

RELIANCE RETAIL FINANCE LIMITED

Reliance Retail Finance Limited

Independent Auditor's Report

To the Members of Reliance Retail Finance Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Reliance Retail Finance Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that we are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and fair 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 in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, 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.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

- c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Act.
- f. 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 that require provision under any law or accounting standards for which there were any material foreseeable losses.
 - iii. There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For Chaturvedi & Shah
Chartered Accountants
Registration No : 101720W

Place : Mumbai
Date : April 15, 2015

Amit Chaturvedi
Partner
Membership No. : 103141

Balance Sheet as at 31st March, 2015

	Note	As at 31st March, 2015	Amount in ₹ As at 31st March, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	2 02 00 000	2 02 00 000
Reserves and Surplus	2	99 76 95 725	99 79 56 361
		101 78 95 725	101 81 56 361
Current Liabilities			
Other Current Liabilities	3	87 669	82 052
TOTAL		101 79 83 394	101 82 38 413
ASSETS			
Non-Current Assets			
Non-Current Investments	4	101 00 00 000	101 00 00 000
Current assets			
Current Investments	5	79 39 266	79 91 997
Cash and Bank Balances	6	32 882	1 59 185
Short Term Loans and Advances	7	11 246	87 231
		79 83 394	82 38 413
TOTAL		101 79 83 394	101 82 38 413
Significant Accounting Policies Notes on Financial Statements	1 to 18		

As per our Report of even date

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

Amit Chaturvedi
Partner
Membership No. 103141

Mumbai
Dated : 15th April, 2015

For and on behalf of the Board

Atul Dayal
Director
DIN : 00005021

M. N. Bajpai
Director
DIN : 00005963

Rohit C. Shah
Director
DIN : 00006087

Statement of Profit and Loss for the year ended 31st March, 2015

	Note	2014-15	Amount in ₹ 2013-14
Revenue from Operations	8	7 269	5 19 424
Total Revenue		7 269	5 19 424
Expenses			
Other Expenses	9	2 67 905	5 49 216
Total Expenses		2 67 905	5 49 216
Profit/(Loss) before Tax		(2 60 636)	(29 792)
Tax expenses		-	-
Profit/(Loss) after Tax		(2 60 636)	(29 792)
Earnings per equity share of face value of ₹ 10 each Basic and Diluted (in ₹)	10	(0.13)	(0.01)
Significant Accounting Policies Notes on Financial Statements	1 to 18		

As per our Report of even date

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DIN : 00006087

Cash Flow Statement for the year 2014-15

	2014-15	Amount in ₹ 2013-14
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax as per Statement of Profit and Loss	(2 60 636)	(29 792)
Adjusted for:		
Dividend Income	(2 878)	(5 19 424)
Profit on Sale of Current investments	(4 391)	-
	<u>(7 269)</u>	<u>(5 19 424)</u>
Operating Loss before Working Capital Changes	(2 67 905)	(5 49 216)
Adjusted for:		
Other Receivables	75 985	4 10 219
Trade and Other Payables	5 617	601
	<u>81 602</u>	<u>4 10 820</u>
Cash (used in) Operations	(1 86 303)	(1 38 396)
Taxes paid (net)	-	-
Net Cash (used in) Operating Activities	(1 86 303)	(1 38 396)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale / Redemption of Investments	60 000	-
Net cash Generated from Investing Activities	60 000	-
C. CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net (Decrease) in Cash and Cash Equivalents	(1 26 303)	(1 38 396)
Opening Balance of Cash and Cash Equivalents	1 59 185	2 97 581
Closing Balance of Cash and Cash Equivalents	32 882	1 59 185
(Refer Note No. 6)		

As per our Report of even date

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

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Partner
Membership No. 103141

Mumbai
Dated : 15th April, 2015

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Significant Accounting Policies

A Basis of Preparation of Financial Statements

These financial statements have been prepared to comply with generally accepted Accounting Principles in India (Indian GAAP), 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.

B Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of assets and 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.

C Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. 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.

D Investments

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

E Revenue Recognition

Revenue is recognised only when risks and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection. Dividend income is recognised when right to receive is established. Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

F 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 losses, they are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same.

G Provisions, 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, 2015

	As at 31st March, 2015	Amount in ₹ As at 31st March, 2014
1. SHARE CAPITAL		
Authorised:		
45,00,000 Equity shares of ₹ 10 each (45,00,000)	4 50 00 000	4 50 00 000
TOTAL	4 50 00 000	4 50 00 000
Issued, subscribed and paid-up:		
20,20,000 Equity shares of ₹ 10 each fully paid up (20,20,000)	2 02 00 000	2 02 00 000
TOTAL	2 02 00 000	2 02 00 000
(i) All the above 20,20,000 (Previous Year 20,20,000) equity shares of ₹ 10 each fully paid-up are held by Reliance Industrial Investments and Holdings Limited, the holding company along with its nominees.		
(ii) The details of Shareholders more than 5% shares		
Name of the Shareholders	As at 31st March, 2015	As at 31st March, 2014
	Nos. of shares	Nos. of shares
	% held	% held
Reliance Industrial Investments and Holdings Limited	20,20,000	20,20,000
	100	100
(iii) Reconciliation of opening and closing number of shares		
	As at 31st March, 2015	As at 31st March, 2014
	No. of Shares	No. of Shares
Equity shares at the beginning of the year	20,20,000	20,20,000
Add: Equity shares issued during the year	-	-
Equity shares at the end of the year	20,20,000	20,20,000
(iv) No bonus shares have been issued during the last five years.		
2. RESERVES AND SURPLUS	As at 31st March, 2015	Amount in ₹ As at 31st March, 2014
Statutory Reserve Fund *		
As per last Balance Sheet	20 42 41 992	20 42 41 992
Add: Transferred from Profit and Loss Account	-	-
	20 42 41 992	20 42 41 992
Surplus in Profit and Loss Account		
As per last Balance Sheet	79 37 14 369	79 37 44 161
Less: Loss for the year	(2 60 636)	(29 792)
	79 34 53 733	79 37 14 369
Less: Transferred to Statutory Reserve Fund	-	-
	79 34 53 733	79 37 14 369
TOTAL	99 76 95 725	99 79 56 361

* Created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934

Notes on Financial Statements for the year ended 31st March, 2015

	As at 31st March, 2015	Amount in ₹ As at 31st March, 2014
3. OTHER CURRENT LIABILITIES		
Other Payables *	87 669	82 052
TOTAL	87 669	82 052
* : Includes statutory liabilities and creditor for expenses		
	As at 31st March, 2015	Amount in ₹ As at 31st March, 2014
4. NON-CURRENT INVESTMENTS		
Long Term Investments (Valued at Cost, less other than temporary diminution in value, if any.)		
Other Investments		
In Preference Shares - Unquoted, fully paid up		
5,05,000 9% Non-cumulative Optionally		
(5,05,000) Convertible Preference	101 00 00 000	101 00 00 000
Shares of Reliance Industrial Investments and Holding Limited of ₹ 10 each		
TOTAL	101 00 00 000	101 00 00 000
	Book value	Book value
Aggregate amount of Unquoted investments	101 00 00 000	101 00 00 000
	As at 31st March, 2015	Amount in ₹ As at 31st March, 2014
5. CURRENT INVESTMENTS		
(Carried at lower of cost and quoted / fair value)		
Investment in Mutual Funds - Unquoted		
- ICICI Prudential Liquid Regular Plan-Daily	-	79 91 997
(79,867) Dividend of ₹ 100 each		
41,807 ICICI Prudential Liquid Regular Plan-Growth	79 39 266	-
(-) of ₹ 100 each		
TOTAL	79 39 266	79 91 997
	Book value	Book value
Aggregate amount of Unquoted investments	79 39 266	79 91 997
	As at 31st March, 2015 ₹	Amount in ₹ As at 31st March, 2014 ₹
6. CASH AND BANK BALANCES		
Cash and Cash Equivalent		
Balance with Banks in current account	32 882	1 59 185
TOTAL	32 882	1 59 185

Notes on Financial Statements for the year ended 31st March, 2015

	As at 31st March, 2015	Amount in ₹ As at 31st March, 2014
7. SHORT TERM LOANS AND ADVANCES (Unsecured and Considered Good)		
Advance Income Tax (net of provisions)	11 246	11 246
Others *	-	75 985
TOTAL	11 246	87 231
* : represent advance to others		
8. REVENUE FROM OPERATIONS	2014-15	Amount in ₹ 2013-14
Dividend from current investments	2 878	5 19 424
Profit on Sale of Current investments	4 391	-
Total	7 269	5 19 424
9. OTHER EXPENSES	2014-15	Amount in ₹ 2013-14
Establishment Expenses		
Rates and Taxes	26 343	11 790
Professional Fees	15 500	15 300
Membership Fees	39 326	-
Payments to Auditors :		
- Statutory Audit Fees	61 798	56 180
- Certification and Consultation Fees	11 236	11 236
	73 034	67 416
Service Tax Expense	-	4 17 635
General Expenses	1 13 702	37 075
Total	2 67 905	5 49 216
10. EARNINGS PER SHARE (EPS)	2014-15	2013-14
(i) Net loss after tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹)	(2 60 636)	(29 792)
(ii) Weighted Average number of equity shares used as denominator for calculating EPS	20 20 000	20 20 000
(iii) Basic and diluted earnings/ (loss) per share of face value of ₹ 10 each (₹)	(0.13)	(0.01)
(iv) Face value per equity share (₹)	10	10
11. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.		
12. The Company is mainly engaged in the business of "Investments in Shares and Securities" in India. All the activities of the Company revolve around this main business. Accordingly, the Company has only one identifiable segment namely "Investments in Shares and Securities", reportable under Accounting Standard 17 "Segment Reporting", notified in the Companies (Accounting Standards) Rules 2006.		

Notes on Financial Statements for the year ended 31st March, 2015

13. There are no employees during the year, therefore Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules, 2006 is not applicable to the Company,

14. (i) Deferred tax assets (net) as on 31st March, 2015 consists of the following items. As a matter of prudence, the Company has not recognised deferred tax assets in the books of accounts

	Amount in ₹	
	As at 31st March, 2015	As at 31st March, 2014
Deferred Tax Liabilities	Nil	Nil
Deferred Tax Assets		
Carried forward Losses	1 71 99 507	1 68 92 373
Deferred Tax Asset (Net)	1 71 99 507	1 68 92 373

(ii) The Income-Tax assessments of the Company have been completed up to Assessment Year 2012-13. The disputed demand outstanding up to the said Assessment Year is ₹ Nil.

(iii) Details of Loans given, Investment made and Guarantee given covered u/s. 186 (4) of the Companies Act, 2013

- Investments made by the Company as at 31st March, 2015 (Refer Note No. 4)
- No Loans are given by the Company as at 31st March, 2015.
- No Guarantees are given by the Company as at 31st March, 2015.

15. 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

(ii) **Transactions during the year with related parties :**

Sr.	Nature of transactions (excluding reimbursements)	Amount in ₹
		Holding company
	NIL	
	Balance Sheet as at 31st March, 2015	
1.	Share Capital	2 02 00 000 <i>2 02 00 000</i>
2.	Investments	101 00 00 000 <i>101 00 00 000</i>

Note: Figures in italic represents Previous Year's amount.

16. Disclosures of details as required by Paragraph 11 and 13 of Systemically Important Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, are given to the extent applicable.

Liabilities side:	Amount in ₹	
	Amount Outstanding	Amount Overdue
I. Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid	NIL	NIL

Notes on Financial Statements for the year ended 31st March, 2015

		Amount in ₹	
		Amount Outstanding	
Assets side:			
II.	Break-up of Loans and Advances including bills receivables (other than those included in (IV) below)	NIL	
III.	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	NIL	
IV.	Break-up of Investments		
	Current Investments		
a)	Quoted	NIL	
b)	Unquoted		
	i) Units of Mutual Funds	79 39 266	
	Long Term Investments		
a)	Quoted	NIL	
b)	Unquoted		
	i) Shares : (a) Equity	NIL	
	(b) Preference	101 00 00 000	
		Amount in ₹	
		Amount (net of provision)	
V.	Borrower group-wise classification of assets financed as in (II) and (III) above	NIL	
VI.	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)		
	Category	Market value / Break up or fair value or NAV	Book value (net of provisions)
a)	Related Parties		
	i) Subsidiary company	NIL	NIL
	ii) Companies in same group	101 00 00 000	101 00 00 000
b)	Other than related parties	79 39 266	79 39 266
	Total	101 79 39 266	101 79 39 266
VII.	Other information		
	Particulars	Amount in ₹	
a)	Gross Non-Performing Assets	NIL	
b)	Net Non-Performing Assets	NIL	
c)	Assets acquired in satisfaction of debt	NIL	
		As at	As at
		31st March, 2015	31st March, 2014
17. a)	Capital to Risk Asset Ratio (CRAR)	(%)	(%)
	i) CRAR	99.96	100.08
	ii) CRAR – Tier I capital	99.96	100.08
	iii) CRAR – Tier II Capital	-	-

Notes on Financial Statements for the year ended 31st March, 2015

b) Exposure to Real Estate Sector

Category	As at 31st March, 2015	As at 31st March, 2014
i) Direct exposure		
(a) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakh may be shown separately)	NIL	NIL
(b) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	NIL	NIL
(c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
(i) Residential	NIL	NIL
(ii) Commercial Real Estate	NIL	NIL
ii) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	NIL	NIL

c) Asset Liability Management - Maturity pattern of certain items of assets and liabilities

Amount in ₹

	1 day to 30/31 days (1 month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	-	-	-	-	-	-	-	-	-
Market Borrowings	-	-	-	-	-	-	-	-	-
Assets									
Advances	-	-	-	-	-	11 246	-	-	11 246
Investments	-	-	-	-	79 39 266	101 00 00 000	-	-	101 79 39 266

18. ADDITIONAL DISCLOSURES

- There is no Registration/ licence/ authorisation obtained from other financial sector regulators by the Company.
- There are no ratings assigned by any credit rating agencies and hence no migration of ratings during the year.
- There is no Penalties levied by any regulator on the Company during the year.
- Country of operation is whole of India and there are no joint venture partners and Overseas Subsidiaries of the Company.

As per our Report of even date

For **Chaturvedi & Shah**
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