

Financial Statement
2019-20
Reliance Securities Limited

INDEPENDENT AUDITORS' REPORT

To the Members of Reliance Securities Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Reliance Securities Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020; and its loss and total 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 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note no. 50 of the financial statements, regarding non receipt of confirmation against certain fixed deposits (FDs) amounting to Rs. 7,54,02,643/- by the Company from a Scheduled Commercial Bank as on 31st March, 2020 for the reasons stated in the said note. These FDs include "Client Margin" FDRs of Rs.5,70,00,000/-. Based on the facts fully described in the aforesaid note, view of the Company and legal opinion obtained by the Company from an independent legal experts, the management of the Company is confident that they will be in a position to recover said Client Margin FDRs from the Bank over a period of time and no adjustments are required in the carrying amount of said "Client Margin" FDRs.

Our opinion is not modified in respect of the above matter.

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.

The Key Audit Matter	How the matter was addressed in our audit
Marked Linked Debentures (MLD) The Company has non-convertible debentures (Marked Linked Debentures) of Rs. 6,204 Lakhs as at 31 st March 2020. 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. 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 31 st March 2020.	<p>We carried out following procedures in respect to Marked Linked Debentures :</p> <ul 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>Based on our audit procedures, we noted no reportable matters regarding MLD classification and its valuation.</p>
Provisions and contingent liabilities in relation to tax positions Refer note no. 41 of the financial statement. The company has received various demands and show cause notices from the service tax department in respect of various matters. The management have made judgments relating to the likelihood of an obligation arising and whether there is a need to recognize a provision or disclose a contingent liability. We therefore focused on this area as a result of uncertainty and potential material impact.	<p>We have involved our tax experts to gain an understanding of the current status of the tax cases and monitored changes in the disputes by reading external opinions received by the Company if any, where relevant, to establish that the tax provisions had been appropriately adjusted to reflect the latest external developments. For legal, regulatory and tax matters our procedures included the following:</p> <ul style="list-style-type: none">• testing key controls surrounding litigation, regulatory and tax procedures;• performing substantive procedures on the underlying calculations supporting the provisions recorded;

	<ul style="list-style-type: none"> • where relevant, reading external legal opinions obtained by management; • discussing open matters with the litigation, regulatory, general counsel and tax teams; • assessing management's conclusions through understanding precedents set in similar cases; <p>Based on the evidence obtained, while noting the inherent uncertainty with such legal, regulatory and tax matters, we determined the level of provisioning and disclosure of contingent liabilities as at 31 March 2020 to be appropriate.</p>
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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 Management Discussion & Analysis, Board's Report including Annexures 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 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 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 management.
- Conclude on the appropriateness of management's 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, 2016 ("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 books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020, 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 with reference to financial statements 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, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.

- 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 in note 41 to the financial statements;
 - ii. The Company have derivative contracts as mentioned in note 5 & 17 and losses on those

contracts as on March 31, 2020 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, 2020.

For Pathak H.D & Associates LLP
Chartered Accountants
Firm Registration no. 107783W/W100593

Parimal Kumar Jha
Partner
Membership No.: 124262
UDIN: 20124262AAAABJ1940

Mumbai
Date: May 06, 2020.

Annexure A to Auditors' Report

Referred to in our Auditors' Report of even date to the members of Reliance Securities Limited on the financial statements for the year ended March 31, 2020

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets on the basis of available information except for in some assets where company is in the process of tagging the assets.
- (b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of time. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, a portion of the fixed assets 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 land and buildings other than self-constructed properties are held in the name of the Company.
- (ii) According to the information and explanations given to us, the company does not hold any physical inventories. Thus, paragraph 3 of the Order is not applicable to the company.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to any company, firm, limited liability partnerships or other party covered in the register maintained under Section 189 of the Act.
- (iv) Based on the information and explanations given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act, to the extent applicable.
- (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.
- (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 provision of Clause (vi) of paragraph 3 of the order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, Tax Deducted at Source (TDS), goods and services tax (GST), Cess and other material statutory dues as applicable. However in respect of Tax Deducted at Source (TDS) the delay ranges from two days to seventy seven days. According to information & explanations given to us, no undisputed amounts payable in respect of the aforesaid dues, were outstanding as at March 31, 2020 for a period of more than six months from the date of becoming payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, service-tax, as at March 31, 2020 which have not been deposited on account of a dispute are as follows:

Name of the statute	Nature of dues	Amount (Rs. Crore)	Period to which the amount relates	Forum where the dispute is pending
Service Tax	Demand, Interest & penalty	9.63	March 2005 to January 2009	Commissioner of CGST
Service Tax	Demand, Interest & penalty	9.42	October 2009 to September 2010	Commissioner of CGST
Service Tax	Demand, Interest & penalty	5.98	March 2005 to August 2008	Commissioner of CGST
Service Tax	Demand, Interest & penalty	6.20	October 2008 to September 2009	Commissioner of CGST
Service Tax	Demand, Interest & penalty	16.09	2007-08 to 2009-10	Commissioner of CGST
Service Tax	Demand	2.00	2007-08 to 2009-10	Commissioner of CGST
Service Tax	Demand	4.84	October 2014 to September 2015	Commissioner of CGST
Service Tax	Demand	1.53	2016-17	Commissioner of CGST
Income Tax	Demand	0.99	2010-11	CIT Appeals
Income Tax	Demand	0.05	2015-16	CIT Appeals

- (viii) According to the information and explanations given to us and based on examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or dues to debenture holders except for the following instances of delay in repayment of Principle & interest to Reliance Capital Limited. The Company did not have any loans or borrowings from government authorities during the year.

Nature of delay	Amount(Rs in lacs)	Due Date of Payment	Actual Payment Date	Delay (days)
Interest	47	31/03/2019	31/03/2020	365
Interest*	781	31/03/2020	-	-
Principle*	5050	11/03/2020	-	-

* The Company has opted for moratorium of 3 months as per Guidelines issued by Reserve Bank of India (RBI) vide its notification no RBI/2019-20/186/DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 on COVID-19-Regulator Package from the actual due date for installments falling between March 1, 2020 to May 31, 2020.

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and in our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were raised.

- (x) According to the information and explanations given to us, no fraud by the Company or fraud on the Company by its officers and employees has been noticed or reported during the course of our audit.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and accordingly the provisions of clause 3(xii) of the Order are not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details of related party transactions as required by the applicable accounting standards have been disclosed in the financial statements.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has made private placement of Market linked debentures (MLD's) during the year amounting to Rs. 925 lakhs. The Company has duly complied with the section 42 of the Act and according to the information and explanations given to us, the funds were utilised for the purposes for which they were raised.
- (xv) According to the information and explanations given to us, the Company has not entered any non-cash transactions with directors or persons connected with them. Hence, the provisions of clause 3 (xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For Pathak H.D & Associates LLP
Chartered Accountants
Firm Registration no. 107783W/W100593

Parimal Kumar Jha
Partner
Membership No.: 124262
UDIN: 20124262AAAABJ1940

Mumbai
Date: May 06, 2020.

Annexure B to the Independent Auditor's Report on the financial statements of Reliance Securities Limited for year ended March 31, 2020

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

We have audited the internal financial controls over financial reporting of Reliance Securities Limited (hereinafter referred to as "the Company") as of March 31, 2020 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 Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('Guidance Note') issued by the Institute of Chartered Accountants of India ('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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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 Over Financial Reporting and their operating effectiveness. Our audit of internal financial controls Over Financial Reporting included obtaining an understanding of internal financial controls Over Financial Reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system Over Financial Reporting.

Meaning of Internal Financial controls with Reference to Financial Statements

A Company's internal financial controls Over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls Over Financial Reporting 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 over Financial Reporting

Because of the inherent limitations of internal financial controls Over Financial Reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls Over Financial Reporting to future periods are subject to the risk that the internal financial control Over Financial Reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system Over Financial Reporting and such internal financial controls Over Financial Reporting were operating effectively as at March 31, 2020, based on the internal control Over Financial Reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chartered Accountants

Firm Registration no. 107783W/W100593

Parimal Kumar Jha

Partner

Membership No.: 124262

UDIN: 20124262AAAABJ1940

Mumbai

Date: May 06, 2020.

Reliance Securities Limited
Balance Sheet as at March 31, 2020

(Amount in Lakh)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial Assets			
(a) Cash and cash equivalents	3	4,291	5,221
(b) Bank balance other than (a) above	4	24,772	26,562
(c) Derivative financial instruments	5	9	1
(d) Receivables	6		
(i) Trade receivables		3,762	12,190
(ii) Other receivables		659	1,191
(e) Loans	7	4,762	13,955
(f) Investments	8	31	3,127
(g) Other financial assets	9	10,759	1,427
Non-financial Assets			
(a) Inventories	10	61	770
(b) Current tax assets (net)	11	1,067	592
(c) Deferred tax assets (net)	12	844	844
(d) Investment property	13	14	14
(e) Property, plant and equipment	14	753	1,054
(f) Other intangible assets	15	646	875
(g) Other non-financial assets	16	670	678
Total Assets		53,100	68,501
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
(a) Derivative financial instruments	17	987	2,784
(b) Payables			
(I) Trade payables	18A		
(i) total outstanding dues of micro enterprises and small enterprises			
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		24,528	25,530
(II) Other payables	18B		
(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	6,204	10,933
(d) Borrowings (other than debt securities)	20	5,050	8,803
(f) Other financial liabilities	21	2,215	1,665
Non-Financial Liabilities			
(a) Provisions	22	231	358
(b) Other non-financial liabilities	23	4,615	5,228
EQUITY			
(a) Equity share capital	24	21,000	21,000
(b) Instruments entirely equity in nature	25A	2,500	2,500
(c) Other equity	25B	(14,230)	(10,300)
Total Liabilities and Equity		53,100	68,501
Significant accounting policies and notes to the financial statements	1 to 54		

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
Firm registration No. 107783W/W100593

Sd/-
Parimal Kumar Jha
Partner
Membership No.: 124262

Sd/-
Lav Chaturvedi
Executive Director & CEO
DIN : 02859336

Sd/-
Amit Bapna
Director
DIN : 00008443

Place : Mumbai
Date : May 06, 2020

Sd/-
Amit Agrawal
Chief Financial Officer

Sd/-
Ashish Turakhia
Company Secretary
Membership No. F3371

Reliance Securities Limited
Statements of profit and loss for the year ended March 31, 2020

(Amount in Lakh)

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
A Revenue from operations			
Interest income	26	4,896	6,003
Fees and commission income	27	13,986	18,732
Net gain on fair value changes	28	1,786	3,872
Total Revenue from operations		20,668	28,607
B Other Income	29	165	153
C Total Income (A + B)		20,833	28,760
Expenses			
Finance costs	30	1,774	2,722
Fees and commission expense		1,917	2,168
Employee Benefits Expenses	31	9,690	12,430
Depreciation, amortization and impairment	13, 14 & 15	697	827
Others expenses	32	10,644	8,457
D Total Expenses		24,722	26,604
(I) Profit before exceptional items and tax (C-D)		(3,889)	2,156
(II) Exceptional items		-	-
(III) Profit before tax (I -II)		(3,889)	2,156
(IV) Tax Expense:			
(i) Current tax		-	469
(ii) Deferred tax		-	(592)
(iii) Taxes of earlier years (net)		(12)	-
(V) Profit for the period/year (III-IV)		(3,877)	2,279
(VI) Other Comprehensive Income			
Items that will not be reclassified to profit or loss :			
Re-measurement of post retirement benefit obligation gain/(loss)		(70)	(51)
Tax on above		17	11
Other Comprehensive Income		(53)	(40)
(VII) Total Comprehensive Income for the period/year		(3,930)	2,239
Earnings per equity share (Amount in ₹)			
Basic		(1.85)	1.08
Diluted*		-	1.04
*Anti dilutive EPS not presented			

Significant accounting policies and
notes to the financial statements 1 to 54

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
Firm registration No. 107783W/W100593

Sd/-
Parimal Kumar Jha
Partner
Membership No.: 124262

Place : Mumbai
Date : May 06, 2020

For and on behalf of the Board of Directors

Sd/-
Lav Chaturvedi
Executive Director & CEO
DIN : 02859336

Sd/-
Amit Agrawal
Chief Financial Officer

Sd/-
Amit Bapna
Director
DIN : 00008443

Sd/-
Ashish Turakhia
Company Secretary
Membership No. F3371

Reliance Securities Limited
Statement of Cash Flow for the Year ended March 31, 2020

(Amount in Lakh)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flows from operating activities		
Net Profit before tax as per statement of profit and loss	(3,889)	2,156
Adjustments for :		
(Profit)/Loss on sale of investments (net)	(7)	(27)
Loss on sale/Discartment of fixed assets	89	14
Excess provision/ Credit balance written back	(15)	(64)
Provision for doubtful debts/advances	1,874	507
Provision for fair valuaiton of employee stock options		38
Bad debts written off	21	59
Depreciation & amortisation expenses	697	827
Dividend accrue on preference shares	162	154
Interest on income tax refund	(34)	(46)
Interest expenses	1,612	2,568
Operating Profit Before working capital changes	510	6,186
Changes in assets and liabilities		
(Increase)/Decrease in bank balances not considered as cash and cash equivalents	1,790	5,828
(Increase)/Decrease in trade receivables	7,080	3,796
(Increase)/Decrease in inventories	709	(156)
(Increase)/ Decrease in loans	9,193	(1,110)
(Increase)/ Decrease in other financial assets	(9,332)	1,473
(Increase)/ Decrease in other non financial assets	14	86
Increase/ (Decrease) in derivatives instruments (net)	(1,805)	2,783
Increase/ (Decrease) in trade payables	(1,002)	(4,103)
Increase/ (Decrease) in other financial liabilities	(49)	(40)
Increase/ (Decrease) in provision	(180)	(16)
Increase/ (Decrease) in other non-financial liabilities	(613)	(1,936)
Cash flows from / (used in) operating activities	6,315	12,790
Payment of taxes (net of refunds)	(429)	(490)
Net cash flows from / (used in) operating activities (A)	5,886	12,300
B. Cash flows from investing activities		
Purchase of property plant and equipement & intangible assets	(268)	(896)
Sale of fixed assets	7	10
Purchase of investments	(31)	(3,127)
Sale of investments	3,134	3,527
Net Cash flows from / (used in) from investment activities (B)	2,842	(486)
C. Cash flows from financing activities		
Proceeds from allotment of equity shares	-	-
(Repayment to) / Borrowing from financial institutions and others (net)	(8,482)	(5,607)
Interest paid	(1,176)	(2,568)
Net Cash flows from / (used in) Financing activities (C)	(9,658)	(8,175)
Net increase / (decrease) in cash or cash equivalents (A+B+C)	(930)	3,639
Opening balance of cash and cash equivalents	5,221	1,582
Closing balance of cash and cash equivalents (refer note "a")	4,291	5,221

Reliance Securities Limited
Statement of Cash Flow for the Year ended March 31, 2020

(Amount in Lakh)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
-------------	------------------------------	------------------------------

Notes :

a) **Cash and cash equivalents comprise**

Cash in hand	-	-
Bank overdraft	-	-
Balance with scheduled banks		
-in current accounts	4,035	5,221
-in cheque in hand	256	-
Total cash and cash equivalents	4,291	5,221

b) **Net debt reconciliation**

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents	4,291	5,221
Debt securities	(6,204)	(10,933)
Borrowings	(5,050)	(8,803)
Net debt	(6,963)	(14,515)

Particulars	Cash and bank overdraft	Debt securities	Borrowings	Total
Net debt as at March 31, 2019	5,221	(10,933)	(8,803)	(14,515)
Cash flows	(930)	5,274	4,240	8,584
Interest expense	-	-	(1,774)	(1,774)
Interest paid	-	-	1,287	1,287
Other non-cash movements				
- Fair value adjustments	-	(545)	-	(545)
Net debt as at March 31, 2020	4,291	(6,204)	(5,050)	(6,963)

b) 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.

c) Figures in brackets indicate cash outflow.

d) The previous year's figures have been regrouped and reclassified wherever necessary.

The accompanying notes (1- 54) forms an integral part of the financial statements
As per our attached report of even date

For Pathak H. D. & Associates LLP
Chartered Accountants
Firm registration No. 107783W/W100593

For and on behalf of the Board of Directors

Sd/-
Parimal Kumar Jha
Partner
Membership No.: 124262

Sd/-
Lav Chaturvedi
Executive Director & CEO
DIN : 02859336

Sd/-
Amit Bapna
Director
DIN : 00008443

Place : Mumbai
Date : May 06, 2020

Sd/-
Amit Agrawal
Chief Financial Officer

Sd/-
Ashish Turakhia
Company Secretary
Membership No. F3371

Reliance Securities Limited
Financial statements for the year ended March 31, 2020

Statement of change in equity

(Amount in Lakh)

a. Equity Shares

Particulars	No. of shares	Amount
Balance as at April 1, 2018	21,00,00,000	21,000
Changes in equity share capital	-	-
Balance As at March 31, 2019	21,00,00,000	21,000
 Balance as at April 1, 2019	 21,00,00,000	 21,000
Changes in equity share capital	-	-
Balance As at March 31, 2020	21,00,00,000	21,000

b. Instruments entirely equity in nature

Particulars	No. of shares	Amount
Balance as at April 1, 2019	2,50,00,000	2,500
Changes in equity share capital	-	-
Balance As at March 31, 2019	2,50,00,000	2,500
 Balance as at April 1, 2019	 2,50,00,000	 2,500
Changes in equity share capital	-	-
Balance As at March 31, 2020	2,50,00,000	2,500

c. Other equity

(Amount in Lakh)

Particulars	Reserves and Surplus				Other comprehensive income	Total
	Capital reserve	Retained earnings	Debenture Redemption Reserve	Share based options outstanding account		
Balance as at April 1, 2018	2,602	(15,391)	276	-	(63)	(12,576)
Add:						
Transfer from Statement of Profit and Loss	-	-	285	-	-	285
Profit for the period/year	-	2,278	-	-	-	2,278
Other comprehensive income for the year	-	-	-	-	(40)	(40)
Transactions with owners in their capacity as owners:	-	-	-	-	-	-
- Stock options benefit from parent company	-	-	-	38	-	38
Transfer to Debenture Redemption Reserve	-	(285)	-	-	-	(285)
Balance As at March 31, 2019	2,602	(13,398)	561	38	(103)	(10,300)
Balance as at April 1, 2019	2,602	(13,398)	561	38	(103)	(10,300)
Add:						
Transfer from Statement of Profit and Loss	-	(3,877)	-	-	-	(3,877)
Profit for the period/year	-	-	-	-	-	-
Other comprehensive income for the period/year	-	-	-	-	(53)	(53)
Dividends paid	-	-	-	-	-	-
Transactions with owners in their capacity as owners:						
- Stock options benefit from parent company	-	-	-	-	-	-
Transfer to Debenture Redemption Reserve	-	-	-	-	-	-
Balance As at March 31, 2020	2,602	(17,275)	561	38	(156)	(14,230)

RELIANCE SECURITIES LIMITED

Financial statements for the year ended March 31, 2020

NOTES

1 Corporate Information

Reliance Securities Limited is a public limited company incorporated under the provisions of the Companies Act applicable in India on 17 June 2005. The registered office of the company is located at 'Reliance Centre, 4th Floor, North Wing, Off Western Express Highway, Santacruz East, Mumbai, Maharashtra - 400055'. The company is licensed by the Securities and Exchange Board of India (SEBI) to operate as stock broker.

2 Significant Accounting Policies

2.01 Basis of preparation of financial statements

(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.
- Defined benefit plans – plan assets measured at fair value.
- Share based payments

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 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 profit or loss.

RELIANCE SECURITIES LIMITED

Financial statements for the year ended March 31, 2020

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

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 35. 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.

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.

RELIANCE SECURITIES LIMITED**Financial statements for the year ended March 31, 2020**

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 SECURITIES LIMITED

Financial statements for the year ended March 31, 2020

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 are 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 behaviour (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 35, 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 35.

(iii) Derecognition of financial instruments

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.

RELIANCE SECURITIES LIMITED

Financial statements for the year ended March 31, 2020

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 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.

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.

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.

RELIANCE SECURITIES LIMITED

Financial statements for the year ended March 31, 2020

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) Brokerage fee income

Revenue recognition for brokerage fees can be divided into the following two categories:

- a) Brokerage fees – over time - Fees earned for the provision of services are recognized over time as the customer simultaneously receives and consumes the benefits, as the services are rendered. These include brokerage fees which is fixed at inception irrespective of number of transaction executed. The revenue for such contracts is recognized over the term of the contract.
- b) Brokerage fees – point in time - Revenue from contract with customer is recognized point in time as performance obligation satisfied. These include brokerage fees which is charged per transaction executed.

(ii) 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.

(iii) Delay payment interest

Delay payment interest is recognised on an accrual basis.

(iv) Infrastructure and resource management fees

Infrastructure and resource management service fees are recognized on accrual basis as per agreements.

(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 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.

RELIANCE SECURITIES LIMITED

Financial statements for the year ended March 31, 2020

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.

2.08 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.

2.09 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.

2.10 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.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

2.11 Property, plant and equipment

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.

RELIANCE SECURITIES LIMITED**Financial statements for the year ended March 31, 2020**

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:

Assets	Useful Life
Leasehold Improvements	Primary period of lease
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
Membership Rights of Bombay Stock	10 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.

Assets costing up to Rs. 5,000 are fully depreciated at the time of acquisition.

Leases

The company's lease asset classes primarily consist of leases for buildings taken on lease for operating its branch offices. The company assesses whether a contract contains a lease, at inception of a contract. At the date of commencement of the lease, the company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. However there is no lease recognised as a low-value lease during the current year.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term.

The lease liability is initially measured at amortized cost at the present value of the future lease payments.

2.12 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 below assets are:

Assets	Useful Life
Software	6 Years

Assets costing up to Rs. 5,000 are fully depreciated at the time of acquisition.

RELIANCE SECURITIES LIMITED

Financial statements for the year ended March 31, 2020

2.13 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 to the Companies Act, 2013.

2.14 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.

2.15 Inventories

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

2.16 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.

2.17 Provisions, Contingent Liabilities and Contingent Asset

Provisions

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 liabilities

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.

Contingent assets

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.

RELIANCE SECURITIES LIMITED

Financial statements for the year ended March 31, 2020

2.18 Employee benefits

(i) Short-term obligations:

Liabilities for salaries, including other monetary and 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 recognised 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 obligation:

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.

Phantom Shares

As a long-term incentive plan to employees, the Company has initiated Phantom Stock Option Plan which are cash settlement rights where the employees are entitled to get cash compensation based on agreed formulae. The employees are entitled to receive cash payment equivalent to appreciation in the value over the defined base price of the shares. The present value of the obligation under such plan is determined based on actuarial valuation. The company has discontinued Phantom Stock Option Plan as on March 31, 2020

2.19 Dividends

Provision is made for the amount of any dividend accrue, 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.

RELIANCE SECURITIES LIMITED**Financial statements for the year ended March 31, 2020**

For all equity instruments (in the nature of equity) measured at amortized cost, interest expenses (refer note 25A) 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

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2.20 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 43).

(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.

2.21 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.

2.21 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 to the nearest Lakh & zero decimals (as per the requirement of Schedule III) unless otherwise stated.

2.22 Critical accounting estimates and judgements

The preparation of consolidated 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 financial statements are as follows:

- a) Estimation of deferred tax -Note 12
- b) Estimated fair value of unlisted entities-Note 35
- c) Estimation of defined benefit obligation-Note 39
- d) Measurement of fair values and Expected Credit Loss (ECL)-Note 36
- e) Measurement of obligation on phantom stock option - Note 40

Reliance Securities Limited
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(Amount in Lakh)

Note 3 - Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and Cash equivalents		
Balance with banks in current accounts	4,291	5,221
Total	4,291	5,221

Note 4 - Bank balance other than cash and cash equivalents above

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed deposit accounts		
- Held as lien	2,816	8,329
- Held as margin money	20,833	15,652
- Held as security with Directorate of Enforcement	113	113
- Others	1,194	2,468
(Less): Impairment loss allowance	(184)	-
Total	24,772	26,562

In respect of balances with Banks in Fixed Deposit accounts above includes:

(a) Rs. 2,816 Lakh (March 31, 2019 - Rs.8,329 lakh) kept as deposit with bank for issuing of Bank Guarantee to meet the margin requirement at the stock exchanges

(b) Rs. 20,833 Lakh (March 31, 2019 - Rs.15,652 Lakh) as collateral security deposit in favour of National Stock Exchange of India Limited placed as margin.

(c) Rs. 113 Lakh (March 31, 2019 - Rs.113 Lakh) kept as deposit with Directorate of Enforcement.

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 amounts	Fair value of assets
Index linked derivatives		
As at March 31, 2020		
Options Purchased	48	9
Total	48	9
As at March 31, 2019		
Options Purchased	393	1
Total	393	1

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

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(Amount in Lakh)

Note 6 - Receivables

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Trade receivables		
(a) Secured		
Considered good	3,691	11,091
Considered doubtful	2,933	2,116
Less : Impairment loss allowance	(2,933)	(2,116)
(b) Unsecured		
Considered good	71	1,099
Considered doubtful	708	179
Less : Impairment loss allowance	(708)	(179)
Total (i)	3,762	12,190
(ii) Other receivables		
Unsecured considered good		
- Receivable - Related parties	619	459
- Receivable - Others	30	722
- Receivable from key managerial person	10	10
Total (ii)	659	1,191
Total (i+ii)	4,421	13,381

Reconciliation of impairment allowance on trade and other receivables:

Impairment allowance measured as per general approach	Amount in Lakh
Impairment allowance as at April 1, 2019	2,295
Add/(less): changes during the financial year 2019-2020	1,346
Impairment allowance as at March 31, 2020	3,641

Note 7 - Loans

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
(i) Inter corporate deposits *	3,550	7,500
(ii) SEBI Margin Trade Funding	1,567	6,455
Total (A) - Gross	5,117	13,955
(Less): Impairment loss allowance	(355)	-
Total (A) - Net	4,762	13,955
B		
Secured by intangible assets	1,567	6,455
Unsecured	3,550	7,500
(Less): Impairment loss allowance	(355)	-
Total (B) - Net	4,762	13,955
C		
(i) Public sector		
(ii) Others		
Individual	1,524	5,726
HUF	27	59
Firm/AOP	-	-
Company	3,566	8,170
Total (C) - Gross	5,117	13,955
(Less): Impairment loss allowance	(355)	-
Total (C) - Net	4,762	13,955

*** Intercompany Loans:-**

The Company has received a request for extension for Principle and Interest repayment due in March 2020. Considering, the economic and financial impact due to COVID-19, company has accepted the request for moratorium for a period of three months on its intercompany loans amounting to Rs. 35.50 Crore (Principle) and Rs. 7.80 crore (Interest).

Reconciliation of impairment allowance on Loans

Impairment allowance measured as per general approach	(Amount in Lakh)
Impairment allowance as at March 31, 2019	-
Add/(less): changes during the year	355
Impairment allowance as at March 31, 2020	355

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(Amount in Lakh)

Note 7.1 - Inter corporate deposit

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 46.

Internal rating grade	As at March 31, 2020			Total	As at March 31, 2019			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Performing								
High grade	3,550	-	-	3,550	7,500	-	-	7,500
Non- performing								
Individually impaired	(355)	-	-	(355)	-	-	-	-
Total	3,195	-	-	3,195	7,500	-	-	7,500

Analysis of changes in the gross carrying amount of inter corporate deposits

Particulars	As at March 31, 2020			Total	As at March 31, 2019			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	7,500	-	-	7,500	7,500	-	-	7,500
New assets originated or purchased	-	-	-	-	-	-	-	-
Assets derecognised or repaid	(3,950)	-	-	(3,950)	-	-	-	-
Closing balance	3,550	-	-	3,550	7,500	-	-	7,500

Reconciliation of ECL balance

Particulars	As at March 31, 2020			Total	As at March 31, 2019			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Opening balance	-	-	-	-	-	-	-	-
New assets originated or purchased	-	-	-	-	-	-	-	-
Existing assets	355	-	-	355.00	-	-	-	-
Assets derecognised or repaid	-	-	-	-	-	-	-	-
Closing balance	355	-	-	355	-	-	-	-

Note 8 - Investments

Particulars	At Amortised cost	At fair value through			Total
		Other comprehensive income	Profit and loss	Subtotal	
As at March 31, 2020					
Investment in equity shares (Unquoted) Equity shares of Reliance Money Infrastructure Limited of ₹ 10 each.	-	-	19	-	19
Investment in mutual fund (Quoted) - 2101670.408 Units of ABSL AMC LTD#ABSL MF-ABSL MEDIUM TERM PLANSEGREGATED PORTFOLIO 1-DIRECT-GROWTH	-	-	31	-	31
Total - Gross	-	-	50	-	50
(Less): Impairment loss allowance	-	-	(19)	-	(19)
Total - Net	-	-	31	-	31
As at March 31, 2019					
Investment in equity shares (Unquoted) Equity shares of Reliance Money Infrastructure Limited of ₹ 10 each.	-	-	19	-	19
Investment in mutual fund (Quoted) - pledged with stock exchanges 19,54,268 Units of Reliance credit risk fund - direct growth plan growth option	-	-	531	-	531
36,66,315 Units of Aditya birla sun life credit risk fund - direct growth plan	-	-	520	-	520
12,730 Units of Franklin India short term income plan - retail plan - direct - growth	-	-	533	-	533
26,90,443 Units of Axis credit risk fund - direct plan	-	-	515	-	515
32,19,761 Units of Kotak medium term fund - direct growth	-	-	514	-	514
33,59,537 Units of Axis strategic bond fund - direct plan - growth	-	-	514	-	514
Total - Gross	-	-	3,146	-	3,146
(Less): Impairment loss allowance	-	-	(19)	-	(19)
Total - Net	-	-	3,127	-	3,127
Investments outside India	-	-	-	-	-
Investments in India	-	-	3,146	-	3,146
Total - Gross	-	-	3,146	-	3,146
(Less): Impairment loss allowance	-	-	(19)	-	(19)
Total - Net	-	-	3,127	-	3,127

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(Amount in Lakh)

Note 9 - Other financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits		
- Considered good	9,772	1,021
- Considered doubtful	-	-
Less: provision for doubtful advances	-	-
Interest accrued on fixed deposit	181	367
Interest accrued on SEBI MTF loan	25	39
Interest accrued on interest corporate deposit	781	-
Total	10,759	1,427

Note 10 - Inventories

Particulars	Face value	As at March 31, 2020		As at March 31, 2019	
		Quantity	Amount	Quantity	Amount
- Equity instruments					
ADANI POWER LTD	10	-	-	10,000	5
HINDUSTAN UNILEVER LTD	1	-	-	275	5
INFOSYS LIMITED	5	-	-	670	5
NAGARJUNA CONSTRUCTION COMPANY	2	-	-	5,400	6
JET AIRWAYS (INDIA)	10	7,584	1	-	-
SBI-ETF NIFTY 50		300	-	-	-
Total (A)	18	7,884	1	16,345	21
- Bonds/ Debenture instruments					
RFL B-161028	1,00,000	-	-	35	46
RFL B-161129-IV	1,00,000	-	-	25	33
RFL B-170411	1,00,000	-	-	31	38
RFL-NIFTY-17-4-23	1,00,000	-	-	300	300
RFL21	1,00,000	-	-	50	50
RELCAP B-320 A-I	1,00,000	-	-	40	71
RELCAP B-337 A	1,00,000	-	-	30	52
RELCAP B-345 I	1,00,000	-	-	28	39
RELCAP B-348 A	1,00,000	-	-	25	43
RELCAP B-411	1,00,000	-	-	75	67
RELCAP19, 390	1,00,000	195	49	-	-
ECL FINANCE 12.00 26042020	1,000	45	-	45	-
ANDHRABK 10.99 PERPT	10,00,000	1	11	1	11
Total (B)		241	60	685	750
Total (A+B)			61		770
(i) Overseas Investments					
(ii) Investments in India			61		770
Total (A+B)			61		770
Less: Allowance for Impairment loss			-		-
Total			61		770

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(Amount in Lakh)

Note 11 - Current tax assets (net)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance payment of tax and tax deducted at source, net of provision (current year Nil and previous year Rs. 955 lakh)	1,067	592
Total	1,067	592

Note 12 - Deferred tax assets (net)

Particulars	As at March 31, 2020	As at March 31, 2019
Minimum Alternate Tax Credit	844	844
Total	844	844

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(Amount in Lakh)

Note 13 - Investment property

Particulars	As at March 31, 2020	As at March 31, 2019
Gross carrying amount		
Opening gross carrying amount / Deemed cost	14	14
Additions		
Closing gross carrying amount	14	14
Accumulated depreciation		
Opening accumulated depreciation	(0.36)	(0.12)
Depreciation charge	(0.24)	(0.24)
Closing accumulated depreciation	(0.59)	(0.36)
Net carrying amount	14	14
Fair value of investment property	14	14

Note:

Investment property kept as collateral security against the market linked debentures (MLDs) outstanding as on that date.

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Note 14 - Property, plant and equipment

(Amount in Lakh)

Particulars	Leasehold Improvements	Office equipments	Furniture and fixtures	Data processing equipments	Total
As at March 31, 2020					
Gross block as at April 01 2019	983	224	27	1,504	2,738
Additions	19	20	5	171	215
Disposals	(328)	(19)	(6)	(24)	(377)
As at March 31, 2020	674	225	26	1,651	2,576
Accumulated depreciation as at April 01 2019	(624)	(138)	(19)	(904)	(1,685)
Depreciation charge for the period	(148)	(42)	(4)	(226)	(420)
Disposals	239	14	5	23	281
As at March 31, 2020	(533)	(166)	(18)	(1,107)	(1,824)
Net carrying amount As at March 31, 2020	141	59	8	544	753
Particulars	Leasehold Improvements	Office equipments	Furniture and fixtures	Data processing equipments	Total
Year ended March 31, 2019					
Gross block as at April 01 2018	910	257	23	1,319	2,509
Additions	160	50	10	388	608
Disposals	(86)	(83)	(7)	(203)	(379)
As at March 31, 2019	984	224	26	1,504	2,738
Accumulated depreciation as at April 01 2018	(471)	(153)	(18)	(868)	(1,510)
Depreciation charge for the year	(236)	(53)	(7)	(239)	(535)
Disposals	83	69	6	203	361
As at March 31, 2019	(624)	(137)	(19)	(904)	(1,684)
Net carrying amount As at March 31, 2019	360	87	7	600	1,054

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Note 15 - Intangible assets

(Amount in Lakh)

Particulars	Membership rights of Bombay Stock Exchange Limited	Software	Total
Year ended March 31, 2020			
Gross block as at April 01 2019	75	2,483	2,558
Additions	-	47	47
Disposals			
As at March 31, 2020	75	2,530	2,605
Accumulated amortisation as at April 01 2019	(75)	(1,608)	(1,683)
Amortisation charge for the period	-	(276)	(276)
Impairment loss for the period/year			
Disposals			
As at March 31, 2020	(75)	(1,884)	(1,959)
Net carrying amount As at March 31, 2020	-	646	646
Particulars	Membership rights of Bombay Stock Exchange Limited	Software	Total
Year ended March 31, 2019			
Gross block as at April 01 2018	75	2,354	2,429
Additions	-	141	141
Disposals	-	(13)	(13)
As at March 31, 2019	75	2,482	2,557
Accumulated amortisation as at April 01 2018	(75)	(1,324)	(1,399)
Amortisation charge for the period/year	-	(291)	(291)
Impairment loss for the period/year	-	8	8
As at March 31, 2019	(75)	(1,607)	(1,682)
Net carrying amount As at March 31, 2019	-	875	875

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(Amount in Lakh)

Note 16 - Other non-financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
Capital advances - considered good	141	135
Goods Service Tax (GST) Input		
Service tax paid under protest		
- Considered good	-	-
- Considered doubtful	961	961
Less: Provision for doubtful	(961)	(961)
Advance to vendors		
- Considered good	133	104
- Considered doubtful	18	18
Less: provision for doubtful advances	(18)	(18)
Receivable from employees	-	-
Prepaid expenses	334	365
Other Receivable	-	-
- Considered good	62	74
- Considered doubtful	10	10
Less: provision for doubtful	(10)	(10)
Total	670	678

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Note 17 - Derivative financial instruments

(Amount in Lakh)

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 - Liabilities	Fair value of liabilities
As at March 31, 2020		
Premium received on options	7,981	987
Total	7,981	987
As at March 31, 2019		
Premium received on options	28,867	2,784
Total	28,867	2,784

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 36

Note 18A - Trade Payables

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Total outstanding dues of micro enterprises and small enterprises	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Due to margin money deposits	24,248	25,231
- Due to others	280	299
Total	24,528	25,530

Note 18B - Other Payables

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Total outstanding dues of micro enterprises and small enterprises	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
Total	-	-

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 Group and relied upon by the auditors, is as follows:

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, 2020.

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Financial statements for the year ended March 31, 2020

(Amount in Lakh)

Note 19 - Debt Securities

Particulars	As at March 31, 2020	As at March 31, 2019
At fair value through profit and loss - Secured		
- Market Linked Debenture (NCDs)	6,204	10,933
Total (A)	6,204	10,933
Debt securities in India	6,204	10,933
Debt securities outside India		
Total (B)	6,204	10,933

Security clause in respect to debentures

NCDs amounting to Rs 6,204 Lakh (March 31, 2019 - 10,933 Lakh) are secured by way of first ranking mortgage over the Immovable property and second charge on the present and future book debts and receivables hypothecated in favour to Banks towards Working Capital facility and a first charge on present and future non-current assets and current assets of the company as specifically mentioned in the Trust deed and the asset cover thereof exceeds hundred per cent of the principal amount of the said debentures.

Maturity profile of Non Convertible Debentures are as set out below (Fair value):

(Amount in Lakh)

Series	2020-21	2022-23	2023-27	2026-27	Total	Maturity Date
RC180430	478	-	-	-	478	27-05-2020
RC180726	213	-	-	-	213	02-12-2020
RC180731	-	1,534	-	-	1,534	31-01-2023
RC180731/2	-	342	-	-	342	31-01-2023
RC180823	-	671	-	-	671	23-02-2023
RC180731/3	-	228	-	-	228	31-01-2023
RC181214	-	-	224	-	224	20-06-2023
RC181221	-	-	543	-	543	26-06-2023
RC181214/2	-	-	224	-	224	20-06-2023
RC181214/3	-	-	224	-	224	20-06-2023
RC181214/4	-	-	112	-	112	20-06-2023
RC181214/5	-	-	224	-	224	20-06-2023
RC181214/6	-	-	337	-	337	20-06-2023
RC190319	-	101	-	-	101	01-07-2022
RC190325	-	-	135	-	135	07-10-2023
RC190329	-	-	-	138	138	30-03-2027
RC190329/2	-	-	-	83	83	30-03-2027
RC190319/2	-	101	-	-	101	01-07-2022
RC190325/2	-	-	243	-	243	07-10-2023
RC190319/3	-	50	-	-	50	01-07-2022
TOTAL	691	3 026	2 267	221	6 204	

Reliance Securities Limited
Financial statements for the year ended March 31, 2020

20 Note 20 - Borrowings (Other than Debt Securities)

(Amount in Lakh)

Particulars	Nature (Secured/ unsecured)	Notes	As at March 31, 2020	As at March 31, 2019
At amortised cost				
Inter Corporate Deposit				
- From related parties	Unsecured	i	5,050	7,500
- From others	Unsecured		-	-
Term loan from bank	Secured	ii	-	500
Commercial paper- Unsecured	Unsecured	iii	-	803
Total (A)			5,050	8,803
Borrowings in India			5,050	8,803
Borrowings outside India				
Total (B) to tally with (A)			5,050	8,803

Note

(i) Inter corporate deposit from related party - Reliance Capital Limited of Rs. 5,050 Lakh (Rs. 7,500 Lakh for March 31, 2019) carrying interest rate of 12% p.a.

Further pursuant to the Guidelines issued by Reserve Bank of India (RBI) vide its notification no. RBI/2019-20/186/DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 on COVID-19 – Regulator Package ('RBI Notification'), We have requested to reschedule re-payment of all instalments (including principal and / or interest components) falling due between March 1, 2020 and May 31, 2020 worth Rs. 50.50 Crore towards Principle and Rs. 4.87 Cr Interest.

(ii) Term Loan is secured against fixed deposits. The rate of interest on term loan varies from 8.50% to 9.50% and are repayable at maturity ranging up to 12 months.

iii) Net of unamortised discount on commercial paper is Nil as on March 31, 2020 (₹ 8 Lakh for March 31, 2019)

Reliance Securities Limited
Financial statements for the year ended March 31, 2020

(Amount in Lakh)

Note 21 - Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits received from sub brokers	1,006	1,007
Interest accrued & due	487	47
Interest accrued & not due	-	4
Provision for Lease liability	60	108
Dividend payable on 0 % Compulsorily Convertible Preference Shares of ₹ 10 each	662	499
Total	2,215	1,665

Note 22 - Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for gratuity	231	112
Provision for Phantom stock options	-	246
Total	231	358

Note 23 - Other non-financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for expenses	1,650	1,639
Income received in advance	2,226	2,903
Statutory liabilities	671	597
Book overdraft	-	-
Payable to employees	11	56
Others	-	-
- Related party	31	-
- Others	26	33
Total	4,615	5,228

Reconciliation of provisions other than employee payable

	Provision for expenses	Provision for Phantom Stock
As at March 31, 2019	1,639	246
Add: Additions during the year	1,650	-
Less: forfeited during the year	-	(246)
Less: Utilised during the year	(1,639)	0
As at March 31, 2020	1,650	-

Note 24 - Equity Share Capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Authorised				
Equity Shares of ₹ 10 each	22,00,00,000	22,000	22,00,00,000	22,000
Preference Shares of ₹ 10 each	18,00,00,000	18,000	18,00,00,000	18,000
Total	40,00,00,000	40,000	40,00,00,000	40,000

Authorised Share Capital increased from ₹ 23,000 Lakh divided into 500 Lakh Equity Shares of ₹ 10/- each and 1,800 Lakh Preference Shares of ₹ 10/- each to ₹ 40,000 Lakh divided into 2,200 Lakh equity shares of ₹ 10/- each and 1,800 Lakh preference shares of ₹ 10/- each at the Extra-Ordinary General Meeting of March 19, 2018.

ISSUED, SUBSCRIBED AND PAID UP	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Equity Shares of ₹ 10 each fully paid up	21,00,00,000	21,000	21,00,00,000	21,000
Total	21,00,00,000	21,000	21,00,00,000	21,000

Note:

1. Terms and rights attached to equity shares

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.

2. The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2020 and March 31, 2019 are set out below;

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Equity Shares*				
Number of shares at the beginning	21,00,00,000	21,000	21,00,00,000	21,000
Add : Issued during the period/year			-	
Number of shares at the end	21,00,00,000	21,000	21,00,00,000	21,000

*The company has allotted 1,600 Lakh , Equity Shares on right basis to Reliance Capital Limited on March 19, 2018, out of the proceeds of the issue, 250 Lakh 12 % Non-Convertible Cumulative Redeemable Preference Shares & 1,250 Lakh , 10% Cumulative Redeemable Preference Shares of ₹ 10 each fully paid up, which were allotted to Reliance Capital Limited have been redeemed.

3. The details of shareholder holding more than 5% and shares held by the holding/ultimate holding company as at March 31, 2020 and March 31, 2019 are set out below;

Equity shares	As at March 31, 2020		As at March 31, 2019	
	No. of shares	%	No. of shares	%
Reliance Capital Limited (the holding company) and its nominees	21,00,00,000	100%	21,00,00,000	100%

4. During the financial year 2015-16, pursuant to approved by the board of directors on 2nd March 2016, a sum of ₹ 2,500 Lakh was capitalized from Capital Redemption Reserve account for issuance of 250 Lakh bonus shares of ₹ 10 each fully paid-up and these bonus shares were allotted by the Company on 30th March 2016. The said bonus shares were issued in the proportion of 1 equity share for every 1 equity share of ₹ 10 each held by the equity shareholders of the Company on 2nd March 2016 without payment being received in cash.

5. During the financial year 2016-17, pursuant to the Scheme of Amalgamation of Reliance Money Express Limited with the Company, the company has allotted 250 Lakh ,12 % Non-Convertible Cumulative Redeemable Preference Shares to Reliance Capital Limited on March 08, 2017 as fully paid up without payment being received in cash.

Note 25A - Instruments entirely equity in nature

Particulars	As at March 31, 2020	As at March 31, 2019
0% Compulsorily Convertible Preference Shares of Rs. 10 each	2,500	2,500
Total	2,500	2,500

Note:

1. Terms and Rights attached to 0% Compulsorily Convertible Preference Shares (CCPS)

(i) The CCPS holders shall be entitled to such rights and privileges as are available to them under the Companies Act, 2013

(ii) The CCPS shall be compulsorily convertible into equity shares of the Company 10 years from the date of such variation at such price and on such terms and conditions as may be mutually agreed between the Company and the preference shareholder at the time of such conversion.

(iii) The yield payable on the CCPS modified from 12% to 6% p.a.(six per cent per annum) with effect from the date of allotment of the 0% Non- Convertible Non-Cumulative Compulsorily Redeemable Preference Shares (NCNCCRPS).

(iv) The conversion ratio of the CCPS shall be 2 fully paid equity shares of the Company for every 5 CCPS held. During the tenor of the CCPS, the Company has the option to convert the same (along with guaranteed yield accrued thereon till date) at any time into fully paid equity shares of the Company in the conversion ratio mentioned above.

(v) To the extent the Company has not exercised its option to convert the CCPS into equity shares during the tenor of the CCPS, and further if the Company has also not exercised its redemption option as stated below, the CCPS shall be compulsorily converted into fully paid equity shares (along with guaranteed yield accrued thereon till date) of the Company at the end of the tenor of the CCPS. For determining the number of equity shares to be issued against the guaranteed yield accrued till the date of conversion, the amount of yield accrued will be divided by Rs.25 (i.e. value per share). The issue price of equity shares on conversion would be Rs. 25/- per share comprising of a face value of Rs. 10/- each and a premium of Rs. 15/- per share.

(vi) The Company has a discretion to pay the yield on the CCPS in cash.

2. The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2020 and March 31, 2019 are set out below;

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
CCPS*				
Number of shares at the beginning	2,50,00,000	2,500	2,50,00,000	2,500
Add : Issued during the period/year			-	
Number of shares at the end	2,50,00,000	2,500	2,50,00,000	2,500

* The company had allotted 2,50,00,000 , 0 % Non-Convertible Non-Cumulative Compulsorily Redeemable Preference Shares (NCNCCRPS) to Reliance Financial Limited on October 29, 2015, The term of issue had been modified vide board meeting dated March 19, 2018 (as mentioned above) and the Preference Shares had become 0% Compulsorily Convertible Preference Shares (CCPS).

3. The details of shareholder holding more than 5% and shares held by the holding/ultimate holding company as at March 31, 2020 and March 31, 2019 are set out below;

Equity shares	No. of shares	%	No. of shares	%
Reliance Financial Limited	2,50,00,000	100%	2,50,00,000	100%

(Amount in Lakh)

Note 25B - Other equity

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Capital reserve	2,602	2,602
(ii) Retained earnings	(17,275)	(13,398)
(iii) Other Comprehensive Income	(156)	(103)
(iv) Debenture Redemption Reserve	561	561
(v) Share based options outstanding account	38	38
Total	(14,230)	(10,300)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Capital reserve		
Opening Balances	2,602	2,602
Add: Transfer from Statement of Profit and Loss		
Closing Balances	2,602	2,602
(ii) Retained earnings		
Opening Balances	(13,398)	(15,391)
Add : Profit for the period/year	(3,877)	2,278
Less : Transfer to Debenture Redemption Reserve	-	(285)
Closing Balances	(17,275)	(13,398)
(iii) Other Comprehensive Income		
Opening Balances	(103)	(63)
Add: Other comprehensive income for the period/year	(53)	(40)
Closing Balances	(156)	(103)
(iv) Debenture Redemption Reserve		
Opening Balances	561	276
Add: Transfer from Statement of Profit and Loss	-	285
Closing Balances	561	561
(v) Share based options outstanding account		
Opening Balances	38	-
Add: Stock options benefit from parent company during the period/year	-	38
Closing Balances	38	38

Nature and purpose of reserve

a) Capital reserve

Capital Reserves are mainly the reserves created during business combination for the gain on bargain purchase. The Company's capital reserve is mainly on account of business combination of Reliance Money Express Limited with Reliance Securities Limited.

b) Debenture redemption reserve

The company is required to create a debenture redemption reserve out of the profits which is available for payment of dividend for the purpose of redemption of debentures.

c) Retained earnings

Retained earnings represents accumulated deficit in statement of profit and loss.

d) Other comprehensive income

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

e) Share options outstanding account

The share options outstanding account is used to recognise the fair value of options issued to employees under share based payments arrangement scheme by the parent company over the vesting period.

Reliance Securities Limited**Financial statements for the year ended March 31, 2020****(Amount in Lakh)****Note 26 - Interest Income**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On financial assets measured at amortised costs:		
Interest charged to clients	2,547	3,793
Interest on deposits with banks	1,568	2,150
Interest on inter corporate loans	781	60
Total	4,896	6,003

Note 27 - Fees and commission & Other operating Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Brokerage, commission and fees	13,849	17,718
Management fees (net)	137	1,014
Total	13,986	18,732

Note 28 - Net gain on fair value changes

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net gain/ (loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
Investments (Mutual Fund)	211	126
Derivatives	1,625	3,642
Equity	(116)	(67)
Bonds	66	170
Total Net gain/(loss) on fair value changes	1,786	3,871
Fair Value changes:		
Realised	2,200	3,643
Unrealised	(414)	229
Total Net gain/(loss) on fair value changes	1,786	3,872

Reliance Securities Limited
Financial statements for the year ended March 31, 2020

(Amount in Lakh)

Note 29 - Other Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on income tax refund	34	46
Profit on sale of mutual fund	7	27
Profit on sale of fixed asset	2	-
Liability written back	15	10
Miscellaneous income	6	16
Provision no longer required	-	54
Interest income-Service tax	101	-
Total	165	153

Note 30 - Finance Cost

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On financial liabilities measured at amortised cost:		
Inter corporate deposits	933	678
Bank overdrafts	-	126
Bank loans-long term and short term	1	717
Preference shares	162	154
Discount on commercial papers	7	365
On financial liabilities measured at FVTPL:	-	-
Debentures	671	682
Total	1,774	2,722

Note 31 - Employee Benefits Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, bonus and allowances	8,963	11,622
Contribution to provident fund and other funds	544	571
Staff welfare expenses	183	237
Total	9,690	12,430

Reliance Securities Limited**Financial statements for the year ended March 31, 2020****(Amount in Lakh)****Note 32 - Others expenses**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent, Rates and taxes (net)	1,802	1,451
Insurance	248	224
Communication & networking charges	485	431
Marketing and advertisement	1,016	741
Legal and professional charges	1,121	806
Rates and taxes	64	54
Repair & maintenance	133	178
Postage and office couriers	102	86
Bad debts written-off (net)	21	59
Provision for standard advances	-	-
Travelling and conveyance expenses	567	755
Bank charges	80	186
Loss on discartment of assets	91	14
Stock exchange expenses	479	369
Printing and stationery	79	92
Payment to auditors	-	-
- As Statutory audit	13	13
- As other audit fee	3	3
- As other services	-	-
Membership and subscription	34	94
Miscellaneous expenses	149	208
Office administrative expenses	304	244
Software expenses	1,662	1,564
Electricity charges	275	284
Provision for doubtful debts/advances	1,874	507
Seminar and training	8	93
CSR Expenditure	34	-
Depreciation in value of Stock in trade	-	-
Total	10,644	8,456

Reliance Securities Limited**Notes to the financial statements for the year ended March 31, 2020****(Amount in Lakh)****33 Disclosure in accordance with Ind-AS 24 Related party transactions****Relationships during the year****(A) Holding Company**

Reliance Capital Limited

(B) Subsidiaries of Holding Company

Reliance Capital Pension Fund Limited
 Reliance General Insurance Company Limited
 Reliance Nippon Life Insurance Company Limited
 Reliance Health Insurance Limited
 Reliance Commercial Finance Limited
 Reliance Home Finance Limited (ceased w.e.f. March 5, 2020)
 Reliance Commodities Limited
 Reliance Financial Limited
 Reliance Wealth Management Limited
 Reliance Money Solutions Private Limited
 Reliance Money Precious Metals Private Limited
 Reliance Exchangenext Limited
 Reliance Corporate Advisory Services Limited
 Quant Capital Private Limited
 Quant Broking Private Limited
 Quant Securities Private Limited
 Quant Investment Services Private Limited
 Gullfoss Enterprises Private Limited
 Reliance Underwater Systems Private Limited (w.e.f. August 16, 2019)
 Reliance Capital AIF Trustee Company Private Limited (Ceased w.e.f. Sep 27, 2019)
 Reliance Capital Trustee Co. Limited (ceased w.e.f. September 27, 2019)
 Reliance ARC SBI mansarovar trust

(C) Associate Companies of Holding Company

Ammolite Holdings Limited
 Reliance Asset Reconstruction Company Limited
 Global Wind Power Limited (w.e.f. June 18, 2019)
 Reinplast Advanced Composites Private Limited
 Reliance Nippon Life Asset Management Limited (ceased w.e.f. September 27, 2019)
 Reliance Home Finance Limited (w.e.f. March 5, 2020)

(D) Key management personnel(KMP)**Names**

Mr. Gop Kumar Bhaskaran
 Mr. Lav Chaturvedi
 Mr. Ashish Turakhia
 Mr. Manish Dhanuka
 Mr. Amit Agrawal
 Mr. Amit Bapna
 Mr. Manu Chadha
 Mr. Chetan Desai
 Ms. Homai Daruwalla

Designation

Whole-time Director & Chief Executive officer (upto September 30,2019)
 Whole-time Director & Chief Executive officer (w.e.f. October 11,2019)
 Company Secretary
 Chief Financial Officer (upto October 15, 2019)
 Chief Financial Officer (w.e.f. February 08, 2020)
 Director
 Independent Director(upto November 1,2019)
 Independent Director(w.e.f January 22, 2020)
 Independent Director

Reliance Securities Limited

Notes to the financial statements for the year ended March 31, 2020

(Amount in Lakh)

(E) Key management personnel compensation

Particular	For the year ended 31st March 2020	For the year ended 31st March 2019
Short term employee benefits	466	386
Termination benefits	19	18
Total compensation (excluding stock options)	485	404

(F) Transactions with related party

Nature of Transaction	Holding company		Fellow Subsidiaries/ Associates of Holding Company		Key Management Personnel & their Relatives	
	For the year ended 31st March	For the year ended 31st March	For the year ended 31st March	For the year ended 31st March	For the year ended 31st March	For the year ended 31st March
	2020	2019	2020	2019	2020	2019
Unsecured loan						
Reliance Capital Limited						
Opening balance	7,500	-	-	-	-	-
Taken during the year	3,150	7,500	-	-	-	-
Repaid during the year	5,600	-	-	-	-	-
Closing balance (payable)	5,050	7,500	-	-	-	-
Reliance Financial Limited						
Opening balance	-	-	-	-	-	-
Taken during the year	-	-	80,413	1,15,989	-	-
Repaid during the year	-	-	80,413	1,15,989	-	-
Closing balance (payable)	-	-	-	-	-	-
Quant Capital Private Limited						
Opening balance	-	-	-	5,000	-	-
Taken during the year	-	-	-	2,000	-	-
Repaid during the year	-	-	-	7,000	-	-
Closing balance (payable)	-	-	-	-	-	-
Quant Broking Private Limited						
Opening balance	-	-	-	-	-	-
Taken during the year	-	-	-	3,950	-	-
Repaid during the year	-	-	-	3,950	-	-
Closing balance (payable)	-	-	-	-	-	-

Notes to the financial statements for the year ended March 31, 2020

Notes to the financial statements for the year ended March 31, 2020

Nature of Transaction	Holding company		Fellow Subsidiaries/ Associates of Holding Company		Key Management Personnel & their Relatives	
	For the year ended 31st March	For the year ended 31st March	For the year ended 31st March	For the year ended 31st March	For the year ended 31st March	For the year ended 31st March
	2020	2019	2020	2019	2020	2019
Reliance Nippon Life Asset Management Limited						
Opening balance	-	-	-	1,500	-	-
Taken during the year	-	-	-	-	-	-
Repaid during the year	-	-	-	1,500	-	-
Closing balance (payable)	-	-	-	-	-	-
Redemption/Sale/Purchases of Bonds						
Reliance Capital Limited						
Reliance capital Nifty Linked Debenture*						
Face Value of Rs. 100000 by 123 quantity	201	262	-	-	-	-
(Face Value of Rs. 100000 by 215 quantity)	-	-	-	-	-	-
Reliance Home Finance Nifty Linked Debenture						
Redemption of Bonds Purchased						
Face Value of Rs. 500000 by 40 quantity	-	-	-	260	-	-
Reliance Finance Limited Nifty Linked Debenture						
Redemption of Bonds Purchased						
Face Value of Rs. 100000 by 2677 quantity			3,383	-		
(Face Value of Rs. 100000 by 5536 quantity)	-	-	-	6,320	-	-
Sale of Bonds						
(Face Value of Rs. 1,00,000 by 465 quantity)			759	-		
Purchase of Bonds						
(Face Value of Rs. 1,00,000 by 2026 quantity)			2,430	-		
Sale of Investments (Mutual Funds) 5321431 quantity			1,009	-		
Reliance Commodities Limited						
Sale of Bonds (Face Value of Rs. 1,00,000 by 269 quantity)			381	-	-	-
Purchased of Bonds (Face Value of Rs. 1,00,000 by 100 quantity)			115	-	-	-
Reliance Wealth Management Limited						
Sale of Bonds(Face Value of Rs. 1,00,000 by 170 quantity)			170	-		
* The above debentures have been purchased from third party/open market and have been redeemed by the holding company during the year.						

Reliance Securities Limited

Notes to the financial statements for the year ended March 31, 2020

(Amount in Lakh)

Nature of Transaction	Holding company		Fellow Subsidiaries/ Associates of Holding Company		Key Management Personnel & their Relatives	
	For the year ended 31st March	For the year ended 31st March	For the year ended 31st March	For the year ended 31st March	For the year ended 31st March	For the year ended 31st March
	2020	2019	2020	2019	2020	2019
Payments/expenditures						
Reliance Capital Limited						
Interest on inter corporate deposits	765	52	-	-	-	-
Reimbursement of Expenses						
- Rent	-	-	-	-	-	-
- Management Fee	450	600	-	-	-	-
- Reimbursement of IT expenses	87	124	-	-	-	-
- Contractual Services	21	4	-	-	-	-
- Reimbursement of others	-	-	-	-	-	-
Reliance Nippon Life Asset Management Limited						
Interest on inter corporate deposits	-	-	-	160	-	-
Reliance General Insurance Company Limited						
Medical Insurance	-	-	185	168	-	-
Reimbursement of Expenses			1	-		
Reliance Nippon Life Insurance Company Limited						
Insurance	-	-	52	50	-	-
Reimbursement of Expenses Rs. 20,293/- (previous year Rs. Nil)			0	-		
Reliance Financial Limited						
Interest on inter corporate deposits	-	-	168	149	-	-
Quant Capital Private Limited						
Interest on inter corporate deposits	-	-	-	175	-	-
Quant Broking Private Limited						
Interest on inter corporate deposits	-	-	-	28	-	-

Reliance Securities Limited
Notes to the financial statements for the year ended March 31, 2020
(Amount in Lakh)

Nature of Transaction	Holding company		Fellow Subsidiaries/ Associates of Holding Company		Key Management Personnel & their Relatives	
	For the year ended 31st March 2020	For the year ended 31st March 2019	For the year ended 31st March 2020	For the year ended 31st March 2019	For the year ended 31st March 2020	For the year ended 31st March 2019
Reliance Wealth Management Limited Distributor commission	-	-	10	6	-	-
Reliance Home Finance Limited Reimbursement of Expenses			13	-		
Reliance Commercial Finance Limited Reimbursement of Expenses			7	-		
Reliance Money Solutions Private Limited Reimbursement of Expenses			29	-		
Lav Chaturvedi Reimbursement of Expenses					1	-
B.Gop Kumar Reimbursement of Expenses	-	-	-	-	2	1
Manishkumar Dhanuka Reimbursement of Expenses	-	-	-	-	-	2
Chetan Desai Director Sitting Fee					1	-
Manu Chadha Director Sitting Fee	-	-	-	-	4	6
Reimbursement of Expenses	-	-	-	-	1	1
Homai Daruwalla Director Sitting Fee	-	-	-	-	6	5
Ashish Turakhia Opening Balance	-	-	-	-	10	20
Loan given	-	-	-	-	-	-
Loan Repaid	-	-	-	-	-	10
Closing Balance	-	-	-	-	10	10
Reimbursement of Expenses	-	-	-	-	-	0
Rs. Nil/- (previous year Rs. 2,400/-)						

Reliance Securities Limited
Notes to the financial statements for the year ended March 31, 2020
(Amount in Lakh)

Nature of Transaction	Holding company		Fellow Subsidiaries/ Associates of Holding Company		Key Management Personnel & their Relatives	
	For the year ended 31st March 2020	For the year ended 31st March 2019	For the year ended 31st March 2020	For the year ended 31st March 2019	For the year ended 31st March 2020	For the year ended 31st March 2019
Receipts/Income						
Reliance Capital Limited						
Brokerage Income	133	123	-	-	-	-
Other Services	1,125	-	-	-	-	-
Reliance Nippon Life Asset Management Limited (formerly Reliance Capital Asset Management Limited)						
Distribution Income- Receipts	-	-	29	203	-	-
DPC & DP AMC Charges Rs. 2.271/- (previous year 1,660/-)	-	-	0	0	-	-
Reliance General Insurance Company Limited						
Brokerage Income	-	-	3	1	-	-
Distribution Income- Receipts	-	-	25	87	-	-
Reliance Nippon Life Insurance Company Limited						
Distribution Fees	-	-	1,144	1,051	-	-
Brokerage Income	-	-	42	53	-	-
Reimbursement of Expenses	-	-	-	1	-	-
Reliance Health Insurance Limited						
Distribution Fees	-	-	14	-	-	-
Reliance Home Finance Limited						
Distribution Fees	-	-	-	1	-	-
Brokerage Income - Receipts	-	-	106	53	-	-
DPC & DP AMC Charges Rs. 1,000/- (previous year Nil)	-	-	0	-	-	-

Reliance Securities Limited
Notes to the financial statements for the year ended March 31, 2020
(Amount in Lakh)

Nature of Transaction	Holding company		Fellow Subsidiaries/ Associates of Holding Company		Key Management Personnel & their Relatives	
	For the year ended 31st March 2020	For the year ended 31st March 2019	For the year ended 31st March 2020	For the year ended 31st March 2019	For the year ended 31st March 2020	For the year ended 31st March 2019
Reliance Commodities Limited						
Brokerage Income Rs. 53 (previous year Nil)			0	-		
Reimbursement of Expenses - Receipts	-	-	34	111	-	-
Reimbursement of PLI Incentive			27	-	-	-
IT Infrastructure and support Charges			200	200	-	-
Reliance Financial Limited						
Brokerage Income	-	-	107	54	-	-
Management Fees			300	-		
Distribution Fees	-	-	18	219	-	-
Reimbursement of expenses	-	-	-	26	-	-
Reimbursement of PLI Incentive			1,190	-		
Interest paid on redemption of debentures			-	-		
Quant Capital Private Limited						
Management fees	-	-	38	45	-	-
Quant Securities Private Limited						
Management fees	-	-	8	30	-	-
Quant Investment Services Private Limited						
Management fees	-	-	8	30	-	-
Reimbursement of PLI	-	-	-	100	-	-
Quant Broking Private Limited						
Management fees	-	-	38	45	-	-
Reimbursement of PLI	-	-	-	50	-	-
Reliance Wealth Management Limited						
Brokerage Income	-	-	28	63	-	-
Management Fees.			132	264		
Reimbursement of expenses - Management fees			150	300		

Reliance Securities Limited
Notes to the financial statements for the year ended March 31, 2020
(Amount in Lakh)

Nature of Transaction	Holding company		Fellow Subsidiaries/ Associates of Holding Company		Key Management Personnel & their Relatives	
	For the year ended 31st March 2020	For the year ended 31st March 2019	For the year ended 31st March 2020	For the year ended 31st March 2019	For the year ended 31st March 2020	For the year ended 31st March 2019
Reliance Money Solutions Private Limited						
Reimbursement of PLI Incentive	-	-	28	35	-	-
Rent Received			19			
Interest Income	-	-	-	-	-	-
Reliance Money Precious Metals Private Limited Management Fees.			25			
Reliance Asset Reconstruction Company Limited Distribution Fees	-	-	-	17	-	-
Reliance Commercial Finance Limited Brokerage Income			4	-		
B.Gop Kumar						
DPC & DP AMC Charges Rs. 150 (previous year Rs.7,811 /-)	-	-	-	-	0	0
Brokerage Rs. 535 (previous year Rs. 2,176/-)	-	-	-	-	0	0
Amit Agrawal						
Brokerage Income					-	-
Priyanka Agrawal						
Brokerage Income Rs. 1,946 (previous year Rs. Nil/-)					0	-
Geeta Agrawal						
Brokerage Income Rs. 1,629 (previous year Rs. Nil/-)					0	-
Manishkumar Dhanuka						
DPC & DP AMC Charges Rs. 156 (previous year Rs. 35,299/-)	-	-	-	-	0	0
Brokerage Rs. Nil (previous year Rs. 250 /-)	-	-	-	-	-	0
Manishkumar Dhanuka (HUF)						
DPC & DP AMC Charges Rs. 200 (previous year Rs.1,740/-)	-	-	-	-	0	0
Brokerage Rs. Nil (previous year Rs. 333/-)	-	-	-	-	-	0
Megha Dhanuka						
DPC & DP AMC Charges Rs. 150 (previous year Rs. 250/-)	-	-	-	-	0	0
Brokerage Rs. Nil (previous year Rs. 6,786/-)	-	-	-	-	-	0
Nina Kothari						
Brokerage Rs. 67754 (previous year Rs. Nil/-)	-	-	-	-	1	-
Amitabh Jhunjhunwala						
Brokerage Income	-	-	-	-	1	-
Vaibhav Kabra						
Brokerage Rs. 709 (previous year Rs. Nil)	-	-	-	-	0	-
Atul Tandon						
Brokerage Rs. 2,085 (previous year Rs. Nil)	-	-	-	-	0	-

Reliance Securities Limited
Notes to the financial statements for the year ended March 31, 2020
(Amount in Lakh)

Nature of Transaction	Holding company		Fellow Subsidiaries/ Associates of Holding Company		Key Management Personnel & their Relatives	
	As at 31st March	As at 31st March	As at 31st March	As at 31st March	As at 31st March	As at 31st March
	2020	2019	2020	2019	2020	2019
Receivables and (payables)						
Reliance Capital Limited	(1,191)	(3,677)	-	-	-	-
Reliance Nippon Life Asset Management Limited (previous year Rs. 5,962/-)	-	-	10	0	-	-
Reliance Nippon Life Insurance Company Limited	-	-	148	99	-	-
Reliance General Insurance Company Limited (previous Rs.2,974/-)	-	-	28	11	-	-
Reliance Home Finance Limited	-	-	(2,598)	(106)	-	-
Reliance Health Insurance Limited	-	-	(2)	-	-	-
Reliance Commodities Limited	-	-	-	97	-	-
Reliance Financial Limited	-	-	(27)	(893)	-	-
Reliance Money Precious Metals Private Limited	-	-	30	-	-	-
Reliance Wealth Management Limited	-	-	(2)	310	-	-
Reliance Money Solutions Private Limited	-	-	(8)	-	-	-
Lav Chaturvedi					1	-
B.Gop Kumar Rs. Nil (previous year Rs.12738)	-	-	-	-	-	(0)
Amit Agrawal					1	-
Manishkumar Dhanuka Rs. Nil (previous year Rs. 160/-)	-	-	-	-	-	(0)
Manishkumar Dhanuka (HUF) Rs. Nil (previous year 4,978)	-	-	-	-	-	(0)
Megha Dhanuka Rs. Nil (previous year 8,097/-)	-	-	-	-	-	(0)

(G) Terms & conditions

All transactions were made on normal commercial terms and conditions.

All outstanding balances are unsecured and are repayable in cash.

The remuneration to key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

34 Income tax

a) The components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are:

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Current tax	-	469
Adjustment in respect of current income tax of prior years	(12)	-
Deferred tax	-	(592)
Total	(12)	(123)

b) 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, 2020 and March 31, 2019 is, as follows:

Particulars	For the Year ended March 31, 2020	Year ended March 31, 2019
Accounting profit before tax	(3,889)	2,156
Tax at India's statutory income tax rate of 26 % (previous year 29.12%)	-1,011	628
Tax effect of the amount which are not taxable in calculating taxable income :		
Non deductible expenses for tax purpose	67	66
Fair value under employee stock option scheme	-	(11)
Fair value of financial instruments	108	(67)
Deferred tax assets not recognised on tax losses and unabsorbed depreciation	837	(616)
Adjustment for earlier year taxes	(12)	(123)
Income tax expense at effective tax rate	(12)	(123)
Effective tax rate	0.31%	-5.71%
Accounting profit after tax	(3,877)	2,279

c) Deferred tax assets/liabilities

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

(Amount in Lakh)		
Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liability :		
Fair valuation of investments	414	32
Gains recognised on futures	-	198
Total	414	229
Deferred tax asset :		
Unused tax losses for which no deferred tax asset has been recognised	4,265	7,066
Unabsorbed depreciation	2,794	2,185
Revenue recognition on advance brokerage plan	2,226	2,903
Expected credit loss recognised	3,641	2,295
Provision for gratuity	231	112
Total	13,157	14,560
Net deferred tax liability \ (asset)	(12,743)	(14,330)

* Note: The company has deferred tax assets in the form of brought forward losses and disallowance under income tax. The company has recognised deferred tax assets only to the extent of deferred tax liability and such excess deferred tax asset has not been recognised due to future benefit which will be flow to the company being can not be reliably measure.

35 Fair value measurements
a) Financial instruments by category

Particular	As at March 31, 2020		As at March 31, 2019	
	Fair value through profit or loss	Amortised cost	Fair value through profit or loss	Amortised cost
Financial Assets				
Cash and cash equivalents		4,291	-	5,221
Bank balance other than cash and cash equivalents above		24,772	-	26,562
Derivative financial instruments	9		1	
Receivables				
(I) Trade receivables		3,762	-	12,190
(II) Other receivables		659		1191
Loans		4,762	-	13,955
Investments				
- equity instruments	-		-	
- Mutual Funds	31		3,127	-
- Debentures	-	-	-	-
- Preference shares	-	-	-	-
Other financial assets		10,759	-	1,427
Total Financial Assets	40	49,005	3,128	60,546
Financial Liabilities				
Derivative financial instruments	987		2,784	
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		24,528		25,530
(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	6,204		10,933	-
Borrowings (Other than debt securities)	-	5,050	-	8,803
Other financial liabilities	662	1,553	499	1,166
Total Financial Liabilities	7,853	31,131	14,216	35,499

b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets measured at fair value at March 31, 2020

	Level 1	Level 2	Level 3	Total
Financial Assets				
Derivative financial instruments	9			9
Investments				
- Mutual Funds-Credit ris fund & Liquid fund	31	-	-	31
- equity instruments				-
Total financial assets	40	-	-	40

Financial liabilities measured at fair value at March 31, 2020

	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Derivative financial instruments	987	-	-	987
Debt Securities	662	-	6,204	6,866
	1,649	-	6,204	7,853

Financial assets measured at fair value at March 31, 2019

	Level 1	Level 2	Level 3	Total
Financial Assets				
Derivative financial instruments	1			1
Investments				
- Mutual Funds-Credit ris fund & Liquid fund	3,127	-	-	3,127
- equity instruments	-	-	-	-
Total financial assets	3,128	-	-	3,128

Financial liabilities measured at fair value at March 31, 2019

	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Derivative financial instruments	2,784	-	-	2,784
Debt Securities (Interest accrued)	499	-	10,933	11,432
	3,283	-	10,933	14,216

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.

Reliance Securities Limited
Notes to the financial statements for the year ended March 31, 2020
(Amount in Lakh)
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
- 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 year ended March 31, 2020 and previous year ended March 31, 2019

Particulars	Total
As at March 31, 2018	-
Additions	3,500
Disposals	(3,500)
Gains/(losses) recognised in statement of profit and loss	-
As at March 31, 2019	-
Additions	-
Disposals	-
Gains/(losses) recognised in statement of profit and loss	-
As at March 31, 2020	-

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

	As at March 31, 2020		As at March 31, 2019	
	Carrying Value	Fair value	Carrying Value	Fair value
Financial assets				
Cash and cash equivalents	4,291	4,291	5,221	5,221
Bank balance other than cash and cash equivalent	24,772	24,772	26,562	26,562
Derivative financial instruments	-	-	-	-
Receivables				
(I) Trade receivables	3,762	3,762	12,190	12,190
(II) Other receivables	659	659	1,191	1,191
Loans	4,762	4,762	13,955	13,955
Investments	-	-	-	-
Other financial assets	10,759	10,759	1,427	1,427
Total financial assets	49,005	49,005	60,546	60,546
Financial liabilities				
Trade payables	24,528	24,528	25,530	25,530
Borrowings (Other than debt securities)	5,050	5,050	8,803	8,803
Other financial liabilities	1,553	1,553	1,166	1,166
Total financial liabilities	31,131	31,131	35,499	35,499

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: cash and balances, Trade receivables, cash and cash equivalents, bank deposits deposits given to exchanges, deposits taken from sub-brokers 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.

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

36 Financial risk management

- A** The Company's activities expose it to market risk, liquidity risk and credit risk. In order to minimise any adverse effects on the financial performance of the company, derivative financial instruments are used for hedging purposes.

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
Credit risk	Cash and cash equivalents, trade and other receivables, Investments, derivatives financial instruments, financial assets measured at amortised cost	Ageing analysis, credit ratings	Diversification of bank deposits, credit limits and regular monitoring
Liquidity risk	Debt securities, Borrowings (other than debts)	Rolling cash flow forecasts	Availability of committed credit lines, borrowing facilities, Asset liability measurement
Market risk - Security prices	Investment in equity securities	Sensitivity analysis	Portfolio diversification

a) Credit risk management

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.

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.

Expected credit loss measurement

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

Credit quality of a customer is assessed based on its credit worthiness and historical dealings with the Company, market intelligence & goodwill. Outstanding customer receivables are regularly monitored.

The Company has established an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach that "Trade receivables outstanding for more than 7 days in case of broking business clients and outstanding for more than 180 days in case of third party distribution business clients" for the purpose of computation of expected credit loss for trade receivables and other receivables. An impairment analysis is performed at each reporting date on an individual basis for all parties. **The Company evaluates the concentration of risk with respect to trade receivables as low.**

Credit risk on cash and cash equivalents and other deposits with banks and exchanges are limited as the Company generally invest in deposits with banks with high credit ratings assigned by external credit rating agencies, accordingly the Company considers that the related credit risk is low.

Loss allowance

Reconciliation of loss allowance provision:

	Trade receivables
Loss allowance as at March 31, 2018	1,774
changes in loss allowance	521
Loss allowance as at March 31, 2019	2,295
changes in loss allowance	1,346
Loss allowance as at March 31, 2020	3,641

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.

Reliance Securities Limited
Notes to the financial statements for the year ended March 31, 2020

(Amount in Lakh)

b) Liquidity risk and funding management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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 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:

Expiring within one year	As at March 31, 2020	As at March 31, 2019
Fix rate		
Short Term Loan	-	-
Floating rate		
Cash Credit Limit	-	-
Overdraft facilities	-	-
Loan against securities	-	2,500

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.

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.

As at March 31, 2020						
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	4,291	-	-	-	-	4,291
Bank balance other than cash and cash equivalents above	-	10,688	9,873	4,185	25	24,772
Derivative financial instruments	-	-	3	6	-	9
Receivables	-	-	-	-	-	-
(I) Trade receivables	-	3,762	-	-	-	3,762
(II) Other receivables	-	659	-	-	-	659
Loans	3,195	1,567	-	-	-	4,762
Investments	-	31	-	-	-	31
Other financial assets	-	25	962	9,772	-	10,759
Total financial assets	7,486	16,732	10,838	13,963	25	49,044
Financial liabilities						
Derivative financial instruments	-	814.87	-	171.85	-	987
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	-	24,528	-	-	-	24,528
(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	-	477	213	5,293	221	6,204
Borrowings (Other than debt securities)	5,050	-	-	-	-	5,050
Subordinated liabilities	-	-	-	-	-	-
Other financial liabilities	-	-	1,553	-	662	2,215
Total financial liabilities	5,050	25,820	1,766	5,465	883	38,984
Net	2,436	(9,087)	9,072	8,498	(858)	10,061

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Notes to the financial statements for the year ended March 31, 2020
(Amount in Lakh)
As at March 31, 2019

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	5,221	-	-	-	-	5,221
Bank balance other than cash and cash equivalents above	-	7,698	18,787	52	25	26,562
Derivative financial instruments	-	1	-	0	-	1
Receivables						
(I) Trade receivables	-	12,190	-	-	-	12,190
(II) Other receivables	-	1,191	-	-	-	1,191
Loans	7,500	6,455	-	-	-	13,955
Investments	-	3,127	-	-	-	3,127
Other financial assets	-	39	367	1,021	-	1,427
Total financial assets	12,721	30,701	19,154	1,073	25	63,674
Financial liabilities						
Derivative financial instruments	-	122	-	2,662	-	2,784
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	-	25,530	-	-	-	25,530
(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			-	10,802	131	10,933
Borrowings (Other than debt securities)	7,500	803	500	-	-	8,803
Subordinated liabilities	-	-	-	-	-	-
Other financial liabilities	-	-	1,166	-	499	1,665
Total financial liabilities	7,500	26,455	1,666	13,464	630	49,715
Net	5,221	4,246	17,488	(12,391)	(605)	13,959

c) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and equity prices.

Cash flow and fair value interest rate risk

The company's main interest rate risk arises from long-term borrowings with variable rates, which expose the company to cash flow interest rate risk. The company policy is to hedge its interest rate risk on MLD by taking positions in future & options based on specified indices.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Reliance Securities Limited
Notes to the financial statements for the year ended March 31, 2020
(Amount in Lakh)
i) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Variable rate borrowing	6,204	10,933
Fixed rate borrowing	5,050	8,803
Total Borrowing		

As at the end of the reporting period, the Company had the following futures and options contracts outstanding:

Particulars	As at March 31, 2020			As at March 31, 2019		
	Units			Units		
	No of contracts	Long	Short	No of contracts	Long	Short
Options						
Index option Long	3	450	-	45	3,375	-
Index option Short	11	-	(76,350)	(4,081)	-	(1,87,660)
Futures						
Stock futures long	24	47,415	-	247	3,61,572	-
Stock futures short	3	-	(7,500)	(50)	-	(1,95,176)
Index future short	2	-	(37,950)	-	-	-
Index future long	-	-	-	1,058	79,350	-
Net exposure in future & option contract		47,865	(1,21,800)		4,44,297	(3,82,836)

ii) Price risk Exposure

The company's exposure to equity securities price risk arises from investments held by the company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss (note no. 10).

To manage its price risk arising from investments in equity securities, the company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the company.

The majority of the company's equity investments are publicly traded.

iii) Financial liabilities designated at FVPL

The Company has issued certain non-convertible debentures, the rate of interest which is linked to performance of specified indices/stocks over the period of the debentures. The Company hedges its interest rate risk on MLD by taking positions in future & options based on specified indices/stocks. The company designated the entire hybrid contract as a financial liability at fair value through profit or loss.

B Capital management
Risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders. The capital of the Company consist of equity capital and accumulated profits. The Company avails borrowings only for day to day working capital requirement for daily core business operations.

The company has not paid dividend in last two year to equity stock holders of the company.

Reliance Securities Limited
Notes to the financial statements for the year ended March 31, 2020
(Amount in Lakh)
37 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, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	4,291	-	4,291	5,221	-	5,221
Bank balance other than cash and cash equivalents above	20,562	4,210	24,772	26,485	77	26,562
Derivative financial instruments	3	6	9	1	0	1
Receivables			-			-
(I) Trade receivables	3,762	-	3,762	12,190	-	12,190
(II) Other receivables	659	-	659	1,191	-	1,191
Loans	4,762	-	4,762	13,955	-	13,955
Investments	31		31	3,127		3,127
Other financial assets	987	9,772	10,759	406	1,021	1,427
Non-financial assets						
Inventories	61	-	61	770	-	770
Current tax assets (Net)	-	1,067	1,067	-	592	592
Deferred tax assets (Net)	-	844	844	-	844	844
Investment property	-	14	14	-	14	14
Property, plant and equipment	-	753	753	-	1,054	1,054
Other intangible assets	-	646	646	-	875	875
Other non-financial assets	527	143	670	543	135	678
Total assets	35,645	17,455	53,100	63,889	4,612	68,501

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial liabilities						
Derivative financial instruments	815	172	987	122	2,662	2,784
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	24,528	-	24,528	25,530	-	25,530
(II) Other payables						
(i) total outstanding dues of	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro	-	-	-	-	-	-
Debt securities	690	5,514	6,204	-	10,933	10,933
Borrowings (Other than debt securities)	5,050	-	5,050	8,803	-	8,803
Subordinated liabilities	-	-	-	-	-	-
Other financial liabilities	1,553	662	2,215	1,166	499	1,665
Non-financial Liabilities						
Provisions	-	231	231	-	358	358
Other non-financial liabilities	4,615	-	4,615	5,228	-	5,228
Total liabilities	37,251	6,579	43,830	40,849	14,452	55,301
Net	(1,605)	10,876	9,270	23,040	(9,840)	13,200

38 Segment reporting

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) Broking Activities: Broking activities includes Broking services to clients, research and advisory services and distribution of financial product distribution, depository services, etc.

(ii) Proprietary trading : Proprietary Trading activities includes the trading in securities by the Company in its own name.

(iii) Certain assets and liabilities, which relate to the company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated"

Particulars	Yearly	Yearly
	As at March 31, 2020	As at March 31, 2019
Segment Revenue		
a. Broking activity	18,882	24,735
b. Proprietary trading	1,786	3,872
c. Unallocated	165	153
Total	20,833	28,760
Segment Results		
a. Broking activity	(4,731)	(461)
b. Proprietary trading	782	2,588
c. Unallocated	60	29
Total	(3,889)	2,156
Segment Assets		
a. Broking activity	50,805	62,778
b. Proprietary trading	171	3,995
c. Unallocated	2,122	1,727
Total	53,098	68,500
Segment Liabilities		
a. Broking activity	42,770	52,353
b. Proprietary trading	1,059	2,949
c. Unallocated	-	-
Total	43,829	55,302

a) Segment assets includes financial and non financial assets and are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment. Unallocated assets include deferred tax asset current tax assets and unsplit portion of property plant and equipment, intangible assets and investment property as per accuracy level of splitting decided by the management.

b) Segment liabilities includes financial and non financial liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

39 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 group is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Particular	As at March 31, 2020	As at March 31, 2019
Employer's Contribution to Provident Fund (Included in 'Contribution to provident and other funds' under Employee Benefits Expense) - refer note no. 31	443	438

B. Defined Benefit Plans:

Gratuity and Leave Encashment:

The employees' gratuity fund scheme managed by a Trust (Reliance Securities 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.

	Gratuity Benefits		Leave Encashment Benefits	
	As at	As at	As at	As at
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
I. Change in present value of obligation:				
Present value of obligations at the beginning of the year	448	342	-	34
Interest Cost	33	26	-	-
Current Service Cost	72	57	-	-
Benefit Paid	(184)	(54)	-	(34)
Actuarial (gain)/loss on obligations	74	56	-	-
Liability for Transferred In / (out)	(5)	20	-	-
Present value of obligations at the end of the year	437	448	-	-
	As at	As at	As at	As at
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
II. Change in the fair value of Plan Assets :				
Fair Value of Plan Assets at the beginning of the year	336	250	-	-
Expected Return on Plan Assets	25	19	-	-
Contributions	31	92	-	-
Benefit Paid	(184)	(54)	-	-
Actuarial gain/(loss) on Plan Assets	4	4	-	-
Assets Transferred In/(out)	(5)	24	-	-
Fair Value of Plan Assets at the end of the year	207	336	-	-
	As at	As at	As at	As at
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
III. Reconciliation of present value of obligation and fair value of assets :				
Liability at the end of the year	437	448	-	0
Fair value of plan assets at the end of the year	207	336	-	-
(Asset) / Liability Recognised in the Balance Sheet	231	112	-	0
	For the year ended	For the year ended	For the year ended	For the year ended
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
IV. Expenses recognised during the year :				
Current Service Cost	72	57	-	-
Interest Cost	33	26	-	-
Expected Return on Plan Assets	(25)	(19)	-	-
Net Actuarial (Gain)/Loss recognised	70	51	-	-
Expense Recognised in statement of profit and loss	150	115	-	-
	For the year ended	For the year ended		
	March 31, 2020	March 31, 2019		
Amount recorded in Other comprehensive Income (OCI)				
Remeasurements during the year due to				
-changes in financial assumptions				
Experience Adjustment on Plan Liability (Gain)/Loss	74	56		
Actuarial Gain / (Loss) due to Plan Asset	4	4		
Amount recognised in OCI during the year	70	51		
V. Investment details :				

Current Service Cost	72	57	-	-
Interest Cost	33	26	-	-
Expected Return on Plan Assets	(25)	(19)	-	-
Net Actuarial (Gain)/Loss recognised	70	51	-	-
Expense Recognised in statement of profit and loss	150	115	-	-

	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
Amount recorded in Other comprehensive Income (OCI)		
Remeasurements during the year due to		
-changes in financial assumptions		
Experience Adjustment on Plan Liability (Gain)/Loss	74	56
Actuarial Gain / (Loss) due to Plan Asset	4	4
Amount recognised in OCI during the year	70	51

V. Investment details :

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

VI. Assumptions :	For the year ended	For the year ended			
	March 31, 2020	March 31, 2019			
Discount Rate (per annum)	6.56%	7.48%			
Rate of Return on Plan Assets	6.56%	7.48%			
Salary Escalation	6.00%	6.00%			
Rate of Employee Turnover	For service 4 years and below 31.00% p.a & For service 5 years and above 3.00% p.a.	For service 4 years and below 31.00% p.a & For service 5 years and above 3.00% p.a.			
Mortality Rate During Employment	Indian Assured Lives Mortality(2006-08)	Indian Assured Lives Mortality(2006-08)			
VII. - Particulars of amounts for the year and previous years		Gratuity for the year ended March 31,			
	2020	2019	2018	2017	2016
Present value of obligations at the beginning of the year	437	448	342	280	196
Fair value of plan assets at the end of the year	207	336	250	179	192
Excess of Obligation Over Plan Asset	231	112	92	101	4
Experience Adjustment on Plan Liability (Gain)/Loss	74	56	45	67	15
Actuarial Gain /(Loss) due to Plan Asset	4	4	(11)	1	(4)

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.

C. Sensitivity analysis:

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

	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Discount Rate	1.00%	1.00%	(46)	(47)	54	55
Salary growth rate	1.00%	1.00%	54	55	(47)	(48)
Employee Turnover	1.00%	1.00%	1	5	(1)	(6)

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)	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Insurer managed funds	100.00%	100.00%	207	336
Total	100.00%	100.00%	207	336

(E) 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 Nippon 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.

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.

(F) 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, 2021 are 179 Lakh

The weighted average duration of the defined benefit obligation is 13 years (2019 – 13).

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

Particulars	Less than a year	Between 1-2 years	Between 3-5 years	Over 5 years	Total
March 31, 2020					
Defined benefit obligation (gratuity)	14	32	51	949	1,045
March 31, 2019					
Defined benefit obligation (gratuity)	15	16	70	1,141	1,242

40 Phantom stock options

A. (i) The company has granted 22,41,232 (scheme 2015) Phantom Option to its employees in the financial year 2015-16.

Employee stock option (scheme 2015) details as on the balance sheet date are as follow

Description	As at 31st March 2020	As at 31st March 2019	As at 31st March 2018	As at 31st March 2017	As at 31st March 2016
Option outstanding at the beginning of the year (No.)	13,48,602	19,34,617	21,77,389	22,41,232	-
Granted during the year	-	-	-	-	22,41,232
Exercised during the year	-	3,30,642	89,884	-	-
forfeited/Lapsed during the year*	13,48,602	2,55,373	1,52,888	63,843	-
Option outstanding at the end of the year	-	13,48,602	19,34,617	21,77,389	22,41,232
Vested during the year	Nil	3,35,849	4,04,900	4,35,478	-

(ii) Detail of phantom share granted subject to the term and conditions as per Phantom stock scheme.

Particulars	
Date of grant	15th October 2015
Base Price Per Phantom stock Option	₹ Rs.28.57 per shares -(refer note)
Appreciation per Phantom stock Option	Excess of 'fair market of share on the date of exercise' determined in term of the Phantom Stock Option Scheme over the Base Price'
Formula for the valuation of the Co.	Profit Before Tax (PBT) X Fixed Multiplier (15)
Exercise Period	a. In case of continuation of employment : Vested Phantom Stock Options can be exercised any time up to 3 year from the date of last vesting of Phantom stock Options; and b. In case of cessation of employment :Different periods depending on kind of cessation as per provision of the Phantom Stock Option scheme.
Settlement of Phantom Stock Options	Within 90 days from the date of exercise by cash.

(iii) Detail of vesting schedules and conditions

Date of vesting (Grant 22,41,232 - Scheme 2015)	Percentage of vesting	Vesting condition
1st Anniversary from the date of grant	20%	Continued employment as on respective date of vesting.
2st Anniversary from the date of grant	20%	
3st Anniversary from the date of grant	20%	
4st Anniversary from the date of grant	20%	
5st Anniversary from the date of grant	20%	

B. (i) During the year company has granted 51,99,496 (scheme 2017) Phantom Option to its employees.

Employee stock option details as on the balance sheet date are as follow

Description	As at 31st March 2020	As at 31st March 2019	As at 31st March 2018
Option outstanding at the beginning of the year (No.)	43,63,711	50,73,499	-
Granted during the year	-	-	51,99,496
Exercised during the year	-	4,38,893	-
forfeited/Lapsed during the year*	43,63,711	2,70,895	1,25,997
Option outstanding at the end of the year	-	43,63,711	50,73,499
Vested during the year	Nil	12,00,651	-

(ii) Detail of phantom share granted subject to the term and conditions as per Phantom stock scheme.

Particulars	
Date of grant	10th July 2017
Base Price Per Phantom stock Option	₹ Rs.23.81 per shares -(refer note)
Appreciation per Phantom stock Option	Excess of 'fair market of share on the date of exercise' determined in term of the Phantom Stock Option Scheme over the Base Price'
Formula for the valuation of the Co.	Profit Before Tax (PBT) X Fixed Multiplier (15)
Exercise Period	a. In case of continuation of employment : Vested Phantom Stock Options can be exercised any time up to 3 year from the date of last vesting of Phantom stock Options; and b. In case of cessation of employment :Different periods depending on kind of cessation as per provision of the Phantom Stock Option scheme.
Settlement of Phantom Stock Options	Within 90 days from the date of exercise by cash.

Date of vesting (Grant 51,99,496 - Scheme 2017)	Percentage of vesting	Vesting condition
1st Anniversary from the date of grant	25%	Continued employment as on respective date of vesting.
2st Anniversary from the date of grant	25%	
3st Anniversary from the date of grant	25%	
4st Anniversary from the date of grant	25%	

The grant of phantom option are in the nature of long term benefits payments and accordingly, the actuarial valuation has been done for the phantom option on 31st March 2018. The management estimate cost to such schemes:

Note;

Reliance Securities Limited had issued equity shares to its parent company, Reliance Capital Limited, in the financial year 2017-18. Accordingly, the exercise price, the fair market value & number of the phantom options granted to employees were adjusted to reflect the revised equity base with effect from January 01, 2019.

C. (i) During the year company has granted 30,28,437 (scheme 2018) Phantom Option to its employees.

Employee stock option details as on the balance sheet date are as follow

Description	As at 31st March 2020	As at 31st March 2019
Option outstanding at the beginning of the year (No.)	28,94,001	-
Granted during the year	0	30,28,437
Exercised during the year	-	-
forfeited/Lapsed during the year*	28,94,001	1,34,436
Option outstanding at the end of the year	-	28,94,001
Vested during the year	Nil	Nil

(ii) Detail of phantom share granted subject to the term and conditions as per Phantom stock scheme.

Particulars	
Date of grant	7th May 2018
Base Price Per Phantom stock Option	₹ Rs.31.43 per shares
Appreciation per Phantom stock Option	Excess of 'fair market of share on the date of exercise' determined in term
Formula for the valuation of the Co.	Profit Before Tax (PBT) X Fixed Multiplier (15)
Exercise Period	a. In case of continuation of employment : Vested Phantom Stock Options b. In case of cessation of employment : Different periods depending on kind of cessation as per provision of the Phantom Stock Option scheme.
Settlement of Phantom Stock Options	Within 90 days from the date of exercise by cash.

Date of vesting (Grant 30,28,437 Scheme 2018)	Percentage of vesting	Vesting condition
1st Anniversary from the date of grant	25%	Continued employment as on respective date of vesting.
2st Anniversary from the date of grant	25%	
3st Anniversary from the date of grant	25%	
4st Anniversary from the date of grant	25%	

The grant of phantom option are in the nature of long term benefits payments. The company has discontinued the phantom shares as on March 31, 2020.

Particulars	Apr 19- Mar 20	Apr 18- Mar 19
Estimated Cost	Nil	38

The company operated three phantom stock option schemes: 2015, 2017 & 2018, introduced in the Financial year 2015-16, 2017-18 & 2018-19 respectively. All the options granted under these schemes have been forfeited and lapsed in the current year 2019-20. Accordingly, the company has reversed Rs. 246 Lakh in the current year pertains to provision against phantom stock options.

*

41 **Contingent liabilities**

Particulars	As at March 31, 2020	As at March 31, 2019
Claims not acknowledged as debts in respect of:		
i. Guarantees given by scheduled banks		
On behalf of the Company towards collateral security deposit in favour of Bombay Stock Exchange Limited		
- Cash Segment	-	960
- Futures and Options segment	-	100
On behalf of the Company towards collateral security deposit in favour of National Stock Exchange Limited		
- Cash Segment	-	-
- Futures and Options segment	-	15,465
ii. Guarantees given by scheduled banks on behalf of the company to Unique Identification Authority of India	25	25
iii. Guarantees given by scheduled banks on behalf of the company to Bank of Maharashtra	-	1
- Other claims		
A. Service Tax		
Demand received from service tax authorities alleging non payment of service tax		
(a) Service tax demanded on services provided to Western Union Financial Services, INC (WU) on the ground that the ultimate beneficiary of service are located in India. Thus liable to service tax under Business Auxiliary Services. (Period 2005-06 to September 2010)	3,476	3,161
(b) Service tax demanded on services provided to Western Union Financial Services, INC (WU) on the ground that RMEL as an agent provided service on behalf of WU and is liable to service tax under Business Auxiliary Services (Period October 2014 to September 2015)	484	484
(c) Service tax demanded on delay payment interest collected from the Customers	1,609	926
(d) Cost of Foreign currency purchased has been disallowed alleging violation under FEMA (Period 2009-10)	99	99
(e) Penalty u/s 271(1)(c) initiated under Income Tax Act (Period 2014-15)	5	5
B. Other Legal Matters;		
Demand raised for various legal matters from respective forum/court.	746	928

Reliance Securities Limited
Notes to the financial statements for the year ended March 31, 2020

(Amount in Lakh)

In reference to note No. A (c) - Other claim, the SCN has been issued alleging that the Delay payment interest collected is liable to service tax. The Issue is industrywide. The Management is of the opinion that the amount collected is in nature of interest being covered under negative list service tax and hence not liable to service tax. Accordingly, no provision for the same has been made in the financial statements.

42 Capital commitments

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account (net of advances)	107	115

43 Earnings per share (EPS)

a) The basic earnings per share has been calculated based on the following:

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Net profit after tax available for equity shareholders	(3,877)	2,279
Weighted average number of shares for computation of Basic EPS	2,100	2,100
Basic EPS	(1.85)	1.09
Weighted average number of shares for computation of Diluted EPS	2,200	2,190
Diluted EPS*	-	1.04

* Anti dilutive EPS not presentation

b) The reconciliation between the basic and the diluted earnings per share is as follows:

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Basic earnings per share	(1.85)	1.08
Diluted earnings per share*	-	1.04

* Anti dilutive EPS not presentation

44 Operating lease commitments

The Company have taken office branches under operating leases, which expire between 2020 to 2027 (Previous Year: 2019 to 2027). The committed lease rentals in the future are:

Particulars	As at March 31, 2020	As at March 31, 2019
Not later than one year	16	155
Later than one year and not later than five years	85	203
Later than five years	-	-

45 Auditor's Remunerations

(Amount in Lakh)

Particulars	As at March 31, 2020	For the Year ended March 31, 2019
As Auditors		
- Audit Fees	13	13
- Tax Audit Fees	-	-
Other Services		
- Certification	1	1
- Others	3	3
Reimbursement of Expenses		-
Total	17	17

46 Foreign currency transactions

Details of foreign currency transactions are as follows:

Particulars	As at March 31, 2020	For the Year ended March 31, 2019
Expenditure incurred in foreign currency*	-	-
Income earned in foreign currency*	-	-

*During the year the company had no unhedged foreign currency exposures

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

Particulars	Outstanding balance	
	As at March 31, 2020	For the Year ended March 31, 2019
i) Loans and advances in the nature of loans to subsidiaries	-	-
ii) Loans and advances in the nature of loans to associates	-	-
iii) Loans and advances in the nature of loans to firms / companies in which directors are interested	-	-
iv) Investments by loanee 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 does not include Bonds and debentures		

48 As per section 135 of the Companies Act 2013, the company is under obligation to incur ₹ 34 Lakh (previous year Nil) and has incurred the same in cash, being 2% of the average net profit during the immediately preceding three financial years, calculated in the manner as stated in the Act towards Corporate Social Responsibility through a non-profit center engaged in the provision of health care for the purpose other than construction / acquisition of assets.

49 Securities received from clients as collateral are held by the Company in its own name in a fiduciary capacity.

Reliance Securities Limited**Notes to the financial statements for the year ended March 31, 2020****(Amount in Lakh)**

- 50 The Company has been unable to obtain Bank Confirmation for the year ended 31-Mar-2020 for certain Fixed Deposit Receipts (FDRs) amounting to Rs. 7.54 crore from a Scheduled Commercial Bank (Bank), which includes "Client Margin" FDRs amounting to Rs. 5.70 Crore.

The Bank has adjusted said FDRs against amounts due and payable by the parent company (Reliance Capital Limited) to the Bank. The Company has obtained legal advise / opinion from a reputed law firm confirming that the action of the Bank to adjust "Client Margin" FDRs can be challenged as being illegal and untenable in law. The regulatory provisions from SEBI also support this position. The Company has initiated necessary actions against the Bank for said adjustments for Client Margin FDRs. Hence, the Company is confident that the said Client Margin FDRs of Rs. 5.70 crore will be recovered from the Bank over a period of time and no adjustments are required to be made in the carrying value of the FDRs. Balance amount of FDRs of Rs. 1.84 crore have been provided for in the books of account of the Company.

51 Leases**a) Accounting Policy**

The company's lease asset classes primarily consist of leases for buildings taken on lease for operating its branch offices. The company assesses whether a contract contains a lease, at inception of a contract. At the date of commencement of the lease, the company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. However there is no lease recognised as a low-value lease during the current year.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term.

The lease liability is initially measured at amortized cost at the present value of the future lease payments.

Transition

Effective April 01, 2019, the company adopted Ind AS 116 "Leases", using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. Consequential increase in expenses been recognized in the statement of profit and loss during the year ended March 31, 2019 amounting to Rs. 4.48 lakh.

- b) Changes in carrying value of right of use assets for the period ended March 2020 :

(Amount in Lakh)		
Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Reclassified on account of adoption of Ind AS 116	103	147
Additions	-	-
Deletions	-	-
Depreciation	49	44
Balance as on March 31, 2020	54	103

- c) **Interest Expense on lease liability and movement in lease liabilities for the period ended March 2020 :**

(Amount in Lakh)		
Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Balance as on April 01, 2019	108	147
Additions	-	-
Interest expense	9	12
Payment of lease liabilities	57	51
Balance as on March 31, 2020	60	108

- d) Total Cash outflow on account of lease liabilities for the period ended March 31, 2020 amounts to Rs. 57 lakh(Rs. 57 lacs for March 31, 2019)

- e) Expense pertaining to short term leases (i.e having lease period of less than 12 months) :-

(Amount in Lakh)		
Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Operating lease payments, which are minimum lease payments, recognised in the Statement of Profit and Loss	1,826	1,426

- f) **Maturity Analysis of Lease Liabilities as on March 31, 2020**

(Amount in Lakh)		
Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Not later than one month	4	0
Later than one month and not later than three months	9	6
Later than three months and not later than one year	41	33
Later than one year and not later than five years	6	108

Reliance Securities Limited**Notes to the financial statements for the year ended March 31, 2020****(Amount in Lakh)**

- 52 COVID -19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian Financial Markets and a significant decrease in the economic activities. On 24 March 2020 the Indian Government had announced a strict 21 day lockdown which has been further extended by 19 days across the country to contain the spread of virus. Covid 19 presented us an operational challenges and required recalibrating the management methodology for sales, collections, operations, etc. The Company believes that it has taken into account all the possible impact of known events arising out of COVID 19 pandemic in the preparation of financial results. However the impact assessment of COVID 19 is a continuing process given its nature and duration. The Company will continue to monitor for any material changes to future economic conditions.
- 53 The Board of Directors of the Company have given consent at their Meeting held on March 19, 2018, to acquire the business undertaking of the Reliance Commodities Limited pertaining to Commodities broking business including all related assets and properties, employees, investments, contracts, debts and liabilities on slump sales basis. Accordingly, the Company has entered into Business Transfer Agreement dated August 24, 2018 with the Reliance Commodities Limited to acquire Commodities broking business for a consideration of Rs. 253 Lakh. Exchange approval for the Commodities Broking business acquisition has been received, subject to fulfilment of certain conditions. The Company is in the process of fulfilling those conditions & accounting adjustment has not been given in above result.
- 54 Previous period figures have been regrouped/ rearranged wherever necessary.

The accompanying notes (1 to 54) forms an integral part of the financial statements

As per our attached report of even date

For Pathak H. D. & Associates LLP
Chartered Accountants
Firm registration No. 107783W/W100593

For and on behalf of the Board of Directors

Sd/-
Parimal Kumar Jha
Partner
Membership No.: 124262

Sd/-
Lav Chaturvedi
Executive Director & CEO
DIN : 02859336

Sd/-
Amit Bapna
Director
DIN : 00008443

Place : Mumbai
Date : May 06, 2020

Sd/-
Amit Agrawal
Chief Financial Officer

Sd/-
Ashish Turakhia
Company Secretary
Membership No. F3371