

Financial Statement

2015-16

Reliance Wealth Management Limited

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RELIANCE WEALTH MANAGEMENT LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Reliance Wealth Management 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 losses 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 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 Pathak H.D & Associates
Chartered Accountants
Firm Registration no. 107783W

Mukesh Mehta
Partner
Membership No.: 043495

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 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) The Company did not have any inventory at anytime during the year. Hence, the requirements of clause (ii) of paragraph 3 of the said order are not applicable to the Company.
- 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) 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 institutions. The Company does not have any borrowings from bank 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 paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- 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 not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence clause (xiv) of paragraph 3 of the Order is not applicable to the company.
- 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 Pathak H.D & Associates
Chartered Accountants
Firm Registration no. 107783W

Mukesh Mehta
Partner
Membership No.: 043495

Mumba
Date: April 13th, 2016.

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF RELIANCE WEALTH MANAGEMENT LIMITED
(Referred to in paragraph 1 (f) under "Report on Other Legal and Regulatory Requirements" of our report of even date)**

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 Wealth Management 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 **Pathak H.D & Associates**
Chartered Accountants
Firm Registration no. 107783W

Mukesh Mehta
Partner
Membership No.: 043495

Mumbai
Date: April 13th, 2016.

RELIANCE WEALTH MANAGEMENT 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	175,000,000	155,000,000
(b) Reserves and surplus	3	(143,461,909)	(114,635,630)
2 Non current liabilities			
(a) Long term provisions	4	184,144	165,323
3 Current liabilities			
(a) Short term borrowings	5	23,389,387	14,200,000
(b) Other current liabilities	6	43,295,399	7,822,931
(c) Short term provisions	7	42,786	4,864
TOTAL		98,449,807	62,557,488
II. ASSETS			
Non current assets			
1 (a) Fixed assets			
(i) Tangible assets	8	9,532,691	6,006,563
(ii) Intangible assets		7,873,307	7,314,209
(b) Long term loans and advances	9	20,616,655	19,933,171
2 Current assets			
(a) Trade receivables	10	56,674,725	20,572,103
(b) Cash and bank balances	11	428,972	5,681,325
(c) Short term loans and advances	12	3,323,457	3,050,117
TOTAL		98,449,807	62,557,488

Significant accounting policies
Note on financial statements

1 to 28

The accompanying notes forms an integral part of the financial statements

As per our report of even date

For Pathak H D and Associates
Chartered Accountants
Firm registration No. 107783W

For and on behalf of the Board of Directors

Mukesh Mehta
Partner
Membership No.: 43495

Amit Bapna
Director
DIN : 00008443

B. Gop Kumar
Director
DIN : 07223999

Place : Mumbai
Date : April 13, 2016

Paresh Maheshwari
Chief Financial Officer

Viral Sarvaiya
Company Secretary
Membership No. A33764

RELIANCE WEALTH MANAGEMENT LIMITED

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

Particulars	Note	April 1, 2015 to Mar 31, 2016 Amount in ₹	April 1, 2014 to March 31, 2015 Amount in ₹
I. Revenue from operations	13	244,199,151	159,093,262
II. Other income	14	1,947,831	464,374
III. Total Revenue (A)		246,146,982	159,557,636
IV Expenses:			
Operating expenses	15	38,028,452	13,490,320
Employee benefits expense	16	187,071,081	113,553,011
Depreciation and amortization expense	8	5,687,901	1,809,798
Finance Cost	17	1,201,134	1,627,488
Administrative and other expenses	18	42,957,170	27,208,692
Total Expenses (B)		274,945,738	157,689,308
V Profit/(loss) before exceptional items and tax (A-B)		(28,798,756)	1,868,328
VI Exceptional items		-	-
VII Profit/(loss) before tax (V-VI)		(28,798,756)	1,868,328
VIII Tax expense:			
Current tax		-	400,000
MAT Credit entitlement		-	(400,000)
Income tax for earlier year		27,523	19,013
IX Profit/(loss) for the year (VII-VIII)		(28,826,279)	1,849,315
Earning per share on Equity Shares of Rs 10 each (Refer note 24)			
- Basic		(1.71)	0.12
- Diluted		(1.71)	0.12
Significant Accounting Policies Note on financial statements	1 to 28		

The accompanying notes forms an integral part of the financial statements

As per our report of even date

For Pathak H D and Associates
Chartered Accountants
Firm registration No. 107783W

Mukesh Mehta
Partner
Membership No.: 43495

Place : Mumbai
Date : April 13, 2016

For and on behalf of the Board of Directors

Amit Bapna
Director
DIN : 00008443

B. Gop Kumar
Director
DIN : 07223999

Paresh Maheshwari
Chief Financial Officer

Viral Sarvaiya
Company Secretary
Membersip No. A33764

RELIANCE WEALTH MANAGEMENT LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

Particulars	April 1, 2015 to Mar 31, 2016 Amount in ₹	April 1, 2014 to March 31, 2015 Amount in ₹
A. Cash Flows From Operating Activities :		
Net profit/(loss) before tax as per statement of profit and loss	(28,798,756)	1,868,328
<u>Adjustments for:</u>		
Depreciation	5,687,901	1,809,798
Profit on Foreign Exchange	9,904	-
Profit on sale on investments	(1,058,028)	(177,687)
Interest Expenses	1,201,134	1,627,488
Operating Profit Before Working Capital Changes	(22,957,845)	5,127,926
Adjustments for :		
Increase in trade receivable	(36,112,526)	(7,574,190)
(Increase)/ Decrease in long term loans and advances	(1,888,785)	(2,961,215)
(Increase)/ Decrease in short term loans and advances	(273,340)	(2,982,155)
Increase/(Decrease) in Current Liabilities	35,472,467	26,299
Increase/(Decrease) in long term provision	18,821	133,435
Increase/(Decrease) in short term provision	37,922	734
Cash (Used In) Operations	(25,703,286)	(8,229,165)
Payment of taxes (net of refunds)	1,177,778	(1,911,060)
Net Cash Flows From Operating Activities (A)	(24,525,508)	(10,140,225)
B. Cash Flow From Investing Activities :		
Purchase of fixed assets	(9,773,127)	(12,278,281)
Purchase of investments	-	177,687
Profit on sale of investments	1,058,028	-
Net Cash Flow From Investment Activities (B)	(8,715,099)	(12,100,594)
C. Cash Flow From Financing Activities :		
Short Term Borrowings	9,189,388	14,200,000
Share Capital Issued	20,000,000	-
Interest on Loan	(1,201,134)	(1,627,488)
Net cash generated from financing activities (C)	27,988,254	12,572,512
Net increase/(decrease) in cash or cash equivalents (A+B+C)	(5,252,353)	(9,668,307)
Cash and cash equivalents at the beginning of the year	5,681,325	15,349,632
Cash And cash equivalents as at the end of the year	428,972	5,681,325

Component of cash and cash equivalents (Refer note 25)

The accompanying notes forms an integral part of the financial statements

As per our report of even date

For Pathak H D and Associates
Chartered Accountants
Firm registration No. 107783W

For and on behalf of the Board of Directors

Mukesh Mehta
Partner
Membership No.: 43495

Amit Bapna
Director
DIN : 00008443

B. Gop Kumar
Director
DIN : 07223999

Place : Mumbai
Date : April 13, 2016

Paresh Maheshwari
Chief Financial Officer

Viral Sarvaiya
Company Secretary
Membership No. A33764

RELIANCE WEALTH MANAGEMENT LIMITED

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

NOTE 1

Summary of significant accounting policies

(Currency: Indian Rupee)

1 Corporate Information

Reliance Wealth Management Limited was incorporated on January 1, 2009. The Company had obtained the certificate from the Registrar of Companies Maharashtra Mumbai. The Company is licenced by SEBI to provide PMS services.

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 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 Generally Accepted Accounting Principles (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. 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. Performance Fee on the funds managed is recognized when the actual performance of the fund is calculated and determined by the fund manager.
- d. 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.

II. Dividend income is recognised when the right to receive the payment is established.

III. In respect of other heads of income, income from advisory fees etc, the company accounts the same on accrual basis.

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	Financial year 2015- 2016
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

Intangible Assets - Computer Software

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, namely five ~~years~~ (Previous year five years).

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

RELIANCE WEALTH MANAGEMENT LIMITED

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

(Currency: Indian Rupee)

2.5 Investments

Purchase and sale of investments are recorded on trade date.

Investments are classified into non current investments and current investments. Investments which are intended to be held for more than one year are classified as non current investments and investments which are intended to be held for less than one year, are classified as current investments. Non current investments are stated at cost and a provision for diminution in value of non current investments is made only if the decline is other than temporary in the opinion of the management. Current investments are valued at cost or market/fair value whichever is lower. In case of investments in mutual funds, the net asset value of units is considered as market/fair value.

2.6 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.

2.7 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.

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.

2.8 Foreign currency transactions

a) Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the date of transaction.

b) Any income or expenses on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.

c) Monetary items denominated in foreign currencies at the year end are restated at the year end rates.

d) Non monetary items denominated in foreign currencies are carried at cost.

RELIANCE WEALTH MANAGEMENT LIMITED

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

(Currency: Indian Rupee)

2.9 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.

2.10 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.

2.11 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.

2.12 Preliminary expenses

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

2.13 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.

ELIANCE WEALTH MANAGEMENT LIMITED

NOTES FORMING PART OF THE BALANCE SHEET

NOTE 2 SHARE CAPITAL	As at March 31, 2016		As at 31st March 2015	
	No. of shares	Amount in ₹	No. of shares	Amount in ₹
AUTHORISED Equity shares of ₹ 10 each*	17,500,000	175,000,000	16,000,000	160,000,000
Total	17,500,000	175,000,000	16,000,000	160,000,000

* The Authorised share capital of the company has been raised by ₹ 15,000,000 w.e.f July 31, 2015 pursuant to board resolution dated July 31, 2015

ISSUED, SUBSCRIBED AND PAID UP

Equity shares of ₹ 10 each fully paid up**	17,500,000	175,000,000	15,500,000	155,000,000
Total	17,500,000	175,000,000	15,500,000	155,000,000

**The company has issued 20,00,000 Shares on right basis to Reliance Capital Limited on July 31, 2015 at ₹ 10/- per share

Notes:

1 Terms and Rights attached to shares

EQUITY SHARE

The company has only one class of equity share having a par value of Rs 10/- per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the company, the holder of equity shares will be entitled to receive any of the remaining asset of the company after distribution of all preferential amount.

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

	As at March 31, 2016		As at 31st March 2015	
	No. of shares	Amount in ₹	No. of shares	Amount in ₹
Equity Shares				
Number of shares at the beginning	15,500,000	155,000,000	15,500,000	155,000,000
Add: Shares issued during the year	2,000,000	20,000,000	-	-
Number of shares at the end	17,500,000	175,000,000	15,500,000	155,000,000

3 The details of shareholders, holding more than 5% shares in the company as at March 31, 2016 and March 31, 2015 is set out below :

	As at March 31, 2016		As at 31st March 2015	
	No. of shares	% held	No. of shares	% held
Equity shares				
Reliance Capital Limited and its nominees	17,500,000	100.00%	15,500,000	100.00%
	17,500,000		15,500,000	

RELIANCE WEALTH MANAGEMENT LIMITED

NOTES FORMING PART OF THE BALANCE SHEET

	March 31, 2016 Amount in ₹	March 31, 2015 Amount in ₹
NOTE 3		
RESERVES AND SURPLUS		
Surplus (Balance as per Statement of Profit and Loss)		
As per last balance sheet	(114,635,630)	(116,796,696)
Add: Net profit/(loss) for the year	(28,826,279)	1,849,315
Add/Less: Effects of changes in depreciation policy as per Companies Act 2013	-	311,751
TOTAL	(143,461,909)	(114,635,630)
NOTE 4		
LONG TERM PROVISIONS		
Provision for leave encashment	184,144	165,323
TOTAL	184,144	165,323
NOTE 5		
SHORT TERM BORROWINGS		
(Unsecured repayable on demand)		
Bank Overdraft	389,387	-
Inter corporate deposit - From related parties	23,000,000	14,200,000
TOTAL	23,389,387	14,200,000
NOTE 6		
OTHER CURRENT LIABILITIES		
Statutory liabilities	6,745,406	3,106,147
Payable to or on behalf of employees	587,200	929,433
Provision for expenses	34,181,737	1,574,581
Service tax payable	1,346,504	-
Other liabilities	434,552	2,212,770
TOTAL	43,295,399	7,822,931
NOTE 7		
SHORT TERM PROVISIONS		
Provision for leave encashment	3,008	4,864
Provision for gratuity	39,778	-
TOTAL	42,786	4,864

RELIANCE WEALTH MANAGEMENT LIMITED

NOTES FORMING PART OF THE BALANCE SHEET

NOTE 8 Fixed Assets (at cost)

Description of Assets	GROSS BLOCK					DEPRECIATION/AMORTISATION					Amount in ₹	
	As at April 1, 2015	Additions during the year	Deletions during the year	As at March 31, 2016	Up to April 1, 2015	Adjustments for the year	For the year	Deletions during the year	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015	
Tangible Assets												
Office Equipments	1,744,027	115,763	-	1,859,790	647,114	-	570,435	-	1,217,549	642,241	1,096,913	
Furniture and Fixture	1,057,825	297,279	-	1,355,104	117,879	-	495,613	-	613,492	741,612	939,946	
Data processing equipments	1,004,461	285,440	-	1,289,901	244,997	-	384,420	-	629,417	660,484	759,464	
Lease Hold Improvement	3,397,050	6,410,189	-	9,807,239	186,810	-	2,132,075	-	2,318,885	7,488,354	3,210,240	
Total Tangible assets	7,203,363	7,108,671	-	14,312,034	1,196,800	-	3,582,543	-	4,779,343	9,532,691	6,006,563	
Intangible Assets (Other than internally generated) Software												
	10,563,185	2,664,456	-	13,227,641	3,248,976	-	2,105,358	-	5,354,334	7,873,307	7,314,209	
Total Intangible assets	10,563,185	2,664,456	-	13,227,641	3,248,976	-	2,105,358	-	5,354,334	7,873,307	7,314,209	
Total	17,766,548	9,773,127	-	27,539,675	4,445,775	-	5,687,901	-	10,133,676	17,405,998	13,320,772	
<i>Previous Year</i>	<i>5,488,267</i>	<i>12,278,281</i>	<i>-</i>	<i>17,766,548</i>	<i>2,947,730</i>	<i>(311,751)</i>	<i>1,809,798</i>	<i>-</i>	<i>4,445,776</i>	<i>13,320,773</i>		

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 ₹ 311,751, 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 lesser by ₹ 539,010.

RELIANCE WEALTH MANAGEMENT LIMITED

NOTES FORMING PART OF THE BALANCE SHEET

	March 31, 2016 Amount in ₹	March 31, 2015 Amount in ₹
NOTE 9		
LONG TERM LOANS AND ADVANCES		
Capital advances	-	2,961,215
Security deposit to Vendors	11,615,000	6,765,000
Advance payment of tax and tax deducted at source	9,001,655	10,206,956
TOTAL	20,616,655	19,933,171
NOTE 10		
TRADE RECEIVABLES		
(Unsecured and Considered good)		
Outstanding for less than six months	56,674,725	20,572,103
TOTAL	56,674,725	20,572,103
NOTE 11		
CASH AND BANK BALANCE		
Cash and cash equivalents		
Balance with banks		
- In current accounts	428,972	5,681,325
TOTAL	428,972	5,681,325
NOTE 12		
SHORT TERM LOANS AND ADVANCES		
(Unsecured and considered good unless otherwise stated)		
Advance to vendors	688,589	1,038,608
Advance to employees	171,604	410,711
Contribution to Employee Gratuity Fund	-	430,966
Prepaid expenditure	2,463,264	-
MAT Credit entitlement	-	400,000
Service tax input credit	-	769,832
TOTAL	3,323,457	3,050,117

RELIANCE WEALTH MANAGEMENT LIMITED

NOTES FORMING PART OF THE STATEMENT OF PROFIT AND LOSS

	April 1, 2015 to Mar 31, 2016 Amount in ₹	April 1, 2014 to March 31, 2015 Amount in ₹
NOTE 13		
REVENUE FROM OPERATIONS		
Income from Portfolio Services - Gross	110,953,406	85,212,780
Less: service tax recovered	(13,273,345)	(8,448,720)
Distribution and related income	160,250,641	90,186,866
Less: service tax recovered	(19,839,052)	(8,937,698)
Other Operating Income - Advisory Fees	6,107,501	1,080,034
TOTAL	244,199,151	159,093,262
NOTE 14		
OTHER INCOME		
Foreign exchange gain	-	2,588
Profit on sale of investments	1,058,028	177,687
Miscellaneous Income	325,098	232,377
Interest on Income tax refund	564,705	51,722
TOTAL	1,947,831	464,374
NOTE 15		
OPERATING EXPENSES		
Referral Fees	38,028,452	13,490,320
TOTAL	38,028,452	13,490,320
NOTE 16		
EMPLOYEE BENEFIT EXPENSES		
Salary, bonus and allowances	180,818,223	108,444,009
Contribution to provident fund and other funds (refer note 26)	5,716,470	4,607,912
Staff welfare Expenses	266,862	198,578
Manpower Deputation expenses	269,526	302,512
TOTAL	187,071,081	113,553,011
NOTE 17		
FINANCE COST		
Interest on Inter corporate deposits	1,201,134	1,627,488
TOTAL	1,201,134	1,627,488
NOTE 18		
ADMINISTRATIVE AND OTHER EXPENSES		
Stamp duty and share issue expense	162,500	156,200
ROC filing fees	116,178	61,647
Membership Fees	11,250	42,000
Advertising & Marketing	2,250,553	840,872
Business Promotion	1,244,431	114,693
Recruitment charges	1,501,500	1,418,750
Postage and courier	463,384	201,152
Bank charges	254,263	104,264
Communication expenses	563,803	433,434
Rent	11,224,947	9,778,790
Travelling, conveyance and motor car expenses	3,833,696	1,045,513
Printing and stationery	671,164	449,800
Professional charges	4,907,662	2,330,982
Foreign exchange Loss	9,904	-
Director Sitting Fee	420,700	-
Auditors' remuneration		
- Audit fees	150,750	150,000
- Other fees	-	50,000
Repairs and maintenance	50,269	6,000
Software and networking expenses	5,582,190	3,052,043
Other administration expenses	9,538,026	6,972,552
TOTAL	42,957,170	27,208,692

RELIANCE WEALTH MANAGEMENT LIMITED

Notes to the financial statements for the period ended March 31, 2016

(Currency: Indian Rupees)

19 Contingent liabilities

	March 31, 2016	March 31, 2015
Capital Commitment	25,500	980,360

20 Segment information for the year ended March 31, 2016

The Company is into providing financing services including portfolio management services and distribution. 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 Account for the year ended March 31, 2016 pertain to one business segment and related activities as per Accounting Standard (AS) 17 on "Segment Reporting".

21 DEFERRED TAX (ASSET)/LIABILITIES

	March 31, 2016	March 31, 2015
Deferred Tax Assets		
Brought forward losses	41,152,307	36,000,476
Provision for Leave Encashment & Gratuity	70,121	52,588
	<u>41,222,428</u>	<u>36,053,064</u>
Deferred Tax Liabilities		
Depreciation	887,876	860,402
	<u>887,876</u>	<u>860,402</u>
NET DEFERRED TAX (ASSET)/LIABILITIES*	(40,334,552)	(35,192,662)

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

22 Foreign currency transaction: Income in foreign currency: (On receipt basis)

Particulars	March 31, 2016	March 31, 2015
Advisory services	6,107,501	1,080,033
Total	6,107,501	1,080,033

Expenditure in foreign currency: (On payment basis)

Particulars	March 31, 2016	March 31, 2015
Foreign Travelling Expense	1,002,186	-
Other Administrative Expense	6,605,801	2,907,330
Total	7,607,987	2,907,330

Note: Foreign currency exposures that are not hedged by derivative instruments as on 31st March 2016 amount to ₹ 408,360 (previous year ₹ 446,664)

23 Operating lease

Office premises assets are obtained on operating lease and are renewable/cancellable at mutual consent after 24 months. There are no restriction imposed by the lease agreements.

	March 31, 2016	March 31, 2015
Rental payments of assets	10,530,000	5,340,000

24 Earnings per share

Particulars	March 31, 2016	March 31, 2015
Net profit/(loss) after tax as per statement of profit and loss	(28,826,279)	1,849,315
Profit/(Loss) attributable to equity shareholders	(28,826,279)	1,849,315
Weighted average number of equity shares outstanding during the year	16,833,333	15,500,000
Nominal value per equity share	10	10
Basic and diluted earnings per share	(1.71)	0.12

25 Components of cash and cash equivalents

	March 31, 2016	March 31, 2015
In current accounts	428,972	5,681,325
Total	428,972	5,681,325

RELIANCE WEALTH MANAGEMENT LIMITED

Notes to the financial statements for the period ended March 31, 2016

(Currency: Indian Rupees)

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)	5,716,470	4,607,912

B. Defined Benefit Plans:

Gratuity and Leave Encashment

The employees' gratuity fund scheme managed by a Trust (Reliance Wealth Management 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)		
	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	2,378,935	924,784	170,187	36,018	
Interest Cost	187,936	86,837	13,445	3,382	
Current Service Cost	815,344	435,007	63,323	13,463	
Benefit Paid	-	-	-	-	
Actuarial (gain)/loss on obligations	648,719	932,307	(59,803)	117,324	
Liability at the end of the year	4,030,934	2,378,935	187,152	170,187	
II. Reconciliation of opening and closing balances of fair value of Plan Assets :					
Fair Value of Plan Assets at the beginning of the year	2,809,901	2,420,570	-	-	
Expected Return on Plan Assets	221,982	227,292	-	-	
Contributions	982,089	-	-	-	
Benefit Paid	-	-	-	-	
Actuarial gain/(loss) on Plan Assets	(22,816)	162,039	-	-	
Fair Value of Plan Assets at the end of the year	3,991,156	2,809,901	-	-	
III. Reconciliation of fair value of assets and obligations :					
Liability at the end of the year	4,030,934	2,378,935	187,152	170,187	
Fair value of plan assets at the end of the year	3,991,156	2,809,901	-	-	
Asset / (Liability) Recognised in the Balance Sheet	(39778)#	430,966##	(187152)#	(170187)#	
# Included under ' Long term / short term provisions' (Refer Notes 4 & 7)					
## Included under ' Short term loans and advances' (Refer Notes 12)					
IV. Expenses recognised during the year :					
Current Service Cost	815,344	435,007	13,463	-	
Interest Cost	187,936	86,837	3,382	-	
Expected Return on Plan Assets	(221,982)	(227,292)	-	-	
Net Actuarial (Gain)/Loss To Be Recognised	671,535	770,268	117,324	-	
Expense Recognised in Profit and Loss Account	1,452,833	1,064,820	134,169	-	
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)	7.86%	7.90%	7.86%	7.90%	
Rate of Return on Plan Assets	7.86%	7.90%	-	-	
Salary Escalation	6.00%	6.00%	6.00%	5.50%	
VII. Particular of the amount for the current year and previous years					
	Mar-16	Mar-15	Mar-14	Mar-13	Mar-12
Defined Benefit Obligation At The End of the Year	4,030,934	2,378,935	924,784	1,031,060	1,905,137
Fair Value Plan Asset At The End of the Year	3,991,156	2,809,901	2,420,570	2,408,063	2,100,446
Excess of Obligation Over Plan Asset	39,778	(430,966)	(1,495,786)	(1,377,003)	(195,309)
Experience Adjustment on Plan Liability (Gain)/Loss	648,719	932,307	(655,767)	(1,346,952)	-
Actuarial Gain /(Loss) due to Plan Asset	(22,816)	162,039	(105,609)	46,608	55,709

RELIANCE WEALTH MANAGEMENT LIMITED

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

(Currency: Indian Rupees)

27 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) Fellow subsidiaries

Reliance Securities Limited Fellow Subsidiaries
 Reliance Capital Asset Management Limited Fellow Subsidiaries
 Reliance Financial Limited Fellow Subsidiaries
 Reliance Money Express Limited Fellow Subsidiaries
 Reliance General Insurance Company Limited Fellow Subsidiaries
 Reliance Capital Asset Management (UK) Plc Fellow Subsidiaries*

(C) Key management personnel

Directors of the Company

Mr. Amit Bapna*
 Mr. Lav Chaturvedi (upto 03 July 2015)*
 Mr. B. Gop Kumar (w.e.f. 03 July 2015)*
 Mr. Ashok Karnavat*
 Mr. Manu Chadha*

Chief financial officer
 Manager of the Company

Mr. Paresh Maheshwari*
 Ms. Meena Sharma* (w.e.f. 31st July 2015)
 Mr. Niren Vora* (w.e.f. 1st August, 2015)
 Mr. Viral Sarvaiya* (w.e.f. 1st August, 2015)

Company Secretary

* No transactions during the year

(D) Summary 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
Unsecured loan						
<u>Reliance Capital Limited</u>						
Opening balance	-	-				
Taken during the year	30,000,000	-				
Repaid during the year	30,000,000	-				
Closing balance	-	-				
<u>Reliance Financial Limited</u>						
Opening balance		-	14,200,000	-		
Taken 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		
Receipts/Income						
<u>Reliance Capital Limited</u>						
Distribution Income		349,627				
<u>Reliance Capital Asset Management Limited</u>						
Distribution Income		-	9,426,526	30,849,277		
<u>Reliance AIF Management Company Limited</u>						
Distribution Income		-	12,272,500	5,566,667		
<u>Reliance Securities Limited</u>						
Distribution Income		-	3,177,226	8,366,843		

RELIANCE WEALTH MANAGEMENT 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
Payments/expenditures						
Reliance Capital Limited						
Interest on ICD	877,808					
Reimbursement of rent expenses		75,000				
Reliance Securities Limited						
Referral fees for PMS		-	686,722	4,311,096		
Reliance General Insurance Company Limited						
Staff Mediclaim Insurance		-	761,300	282,180		
Reliance Money Express Limited						
Purchase of foreign currency		-	116,244	247,676		
Reliance Financial Limited						
Interest on ICD		-	323,327	1,627,488		
Ashok Karnavat						
Director Sitting Fees					200,300	-
Manu Chadha						
Director Sitting Fees					220,400	-
Receivable / (Payable)						
Reliance Capital Limited		(4,876,005)				
Reliance General Insurance Company Limited			465,756			
Reliance Life Insurance Company Limited			135,623			
Reliance AIF Management Company Limited			2,370,150	1,479,407		
Reliance Capital Asset Management Limited				400,000		
Reliance Securities Limited				928,629		
Reliance General Insurance Company Limited				282,180		

28 Previous year figures

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

The accompanying notes forms an integral part of the financial statements

As per our report of even date

For Pathak H D and Associates
Chartered Accountants
Firm registration No. 107783W,

Mukesh Mēhta
Partner
Membership No.: 43495

Place : Mumbai
Date : April 13, 2016

For and on behalf of the Board of Directors

Amit Bapna
Director
DIN : 00008443

Pāresh Maheshwari
Chief Financial Officer

B. Gopikumar
Director
DIN : 07223999

Viral Sarvaiya
Company Secretary
Membership No. A33764