

# **Reliance Retail Insurance Broking Limited**

## Independent Auditor's Report

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### TO THE MEMBERS OF RELIANCE RETAIL INSURANCE BROKING LIMITED

#### Report on the Financial Statements

We have audited the accompanying Financial statements of

**Reliance Retail Insurance Broking Limited** (“the Company”), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 state of affairs, profit or loss, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 the disclosures in the Financial statements. 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. 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 the 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 including the Ind AS, of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March, 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity 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 in terms of Section 143(11) of the Act, we give in “Annexure A” 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 it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
  - g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 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 does not have any pending litigations which would impact on its financial position.
    - 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.
    - iv. The Company did not hold any Specified Bank Notes as on 8<sup>th</sup> November, 2016 and Company had not dealt with such notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016. And hence the requirement of disclosure in financial statements is not applicable to the Company.

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

**Jignesh Mehta**  
Partner  
Membership No.: 102749

Date : April 20, 2017  
Place : Mumbai

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**“ANNEXURE A” TO THE INDEPENDENT AUDITORS’ REPORT ON THE FINANCIAL STATEMENTS OF RELIANCE RETAIL INSURANCE BROKING LIMITED**

**(Referred to in Paragraph 1 under the heading of “Report on other legal and regulatory requirements” of our report of even date)**

- i) As the Company had no fixed assets during the year, clause (i) (a) to clause (i) (c) of paragraph 3 of the Order is not applicable to the Company.
- ii) As the Company had no Inventories during the year, clause (ii) of paragraph of 3 of the Order is not applicable to the Company.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, the requirement of clause (iii) (a) to clause (iii) (c) of paragraph 3 of the Order is not applicable to the Company.
- iv) Company has not granted any loans, investments, guarantees and securities covered under section 185 and 186 of the Act.
- v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Therefore, the clause (v) of paragraph 3 of the Order is not applicable to the Company.
- vi) To the best of our knowledge and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act in respect of the activities undertaken by the Company.
- vii) 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, duty of customs, duty of excise, value added tax, cess and any other statutory dues have been 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, 2017 for a period of more than six months from the date they became payable.
  - b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess on account of any dispute, which have not been deposited.
- viii) The Company has not raised loans from financial institutions or banks or by issue of debentures and hence clause (viii) of paragraph 3 of the Order is not applicable to the Company.
- ix) 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.
- x) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi) Company has not paid any managerial remuneration during the year and hence clause (xi) of paragraph 3 of the Order is not applicable to the Company.
- xii) 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.
- xiii) In our opinion and according to the information and explanations given to us, section 177 of the Act is not applicable to the Company. Further, the Company is in compliance with the section 188 of the Act and details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- xiv) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement 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.
- xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transaction with the directors or persons connected with him and covered under section 192 of the Act. Hence, clause (xv) of

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the paragraph 3 of the Order is not applicable to the Company.

- xvi) To the best of our knowledge and as explained, 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)

**Jignesh Mehta**  
Partner  
Membership No.: 102749

Date : April 20, 2017  
Place : Mumbai

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**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS OF RELIANCE RETAIL INSURANCE BROKING LIMITED**

(Referred to in paragraph 2 (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of

**Reliance Retail Insurance Broking Limited (“the Company”)** as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management 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 (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**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 issued by ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls 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.

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**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 31<sup>st</sup> March, 2017, 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 issued by ICAI.

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

Date : April 20, 2017  
Place : Mumbai

**Jignesh Mehta**  
Partner  
Membership No.: 102749

## Balance Sheet as at 31st March, 2017

	Note	As at 31st March, 2017	As at 31st March, 2016	₹ lakh As at 1st April, 2015
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Deferred Tax Assets (net)	1	7.01	6.68	5.77
Other Non-Current Assets	2	323.88	455.63	398.79
<b>Total Non-Current Assets</b>		<b>330.89</b>	462.31	404.56
<b>Current assets</b>				
Financial Assets				
Investments	3	750.94	684.08	548.81
Trade Receivables	4	111.98	81.29	86.73
Cash and Cash Equivalents	5	78.26	17.82	30.29
Other Financial Assets	6	0.14	0.17	0.17
Other Current Assets	7	52.50	32.39	82.90
<b>Total Current Assets</b>		<b>993.82</b>	815.75	748.90
<b>Total Assets</b>		<b>1,324.71</b>	1,278.06	1,153.46
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	8	400.00	400.00	400.00
Other Equity	9	872.58	804.16	593.88
<b>Total Equity</b>		<b>1,272.58</b>	1,204.16	993.88
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Provisions	10	29.28	19.51	16.91
<b>Total Non-Current Liabilities</b>		<b>29.28</b>	19.51	16.91
<b>Current liabilities</b>				
Financial Liabilities				
Trade Payables	11	2.51	38.00	75.71
Provisions	12	0.79	0.58	0.50
Other Current Liabilities	13	19.55	15.81	66.47
<b>Total Current Liabilities</b>		<b>22.85</b>	54.39	142.67
<b>Total Liabilities</b>		<b>52.13</b>	73.90	159.58
<b>Total Equity and Liabilities</b>		<b>1,324.71</b>	1,278.06	1,153.46
Significant accounting policies				
Notes on financial statements	1 to 25			

As per our Report of even date

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

**Jignesh Mehta**  
Partner  
Membership No. 102749

Place: Mumbai  
Dated : 20<sup>th</sup> April, 2017

For and on behalf of the Board

**Rajendra Kamath**  
Director

**Pramod Bhawalkar**  
Director

**Gulur Venkatesh**  
Director



## Statement of Profit and Loss for the year ended 31st March, 2017

	Note	2016-17	₹ lakh 2015-16
<b>INCOME</b>			
Revenue from Operations	14	1,322.57	1,666.39
Other Income	15	89.87	50.14
<b>Total Income</b>		<b>1,412.44</b>	<b>1,716.53</b>
<b>EXPENDITURE</b>			
Employee Benefits Expense	16	209.73	166.93
Other Expenses	17	1,093.93	1,235.05
<b>Total Expenses</b>		<b>1,303.66</b>	<b>1,401.98</b>
<b>Profit before Tax</b>		<b>108.78</b>	<b>314.55</b>
Tax expenses:			
Current Tax	18	37.87	105.29
Deferred Tax	18	(0.33)	(0.91)
		<b>37.54</b>	<b>104.38</b>
<b>Profit for the year</b>		<b>71.24</b>	<b>210.17</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss	16.1	(4.21)	0.17
Income tax relating to items that will not be reclassified to profit or loss		(1.39)	0.06
		<b>(2.82)</b>	<b>0.11</b>
<b>Total Comprehensive Income for the year</b>		<b>68.42</b>	<b>210.28</b>
<b>Earnings per equity share of face value of ₹ 10 each</b>			
Basic and Diluted	20	1.78	5.25
Significant accounting policies Notes on financial statements	1 to 25		

As per our Report of even date

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

**Jignesh Mehta**  
Partner  
Membership No. 102749

Place: Mumbai  
Dated : 20<sup>th</sup> April, 2017

For and on behalf of the Board

**Rajendra Kamath**  
Director

**Pramod Bhawalkar**  
Director

**Gulur Venkatesh**  
Director

## Statement of Changes in Equity for the year ended 31st March, 2017

	Reserves & Surplus		₹ lakh
	Retained Earnings	Other Comprehensive Income	Total
As on 1st April, 2015	593.88	-	593.88
Total Comprehensive income for the year	210.17	0.11	210.28
<b>Balance at the end of reporting period 31st March, 2016</b>	<b>804.05</b>	<b>0.11</b>	<b>804.16</b>
Balance at the beginning of reporting period 01st April, 2016	804.05	0.11	804.16
Total Comprehensive income for the year	71.24	(2.82)	68.42
<b>Balance at the end of reporting period 31st March, 2017</b>	<b>875.29</b>	<b>(2.71)</b>	<b>872.58</b>

As per our Report of even date

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

**Jignesh Mehta**  
Partner  
Membership No. 102749

Place: Mumbai  
Dated : 20<sup>th</sup> April, 2017

For and on behalf of the Board

**Rajendra Kamath**  
Director

**Pramod Bhawalkar**  
Director

**Gulur Venkatesh**  
Director

## Cash Flow Statement for the year 2016-17

	2016-17	₹ lakh 2015-16
<b>A: CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax as per Statement of Profit and Loss</b>	<b>108.78</b>	314.72
<b>Adjusted for:</b>		
(Profit)/loss on sale of Financial assets (net)	(53.86)	(49.26)
Interest income	(36.01)	(0.88)
	<u>(89.87)</u>	<u>(50.14)</u>
<b>Operating profit before working capital changes</b>	<b>18.91</b>	264.58
<b>Adjusted for:</b>		
Trade and other receivables	(50.80)	55.95
Trade and other payables	(25.98)	(85.69)
	<u>(76.78)</u>	<u>(29.74)</u>
<b>Cash generated from operations</b>	<b>(57.87)</b>	234.84
Taxes paid (net)	95.27	(162.19)
<b>Net cash flow from operating activities</b>	<b>37.40</b>	72.65
<b>B: CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Financial assets	(2,595.00)	(1,459.00)
Sale of Financial assets	2,582.00	1,373.00
Interest income	36.04	0.88
<b>Net cash flow from / (used in) investing activities</b>	<b>23.04</b>	(85.12)
<b>C: CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>Net cash flow from / (used in) financing activities</b>	<b>-</b>	-
<b>Net Increase/(decrease) in cash and cash equivalents</b>	<b>60.44</b>	(12.47)
<b>Opening balance of cash and cash equivalents</b>	<b>17.82</b>	30.29
<b>Closing balance of cash and cash equivalents (Refer Note "5")</b>	<b>78.26</b>	17.82

As per our Report of even date

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

**Jignesh Mehta**  
Partner  
Membership No. 102749

Place: Mumbai  
Dated : 20<sup>th</sup> April, 2017

For and on behalf of the Board

**Rajendra Kamath**  
Director

**Pramod Bhawalkar**  
Director

**Gulur Venkatesh**  
Director

## Notes on financial statements for the year ended 31st March, 2017

### A. CORPORATE INFORMATION

Reliance Retail Insurance Broking Limited (“the Company”) is a limited company incorporated in India having its registered office at 3rd Floor, Court House, Lokmanya Tilak Marg, Dhobi Talao, Mumbai – 400002.

### B. ACCOUNTING POLICIES

#### B.1 BASIS OF PREPARATION AND PRESENTATION

The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- i) Certain financial assets and liabilities measured at fair value,

The financial statements of the Company have been prepared to comply with the Indian Accounting standards (‘Ind AS’), including the Accounting Standards notified under the relevant provisions of the companies Act, 2013.

Upto the year ended March 31, 2016, the Company has prepared its financial statements in accordance with the requirement of Indian GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 and considered as “Previous GAAP”.

These financial statements are the Company’s first Ind AS financial statements and as covered by Ind AS 101 - First time adoption of Indian Accounting Standards.

#### B.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue is recognised only if following conditions are satisfied:

- The Company has transferred risks and rewards incidental to ownership to the customer;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- It is probable that the economic benefit associated with the transaction will flow to the Company; and
- it can be reliably measured along with related costs and it is reasonable to expect ultimate collection

Revenue from operations includes sale of goods, services, adjusted for discounts (net) service tax, excise duty and value added tax.

##### Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

##### Dividends

Revenue is recognised when the Company’s right to receive the payment has been established.

##### (b) Employee Benefits

###### Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

###### Post-Employment Benefits

###### Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund, Superannuation Fund

## Notes on financial statements for the year ended 31st March, 2017

and Pension Scheme. The Company's contribution is recognised as an expense in the Profit and Loss Statement during the period in which the employee renders the related service.

### Defined Benefit Plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Re-measurement of defined benefit plans in respect of post-employment and other long term benefits are charged to the Other Comprehensive Income.

### (c) Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits with any qualifying financial institution repayable on demand or maturing within three months of the date of acquisition and which are subject to an insignificant risk of change in value.

### (d) Financial instruments

#### i) Financial Assets

##### A. Initial recognition and measurement:

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are recognised using trade date accounting.

##### B. Subsequent measurement

###### a) *Financial assets carried at a mortised cost (AC)*

A financial asset is subsequently measure data mortised cost if it is held with in a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### b) *Financial assets at fair value through other comprehensive income (FVTOCI)*

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### c) *Financial assets at fair value through profit or loss (FVTPL)*

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

##### C. Equity Investments (Other than Investment in Subsidiaries, Joint ventures & Associates)

All equity investments are measured at fair value, with value changes recognised in statement of profit and loss, except for those equity investments for which the company has elected to present the value changes in 'Other Comprehensive Income'.

##### D. Investment in subsidiaries, Associates and Joint Ventures

The Company has accounted for its investments in subsidiaries, associates and joint venture at cost.

##### E. Impairment of financial assets

The Company assesses impairment based on expected credit loss (ECL) model to the following:

- a. Financial assets at amortised cost
- b. Financial assets measured at fair value through Other Comprehensive income

The company follows 'simplified approach' for recognition of impairment loss allowance. The application of

## Notes on financial statements for the year ended 31st March, 2017

simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The company uses historical loss experience to determine the impairment loss allowance on the portfolio of trade receivables. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

### ii) **Financial liabilities**

#### A. Initial recognition and measurement:

All financial liabilities are recognized initially at fair value and in case of loans and borrowings and payables, net of directly attributable cost. Cost of recurring nature are directly recognised in profit or loss as finance cost.

#### B. Subsequent measurement:

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### (e) **Impairment of non-financial assets**

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss.

### (f) **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### (g) **Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in statement of profit and loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income and equity.

#### - **Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

## Notes on financial statements for the year ended 31st March, 2017

### - **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

### C. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:**

The preparation of the Company's financial statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### a) **Recoverability of trade receivable:**

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include assessing the credit worthiness of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

#### b) **Provisions:**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

#### c) **Impairment of non-financial assets:**

The Company assesses at each reporting date whether there is an indication that assets may be impaired. If any indication exists, or when annual impairment testing for assets is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for assets, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

### D. **FIRST TIME ADOPTION OF IND AS:**

The Company has adopted Ind AS with effect from 1st April, 2016 with comparatives being restated. Accordingly the impact of transition has been provided in the Opening Reserves as at 1st April 2015 and all the periods presented have been restated accordingly.

## Notes on financial statements for the year ended 31st March, 2017

1. Deferred Tax Assets (Net)	As at		₹ lakh
	31st March, 2017	31st March, 2016	As at 1st April, 2015
Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate prevalent in the various jurisdictions the group operates in. The movement on the deferred tax account is as follows:			
At the start of the year	6.68	5.77	5.65
Credit to profit or loss (Note "18")	0.33	0.91	0.12
<b>At the end of year</b>	<b>7.01</b>	<b>6.68</b>	<b>5.77</b>

Deferred tax liabilities and assets at the end of the reporting period and deferred tax credit in profit or loss.

	As at 31st March, 2016	Credit to profit or loss	As at 31st March, 2017
<b>Deferred tax asset / (liabilities) in relation to:</b>			
Disallowance under the Income Tax Act, 1961	6.68	(0.33)	7.01
	<u>6.68</u>	<u>(0.33)</u>	<u>7.01</u>

2. Other Non-Current Assets (unsecured and considered good)	As at		₹ lakh
	31st March, 2017	31st March, 2016	As at 1st April, 2015
Advance Income Tax (Net of Provision)	323.88	455.63	398.79
<b>Total</b>	<b>323.88</b>	<b>455.63</b>	<b>398.79</b>

3. Investments	As at		As at		As at	
	31st March, 2017	31st March, 2016	31st March, 2016	31st March, 2016	1st April, 2015	1st April, 2015
	Units	₹ lakh	Units	₹ lakh	Units	₹ lakh
<b>Investments Classification at Fair Value Through Profit &amp; Loss (FVTPL)</b>						
<b>Investment in mutual funds - Unquoted</b>						
ICICI Prudential Liquid - Regular Plan - Growth of Rs. 100 each	3,12,782	7,50.94	3,05,856	684.08	2,65,311	548.81
<b>Total</b>		<b>750.94</b>		<b>684.08</b>		<b>548.81</b>

4. Trade Receivables (unsecured)	As at		As at		₹ lakh
	31st March, 2017	31st March, 2016	31st March, 2016	31st March, 2016	As at 1st April, 2015
Trade Receivables	111.98	81.29	81.29	86.73	86.73
<b>Total</b>	<b>111.98</b>	<b>81.29</b>	<b>81.29</b>	<b>86.73</b>	<b>86.73</b>



## Notes on financial statements for the year ended 31st March, 2017

	As at 31st March, 2017	As at 31st March, 2016	₹ lakh As at 1st April, 2015
<b>5. Cash and Cash Equivalents</b>			
<b>Cash and cash equivalents</b>			
Balance with bank <sup>(i) and (ii)</sup>	78.26	17.82	30.29
<b>Cash and cash equivalents as per balance sheet / standalone statement of cash flows</b>	<b>78.26</b>	<b>17.82</b>	<b>30.29</b>
<sup>(i)</sup> Includes deposits ₹ 10 lakhs (Previous year ₹ 10 lakhs) with maturity period of more than 12 months.			
<sup>(ii)</sup> Includes deposits ₹ 10 lakhs (previous year ₹ 10 lakhs) held as security with Insurance Regulatory and Development Authority.			
<b>5.1</b> Cash and Cash Equivalents includes deposits maintained by the Company with banks, which can be withdrawn by the Company at any point of time without prior notice or penalty on the principal			
<b>5.2</b> Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 is as under:-			
The Company does not receive or, does not make any payment in Cash. Accordingly Cash balance as on 8th Nov' 2016 and as on 30th Dec' 2016 was NIL.			
<b>6. Other Financial Assets</b>	<b>As at 31st March, 2017</b>	<b>As at 31st March, 2016</b>	<b>₹ lakh As at 1st April, 2015</b>
Interest Receivable	0.14	0.17	0.17
<b>Total</b>	<b>0.14</b>	<b>0.17</b>	<b>0.17</b>
<b>7. Other Current Assets</b> (unsecured and considered good)	<b>As at 31st March, 2017</b>	<b>As at 31st March, 2016</b>	<b>₹ lakh As at 1st April, 2015</b>
Balance with service tax/ sales tax authorities, etc.	37.08	27.01	72.13
Others <sup>(i)</sup>	15.42	5.38	10.77
<b>Total</b>	<b>52.50</b>	<b>32.39</b>	<b>82.90</b>
<sup>(i)</sup> Includes advances to employees and vendors.			
<b>8. Share capital</b>	<b>As at 31st March, 2017</b>	<b>As at 31st March, 2016</b>	<b>₹ lakh As at 1st April, 2015</b>
<b>Authorised:</b>			
<b>40,00,000</b> Equity shares of ₹ 10 each (40,00,000) (40,00,000)	<b>400.00</b>	400.00	400.00
<b>Total</b>	<b>400.00</b>	400.00	400.00
<b>Fully paid-up</b>			
<b>40,00,000</b> Equity shares of ₹ 10 each (40,00,000) (40,00,000)	<b>400.00</b>	400.00	400.00
<b>Total</b>	<b>400.00</b>	400.00	400.00

(i) All the above 40,00,000 (previous year 40,00,000 & 40,00,000) equity shares of ₹10 each fully paid-up are held by Reliance Industrial Investments and Holdings Limited, the holding company along with its nominees.

## Notes on financial statements for the year ended 31st March, 2017

### 8. Share capital (Continued)

#### (ii) The details of Shareholders holding more than 5% shares :

Name of the Shareholders	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	No. of Shares	% held	No. of Shares	% held	No. of Shares	% held
Reliance Industrial Investments and Holdings Limited	40,00,000	100.00	40,00,000	100.00	40,00,000	100.00

#### (iii) Reconciliation of opening and closing number of shares

Particulars	As at 31st March, 2017 No. of shares	As at 31st March, 2016 No. of shares	As at 1st April, 2015 No. of shares
Equity shares outstanding at the beginning of the year	40,00,000	40,00,000	40,00,000
Add: Equity shares issued during the year	-	-	-
Equity shares outstanding at the end of the year	4,000,000	4,000,000	4,000,000

(iv) The company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

9. Other Equity	As at	As at	₹ lakh As at
	31st March, 2017	31st March, 2016	1st April, 2015
<b>Surplus</b>			
<b>Profit and Loss Account</b>			
As per last Balance Sheet	804.16	593.88	398.45
Add: Profit for the year	71.24	210.17	195.43
Add: Other Comprehensive Income	(2.82)	0.11	-
	<u>872.58</u>	<u>804.16</u>	<u>593.88</u>
<b>Total</b>	<u>872.58</u>	<u>804.16</u>	<u>593.88</u>

10. Provisions	As at	As at	₹ lakh As at
	31st March, 2017	31st March, 2016	1st April, 2015
Provision for employee benefits <sup>(i)</sup>	29.28	19.51	16.91
<b>Total</b>	<u>29.28</u>	<u>19.51</u>	<u>16.91</u>

<sup>(i)</sup> The provision for employee benefit includes annual leave and vested long service leave entitlement accrued and compensation claims made by employees. For further disclosure please refer note no. 16

## Notes on financial statements for the year ended 31st March, 2017

11. Trade Payables	As at		₹ lakh
	31st March, 2017	31st March, 2016	As at 1st April, 2015
Micro and Small Enterprises	-	-	-
Others	2.51	38.00	75.71
	<u>2.51</u>	<u>38.00</u>	<u>75.71</u>
<b>Total</b>	<b><u>2.51</u></b>	<b><u>38.00</u></b>	<b><u>75.71</u></b>

### (i) Dues to micro and small enterprises

The details of amounts outstanding to Micro and Small Enterprises based on available information with the Company is as under:

Sr. No.	Particulars	₹ lakh		
		As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
1	Principal amount due and remaining unpaid	-	-	-
2	Interest due on above and the unpaid interest	-	-	-
3	Interest paid	-	-	-
4	Payment made beyond the appointed day during the year	-	-	-
5	Interest due and payable for the period of delay	-	-	-
6	Interest accrued and remaining unpaid	-	-	-
7	Amount of further interest remaining due and payable in succeeding year	-	-	-

12. Provisions	As at		₹ lakh
	31st March, 2017	31st March, 2016	As at 1st April, 2015
Provision for employee benefits <sup>(i)</sup>	0.79	0.58	0.50
<b>Total</b>	<b><u>0.79</u></b>	<b><u>0.58</u></b>	<b><u>0.50</u></b>

<sup>(i)</sup> The provision for employee benefit includes annual leave and vested long service leave entitlement accrued and compensation claims made by employees. For further disclosure please refer note no. 16

13. Other Current Liabilities	As at		₹ lakh
	31st March, 2017	31st March, 2016	As at 1st April, 2015
Others <sup>(i)</sup>	19.55	15.81	66.47
	<u>19.55</u>	<u>15.81</u>	<u>66.47</u>

<sup>(i)</sup> Includes advances received and statutory liabilities.

14. Revenue from Operations	₹ lakh	
	2016-17	2015-16
Sale of services	1,520.45	1,900.13
Less: Service tax recovered	197.88	233.74
<b>Total</b>	<b><u>1,322.57</u></b>	<b><u>1,666.39</u></b>

## Notes on financial statements for the year ended 31st March, 2017

	2016-17	2015-16	₹ lakh
<b>15. Other Income</b>			
<b>Interest income</b>			
From Bank Deposits	0.74	0.88	
From Others	35.27	-	
	<u>36.01</u>	<u>0.88</u>	
<b>Other Non Operating Income</b>			
<b>Net gain &amp; losses on sale of Investments</b>			
Net Gain / (loss) arising on sale of investments	39.45	47.95	
Net Gain / (loss) arising on financial assets designated as at FVTPL	14.41	1.31	
	<u>53.86</u>	<u>49.26</u>	
<b>Total</b>	<u>89.87</u>	<u>50.14</u>	
			₹ lakh
<b>16. Employee Benefits Expense</b>	<b>2016-17</b>	<b>2015-16</b>	
Salaries and wages	183.53	150.70	
Contribution to provident and other funds	17.06	12.52	
Staff welfare expenses	9.14	3.71	
<b>Total</b>	<u>209.73</u>	<u>166.93</u>	

16.1 As per IND AS 19 "Employee Benefits", the disclosures of employee benefits as defined are given below:

### Defined contribution plan

Contribution to defined contribution plan, recognised are charged off for the year are as under:

	2016-17	2015-16	₹ lakh
Employer's contribution to Provident Fund	4.21	3.39	
Employer's contribution to Pension Scheme	5.12	3.34	

### Defined benefit plan

The company pays gratuity to the employees whoever has completed five years of service with the company on resignation/ superannuation. The gratuity is paid @15 days salary for every completed year of service as per The Payment of Gratuity Act 1972. The Gratuity Liability is computed on actuarial valuation basis done at year end and the Company's liability so determined as at the end of the financial year on an actuarial basis using the Project Unit Credit Method is provided for in the books of account and is based on a detailed working done by a certified Actuary. Actuarial gain or losses are recognized in full in the profit & loss account of the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested.

The Company operates post retirement benefit plans as follows:

### I. Reconciliation of opening and closing balances of defined benefit obligation

	2016-17	2015-16	₹ lakh
			<b>Gratuity(unfunded)</b>
Defined benefit obligation at beginning of the year	13.55	11.22	
Current service cost	2.09	1.86	
Interest cost	1.08	0.90	
Actuarial (gain)/ loss	4.21	( 0.17)	
Benefits paid	( 0.97)	( 0.26)	
Defined benefit obligation at year end	19.96	13.55	

## Notes on financial statements for the year ended 31st March, 2017

₹ lakh

### II. Reconciliation of fair value of assets and obligations

	Gratuity(unfunded)	
	2016-17	2015-16
Present value of obligation	19.96	13.55
Amount recognised in Balance Sheet	19.96	13.55

### III. Expenses recognised during the year

	Gratuity(unfunded)	
	2016-17	2015-16
<b>In Income Statement</b>		
Current service cost	2.09	1.86
Interest cost on benefit obligation	1.08	0.90
Actuarial (Gain)/ loss	-	-
Net benefit expense/ (income)	3.17	2.76
<b>In Other Comprehensive Income</b>		
Actuarial (gain)/ loss recognised in the year	4.21	( 0.17)
<b>Net (Income)/ Expense For the period Recognised in OCI</b>	<b>4.21</b>	<b>( 0.17)</b>

### IV. Actuarial assumptions

	Gratuity(unfunded)	
	2016-17	2015-16
Mortality Table	2006-08	2006-08
	(Ultimate)	(Ultimate)
Discount rate (per annum)	7.46%	8%
Rate of escalation in salary (per annum)	6%	6%

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.

- V. The expected contributions for Defined Benefit Plan for the next financial year will be in line with Financial year 2016-17.

### VI. Sensitivity Analysis

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary, increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Decrease	Increase	Decrease	Increase
Change in rate of discounting (delta effect of +/- 0.5%)	1.39	1.54	0.74	0.81
Change in rate of salary increase (delta effect of +/- 0.5%)	1.41	1.55	0.76	0.82
Change in rate of employee turnover (delta effect of +/- 0.5%)	0.28	0.26	0.16	0.15

These plans typically expose the Group to actuarial risk such as: Interest risk, Longevity risk and Salary risk.

Interest risk	A decrease in the bond interest rate will increase the plan liability;
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

## Notes on financial statements for the year ended 31st March, 2017

	2016-17	₹ lakh 2015-16
<b>17. Other Expenses</b>		
<b>Establishment expenses</b>		
Hire charges - contracted services	378.34	463.41
Rent including lease rentals	455.59	476.25
Insurance	3.04	9.02
Rates and taxes	1.14	1.37
Travelling and conveyance expenses	10.11	11.09
Professional fees	236.18	260.06
General expenses	7.47	12.07
	<b>1,091.87</b>	1,233.27
<b>Payments to auditor</b>		
Audit fees	1.30	1.15
Tax audit fees	0.33	0.30
Certification and consultation fees	0.43	0.33
	<b>2.06</b>	1.78
<b>Total</b>	<b>1,093.93</b>	1,235.05
<b>18. TAXATION</b>	<b>As at 31st March, 2017</b>	<b>₹ lakh As at 31st March, 2016</b>
<b>Income tax recognised in profit or loss</b>		
<b>Current tax</b>		
In respect of the current year	37.87	105.29
<b>Deferred tax</b>		
In respect of the current year	(0.33)	(0.91)
<b>Total income tax expenses recognised in the current year relating to continuing operations</b>	<b>37.54</b>	<b>104.38</b>
<b>The income tax expenses for the year can be reconciled to the accounting profit as follows:</b>		
Profit before tax from continuing operations	108.78	314.55
Enacted income tax rate in India	33.06%	33.06%
Computed expected tax expenses	<b>35.97</b>	<b>104.00</b>
<b>Effect of:</b>		
Effect of expenses not allowed for tax purposes	3.16	1.88
Effect of additional allowances for tax purposes	(2.66)	(1.00)
Effect of additional allowances for capital gain	1.41	0.41
Incremental Deferred Tax Asset on account of Financial Assets and Other Items	(0.33)	(0.91)
	<b>1.58</b>	<b>0.38</b>
<b>Income tax expenses recognised in profit or loss (effective rate 34.51% (previous year 33.18 %))</b>	<b>37.54</b>	<b>104.38</b>

**19** The Company is mainly engaged in 'insurance broking services' in India. All the activities of the Company revolve around this main business. Accordingly, the Company has only one identifiable segment reportable under Ind AS 108 "Operating Segment". The chief operational decision maker monitors the operating results of the entity's business for the purpose of making decisions about resource allocation and performance assessment.

## Notes on financial statements for the year ended 31st March, 2017

<b>20 Earnings per share (EPS)</b>	<b>2016-17</b>	2015-16	
(i) Net profit/ (loss) after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ lakhs)	<b>71.24</b>	210.17	
(ii) Weighted average number of equity shares used as denominator for calculating Basic /Diluted EPS	<b>40,00,000</b>	40,00,000	
(iii) Basic/ Diluted Earnings per share of face value of ₹ 10 each (Amount in ₹)	<b>1.78</b>	5.25	
<b>21 Broad heads of services rendered</b>		₹ lakh	
<b>Services rendered</b>	<b>2016-17</b>	2015-16	
Insurance broking services	<b>1,520.45</b>	1,900.13	
<b>22 As per Ind AS 24, the disclosures of transactions with the related parties are given below :</b>			
<b>(i) List of related parties with whom transactions have taken place and relationships:</b>			
<b>Sr. Name of the related party</b>	<b>Relationship</b>		
1 Reliance Industries Limited	} Ultimate holding company		
2 Reliance Industrial Investments And Holdings Limited	} Holding company		
3 Reliance Retail Limited	}		
4 Reliance Corporate IT Park Limited	} Fellow subsidiaries		
5 Reliance SMSL Limited (formerly Strategic Manpower Solutions Limited) }			
<b>(ii) Transactions during the year with related parties (excluding reimbursements):</b>		₹ lakh	
<b>Nature of transactions</b>	<b>Holding company</b>	<b>Fellow subsidiaries</b>	<b>Total</b>
1 Expenditure			
- Hire charges-contracted services	-	<b>4 32.94</b>	<b>4 32.94</b>
	-	5 28.98	5 28.98
- Rent	-	<b>5 21.39</b>	<b>5 21.39</b>
	-	5 43.95	5 43.95
- Professional fees	-	<b>2 70.25</b>	<b>2 70.25</b>
	-	2 97.02	2 97.02
<b>Balance as at 31st March, 2017</b>			
2 Share capital	<b>4 00.00</b>	-	<b>4 00.00</b>
	<i>4 00.00</i>	-	<i>4 00.00</i>
3 Trade Payable	-	-	-
	-	35.23	35.23

Figures in italic represents previous year's amount.

## Notes on financial statements for the year ended 31st March, 2017

### Disclosure in respect of material related party transactions during the year:

Sr. No.	Particulars	Relationship	2016-17	₹ lakh 2015-16
1	<b>Hire charges-contracted services</b>			
	Reliance Retail Limited	Fellow Subsidiary	<b>2 32.94</b>	210.37
	Reliance SMSL Limited (formerly Strategic Manpower Solutions Limited)	Fellow Subsidiary	<b>2 00.00</b>	318.61
2	<b>Rent</b>			
	Reliance Retail Limited	Fellow Subsidiary	<b>5 21.39</b>	543.95
3	<b>Professional Fees</b>			
	Reliance Corporate IT Park Limited	Fellow Subsidiary	<b>2 70.25</b>	297.02

### 23 Financial & Derivative Instrument

#### 23.1 Capital management

The Company manages its capital to ensure that it will continue as going concern while maximising the return to stakeholders. The company manages its capital structure and make adjustment in light of changes in business condition. The overall strategy remains unchanged as compare to last year.

#### 23.2 Financial Risk Management

The Company's activities expose it to credit risk and liquidity risk.

This note explains the sources of risks which the entity is exposed to and how it mitigates that risk.

Risk	Exposure arising from	Measurement	Mitigation
Credit Risk	Cash and cash equivalents, trade receivables, financial assets measured at cost.	Ageing analysis, Credit worthiness	Counterparty credit limits and Dealing with highly rates counterparties as a policy.
Liquidity Risk	Other liabilities.	Ageing analysis, Rolling cash-flow forecasts	Managing the outflow of payments towards liabilities in a timely and scheduled manner.

The company's risk management is carried out by the company as per policies approved by the management. The company identifies, evaluates and mitigates financial risk in close co-operation with its operations team. The company's overall risk management programme focuses on unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

#### A) Credit risk

Credit risk is the risk that a customer will fail to pay amounts due causing financial loss to the company. It arises from cash and cash equivalents, deposits from financial institutions and principally from credit exposures to customers relating to outstanding receivables.

#### B) Liquidity Risk

Liquidity risk is the risk that suitable sources of funding for the company's business activities may not be available. Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Company manages liquidity risk by maintaining adequate reserves and matching maturity profiles of financial assets and financial liabilities.

Liquidity Risks	₹ lakh						Grand Total
	Less than equal to 3 months	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Above 5 Years	
Trade payable	2.5	1					2.5



## Notes on financial statements for the year ended 31st March, 2017

24 The Financial statements were approved for issue by the board of directors on 20th April, 2017.

### 25 First time Ind AS adoption reconciliations

#### 25.1 Effect of Ind AS adoption on the standalone balance sheet as at 31st March, 2016 and 1st April, 2015

		As at 31st March, 2016			As at 1st April 2015		
Notes	Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet	Previous GAAP to Ind AS	Effect of transition balance	As per Ind AS sheet	
<b>Assets</b>							
<b>Non-current assets</b>							
	6.68	-	6.68	5.77	-	5.77	
Deferred tax assets (Net)							
	455.63	-	455.63	398.79	-	398.79	
Other Non-current assets	<b>462.31</b>	<b>-</b>	<b>462.31</b>	<b>404.56</b>	<b>-</b>	<b>404.56</b>	
<b>Current assets</b>							
<b>Financial Assets</b>							
Investments	674.69	9.39	684.08	540.74	8.07	548.81	
Trade receivables	81.29	-	81.29	86.73	-	86.73	
Cash and cash equivalents	17.82	-	17.82	30.29	-	30.29	
Other Financial Assets	0.17	-	0.17	0.17	-	0.17	
Other Current Assets	32.39	-	32.39	82.90	-	82.90	
<b>Total Current assets</b>	<b>806.36</b>	<b>9.39</b>	<b>815.75</b>	<b>740.83</b>	<b>8.07</b>	<b>748.90</b>	
<b>Total Assets</b>	<b>1,268.67</b>	<b>9.39</b>	<b>1,278.06</b>	<b>1,145.39</b>	<b>8.07</b>	<b>1,153.46</b>	
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
Equity Share capital	400.00	-	400.00	400.00	-	400.00	
Other Equity	794.77	9.39	804.16	585.81	8.07	593.88	
<b>Total equity</b>	<b>1,194.77</b>	<b>9.39</b>	<b>1,204.16</b>	<b>985.81</b>	<b>8.07</b>	<b>993.88</b>	
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Provisions	19.51	-	19.51	16.91	-	16.91	
<b>Total non-current liabilities</b>	<b>19.51</b>	<b>-</b>	<b>19.51</b>	<b>16.91</b>	<b>-</b>	<b>16.91</b>	
<b>Current liabilities</b>							
<b>Financial Liabilities</b>							
Trade payables	38.00	-	38.00	75.71	-	75.71	
Provisions	0.58	-	0.58	0.50	-	0.50	
Other Current Liabilities	15.81	-	15.81	66.47	-	66.47	
<b>Total current liabilities</b>	<b>54.39</b>	<b>-</b>	<b>54.39</b>	<b>142.67</b>	<b>-</b>	<b>142.67</b>	
<b>Total Liabilities</b>	<b>73.90</b>	<b>-</b>	<b>73.90</b>	<b>159.58</b>	<b>-</b>	<b>159.58</b>	
<b>Total equity and liabilities</b>	<b>1,268.67</b>	<b>9.39</b>	<b>1,278.06</b>	<b>1,145.39</b>	<b>8.07</b>	<b>1,153.46</b>	

## Notes on financial statements for the year ended 31st March, 2017

### 25.2 Effect of Ind AS adoption on the statement of profit and loss for the year ended 31st March, 2016

		(₹ in Lakhs)		
		Year ended 31st March, 2016		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
<b>INCOME</b>				
<b>Revenue from operations</b>		<b>1,666.39</b>	-	<b>1,666.39</b>
Other Income	A	48.83	1.31	50.14
<b>Total Revenue</b>		<b>1,715.22</b>	<b>1.31</b>	<b>1,716.53</b>
<b>EXPENDITURE</b>				
Employee Benefits Expense	B	166.76	0.17	166.93
Other Expenses		1,235.05	-	1,235.05
<b>Total Expenses</b>		<b>1,401.81</b>	<b>0.17</b>	<b>1,401.98</b>
<b>Profit Before Tax</b>		<b>313.41</b>	<b>1.14</b>	<b>314.55</b>
<b>Tax Expenses</b>				
Current Tax		105.35	(0.06)	105.29
Deferred Tax		(0.91)	-	(0.91)
<b>Profit for the Year</b>		<b>208.97</b>	<b>1.20</b>	<b>210.17</b>

### 25.3 Reconciliation of Reserve between Ind AS and Previous GAAP

		(₹ in Lakhs)			
Sr. No.	Nature of adjustments	Notes	Year Ended 31st March, 2016	As at 31st March, 2016	As at 1st April, 2015
	<b>Net Profit/Reserves as per Previous Indian GAAP</b>		<b>208.97</b>	<b>794.77</b>	<b>585.81</b>
1	Fair Valuation for Financial Assets	A	1.31	9.39	8.07
2	Others	B	(0.11)	-	-
	<b>Total</b>		<b>1.20</b>	<b>9.39</b>	<b>8.07</b>
	<b>Net profit before OCI/Reserves as per Ind AS</b>		<b>210.17</b>	<b>804.16</b>	<b>593.88</b>

#### Notes:

- A) Financial Assets/Liability including certain investments have been recorded at fair value as at 1st April, 2015 with the resultant gain in the reserves. For subsequent measurements, these assets have been valued at amortised cost using effective interest rate/fair value through profit or loss (FVTPL) / fair value through other comprehensive income (FVTOCI) as per accounting policy determined by the company.
- B) Employee Benefits - Under Ind AS, actuarial gains and losses are recognised in Other Comprehensive Income

As per our Report of even date

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

**Jignesh Mehta**  
Partner  
Membership No. 102749

Place: Mumbai  
Dated : 20<sup>th</sup> April, 2017

For and on behalf of the Board

**Rajendra Kamath**  
Director

**Pramod Bhawalkar**  
Director

**Gulur Venkatesh**  
Director