,945	5,000	1,945
Sterlite Power	2	5,000	3,751	2,500	3,751
HDB Fin Ser Limited	10	10,000	9,002	10,000	9,001
Market Simplifie	10	-	-	13,597	1,088
			67,320		41,607

Reliance Financial Limited

Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note 11 - Current tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance payment of tax and tax deducted at source (Net of provision) (Provision of ₹ 3681 thousands - March 31, 2023, ₹ 1481 thousands - March 31, 2022)	28,113	25,156
Total	28,113	25,156

Note 12 - Deferred tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax assets / (liabilities) (Net)	1,07,909	1,07,909
Total	1,07,909	1,07,909

Note 13 - Investment property

Particulars	As at March 31, 2023	As at March 31, 2022
Gross block		
Opening gross carrying amount	2,347	2,347
Additions	-	-
Disposals	-	-
Closing gross carrying amount	2,347	2,347
Accumulated depreciation		
Opening accumulated depreciation	209	167
Depreciation charge	43	42
Disposals	-	-
Closing accumulated depreciation	252	209
Net carrying amount	2,095	2,138

Fair market value of the property is ₹ 2,955 thousands as on March 31, 2023 (₹ 2,837 thousands as on March 31, 2022).

Reliance Financial Limited

Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note 14 - Property, plant and equipment

Particulars	Leasehold Improvements	Office equipments	Furniture and fixtures	Data processing machineries	Total
Net carrying amount as at March 31, 2023					
Opening gross carrying amount	975	746	184	1,011	2,916
Additions	-	-	-	-	-
Disposals and transfers	(943)	(50)	-	(32)	(1,025)
Closing gross carrying amount	32	696	184	979	1,891
Accumulated depreciation					
Opening accumulated depreciation	652	304	36	755	1,747
Depreciation charge	323	147	18	256	744
Disposals and transfers	(943)	(30)	-	(32)	(1,005)
Closing accumulated depreciation	32	421	54	979	1,486
Net carrying amount as at March 31, 2023	-	275	130	-	405

Particulars	Leasehold Improvements	Office equipments	Furniture and fixtures	Data processing machineries	Total
Net carrying amount as at March 31, 2022					
Opening gross carrying amount	975	746	184	1,591	3,496
Additions	-	-	-	-	-
Disposals and transfers	-	-	-	(580)	(580)
Closing gross carrying amount	975	746	184	1,011	2,916
Accumulated depreciation					
Opening accumulated depreciation	329	157	18	681	1,185
Depreciation charge	323	147	18	474	962
Disposals and transfers	-	-	-	(400)	(400)
Closing accumulated depreciation	652	304	36	755	1,747
Net carrying amount as at March 31, 2022	323	442	148	256	1,169

Note 15B - Other intangible assets

A. Goodwill

Particulars	Goodwill on business acquisition	Total
Net carrying amount as at March 31, 2023		
Gross carrying amount		
Opening gross carrying amount	59,327	59,327
Additions	-	-
Disposals and transfers	-	-
Closing gross carrying amount	59,327	59,327
Accumulated amortisation		
Amortisation during the year	-	-
Disposals and transfers	-	-
Closing accumulated depreciation	-	-
Net carrying amount as at March 31, 2023	59,327	59,327

Reliance Financial Limited

Notes to Financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Particulars	Goodwill on business acquisition	Total
Net carrying amount as at March 31, 2022		
Gross carrying amount		
Opening gross carrying amount	59,327	59,327
Additions	-	-
Disposals and transfers	-	-
Closing gross carrying amount	59,327	59,327
Accumulated amortisation		
Amortisation during the year	-	-
Disposals and transfers	-	-
Closing accumulated depreciation		
Net carrying amount as at March 31, 2022	59,327	59,327

1) The recoverable amount is based on its value in use. The value in use is estimated using discounted cash flows over a period of 5 years. Cash flows beyond 5 years is estimated by capitalising the future maintainable cash flows by an appropriate capitalization rate and then discounted using pre-tax discount rate. Operating margins and growth rates for the five year cash flow projections have been estimated based on past experience and after considering the financial budgets/forecasts provided by the management. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industry and have been based on historical data from both external and internal sources. The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

B. Other intangible assets

Particulars	Computer softwares/ Licensing cost	Total
Net carrying amount as at March 31, 2023		
Gross carrying amount		
Opening gross carrying amount	10,086	10,086
Additions	-	-
Disposals and transfers	-	-
Closing gross carrying amount	10,086	10,086
Accumulated amortisation		
Amortisation during the year	5,041	5,041
Disposals and transfers	1,352	1,352
Closing accumulated depreciation	6,393	6,393
Net carrying amount as at March 31, 2023	3,693	3,693

Particulars	Computer softwares/ Licensing cost	Total
Year ended March 31, 2022		
Gross carrying amount		
Opening gross carrying amount	10,185	10,185
Additions	-	-
Disposals and transfers	(99)	(99)
Closing gross carrying amount	10,086	10,086
Accumulated amortisation		
Amortisation during the year	3,266	3,266
Disposals and transfers	1,808	1,808
Closing accumulated depreciation	5,041	5,041
Net carrying amount as at March 31, 2022	5,045	5,045

Note:- i) In respect of Intangible assets it is other than internally generated.

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note 16 - Other non-financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	207	46
Advance given to vendors	49	490
Total	256	536

Note 17 - Derivative financial instruments

The company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges, but the company has elected not to apply hedge accounting requirements.

The table below shows the fair values of derivative financial instruments recorded as liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

Particulars	Notional amounts	Fair value of liabilities
March 31, 2023		
Equity derivatives	1,86,600	730

Particulars	Notional amounts	Fair value of liabilities
March 31, 2022		
Equity derivatives	13,073	21

The company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are Market linked debentures.

The company's risk management strategy and how it is applied to manage risk are explained in Note 44.

Note 18 - Trade Payables

Particulars	As at March 31, 2023	As at March 31, 2022
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	395	757
Total	395	757

The information as required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of information received from suppliers regarding their status under the said act as available with the company and relied upon by the auditors.

According to the information available with the Company there are no dues (Previous year Rs. Nil) payable to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2023.

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note 18.1 - Trade Payables ageing

As at 31 March 2023

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	395	-	-	-	395
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
	395	-	-	-	395

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	757	-	-	-	757
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
	757	-	-	-	757

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note 19 - Debt securities

Particulars	As at March 31, 2023	As at March 31, 2022
At fair value through profit and loss		
Market linked debentures (Secured)	2,09,061	6,54,109
Total (A)	2,09,061	6,54,109
Debt securities in India	2,09,061	6,54,109
Debt securities outside India	-	-
Total (B)	2,09,061	6,54,109
Related party	-	-
Others	-	-
Total (C)	-	-

Security clause in respect to debentures

Market linked non convertible debentures (MLD) are secured by way of first ranking mortgage and charge over the Company's Immovable property situated at 4th Floor, Tower C, Siddhi Vinayak Towers, Makarba, Ahmedabad, Gujarat and on all present and future book debts/ business receivable of the company as specifically mentioned in the Trust deed.

In addition to the above, for each category of debentures the following respective additional security shall be available :

Category A Debentures :

A first pari passu charge on the present and future investments (investments includes non-current investments, current investments and stock in trade and excludes investments in equity and preference shares) of the company; within a minimum asset cover of 100% at all time during the tenor of debentures.

Note 20 - Subordinated liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Preference Shares other than those that qualify as Equity	1,20,919	1,61,182
Total (A)	1,20,919	1,61,182
Subordinated Liabilities in India	1,20,919	1,61,182
Subordinated Liabilities outside India	-	-
Total (B)	1,20,919	1,61,182

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Terms of preference shares :

March 2023

12% Non-convertible Cumulative Redeemable Preference Shares of ₹ 10/-each

The 12% Non-Convertible Cumulative Redeemable Preference Share (NCCRPS) holders shall be entitled to such rights and privileges as are available to them under the Companies Act, 2013.

They shall carry a preferential rights vis-a-vis equity shares of Company in respect of payment of capital and dividend in case of a winding up and shall be non participating in surplus of the Company.

'NCCRPS' were redeemable at issue price along with accumulated unpaid dividend on March 25, 2023. Further, in relation to extension request of the same was discussed during the Committee of Creditors ("CoC") meeting of Reliance Capital Limited dated March 02, 2023 and the agenda was approved by CoC stating below repayment schedule:-

On March 25, 2023 amount of ₹ 40,263 thousands

On April 25, 2023 amount of ₹ 40,263 thousands

On May 25, 2023 amount of ₹ 40,263 thousands

On June 25, 2023 amount of ₹ 1,39,317 (including accrued dividend of ₹ 99,054 thousands)

12% Non- Convertible Cumulative Redeemable Preference Shares (Qty 13000 Face Value Rs. 10) were issued on March 26, 2020 pursuant to the scheme of arrangement of Reliance Money Solutions Private Limited with the Company.

'NCCRPS' are redeemable at issue price along with accumulated unpaid dividend after the expiry of 10 years from the date of allotment i.e. March 26, 2020.

March 2022

12% Non-convertible Cumulative Redeemable Preference Shares of ₹ 10/-each

In previous year on March 25, 2022 the Committee of Creditors ("CoC") meeting of Reliance Capital Limited had approved the extension request for 1 year i.e. till March 25, 2023, rest rights and privileges are same as above.

Note 21 - Other financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Dividend payable on preference shares	96,904	73,898
Provision for expenses	76,976	74,727
Margin Payable	20,301	-
Unpaid matured debentures and interest accrued	3,279	-
Total	1,97,460	1,48,625

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note 19 - Debt securities (Continue)

Maturity Pattern of non convertible market linked debentures are set out below:

Description	Issue Date	Principal Value	2023-24	2024-25	Total
B/190314 - 4	11-Apr-19	3,500	5,586	-	5,586
B/190314 - 5	10-May-19	20,000	31,926	-	31,926
B/190314 - 6	28-May-19	20,000	31,926	-	31,926
B/190314 - 7	12-Jun-19	20,000	31,926	-	31,926
B/190314 - 8	17-Jul-19	10,000	15,963	-	15,963
B/190314 - 9	29-Aug-19	10,500	16,760	-	16,760
B/200907 /I	08-Sep-20	5,000	7,001	-	7,001
B/200907/II	08-Sep-20	5,000	6,078	-	6,078
B/200907/I - 2	17-Dec-20	2,000	2,800	-	2,800
B/201214	15-Dec-20	10,000	-	11,819	11,819
B201214/2	12-Jan-21	10,000	-	11,819	11,819
B201214/3	19-Jan-21	10,000	-	11,819	11,819
B201214/4	02-Feb-21	10,000	-	11,819	11,819
B201214/5		10,000	-	11,819	11,819
Total		1,46,000	1,49,966	59,095	2,09,061

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note 22 - Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for gratuity (refer note no. 37)	3,592	1,075
Contingent provision against standard assets	-	2,503
Total	3,592	3,578

Note 23 - Other non-financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory liabilities	6,735	61,830
GST payable	833	-
Advance from customers	12,500	230
Payable to or on behalf of employees	243	395
Total	20,311	62,455

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note 24 - Equity share capital

	As at March 31, 2023		As at March 31, 2022	
	No.	Amount	No.	Amount
Authorised Capital				
Equity Shares of ₹ 10 each	2,50,00,000	2,50,000	2,50,00,000	2,50,000
Preference Shares of ₹ 10 each	3,50,00,000	3,50,000	3,50,00,000	3,50,000
	6,00,00,000	6,00,000	6,00,00,000	6,00,000
	As at March 31, 2023		As at March 31, 2022	
	No.	Amount	No.	Amount
Issued, subscribed and paidup Capital				
Equity Shares of ₹ 10 each fully paid up	2,41,57,897	2,41,579	2,41,57,897	2,41,579
	2,41,57,897	2,41,579	2,41,57,897	2,41,579

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year.

Particulars	As at March 31, 2023		As at March 31, 2022	
	No.	Amount	No.	Amount
Outstanding at the beginning of the year	2,41,57,897	2,41,579	2,41,57,897	2,41,579
Shares issued during the year/period	-	-	-	-
Outstanding at the end of the year/period	2,41,57,897	2,41,579	2,41,57,897	2,41,579

(b) Terms and Rights attached to equity shares

The company has only one class of equity share having a par value of ₹ 10/- per share. Each holder of equity share 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 any of the remaining asset of the company after distribution of all preferential amount.

(c) Shares of the Company held by the holding company

Particulars	As at March 31, 2023		As at March 31, 2022	
	No.	% holding	No.	% holding
Reliance Capital Limited (the holding company) and its nominees	2,41,57,897	100%	2,41,57,897	100%

(d) Details of shareholders holding more than 5% of the shares in the Company

Particulars	As at March 31, 2023		As at March 31, 2022	
	No.	% holding	No.	% holding
Reliance Capital Limited (the holding company) and its nominees	2,41,57,897	100%	2,41,57,897	100%

(e) Shares held by promoters at the end of the year

Particulars	As at March 31, 2023		As at March 31, 2022	
	No.	% holding	No.	% holding
Reliance Capital Limited (the holding Company) and its nominees	2,41,57,897	100%	2,41,57,897	100%

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note 25 - Other equity

Particulars	As at March 31, 2023	As at March 31, 2022
Securities premium account		
Opening balance	3,68,420	3,68,420
Ass: Issued during the year	-	-
Add/(Less) : Changes during the year	-	-
Closing balance	3,68,420	3,68,420
Statutory reserve fund		
Opening balance	1,18,921	1,18,921
Add: Amount transferred from Statement of Profit and loss	6,401	-
Closing balance	1,25,322	1,18,921
Retained earnings		
Opening balance	2,21,672	3,24,107
Add: Amount transferred from Statement of Profit and loss	32,003	(1,02,435)
Less: Transfer to statutory reserve fund	(6,401)	-
Closing balance	2,47,274	2,21,672
Other comprehensive income		
Opening balance	(1,161)	(1,164)
Addition during the year	(1,136)	3
Closing balance	(2,297)	(1,161)
Total	7,38,719	7,07,852

Nature and purpose of reserve

(a) Securities premium account

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

(b) Statutory reserve fund

Statutory reserve fund is created by transferring 20% of the profit for the year pursuant to section 45-IC of the Reserve Bank of India Act, 1934 for NBFC Companies.

(c) Retained earnings

Retained earnings represents accumulated surplus of profit and loss.

(d) Other comprehensive income

Other comprehensive income represents actuarial gains / (losses) arising on recognition of defined benefit plans.

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note 26 - Interest income

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
On financial assets measured at amortised costs:		
Interest on loans	40,621	48,551
Interest on deposits with banks	6,890	18,174
Interest income from current investments	986	85
Total	48,497	66,810

Note 27 - Fees, Commission & Other Operating Income

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Commission and fees	32,492	69,493
Total	32,492	69,493

Note 28 - Net gain on fair value changes

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
Mutual Fund	37,309	18,980
Net gain/(loss) on derivatives	1,85,757	1,37,061
Equity	(17,689)	-
Bonds	9,861	1,236
Unlisted Shares	(530)	1,686
(B) Net gain/ (loss) on fair value changes on preference shares	15,301	14,630
Total Net gain/(loss) on fair value changes	2,30,009	1,73,593
Fair Value changes:		
Realised	1,84,649	1,70,635
Unrealised	45,360	2,958
Total Net gain/(loss) on fair value changes	2,30,009	1,73,593

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note 29 - Other Income

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on income tax refund	755	2,957
Dividend Income	19	-
Provision written back / Miscellaneous income	478	90
Total	1,252	3,047

Note 30 - Finance cost

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
On financial liabilities measured at amortised cost:		
Interest on preference shares	23,007	18,486
Interest on borrowings	561	298
Interest on inter-corporate loans	96	-
On financial liabilities measured at FVTPL:		
Interest/(Reversal) on debentures	(42,557)	1,01,174
Hedging loss/(gain) on derivatives	27,709	(1,08,305)
Total	8,816	11,653

Note 31 - Fees and commission expense

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Fees and commission expense	489	5,338
Total	489	5,338

Note 32 - Employee benefits expenses

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and wages	1,14,883	1,41,708
Contribution to provident and other funds (refer note no. 37)	2,272	2,930
Staff welfare expenses	87	246
Total	1,17,242	1,44,884

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Note 33 - Others expenses

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Rent and electricity	2,119	2,119
Rates and taxes	784	191
Professional charges	6,486	6,134
Advertisement expenses	17	-
Insurance	187	1,020
Membership and subscription	75	1,358
Miscellaneous expenses	-	4
Bank Charges	4	44
Communication Expenses	5	15
Printing and Stationery	2	-
Travelling, conveyance	24	211
Reversal of interest income earlier year	-	1,457
Software expenses	535	851
Provision/(Reversal of provision) for doubtful assets	(575)	1,00,004
Provision/(Reversal of provision) for loans	(1,36,998)	1,41,277
Bad Debts*	2,76,775	1,778
Auditors' remuneration		
- Audit fees	450	450
- Certificate & other fees	390	190
Corporate social responsibility expenditure	-	746
Office administration expenses	1	329
Loss on sale\discardment of property, plant and equipment	20	245
Total	1,50,301	2,58,423

* During the year the Company has written off certain ICDs amounting to ₹ 2,76,200 thousands due to lack of recoverability which was outstanding since long.

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

34 Contingent Liabilities and commitments

Particulars	As at March 31, 2023	As at March 31, 2022
Guarantees given by scheduled banks on behalf of the Company towards		
Security deposit in favour of VAT Authorities of four States.	350	350

35 Segment Information for the year ended March 31, 2023

The Company has reported segment wise information as per IND AS 108 "Operating Segment", notified under the Companies (Indian Accounting Standards) Rules, 2015. The operations of the Company are conducted within India, there is no separate reportable geographical segment and the Company reported the following business segments:

(i) Financing and Investing activity : This comprise of investments & lending against shares/securities/commodities.

(ii) Commission and Fees: Commission and Fees activities includes distribution of financial product distribution, etc.

Particulars	Year ended March 31, 2023 Audited	Year ended March 31, 2022 Audited
1. Segment Revenue		
a. Financing and investing activity	2,79,003	2,40,494
b. Commission and Fees	32,492	69,492
c. Unallocable	755	2,957
Total Segment Revenue	3,12,250	3,12,943
2. Segment Results		
a. Financing and investing activity	28,940	(1,42,148)
b. Commission and Fees	26,575	47,510
c. Unallocable	(22,252)	(15,529)
Total Segment Profit / (Loss) before tax	33,263	(1,10,167)
3. Segment Assets		
a. Financing and investing activity	13,95,991	18,45,452
b. Commission and Fees	753	1,641
c. Unallocable	1,36,022	1,33,065
Total Segment Assets	15,32,766	19,80,158
Segment Liabilities		
a. Financing and investing activity	3,22,145	7,95,647
b. Commission and Fees	12,500	-
c. Unallocable	2,17,823	2,35,080
Total Segment Liability	5,52,468	10,30,727

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

36 Income tax

36.1 The components of income tax expense for the years ended March 31, 2023 and March 31, 2022 are:

Particulars	Year ended March	Year ended March
	31, 2023	31, 2022
Current tax	2,200	1,481
Adjustment in respect of current income tax of prior years	(1,322)	(9,212)
Deferred tax	-	-
Total	878	(7,731)

36.2 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2023 and March 31, 2022 is, as follows:

Particulars	Year ended March	Year ended March
	31, 2023	31, 2022
Accounting profit before tax	33,263	(1,10,167)
Tax at India's statutory income tax rate of 25.17% (previous year 25.17%)	8,372	(27,727)
Tax effect of the amount which are not taxable in calculating taxable income :		
Non deductible expense as per Income tax	-	188
Tax expense at normal rate or lower rate	-	(691)
Profit on sale of investments	2,005	-
Loss on sale of assets	5	-
Deferred tax assets not recognised	(8,182)	29,711
Earlier year taxes	(1,322)	(9,212)
Income tax expense at effective tax rate	878	(7,731)
Effective tax rate	2.64%	7.02%

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

36.3 Deferred tax assets/liabilities

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax assets /

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax liability :		
Unrealised gain on options	(6)	-
Unrealised gain on units of Mutual funds & Bond	(7,559)	(7,205)
Dividend receivable on Preference shares	(24,867)	-
	(32,432)	(7,205)
Deferred tax asset :		
Depreciation on Property, Plant and Equipment & Intangible assets	6,475	6,960
Provision for gratuity	904	270
Provision for expense	956	1,108
Provision for standard & doubtful debts	91,780	1,25,774
Unrealised gain on options	-	10,724
Brought forward losses	81,226	32,576
	1,81,341	1,77,412
Net deferred tax asset/(liability)	1,48,909	1,70,207

Note: The Company's deferred tax constitute mainly temporary differences in tax assets and liabilities, the company has decided to restrict deferred tax assets recognition upto Rs. 1,07,909 thousand on conservative basis.

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

37 Employee Benefits

The Company has classified the various benefits provided to employees as under:

(A) Defined contribution plans

The Company has a defined contribution plan in respect of provident fund. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the Government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Employer's Contribution to Provident Fund Refer Note No. 32	2,141	2,791

(B) Defined Benefit Plans:

Gratuity and Leave Encashment:

The employees' gratuity fund scheme managed by a Trust (Reliance Financial Limited Employees Gratuity Assurance Scheme) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

Employee Benefit Obligation (Gratuity)

	Gratuity Benefits (Funded)	
	FY 2022-23	FY 2021-22
I. Change in present value of obligation:		
Present value of obligations at the beginning of the year	10,262	9,110
Interest Cost	742	619
Current Service Cost	921	870
Liability for Transferred In / (out)	(5,270)	1
Benefit Paid	(867)	(262)
Actuarial loss / (gain) arising from change in financial assumptions	(162)	(488)
Actuarial loss / (gain) arising from change in demographic assumptions	-	(32)
Actuarial loss / (gain) arising on account of experience changes	1,118	444
Present value of obligations at the end of the year	6,744	10,262

	FY 2022-23	FY 2021-22
II. Change in the fair value of Plan Assets :		
Fair Value of Plan Assets at the beginning of the year	9,187	6,051
Interest income	664	411
Contributions	-	3,059
Assets Transferred In / (out)	(5,270)	1
Benefit Paid	(867)	(262)
Return on Plan Assets, Excluding Interest Income	(564)	(73)
Fair Value of Plan Assets at the end of the year	3,150	9,187

	FY 2022-23	FY 2021-22
III. Reconciliation of present value of obligation and fair value of assets :		
Liability at the end of the year	6,744	10,262
Fair value of plan assets at the end of the year	3,150	9,187
(Asset)/Liability Recognised in the Balance Sheet*	3,594	1,075

* Included under 'provisions' (Refer Note 22)

	FY 2022-23	FY 2021-22
IV. Expenses recognised during the year :		
Current Service Cost	921	870
Interest Cost	742	619
Expected Return on Plan Assets	(664)	(411)
Net Actuarial (Gain)/Loss recognised	1,520	(3)
	2,519	1,075
Disclosed under OCI	(1,520)	3
Expense Recognised in Statement of profit and loss	999	1,078

	FY 2022-23	FY 2021-22
V. Amount recorded in Other comprehensive Income (OCI)		
Actuarial (Gains)/Losses on Obligation For the Period	956	(76)
Return on Plan Assets, Excluding Interest Income	564	73
Net (Income)/Expense For the Period Recognized in OCI	1,520	(3)

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

V. Investment details :

Total value of investments for employees gratuity fund scheme is managed by insurance company.

VI. Assumptions :	FY 2022-23	FY 2021-22
Discount Rate (per annum)	7.47%	7.23%
Expected Return on Plan Assets	7.47%	7.23%
Salary Escalation	6.00%	6.00%
Rate of Employee Turnover	For 0 yrs to 4 yrs 26.00% p.a. & 2% thereafter	For 0 yrs to 4 yrs 26.00% p.a. & 2% thereafter
Mortality Rate During Employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

VII. Particulars of amounts of gratuity for the year	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19
Present value of obligations at the end of the year	6,744	10,262	9,110	1,807	807
Fair value of plan assets at the end of the year	3,150	9,187	6,051	451	563
Excess of Obligation Over Plan Asset	3,594	1,075	3,059	1,356	244
Experience and Financial Assumption Adjustment on Plan Liability (Gain)/Loss	956	(44)	661	842	(100)
Actuarial Gain /(Loss) due to Plan Asset	(564)	(73)	171	12	33

(C) Sensitivity analysis:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

Particulars	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Discount Rate	1%	1%	(624)	(1,030)	707	1,183
Salary growth rate	1%	1%	710	1,185	(638)	(1,051)
Employee Turnover	1%	1%	63	95	(69)	(105)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

(D) Major Category of Plan Asset as a % of total Plan Assets

Category of Assets (% Allocation)	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
	%	%	Amount	Amount
Insurer managed funds	100%	100%	3,150	9,187
Total	100%	100%	3,150	9,187

(F) Risk exposure

Through its defined benefit plans, the group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. The gratuity fund is administered through Reliance Nippoin Life Insurance Ltd. (insurer) under its group gratuity scheme. Accordingly almost the entire plan asset investments is maintained by the insurer. These are subject to interest rate risk which is managed by the insurer.

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Changes in bond yields

A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' assets maintained by the insurer.

The gratuity fund is administered through insurer under its Group Gratuity Scheme. Unique advantage of this scheme is that contribution made by the Company and interest credited by insurer are irreversible. This ensures higher level of safety for the total corpus and consistency in future contribution. The total corpus comprising of money contributed by the Company and the interest credited by insurer is available for claim settlements to 100% subject to availability of funds. On the exit of the employees due to retirement/ death /resignation the gratuity trust makes a claim on insurer which is then paid to the employees after receipt of such claim. The investment risk in this case is not borne by the Company.

(G) Defined benefit liability and employer contribution

The Company generally eliminates the deficit in the defined benefit gratuity plan with in next one year.

Expected contribution to the post employment benefit plan (Gratuity) for the year ending **March 31, 2024 are Rs. 1,171.65** thousands

The expected maturity analysis of undiscounted post employment benefit plan (gratuity) is as follows :

Particulars	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
As at March 31, 2023					
Defined benefit obligation (gratuity)	170	186	619	14,143	15,118
As at March 31, 2022					
Defined benefit obligation (gratuity)	249	581	886	22,604	24,320

38 Earnings per share

Particulars	March 31, 2023	March 31, 2022
Net profit after tax as per statement of profit and loss	32,002	(1,02,435)
Profit/(Loss) attributable to equity shareholders	32,002	(1,02,435)
Weighted average number of equity shares outstanding during the year	2,41,57,897	2,41,57,897
Nominal value per equity share	10	10
Basic and diluted earnings per share	1.32	(4.24)

39 Key ratios:

Particulars	March 31, 2023	March 31, 2022
The following table set forth, the year indicated, the key financial ratios:		
Gross NPA as a percentage of total loans and advance	57.81%	58.95%
Net NPA as a percentage of total loans and advance	2.07%	4.86%
Book value per share - Note (a)	40.58	39.30
Debt to equity ratio (Refer note 45)	0.44	0.94
(a) Book value per share = Networth/Equity shares. Networth =Equity Share capital + Reserves and surplus		

40 Foreign currency transactions

Particulars	March 31, 2023	March 31, 2022
Details of foreign currency transactions are as follows:		
Expenditure incurred in foreign currency*	NIL	NIL
Income earned in foreign currency*	NIL	NIL

*During the year the company had no unhedge foreign currency exposures.

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

41 Capital management

The primary objectives of the company's capital management policy are to ensure that the company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Regulatory Capital

The following additional information is disclosed in terms of the RBI circular (Ref No. DNBR.PD.008 / 03.10.119 / 2016-17 dated September 01, 2016) and RBI circular DNBR(PD) CC No. 053 / 03.10.119 / 2015-16 :

Capital to risk assets ratio (CRAR):	March 31, 2023	March 31, 2022
Tier I capital	3,77,579	3,51,148
Tier II capital	1,39,321	1,63,686
Total capital	5,16,900	5,14,834
CRAR (%)	61.63%	45.36%
CRAR - Tier I capital (%)	45.02%	30.94%
CRAR - Tier II capital (%)	16.61%	14.42%
Amount of subordinated debt considered as Tier II capital	1,20,919	1,61,182

Regulatory capital Tier I capital, which comprises share capital, share premium, special reserves, share option outstanding account, retained earnings including current year profit less accrued dividends. Certain adjustments are made to Ind AS based results and reserves, as prescribed by the Reserve Bank of India.

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

42 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	2,12,052	-	2,12,052	3,05,632	-	3,05,632
Bank Balance other than (a) above	50,603	-	50,603	2,00,350	253	2,00,603
Derivative financial instruments	537	-	537	239	-	239
Receivables						
(i) Trade receivables	-	-	-	-	-	-
(ii) Other receivables	-	-	-	-	-	-
Loans	1,63,098	8,903	1,72,001	2,86,765	-	2,86,765
Investments	4,33,811	3,48,826	7,82,637	73,474	3,33,525	4,06,999
Other Financial assets	45,791	27	45,818	5,37,006	27	5,37,033
Non-financial Assets						
Inventories	67,320	-	67,320	41,607	-	41,607
Current tax assets (net)	-	28,113	28,113	-	25,156	25,156
Deferred tax assets (net)	-	1,07,909	1,07,909	-	1,07,909	1,07,909
Investment property	-	2,095	2,095	-	2,138	2,138
Property, plant and equipment	-	405	405	-	1,169	1,169
Goodwill	-	59,327	59,327	-	59,327	59,327
Other intangible assets	-	3,693	3,693	-	5,045	5,045
Other non-financial assets	256	-	256	-	536	536
Total assets	9,73,468	5,59,298	15,32,766	14,45,073	5,35,085	19,80,158

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial liabilities						
Derivative financial instruments	730	-	730	21	-	21
Payables						
Trade Payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	395	-	395	757	-	757
Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Debt securities	1,49,966	59,095	2,09,061	2,32,750	4,21,359	6,54,109
Subordinated liabilities	1,20,789	130	1,20,919	1,61,052	130	1,61,182
Other financial liabilities	1,97,425	35	1,97,460	1,48,603	22	1,48,625
Non-financial Liabilities						
Provisions	3,592	-	3,592	3,578	-	3,578
Other non-financial liabilities	20,311	-	20,311	62,455	-	62,455
Total liabilities	4,93,208	59,260	5,52,468	6,09,216	4,21,511	10,30,727
Net	4,80,260	5,00,038	9,80,298	8,35,857	1,13,574	9,49,431

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

43 Fair value measurements

(a) Financial instruments by category

Particulars	March 31, 2023		March 31, 2022	
	Fair value through profit or loss	Amortised cost	Fair value through profit or loss	Amortised cost
Financial Assets				
Loans	-	1,72,001	-	2,86,765
Investments				
- Mutual Funds	4,33,811	-	73,474	-
- National Savings certificate	-	20	-	20
- Debentures	-	-	-	-
- Preference shares	3,48,806	-	3,33,505	-
Derivative financial instruments	537	-	239	-
Trade and other receivables	-	-	-	-
Cash and cash Equivalents	-	2,12,052	-	3,05,632
Other bank balances	-	50,603	-	2,00,603
Other financial assets	-	45,818	-	5,37,033
Total Financial Assets	7,83,154	4,80,494	4,07,218	13,30,053
Financial Liabilities				
Derivative financial instruments	730	-	21	-
Trade payables	-	395	-	757
Debt Securities	2,09,061	-	6,54,109	-
Subordinated Liabilities				
- Preference shares	-	1,20,919	-	1,61,182
Other financial liabilities	-	1,97,460	-	1,48,625
Total Financial Liabilities	2,09,791	3,18,774	6,54,130	3,10,564

Fair value hierarchy

The following section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value through profit or loss. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial investments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

b) Fair value hierarchy for assets

Assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2023

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Loans	-	-	-	-
Investments				
- Mutual Funds	4,33,811	-	-	4,33,811
- Preference shares	-	-	3,48,806	3,48,806
Derivative financial instruments	537	-	-	537
Total Financial Assets	4,34,348	-	3,48,806	7,83,154
Financial Liabilities				
Derivative financial instruments	730	-	-	730
Debt Securities	-	-	2,09,061	2,09,061
Total Financial Liabilities	730	-	2,09,061	2,09,791

Assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2022

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Loans	-	-	-	-
Investments				
- Mutual Funds	73,474	-	-	73,474
- Preference shares	-	-	3,33,505	3,33,505
Derivative financial instruments	239	-	-	239
Total Financial Assets	73,713	-	3,33,505	4,07,218
Financial Liabilities				
Derivative financial instruments	21	-	-	21
Debt Securities	-	-	6,54,109	6,54,109
Total Financial Liabilities	21	-	6,54,109	6,54,130

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Notes:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between levels 1, 2 and 3 during the year. For transfers in and out of level 3 measurements see (d) below.

(c) Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

- Listed equity investments (other than subsidiaries and associates) - Quoted bid price on stock exchange
- Mutual fund - Net asset value of the scheme quoted on last trading day of the reporting year.
- Debentures or bonds - based on market yield for instruments with similar risk / maturity, etc.
- Other financial instruments – discounted cash flow analysis.

(d) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended March 31, 2023 and March 31, 2022:

Particulars	Preference share	Total
As at March 31, 2021	3,18,875	3,18,875
Additions	-	-
Disposals	-	-
Gains/(losses) recognised in statement of profit and loss	14,630	14,630
As at March 31, 2022	3,33,505	3,33,505
Additions	-	-
Disposals	-	-
Gains/(losses) recognised in statement of profit and loss	15,301	15,301
As at March 31, 2023	3,48,806	3,48,806

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

(e) Valuation processes

The finance department of the company includes a team that performs the valuations of non-property items required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every six months, in line with the company's half-yearly reporting periods.

The main level 3 inputs used by the group are derived and evaluated as follows:

- Discount rates for financial assets and financial liabilities are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk gradings determined by company's internal credit risk management group.
- Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.
- Contingent consideration – expected cash inflows are estimated based on the terms of the sale contract and the entity's knowledge of the business and how the current economic environment is likely to impact it.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the half-yearly valuation discussion between the CFO, AC and the valuation team. As part of this discussion the team presents a report that explains the reason for the fair value movements.

(f) Fair value of financial assets and liabilities measured at amortised cost

Particulars	March 31, 2023		March 31, 2022	
	Carrying Value	Fair value	Carrying Value	Fair value
Financial Assets				
Loans	1,72,001	1,72,001	2,86,765	2,86,765
Investments				
- National Savings certificate	20	20	20	20
- Debentures	-	-	-	-
Trade and other receivables	-	-	-	-
Cash and cash Equivalents	2,12,052	2,12,052	3,05,632	3,05,632
Other bank balances	50,603	50,603	2,00,603	2,00,603
Other financials assets	45,818	45,818	5,37,033	5,37,033
Total Financial Assets	4,80,494	4,80,494	13,30,053	13,30,053
Financial Liabilities				
Trade payables	395	395	757	757
Subordinated Liabilities				
- Preference shares	1,20,919	1,20,919	1,61,182	1,61,182
Other financial liabilities	1,97,460	1,97,460	1,48,625	1,48,625
Total Financial Liabilities	3,18,774	3,18,774	3,10,564	3,10,564

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: Trade receivables, cash and cash equivalents, bank deposits and trade payables. Such amounts have been classified as Level 3 on the basis that no adjustments have been made to the balances in the balance sheet.

The fair values for loans, security deposits and investment in preference shares were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of debt securities are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

44 Financial risk management

Financial risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee holds regular meetings and report to board on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management of risk
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis Credit ratings	Online Monitoring of the LTV for Loans Given Against Shares/Funding of Shares
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of surplus cash, committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Regular monitoring to keep the net exposure at an acceptable level, with option of taking Forward foreign exchange contracts if deemed necessary.
Price Risk	Investments in mutual funds	Credit ratings	Portfolio diversification and regular monitoring

44.1 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises mainly from loans and advances, and loan commitments arising from such lending activities.

The Company is also exposed to other credit risks arising from investments in debt securities.

Credit risk is the single largest risk for the Company's business, management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a credit risk management team which reports regularly to the Board of Directors.

44.1(a) Loans and advances

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Company measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under Ind AS 109.

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

44.1(c)(1) Significant increase in credit risk (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following have been met:

- The LTV of the Loan is more than APPROVED LTV
- The interest on loan is not cleared for more than 60 days.

44.1(c)(2) Definition of default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

- (i) The borrower is more than 90 days past due on its contractual payments.
- (ii) The collateral value of the borrower has fallen below the Loans advanced to him.

The criteria above have been applied to all borrowers of the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Company's expected loss calculations.

The borrower is considered to be no longer be in default (i.e. to have cured) when he no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a borrowing returning to default status after cure using different possible cure definitions.

44.1(c)(3) Measuring ECL - Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a lifetime basis, where Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD. These three components are multiplied together. This effectively calculates an ECL for each future period.

The assumptions underlying the ECL calculation such as how the maturity profile of the PDs and how collateral values change etc. are monitored and reviewed on a periodic basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

44.1(d) Credit risk exposure

44.1(d)(1) Maximum exposure to credit risk – Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Company's maximum exposure to credit risk on these assets.

Particulars	As at March 31, 2023				As at March 31, 2022
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Total
Credit grade					
Investment grade	7,82,637	-	-	7,82,637	4,06,999
Standard monitoring	1,81,500	-	-	1,81,500	2,81,550
Special monitoring	-	-	-	-	-
Default	-	-	2,48,725	2,48,725	4,04,375
Gross carrying amount	9,64,137	-	2,48,725	12,12,862	10,92,924
Loss allowance	18,402	-	2,39,822	2,58,224	3,99,160
Carrying amount	9,45,735	-	8,903	9,54,638	6,93,764

Information on how the Expected Credit Loss (ECL) is measured and how the three stages above are determined is included in note 44.1(c)(3)

44.1(d)(2) Collateral and other credit enhancements

The Company employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Company has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Company prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types for loans and advances are:

-The Collateral are either taken in company's Pool account or they are put in clients demat account with POA to company.

The Company's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Company since the prior period.

Financial assets and related collateral held in order to mitigate potential losses are shown below:

Particulars	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Loan against securities				
Company	47	47	-	-
HUF	-	-	-	-
Individual	70,627	70,627	-	-
LLP	-	-	-	-
Unsecured Loans				
Company	2,55,050	1,76,954	78,096	-
Individual	-	-	-	-
LLP	-	-	-	-
Related parties	1,04,500	10,595	93,905	-
Total	4,30,224	2,58,223	1,72,001	-

44.1(d)(3) Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 or 2 and Stage 3 due to financial instruments becoming credit-impaired in the period.
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;

Reliance Financial Limited

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(Currency: Indian rupees in thousands)

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Particulars	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at March 31, 2022	28,155	-	3,71,005	3,99,160
Movements with P&L impact	2,292	-	1,05,353	1,07,645
Transfers:				
Transfers from Stage 1 to Stage 3	(12,045)	-	12,045	-
Transfers from Stage 3 to Stage 1	-	-	-	-
Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to model	-	-	-	-
Additional Loans during the financial year	-	-	-	-
Total net P&L charge during the year	18,402	-	4,88,403	5,06,805
Other movements with no P&L impact				
Transfers:				
Transfers from Stage 2 to Stage 3	-	-	-	-
Transfers from Stage 3 to Stage 2	-	-	-	-
Financial assets derecognised during the period			(2,48,580)	(2,48,580)
Loss allowance as at March 31, 2023	18,402	-	2,39,823	2,58,225

44.1(d)(4) Write-off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Company may write-off financial assets that are still subject to enforcement activity. The Company still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

44.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in accordance with practice and limits set by the company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period :

Particulars	As at March 31, 2023	As at March 31, 2022
Bank overdraft	45,000	45,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an maturity of 1 year.

(ii) Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the company's financial assets and liabilities as at March 31. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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(Currency: Indian rupees in thousands)

As at March 31, 2023

Contractual maturities of assets and liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets						
Cash and cash equivalents	2,12,052	-	-	-	-	2,12,052
Bank balance other than cash and cash equivalents above	-	-	50,603	-	-	50,603
Derivative financial instruments	-	537	-	-	-	537
Receivables						
(I) Trade receivables	-	-	-	-	-	-
(II) Other receivables	-	-	-	-	-	-
Loans	-	-	1,83,517	8,903	-	1,92,420
Investments	-	4,33,811	-	4,35,938	-	8,69,749
Other financial assets	-	45,791	-	27	-	45,818
Total financial assets	2,12,052	4,80,139	2,34,120	4,44,868	-	13,71,179
Financial liabilities						
Derivative financial instruments	-	730	-	-	-	730
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	395	-	-	-	395
(II) Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Debt securities	-	1,34,088	15,879	59,094	-	2,09,061
Subordinated liabilities	-	1,20,789	-	-	130	1,20,919
Other financial liabilities	-	1,68,819	30,790	-	156	1,99,765
Total financial liabilities	-	4,24,821	46,669	59,094	286	5,30,870
Net	2,12,052	55,318	1,87,451	3,85,774	-286	8,40,309

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Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

As at March 31, 2022

Contractual maturities of assets and liabilities	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets						
Cash and cash equivalents	3,05,632	-	-	-	-	3,05,632
Bank balance other than cash and cash equivalents above	-	50,000	1,50,350	253	-	2,00,603
Derivative financial instruments	-	-	239	-	-	239
Receivables						
(I) Trade receivables	-	-	-	-	-	-
(II) Other receivables	-	-	-	-	-	-
Loans	-	-	2,86,765	-	-	2,86,765
Investments	-	73,474	-	-	3,33,525	4,06,999
Other financial assets	-	5,26,414	10,592	27	-	5,37,033
Total financial assets	3,05,632	6,49,888	4,47,946	280	3,33,525	17,37,271
Financial liabilities						
Derivative financial instruments	-	-	21	-	-	21
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	757	-	-	-	757
(II) Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Debt securities	-	-	2,32,750	4,21,359	-	6,54,109
Subordinated liabilities	-	-	1,61,052	-	130	1,61,182
Other financial liabilities	-	74,727	73,875	-	22	1,48,624
Total financial liabilities	-	75,484	4,67,698	4,21,359	152	9,64,693
Net	3,05,632	5,74,404	(19,752)	(4,21,079)	3,33,373	7,72,578

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

45 Key ratios :

I. Debt Equity Ratio :	As at March 31, 2023	As at March 31, 2022
Shareholder's Fund		
Paid up equity share capital	2,41,579	2,41,579
Add: Reserves and surplus	7,38,719	7,07,852
Total Equity (A)	9,80,298	9,49,431
Debt		
Debt Securities	2,09,061	6,54,109
Subordinated liabilities	1,20,919	1,61,182
Other financial liabilities	96,904	73,898
Total Debt (B)	4,26,884	8,89,189
Debt equity ratio (B/A)	0.44	0.94
II. Asset cover ratio	As at March 31, 2023	As at March 31, 2022
Assets available		
Loans and advances	1,72,001	2,86,765
Investments	7,82,637	4,06,999
Stock in trade	67,320	41,607
Investment in property	2,095	2,138
Property, plant and equipment	405	1,169
Other financial assets	45,818	5,37,033
Derivative financial instruments (net)	(193)	218
Trade Receivable	-	-
Fixed deposit - liened against overdraft/BG facility	-	-
Total Assets (A)	10,70,083	12,75,929
Debt		
Debt Securities	2,09,061	6,54,109
Subordinated liabilities	1,20,919	1,61,182
Other financial liabilities	96,904	73,898
Total Debt (B)	4,26,884	8,89,189
Assets cover ratio (A/B)	2.51	1.43

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Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

46 Related party transactions

A. List of Related Parties and their relationship

(i) Holding Company

Reliance Capital Limited

(ii) Subsidiaries of Holding Company

Reliance Securities Limited

Reliance Commodities Limited

Reliance Money Services Private Limited

Reliance Money Precious Metals Private Limited

Reliance Wealth Management Limited

Reliance General Insurance Company Limited

Reliance Nippon Life Insurance Company Limited

Quant Capital Private Limited

(iii) Associate Companies of Holding Company

Reliance Asset Reconstruction Company Limited

(iv) Key management personnel

Mr. Lav Chaturvedi	Director
Ms. Homai Daruwalla	Director
Ms. D Vijayalakshmi	Director
Mr. Chetan Desai	Director
Mr. Bhanu Prakash	Manager
Mr. Ashish Jagetiya (Till April 18, 2022)	Chief Financial Officer
Mr. Ajit Mishra (w.e.f. April 19, 2022 upto August 31, 2022)	Chief Financial Officer
Mr. Sarvesh Sharma (w.e.f. October 22, 2022)	Chief Financial Officer
Ms. Tanvi Salunkhe (Till August 01, 2022)	Company Secretary
Mr. Rishabh Chouhan (w.e.f. November 01, 2022)	Company Secretary

(v) Key management personnel compensation

Particular	Year Ended	Year Ended
	March 31, 2023	March 31, 2022
Short term employee benefits	6,656	6,892
Termination benefits	-	-
Total compensation	6,656	6,892

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

B. Transactions with related parties during the year:

Nature of Transaction	Holding Company		Fellow Subsidiaries	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Redemption/Sale/Purchase of Bonds				
Reliance Asset Reconstruction Company Limited				
Redemption of MLDs Purchased (Face Value of Rs. 1,00,000 by 50 quantity)	-	-	-	3,788
Reliance Securities Limited				
Redemption of MLDs Purchased (Face Value of Rs. 1,00,000 by 145 quantity)	-	-	-	22,265
(Face Value of Rs. 1,00,000 by 2615 quantity)	-	-	-	3,39,391
(Face Value of Rs. 1,00,000 by 2000 quantity)	-	-	2,94,783	-
Sale of Bonds				
(Face Value of Rs. 1,00,000 by 2026 quantity)	-	-	-	-
Reliance Commodities Limited				
Sale of Bonds (Face Value of Rs. 1,00,000 by 450 quantity)	-	-	-	10,125
Inter Corporate Deposits Given				
Reliance Securities Limited				
Opening balance	-	-	-	-
Given during the year	-	-	58,17,200	57,72,000
Recovered during the year	-	-	(58,17,200)	(57,72,000)
Closing balance	-	-	-	-
Maximum balance outstanding during the year	-	-	3,53,000	4,72,000
Reliance Commodities Limited				
Opening balance	-	-	-	-
Given during the year	-	-	6,75,500	81,79,700
Recovered during the year	-	-	(6,75,500)	(81,79,700)
Closing balance	-	-	-	-
Maximum balance outstanding during the year	-	-	77,700	1,91,500
Reliance Wealth Management Limited				
Opening balance	-	-	84,100	95,500
Given during the year	-	-	2,21,200	8,200
Recovered during the year	-	-	(2,00,800)	(19,600)
Closing balance	-	-	1,04,500	84,100
Maximum balance outstanding during the year	-	-	1,68,000	95,500
Reliance Asset Reconstruction Company Limited				
Opening balance	-	-	-	50,000
Given during the year	-	-	-	1,50,000
Recovered during the year	-	-	-	(2,00,000)
Closing balance	-	-	-	-
Maximum balance outstanding during the year	-	-	-	1,05,000
Inter Corporate Deposits Taken				
Reliance Commodities Limited				
Opening balance	-	-	-	-
Given during the year	-	-	2,21,800	-
Recovered during the year	-	-	(2,21,800)	-
Closing balance	-	-	-	-
Maximum balance outstanding during the year	-	-	39,000	-

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Nature of Transaction	Holding Company		Fellow Subsidiaries	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Receipts / Income				
Interest on Inter Corporate Deposits				
Reliance Securities Limited	-	-	16,627	12,285
Reliance Commodities Limited	-	-	2,129	3,311
Reliance Wealth Management Limited	-	-	13,201	10,023
Reliance Asset Reconstruction Company Limited	-	-	-	1,073
Dividend income accrual on Preference Share Capital				
Reliance Securities Limited	-	-	15,301	14,630
Management Fees Income				
Reliance Securities Limited	-	-	48,580	1,44,075
Reliance Commodities Limited	-	-	517	-
Reliance Wealth Management Limited	-	-	381	-
Re-Imbursement For Expenses				
Reliance Securities Limited	-	-	9,500	-
Advisory Fees				
Reliance Securities Limited	-	-	11,050	-
Payments / expenditures				
Interest expense on Inter corporate deposit				
Reliance Commodities Limited	-	-	96	-
Dividend expense accrued on Preference Shares				
Reliance Capital Limited	23,007	18,486	-	-
Rent & electricity expense				
Reliance Securities Limited	-	-	2,119	2,119
Brokerage Expense				
Reliance Securities Limited	-	-	125	39,130
Other expenses				
Reliance Securities Limited	-	-	-	161
Reimbursement of employee cost				
Reliance Securities Limited	-	-	532	-
Staff & KMP medical / life insurance premium				
Reliance Nippon Life Insurance Company Limited	-	-	(47)	515
Reliance General Insurance Company Limited	-	-	92	491

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

Nature of Transaction	Holding Company		Fellow Subsidiaries	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Receivables / (Payables)				
Reliance Securities Limited	-	-	(20,301)	4,15,170
Reliance Nippon Life Insurance Company Limited	-	-	-	482
Reliance General Insurance Company Limited	-	-	-	8
Quant Capital Private Limited	-	-	1,00,005	1,00,005
Closing Balances of Bonds, Debentures, Preference Shares				
Asset				
Reliance Capital Limited - Investment in MLD	8,000	8,000	-	-
Reliance Securities Limited (Investment in Preference Shares including Dividend Receivable)	-	-	3,48,806	3,33,505
Reliance Securities Limited	-	-	-	43,505
Reliance Home Finance Limited Investment in MLD (Cost - Rs 81,25,000 Less : Provision Rs 50,00,000)	-	-	3,125	3,125
Liability				
Reliance Capital Limited (Preference Share Capital including Dividend Payable)	2,17,824	2,35,080	-	-

C. Transactions with Key management personnel during the year:

Nature of Transaction	March 31, 2023	March 31, 2022
Directors sitting fees		
Homai Daruwalla - Independent Director	545	501
Mr. Chetan Desai- Independent Director	545	501
Ms. D Vijayalakshmi - Independent Director	545	501
Reimbursement of Expenses		
Mr. Ashish Jagetiya (Chief Financial Officer)	-	42
Ms. Tanvi Salunkhe (Company Secretary)	5	3

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

47 Information in accordance with the requirements of Paragraph 19 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction, 2016

Liabilities side :

Particulars	Amount Outstanding		Amount overdue	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
(1) Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:				
(a) Debenture				
(other than falling within the meaning of public deposits):				
Secured	2,09,061	6,54,109	-	-
Un-Secured	-	-	-	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	-	-	-	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Other Loans	2,17,823	2,35,080	-	-

Assets Side :

Particulars	Amount Outstanding	
	As at March 31, 2023	As at March 31, 2022
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured	-	-
(b) Unsecured	1,72,001	2,86,765
(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease	-	-
(b) Operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	-	-
(b) Repossessed Assets	-	-
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
(4) Break-up of Investments :		
(i) Quoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	4,33,811	73,474
(iv) Government Securities	-	-
(v) Others	-	-
(ii) Unquoted		
(i) Shares		
(a) Equity	-	-
(a) Preference	3,48,806	3,33,505
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	20	20

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

(5) Borrower group-wise classification of assets financed as in (2) and (3) above :

Category	Secured		Unsecured		Total	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
1 Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	93,905	75,690	93,905	75,690
(c) Other related parties	-	-	-	-	-	-
2 Other than related Parties	-	-	78,096	2,11,075	78,096	2,11,075
Total	-	-	1,72,001	2,86,765	1,72,001	2,86,765

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted excluding stock in trade)

Category	Market value/Fair value or NAV		Book Value (Net of provisions)	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
1 Related Parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	3,48,806	3,33,505	3,48,806	3,33,505
(c) Other related parties	-	-	-	-
2 Other than related Parties	4,33,831	73,494	4,33,831	73,494
Total	7,82,637	4,06,999	7,82,637	4,06,999

(7) Other Information

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	2,48,725	4,04,375
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	8,903	33,370
(iii) Assets acquired in satisfaction of debt	-	-

48 Disclosure of loans / advances and investments pursuant to Regulation 53 of the Securities and Exchange Board of India (Listing Obligation And Disclosure Requirements) Regulations, 2015.

Particulars	Outstanding balance		Maximum balance outstanding	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
i) Loans and advances in the nature of loans to subsidiaries	-	-	-	-
ii) Loans and advances in the nature of loans to associates				
(a) Reliance Wealth Management Limited	1,04,500	84,100	1,68,000	95,500
iii) Loans and advances in the nature of loans to firms / companies in which directors are interested	-	-	-	-
iv) Investments by lonee in the shares of parent company and subsidiary company when the company has made a loan or advance in the nature of loan.	-	-	-	-
* Loans and advances doesnot include Bonds and debentures				

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

49 Disclosure of details as required by the para 9.6 of Reserve Bank of India circular no. RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15, dated November 10, 2014 to the extent applicable to the company.

a Registration/ licence/ authorisation obtained from other financial sector regulators

Regulators	Type	Number Reference
(i) Reserve Bank of India	Registration No.	N-13.01821
(ii) Ministry of Corporate Affairs	Registration No.	U65990MH2005PLC155675

b Ratings assigned by credit rating agencies and migration of ratings during the year

Rating Agency	Borrowing Type	Rating
(i) CARE	Market Linked Debentures	CARE PP-MLD B+ (Credit watch with developing implications)

c No Penalties levied by the regulators upon the company.

d Information viz., area, country of operation and joint venture partners with regard to Joint Ventures and Overseas Subsidiaries

Items	As at March 31, 2023	As at March 31, 2022
(i) Area, country of operation	India	India
(ii) Joint Venture partners with regard to joint ventures and overseas subsidiaries	None	None

e Capital

Particulars	As at March 31, 2023	As at March 31, 2022
1 CRAR	61.63%	45.36%
2 CRAR - Tier I Capital (%)	45.02%	30.94%
3 CRAR - Tier II Capital (%)	16.61%	14.42%

f Exposure to Capital Market

Category	As at March 31, 2023	As at March 31, 2022
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	70,627	70,627
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	47	47
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues	-	-
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	70,674	70,674

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

g Exposure to Real Estate

Category	As at March 31, 2023	As at March 31, 2022
A. Direct Exposure		
(i) Residential Mortgages	-	-
(ii) Commercial Real Estate	-	-
(iii) Investments in Mortgage Backed Securities	-	-
B. Indirect Exposure	-	-
Total exposure to Real Estate sector	-	-

h Remuneration of Directors

Particulars	As at March 31, 2023	As at March 31, 2022
Director sitting fees	1,635	1,504

i Movement of Non Performing Assets

Particulars	Opening	Additions	Deletions	Closing
	April 01, 2021			March 31, 2022
Movement of Gross NPA	2,22,803	1,83,700	(2,128)	4,04,375
Movement of provisions	1,47,803	2,25,330	(2,128)	3,71,005
Movement of Net NPA	75,000	(41,630)	-	33,370

Particulars	Opening	Additions	Deletions	Closing
	April 01, 2022			March 31, 2023
Movement of Gross NPA	4,04,375	1,20,550	(2,76,200)	2,48,725
Movement of provisions	3,71,005	1,17,398	(2,48,580)	2,39,823
Movement of Net NPA	33,370	3,152	(27,620)	8,902

j Concentration of advances

Particulars	As at March 31, 2023	As at March 31, 2022
Total Advances to top four NPA accounts	2,31,177	2,76,200

k Concentration of advances

Particulars	As at March 31, 2023	As at March 31, 2022
Total Advances to twenty largest borrowers	4,30,225	6,85,925
Percentage of advances to twenty largest borrowers to total advances of the company	100%	100%

l Concentration of Exposures

Particulars	As at March 31, 2023	As at March 31, 2022
Total Exposure to twenty largest borrowers	4,30,225	6,85,925
Percentage of exposure to twenty largest borrowers to Total Advances of the company	100%	100%

m Break up of Provision and contingencies shown under the head Expenditure in Statement of Profit & Loss

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Provision for depreciation/ (appreciation) on investments/ written-off	-	-
(b) Provision / (reversal) towards NPA & doubtful debts	(1,43,227)	1,38,352
(c) Provision made towards Income tax	1,261	(7,732)
(d) Contingent provision / (reversal) against standard assets	2,292	4,065
(e) Provision for repossessed stock	-	-

n Customer Complaints (as certified by Management)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) No. of complaints pending at the beginning of the year	-	-
(ii) No. of complaints pending received during the year	-	-
(iii) No. of complaints redressed during the year	-	-
(iv) No. of complaints pending at the end of the year	-	-

50 Lease

The Company has entered into cancellable leasing agreement for office, renewable by mutual consent on mutually agreeable terms. The Company has accounted ₹ 2,119 thousands as lease rental for the current year (₹ 2,119 thousands (net) for the Previous Year.)

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

51 Additional notes of schedule III

I Details of Immovable Properties whose title deeds are not held in name of the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee).

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative# of promoter*/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the Company (also indicate if in dispute)
Nil						

II Revaluation of Intangible assets and/or PPE (including Right-of-Use Asset) and Fair Value of Investment Property

The Company has not revalued its Intangible assets and PPE (including Right-of-Use Asset) during the year. The fair value of investment property is based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

III Loans or Advances granted to promoters, directors, KMPs and the related parties

No Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person except as disclosed in Note No. 7.

IV Capital Work-in-progress: i) CWIP Ageing Schedule ii) CWIP completion schedule

CWIP ageing schedule

CWIP	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress Projects temporarily suspended	NIL				

CWIP completion schedule

CWIP	Less than 1 year	1-2 years	2-3 years	More than 3 years
NIL				

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

V Intangible assets under development:

(i) Intangible assets under development aging schedule

Intangible assets under development	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress Projects temporarily suspended	NIL				

(ii) Intangible assets under development completion schedule **

Intangible assets under development	Less than 1 year	1-2 years	2-3 years	More than 3 years
NIL				

**Details of projects where activity has been suspended shall be given separately.

VI The Company does not have any benami property under the Benami Transactions (Prohibition) Act, 1988)

VII The Company does not have any borrowings from banks or financial institution on security of current assets and accordingly, no question of willfull defaulter applicable to the company during the year.

VIII Information in respect of transactions with companies struck off under section 248 of companies Act, 2013.

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding	Relationship with the Struck off Company, if any, to be disclosed
NIL			

IX No cases of charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period.

X The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

XI Ratios

	March 31, 2023	March 31, 2022
a Current Ratio	NA	NA
b Debt-Equity Ratio	0.44	0.94
c Debt Service Coverage Ratio	NA	NA
d Return on Equity Ratio	3.32%	(10.24%)
e Inventory turnover ratio	NA	NA
f Trade Receivables turnover ratio	NA	NA
g Trade payables turnover ratio	NA	NA
h Net capital turnover ratio	NA	NA
j Net profit ratio	10.25%	(32.73%)

XII The Company doesn't not have any arrangement in terms of section 230 to 237 of companies act 2013

XIII The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other persons or entities, including foreign entities/Intermediaries during the year.

XIV The Company has not recorded in the books of accounts, that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

XV Details in respect of Corporate Social Responsibility Activities

Particulars	March 31, 2023	March 31, 2022
(a) amount required to be spent during the year,	-	746
(b) amount of expenditure incurred,	-	746
(c) shortfall at the end of the year,	-	-
(d) total of previous years shortfall,	-	-
(e) reason for shortfall,	NA	NA
(f) nature of CSR activities,	NA	Promoting education, including special education and employment enhancing vocation skills, specially among children, women, elderly and the differently abled and livelihood enhancement projects
(g) details of related party transactions,	NA	NA
(h) If provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	NA	NA

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

XVI Details pertaining to Crypto Currency or Virtual Currency

Particulars	Amount
(a) profit or loss on transactions involving Crypto currency or Virtual Currency, (b) amount of currency held (c) deposits or advances from any person for the purpose of trading or investing in Crypto Currency or virtual currency	Nil

Reliance Financial Limited

Notes to financial statements for the year ended March 31, 2023

(Currency: Indian rupees in thousands)

52 The financial statement were authorised for issue by the Board of Directors at its meeting held on April 24, 2023.

53 Previous year figures

Figures of previous year are regrouped and reclassified wherever necessary to correspond to figures of the current year.

The accompanying notes form an integral part of the financial statements.
As per our attached report of even date

For Pathak H. D. & Associates LLP

Chartered Accountants

FRN.:- 107783W/W100593

sd/-

Jigar T. Shah

Partner

M. No.: 161851

Place : Mumbai

Date: April 24, 2023

For and on behalf of the board of directors

sd/-

Lav Chaturvedi

Director

DIN : 02859336

sd/-

Sarvesh Sharma

Chief financial officer

sd/-

Homai Daruwalla

Director

DIN : 00365880

sd/-

Rishabh Chouhan

Company Secretary

M. No. : A68293