

Reliance Payment Solutions Limited

Independent Auditor's Report

To The Members Of Reliance Payment Solutions Limited

Report On The Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance Payment Solutions 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 Standalone 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 standalone 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone 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 and the Order under Section 143(11) of the Act.

We conducted our audit of the standalone 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 standalone financial statements are free from material misstatements.

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 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 standalone 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 Board of Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

Opinion

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

Report On Other Legal And Regulatory Requirements

1. As required by 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;

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- 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act;
- e) On the basis of the written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 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 its financial position in its financial statements.
 - ii. The Company does not have any foreseeable losses on long-term contracts including derivative contracts, if any, in respect of which any provision is required to be made under the applicable law and Accounting Standards.
 - iii. There are no amounts that are required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor’s Report) Order, 2016 (“CARO 2016”) issued by the Central Government in terms of Section 143(11) of the Act, we give in the “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

R. Koria
Partner
Membership No.: 035629

Place: Mumbai
Date: April 20, 2016

Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the members of Reliance Payment Solutions Limited on the standalone financial statements for the year ended March 31, 2016)

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 Payment Solutions Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone 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. 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.

Auditors’ 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 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.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

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

R. Koria
Partner
Membership No.: 035629

Place: Mumbai
Date: April 20, 2016

Annexure “B” to the Independent Auditor’s Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the members of Reliance Payment Solutions Limited on the standalone financial statements for the year ended March 31, 2016)

- i. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, all the fixed assets have been physically verified by the management during the year, 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 does not have any immovable property and accordingly, the provisions of Clause (i) (c) of paragraph 3 of the CARO 2016 are not applicable to the Company.
- ii. The Company does not have any inventories and accordingly, the provisions of Clause (ii) of paragraph 3 of the CARO 2016 are not applicable to the Company.
- iii. There are no loans, secured or unsecured, granted by the Company to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of Clause (iii) of paragraph 3 of the CARO 2016 are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has not given any loan and it has not made any investments or given any guarantee or security on which the provisions of Section 185 and 186 of the Companies Act, 2013 applies. Accordingly, the provisions of Clause (iv) of paragraph 3 of the CARO 2016 are not applicable to the Company.
- v. According to the information and explanations given to us, the Company has not accepted any deposit. Therefore, the provisions of Clause (v) of paragraph 3 of the CARO 2016 are not applicable to the Company.
- vi. According to the information and explanations given to us, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013 in respect of activities carried on by the Company and accordingly, the provisions of Clause (vi) of paragraph 3 of the CARO 2016 are not applicable to 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 other material statutory dues have generally been regularly deposited with the 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. There were no dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, as applicable, which have not been deposited on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to debenture holders. The Company has no dues to financial institution, bank and government.
- ix. To the best of our knowledge and belief and according to the information and explanations given to us, during the year the Company has not raised any money by way of initial public offer, further public offer (including debt instruments) or term loan.
- x. 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.
- xi. In our opinion and according to the information and explanations given to us, during the year no managerial remuneration has been paid or provided by the Company. Therefore, the provisions of Clause (xi) of paragraph 3 of the CARO 2016 are not applicable to the Company.

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- xii. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of Clause (xii) of paragraph 3 of the CARO 2016 are not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements 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 of shares or fully or partly convertible debentures during the year under audit. Therefore, the provisions of Clause (xiv) of paragraph 3 of the CARO 2016 are not applicable to the Company.
- xv. 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. Therefore, the provisions of Clause (xv) of paragraph 3 of the CARO 2016 are not applicable to the Company.
- xvi. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of Clause (xvi) of paragraph 3 of the CARO 2016 are not applicable to the Company.

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

R. Koria
Partner
Membership No.: 035629

Place: Mumbai
Date: April 20, 2016

Balance Sheet as at 31st March, 2016

	Note	As at 31st March, 2016	(Rs. in lakhs) As at 31st March, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	11,500.00	10,000.00
Reserves and surplus	3	(529.67)	(350.98)
		10,970.33	9,649.02
Non-current liabilities			
Long Term Borrowings	4	45,000.00	4,100.00
Long-term provisions	5	2.69	-
		45,002.69	4,100.00
Current liabilities			
Other Current Liabilities	6	2,650.00	3,584.83
Short-term provisions	7	3.33	-
		2,653.33	3,584.83
Total		58,626.35	17,333.85
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	412.26	448.43
Intangible assets	8	452.11	581.24
Capital work-in-progress	9	39,952.01	12,205.71
Intangible Assets under Development	9	2,594.50	356.97
Total		43,410.88	13,592.35
Long Term Loans and Advances	10	173.34	1,546.80
		43,584.22	15,139.15
Current assets			
Current Investments	11	9,546.68	416.81
Cash and Bank Balances	12	118.14	29.99
Short Term Loans and Advances	13	5,359.25	1,747.90
Other current assets	14	18.06	-
		15,042.13	2,194.70
Total		58,626.35	17,333.85
Significant Accounting Policies	1		
Notes to the Financial statements	2-28		

As per our Report of even date

For Chaturvedi & ShahChartered Accountants
Firm Regn No: 101720W**R.Koria**Partner
Membership No: 035629Place: Mumbai
Date: April 20, 2016**Raj Kumar Ahuja**
Chief Financial Officer
PAN: AAEP6335N

For and on behalf of the Board

Murlidhara KadabaDirector
DIN: 01435701**Kiran Thomas**Director
DIN: 02242745**Bhama Krishnamurthy**Director
DIN: 02196839

Profit and Loss Statement for the year ended 31st March, 2016

	Note	2015-16	(Rs. in lakhs) 2014-15
Income			
Revenue from operations	15	4.75	-
Other income	16	308.97	2.63
Total revenue		313.72	2.63
Expenditure			
Depreciation and Amortisation Expense		216.61	107.31
Operating and Other expenses	17	275.80	107.14
Total expenses		492.41	214.45
Loss for the year		(178.69)	(211.82)
Earnings per equity share of face value of Rs.10 each			
Basic (in Rupees)		(0.17)	(0.58)
Diluted (in Rupees)		(0.17)	(0.58)
Significant Accounting Policies	1		
Notes to the Financial statements	2-28		

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants
Firm Regn No: 101720W

R.Koria
Partner
Membership No: 035629

Place: Mumbai
Date: April 20, 2016

Raj Kumar Ahuja
Chief Financial Officer
PAN: AAEP6335N

For and on behalf of the Board

Murlidhara Kadaba
Director
DIN: 01435701

Kiran Thomas
Director
DIN: 02242745

Bhama Krishnamurthy
Director
DIN: 02196839

Cash Flow Statement for the year 2015-16

	2015-16	(Rs. in lakhs) 2014-15
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss before tax as per Statement of Profit and Loss	(178.69)	(211.82)
Adjusted for:		
Fees for increase in Authorised Share Capital	23.75	85.50
Depreciation and Amortisation Expense	216.61	107.31
Profit on sale of investments (net)	(307.70)	(2.52)
Interest income	(1.26)	(0.11)
	<u>(68.60)</u>	<u>190.18</u>
Operating loss before working capital changes	(247.29)	(21.64)
Adjusted for:		
Trade and other receivables	(3,641.69)	(1,651.48)
Trade and other payables	(260.45)	649.90
	<u>(3,902.14)</u>	<u>(1,001.58)</u>
Cash generated from operations	(4,149.43)	(1,023.22)
(Taxes paid) / Refund	(0.36)	-
Net Cash used in Operating Activities (A)	<u>(4,149.79)</u>	<u>(1,023.22)</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (Including movement in Capital Work in Progress and Intangible Assets Under Development)	(29,287.75)	(11,273.11)
Purchase of investments	(42,341.50)	(4,925.00)
Sale of investments	33,519.33	4,561.83
Margin money / Escrow & Nodal balance with Banks	(85.47)	(13.21)
Net Cash used in Investing Activities (B)	<u>(38,195.39)</u>	<u>(11,649.49)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity shares	1,500.00	9,110.80
Fees for increase in Authorised Share Capital	(23.75)	(85.50)
Proceeds from long term borrowings	41,500.00	3,650.00
Repayment of long term borrowings	(600.00)	-
Interest paid	(28.39)	-
Net Cash from Financing Activities (C)	<u>42,347.86</u>	<u>12,675.30</u>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	2.68	2.59
Opening balance of cash and cash equivalents	16.78	14.19
Closing balance of cash and cash equivalents	<u>19.46</u>	<u>16.78</u>

As per our Report of even date

For Chaturvedi & ShahChartered Accountants
Firm Regn No: 101720W**R.Koria**Partner
Membership No: 035629

Place: Mumbai

Date: April 20, 2016

Raj Kumar Ahuja
Chief Financial Officer
PAN: AAEP6335N

For and on behalf of the Board

Murlidhara KadabaDirector
DIN: 01435701**Kiran Thomas**Director
DIN: 02242745**Bhama Krishnamurthy**Director
DIN: 02196839

Notes on financial statements for the year ended 31st March, 2016

Note 1

Significant Accounting Policies

1 Basis of preparation of financial statements

These financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

The financial statements are prepared on accrual basis under the historical cost convention. The financial statements are presented in Indian rupees rounded off to the nearest rupees in lakhs.

2 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires judgments, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

3 Fixed Assets

(i) Tangible assets

Tangible Assets are stated at cost net of recoverable taxes, trade discounts and rebates less accumulated depreciation and impairment loss, if any. The cost of tangible assets comprises its purchase price, borrowing cost and any cost directly attributable to bringing the asset to its working condition for its intended use, net changes on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Projects under which assets are not ready for their intended use are disclosed under Capital Work-in-Progress.

(ii) Intangible assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation and impairment loss, if any. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use and net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

4 Depreciation and Amortisation

(i) Tangible Assets

Depreciation on fixed assets is provided on straight line method over their useful life and in the manner prescribed in Schedule II to the Companies Act, 2013.

(ii) Intangible Assets

Softwares are amortised over a period of 5 years.

5 Impairment

The Company assess at each reporting date as to whether there is any indication that an asset (tangible and intangible) may be impaired. An asset is treated as impaired, when the carrying cost of asset exceeds its recoverable value. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

An impairment loss is charged to the Profit and Loss Statement in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

6 Foreign Currency Transactions

(i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

(ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.

(iii) Non monetary foreign currency items are carried at cost.

Notes on financial statements for the year ended 31st March, 2016

- (iv) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Statement except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

7 Investments

Current investments are carried at lower of cost and quoted / fair value, computed category wise. Non Current Investments are stated at cost. Provision for diminution in the value of non current investments is made only if such a decline is other than temporary.

Investments that are readily realisable and intended to be held for not more than 12 months from the date of acquisition are classified as current investment. All other investments are classified as non-current investments.

8 Revenue recognition

- (i) Revenue from services is recognized when services have been rendered and no significant uncertainty to collectability exists. The revenue is recognised net of discounts and service tax.
- (ii) Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.
- (iii) Dividend income is recognized when right to receive payment is established.

9 Employee benefits

i) 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 recognized as an expense during the period when employee renders service. These benefits include performance incentive and compensated absences.

ii) Post -employment benefits

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions. The Company makes specified monthly contributions towards Provident Fund and Pension Scheme. The Company's contribution is recognised as an expense 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.

10 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Profit and Loss Statement in the period in which they are incurred.

11 Income taxes

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same.

Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date.

12 Provision, contingent liabilities and contingent assets

Provision is recognised in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the financial statements.

Notes on financial statements for the year ended 31st March, 2016

2 Share capital	(Rs. in lakhs)	
	As at 31st March, 2016	As at 31st March, 2015
Authorised:		
12 50 00 000 Equity shares of Rs.10 each (10 00 00 000)	12,500.00	10,000.00
Total	12,500.00	10,000.00
Issued, subscribed and paid-up:		
11 50 00 000 Equity shares of Rs.10 each fully paid up (10 00 00 000)	11,500.00	10,000.00
Total	11,500.00	10,000.00

Note:

2.1 All the above 11 50 00 000 (Previous Year 10 00 00 000) equity shares of Rs.10 each fully paid up are held by Reliance Industrial Investments and Holdings Limited, the holding company including those held with its nominees.

2.2 The company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in proportion to the number of equity shares held by them.

2.3 Reconciliation of number of shares outstanding at the beginning and at the end of the year:

	2015-16		2014-15	
	No. of Shares	Rs. in lakhs	No. of Shares	Rs. in lakhs
Equity shares outstanding at the beginning of the year	10 00 00 000	10,000.00	88 92 000	889.20
Add: Equity shares issued on right basis during the year	1 50 00 000	1,500.00	9 11 08 000	9,110.80
Equity shares outstanding at the end of the year	11 50 00 000	11,500.00	10 00 00 000	10,000.00

2.4 Details of Shareholders holding more than 5% shares in the company including those held by holding company:

Name of the Shareholder	Equity Shares			
	As at 31st March, 2016		As at 31st March, 2015	
	No of Shares	% holding	No of Shares	% holding
Reliance Industrial Investments and Holdings Limited including those held with its nominees	11 50 00 000	100%	10 00 00 000	100%
	11 50 00 000	100%	10 00 00 000	100%

3 Reserves and surplus	(Rs. in lakhs)	
	As at 31st March, 2016	As at 31st March, 2015
Profit and Loss Account		
As per last Balance Sheet	(350.98)	(139.16)
Add: Loss for the year	(178.69)	(211.82)
Total	(529.67)	(350.98)

3.1 In view of loss for the year, the Company has not created Debenture Redemption Reserve for cumulative amount of Rs. 324.80 Lakhs (Previous Year Rs 1.20 Lakhs) in terms of Section 71 of the Companies Act, 2013. The Company shall create Debenture Redemption Reserve out of profits, if any, in future years.

Notes on financial statements for the year ended 31st March, 2016

4 Long Term Borrowings	(Rs. in lakhs)	
	As at 31st March, 2016	As at 31st March, 2015
Unsecured		
0% Optionally Fully Convertible Debentures	45,000.00	* 3,500.00
Loans from related parties	-	600.00
Total	45,000.00	4,100.00

4.1 The Debentures shall, at the option of the Issuer/ Company, be fully convertible into Equity Shares of Rs. 10/- each at par. The outstanding amount of debentures, if not opted for conversion shall be repayable, at the end of 10 years from the date of allotment or such other period as may be mutually agreed by the Company/ Issuer.

The above debentures have been issued to Holding Company, Reliance Industrial Investments & Holdings Limited.

The tenure of the said debentures is 10 years from the date of allotment which is maturing on 29th March 2026 worth Rs 22000 Lakhs, on 15th December 2025 worth Rs 13000 Lakhs, on 25th May 2025 worth Rs 6500 Lakhs and on 26th March 2025 worth Rs 3500 Lakhs.

* The terms of the debentures which were outstanding as on 31st March 2015 were amended during the year in order to bring them at par with the debentures issued during the current year.

5 Long Term Provision	(Rs. in lakhs)	
	As at 31st March, 2016	As at 31st March, 2015
Provisions for employee benefits (Refer note no 27)	2.69	-
Total	2.69	-

6 Other Current Liabilities	(Rs. in lakhs)	
	As at 31st March, 2016	As at 31st March, 2015
Interest accrued but not due on borrowings	-	13.12
Creditors for capital expenditure	2,253.30	2,908.55
Other payables	396.70	663.16
Total	2,650.00	3,584.83

6.1 Other payables includes Statutory and other dues

6.2 There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding as at March 31, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

7 Short Term Provision	(Rs. in lakhs)	
	As at 31st March, 2016	As at 31st March, 2015
Provisions for employee benefits (Refer note no 27)	3.33	-
	3.33	-

Notes on financial statements for the year ended 31st March, 2016

8

(I) Tangible assets (Rs. in lakhs)

Description	Gross block			As at 31-03-2016	Depreciation			Net block	
	As at 01-04-2015	Additions	Deductions/ Adjustments		As at 01-04-2015	For the year	Up to 31-03-2016	As at 31-03-2016	As at 31-03-2015
Own Assets:									
Plant & Equipments	547.50	57.49	-	604.99	99.46	93.62	193.08	411.91	448.04
Furniture and fixtures (Depreciation Rs 10)	0.39	-	-	0.39	0.00	0.04	0.04	0.35	0.39
Total	547.89	57.49	-	605.38	99.46	93.66	193.12	412.26	448.43
Previous Year Figures	542.06	5.83	-	547.89	13.50	85.96	99.46	448.43	

(II) Intangible assets (Rs. in lakhs)

Description	Gross block			As at 31-03-2016	Amortisation			Net block	
	As at 01-04-2015	Additions	Deductions/ Adjustments		As at 01-04-2015	For the year	Up to 31-03-2016	As at 31-03-2016	As at 31-03-2015
Software*	645.62	-	-	645.62	64.38	129.13	193.51	452.11	581.24
Total	645.62	-	-	645.62	64.38	129.13	193.51	452.11	581.24
Previous Year Figures	-	645.62	-	645.62	-	64.38	64.38	581.24	

* Other than internally generated

9 Capital Work in Progress and Intangible Assets under Development:

The Company is involved in activities relating to the development of the business of issue, servicing and dealing in all kinds of payment products. The expenditure incurred for the said activities are classified as Project Development Expenditure pending capitalisation forming part of Capital Work in Progress and Intangible Assets under Development. In view of this, the Company continued to capitalise the expenses comprising of Capital Work in Progress amounting to Rs. 39952.01 lakhs (Previous year Rs. 12205.71 lakhs) and Intangible Assets under Development amounting to Rs. 2594.50 lakhs (Previous year Rs. 356.97 lakhs).

Capital Work in Progress includes:

- Rs. 23052.68 Lakhs (Previous year Rs. 3894.31 Lakhs) on account of capital goods inventory.
- Rs. 231.10 Lakhs (Previous Year (Rs. 25.41 Lakhs)) on account of foreign currency exchange loss (net).
- Rs. 16668.23 Lakhs (Previous Year Rs 8336.81 Lakhs) as Other Platform Development Expenses.

Intangible Assets under Development includes:

- Rs. 2594.50 Lakhs (Previous Year Rs. 356.97 Lakhs) on account of Project Development Expenditure.

Notes on financial statements for the year ended 31st March, 2016

Project Development Expenditure as detailed below:		(Rs. in lakhs)
	2015-16	2014-15
Opening Balance	356.97	589.86
Add:		
Professional Fees	2,069.35	301.69
Software License Fees	3.65	15.87
Salaries & Wages	109.67	-
Contribution to Provident and other funds	7.09	-
Staff welfare expenses	5.95	-
Interest expense	15.27	13.25
Depreciation	6.18	43.03
Rent	-	6.81
Repairs and Maintenance	17.56	16.14
Foreign currency exchange gain	(12.51)	15.94
General Expenses	15.32	-
Less: Transfer to Intangible Assets	-	(645.62)
Closing Balance	2,594.50	356.97

	As at	(Rs. in lakhs)
	31st March, 2016	As at 31st March, 2015
10 Long Term Loans and Advances (unsecured and considered good)		
Capital advances	155.58	1,542.96
Security deposits	14.05	0.50
Advance Income Tax (net of provision)	3.71	3.34
Total	173.34	1,546.80

	As at	(Rs. in lakhs)
	31st March, 2016	As at 31st March, 2015
11 Current Investments (Carried at lower of cost and quoted / fair value)		
Other Investments (at cost)		
Investments in Mutual Funds - Unquoted - fully paid up 404,587 (Previous year 19,055) units of SBI-Premier Liquid Fund Regular Plan - Growth Option (Face value of Rs. 1000 each)	9,546.68	416.81
Total	9,546.68	416.81

	As at	(Rs. in lakhs)
	31st March, 2016	As at 31st March, 2015
Aggregate amount of Unquoted Investments	9,546.68	416.81

Notes on financial statements for the year ended 31st March, 2016

	As at 31st March, 2016	(Rs. in lakhs) As at 31st March, 2015
12 Cash and Bank Balances		
Cash and Cash Equivalents		
Balance with banks in current accounts	19.46	16.78
Other bank balances		
Margin money deposit	10.00	10.00
Balance with bank in Escrow & Nodal Account	76.53	3.21
Core portion - Interest bearing deposit	12.15	-
Total	118.14	29.99
12.1 Rs 10 lakh Margin money deposit held with bank against bank guarantee issued with maturity of more than 12 months and maturing on 20.02.2020		
13 Short Term Loans and Advances (unsecured and considered good)	As at 31st March, 2016	As at 31st March, 2015
Balance with service tax, customs authorities	2,685.17	128.29
Others	2,674.08	1,619.61
Total	5,359.25	1,747.90
13.1 Others include CENVAT credit pending for availment of Rs. 2666 Lakhs (Previous Year Rs. 1594 Lakhs)		
14 Other Current Assets	As at 31st March, 2016	(Rs. in lakhs) As at 31st March, 2015
Unbilled Revenue	2.14	-
Other Receivables	15.92	-
Total	18.06	-
14.1 Other receivables include settlement amount receivable		
15 Revenue from operations	2015-16	(Rs. in lakhs) 2014-15
Operating Revenue	5.12	-
Less: Service Tax recovered	0.37	-
Total	4.75	-
15.1 Operating revenue includes Rs 4.68 Lakhs from Payment products & Rs 0.07 Lakhs from Other Business Correspondent		
16 Other income	2015-16	(Rs. in lakhs) 2014-15
Interest Income	1.26	0.11
Profit on sale of Current Investments (net)	307.70	2.52
Other non-operating income	0.01	-
Total	308.97	2.63

Notes on financial statements for the year ended 31st March, 2016

	(Rs. in lakhs)	
	2015-16	2014-15
17 Operating & Other expenses		
Operating expenses		
Loading Charges	<u>13.39</u>	<u>0.03</u>
	13.39	0.03
Other expenses		
Advertising & Marketing Expenses	2.65	-
Rates and taxes	25.12	85.98
Professional fees	120.21	16.24
Subscription Fees	-	2.46
Repairs and maintenance	5.12	-
Selling and Distribution Expenses	91.57	-
Printing and stationery	0.74	0.15
General expenses	<u>14.95</u>	<u>0.58</u>
	260.36	105.41
Payments to auditor		
Audit fees	1.30	1.20
Certification fees	<u>0.75</u>	<u>0.50</u>
	2.05	1.70
Total	<u><u>275.80</u></u>	<u><u>107.14</u></u>

18 The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary, to make them comparable with those of current year.

19 The Company has been granted Certificate of Authorisation by the Reserve Bank of India to set-up and operate payment system for mobile based semi-closed prepaid payment instruments (m-wallets) services in India known as Jio Money w.e.f. September 18, 2013. The company is involved in activities relating to the development of the business of issue, servicing and dealing in all kinds of payment products. All the activities of the Company revolve around the development of payment products and systems and accordingly, the Company has only one identifiable segment as per the requirements of Accounting Standard 17 "Segment Reporting", notified in the Companies (Accounting Standards) Rules 2006.

20 Deferred tax assets consist mainly of carried forward loss. As a matter of prudence, the Company has not recognised deferred tax asset in accounts.

	(Rs. in lakhs)	
	As at	As at
	31st March, 2016	31st March, 2015
21 Contingent Liabilities and Commitments		
(To the extent not provided for)		
(a) Contingent Liabilities		
(i) Bank Guarantees	26.00	10.00
(b) Commitments		
(i) Estimated amount of contracts remaining to be executed on		
Capital account	765.61	1,122.94
Other items	78.11	-

Notes on financial statements for the year ended 31st March, 2016

22 Earnings per share (EPS)	2015-16	2014-15
(i) Net Profit after tax as per Statement of Profit and Loss (Rs. in lakhs)	(178.69)	(211.82)
(ii) Weighted average number of equity shares used as denominator for calculating Basic EPS	10 75 81 967	3 63 31 890
Add: Proportionate Conversion of Convertible Debenture into Equity Shares	12 94 39 891	-
(iii) Weighted average number of equity shares used as denominator for calculating Diluted EPS	23 70 21 858	3 63 31 890
(iv) Basic earnings per share of face value of Rs.10 each (Rs.)	(0.17)	(0.58)
(v) Diluted earnings per share of face value of Rs.10 each (Rs.)	(0.17)	(0.58)
22.1 Potential equity shares from conversion of Debentures are anti-dilutive as their conversion would decrease the loss per share. Therefore, the effects of anti-dilutive potential equity shares are ignored in calculating diluted earnings per share.		
23 Value of imports calculated on CIF basis during the Financial Year in respect of:		(Rs. in lakhs)
	2015-16	2014-15
Capital goods	17,895.43	3,650.85
24 Expenditure in foreign currency		(Rs. in lakhs)
	2015-16	2014-15
(i) Professional fees	808.08	6.93
(ii) Software license fees	39.87	5,790.81
	847.95	5,797.74
25 Details of Loans given, Investment made and Guarantee given covered u/s 186(4) of the Companies Act, 2013		
(i) The company has not given any loans.		
(ii) Investments made by the company as at 31st March, 2016 (Refer note no. 11)		
(iii) The company has not given any Corporate Guarantees.		
26 Foreign currency exposures that are not hedged by derivative instruments as on 31st Mar, 2016 amount to Rs. 1606.73 Lakhs (Previous Year Rs. 848.48 Lakhs).		
27 As per Accounting Standard 15 "Employee benefits" the disclosures as defined in the Accounting Standards are given below:		
Defined Contribution Plans		
Contribution to Defined Contribution Plans, recognised as expenses for the year is as under:		(Rs. in lakhs)
	2015-16	2014-15
Employer's Contribution to Provident Fund	2.85	-
Employer's Contribution to Pension Scheme	1.47	-
Defined Benefit Plan		
I) Reconciliation of opening and closing balances of Defined Benefit Obligation		(Rs. in lakhs)
	Gratuity	Compensated Absences
	(Unfunded)	(Unfunded)
	2015-16	2014-15
Defined Benefit obligation at beginning of year	-	-
Current Service Cost	2.77	-
Interest Cost	-	-
Actuarial (gain) / loss	-	-
Benefits paid	-	-
Defined Benefit obligation at year end	2.77	-

Notes on financial statements for the year ended 31st March, 2016

	Gratuity (Unfunded)		Compensated Absences (Unfunded)	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
	Fair value of Plan assets	-	-	-
Present Value of Obligation	2.77	-	3.24	-
Amount recognised in Balance sheet	2.77	-	3.24	-

	Gratuity (Unfunded)		Compensated Absences (Unfunded)	
	2015-16	2014-15	2015-16	2014-15
	Current Service Cost	2.77	-	3.24
Net Cost	2.77	-	3.24	-

	Gratuity		Compensated Absences	
	2015-16	2014-15	2015-16	2014-15
	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)
Mortality Table (LIC)				
Discount Rate (per annum)	8.00%	8.00%	8.00%	8.00%
Rate of escalation in salary (per annum)	6.00%	6.00%	6.00%	6.00%

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

Particulars	As at 31st March				
	2015	2014	2013	2012	2011
Defined benefit obligation	2.77	-	-	-	-
(Surplus) / Deficit in the plan	2.77	-	-	-	-

The expected contributions for Defined Benefit Plan for the next financial year will be in line with Financial Year 2015-16.

Notes on financial statements for the year ended 31st March, 2016

28 As per Accounting Standard 18 'Related Party Disclosures', notified in the Companies (Accounting Standards) Rules 2006, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

(i) List of related parties with whom transactions have taken place and relationships:

Sr. No	Name of the related party	Relationship
1	Reliance Industries Limited	Ultimate Holding company
2	Reliance Industrial Investments and Holdings Limited	Holding company
3	Reliance Corporate IT Park Limited	Fellow subsidiary
4	Reliance Retail Limited	
5	Reliance Jio Infocomm Limited	
6	Kanhatech Solutions Limited	
7	Shri Raj Kumar Ahuja (From 3rd November 2014)	Key Managerial Personnel
8	Shri Anirban S Mukherjee (From 27th March 2015)	
9	Shri Siddharth P Das (From 27th March 2015)	
10	Shri Mandar Vasmatkar (Up to 10th July 2015)	
11	Shri Atul Matkar (From 22 July 2015 to 22nd February 2016)	

(ii) Transactions during the year with related parties (excluding reimbursement): (Rs. in lakhs)

Sr . No.	Nature of transactions	Holding company	Fellow subsidiary	Key Managerial Personnel	Total
1	Unsecured loans taken	- (150.00)	-	-	- (150.00)
2	Issue of 0% Optionally Fully Convertible Debentures	41,500.00 (3,500.00)	-	-	41,500.00 (3,500.00)
3	Issue of Equity Shares	1,500.00 (9,110.80)	-	-	1,500.00 (9,110.80)
4	Unsecured loans repaid	600.00 -	-	-	600.00 -
5	Professional fees	-	211.99 (2,329.93)	-	211.99 (2,329.93)
6	Purchase of fixed assets	-	90.53 (4.83)	-	90.53 (4.83)
7	Capital Advance paid	-	128.52 (1,042.43)	-	128.52 (1,042.43)
8	Finance Cost	15.22 (13.25)	-	-	15.22 (13.25)
9	Payment to Key Managerial Personnel	-	-	728.88 (55.34)	728.88 (55.34)
10	General Expense	-	0.53 -	-	0.53 -

Notes on financial statements for the year ended 31st March, 2016

(ii) Transactions during the year with related parties (excluding reimbursement): (Rs. in lakhs)

Sr . No.	Nature of transactions	Holding company	Fellow subsidiary	Key Managerial Personnel	Total
Balance as at 31st March, 2016					
11	Share capital	11,500.00 (10,000.00)	-	-	11,500.00 (10,000.00)
12	Unsecured loan	- (600.00)	-	-	- (600.00)
13	0% Optionally Fully Convertible Debentures	45,000.00 (3,500.00)	-	-	45,000.00 (3,500.00)
14	Sundry Creditors/ Other Payables	-	6.20 (4.83)	-	6.20 (4.83)
15	Capital Advance	-	128.52 (1,042.43)	-	128.52 (1,042.43)
16	Interest accrued but not due	- (13.12)	-	-	- (13.12)

Note: Figures in brackets represents previous year's figures.

(iii) Disclosure in Respect of Material Related Party Transactions during the year: (Rs in lakhs)

Sr. No.	Particulars	Relationship	2015-16	2014-15
1	Unsecured loans taken			
	Reliance Industrial Investments and Holdings Limited	Holding company	-	150.00
	Sub total		-	150.00
2	Issue of 0% Optionally Fully Convertible Debentures			
	Reliance Industrial Investments and Holdings Limited	Holding company	41,500.00	3,500.00
	Sub total		41,500.00	3,500.00
3	Issue of Equity Shares			
	Reliance Industrial Investments and Holdings Limited	Holding company	1,500.00	9,110.80
	Sub total		1,500.00	9,110.80
4	Unsecured loans repaid			
	Reliance Industrial Investments and Holdings Limited	Holding company	600.00	-
	Sub total		600.00	-
5	Professional Fees			
	Reliance Corporate IT Park Limited	Fellow subsidiary	211.99	2,329.93
	Sub total		211.99	2,329.93
6	Purchase of fixed assets			
	Reliance Retail Limited	Fellow subsidiary	90.53	4.83
	Sub total		90.53	4.83
7	Capital Advance paid			
	Reliance Corporate IT Park Limited	Fellow subsidiary	-	1,042.43
	Kanhatech Solutions Limited		128.52	-
	Sub total		128.52	1,042.43

Notes on financial statements for the year ended 31st March, 2016

Sr. No.	Particulars	Relationship	2015-16	2014-15
8	Finance Cost			
	Reliance Industrial Investments and Holdings Limited	Holding company	15.22	13.25
	Sub total		15.22	13.25
9	Payment to Key Managerial Personnel			
	Shri Raj Kumar Ahuja	Key	153.09	44.90
	Shri Anirban S Mukherjee	Managerial Personnel	216.90	2.52
	Shri Siddharth P Das		350.67	2.25
	Shri Mandar Vasmatkar		0.82	5.67
	Shri Atul Matkar		7.40	-
	Sub total		728.88	55.34
10	General Expenses			
	Reliance Retail Limited	Fellow subsidiary	0.53	-
	Sub total		0.53	-
Balance as at 31st March, 2016				
11	Share capital			
	Reliance Industrial Investments and Holdings Limited	Holding company	11,500.00	10,000.00
	Sub total		11,500.00	10,000.00
12	Unsecured loan			
	Reliance Industrial Investments and Holdings Limited	Holding company	-	600.00
	Sub total		-	600.00
13	0% Optionally Fully Convertible Debentures			
	Reliance Industrial Investments and Holdings Limited	Holding company	45,000.00	3,500.00
	Sub total		45,000.00	3,500.00
14	Sundry Creditors/ Other Payables			
	Reliance Retail Limited	Fellow subsidiary	6.20	4.83
	Sub total		6.20	4.83
15	Capital Advance			
	Reliance Corporate IT Park Limited	Fellow subsidiary	-	1,042.43
	Kanhatech Solutions Limited		128.52	-
	Sub total		128.52	1,042.43
16	Interest accrued but not due			
	Reliance Industrial Investments and Holdings Limited	Holding company	-	13.12
	Sub total		-	13.12

As per our Report of even date

For Chaturvedi & ShahChartered Accountants
Firm Regn No: 101720W**R.Koria**Partner
Membership No: 035629Place: Mumbai
Date: April 20, 2016**Raj Kumar Ahuja**
Chief Financial Officer
PAN: AAEP6335N

For and on behalf of the Board

Murlidhara KadabaDirector
DIN: 01435701**Kiran Thomas**Director
DIN: 02242745**Bhama Krishnamurthy**Director
DIN: 02196839