

Financial Statement

2015-16

Reliance Securities Limited

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF RELIANCE SECURITIES LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **Reliance Securities 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 loss 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 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> 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 disclosed the impact of pending litigations on its financial position in its financial statements in note 25 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company for 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 13, 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 except for in some assets where Company is in the process of tagging the assets.
  - 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) The Company do not have any immovable properties and hence clause (i) (c) of paragraph 3 of the Order is not applicable to 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) According to the information and explanations given to us, the Company has not accepted any deposit from the public. 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) Details of dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Amount	Period to which amount relates	Forum where dispute is pending
Service Tax	Service Tax, Interest and penalty	Rs. 9.11 crore	Financial Year 2008-09	Office of the Commissioner of Service Tax II, Mumbai

- 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 institutions. The Company does not have any borrowings from bank, government and the Company did not have any outstanding debentures 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 material 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) In our opinion company 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 0 % Non-convertible and non-cumulative compulsorily redeemable preference shares amounting to Rs.25,00,00,000. 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, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Vitesh D. Gandhi  
Partner  
Membership No.: 110248

Mumbai  
Date: April 13, 2016

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF RELIANCE SECURITIES 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 Securities Limited** ("the company") as of 31<sup>st</sup> 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 13, 2016



# RELIANCE SECURITIES LIMITED

BALANCE SHEET AS AT MARCH 31, 2016

Particulars	Note	March 31, 2016 Amount in ₹	March 31, 2015 Amount in ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	2,000,000,000	1,500,000,000
(b) Reserves and surplus	3	(1,202,439,248)	(206,553,752)
<b>2 Non current liabilities</b>			
(a) Long term provisions	4	2,764,002	2,965,866
<b>3 Current liabilities</b>			
(a) Short term borrowings	5	538,624,603	-
(b) Trade payables	6	2,220,517,251	1,983,885,419
(c) Other current liabilities	7	358,028,060	216,006,620
(d) Short term provisions	8	589,663	5,321,327
<b>TOTAL</b>		<b>3,918,084,331</b>	<b>3,501,625,480</b>
<b>II. ASSETS</b>			
<b>1 Non current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		63,009,122	55,698,408
(ii) Intangible assets		66,570,933	68,917,606
(b) Non current investments	10	1,900,000	1,900,000
(c) Long term loans and advances	11	80,578,792	61,524,283
(d) Other non current assets	12	1,550,000	2,100,000
<b>2 Current assets</b>			
(a) Current investments	13	50,000,000	50,000,000
(b) Stock in trade	14	150,717,678	299,934,271
(c) Trade receivables	15	1,024,243,497	753,349,693
(d) Cash and bank balances	16	2,311,854,281	1,990,896,713
(e) Short term loans and advances	17	106,536,939	161,132,448
(f) Other current assets	18	61,123,089	56,172,058
<b>TOTAL</b>		<b>3,918,084,331</b>	<b>3,501,625,480</b>

Significant accounting policies

Note on financial statements

1 to 40

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

Vitesh D. Gandhi  
Partner  
Membership No.: 110248

For and on behalf of the Board of Directors

Amit Bapna  
Director  
DIN : 00008443

Lav Chaturvedi  
Director  
DIN : 02859336

B. Gop Kumar  
Chief Executive Officer

Ashish Turakhia  
Company Secretary  
Membership No. F3371

Place : Mumbai  
Date : April 13, 2016

Manish Dhanuka  
Chief Financial Officer

# RELIANCE SECURITIES 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. Revenue from operations	19	1,183,240,876	1,251,957,827
II. Other income	20	232,087,212	212,004,280
<b>III Total Revenue (A)</b>		<b>1,415,328,088</b>	<b>1,463,962,107</b>
IV Expenses:			
Operating expenses	21	164,622,514	230,371,787
Employee benefits expense	22	613,692,669	479,061,219
Finance cost	23	16,846,608	-
Depreciation and amortization expense	9	46,572,031	53,067,411
Administrative and other expenses	24	1,319,301,584	850,692,599
<b>Total Expenses (B)</b>		<b>2,161,035,406</b>	<b>1,613,193,016</b>
V Loss before exceptional and extraordinary items and tax (A-B)		(745,707,318)	(149,230,909)
VI Exceptional items		-	-
VII Loss before extraordinary items and tax (V-VI)		(745,707,318)	(149,230,909)
VIII Extraordinary Items		-	-
IX Loss before tax (VII-VIII)		(745,707,318)	(149,230,909)
X Tax expense:			
Current tax		-	-
Income tax for earlier years		178,178	10,806,364
<b>XI Loss for the year (IX-X)</b>		<b>(745,885,496)</b>	<b>(160,037,273)</b>
<b>Earning per share on Equity Shares of ₹ 10 each (refer note no. 35)</b>			
- Basic		(18.18)	(12.40)
- Diluted		(18.18)	(12.40)
Significant accounting policies			
Notes to financial statements	1 to 40		

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

Vitesh D. Gandhi  
Partner  
Membership No.: 110248

Place : Mumbai  
Date : April 13, 2016

For and on behalf of the Board of Directors

Amit Bapna  
Director  
DIN : 00008443

Lav Chaturvedi  
Director  
DIN : 02859336

B. Gop Kumar  
Chief Executive Officer

Ashish Turakhia  
Company Secretary  
Membersip No. F3371

Manish Dhanuka  
Chief Financial Officer

# RELIANCE SECURITIES 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 ₹
<b>A. Cash Flows From Operating Activities :</b>		
Net loss before tax as per statement of profit and loss	(745,707,318)	(149,230,909)
Adjustments for :		
Profit on sale of Investments	(5,944,077)	(14,564,182)
Provision no longer required written back	-	-
Profit on sale of assets	(5,000)	(1,370,288)
Dividend from subsidiary company	-	(28,750,000)
Unclaimed liability written back	-	(3,807,972)
Provision for doubtful advances	-	1,193,691
Provision for doubtful debts	19,752,573	15,498,730
Provision for doubtful advances no longer required	-	(3,961,033)
Bad debts written off	-	3,961,033
Depreciation	46,572,031	53,067,411
Interest Income	-	(541,507)
Interest Expenses	16,846,608	-
<b>Operating Cash Flows Before Working Capital Changes</b>	<b>(668,485,183)</b>	<b>(128,505,026)</b>
<b>Changes in current assets and liabilities</b>		
Increase in trade receivables	(290,646,378)	(284,604,590)
Increase in stock in trade	149,216,592	(8,699,121)
(Increase)/ Decrease in long term loans and advances	(7,809,889)	84,413,460
(Increase)/ Decrease in short term loans and advances	54,595,513	7,142,355
Increase in trade payables	236,631,832	258,096,276
Increase/ (Decrease) in other current Liabilities	142,021,439	44,188,241
Decrease in short term provision	(4,731,664)	273,197
Decrease in long term provision	(201,865)	2,390,070
(Increase)/ Decrease in other current assets	(4,951,031)	(26,057,603)
Net bank balances not considered as cash and cash equivalents	(443,972,465)	(2,021,392)
<b>Cash (used in)/Generated From Operations</b>	<b>(838,333,099)</b>	<b>(53,384,133)</b>
Payment of Taxes (Net of Refunds)	(11,422,798)	41,423,243
<b>Net Cash Flows/(Used in) From Operating Activities (A)</b>	<b>(849,755,897)</b>	<b>(11,960,890)</b>
<b>B. Cash Flows From Investing Activities :</b>		
(Purchase)/ sale of Fixed Assets (net)	(51,531,071)	(72,003,538)
Capital work in progress written off		
Dividend from subsidiary company	-	28,750,000
(Purchase)/ Sale of Investments (net)	5,944,077	105,689
<b>Net Cash Flows From Investment Activities (B)</b>	<b>(45,586,996)</b>	<b>(43,147,849)</b>

# RELIANCE SECURITIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

### C. Cash Flows From Financing Activities :

Issue of Preference Shares	250,000,000	
(Repayment) / Borrowing from financial institutions/Others (net)	538,624,603	-
Interest on short term borrowing	(16,846,608)	-
Net Cash Generated From / (Used In) Financing Activities (C)	<u>771,777,995</u>	-
Net Increase/(Decrease) In Cash Or Cash Equivalents (A+B+C)	<u>(123,564,897)</u>	<u>(55,108,739)</u>
Cash And Cash Equivalents at the beginning of the year	365,065,869	697,674,608
Cash And Cash Equivalents at the end of the year	<u>241,500,972</u>	<u>642,565,869</u>

Fixed Deposits with banks having original maturity of more than three months aggregating to ₹ 1,523,003,309 (Previous year ₹ 1,350,430,844) are not readily liquid and have been excluded from Cash and cash equivalents (Refer note 12 and 16).

### Component of cash and cash equivalents (Refer note 33)

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

Amit Bapna  
Director  
DIN : 00008443

Kav Chaturvedi  
Director  
DIN : 02859336

Place : Mumbai  
Date : April 13, 2016

B. Gop Kumar  
Chief Executive Officer

Ashish Turakhia  
Company Secretary  
Membership No. F3371

Manish Dhanuka  
Chief Financial Officer

# RELIANCE SECURITIES LIMITED

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

### Summary of significant accounting policies

#### NOTE 1

(Currency: Indian Rupee)

##### 1 Background

Reliance Securities Limited was incorporated on 17 June 2005. The Company is licensed by the Securities and Exchange Board of India (SEBI) to operate as stock broker.

##### 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) Brokerage income are recognized on trade date basis and Card fees & other brokerage plan are recognized on receipt basis and is exclusive of service tax wherever applicable.

(ii) Revenue (Commission) from distribution activities, syndication activities is recognized on accrual basis in accordance with terms of the agreements.

(iii) Portfolio management Fees is recognised on accrual basis as follows:

a) Processing fees is recognised on upfront basis in the year of receipt.

b) Management fees is recognised as a percentage of the unaudited net asset value at the end of each month.

c) Return based fees is recognised as a percentage of annual profit, in accordance with the terms of the agreement with clients on the completion of the period.

(iv) Dividend income is recognised when the right to receive the payment is established

(v) Infrastructure and resource management fee is recognised on accrual basis in accordance with the terms of the agreement with counter party

(vi) Interest income is recognised on accrual basis.

(vi) In respect of other heads of income, income from depository operations etc., the Company accounts the same on accrual basis.

(vii) Profit/Loss on error trade in broking business is included in the statement of profit and loss.

(viii) 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.

##### 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.

# RELIANCE SECURITIES LIMITED

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

Computer software which forms an integral part of the related hardware is capitalised along with the hardware as fixed asset. Softwares which are not an integral part of computer hardware and from which future economic benefits are expected are treated as intangible assets and are amortised over their estimated useful life.

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
Furniture and Fixtures	Over a period of 10 years
Data Processing Equipments	Over a period of 3 years
Membership Rights of Bombay Stock Exchange Limited	Over a period of 10 years
Software	Over a period of 6 years

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

### 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 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 statement of profit and loss as income or expenses.

#### iii. Employee stock based compensation:

The company measures the compensation cost relating to phantom stock options thru actuarial valuation and such cost are charged to statement of profit and loss during the year.

# RELIANCE SECURITIES LIMITED

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

### 2.8 Taxation

#### i. 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.

#### ii. 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.

### 2.9 Foreign currency transactions

- i. Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the date 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.

### 2.10 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.

### 2.11 Discount on Commercial Paper

The difference between the issue price and the redemption value of commercial paper is apportioned on time basis and recognised as discounting expenses

### 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 (EPS) 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.

## RELIANCE SECURITIES LIMITED

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

#### 2.14 Operating Leases

Lease Rental in respect of operating lease is charged to Statement of Profit and Loss as per terms of the lease agreement on straight line basis over the lease term.

#### 2.15 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.

#### 2.16 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 SECURITIES 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 ₹
<b>AUTHORISED</b>				
Equity Shares of ₹ 10 each	50,000,000	500,000,000	50,000,000	500,000,000
10% Cumulative Redeemable Preference Shares of ₹ 10 each	125,000,000	1,250,000,000	150,000,000	1,500,000,000
0 % Non-convertible and non-cumulative compulsorily redeemable preference shares of ₹10 each	25,000,000	250,000,000	-	-
<b>TOTAL</b>	<b>200,000,000</b>	<b>2,000,000,000</b>	<b>200,000,000</b>	<b>2,000,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>				
Equity Shares of ₹ 10 each fully paid up	50,000,000	500,000,000	25,000,000	250,000,000
10% Cumulative Redeemable Preference Shares of ₹ 10 each fully paid up	125,000,000	1,250,000,000	125,000,000	1,250,000,000
0 % Non-Convertible Non-Cumulative Compulsorily Redeemable Preference Shares of ₹ 10 each**	25,000,000	250,000,000	-	-
<b>TOTAL</b>	<b>200,000,000</b>	<b>2,000,000,000</b>	<b>150,000,000</b>	<b>1,500,000,000</b>

\*\* The company has allotted 2,50,00,000 ,0 % Non-Convertible Non-Cumulative Compulsorily Redeemable Preference Shares to Reliance Financial Limited on October 29, 2015

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 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.

**b. Preference Shares (10% Cumulative Redeemable Preference Shares(CRPS))**

The CRPS holders shall be entitled to such rights and privileges as are available to them under them Companies Act 2013.

CRPS is redeemable at par after expiry of 15 years from the date of allotment as give below. However, the company and the CRPS holder shall have a right to redeem the CRPS at par before the redemption date as the board of directors may deem fit and the company obtaining the requisite approvals for the same.

Description of the Preference shares	No. of Preference Shares	Date of Allotment
10% Cumulative Redeemable Preference Shares (CRPS)	6,10,00,000	26-Mar-07
10% Cumulative Redeemable Preference Shares (CRPS - I)	1,40,00,000	21-Aug-07
10% Cumulative Redeemable Preference Shares (CRPS - II)	5,00,00,000	31-Oct-07

**RELIANCE SECURITIES LIMITED**  
**NOTES FORMING PART OF THE BALANCE SHEET**

**c. Preference Shares (Non- Convertible Non-Cumulative Compulsorily Redeemable Preference Shares (NCNCCRP))**

The NCNCCRP shall be redeemed at the end of 5 years from the date of allotment of shares. Each NCNCCRP shall be redeemed at an amount calculated to yield a return of 12.00% p.a. with from the date of receipt of funds upto the date of redemption.

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

**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 ₹
<b>Equity Shares</b>				
Number of shares at the beginning	25,000,000	250,000,000	25,000,000	250,000,000
Add : Bonus Share issued	25,000,000	250,000,000		
Number of shares at the end	50,000,000	500,000,000	25,000,000	250,000,000
<b>Preference Shares (CRPS)</b>				
Number of shares at the beginning	125,000,000	1,250,000,000	125,000,000	1,250,000,000
Number of shares at the end	125,000,000	1,250,000,000	125,000,000	1,250,000,000
<b>Preference Shares (NCNCCRP)</b>				
Number of shares at the beginning	-	-	-	-
Issued	25,000,000	250,000,000	-	-
Number of shares at the end	25,000,000	250,000,000	-	-

**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
<b>Equity shares</b>				
Reliance Capital Limited and its nominees	50,000,000	100%	25,000,000	100%
<b>Preference Shares (CRPS)</b>				
Reliance Capital Limited	125,000,000	100%	125,000,000	100%
<b>Preference Shares (NCNCCRP)</b>				
Reliance Financial Limited	25,000,000	100%	-	-

4. During the year pursuant to approved by the board of directors on 2nd March 2016, a sum of ₹ 25 crores was capitalized from Capital Redemption Reserve account for issuance of 2,50,00,000 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.

**RELIANCE SECURITIES LIMITED**  
**NOTES FORMING PART OF THE BALANCE SHEET**

	March 31, 2016 Amount in ₹	March 31, 2015 Amount in ₹
<b>NOTE 3</b>		
<b>RESERVES AND SURPLUS</b>		
Capital redemption reserve		
As per last balance sheet	250,000,000	250,000,000
Less: amount utilized for issuance of fully paid up bonus shares (refer note 2)	250,000,000	-
<b>Closing balance</b>	<b>-</b>	<b>250,000,000</b>
Surplus/(Deficit) (balance as per statement of profit and loss)		
As per last balance sheet	(456,553,752)	(293,321,260)
Less: Effect of changes in depreciation policy as per Companies Act, 2013	-	(3,195,219)
Add: Net loss for the year	(745,885,496)	(160,037,273)
<b>Closing balance</b>	<b>(1,202,439,248)</b>	<b>(456,553,752)</b>
<b>TOTAL</b>	<b>(1,202,439,248)</b>	<b>(206,553,752)</b>
<b>NOTE 4</b>		
<b>LONG TERM PROVISIONS</b>		
Provision for leave encashment	2,764,002	2,965,866
<b>TOTAL</b>	<b>2,764,002</b>	<b>2,965,866</b>
<b>NOTE 5</b>		
<b>SHORT TERM BORROWINGS</b>		
<b>(Unsecured )</b>		
Inter Corporate Deposit (repayable on demand)		-
-Payable to related party	400,000,000	
-Payable to others	90,300,000	
Commercial Papers	48,324,603	-
<b>TOTAL</b>	<b>538,624,603</b>	<b>-</b>
<b>NOTE 6</b>		
<b>TRADE PAYABLES</b>		
Margin money deposits	2,219,703,704	1,982,099,468
Other payable	813,547	1,785,951
<b>TOTAL</b>	<b>2,220,517,251</b>	<b>1,983,885,419</b>
<b>NOTE 7</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Provision for expenses	110,875,015	40,460,300
Deposits received from sub brokers	103,391,330	98,294,610
Income received in advance	56,233,287	16,349,318
Other liabilities		
- Payable to or on behalf of employees	5,323,376	1,409,265
- Other statutory payments	29,710,529	28,098,929
- Payable to suppliers	52,184,919	30,857,097
- Equity Index/ Stock Option Premium Account	309,604	537,101
<b>TOTAL</b>	<b>358,028,060</b>	<b>216,006,620</b>
<b>NOTE 8</b>		
<b>SHORT TERM PROVISIONS</b>		
Provision for leave encashment	142,692	349,255
Provision for gratuity	446,971	4,972,072
<b>TOTAL</b>	<b>589,663</b>	<b>5,321,327</b>

**RELIANCE SECURITIES LIMITED**  
NOTES FORMING PART OF THE BALANCE SHEET

NOTE 9

**FIXED ASSETS (At Cost)**

Description	Gross block				Depreciation/amortization				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	Adjustments during the year	Additions during the year	Deletions during the year	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
<b>Tangible</b>											
Leasehold Improvements	54,600,029	6,050,979	5,596,737	55,054,271	39,446,037	-	6,666,296	3,292,942	42,819,391	12,234,880	15,153,992
Office equipments	12,087,192	7,146,741	67,020	19,166,913	5,816,387	-	4,734,960	39,752	10,511,595	8,655,318	6,270,886
Furniture and fixtures	1,606,265	270,816	-	1,877,081	1,007,963	-	409,649	1,417,612	459,469	459,302	598,302
Data processing equipments	77,423,808	26,589,253	53,275	103,959,786	43,748,498	-	18,589,708	37,875	62,300,331	41,659,455	33,675,310
<b>Total Tangible assets - (A)</b>	<b>145,717,294</b>	<b>40,057,789</b>	<b>5,717,032</b>	<b>180,058,051</b>	<b>90,018,885</b>	<b>-</b>	<b>30,400,613</b>	<b>3,370,569</b>	<b>117,048,929</b>	<b>63,009,122</b>	<b>55,698,409</b>
<b>Intangible Assets</b>											
(Other than internally generated)											
Membership rights of Bombay Stock Exchange Limited	7,500,000	-	-	7,500,000	7,169,178	-	330,822	-	7,500,000	-	330,822
Softwares	151,534,814	13,824,745	-	165,359,559	82,948,030	-	15,840,596	-	98,788,626	66,570,933	68,586,784
<b>Total Intangible assets - (B)</b>	<b>159,034,814</b>	<b>13,824,745</b>	<b>-</b>	<b>172,859,559</b>	<b>90,117,208</b>	<b>-</b>	<b>16,171,418</b>	<b>-</b>	<b>106,288,626</b>	<b>66,570,933</b>	<b>68,917,606</b>
<b>Total - (A+B)</b>	<b>304,752,108</b>	<b>53,882,534</b>	<b>5,717,032</b>	<b>352,917,610</b>	<b>180,136,093</b>	<b>-</b>	<b>46,572,031</b>	<b>3,370,569</b>	<b>223,337,555</b>	<b>129,580,055</b>	<b>124,616,015</b>
<b>As at March 31, 2015</b>	<b>251,059,916</b>	<b>74,712,706</b>	<b>21,020,514</b>	<b>304,752,108</b>	<b>143,555,099</b>	<b>3,195,219</b>	<b>53,067,411</b>	<b>19,681,635</b>	<b>180,136,094</b>	<b>124,616,014</b>	

Notes: 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 ₹ 3,195,219, 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 ₹ 14,735,735.

**RELIANCE SECURITIES LIMITED**  
**NOTES FORMING PART OF THE BALANCE SHEET**

	March 31, 2016 Amount in ₹	March 31, 2015 Amount in ₹
<b>NOTE 10</b>		
<b>NON CURRENT INVESTMENTS</b>		
(Unquoted, at cost)		
<u>In Others</u>		
190,000 (Previous Year 190,000) Equity shares of Reliance Money Infrastructure Limited of ₹ 10 each.	1,900,000	1,900,000
<b>TOTAL</b>	<b>1,900,000</b>	<b>1,900,000</b>
<b>Aggregate value of unquoted investments</b>		
At book value	1,900,000	1,900,000
<b>NOTE 11</b>		
<b>LONG TERM LOANS AND ADVANCES</b>		
(Unsecured and considered good)		
Capital advances	21,667,971	14,858,083
Deposits	25,740,808	24,740,808
Advance payment of tax and tax deducted at source [Net of provision ` Nil; (Previous Year ` Nil)]	33,170,013	21,925,392
<b>TOTAL</b>	<b>80,578,792</b>	<b>61,524,283</b>
<b>NOTE 12</b>		
<b>OTHER NON-CURRENT ASSETS</b>		
(Unsecured, considered good)		
Other bank balances		
- In fixed deposit accounts more than 12 months		
- Under lien	1,350,000	2,100,000
- Under Margin	200,000	-
<b>TOTAL</b>	<b>1,550,000</b>	<b>2,100,000</b>
<b>NOTE 13</b>		
<b>CURRENT INVESTMENTS</b>		
Unquoted, at lower of cost or fair value		
5,000,000 (Previous Year 5,000,000 units) of Reliance Liquidity Fund - Japan Fund of ₹ 10 each	50,000,000	50,000,000
<b>TOTAL</b>	<b>50,000,000</b>	<b>50,000,000</b>
<b>Aggregate value of unquoted investments</b>		
At book value	50,000,000	50,000,000

**RELIANCE SECURITIES LIMITED**  
NOTES FORMING PART OF THE BALANCE SHEET

March 31, 2016  
Amount in ₹

March 31, 2015  
Amount in ₹

NOTE 14  
STOCK IN TRADE

A. In equity shares (Quoted)

	Face value	Quantity	Value	Face value	Quantity	Value
ESSAR OIL LTD	-	-	-	10	2,000	218,300
ING VVSYA BANK LTD	-	-	-	10	64,803	58,809,371
ASTRAZENECA PHARMA I LTD	2	224	258,664	-	-	-
GEOMETRIC LTD	2	100	19,830	-	-	-
HINDUSTAN ZINC LTD	2	6,400	1,066,010	-	-	-
KESORAM INDUSTRIES LTD	10	1,820	186,823	-	-	-
STERLITE TECHNOLOGIE LTD	2	885	70,673	-	-	-
<b>TOTAL (Shares)</b>			<b>1,602,000</b>			<b>59,027,671</b>

B. In Non Convertible Debentures / Bonds (Quoted)

	Face value	Quantity	Value	Face value	Quantity	Value
RELCAP CNXLNK 290118	100,000	10	1,000,000	100,000	20	2,000,000
RELCAP NFTLNK 010416	100,000	20	2,000,000	100,000	20	2,000,000
RELCAP CNX 18052018	100,000	30	3,000,000	100,000	30	3,000,000
RELCAP NFTLNK 010615	-	-	-	100,000	100	17,014,700
RELCAP NFTLNK 140515	-	-	-	100,000	120	17,072,040
RELCAP NFTLNK 030915	-	-	-	100,000	192	36,814,464
RELCAP NFTLNK 121015	-	-	-	100,000	25	4,366,125
RELCAP NFTLNK 161015	-	-	-	100,000	50	8,723,700
RELCAP NFTLNK 070915	-	-	-	100,000	25	3,398,575
RELCAP NFTLNK 261015	-	-	-	100,000	50	8,702,450
RELCAP NFTLNK 071215	-	-	-	100,000	25	3,744,450
RELCAP NFTLNK 070116	-	-	-	100,000	35	4,789,855
RELCAP NFTLNK 151215	-	-	-	100,000	50	6,753,650
RELCAP NFTLNK 110116	-	-	-	100,000	10	1,289,877
RELCAP NFTLNK 110216	-	-	-	100,000	30	4,092,210
RELCAP NFTLNK 090516	100,000	2	3,177,206	1,000,000	2	2,976,200
RELCAP NFTLNK 090415	-	-	-	1,000,000	4	4,689,444
RELCAP NFTLNK 120515	-	-	-	1,000,000	18	21,608,931
RELCAP NFTLNK 100615	-	-	-	1,000,000	2	2,279,302
RELCAP NFTLNK 090816	-	-	-	100,000	389	42,363,526
RELCAP 24KIND 300715	-	-	-	100,000	25	2,206,400
RELCAP NFTLNK 240915	-	-	-	100,000	20	2,394,400
RELCAP NFTLNK 250915	-	-	-	100,000	50	5,696,704
RELCAP NFTLNK 271015	-	-	-	100,000	73	8,976,737
RELCAP NFTLNK 181215	-	-	-	100,000	25	2,728,675
RELCAP NFTLNK 100317	100,000	100	9,807,650	100,000	25	2,304,375
RELCAP NFTLNK 060317	-	-	-	100,000	105	11,598,900
RELCAP NFTLNK 050517	100,000	25	2,386,281	100,000	25	2,136,469
RELCAP NFTIND 100417	100,000	10	1,000,000	1,000,000	10	1,000,000
RELCAP NFTIND 290616	-	-	-	100,000	10	1,004,280
RELCAP NFTIND 060116	-	-	-	100,000	25	2,619,975
CIFL RESET	-	-	-	500,000	1	514,598
ECLFL 12.00 26042020	1,000	45	45,588	1,000	45	45,588
IIFL 12 290916	1,000	300	309,101	-	-	-
IIFL 12.75 170918	1,000	151	157,693	-	-	-
STFCL 9.40 310718	1,000	12	11,787	-	-	-
IIFL 12 300918	1,000	3,573	3,829,417	-	-	-
REL NIFTY 50 18042019	100,000	120	12,135,840	-	-	-
REL NIFTY 50 05122016	100,000	17	1,802,000	-	-	-
RELCAP EQTLNK 300416	100,000	95	9,093,685	-	-	-
RELCAP NFTLNK 120416	100,000	25	4,399,900	-	-	-
RELCAP NFTLNK 070417	100,000	25	2,591,250	-	-	-
RELCAP NFTLNK 120416	100,000	100	17,599,600	-	-	-
RELCAP NFTLNK 160516	100,000	50	7,833,150	-	-	-
RELCAP NFTLNK 080416	100,000	190	26,158,740	-	-	-
RELCAP NFTLNK 080416	100,000	207	33,561,738	-	-	-
CIFL RESET 311299	1,000,000	1	1,121,670	-	-	-
L&TINFR 7.50 021220	1,000	655	898,480	-	-	-
L&TINFR 7.75 021220	1,000	78	106,994	-	-	-
L&TINFR 7.75 021220	1,000	524	718,783	-	-	-
TATASTEEL 11.80 PERP	1,000,000	4	4,369,124	-	-	-
<b>TOTAL (Bonds)</b>			<b>149,115,678</b>			<b>240,906,600</b>

GRAND TOTAL (A+B+C)

**150,717,678**

**299,934,271**

**RELIANCE SECURITIES LIMITED**  
**NOTES FORMING PART OF THE BALANCE SHEET**

	March 31, 2016 Amount in ₹	March 31, 2015 Amount in ₹
<b>NOTE 15</b>		
<b>TRADE RECEIVABLES</b>		
Considered good	1,024,243,497	753,349,693
Considered doubtful	53,904,068	34,151,495
Less : Provision for doubtful debts	(53,904,068)	(34,151,495)
<b>TOTAL</b>	<b>1,024,243,497</b>	<b>753,349,693</b>
<b>Out of above</b>		
- Secured	955,192,096	664,640,645
- Unsecured	69,051,402	88,709,048
<b>Outstanding for</b>		
- More than six months	158,750,467	103,246,988
- Less than six months	865,493,030	650,102,705
<b>NOTE 16</b>		
<b>CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Cash in hand	-	-
Balance with banks in current accounts	236,612,455	365,065,869
Cheques on hand	2,888,517	-
Fixed deposit accounts (less than 3 months)	2,000,000	-
	<u>241,500,972</u>	<u>365,065,869</u>
<b>Other bank balances</b>		
Fixed deposits		
- Under lien	1,426,153,309	1,331,130,844
- Under margin	644,200,000	294,700,000
- Others	-	-
	<u>2,070,353,309</u>	<u>1,625,830,844</u>
<b>TOTAL</b>	<b>2,311,854,281</b>	<b>1,990,896,713</b>
<b>NOTE 17</b>		
<b>SHORT TERM LOANS AND ADVANCES</b>		
<b>(Unsecured and considered good)</b>		
Service tax input credit	5,077,266	13,006,013
Advance given to vendors:		
- Considered good	24,599,431	19,785,910
- Considered doubtful	1,433,915	1,433,915
Less: provision for doubtful advances	(1,433,915)	(1,433,915)
Deposits	76,860,242	128,340,525
<b>TOTAL</b>	<b>106,536,939</b>	<b>161,132,448</b>
<b>NOTE 18</b>		
<b>OTHER CURRENT ASSETS</b>		
Interest accrued	29,154,000	23,454,002
Prepaid Expenses	13,829,055	7,226,127
Others	18,140,034	25,491,929
<b>TOTAL</b>	<b>61,123,089</b>	<b>56,172,058</b>

**RELIANCE SECURITIES LIMITED**  
**NOTES FORMING PART OF THE STATEMENT OF PROFIT AND LOSS**

	April 1, 2015 to March 31, 2016 Amount in ₹	April 1, 2014 to March 31, 2015 Amount in ₹
<b>NOTE 19</b>		
<b>REVENUE FROM OPERATIONS</b>		
Brokerage, commission and fees	1,150,962,107	1,262,845,830
Less : Service tax recovered	(141,346,224)	(124,723,551)
Profit on trading of shares and securities (Net) (Refer note 39)	173,624,993	113,772,964
Income from advisory services	-	69,469
Less : Service tax recovered	-	(6,885)
<b>TOTAL</b>	<b>1,183,240,876</b>	<b>1,251,957,827</b>
<b>NOTE 20</b>		
<b>OTHER INCOME</b>		
Interest:		
- on deposits	140,091,953	153,922,272
- on investments	-	541,507
- on income tax refund	-	4,542,702
Profit on sale of investments	5,944,077	14,564,182
Profit on sale of assets	5,000	1,370,288
Dividend from subsidiary company	-	28,750,000
Provision for doubtful advances no longer required	-	3,961,033
Liabilities no longer payable written back	-	3,807,972
Miscellaneous income	98,092,647	611,602
Less : Service tax recovered	(12,046,465)	(67,278)
<b>TOTAL</b>	<b>232,087,212</b>	<b>212,004,280</b>
<b>NOTE 21</b>		
<b>OPERATING EXPENSES</b>		
Referral Fees	164,622,514	230,371,787
<b>TOTAL</b>	<b>164,622,514</b>	<b>230,371,787</b>
<b>NOTE 22</b>		
<b>EMPLOYEE BENEFITS</b>		
Salary, bonus and allowances (refer note 31 & 37)	577,387,433	443,470,078
Contribution to provident fund and other funds (refer note 28)	26,982,419	27,975,834
Employee welfare and other amenities	9,322,817	7,615,307
<b>TOTAL</b>	<b>613,692,669</b>	<b>479,061,219</b>
<b>NOTE 23</b>		
<b>FINANCE COST</b>		
Interests on inter corporate deposits	14,362,005	-
Discount on Commercial Papers	2,484,603	-
<b>TOTAL</b>	<b>16,846,608</b>	<b>-</b>
<b>NOTE 24</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
Rent, Rates and taxes (net) (refer note 32)	749,576,102	298,384,098
Electricity (net) (refer note 36)	20,611,921	23,949,120
Insurance	11,654,655	7,361,545
Advertisement and business promotion	79,263,417	166,828,388
Postage and courier	5,314,942	7,182,884
Bank charges	15,529,012	11,715,932
Communication expenses	39,375,599	27,611,426
Travelling, conveyance and motor car expenses	26,185,509	20,767,882
Printing and stationery	3,655,234	7,328,197
Provision for doubtful advances	-	1,193,691
Provision for doubtful debts	19,752,573	15,498,730
Bad Debts written off	-	3,961,033
Professional charges	209,115,607	164,828,269
Auditors' remuneration		
- Audit fees	1,000,000	1,000,000
- Other services	155,500	450,000
Membership and subscription	2,414,910	2,454,570
Stock exchange expenses	15,327,903	4,628,125
Impairment of assets	2,331,051	-
Repairs and maintenance - others	11,959,633	20,246,266
Seminar and training expenses	5,094,585	3,401,158
Software and networking expenses	71,161,813	28,740,559
Other administration expenses	29,821,618	33,160,726
<b>TOTAL</b>	<b>1,319,301,584</b>	<b>850,692,599</b>



**RELIANCE SECURITIES LIMITED**

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

(Currency: Indian Rupees)

As at March 31, 2016      As at March 31, 2015

**25 Contingent Liabilities**
**i. Guarantees given by scheduled banks**

On behalf of the Company towards collateral security deposit in favour of Bombay Stock Exchange Limited

- Cash Segment	93,500,000	141,000,000
- Futures and Options segment	5,000,000	5,000,000

On behalf of the Company towards collateral security deposit in favour of National Stock Exchange Limited

- Cash Segment	-	-
- Futures and Options segment	2,756,600,000	2,486,600,000

ii. Unpaid and undeclared dividend on 10% cumulative redeemable preference shares (includes dividend distribution tax)	1,280,854,810	1,130,407,751
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**iii. Capital commitments**

Estimated amount of contracts remaining to be executed on capital account (net of advances)	31,893,500	9,938,388
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iv. 12% Yield on (Non- Convertible Non-Cumulative Compulsorily Redeemable Preference Shares (NCNCCRP))	12,739,726	-
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v. Claims not acknowledged as debts	382,942,524	247,991,231
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**26 Segment Information for the year ended March 31, 2016**

The segment information as per Accounting Standard (AS) 17 on "Segment Reporting" is given below:

**(i) Information about primary business segments**

Particulars	Broking Activity	Proprietary Trading	Unallocated	Total
<b>Segment Revenue</b>				
Income	1,149,707,836	173,624,993	91,995,259	1,415,328,088
Previous year	1,292,107,136	113,772,964	58,082,008	1,463,962,107
<b>Segment Expenses</b>				
Direct	2,064,026,168	30,684,633	-	2,094,710,801
Previous year	1,520,673,814	23,953,061	-	1,544,626,875
<b>Segment Results</b>				
	(914,318,332)	142,940,360	45,423,228	(725,954,744)
Previous year	(228,566,678)	89,819,903	5,014,597	(133,732,178)
<b>Income Tax (current &amp; deferred)</b>				
	-	-	178,178	178,178
Previous year	-	-	10,806,364	10,806,364
<b>Net Profit/(Loss)</b>				
	(914,318,332)	142,940,360	45,245,050	(726,132,922)
Previous year	(228,566,678)	89,819,903	(5,791,767)	(144,538,542)
<b>Other Information</b>				
<b>Carrying amount of segment assets</b>				
	3,767,366,653	150,717,678	-	3,918,084,331
Previous year	3,201,691,209	299,934,271	-	3,501,625,480
<b>Segment Liabilities</b>				
	3,120,213,975	309,604	-	3,120,523,579
Previous year	2,207,642,132	537,101	-	2,208,179,232
<b>Depreciation/Amortisation</b>				
	-	-	46,572,031	46,572,031
Previous year	-	-	53,067,411	53,067,411
<b>Non Cash Expenses</b>				
	19,752,573	-	-	19,752,573
Previous year	15,498,730	-	-	15,498,730

**RELIANCE SECURITIES LIMITED**

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

**27 Deferred Tax Balances**

As per Accounting Standard 22 "Accounting of taxes for income", components of deferred tax balances as at March 31, 2016 are given below:

	As at March 31, 2016	As at March 31, 2015
<b>Deferred Tax Assets*</b>		
Provision for Leave Encashment	898,168	822,950
Provision for Gratuity	138,114	1,536,370.25
Provision for doubtful debts and advances	17,099,437	10,995,892
Brought forward losses	407,589,946	194,308,567
Depreciation	-6,946,537	4,363,701
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>418,779,128</b>	<b>212,027,479</b>

\* Note: The company has deferred tax assets in the form of brought forward losses and disallowance under income tax. On conservative basis, deferred tax asset has not been recognised.

**28 Employee Benefits**

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

**A. Defined Contribution Plans:**

	As at March 31, 2016	As at March 31, 2015
Employer's Contribution to Provident Fund (includes administration charges)	21,722,296	18,545,996

**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.

**C. Employee Benefit Obligation (Gratuity and Leave Encashment)**

	Gratuity Benefits (Funded)		Leave Encashment Benefits (Un-Funded)	
	Apr 15- Mar 16	Apr 14- Mar 15	Apr 15- Mar 16	Apr 14- Mar 15
<b>I. Reconciliation of opening and closing balances of Defined Benefit Obligation :</b>				
Liability at the beginning of the year	17,370,724	8,301,631	3,315,121	651,854
Interest Cost	1,372,287	778,693	261,895	61,144
Current Service Cost	2,798,083	1,072,086	1,140,339	263,403
Benefit Paid	(3,449,697)	(2,030,853)	(634,928)	(519,284)
Actuarial (gain)/loss on obligations	1,523,122	9,249,167	(1,175,733)	2,858,004
Liability at the end of the year	19,614,519	17,370,724	2,906,694	3,315,121
<b>II. Reconciliation of opening and closing balances of fair value of Plan Assets :</b>				
Fair Value of Plan Assets at the beginning of the year	12,398,652	12,759,396	-	-
Expected Return on Plan Assets	979,494	1,196,831	-	-
Contributions	9,674,224	-	-	-
Benefit Paid	-3,449,697	(2,030,853)	-	-
Actuarial gain/(loss) on Plan Assets	-435,122	473,278	-	-
Fair Value of Plan Assets at the end of the year	19,177,558	12,398,652	-	-

**RELIANCE SECURITIES LIMITED**

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

III. Reconciliation of fair value of assets and obligations :	Apr 15- Mar 16	Apr 14- Mar 15	Apr 15- Mar 16	Apr 14- Mar 15
Liability at the end of the year	19,614,519	17,370,724	2,906,694	3,315,121
Fair value of plan assets at the end of the year	19,167,548	12,398,652	-	-
(Asset) / Liability Recognised in the Balance Sheet	446,970	4,972,072	2,906,694	3,315,121

# Included under 'short term loans and advances' (Refer Note 16)

## Included under 'Long term/short term provisions' (Refer Note 4 & 7)

IV. Expenses recognised during the year :	Apr 15- Mar 16	Apr 14- Mar 15	Apr 15- Mar 16	Apr 14- Mar 15
Current Service Cost	2,798,083	1,072,086	1,140,339	263,403
Interest Cost	392,793	(418,138)	261,895	61,144
Expected Return on Plan Assets	-	-	-	-
Net Actuarial (Gain)/ Loss recognised	1,958,247	8,775,889	(1,175,733)	2,858,004
Expense Recognised in statement of profit and loss	5,149,123	9,429,837	226,501	3,182,551

**V. Investment details :**

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

VI. Assumptions :	Apr 15- Mar 16	Apr 14- Mar 15	Apr 15- Mar 16	Apr 14- Mar 15
Discount Rate (per annum)	7.80%	7.90%	7.80%	7.90%
Rate of Return on Plan Assets	7.80%	7.90%	0%	0%
Salary Escalation	6.00%	6.00%	6.00%	6.00%

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	19,614,519	17,370,724	8,301,631	12,820,758	9,333,953
Fair Value Plan Asset At The End of the Year	19,167,548	12,398,652	12,759,396	16,463,834	15,240,398
Excess of Obligation Over Plan Asset	446,970	4,972,072	(4,457,765)	(3,643,076)	5,906,445
Experience Adjustment on Plan Liability (Gain)/Loss	1,523,122	9,249,167	5,237,527	3,735,859	2,073,211
Actuarial Gain / (Loss) due to Plan Asset	(435,125)	473,278	939,889	1,453	569,438

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.

**RELIANCE SECURITIES LIMITED**

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

(Currency: Indian Rupees)

**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 Capital Asset Management Company Limited

Fellow subsidiary

Reliance General Insurance Company Limited

Fellow subsidiary

Reliance Life Insurance Company Limited

Fellow subsidiary (w.e.f. 30 March 2016)

Reliance Home Finance Limited

Fellow subsidiary

Reliance Wealth Management Limited

Fellow subsidiary

Reliance Capital Trustee Co. Limited\*

Fellow subsidiary

Reliance Money Express Limited

Fellow subsidiary

Reliance Commodities Limited\*

Fellow subsidiary

Reliance Financial Limited

Fellow subsidiary

Quant Commodities Private Limited\*

Fellow subsidiary

Reliance Investment Banking Services Limited\*

Fellow subsidiary

Reliance Capital Partners\*

Fellow subsidiary

Reliance Capital Asset Management Company Limited (U.K)\*

Fellow subsidiary

Reliance Money Precious Metals Private Limited

Fellow subsidiary

**(D) Key management personnel**

Directors of the Company

Mr. Lav Chaturvedi

Mr. Manu Chadha

Mr. Sanjay Wadhwa (Only till Oct 29, 2015)

Mr. Homai Daruwalla

Mr. Amit Bapna (w.e.f. 29 Oct 2015)

Mr. B Gop Kumar (w.e.f. 1 Aug 2015)

Mr. Manish Dhanuka

Mr. Ashish Turakhia

Ms. Nisha Chaturvedi

Ms. Megha Dhanuka

Chief Executive Officer

Chief Financial Officer

Company Secretary

Relatives of key managerial persons

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
<b>Share Capital</b>						
Preference share issued						
Reliance Financial Limited			250,000,000	-		
<b>Unsecured loan</b>						
<b>Reliance Capital Limited</b>						
Opening balance	-	-				
Taken during the year	(650,000,000)	-				
Repaid during the year	650,000,000	-				
Closing balance	-	7,616,565				
<b>Reliance Financial Limited</b>						
Opening balance						
Taken during the year			1,574,400,000	17,000,000		
Repaid during the year			1,574,400,000	17,000,000		
Closing balance						
<b>Reliance Capital Asset Management Limited</b>						
Opening balance						
Taken during the year			400,000,000	-		
Repaid during the year				-		
Closing balance			400,000,000	-		
<b>Redemption of Bonds Purchased</b>						
<b>Reliance Capital Limited</b>						
Reliance capital Nifty Linked Debenture*						
Face Value of Rs. 100000 by 14017 quantity	1,919,163,876					
(Face Value of Rs. 100000 by 9979 quantity)		1,246,276,916				
Face Value of Rs. 1000000 by 204 quantity	260,640,000					
(Face Value of Rs. 1000000 by 194 quantity)		228,365,140				
* 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, 2016

(Currency: Indian Rupees)

Nature of Transaction	Holding company 31st March		Fellow Subsidiaries 31st March		Key Management Personnel & their Relatives 31st March	
	2016	2015	2016	2015	2016	2015
<b>Investments</b>						
<b>Reliance Capital Limited</b>						
Opening Investments	-	10,000,000				
Purchase of investments	-	-				
Redemption of investments	-	10,000,000				
Closing Investments	-	-				
<b>Purchase of Fixed Assets</b>						
<b>Reliance Financial Limited</b>						
				370,135		
<b>Payments/expenditures</b>						
<b>Reliance Capital Limited</b>						
Interest on ICD	9,797,260	-				
Reimbursement of Expenses		576,191				
- Rent	106,659	106,368				
- Management Fee	60,150,000	30,000,000				
- Reimbursement of IT exps	18,269,918	31,446,599				
<b>Reliance Capital Asset Management Limited</b>						
Interest on ICD			547,945			
<b>Reliance General Insurance Company Limited</b>						
Electricity Expenses			76,763			
Office Maintenance			103,622			
Printing & Stationery			19,843			
Rent Paid			783,113			
Telephone expenses			98,824			
Medical Insurance			9,007,465			
<b>Reliance Wealth Management Limited</b>						
Referral Fees		3,177,226				
<b>Reliance Life Insurance Company Limited</b>						
Insurance			2,729,777	3,661,502		
<b>Reliance Home Finance Limited</b>						
Professional Fess			9,045			
<b>Reliance Financial Limited</b>						
Interest on ICD			2,394,707			
<b>Manu Chadha</b>						
Director sitting fees					480,800	300,000
Reimbursement of Expenses					101,525	34,254
<b>Homal Daruwalla</b>						
Director Sitting Fee					480,800	-
<b>Sanjay Wadhwa</b>						
Reimbursement of Expenses					5,367	-
<b>Manishkumar Dhanuka</b>						
Reimbursement of Expenses					9,522	-
<b>Ashish Turakiya</b>						
Reimbursement of Expenses					7,930	-
<b>Receipts/Income</b>						
<b>Reliance Capital Limited</b>						
Reimbursement of Expenses	-	-	-	-		
Interest of investments	-	-				
Brokerage Income	9,775,287	3,655,563				
Margin money received	-	379,712,968				
MCP Income	-	692,699				
<b>Reliance Capital Asset Management Limited</b>						
Brokerage Income - M Fund			18,943,901	27,285,769		
Brokerage Income - PMS			759,055	3,107,673		
Brokerage Income			5,019			
Margin Money Received				2,490,972		
DP Charges			762			

RELIANCE SECURITIES LIMITED

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

(Currency: Indian Rupees)

Nature of Transaction	Holding company 31st March		Fellow Subsidiaries 31st March		Key Management Personnel & their Relatives 31st March	
	2016	2015	2016	2015	2016	2015
<b>Reliance General Insurance Company Limited</b>						
Brokerage Income - Receipts			54,852	74,219		
Employees & Parents Medical Insurance Premium			-	5,389,625		
- Other Administrative Expenses			-	1,879,191		
Margin Money Received			-	2,975		
<b>Reliance Home Finance Limited</b>						
Brokerage Income - Receipts			8,798	69		
<b>Reliance Commodities Limited</b>						
Reimbursement of Expenses - Receipts			1,676,308	4,373,533		
<b>Reliance Financial Limited</b>						
Brokerage Income			220,829	416,401		
Referral Commission			1,740,000	-		
Reimbursement of expenses			6,300,000	-		
<b>Reliance Money Precious Metals Private Limited</b>						
Commission - Gold Coin			376,515	692,699		
Reimbursement of expenses			-	78,201		
<b>Reliance Wealth Management Limited</b>						
Brokerage Income			4,879,720	4,311,096		
PMS Brokerage income			686,722	8,366,843		
<b>Lav Chaturvedi</b>						
DP Charges					256	3
<b>B.Gop Kumar</b>						
DP Charges					229	-
Brokerage					456	-
<b>Sanjay Wadhwa</b>						
Brokerage Income					541	348
DP Charges					424	-
<b>Manishkumar Dhanuka</b>						
Brokerage Income					5,558	3
DP Charges					9,100	-
<b>Ms. Caroline Ghosh</b>						
Brokerage Income					-	15,404
<b>Vikrant Gugnani</b>						
Brokerage Income					-	4,365
<b>Nisha Chaturvedi</b>						
Brokerage Income					256	2
<b>Megha Dhanuka</b>						
DP Charges					86	-
Brokerage Income					4,737	420
<b>Receivable / (Payable)</b>						
Reliance Capital Limited		7,616,565	117,241,628			
Reliance Capital Asset Management Limited			75,120	892,768		
Reliance General Insurance Company Limited			5,677,199	3,107,793		
Reliance Life Insurance Company Limited			351,694	208,931		
Reliance Home Finance Limited			2,579,392	-		
Reliance Financial Limited			8,325,500	(416,401)		
Reliance Money Precious Metals Private Limited			(4,252)	78,201		
Reliance Wealth Management Limited			(259,783)	(694,077)		
<b>B.Gop Kumar</b>					(26)	
<b>Lav Chaturvedi</b>					(921)	18
<b>Manishkumar Dhanuka</b>					11,181	18
<b>Sanjay Wadhwa</b>					141,401	-
<b>Ashish Turakiya</b>					666,667	-
<b>Megha Dhanuka</b>					46	-
<b>Nisha Chaturvedi</b>					(451)	-

**RELIANCE SECURITIES LIMITED**

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

**30 Employees Stock Option Plan (ESOP)**

(i) Pursuant to the board members, resolution dated October 24, 2007, the Company introduced the Employee Stock Option Plan under which the Company decided to grant, from time to time, options to the employees of the Company.

(ii) On October 1 2009, the company issued a total of 100,000 equity shares at a price ` 50 per equity share to the Trust, Reliance ADA Group Trustees Private Limited as Trustees of Reliance Securities Limited Employee Benefit Trust.

(iii) All above options are planned to be settled in cash or equity at the time of exercise and have maximum year of 7 years from the date of respective grants. The plan existing during the year is as follows:

a) Employee Stock Option Plan, Plan – IB, 2009 Plan

The option under this plan has an exercise price of ` 50/- per share and vest on a graded basis as follows:

Vesting year	Vesting Schedule
On completion of 3 years	30%
On completion of 4 years	30%
On completion of 5 years	40%

(iv) The information concerning stock options granted, exercised, forfeited and outstanding at the year-end is as follows:

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number of Stock Options	Weighted average exercise price (₹)	Number of Stock Options	Weighted average exercise price (₹)
<b>IB, 2009</b>				
Outstanding at the beginning of the year	-	-	19,000	50
Granted	-	-	-	-
Exercised	-	-	-	-
Cancelled or Expired*	-	-	19,000	-
Outstanding at the year end	-	-	-	50
Exercisable at end of year	-	-	-	50

\* Note: During previous year all the employees have surrendered their rights, interest and claim in respect of, or in relation to the option vested with them.

31 (i) During the year company has granted 226,800 Phantom Option to its employees. 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 2016. The actuarial cost amounting to ` 6,774,000/- charged to the statement of profit & loss during the year.

(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. 240
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 schedule and conditions

Date of vesting	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%	

# RELIANCE SECURITIES LIMITED

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

## 32 Operating lease

Office premises assets are obtained on operating lease and are renewable/cancellable at mutual consent. There are no restriction imposed by the lease agreements.

	As at March 31, 2016	As at March 31, 2015
Rental payments of assets	638,630,630	242,721,118
Rental payments of office premises	71,403,260	43,349,487

Note: During the year the company has surrendered the assets taken on operating lease from OPC Asset Solutions Private Limited and accordingly foreclosed the lease rental by paying a full and final amount of 353,360,199.

## 33 Component of cash and cash equivalents

	As at March 31, 2016	As at March 31, 2015
Balance with banks in current accounts	236,612,455	365,065,869
Cheques on hand	2,888,517	-
Cash in hand	-	-
Fixed deposit accounts (less than 3 months)	2,000,000	277,500,000
	<u>241,500,972</u>	<u>642,565,869</u>

## 34 Exchange traded contracts outstanding:

### i. Outstanding Option Contracts as on March 31, 2016

Particulars	31st March 2016		31st March 2015	
	No. of contracts	No. of units	No. of contracts	
Type of Derivative				
Stock options long	-	-	-	
Stock options short	51	3,825	6	
S&P CNX Nifty option long	-	-	-	
S&P CNX Nifty option short	-	-	-	

### ii. Outstanding Future Contracts as on March 31, 2016

Particulars	31st March 2016		31st March 2015	
	No. of contracts	No. of units	No. of contracts	
Type of Derivative				
Stock futures long	11	870	43	
Stock futures short	222	605,585	42	
Bank Nifty long	-	-	-	

## 35 Earnings per share

Particulars	As at March 31, 2016	As at March 31, 2015
Net loss after tax as per statement of profit and loss	(745,885,496)	(160,037,273)
Less: Dividend on Cumulative Redeemable Preference Shares [including dividend tax thereon (not declared)]	(150,447,059)	(149,996,813)
Less: 12% Yield on NCNCRP	(12,739,726)	-
Loss attributable to equity shareholders	(909,072,281)	(310,034,086)
Weighted average number of equity shares outstanding during the year	50,000,000	25,000,000
Nominal value per equity share	10	10
Basic & Diluted earnings per share	(18.18)	(12.40)

36 Expenses shown under the head administration and other expenses is net of expenses incurred for group companies amount to ₹ 1676308 (Previous year ₹17,494,132)

37 Expenses shown under the head Employee Benefits is net of expenses incurred for group companies amount to ₹ 63,00,000 (Previous year Nil)



# RELIANCE SECURITIES LIMITED

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

- 38 Securities received from clients as collateral are held by the Company in its own name in a fiduciary capacity.
- 39 The previous year's Profit from trading of shares and securities includes loss of ₹ 17,713,448 pertaining to prior year.
- 40 *Previous year figures*

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

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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

Amit Bapna  
Director  
DIN : 00008443

Lav Chaturvedi  
Director  
DIN : 02859336

Place : Mumbai  
Date : April 13, 2016

B. Gop Kumar  
Chief Executive Officer

Ashish Turakhia  
Company Secretary  
Membership No. F3371

Manish Dhanuka  
Chief Financial Officer