

Financial Statement

2015-16

Reliance Financial Limited

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RELIANCE FINANCIAL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Reliance Financial Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016; and its profit and its cash flows for the year ended on that date.

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 section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - g) 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 no pending litigations on its financial position in its financial statements as on March 31, 2016.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - 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, 2016.

For Chaturvedi & Shah
Chartered Accountants
Firm Registration no. 101720W

Vitesh D. Gandhi
Partner
Membership No.: 110248

Mumbai
Date: April 13th, 2016.

Annexure to the Independent Auditors' Report

(Referred to in our Report of even date)

- 1) In respect of its fixed assets :
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b) As explained to us, all the fixed assets of the Company have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) In our opinion and according to the information and explanations given to us, title deeds of immovable properties are held in the name of the company.
- 2) In our opinion the inventories (securities) have been physically verified during the year by the Management at reasonable intervals and as explained to us no material discrepancies were noticed on physical verification.
- 3) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to any companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, the provisions of clause (iii) (a) to clause (iii) (c) of paragraph 3 of the Order are not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities. The Company has not granted any loans to any director or any person in whom director is interested as specified under Section 185 of the Companies Act, 2013 and hence clause (iv) of paragraph of the Order is not applicable to the Company to that extent.
- 5) In our opinion and according to the information and explanations given to us, the Company is a Non-Deposit taking Non-Banking Financial Company, therefore the provisions of Clause (v) of paragraph 3 of the Order is not applicable to the Company.
- 6) According to the information and 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 provisions of Clause (vi) of paragraph 3 of the Order is not applicable to the Company.
- 7) In respect of Statutory dues:
 - a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues have been generally regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues, were outstanding as at March 31, 2016 for a period of more than six months from the date of becoming payable.
 - b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, on account of any dispute, which have not been deposited.
- 8) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution and debenture holders of Market linked debentures issued during the year.

- 9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term Loan and hence clause (ix) of paragraph 3 of the Order is not applicable to the Company.
- 10) In our opinion and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- 11) In our opinion and according to the information and explanations given to us, the company has neither provided nor paid any managerial remuneration and hence clause (xi) of paragraph 3 of the Order is not applicable to the company.
- 12) The Company is registered as a non-banking financial Company with the Reserve bank of India. Accordingly, it is not a Nidhi Company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the company.
- 13) In our opinion and according to the information and explanations given to us the Company's transactions with its related party are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- 14) 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. 116,200,000. 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.
- 15) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence reporting under clause (xv) of Paragraph 3 of the Order is not applicable to the Company
- 16) In our opinion and according to information and explanations provided to us, based on its assets and income pattern at the year end, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the Company has already registered as a non banking financial Company with the Reserve Bank of India.

For Chaturvedi & Shah
Chartered Accountants
(Firm Registration no. 101720W)

Vitesh D. Gandhi
Partner
Membership No.: 110248

Mumbai
Date: April 13th, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF RELIANCE FINANCIAL LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the Internal Financial Control over financial reporting of **Reliance Financials Limited** ("the company") as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year then ended.

Management Responsibility for the Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls. 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 over financial reporting 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control 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 control over financial reporting includes 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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.

For **Chaturvedi & Shah**
Chartered Accountants
(Firm Registration no. 101720W)

Vitesh D. Gandhi
Partner
Membership No.: 110248

Mumbai
Date: April 13th, 2016

RELIANCE FINANCIAL LIMITED

BALANCE SHEET AS AT MARCH 31, 2016

Particulars	Note	March 31, 2016 Amount in ₹	March 31, 2015 Amount in ₹
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	401,578,970	110,000,000
(b) Reserves and surplus	3	679,804,855	306,687,857
2 Non current liabilities			
(a) Long term borrowings	4	116,200,000	-
(b) Long term provisions	5	120,456	355,828
3 Current liabilities			
(a) Short term borrowings	6	110,000,000	131,597,974
(b) Trade Payable	7	570,573	9,910,850
(c) Other current liabilities	8	11,165,894	3,634,213
(d) Short term provisions	9	5,643,151	1,950,929
TOTAL		1,325,083,899	564,137,651
II. ASSETS			
1 Non current assets			
(a) Fixed assets	10		
(i) Tangible assets		-	473,010
(i) Intangible assets		733,173	-
(b) Non current investments	11	392,367,275	2,367,275
(c) Deferred tax assets (Net)	12	1,561,365	1,808,473
(d) Long-term loans and advances	13	1,551,500	3,169,726
(e) Other non current assets	14	39,815,223	15,223
2 Current assets			
(a) Stock in trade	15	67,354,085	-
(b) Cash and bank balances	16	127,078,704	59,019,185
(c) Short-term loans and advances	17	687,478,371	487,328,980
(d) Other current assets	18	7,144,203	9,955,779
TOTAL		1,325,083,899	564,137,651

Significant accounting policies

Note on financial statement 1 to 38

The accompanying notes form an integral part of the financial statements

As per our report of even date

For Chaturvedi & Shah
Firm Registration No. 101720W
Chartered Accountants

For and on behalf of the Board of Directors

Vitash D. Gandhi
Partner
Membership No.: 110248

B. Gopkumar
Director
DIN: 07223999

Lav Chaturvedi
Director
DIN : 02859336

Place : Mumbai
Date : April 13, 2016

Sanat Biswas
Chief Financial Officer

Hetal Shah
Company Secretary
Membership No.: A - 26479

RELIANCE FINANCIAL LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

Particulars	Note	April 1, 2015 to March 31, 2016 Amount in ₹	April 1, 2014 to March 31, 2015 Amount in ₹
I Income from financing activities	19	44,673,766	49,661,340
II Other income	20	13,591,921	10,912,499
III Total Revenue (A)		58,265,687	60,573,839
IV Expenses:			
Operating expenses	21	7,150,562	19,415,280
Employee benefits expense	22	10,622,767	25,698,041
Administrative and other expenses	23	23,644,045	5,050,833
Depreciation	10	482,136	3,551,094
Provision on standard assets		388,981	-
Total Expenses (B)		42,288,491	53,715,248
V Profit before exceptional items and tax (A-B)		15,977,196	6,858,591
VI Exceptional items		-	-
VII Profit before tax (V-VI)		15,977,196	6,858,591
VIII Tax expense:			
Current tax		11,000,000	4,219,537
Deferred tax liability/(assets)		247,108	(2,021,473)
Income tax for earlier years		34,206	25,422,916
IX Profit/(loss) for the year (VII-VIII)		4,695,882	(20,762,389)
Earning per share on Equity Shares of ₹ 10 each (Refer note no. 31)			
- Basic		0.20	(1.89)
- Diluted		0.20	(1.89)
Significant Accounting Policies Note on financial statement	1 to 38		

The accompanying notes form an integral part of the financial statements

As per our report of even date

For Chaturvedi & Shah
Firm Registration No. 101720W
Chartered Accountants

For and on behalf of the Board of Directors

Vitesh D. Gandhi
Partner
Membership No.: 110248

B.Gopkumar
Director
DIN: 07223999

Lav Chaturvedi
Director
DIN : 02859336

Place : Mumbai
Date : April 13, 2016

Sanat Biswas
Chief Financial Officer

Hetal Shah
Company Secretary
Membership No.: A - 26479

RELIANCE FINANCIAL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

Particulars	April 1, 2015 to March 31, 2016 Amount in ₹	April 1, 2014 to March 31, 2015 Amount in ₹
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax as per statement of profit and loss	15,977,196	6,858,591
Adjustments for :		
Depreciation	482,136	3,551,094
Profit on sale of current investments	(8,480,297)	(3,147,892)
Interest on current investments	(5,111,624)	(6,642,818)
Bad debts written off	-	-
Provision for doubtful debts	12,091,967	2,127,956
Provision for standard debts	388,981	-
OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES	15,348,359	2,746,931
Adjustments for :		
(Increase) in Inventory	(67,354,085)	-
(Increase)/ Decrease in trade receivable	-	15,531
(Increase)/ Decrease in long term loans and advances	(1,551,500)	
(Increase)/ Decrease in short term loans and advances	(212,241,358)	55,420,511
(Increase)/ Decrease in non current assets	(39,800,000)	100,000
(Increase)/ Decrease in other current assets	2,811,576	(9,014,396)
Increase/(Decrease) in trade payable	(9,340,277)	9,774,599
Increase/ (Decrease) in long term provision	(235,372)	288,444
(Decrease) in short term provision	(633,794)	(1,327,146)
Increase/ (Decrease) in other current liabilities	7,531,681	1,772,160
Net bank balances not considered as cash and cash equivalents	(150,000)	36,143
CASH (USED IN)/GENERATED FROM OPERATIONS	(305,614,770)	59,812,776
Payment of taxes (net of refunds)	(3,927,445)	(2,899,176)
NET CASH FLOW (USED IN)/GENERATED FROM OPERATING ACTIVITIES (A)	(309,542,215)	56,913,600
B. CASH FLOW FROM INVESTING ACTIVITIES :		
(Purchase) of Fixed Assets	(742,300)	-
Sale of Fixed Assets	-	7,014,351
Purchase of investments	(390,000,000)	-
Sale of investments	-	800,617
Profit on Sale of Current Investment	8,480,297	-
Interest/Dividend on current investments	5,111,624	6,642,818
NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)	(377,150,379)	14,457,786

RELIANCE FINANCIAL LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

Particulars	April 1, 2015 to March 31, 2016 Amount in ₹	April 1, 2014 to March 31, 2015 Amount in ₹
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds/ (Repayment) of borrowings (net)	(21,597,974)	(78,402,026)
Proceeds from issue non Convertible debentures	116,200,000	-
Proceeds from issue of share capital	660,000,086	-
NET CASH (USED IN)/FROM FINANCING ACTIVITIES (C)	754,602,112	(78,402,026)
NET INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS (A+B+C)	67,909,519	(7,030,642)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8,651,052	15,681,694
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	76,560,571	8,651,052

Fixed Deposits with banks having original maturity of more than three months aggregating to ₹ 50,518,133 (Previous year ₹ 50,368,133) are not readily liquid and have been excluded from Cash and cash equivalents (Refer note 16)

Component of cash and cash equivalents (Refer note 30)

The accompanying notes form an integral part of the financial statements

As per our report of even date
For Chaturvedi & Shah
Firm registration No. 101720W
Chartered Accountants

For and on behalf of the Board of Directors

Vitesh D. Gandhi
Partner
Membership No.: 110248

B.Gopkumar
Director
DIN: 07223999

lav Chaturvedi
Director
DIN : 02859336

Place : Mumbai
Date : April 13, 2016

Sanat Biswas
Chief Financial Officer

Hetal Shah
Company Secretary
Membership No.: A - 26479

RELIANCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT MARCH 31, 2016

NOTE 1

Summary of significant accounting policies

(Currency: Indian Rupee)

1 Background

Reliance Financial Limited was incorporated on August 26, 2005 . The Company is licensed by the Reserve Bank of India to Act as a Non-banking financial company.

2 Significant accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on accrual basis. These financial statements have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standards specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules 2014.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Companies Act, 2013. Based on the nature of services offered the Company has ascertained its operating cycle as 12 months for the purpose of current-non current classification of assets and liabilities.

The financial statements are presented in Indian rupees.

2.2 Use of estimates

The preparation of financial statements is in conformity with GAAP and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 Revenue recognition

- (i) Interest Income from financing activities is recognised on an accrual basis.
- (ii) Dividend income is recognised when the right to receive payment is established.
- (iii) In respect of exchange traded derivatives undertaken by the company, net gain/loss arising from settlement of such transactions during the year or loss from restatement of such transactions that are pending settlement at the year end are recognised in the Statement of Profit and Loss for the year.
- (iv) Processing Fees is recognised upfront in the year of disbursement of loan.

2.4 Fixed assets and depreciation

Fixed assets are stated at cost of acquisition less accumulated depreciation and accumulated impairment losses. Cost includes expenses related to acquisition and installation of the concerned asset.

Tangible Assets

Depreciation on all class of fixed assets is charged under the straight line method over the useful life of the assets as specified in Schedule II to the Companies Act, 2013.

The rates of depreciation for various assets are as follows:

Assets	Useful Life
Leasehold Improvements	Over the primary period of lease
Office Equipments	Over a period of 5 Years
Computer end user devices	Over a period of 3 Years
Software	Over a period of 6 Years

Fixed assets costing less than ₹ 5,000 are fully depreciated in the year of purchase.

(Currency: Indian Rupee)

2.5 Investments & Stock-in-trade

Investments in debt and equity securities are classified as current investment or long term investments.

Investments that are acquired with the intention of short term holding and trading are classified as stock-in-trade. All other investments are classified as long term investments. The securities held as stock-in-trade are carried at cost arrived at on weighted average basis or market value, whichever is lower.

Long term investments are carried at acquisition cost, inclusive of direct acquisition costs, if any. Any decline in the value of investments, which is other than temporary is reduced from its acquisition cost and provided for in the statement of profit and loss. A decline is considered as other than temporary after considering the investee company's market value, assets, results and the expected cash flows from the investment and restrictions, if any, on distribution or sale of the investee company.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

2.6 Accounting for derivative transactions

The Company enters into derivative contracts such as equity index/ stock futures, equity index/stock options.

Derivative contracts entered into for trading purposes are marked to market and the resulting loss is accounted for in the profit and loss account. Gains are recognised only on settlement/expiry of the derivative contract.

Receivables/payables on the open positions are reported as current assets/current liabilities.

2.7 Market linked debentures (MLD)

The Company has issued certain non-convertible debentures, the rate of interest which is linked to Performance of specified indices over the period of debenture. The company hedges its interest rate risk on MLD by taking position in Future & Options based on specified indices. Any gain/ loss on these hedge positions netted against interest expenses on MLD and resultant 'net loss' is recognised in profit and loss immediately. However 'net gain' if any, is ignored.

2.8 Employee benefits**i. Short-Term Employee Benefits:**

The employees of the Company are entitled to leave encashment as per the policy of the Company. The liability in respect of leave encashment is provided based on the actuarial valuation carried out by an independent actuary as at the year end. The actuarial valuation method used by the independent Actuary for measuring the liability is the Projected Unit Credit Method.

ii. Long-Term Employee Benefits:**(a) Defined Contribution Plan:**

The company contributes to a Government administered Provident Fund for the employees who have opted for this option. The company has no further obligation beyond making its contribution, which are expensed in the year to which it pertains.

(b) Defined Benefit Plan:

The employee gratuity fund scheme is managed by a trust, these are defined benefit plans. Liability for Defined Benefit Plan is provided on the basis of valuation as at the Balance Sheet date carried out by an independent Actuary. The actuarial valuation method used by independent Actuary for measuring the liability is the Project Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in the actuarial assumption are recognised immediately in the Profit and Loss Account as income or expenses.

2.9 Taxation**a. Current Tax:**

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law), deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). Provision for income tax is recognised on an annual basis under the taxes payable method, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with Indian Income Tax Act, 1961. In case of matters under appeal due to disallowance or otherwise, full provision is made when the said liabilities are accepted by the Company. MAT Credit entitlement is recognised when there is convincing evidence that the same can be realised in future.

(Currency: Indian Rupee)

b. Deferred Tax:

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only to the extent there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

2.10 Foreign currency transactions

- (i) Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the time of transaction.
- (ii) Any income or expenses on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.
- (iii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates.
- (iv) Non monetary items denominated in foreign currencies are carried at cost.

2.11 Provisions, Contingent Liabilities and Contingent Asset

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or present obligation in respect of which the likelihood of outflow of resource is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the assets and related income are recognized in the period in which the change occurs.

2.12 Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such condition exists, the company estimates the recoverable amount of the assets. If such recoverable amount of the asset or recoverable amount of the cash generating units to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of profit and loss.

If at the Balance Sheet date there is an indication that if previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at revised recoverable amount.

2.13 Earnings per share

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit / loss per share are included.

(Currency: Indian Rupee)

2.14 Provision for doubtful debts and loans and advances

Provision is made in the accounts for doubtful debts and loans and advances in cases where the management considers the debts, loans and advances, to be doubtful of recovery.

2.15 Prudential Norms of Reserve Bank of India

The Company follows the "Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007" in respect of income recognition and provisioning for non-performing assets.

Provision for standard assets is made on the basis of prudential norms laid down by RBI.

2.16 Preliminary Expenses

Preliminary expenses are charged to Statement of Profit and Loss in the year in which it is incurred.

2.17 Cash and cash equivalent

Cash and cash equivalent for the purpose of cash flow statement comprised cash at bank and cash in hand and other short term investment with maturity of three months or less.

RELIANCE FINANCIAL LIMITED
NOTES FORMING PART OF THE BALANCE SHEET

NOTE 2
SHARE CAPITAL

	As at 31st March 2016		As at 31st March 2015	
	No. of shares	Amount in ₹	No. of shares	Amount in ₹
A AUTHORISED				
Equity Shares of ₹ 10 each*	25,000,000	250,000,000	12,000,000	120,000,000
Preference Shares of ₹ 10 each*	20,000,000	200,000,000	-	-
TOTAL	45,000,000	450,000,000	12,000,000	120,000,000

Note: for increase in authorised share capital

* The Authorised share capital of the company has been increased by ₹ 60,000,000 equity share capital w.e.f. Sep 21, 2015 via special resolution passed at AGM and further increased by ₹ 70,000,000 equity share capital & ₹200,000,000 preference share capital w.e.f. Mar 02, 2016 via special resolution passed at EGM.

B ISSUED, SUBSCRIBED AND PAID UP

Equity Shares of ₹ 10 each fully paid up**	24,157,897	241,578,970	11,000,000	110,000,000
12%Non-convertible Cumulative Redeemable Preference Shares of ₹ 10/-each***	16,000,000	160,000,000	-	-
TOTAL	40,157,897	401,578,970	11,000,000	110,000,000

**The company has issued 6,578,947 equity shares on October 13, 2015 and 6,578,950 equity shares on March 02, 2016 to Reliance Capital Limited at ₹ 38/- per share including premium of ₹ 28/- per share .

***The company has issued 1,60,00,000 preference shares on March 02, 2016 to Reliance Capital Limited at ₹ 10/- per share

Notes:

1 Terms and Rights attached to shares

A. Equity Share:

The company has only one class of equity share having a par value of ₹ 10/- per share. Each holder of equity share is entitle 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.

B. Preference Share:

-12% Non Convertible Cumulative Redeemable Preference Share - NCCRP

The 12% Non Convertible Cumulative Redeemable Preference Share (NCCRP) holders shall be entitled to such rights and privileges as are available to them under the Companies Act, 2013. 'NCCRP' is redeemable at price along with accumulated unpaid dividend after the expiry of 2 years from the date of allotment.

2 The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2016 and March 31, 2015 is set out below:

	As at 31st March 2016		As at 31st March 2015	
	No. of shares	Amount in ₹	No. of shares	Amount in ₹
A. Equity Shares				
Number of shares at the beginning	11,000,000	110,000,000	11,000,000	110,000,000
Add: Shares issued during the year	13,157,897	131,578,970	-	-
Number of shares at the end	24,157,897	241,578,970	11,000,000	110,000,000
B. Preference Shares				
Number of shares at the beginning	-	-	-	-
Add : Shares issued during the year	16,000,000	160,000,000	-	-
Number of shares at the end	16,000,000	160,000,000	-	-

3 The details of shareholder holding as at March 31, 2016 and March 31, 2015 is set out below:

	As at 31st March 2016		As at 31st March 2015	
	No. of shares	% held	No. of shares	% held
A. Equity shares				
Reliance Capital Limited and its nominees	24,157,897	100%	11,000,000	100%
B. Preference shares				
Reliance Capital Limited	16,000,000	100%	-	-

RELIANCE FINANCIAL LIMITED
NOTES FORMING PART OF THE BALANCE SHEET

Particulars	March 31, 2016 Amount in ₹	March 31, 2015 Amount in ₹
NOTE 3		
RESERVES AND SURPLUS		
Special Reserve under Section 45 IC of The Reserve Bank of India Act, 1934		
As per last balance sheet	65,395,892	65,395,892
Add: Transfer from Profit and Loss Account	939,176	-
Closing balance	<u>66,335,068</u>	<u>65,395,892</u>
Surplus (balance as per statement of profit and loss)		
As per last balance sheet	241,291,965	262,054,354
Add: Net Profit/(Loss) for the year	4,695,882	(20,762,389)
Less: Transfer to Statutory Reserve	(939,176)	-
(Special Reserve Under Section 45 IC of The Reserve Bank of India Act, 1934)		
Closing balance	<u>245,048,671</u>	<u>241,291,965</u>
Securities Premium Reserve		
As per last balance sheet	-	-
Add: During the year	368,421,116	-
Closing balance	<u>368,421,116</u>	<u>-</u>
TOTAL	<u>679,804,855</u>	<u>306,687,857</u>
NOTE 4		
LONG TERM BORROWINGS		
(Secured Debentures)		
Non Convertible Market Linked Debentures (MLD's) - refer note no. 32		
Principle protected	58,000,000	-
Non Principle protected	58,200,000	-
TOTAL	<u>116,200,000</u>	<u>-</u>
NOTE 5		
LONG TERM PROVISION		
Provision for leave encashment	120,456	355,828
TOTAL	<u>120,456</u>	<u>355,828</u>
NOTE 6		
SHORT TERM BORROWINGS		
(Unsecured and repayable on demand unless other wise stated)		
Bank overdraft - Secured against Fixed deposits	-	42,997,974
Intercorporate deposits from related party	50,000,000	-
Intercorporate deposits from others	60,000,000	88,600,000
TOTAL	<u>110,000,000</u>	<u>131,597,974</u>
NOTE 7		
TRADE PAYABLE		
Trade Payables	-	9,910,850
Margin Money deposits	570,573	-
TOTAL	<u>570,573</u>	<u>9,910,850</u>
NOTE 8		
OTHER CURRENT LIABILITIES		
Statutory liabilities	1,116,910	2,888,709
Provision for Expenses	9,667,950	161,893
Other payables		
- Payable to or on behalf of employees	58,136	109,804
- Other payables	322,898	473,807
TOTAL	<u>11,165,894</u>	<u>3,634,213</u>
NOTE 9		
SHORT TERM PROVISIONS		
Provision for Standard debts	1,702,639	1,313,658
Provision for Leave encashment	3,477	10,229
Provision for Gratuity	-	627,042
Provision for Taxation		
(Net of Advance Tax and TDS amounted to ₹ 14,695,282)	3,937,035	-
TOTAL	<u>5,643,151</u>	<u>1,950,929</u>

RELiance FINANCIAL LIMITED
NOTES FORMING PART OF THE BALANCE SHEET

NOTE 10

FIXED ASSETS (AT COST)

Description of Assets	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at April 1, 2015	Additions during the year	Deletions during the year	As at March 31, 2016	Up to April 1, 2015	For the year	Deletions during the year	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible Assets										
Data processing equipments	1,851,318	-	-	1,851,318	1,378,308	473,009	-	1,851,318	-	473,010
Office Equipments	96,699	-	-	96,699	96,699	-	-	96,699	-	-
Total Tangible assets	1,948,017	-	-	1,948,017	1,475,007	473,009	-	1,948,017	-	473,010
Intangible Assets (Other than internally generated)										
Software	-	742,300	-	742,300	-	9,127	-	9,127	733,173	-
Total Intangible assets	-	742,300	-	742,300	-	9,127	-	9,127	733,173	-
Total	1,948,017	742,300	-	2,690,317	1,475,007	482,136	-	1,957,144	733,173	473,010
As at March 31, 2015	14,166,078	-	12,218,061	1,948,017	3,127,623	3,551,094	5,203,710	1,475,007	473,010	-

Note: Effective April 1, 2014, pursuant to and in line with the requirements of Schedule II to the Companies Act, 2013, the company has revised the useful lives of tangible fixed assets including their major component and effected the following changes with respect to provision for depreciation :

- (i) In respect of assets where the remaining useful life as on April 1, 2014 is 'Nil', their carrying amounts after retaining the residual value if any, aggregating Rs. Nil, has been adjusted against the opening balance of retained earnings as on that date.
- (ii) In respect of all other assets, depreciation is provided under the Straight Line Method (SLM) as per Schedule II to the Companies Act, 2013. Their carrying amounts as at April 1, 2014 are depreciated over their remaining useful lives. Pursuant to this, the depreciation for the previous year is higher by ₹ 14,28,991 .

RELIANCE FINANCIAL LIMITED
NOTES FORMING PART OF THE BALANCE SHEET

Particulars	March 31, 2016 Amount in ₹			March 31, 2015 Amount in ₹		
	Face Value	Quantity	Value	Face Value	Quantity	Value
NOTE 11						
NON CURRENT INVESTMENTS						
(At cost)						
(A) Investment in Preference Shares (Unquoted)						
Reliance Securities Limited - Related Party (0% Non-convertible and Non-Cumulative Compulsorily Redeemable Preference shares)	10	25,000,000	250,000,000	-	-	-
Reliance Money Infrastructure Limited (12% Non-convertible and non-cumulative compulsorily redeemable preference shares)	10	9,000,000	90,000,000	-	-	-
(B) Investment in Bond (Quoted)						
8.90% Aditya Birla Finance Limited	1,000,000	50	50,000,000	-	-	-
(C) Other Investments						
- Investment in government securities - 6 year NSC VIII issue (Pledged with Sales tax authorities)			20,000			20,000
- Investment in property			2,347,275			2,347,275
TOTAL			392,367,275			2,367,275
NOTE 12						
DEFERRED TAX LIABILITIES / (ASSETS)						
Deferred Tax Assets						
Depreciation			9,461.00			585,836
Provision for gratuity			-			203,444
Provision for doubtful debts			1,510,928			900,426
Provision for leave encashment			40,976			118,767
			1,561,365			1,808,473
Deferred Tax Liabilities						
			-			-
NET DEFERRED TAX (ASSETS)			(1,561,365)			(1,808,473)
NOTE 13						
LONG TERM LOANS AND ADVANCES						
Advance payment of tax and tax deducted at source			-			3,169,726
Prepaid commission			1,551,500			-
TOTAL			1,551,500			3,169,726
NOTE 14						
OTHER NON CURRENT ASSETS						
Fixed deposits maturing more than 12 months - Lined for margin with Clearing house			39,800,000			-
Other Deposits			15,223			15,223
TOTAL			39,815,223			15,223
NOTE 15						
STOCK IN TRADE						
In Non Convertible Debentures/Bonds (Quoted)						
	Face Value	Quantity	Value	Face Value	Quantity	Value
RELIANCE CAPITAL LIMITED B-265	100,000	255	25,013,460	-	-	-
RELIANCE CAPITAL LIMITED B-186	100,000	105	14,530,950	-	-	-
RELIANCE CAPITAL LIMITED B-188	100,000	50	6,799,000	-	-	-
RELIANCE CAPITAL LIMITED B-243	100,000	10	1,187,900	-	-	-
ECL FINANCE LIMITED	100,000	125	19,822,775	-	-	-
TOTAL			67,354,085			-

RELIANCE FINANCIAL LIMITED
NOTES FORMING PART OF THE BALANCE SHEET

Particulars	March 31, 2016 Amount in ₹	March 31, 2015 Amount in ₹
NOTE 16		
CASH AND BANK BALANCES		
Cash and cash equivalents		
Balance with banks in current accounts	76,560,571	8,501,052
Fixed deposits maturing within 3 months	-	150,000
Other bank balances		
- In fixed deposits maturing within 12 months		
- Liened for making bank guarantees	350,000	350,000
- Liened with sales tax authorities	168,133	18,133
- Liened against overdraft facility	50,000,000	50,000,000
TOTAL	127,078,704	59,019,185
NOTE 17		
SHORT TERM LOANS AND ADVANCES		
(Unsecured and considered good unless otherwise stated)		
Loans		
- Secured	196,751,557	56,630,722
- Unsecured		
- Given to related parties	363,900,000	392,800,000
- Given to others	120,404,028	19,995,995
- Doubtful debts	2,867,205	2,775,238
Less: Considered doubtful	(2,867,205)	(2,775,238)
Advance given to vendors	338,797	165,293
Corpus Gratuity Fund	584,275	-
Service tax input	17,499,714	17,736,970
Less: Provision for service tax	(12,000,000)	-
Total	687,478,371	487,328,980
NOTE 18		
OTHER CURRENT ASSETS		
Other receivable	1,123,250	9,014,396
Accrued Interest	5,770,953	941,383
Prepaid Expenses	250,000	-
TOTAL	7,144,203	9,955,779

RELIANCE FINANCIAL LIMITED
NOTES FORMING PART OF THE STATEMENT OF PROFIT AND LOSS

Particulars	April 1, 2015 to March 31, 2016 Amount in ₹	April 1, 2014 to March 31, 2015 Amount in ₹
NOTE 19		
INCOME FROM FINANCING ACTIVITIES		
Interest income	43,477,714	49,362,528
Profit on trading of shares and securities (Net)	669,851	227,612
Advisory, processing and other fees	602,500	79,032
Less: Service tax recovered	(76,299)	(7,832)
TOTAL	44,673,766	49,661,340
NOTE 20		
OTHER INCOME		
Profit on sale of current investments	8,480,297	3,147,892
Interest Income on fixed deposits	5,111,624	6,642,818
Interest on income tax refund	-	138,311
Other income	-	983,478
TOTAL	13,591,921	10,912,499
NOTE 21		
OPERATING EXPENSES		
Interest Expenses	7,136,062	19,415,280
Referral Fees	14,500	-
TOTAL	7,150,562	19,415,280
NOTE 22		
EMPLOYEE BENEFITS EXPENSE		
Salary, bonus and allowances	10,341,115	24,248,574
Contribution to provident fund and other funds	266,150	1,329,038
Employee welfare and other amenities	15,502	120,429
TOTAL	10,622,767	25,698,041
NOTE 23		
ADMINISTRATIVE AND OTHER EXPENSES		
Rent, Rates and Taxes	3,785,789	28,510
Share issue expenses	3,137,000	-
Professional Charges	3,527,279	976,698
Advertisement Expenses	-	240,400
Insurance	180,572	311,134
Bank Charges	3,302	3,239
Communication Expenses	18,666	80,034
Travelling, conveyance and motor car expenses	185,490	700,465
Software Expenses	15,499	-
Provision for doubtful assets		
- On Doubtful debt	91,967	2,127,956
- On Service Tax Input	12,000,000	-
Auditors' Remuneration		
- Audit Fees	300,000	300,000
- Other Services	100,000	50,000
Office administration expenses	298,481	232,397
TOTAL	23,644,045	5,050,833

RELIANCE FINANCIAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT MARCH 31, 2016

(Currency: Indian Rupees)

	As at March 31, 2016	As at March 31, 2015
24 Contingent Liabilities		
I Guarantees given by scheduled banks on behalf of the Company towards Security deposit in favour of VAT Authorities of 4 States	350,000	350,000
II Unpaid Dividend		
Unpaid and undeclared dividend on 12% Non-convertible Cumulative Redeemable Preference Shares	1,831,015	-

25 Segment Information for the year ended March 31, 2016

The Company is into financing related activities. As the Company is engaged only in one business segment and there are no geographical segments, the Balance Sheet as at March 31, 2016 and the Statement of Profit and Loss for the year March 31, 2016 pertain to one business segment and related activities as per Accounting Standard (AS) 17 on "Segment Reporting".

26 Employee Benefits

As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:

A. Defined Contribution Plans:

	March 31, 2016	March 31, 2015
Employer's Contribution to Provident Fund (includes administration charges) - Note 22	266,150	1,329,038

B. Defined Benefit Plans:
Gratuity and Leave Encashment

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.

C. Employee Benefit Obligation (Gratuity and Leave Encashment)

	Gratuity Benefits (Funded)		Leave Encashment Benefits (Un-Funded)	
	FY 15-16	FY 14-15	FY 15-16	FY 14-15
I. Reconciliation of opening and closing balances of Defined Benefit Obligation :				
Liability at the beginning of the year	1,272,175	542,838	366,057	74,695
Interest Cost	100,756	50,972	28,992	7,014
Current Service Cost	181,561	100,077	105,882	24,148
Benefit Paid	-	-	-	-
Actuarial (gain)/loss on obligations	(804,143)	578,288	(376,998)	260,200
Liability at the end of the year	750,349	1,272,175	123,933	366,057
II. Reconciliation of opening and closing balances of fair value of Plan Assets :				
Fair Value of Plan Assets at the beginning of the year	645,133	543,585	-	-
Expected Return on plan assets	51,095	51,043	-	-
Contributions	627,042	-	-	-
Benefit Paid	-	-	-	-
Actuarial gain/(loss) on Plan Assets	11,354	50,505	-	-
Fair Value of Plan Assets at the end of the year	1,334,624	645,133	-	-

RELIANCE FINANCIAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT MARCH 31, 2016

(Currency: Indian Rupees)

III. Reconciliation of fair value of assets and obligations :	FY 15-16	FY 14-15	FY 15-16	FY 14-15
Liability at the end of the year	750,349	1,272,175	123,933	3,66,057
Fair value of plan assets at the end of the year	1,334,624	645,133	-	-
(Asset) / Liability Recognised in the Balance Sheet*	(584,275)##	627,042##	123,933##	3,66,057##

Included under 'Long term/short term provisions' (Refer Note 4 & 9)

IV. Expenses recognised during the year :	FY 15-16	FY 14-15	FY 15-16	FY 14-15
Current Service Cost	181,561	100,077	105,882	21,938
Interest Cost	49,661	50,972	28,922	4,889
Expected Return on Plan Assets		(51,043)	-	-
Net Actuarial (Gain)/Loss recognised	(815,497)	527,783	(376,998)	44,377
Expense Recognised in Profit and Loss Account	(584,275)	6,27,789	(242,194)	71,204

V. Investment details :

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

VI. Assumptions :	FY 15-16	FY 14-15	FY 15-16	FY 14-15
Discount Rate (per annum)	7.99%	7.92%	7.92%	7.92%
Rate of Return on Plan Assets	7.99%	7.92%	-	-
Salary Escalation	6.00%	6.00%	6.00%	6.00%

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

VII. - Particulars of amounts for the year and previous years	Gratuity for the year ended March 31,				
	2016	2015	2014	2013	2012
Defined Benefit Obligation At The End of the year	750,349	1,272,175	542,838	10,725	-
Fair Value Plan Asset At The End of the year	1,334,624	645,133	543,585	-	-
Excess of Obligation Over Plan Asset	(584,275)	627,042	(747)	10,725	-
Experience Adjustment on Plan Liability (Gain)/Loss	(804,143)	578,288	458,850	-	-
Actuarial Gain /(Loss) due to Plan Asset	11,354	50,505	3,442	-	-

RELIANCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT MARCH 31, 2016

(Currency: Indian Rupees)

27 Disclosure of loans/advances and investments in its subsidiaries, associates etc. in terms of the Listing Agreement of Debt Securities with the Stock Exchanges. (As certified by the management)

Particulars	Outstanding Balances		Maximum Balance Outstanding	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
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 where there is :				
a) No repayment schedule or repayment beyond seven years	-	-	-	-
b) No interest or interest below section 186 of the Companies Act, 2013	-	-	-	-
iv) Loans and advances in nature of loans to firms/companies in which directors are interest	-	-	-	-
v) Investments by the loanee (borrower) in the shares of parent company and subsidiary company, when the Company has made a loan or advance in the nature of loan.	-	-	-	-

28 Information in accordance with the requirements of Paragraph 13 of the Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Particulars	₹ in Lakhs	₹ in Lakhs
Liabilities side :		
(1) Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:	Amount out-standing	Amount Overdue
(a) Debenture (other than falling within the meaning of public deposits):		
Secured	1,162.00	NIL
Un-Secured	NIL	NIL
(b) Deferred Credits	NIL	NIL
(c) Term Loans	NIL	NIL
(d) Inter-corporate loans and borrowing	1,100	NIL
(e) Commercial Paper	NIL	NIL
(f) Other Loans	NIL	NIL

Assets side :	
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:	Amount out-standing (in ₹)
(a) Secured	1,967.52
(b) Un secured	4,871.71
(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	
(i) Lease assets including lease rentals under sundry debtors :	
(a) Financial lease	NIL
(b) Operating lease	NIL
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	NIL
(b) Repossessed Assets	NIL
(iii) Other loans counting towards AFC activities	
(a) Loans where assets have been repossessed	NIL
(b) Loans other than (a) above	NIL

RELIANCE FINANCIAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT MARCH 31, 2016

(Currency: Indian Rupees)

(4) Break-up of Investments :		
Current Investments :		
1. Quoted		
(i) Shares		
(a) Equity		NIL
(a) Preference		NIL
(ii) Debentures and Bonds		
(iii) Units of mutual funds		
(iv) Government Securities		
(v) Others		
2. Unquoted		
(i) Shares		
(a) Equity		NIL
(a) Preference		NIL
(ii) Debentures and Bonds		
(iii) Units of mutual funds		
(iv) Government Securities		
(v) Others		
Long term Investments :		
1. Quoted		
(i) Shares		
(a) Equity		NIL
(a) Preference		3,400.00
(ii) Debentures and Bonds		500.00
(iii) Units of mutual funds		
(iv) Government Securities		
(v) Others		
		23.47

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

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	3,639.00	3,639.00
(c) Other related parties	NIL	NIL	NIL
2. Other than related Parties	1,967.52	1,232.71	3,200.23
Total	1,967.52	4,871.71	6,839.23

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

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	NIL	NIL
(b) Companies in the same group	2,500	2,500
(c) Other related parties	NIL	NIL
2. Other than related Parties	1,400.20	1,400.20
Total	3,900.20	3,900.20

(7) Other Information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	28.67
(ii) Net Non-Performing Assets	
(a) Related parties	NIL
(b) Other than related parties	NIL
(iii) Assets acquired in satisfaction of debt	NIL

RELIANCE FINANCIAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT MARCH 31, 2016
29 Related party transactions

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

(A) Parties by whom control exists during the year

Reliance Capital Limited Holding Company

(B) Subsidiaries

Nil

(C) Fellow subsidiaries

Reliance Securities Limited	Fellow subsidiary
Reliance Commodities Limited	Fellow subsidiary
Reliance Wealth Management Limited	Fellow subsidiary
Reliance Money Express Limited	Fellow subsidiary
Reliance Money Precious Metals Pvt. Ltd.	Fellow subsidiary
Reliance Money Solutions Pvt Ltd.	Fellow subsidiary
Reliance Composite Insurance Broking Limited	Fellow subsidiary (upto June 29, 2014)
Reliance General Insurance Company Limited	Fellow subsidiary
Reliance Life Insurance Company Limited	Fellow subsidiary (w.e.f. 30th March 2016)

(D) Key management personnel

Directors of the Company	Mr. B.Gopkumar* Mr. Lav Chaturvedi* Mr. Manu Chadha Mr. Ashok Karnavat
Manager	Mr. Mihir Sundhani*
Chief Financial Officer	Mr. Sanat Biswas*
Company Secretary	Ms. Hetal Shah*

Note : * No transaction taken place during the year

(E) Transactions with related parties during the year :

Nature of Transaction	Holding company 31st March		Fellow Subsidiaries 31st March		Key Management Personnel & Their Relatives 31st March	
	2016	2015	2016	2015	2016	2015
Share Capital						
Reliance Capital Limited						
Issue of Equity Shares	500,000,086	-	-	-	-	-
Issue of Preference Shares	160,000,000	-	-	-	-	-
Unsecured loan (Inter Corporate Deposit)						
Reliance Capital Limited						
Opening balance	-	-	-	-	-	-
Taken during the year	(226,000,000)	(400,000,000)	-	-	-	-
Repaid during the year	176,000,000	400,000,000	-	-	-	-
Closing balance	(50,000,000)	-	-	-	-	-
Reliance Commodities Limited						
Opening balance	-	-	-	-	-	-
Taken during the year	-	-	(68,400,000)	-	-	-
Repaid during the year	-	-	68,400,000	-	-	-
Closing balance	-	-	-	-	-	-
Reliance Money Express Limited						
Opening balance	-	-	-	210,000,000	-	-
Taken during the year	-	-	-	-	-	-
Repaid during the year	-	-	-	210,000,000	-	-
Closing balance	-	-	-	-	-	-
Purchase/Sale of Fixed Assets						
Reliance Securities Limited						
Sale of Fixed Assets	-	-	-	370,135	-	-
Reliance Money Solutions Private Limited						
Sale of Fixed Assets	-	-	-	6,644,217	-	-

Nature of Transaction	Holding company 31st March		Fellow Subsidiaries 31st March		Key Management Personnel & Their Relatives 31st March	
	2016	2015	2016	2015	2016	2015
Investments						
Reliance Securities Limited						
Opening balance	-	-	-	-	-	-
Invested during the year	-	-	250,000,000	-	-	-
Redeemed/Sold during the year	-	-	-	-	-	-
Closing balance	-	-	250,000,000	-	-	-
Loans And Advances						
Inter Corporate Deposits Given						
Reliance Securities Limited						
Opening balance	-	-	-	-	-	-
Given during the year	-	-	1,574,400,000	17,000,000	-	-
Repaid during the year	-	-	(1,574,400,000)	17,000,000	-	-
Closing balance	-	-	-	-	-	-
Reliance Commodities Limited						
Opening balance	-	-	-	-	-	-
Given during the year	-	-	240,300,000	4,000,000	-	-
Repaid during the year	-	-	(240,300,000)	4,000,000	-	-
Closing balance	-	-	-	-	-	-
Reliance Wealth Management Limited						
Opening balance	-	-	14,200,000	-	-	-
Given during the year	-	-	58,000,000	97,700,000	-	-
Repaid during the year	-	-	(49,200,000)	83,500,000	-	-
Closing balance	-	-	23,000,000	14,200,000	-	-
Reliance Money Precious Metals Pvt Ltd						
Opening balance	-	-	135,500,000	77,200,000	-	-
Given during the year	-	-	12,700,000	58,300,000	-	-
Repaid during the year	-	-	(148,200,000)	-	-	-
Closing balance	-	-	-	135,500,000	-	-
Reliance Money Solutions Pvt Ltd						
Opening balance	-	-	243,100,000	-	-	-
Given during the year	-	-	1,213,800,000	276,100,000	-	-
Repaid during the year	-	-	(1,116,000,000)	33,000,000	-	-
Closing balance	-	-	340,900,000	243,100,000	-	-
Reliance Composite Insurance Broking Limited						
Opening balance	-	-	-	-	-	-
Given during the year	-	-	-	56,000,000	-	-
Repaid during the year	-	-	-	5,000,000	-	-
Closing balance	-	-	-	51,000,000	-	-
Receipts/Income						
Interest on Inter Corporate Deposits						
Reliance Securities Limited	-	-	2,394,707	-	-	-
Reliance Composite Insurance Broking Ltd	-	-	-	555,123	-	-
Reliance Commodities Limited	-	-	1,566,732	5,425	-	-
Reliance Money Precious Metals Pvt Ltd	-	-	3,843,940	12,022,458	-	-
Reliance Money Solutions Private Limited	-	-	16,298,723	7,898,964	-	-
Reliance Wealth Management Limited	-	-	323,326	1,627,488	-	-
Payments/expenditures						
Interest on Inter Corporate Deposits						
Reliance Capital Limited	363,616	1,134,247	-	-	-	-
Reliance Commodities Limited	-	-	202,658	-	-	-
Reliance Money Express Limited	-	-	-	11,012,055	-	-
Reimbursement of Employee Cost						
Reliance Securities Limited	-	-	6,300,000	-	-	-
Referral Fee						
Reliance Securities Limited	-	-	1,740,000	-	-	-

Nature of Transaction	Holding company 31st March		Fellow Subsidiaries 31st March		Key Management Personnel & Their Relatives 31st March	
	2016	2015	2016	2015	2016	2015
Payments/expenditures (continued..)						
Staff & KMP Medical Insurance						
Reliance General Insurance Company Limited	-	-	180,250	282,156	-	-
Director Sitting Fee						
Manu Chadha - Independent Director	-	-	-	-	260,400	-
Ashok Karnavat - Independent Director	-	-	-	-	220,300	-
Other Reimbursements of Expenses						
Manu Chadha - Independent Director	-	-	-	-	10,399	-
Receivable / (Payable)						
Reliance Securities Limited	-	-	(8,323,500)	416,401	-	-
Reliance General Insurance Company Limited	-	-	139,368	-	-	-
Reliance Life Insurance Company Limited	-	-	61,871	-	-	-

30 Component of cash and cash equivalents

	March 31, 2016 Amount in ₹	March 31, 2015 Amount in ₹
Balance with banks in current accounts	76,560,571	8,501,052
Fixed deposits maturing within 3 months	-	150,000
Total	76,560,571	8,651,052

31 Earnings per share

	March 31, 2016	March 31, 2015
Net profit/(loss) after tax as per statement of profit and loss	4,695,882	(20,762,389)
Less: Accumulated dividend on Non-Convertible Cumulative Redeemable Preference Shares [including dividend tax thereon (not declared)]	1,831,015	-
Profit/(Loss) attributable to equity shareholders'	2,864,867	(20,762,389)
Weighted average number of equity shares outstanding during the year	14,613,029	11,000,000
Nominal value per equity share	10	10
Basic and diluted earnings per share	0.20	(1.89)

32 Security Clause/Maturity profile in respect to Marked Linked Debentures

Market linked non convertible debentures (MLD) amounting to ₹ 116,200,000 (Previous year Nil) are secured by way of first pari passu legal mortgage and charges over the premises situated at Ahmedabad, Gujarat and additional first pari passu charge by way of hypothecation on present and future book debts/ business receivable of the company. Business receivable includes Fixed Assets, Current Assets, Investment and any other assets.

Maturity profile and Rate of interest of Long Term are as set out below:

Description	Issue Date	Maturity Date	Benchmark Index	Face Value (in ₹)	Amount (in ₹)
MLD - Series A	March 18, 2016	March 18, 2019	CNX NIFTY INDEX	100,000	58,000,000
MLD - Series B	March 31, 2016	March 31, 2019	CNX NIFTY INDEX	100,000	55,000,000
MLD - Series B	March 31, 2016	Sept 30, 2019	CNX NIFTY INDEX	100,000	3,200,000

Note:

In case of market linked debenture the interest rate is linked to the performance of underlying indices and is fluctuating in nature.

33 Debt Equity and Asset Cover Ratio

I. Debt Equity Ratio :

Particulars	March 31, 2016	March 31, 2015
Shareholder's Fund		
Paid up capital	401,578,970	110,000,000
Add: Reserves and surplus	679,804,855	306,687,857
Less: Deferred tax asset	(1,561,365)	(1,808,473)
Total Equity (A)	1,079,822,460	414,879,384
Debt		
Long-Term borrowing	116,200,000	-
Short-Term borrowing	110,000,000	131,597,974
Current maturities of long term debt	-	-
Total Debt (B)	226,200,000	131,597,974
Debt equity ratio (B/A)	0.21	0.32

II. Asset cover ratio

Particulars	March 31, 2016	March 31, 2015
Asset available		
Loans and advances	689,029,871	490,498,706
Investments	392,367,275	2,367,275
Stock in trade	67,354,085	-
Others assets	46,959,426	9,971,002
Fixed deposit - likened against overdraft facility	50,000,000	50,000,000
Total (A)	1,245,710,657	552,836,984
Secured Debt		
Long-Term Secured borrowing	116,200,000	-
Short-Term Secured borrowing	-	42,997,974
Current maturities of secured long term debt	-	-
Total (B)	116,200,000	42,997,974
Asset cover ratio (A/B)	10.72	12.86

34 Key ratios:

The following table set forth, the period indicated, the key financial ratios:

Particulars	March 31, 2016	March 31, 2015
Gross NPA as a percentage of Total Load and Advance	0.42%	0.59%
Net NPA as a percentage of Total Load and Advance	0%	0%
Book value per share*	45	38
Current ratio**	7	4
Debt to equity ratio (Refer note 33)	0.21	0.32
Return on average equity***	0.18%	-1.58%
Return on average asset****	0.50%	-3.41%

* Book value per share = Networth/Equity shares. Networth = Share capital + reserves and surplus

** Current ratio is the ratio to current assets to current liabilities

***Return on average equity is the ratio of Net profit after tax to the annual average equity share capital and reserves less deferred tax

****Return on average assets is the ratio of Net profit after tax to the annual average asset and reserves less deferred tax

35 Capital to Risk Asset Ratio (CRAR):

Particulars	March 31, 2016	March 31, 2015
1. CRAR	88.3%	39.9%
2. CRAR - Tier I Capital (%)	88.0%	38.9%
3. CRAR - Tier II Capital (%)	0.3%	0.9%

36 Details of credit ratings assigned by credit rating agencies

Instrument	Ratings	Remarks
Non Convertible Debentures	CARE AA (SO) (Double A (Structured Obligation))	Placed on "credit watch" on 23-Mar-16
Market Linked Debentures	CARE PP-MLD AA (SO) (PP-MLD Double A (Structured Obligation))	Placed on "credit watch" on 23-Mar-16

(Currency: Indian Rupees)

37 Exchange traded contracts outstanding as on March 31, 2016

Outstanding Future contracts:

Name of Equity Stock/Index	Position	No of Contracts	No of Units	Expiry
A. Index Future				
NIFTY	Long	24	1800	28-Apr-16
B. Equity Stock Future				
ACC Limited	Long	2	750	28-Apr-16
Adani Ports And Special Economic Zone Ltd.	Long	2	3,200	28-Apr-16
Amara Raja Batteries Ltd.	Short	1	600	28-Apr-16
Axis Bank Ltd.	Long	2	2,000	28-Apr-16
Bank Of Baroda	Long	2	6,200	28-Apr-16
Bharat Electronics Limited	Short	1	450	28-Apr-16
Bharti Airtel Limited	Short	2	2,400	28-Apr-16
Cairn India Limited	Short	2	6,000	28-Apr-16
Canara Bank	Long	1	2,000	28-Apr-16
CESC Limited	Long	1	1,000	28-Apr-16
Cipla Limited	Long	1	800	28-Apr-16
Coal India Limited	Short	1	1,200	28-Apr-16
Dabur India Limited	Long	1	2,000	28-Apr-16
Dish TV India Limited	Long	1	5,000	28-Apr-16
Exide Industries Limited	Long	1	3,400	28-Apr-16
HDFC Bank Limited	Long	4	2,000	28-Apr-16
ITC Limited	Long	1	1,600	28-Apr-16
Kaveri Seed Company Limited	Short	1	750	28-Apr-16
Mahindra & Mahindra Limited	Short	2	800	28-Apr-16
Maruti Suzuki India Limited	Long	1	125	28-Apr-16
Motherson Sumi Systems Limited	Short	1	1,500	28-Apr-16
NMDC Limited	Short	1	5,000	28-Apr-16
Oriental Bank of Commerce	Long	2	6,000	28-Apr-16
Pidilite Industries Limited	Short	1	1,000	28-Apr-16
Rural Electrification Corporation Limited	Long	1	2,000	28-Apr-16
State Bank of India	Short	3	6,000	28-Apr-16
Sun TV Network Limited	Long	1	2,000	28-Apr-16
Tata Chemicals Limited	Long	1	1,100	28-Apr-16
Tata Communications Limited	Long	1	1,100	28-Apr-16
Tata Motors Limited	Long	2	3,000	28-Apr-16
Tata Steel Limited	Short	2	4,000	28-Apr-16
Vedanta Limited	Long	1	4,000	28-Apr-16
Voltas Limited	Long	1	1,600	28-Apr-16

RELIANCE FINANCIAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT MARCH 31, 2016

(Currency: Indian Rupees)

38 Previous year figures

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

The accompanying notes form an integral part of the financial statements

As per our report of even date

For Chaturvedi & Shah
Firm Registration No. 101720W
Chartered Accountants

For and on behalf of the Board of Directors

Vitesh D. Gandhi
Partner
Membership No.: 110248

B.Gopkumar
Director
DIN: 07223999

Lav Chaturvedi
Director
DIN : 02859336

Place : Mumbai
Date : April 13, 2016

Sanat Biswas
Chief Financial Officer

Hetal Shah
Company Secretary
Membership No: A - 26479