

RELIANCE

CAPITAL

**Annual Report
2016-17
(Abridged)**



Padma Vibhushan

Shri Dhirubhai H. Ambani

(28th December, 1932 - 6th July, 2002)

Reliance Group - Founder and Visionary

Profile

Reliance Capital Limited is a constituent of the Reliance Group, one of the leading business houses in India.

Reliance Capital, incorporated in 1986, is one of India's leading private sector financial services companies, and ranks amongst the top private sector financial services and banking groups, in terms of net worth.

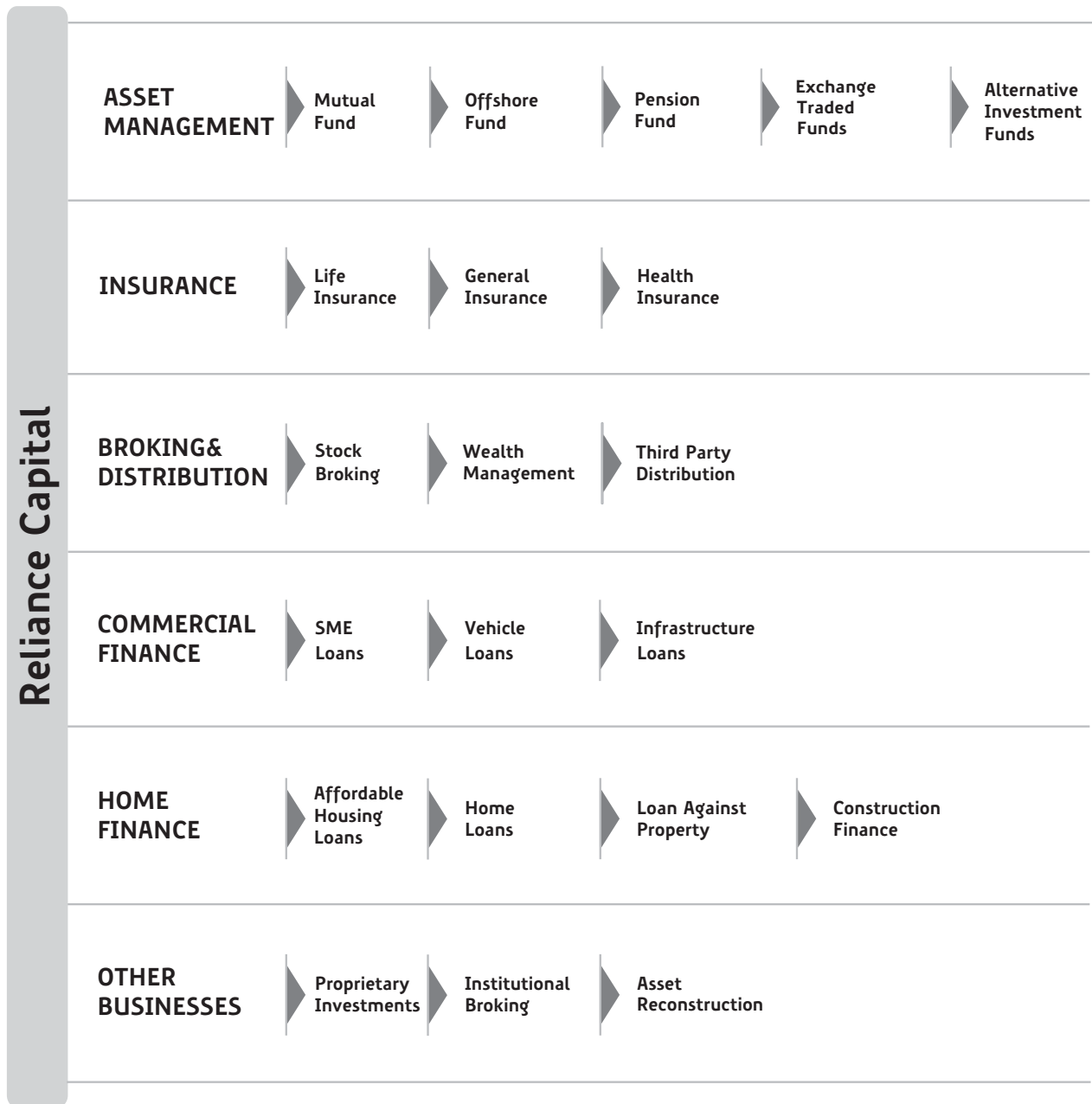
Reliance Capital has interests in asset management and mutual funds, life, health and general insurance, commercial and home finance, stock broking, wealth management services, distribution of financial products, asset reconstruction, proprietary investments and other activities in financial services.

Mission: Excellence in Financial Services

- To attain global best practices and become a world-class financial services enterprise – guided by its purpose to move towards greater degree of sophistication and maturity.
- To work with vigour, dedication and innovation to achieve excellence in service, quality, reliability, safety and customer care as the ultimate goal.
- To earn the trust and confidence of all stakeholders, exceeding their expectations and make the Company a respected household name.
- To consistently achieve high growth with the highest levels of productivity.
- To be a technology driven, efficient and financially sound organisation.
- To contribute towards community development and nation building.
- To be a responsible corporate citizen nurturing human values and concern for society, the environment and above all the people.
- To promote a work culture that fosters individual growth, team spirit and creativity to overcome challenges and attain goals.
- To encourage ideas, talent and value systems.
- To uphold the guiding principles of trust, integrity and transparency in all aspects of interactions and dealings.

This Report is printed on environment friendly paper.

Business mix



Board of Directors

Shri Anil Dhirubhai Ambani - Chairman
 Shri Amitabh Jhunjhunwala - Vice Chairman
 Shri Rajendra P. Chitale
 Dr. Bidhubhusan Samal
 Shri V. N. Kaul
 Smt. Chhaya Virani
 Shri Jai Anmol Ambani - Executive Director

Key Managerial Personnel

Shri Amit Bapna - Chief Financial Officer
 Shri Atul Tandon - Company Secretary & Compliance Officer

Auditors

M/s. Pathak H.D. & Associates
 M/s. B S R & Co. LLP

Registered Office

H Block, 1st Floor
 Dhirubhai Ambani Knowledge City
 Navi Mumbai 400 710
 CIN : L65910MH1986PLC165645
 Tel. : +91 22 3303 1000
 Fax : +91 22 3303 6664
 E-mail : rcl.investor@relianceada.com
 Website: www.reliancecapital.co.in

Registrar and Transfer Agent

Karvy Computershare Private Limited
 Karvy Selenium Tower - B
 Plot No. 31 & 32, Survey No. 116/22, 115/24, 115/25
 Financial District, Nanakramguda
 Hyderabad 500 032
 Website: www.karvy.com

Investor Helpdesk

Toll free no. (India) : 1800 4250 999
 Tel. : +91 40 6716 1500
 Fax : +91 40 6716 1791
 E-mail : rclinvestor@karvy.com

Contents

Page No.

Letter to Shareowners.....	6
Highlights – at a glance	8
Notice of Annual General Meeting	9
Directors' Report.....	15
Management Discussion and Analysis.....	31
Business Responsibility Report	38
Corporate Governance Report	45
Investor Information.....	55
Auditors' Certificate on Corporate Governance.....	61
Independent Auditors' Report on the Abridged Financial Statement	62
Independent Auditors' Report on the Financial Statement ...	62
Abridged Balance Sheet.....	66
Abridged Statement of Profit and Loss	67
Abridged Cash Flow Statement.....	68
Notes to the Abridged Financial Statement.....	69
Independent Auditors' Report on the Abridged Consolidated Financial Statement.....	89
Independent Auditors' Report on the Consolidated Financial Statement	91
Abridged Consolidated Balance Sheet.....	96
Abridged Consolidated Statement of Profit and Loss	97
Abridged Consolidated Cash Flow Statement	98
Notes to the Abridged Consolidated Financial Statement.....	99
Statement containing salient features of the financial statement of subsidiaries/associate companies.....	124
Attendance Slip and Proxy Form.....	127

**31st Annual General Meeting on Tuesday, September 26, 2017 at 10:00 A.M.,
 at Birla Matushri Sabhaagar, 19, New Marine Lines, Mumbai 400 020**

Reliance Capital Limited

Letter to Shareowners



My dear fellow Shareowners,

It gives me great pleasure to share with you the highlights of our Company's performance during 2016 - 17.

Reliance Capital made significant progress during the year towards improving operational performance across its core businesses, and is fully geared to capitalise on its growth aspirations.

We continue to move forward in fulfilling the vision of our legendary founder and my father, late Shri Dhirubhai Ambani, to attain financial empowerment for millions of ordinary Indians, and, in the process, enable Reliance Capital to become one of India's leading financial services' players.

Today, our Company is one of India's largest non-banking financial services companies. We have diversified interests in asset management, mutual funds, pension funds, life, health and general insurance, commercial and home finance, stock broking, wealth management services, financial products distribution, asset reconstruction and other activities in the financial services arena.

Our Company is an integral part of the Reliance Group. Reliance Group is amongst India's leading business houses with a 10 million strong shareholders' base. We have a strong presence across the wide array of high growth, consumer facing businesses of telecom, financial services, power, infrastructure and defence.

Today, each of us can claim with pride and humility that the Reliance Group touches the life of one in every five Indians, every single day. This proud association defines our vision and values. It defines who we are, what we stand for and what we aspire to achieve.

Performance Review

The key financial highlights on a consolidated basis are:

- **Total income of ` 17,640 crore** (US\$ 2.7 billion), against ` 9,998 crore in the previous year, an increase of 76 per cent
- **Net profit of ` 1,086 crore** (US\$ 167 million), against ` 1,101 crore in the previous year
- **Earnings Per Share (EPS) of ` 43.0** (US\$ 0.7), against ` 43.6 in the previous year
- **Total assets of ` 82,209 crore** (US\$ 12.6 billion), against ` 67,112 crore in the previous year, an increase of 22 per cent

- **Total net worth of ` 16,548 crore** (US\$ 2.5 billion) as against ` 15,390 crore in the previous year, an increase of 8 per cent

These robust financial numbers have enabled us to recommend a dividend of ` 10.50 per share against ` 10.00 per share in the previous year.

Highest credit ratings

Our Company's short term debt programme has been assigned a rating of "A1+" by ICRA, the highest credit quality rating assigned by the respective agency to short-term debt instruments. Instruments rated in this category carry lower credit risk in the short term. CARE assigned our long term debt paper a rating of "CARE AA+". Instruments with this rating offer investors a high degree of safety for timely servicing of debt obligations.

Achievements during the year across key operating businesses

Reliance Nippon Life Asset Management managed over ` 3,58,059 crore (US\$ 55.1 billion) across its mutual funds, pension funds, managed accounts and hedge funds, an increase of 25 per cent. The income from operations rose by 9 per cent to ` 1,436 crore (US\$ 221 million), while, profit before tax was at ` 581 crore (US\$ 89 million) as against ` 502 crore in the previous year, an increase of 16 per cent.

Reliance Commercial Finance is amongst the leading SME lenders in the Indian non banking finance space. It offers a wide range of products which include SME loans, Loans Against Property (LAP), Infrastructure financing, Agriculture loans and Supply chain financing. The focus in this business continues to be on asset backed lending and productive asset creation. As on March 31, 2017, 100 per cent of the loan book was secured. With rise in disbursements to ` 8,827 crore (US\$ 1.4 billion), the Assets Under Management grew by 11 per cent to ` 16,759 crore (US\$ 2.6 billion) as on March 31, 2017. This loan book is spread over 49,400 customers from top 44 Indian cities.

Reliance Home Finance (RHF) provides a wide range of loan solutions like home loans, LAP, construction finance, flexi LAP, and affordable housing. RHF also provides property solutions' services that help customers find their dream homes / property, along with financing. The Assets Under Management increased by 52 per cent to ` 11,174 crore (US\$ 1.7 billion) as on

Letter to Shareowners

March 31, 2017. The total income increased by 37 per cent to ₹ 1,114 crore (US\$ 171 million). The business achieved a profit after tax of ₹ 173 crore (US\$ 27 million) as against ₹ 87 crore (US\$ 13 million), for the year ended March 31, 2017, an increase of 99 per cent.

Reliance General Insurance (RGI) is amongst the leading private sector general insurance companies in India with a market share of 7 per cent. RGI's gross written premium for the year, increased by 40 per cent to ₹ 4,007 crore (US\$ 616 million). The profit before tax was at ₹ 130 crore (US\$ 20 million) as against a profit of ₹ 99 crore in the previous year, an increase of 32 per cent.

Reliance Nippon Life Insurance (RNLI) is amongst the leading private sector life insurers with a market share of 2 per cent in the private sector. RNLI's total premium was ₹ 3,999 crore (US\$ 615 million) in the year. Renewal premium for the year rose by 5 per cent to ₹ 2,975 crore (US\$ 458 million). RNLI's New Business Achieved Profit (NBAP) margin was at 26.8 per cent for the year. The total funds under management stood at ₹ 17,253 crore (US\$ 2.7 billion), an increase of 8 per cent. The Embedded Value rose by 11 per cent to ₹ 3,040 crore (US\$ 468 million).

The broking business consists of Reliance Securities, one of the leading retail broking houses in India, and provides customers with access to equities, options and futures products, wealth management, portfolio management services and mutual funds. We had nearly 8,80,900 broking accounts as on March 31, 2017. The average daily equity broking turnover was approx. ₹ 2,800 crore. In wealth management, the AUM rose by 62 per cent to over ₹ 4,129 crore (US\$ 635 million) as on March 31, 2017. The distribution business is a comprehensive financial services and solutions provider, providing customers with access to mutual funds, life and general insurance products, and other financial products having a distribution network of approx. 80 branches and 900 customer touch points across India. The business achieved revenues of ₹ 308 crore (US\$ 47 million) for the year ended March 31, 2017. The profit before tax rose to ₹ 42 crore (US\$ 6 million) for the year ended March 31, 2017.

Future Plans

We have drawn up exciting growth plans for the next three to five years:

- Increase our customer base - from 20 million to 50 million
- Increase the distribution reach - from 5 thousand to 25 thousand cities and towns
- Increase the number of business partners - from half a million to one million

Together, these initiatives will further accelerate our growth and lead to substantial value creation for all.

Corporate Governance

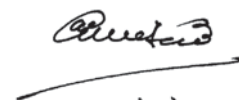
Reliance Capital has always maintained the highest governance standards and practices by adopting, as is the norm for all constituent companies of the Group, the "Reliance Group - Corporate Governance Policies and Code of Conduct". These Policies and Code prescribe a set of systems, processes and principles, which conform to the highest international standards and are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors, both local and global, and all other stakeholders.

Social Commitments

The Company continued to contribute actively to community welfare activities and took up several initiatives and measures related to education and healthcare.

Our Commitment

Our founder, the legendary Shri Dhirubhai Ambani, gave us a simple mantra: to aspire to the highest global standards of quality, efficiency, operational performance and customer care. We remain committed to upholding that vision. Dhirubhai exhorted us to think big. With your continued support, we will think bigger. Indeed not just bigger but better, creating ever greater value for all our stakeholders.



Anil Dhirubhai Ambani
Chairman

Reliance Capital Limited

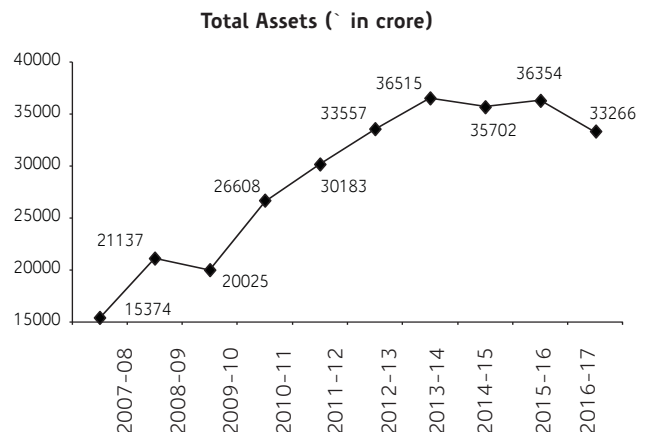
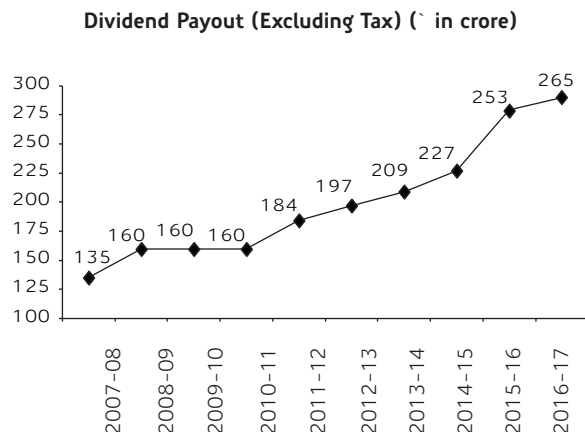
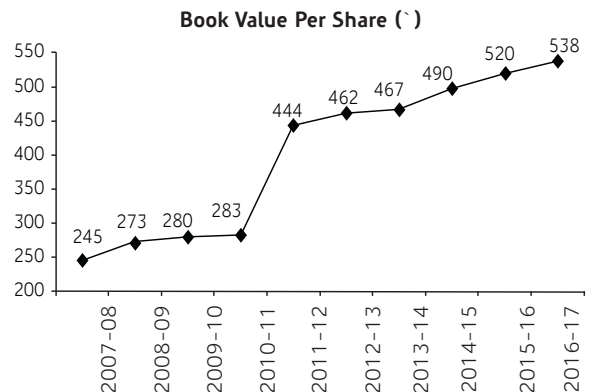
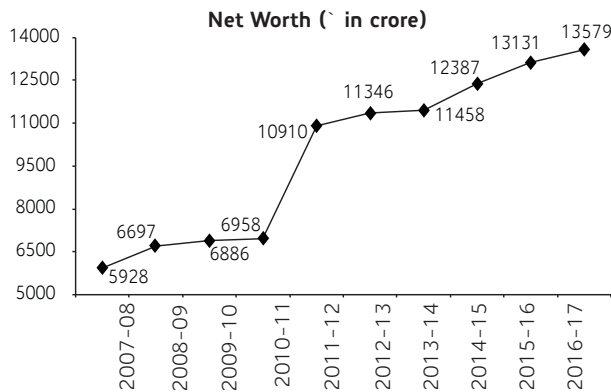
Highlights - at a glance (Standalone)

(` in crore)

Year ended March 31	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Turnover	2 071	4 145	3 988	3 254	3 868	3 317	1 971	2 390	3 014	2 080
Earnings Before Depreciation, Interest & Tax (EBDIT)	1 904	3 510	3 232	2 777	2 912	2 712	1 472	1 724	2 335	1 597
Depreciation	27	37	31	34	29	26	14	18	21	17
Profit after Tax	517	977	757	409	662	519	229	339	968	1 025
Equity Dividend %	105	100	90	85	80	75	65	65	65	55
Dividend Payout	290	279	257	225	212	191	161	187	187	158
Equity Share Capital	253	253	253	244	246	246	246	246	246	246
Reserves and Surplus	13 448	13 028	12 330	11 390	11 266	10 798	6 782	6 713	6 560	5 779
Net Worth	13 579	13 131	12 387	11 458	11 346	10 910	6 958	6 886	6 697	5 928
Total Assets	33 266	36 354	35 702	36 515	33 557	30 183	26 608	20 025	21 137	15 374
Market Capitalisation	15 539	9 306	10 726	8 496	7 681	9 625	14 280	18 537	8 684	30 169
Number of Employees (Core)	139	132	124	124	119	115	139	54	48	216

Key Indicators

Year ended March 31	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
EBDIT/Gross Turnover %	92	85	81	85	75	32	76	72	77	74
Net Profit Margin %	25	24	19	13	17	16	12	14	32	49
Earnings Per Share (`)	17	39	31	17	27	21	9	14	39	42
Book Value Per Share (`)	538	520	490	467	462	444	283	280	273	245
Debt : Equity Ratio	1.38:1	1.64:1	1.76:1	2:1	1.84:1	1.67:1	2.66:1	1.71:1	2:1	1.5:1



Notice

Notice is hereby given that the 31st Annual General Meeting of the Members of **Reliance Capital Limited** will be held on Tuesday, September 26, 2017 at 10:00 A.M., at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020, to transact the following business:

Ordinary Business:

1. To consider and adopt:
 - a) the audited financial statement of the Company for the financial year ended March 31, 2017 and the reports of the Board of Directors and Auditors thereon. and
 - b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2017 and the report of the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri Amitabh Jhunjhunwala (DIN:00045174), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
4. To ratify the appointment of the Auditors and in this regard, to consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:
 "RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the 'Act') (including any statutory modifications(s) or re-enactment(s) thereof, for the time being in force) and the relevant Rules there under, as amended from time to time, the appointment of M/s. Pathak H.D. & Associates, Chartered Accountants (Firm Registration No. 107783W) who have been appointed as the Auditors to hold office from the conclusion of the 30th Annual General Meeting for a term of five consecutive years till the conclusion of the 35th Annual General Meeting, and who have confirmed their eligibility for continuing their appointment pursuant to Section 141 of the Act, as Statutory Auditors of the Company be and is hereby ratified."
5. To appoint Auditors and to fix their remuneration and in this regard, to consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:
 "RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the 'Act') (including any statutory modifications(s) or re-enactment(s) thereof, for the time being in force) and the relevant Rules there under, as amended from time to time, M/s. Price Waterhouse & Co Chartered Accountants LLP (Firm Registration No. 304026E/E300009), who have confirmed their eligibility for the appointment pursuant to Section 141 of the Act, as Statutory Auditors of the Company be and are hereby appointed as the Statutory Auditors of the Company for a term of five consecutive years, to hold office from the conclusion of this Annual General Meeting until the conclusion of the 36th Annual General Meeting subject to ratification of their appointment by the members at every Annual General Meeting held after this Annual General Meeting, until the 36th Annual General Meeting on such remuneration as may be fixed by the Board of Directors."

Special Business:

6. Adoption of new Articles of Association of the Company

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the draft regulations contained in the Articles of Association be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to undertake all such acts, deeds, matters and things as may be deemed necessary, proper, desirable and expedient in its absolute discretion, for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard without requiring the Board to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

7. Private Placement of Non-Convertible Debentures and/ or other Debt Securities

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the provisions of the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India (SEBI) (Issue and Listing of Debt Securities) Regulations, 2008, as amended, and other applicable SEBI regulations and guidelines, and subject to such other applicable laws, rules, regulations and guidelines, approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee which the Board may constitute to exercise its powers, including the powers conferred by this Resolution) for making offer(s) or invitation(s) to Secured / Unsecured / Redeemable Non-Convertible Debentures (NCDs) including but not limited to subordinated Debentures, bonds, and/or other debt securities, etc., on a private placement basis, in one or more tranches, within the overall borrowing limits of the Company, as may be approved by the Members from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised to determine the terms of issue including the class of investors to whom NCDs are to be issued, time of issue, securities to be offered, the number of NCDs, tranches, issue price, tenor, interest rate, premium / discount, listing and to do all such acts and things and deal with all such

Notice

matters and take all such steps as may be necessary and to sign and execute any deeds / documents / undertakings / agreements / papers / writings, as may be required in this regard."

8. Issue of securities to the Qualified Institutional Buyers

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

"(a) RESOLVED THAT pursuant to the provisions of Sections 23, 42, 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with the Rules made thereunder, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Chapter VIII and other applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"), provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and applicable provisions of other laws, rules, regulations and guidelines and applicable provisions of the Memorandum of Association and the Articles of Association of the Company and subject to any approval, consent, permission or sanction of the Central Government, Securities and Exchange Board of India, Reserve Bank of India, Foreign Investment Promotion Board and any other appropriate authorities, institutions or bodies, including stock exchanges where the securities of the Company are currently listed (hereinafter collectively referred to as the "Appropriate Authorities") and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission and/or sanction (hereinafter referred to as the "Requisite Approvals"), which may be agreed to by the board of directors of the Company (hereinafter called the "Board" which term shall include any duly constituted committee of the Board), the Board be and is hereby authorized to create, issue, offer and allot equity shares and/or any other convertible securities, which are convertible into equity shares on such date or dates as may be determined by the Board but not later than 60 months from the date of allotment or such other time period as may be prescribed under law (collectively referred to as "QIP Securities"), through qualified institutions placement, on a private placement basis in accordance with Section 42 of the Act to qualified institutional buyers ("QIBs") as defined in the SEBI ICDR Regulations, whether or not such QIBs are members of the Company, on the basis of placement document(s), at such time or times in one or more tranches, at par or at such price or prices including at a permissible discount or premium to market price(s) in terms of applicable regulations and on such terms and conditions and in such manner as the Board may, at its absolute discretion determine, in consultation with the lead managers, advisors and/

or other intermediaries appointed in this regard, for an aggregate amount raised by issue of QIP Securities as above shall not result in increase of the issued and subscribed equity share capital of the Company by more than 15 per cent of the then issued and subscribed equity share capital of the Company.

- (b) RESOLVED FURTHER THAT in accordance with Regulation 81 of the SEBI ICDR Regulations, the "relevant date" for determination of applicable price for the issue of the QIP Securities shall be: (i) in case of allotment of equity shares, the date on which the Board of the Company decides to open the proposed issue, or (ii) in case of allotment of eligible convertible securities, either the date on which the Board decides to open the proposed issue or the date on which the holders of the securities which are convertible into equity shares at a later date, becomes entitled to apply for equity shares.
- (c) RESOLVED FURTHER THAT in accordance with Regulation 86 of the SEBI ICDR Regulations, a minimum of 10% of the QIP Securities shall be allotted to mutual funds and if mutual funds do not subscribe to the aforesaid minimum percentage or part thereof, such minimum portion or part thereof, may be allotted to other QIBs and that no allotment shall be made directly or indirectly to any QIB who is a promoter or any person related to promoters of the Company.
- (d) RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any QIP Securities referred to in paragraph (a) above or as may be necessary in accordance with the terms of the offering, all such shares shall rank *pari passu* with the then existing shares of the Company in all respects, as may be provided under the terms of the issue and in the offering document.
- (e) RESOLVED FURTHER THAT such of these QIP Securities to be issued as are not subscribed may be disposed of by the Board to such person or persons and in such manner and on such terms as the Board may in its absolute discretion think fit in accordance with the provisions of law.
- (f) RESOLVED FURTHER THAT the issue to the holders of the QIP Securities with equity shares underlying such securities shall be, *inter alia*, subject to suitable adjustment in the number of shares, the price and the time period, etc., in the event of any change in the equity capital structure of the Company consequent upon capitalisation of profits (other than by way of dividend on shares), rights issue of equity shares, consolidation of its outstanding equity shares into smaller number of shares, etc.
- (g) RESOLVED FURTHER THAT the Board may at its absolute discretion offer discount of not more than five per cent or such other discount as may be permitted under the applicable regulations to the price of the QIP Securities as determined in accordance with the SEBI ICDR Regulations.

Notice

- (h) RESOLVED FURTHER THAT the QIP Securities shall be issued and allotted within twelve months from the date of this resolution or such other time as may be allowed under the SEBI ICDR Regulations and that no subsequent qualified institutions placement shall be made until the expiry of six months from the date of the qualified institutions placement approved by way of this resolution.
- (i) RESOLVED FURTHER THAT subject to the applicable laws, for the purpose of giving effect to the issuance of QIP Securities, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds and things thereof in its absolute discretion as it deems necessary or desirable in connection with the issue of the QIP Securities, including, without limitation to: (i) decide the date for the opening and closing of the issue of QIP Securities, including determining the form and manner of the issue, issue structure, including the class of investors to whom the QIP Securities are to be issued and allotted, number of QIP Securities to be allotted, issue price (including the premium or discount to the floor price, as the case may be), face value, delivery and execution of all contracts, agreements and all other documents, deeds and instruments as may be required or desirable in connection with the issue of QIP Securities by the Company; (ii) finalisation of the allotment of the QIP Securities on the basis of the subscriptions received; (iii) finalisation of and arrangement for the submission of the preliminary and final placement document(s), and any amendments and supplements thereto, with any applicable government and regulatory authorities, institutions or bodies, as may be required; (iv) approval of the preliminary and final offering circulars or placement document (including amending, varying or modifying the same, as may be considered desirable or expedient) as finalised in consultation with the lead manager(s)/ underwriter(s)/ advisor(s), in accordance with all applicable rules, regulations and guidelines; (v) appoint, in its absolute discretion, managers (including lead managers), merchant bankers, underwriters, guarantors, financial and/or legal advisors and all other agencies, whether in India or abroad, entering into or execution of all such agreements/ arrangements/ memorandum of understanding/ documents with any such agencies, in connection with the proposed offering of the QIP Securities; (vi) authorisation to any director or directors of the Company or other officer or officers of the Company, including by the grant of powers of attorney, to do such acts, deeds and things as the authorised person in its absolute discretion may deem necessary or desirable in connection with the issue and allotment of the QIP Securities; (vii) seeking, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India and any other consent that may be required in connection with the issue and allotment of the QIP Securities; and (viii) all such acts, deeds, matters and things as the Board may, in its absolute discretion, consider necessary, proper, expedient, desirable or appropriate for making the said issue as aforesaid and to settle any question, query, doubt or difficulty that may arise in this regard including the power to allot under subscribed portion, if any, in such manner and to such person(s) as the Board, may deem fit and proper in its absolute discretion to be most beneficial to the Company.
- (j) RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer and allotment of QIP Securities and utilisation of the issue proceeds including but without limitation to the creation of such mortgage/ hypothecation/ charge on the Company's assets under Section 180(1)(a) of the Act in respect of the aforesaid QIP Securities either on pari passu basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.
- (k) RESOLVED FURTHER THAT the Board shall have the authority and power to accept any modifications in the proposal as may be required or imposed by the Appropriate Authorities at the time of according / granting their approvals, consents, permissions and sanctions to issue, allotment and listing thereof and as may be agreed to by the Board.
- (l) RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s)/Authorised Representative(s) of the Company to give effect to this resolution."

By Order of the Board of Directors

Atul Tandon
Company Secretary & Compliance Officer

Registered Office:
H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710
CIN : L65910MH1986PLC165645
Website: www.reliancecapital.co.in
April 27, 2017

Notes:

- Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the special business to be transacted at the Annual General Meeting (the "Meeting") is annexed hereto.
- A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll, instead of herself / himself and the proxy need not be a member of the Company. The instrument appointing the Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and**

Notice

signed, not less than 48 hours before commencement of the Meeting. A Proxy form is sent herewith.

3. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. However, a member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other shareholder. The holder of proxy shall prove his identity at the time of attending the Meeting.
4. Corporate members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Company a certified true copy of their board resolution authorising their representatives to attend and vote on their behalf at the Meeting.
5. Members / Proxies are requested to bring their duly filled attendance slip sent herewith along with their copy of the annual report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold shares in physical form are requested to write their Folio number in the attendance slip for attending the Meeting to facilitate identification of membership at the Meeting.
8. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays between 11:00 A.M. and 1:00 P.M. up to the date of the Meeting. The certificate from the Statutory Auditors of the Company confirming the compliance of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 with respect to the Company's ESOS Plans will be available for inspection at the Meeting.
9.
 - a. The Company's Register of Members and Transfer Books will remain closed from Saturday, September 23, 2017 to Tuesday, September 26, 2017 (both days inclusive) for the purpose of Annual General Meeting and for determining the names of members eligible for dividend, if declared, on equity shares for the year ended March 31, 2017.
 - b. The dividend on equity shares, as recommended by the Board of Directors, if declared at the Meeting, will be paid after the Meeting.
 - i. all those equity shareholders, whose names appear in the Register of Members as on September 22, 2017; and
 - ii. those whose names appear as beneficial owners as on September 22, 2017 as furnished by the National Securities Depository Limited and Central Depository Services (India) Limited for the purpose.
 - c. Members may please note that the dividend warrants shall be payable at par at the designated branches of the Bank for an initial period of three months only. Thereafter, the dividend warrants on revalidation shall be payable only at limited centres / branches of the said Bank. Members are therefore, requested to encash dividend warrants within the initial validity period.
10. Members may please note that for shares in electronic form, bank particulars registered against their depository accounts will be used by the Company for payment of dividend. Members are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. The Company or its Registrar and Transfer Agent cannot change bank particulars or bank mandates for shares held in electronic form.
11. Members holding shares in physical form are requested to advise any change of address or bank mandates immediately to the Company / Registrar and Transfer Agent, Karvy Computershare Private Limited.
12. Non-Resident Indian members are requested to inform Karvy Computershare Private Limited immediately on:
 - a. the change in the residential status on return to India for permanent settlement; and
 - b. the particulars of the bank account(s) maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
13. Re-appointment of Director:

At the ensuing Annual General Meeting, Shri Amitabh Jhunjhunwala Director of the Company retires by rotation under the provisions of Companies Act, 2013 and being eligible, offers himself for re-appointment.

The details pertaining to Shri Amitabh Jhunjhunwala pursuant to the requirements of Regulation 36(3) of the Listing Regulations are furnished in the Corporate Governance Report forming part of this Annual Report.
14. Members are advised to refer to the section titled "Investor Information" provided in this Annual Report.
15. Members are requested to fill in and submit online the Feedback Form provided in the 'Investor Relations' section on the Company's website www.reliancecapital.co.in to aid the Company in its constant endeavour to enhance the standards of service to investors.
16. The Statement containing the salient features of the balance sheet, the statement of profit and loss and auditors' report on the Abridged Financial Statement, is sent to the members, along with the Abridged Consolidated Financial Statement. Any member interested in obtaining a copy of the full Annual Report, may write to the Registrar and Transfer Agent of the Company.
17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Transfer Agent.
18. Members can avail the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their

Notice

nomination in the prescribed Form SH-13 duly filled in to Karvy Computershare Private Limited, Karvy Selenium Tower – B, Plot No. 31 & 32, Survey No. 116/22, 115/24, 115/25, Financial District, Nanakramguda, Hyderabad 500 032 or call on Toll free no.: 1800 4250 999; Tel.: +91 40 6716 1500; Fax: +91 40 6716 1791/ E-mail: rclinvestor@karvy.com. The prescribed form in this regard may also be obtained from Karvy Computershare Private Limited at the address mentioned above. Members holding shares in electronic form are requested to contact their Depository Participant directly for recording their nomination.

19. Members who hold shares in physical form, in multiple folios, in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar and Transfer Agent for consolidation into a single folio.
20. Members who have not registered their E-mail addresses so far are requested to register their E-mail address so that they can receive the Annual Report and other communications from the Company electronically.
21. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rules made thereunder and Regulation 44 of the Listing Regulations, the Company is offering e-voting facility to all Members of the Company through Notice dated April 27, 2017 (remote e-voting). A person, whose name is recorded in the register of members or in the register of beneficial owner (in case of electronic

shareholding) maintained by the depositories as on the cut-off date i.e. September 19, 2017 only shall be entitled to avail the facility of remote e-voting/voting. Karvy Computershare Private Limited, our Registrar and Transfer Agent will be facilitating remote e-voting to enable the Members to cast their votes electronically. The Members can cast their vote online from 10:00 A.M. on September 22, 2017 to 5:00 P.M. on September 25, 2017. The Members shall refer to the detailed procedure on remote e-voting given in the e-voting instruction slip.

The facility for voting shall also be available at the meeting. The members who have cast their votes by remote e-voting prior to the meeting may also attend the meeting, but shall not be entitled to cast their votes again at the meeting.

The Board of Directors have appointed Shri Anil Lohia, partner or in his absence Shri Rinkit Kiran Uchat, Partner, M/s. Dayal and Lohia, Chartered Accountants as the Scrutiniser to scrutinise the voting process in a fair and transparent manner. The Scrutiniser will submit his report to the Chairman after completion of the scrutiny and the results of voting will be announced after the meeting of the Company. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting. The result of the voting will be submitted to the Stock Exchanges, where the shares of the Company are listed and posted on the website of the Company at www.reliancecapital.co.in and on the website of Karvy Computershare Private Limited.

Statement pursuant to Section 102 (1) of the Companies Act, 2013 to the accompanying Notice dated April 27, 2017.

Item No. 6 Adoption of new Articles of Association of the Company.

The Articles of Association (AoA) of the Company as presently in force are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013 (the "Act") and needs alignment with the Act.

Accordingly, it is deemed appropriate that the existing AoA be instead replaced in its entirety by new set of AoA to give effect to the above.

In terms of provisions of Section 14 and other applicable provisions of the Act read with the Rules made thereunder, adoption of new "AoA" requires approval of Members by way of a special resolution.

The proposed new set of AoA is being uploaded on the Company's website, www.reliancecapital.co.in for perusal by the shareholders. A copy of the same shall be given to the shareholders upon receipt of a request for the same, in writing, during the notice period and shall also be available for inspection at the Registered Office of the Company during business hours on all working days, excluding Saturdays between 11:00 A.M. and 1:00 P.M. upto the date of passing of the above resolution and copy will be made available for inspection in physical and electronic form at the Registered Office of the Company. The new set of AoA will also be available for inspection by members at the Meeting.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in

this resolution, except to the extent of their shareholding in the Company, if any.

The Board recommends the Special Resolution as set out at Item No. 6 of the accompanying Notice for the approval for the Members.

Item No. 7 Private Placement of Non-Convertible Debentures and/or other Debt Securities.

As per the provisions of Section 42 of the Companies Act, 2013 (the "Act") and its Rules thereunder, a Company offering or making an invitation to subscribe to redeemable secured / unsecured non-convertible debentures (NCD's) on a private placement basis is required to obtain the prior approval of the Members by way of a Special Resolution. Such approval by a Special Resolution can be obtained once a year for all the offers and invitations for such NCD's to be made during the year.

NCD's including subordinated debentures, bonds, and/or other debt securities, etc., issued on a private placement basis constitute a significant source of borrowings for the Company.

It is proposed to offer or invite subscriptions for NCD's including subordinated debentures, bonds, and/or other debt securities, etc., on private placement basis, in one or more tranches, within the overall borrowing limits of the Company, as may be approved by the Members from time to time, with authority to the Board to determine the terms and conditions, including the issue price of the NCD's, interest, repayment, security or otherwise, as it may deem expedient and to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board in its absolute discretion deems fit, without being required to seek any further consent or approval of the Members

Statement pursuant to Section 102 (1) of the Companies Act, 2013 to the accompanying Notice dated April 27, 2017.

or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of the Resolution. Accordingly, the approval of the members is being sought by way of a Special Resolution under Section 42 and other applicable provisions, if any, of the Act and its Rules thereunder as set out in Item No. 7 appended to this notice.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in this resolution, except to the extent of their shareholding in the Company, if any.

The Board accordingly recommends the Special Resolution set out at Item No. 7 of the accompanying Notice for the approval of the Members.

Item No. 8 Issue of securities to the Qualified Institutional Buyers.

The Company, in order to enhance its global competitiveness and its ability to compete with the peer groups in the domestic and international markets, needs to strengthen its financial position and net worth by augmenting its long term resources.

In order to meet the requirements for the above purposes and for general corporate purposes, as may be decided by the Board from time to time, it is proposed to seek authorisation of the members of the Company in favour of the Board of Directors ("Board" or "Board of Directors" which expression for the purposes of this resolution shall include any duly constituted committee of Directors), without the need for any further approval from the members, to undertake the proposed issue of securities through qualified institutions placement on private placement basis to qualified institutional buyers ("QIBs"), in accordance with the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations") and other applicable laws, regulations, rules and guidelines, as set out in the Special Resolution at Item No. 8 of the accompanying Notice.

In view of above, the Board may, in one or more tranches, issue and allot equity shares and/or any other convertible securities, which are convertible into equity shares on such date(s) as may be determined by the Board but not later than 60 months from the date of allotment or such other time period as may be prescribed under law (collectively referred to as "QIP Securities") to QIBs on a private placement basis. The proposed issue of QIP Securities ("QIP") shall be subject to the provisions of applicable laws, including the SEBI ICDR Regulations, including in relation to the pricing of the QIP Securities. The "Relevant Date" for the determination of applicable price for the issue of the QIP Securities shall be (a) in case of allotment of equity shares the date of the meeting in which the Board of the Company decides to open the proposed QIP, or (b) in case of allotment of eligible convertible securities which are convertible into equity shares at a later date, the date on which the Board decides to open the proposed issue or the date on which the holders of such securities becomes entitled to apply for equity shares, as the case may be.

The pricing of the QIP Securities that may be issued shall be determined subject to such price not being less than the floor price calculated in accordance with Chapter VIII of the SEBI ICDR Regulations ("QIP Floor Price"). Further, the Board may offer a

discount of not more than five per cent or such other percentage as permitted on the QIP Floor Price calculated in accordance with the pricing formula provided under SEBI ICDR Regulations.

For the reasons aforesaid, an enabling Special Resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of the QIP. The QIP Securities issued pursuant to the offering would be listed on the Indian stock exchanges.

The proposed issue of QIP Securities as above may be made in one or more tranches such that the aggregate amount raised by the issue of QIP Securities shall not exceed an aggregate amount of the issued and subscribed equity share capital of the Company by more than 15 per cent of the then issued and subscribed equity shares of the Company as on the Relevant Date. The proposed Special Resolution is only enabling in nature and the Board may from, time to time, consider the extent, if any, to which the QIP Securities may be issued.

The QIP Securities issued pursuant to the QIP, if necessary, may be secured by way of mortgage / hypothecation of the Company's assets as may be finalised by the Board in consultation with the Security Holders / Trustees in favour of Security Holders / Trustees for the holders of the said securities. The security that may have to be created for the purposes of this issue, as above may come within the purview of Section 180(1)(a) of the Act. Necessary approval is also being sought by way of a Special Resolution under Section 180(1)(a) of the Act.

Section 62(1)(c) of the Act provides, *inter alia*, that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the persons, who on the date of the offer are holders of the equity shares of the Company, in proportion to the capital paid-up on those shares as of that date unless the members decide otherwise. The proposed special resolution seeks the consent and authorisation of the members to the Board of Directors to offer, issue and allot the QIP Securities, in consultation with the lead managers, legal advisors and other intermediaries, to any persons, whether or not they are members of the Company.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in this resolution, except to the extent of their shareholding in the Company, if any.

The Board accordingly recommends the Special Resolution set out at Item No. 8 of the accompanying Notice for the approval of the Members.

By Order of the Board of Directors

Atul Tandon
Company Secretary & Compliance Officer

Registered Office:
H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710
CIN : L65910MH1986PLC165645
Website: www.reliancecapital.co.in

April 27, 2017

Directors' Report

Dear Shareowners,

Your Directors have pleasure in presenting the 31st Annual Report and the audited financial statement for the financial year ended March 31, 2017.

Financial Performance and State of Company's Affairs

The standalone performance of the Company for the financial year ended March 31, 2017 is summarised below:

Particulars	Financial Year ended March 31, 2017		*Financial Year ended March 31, 2016	
	(` in crore)	(US\$ in million**)	(` in crore)	(US\$ in million**)
Total revenue	2 071	319	4 145	625
Profit before tax	517	80	1 176	177
Tax expense	98	15	199	30
Profit after tax	419	65	977	147
Add: Opening surplus in statement of w and loss	2 101	324	1 598	241
Profit available for appropriation	2 520	389	2 575	388
Transfer to statutory reserve fund	84	13	195	29

* Previous year figures has been regrouped / reclassified wherever necessary. The figures for the previous year includes figures of Commercial Finance Business of the Company demerged with Reliance Commercial Finance Limited and therefore to that extent not strictly comparable to that of current year's figures.

** Exchange Rate ` 64.910 = US\$ 1 as on March 31, 2017 (` 66.333 = US\$1 as on March 31, 2016).

Dividend

Your Directors have recommended a dividend of ` 10.50 (105 per cent) per equity share each of ` 10 aggregating to ` 290 crore (inclusive of dividend tax) for the financial year ended March 31, 2017, which, if approved at the ensuing 31st Annual General Meeting (AGM), will be paid to (i) all those equity shareholders whose names appear in the Register of Members as on September 22, 2017, and (ii) to those whose names appear as beneficial owners, as on September 22, 2017 as furnished by the National Securities Depository Limited and Central Depository Services (India) Limited for the purpose.

The Dividend payout as proposed is in accordance with the Company's policy of paying sustainable dividend linked to long term performance, keeping in view of the capital needs of the Company's growth plans and desire to achieve optimal financing of such plans through internal accruals. The Company's Dividend Distribution Policy forms part of this Annual Report.

Scheme of Arrangement

The Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 (the 'Scheme') for demerger of Commercial Finance Business of the Company to its wholly owned subsidiary viz. Reliance Commercial Finance Limited has been sanctioned by the Hon'ble High Court of Judicature at Bombay. The Scheme has become effective on March 24, 2017 on filing with the Registrar of Companies, Maharashtra at Mumbai with effect from April 1, 2016 i.e. Appointed Date.

On the Scheme becoming effective on March 24, 2017, the Company has positioned itself as a Core Investment Company (CIC).

During the year under review, your Directors had approved the Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 (the 'Scheme') for demerger of Real Estate Lending Business of the Company to its wholly owned subsidiary viz. Reliance Home Finance Limited. The Appointed Date for the Scheme is April 1, 2017. The Scheme is subject to requisite approvals, including sanction of the National Company Law Tribunal.

Management Discussion and Analysis

Management Discussion and Analysis Report for the year under review as stipulated under Listing Regulations is presented in a separate section forming part of this Annual Report.

Resources and Liquidity

The Company's Net Worth as on March 31, 2017, stood at ` 13,822 crore. The Company has raised ` 19,557 crore during the financial year 2016-17 by issuance of Commercial Paper, Non-Convertible Debentures (NCDs) and other money market instruments. The funds were deployed in providing commercial finance and other business requirement. RCL's debt equity ratio as on March 31, 2017 stood at 1.38:1.

Deposits

The Company has neither accepted nor renewed any fixed deposits during the year. There are no unclaimed deposits, unclaimed / unpaid interest, refunds due to the deposit holders or to be deposited to the Investor Education and Protection Fund as on March 31, 2017.

Particulars of Loans, Guarantees or Investments

Pursuant to Section 186(11) of the Companies Act, 2013 (the "Act") loans made, and acquisition of securities by a Non-Banking Financial Company in the ordinary course of its business are exempted from disclosure in the Annual Report.

Subsidiary and Associate companies

During the year under review, Reliance Capital Asset Management (UK) Limited, Reliance Money Express Limited, and Quant Capital Finance and Investments Private Limited ceased to be subsidiaries of the Company. Quant Commodity Broking Private Limited ceased to be a subsidiary and became an associate of the Company.

The performance and financial position of the major subsidiary companies are presented in Management Discussion and Analysis Report forming part of this Annual Report. Also, a report on the performance and financial position of each of the subsidiary and associate companies as per the Act is provided in the consolidated financial statement. The Policy for determining material subsidiary companies may be accessed on the Company's website at http://www.reliancecapital.co.in/pdf/Policy_for_Determining_Material_Subsiary.pdf.

Directors' Report

Consolidated Financial Statement

The Audited Consolidated Financial Statement for the financial year ended March 31, 2017, based on the financial statement received from subsidiary and associate companies, as approved by their respective Board of Directors have been prepared in accordance with Accounting Standard (AS) - 21 on 'Consolidated Financial Statements' read with AS-23 on 'Accounting for Investments in Associates', notified under the Act, read with the Accounting Standards Rules as applicable.

Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of Independence as prescribed under the Act and Listing Regulations.

The details of programme for familiarization of Independent Directors with the Company, nature of the industry in which the Company operates and related matters are put up on the website of the Company at the link http://www.reliancecapital.co.in/cg_policies.html.

In terms of the provisions of the Companies Act, 2013, Shri Amitabh Jhunjhunwala, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment at the ensuing AGM.

A brief resume of Shri Amitabh Jhunjhunwala, along with requisite details, as stipulated under Regulation 36 (3) of Listing Regulations, is given in the section on Corporate Governance Report forming part of this Annual Report.

Shri Soumen Ghosh ceased to be Executive Director & Group CEO with effect from March 31, 2017. The Board place on record its deep sense of appreciation for the invaluable contribution made by Shri Soumen Ghosh during his tenure as Director of the Company.

Key Managerial Personnel

During the year, Shri Atul Tandon was appointed as Company Secretary & Compliance Officer with effect from February 10, 2017. Shri V. R. Mohan upon superannuation relinquished the office of President & Company Secretary of the Company with effect from March 31, 2017.

Evaluation of Directors, Board and Committees

The Company has devised a policy for performance evaluation of the individual directors, Board and its Committees, which includes criteria for performance evaluation.

Pursuant to the provisions of the Act and Regulation 17(10) of Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of the Committees of the Board. The Board performance was evaluated based on inputs received from all the Directors after considering criteria such as Board composition and structure, effectiveness of Board / Committee processes, and information provided to the Board, etc. A separate meeting of the Independent Directors was also held during the year for the evaluation of the performance of non-independent Directors, performance of the Board as a whole and that of the Chairman.

The Nomination and Remuneration Committee has also reviewed the performance of the individual directors based on their knowledge, level of preparation and effective participation in meetings, understanding of their roles as directors, etc.

Policy on appointment and remuneration for Directors, Key Managerial Personnel and Senior Management Employees

The Nomination and Remuneration Committee of the Board has devised a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Employees and their Remuneration. The Committee has formulated the criteria for determining qualifications, positive attributes and independence of a Director, which has been put up on the Company's website. The policy on the above is attached as Annexure - A.

Directors' Responsibility Statement

Pursuant to the requirements under Section 134(5) of the Act with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i. In the preparation of the annual financial statement for the financial year ended March 31, 2017, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year ended on that date;
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the annual financial statement for the financial year ended March 31, 2017 on a 'going concern' basis;
- v. The Directors had laid down proper internal financial controls to be followed by the Company and such financial controls are adequate and are operating effectively; and
- vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Contracts and Arrangements with Related Parties

All contracts/ arrangements/ transactions entered into/ by the Company during the financial year under review with related parties were on an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions were placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee was obtained for the transactions which were of a repetitive nature. The transactions entered into pursuant to the omnibus approval so granted were reviewed and statements giving details of all related party transactions were placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the link http://www.reliancecapital.co.in/pdf/Policy_for_Related_Party_Transaction.pdf. Your Directors draw attention of the members to Note No. 35 to the financial statement which sets out related party disclosures.

Directors' Report

Material Changes and Commitments if any, affecting the financial position of the Company

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this report.

Meetings of the Board

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year, seven Board Meetings were held, details of which are given in the Corporate Governance Report.

Audit Committee

The Audit Committee of the Board consists of Independent Directors namely Shri Rajendra P. Chitale, Chairman, Dr. Bidhubhusan Samal, Shri V. N. Kaul, Smt. Chhaya Virani and Non-Independent Director Shri Amitabh Jhunjhunwala as members. During the year, all the recommendations made by the Audit Committee were accepted by the Board.

Auditors and Auditors' Report

At the 30th Annual General Meeting of the members of the Company held on September 27, 2016, the shareholders of the Company had appointed M/s. Pathak H.D. & Associates, Chartered Accountants as Auditors to hold office until the conclusion of the 35th Annual General Meeting of the Company to conduct statutory audit of the Company. Further, M/s. B S R & Co. LLP, Chartered Accountants were appointed to hold office of Auditors, till the conclusion of ensuing Annual General Meeting. Pursuant to the provisions of Section 139 of the Companies Act, 2013 (the "Act") read with Rule 6 of Companies (Audit and Auditors) Rules, 2014, M/s. B S R & Co. LLP, Chartered Accountants, Statutory Auditors' having completed their term retires from the office of the Statutory Auditors. M/s. Price Waterhouse & Co Chartered Accountants LLP, are proposed to be appointed as Joint Statutory Auditors in place of M/s. B S R & Co. LLP, Chartered Accountants.

The Company has also received letters from M/s. Pathak H.D. & Associates, Chartered Accountants, to ratify their appointment and from M/s. Price Waterhouse & Co Chartered Accountants LLP to the effect that their appointment, if made, is within the prescribed limits under Section 141(3) of the Act and that they are not disqualified from appointment as Statutory Auditors of the Company.

Your Directors have therefore proposed to ratify the appointment of M/s. Pathak H.D. & Associates, Chartered Accountants and to appoint M/s. Price Waterhouse & Co Chartered Accountants LLP, as Joint Statutory Auditors of the Company, subject to the approval of the members at the ensuing AGM.

The observations and comments given by the Auditors in their report read together with notes on financial statements are self explanatory and hence do not call for any further comments under Section 134 of the Act.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed Aashish K. Bhatt & Associates, Practising Company Secretaries, to undertake the Secretarial Audit of the Company. There is no qualification, reservation or adverse remark made in their Secretarial Audit Report. The Audit Report of the Secretarial Auditor is attached as Annexure – B.

Extract of Annual Return

Extract of the Annual Return of the Company in form MGT-9 is attached as Annexure – C.

Particulars of Employees and related disclosures

In terms of the provisions of Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules are provided in the Annexure to the Directors' Report. However, having regard to the provisions of Section 136 of the Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. The said information is available for inspection at the registered office of the Company on all working days, except Saturdays between 11:00 A.M. and 1:00 P.M. up to the date of the Meeting and any member interested in obtaining the same may write to the Company Secretary. Upon such request the information shall be furnished.

Disclosures relating to the remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, are provided in Annexure – D.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The Company is a Non-Banking Financial Company and does not involve in any manufacturing activity, most of the information as required under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 are not applicable. However, the information as applicable has been given in Annexure – E forming part of this Report.

Corporate Governance

The Company has adopted "Reliance Group-Corporate Governance Policies and Code of Conduct" which sets out the systems, process and policies conforming to the international standards. The report on Corporate Governance as stipulated under Regulation 34(3) read with Para C of Schedule V of the Listing Regulations is presented in separate section forming part of this Annual Report.

A Certificate from the auditors of the Company M/s. Pathak H.D. & Associates, Chartered Accountants and M/s. B S R & Co. LLP, Chartered Accountants conforming compliance to the conditions of Corporate Governance as stipulated under Para E of Schedule V of the Listing Regulations, is enclosed to this Report.

Vigil Mechanism

In accordance with Section 177 of the Act and the Listing Regulations, the Company has formulated a Vigil Mechanism to address the genuine concerns, if any, of the directors and employees. The details of the same have been stated in the Report on Corporate Governance and the policy can be accessed on the Company's website.

Employees Stock Option Scheme

Employees Stock Option Scheme (ESOS 2015) was approved and implemented by the Company and Options were granted to the employees in accordance with guidelines applicable to ESOS.

The Nomination and Remuneration Committee of the Board monitors the Scheme. The existing ESOS Scheme and Plans are in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SEBI Regulations).

Reliance Capital Limited

Directors' Report

The applicable disclosures for ESOS 2015 as stipulated under the Companies (Share Capital and Debentures) Rules, 2014 as on March 31, 2017 are given below:

Particulars	ESOS 2015
a) Total Options granted	6 46 080 Options
b) Options vested	5 26 780 Options
c) Options exercised	Nil
d) Total number of equity shares arising as a result of exercise of Option	Nil
e) Options lapsed	1 15 780 Options
f) Exercise Price	The options were granted at the market price i.e. ` 396
g) Variation of terms of Options	Nil
h) Money realized by exercise of Options	Nil
i) Total number of Options in force at the end of the year	5 26 780 Options
j) Employee wise details of Options granted to:	
i. key managerial personnel	
(a) Shri Amit Bapna – Chief Financial Officer	40 900 Options
(b) Shri Atul Tandon – Company Secretary & Compliance Officer	7 200 Options
ii. any other employee who receives a grant of options in any one year of option amounting to five per cent or more of options granted during that year	Nil
iii. identified employees who were granted option, during any one year, equal to or exceeding one per cent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil

The Company has received a certificate from the auditors of the Company that the ESOS 2015 has been implemented in accordance with the SEBI Regulations and as per the resolution passed by the members of the Company authorising issuance of the said Options. The other details as required under SEBI Regulations are disclosed on the Company's website at www.reliancecapital.co.in/ESOS-Disclosure.aspx.

Risk Management

The Company has laid down a robust Risk Management Policy, defining Risk profiles involving Strategic, Technological, Operational, Financial, Organisational, Legal and Regulatory risks within a well defined framework. The Risk Management Policy acts as an enabler of growth for the Company by helping its businesses to identify the inherent risks, assess, evaluate and monitor these risks continuously and undertake effective steps to manage these risks.

A Risk Management Committee (RMC) consisting of Shri V. N. Kaul, Chairman and Smt. Chhaya Virani as member, periodically reviews the robustness of the Risk Management Policy. The periodical update on the risk management practices and mitigation plan of the Company and subsidiaries are presented to the Audit Committee and Board of Directors. The Audit Committee and Board periodically review such updates and findings and suggest areas where internal controls and risk management practices can be improved.

Asset Liability Committee (ALCO) consisting of senior management executives, monitors liquidity and interest rate risks of the Company. The functioning of ALCO is reviewed by the RMC which meets quarterly and reports to the Board of Directors.

Compliance with provisions of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed to uphold and maintain the dignity of woman employees and it has in place a policy which provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints. During the year no such complaints were received.

Corporate Social Responsibility

The Company has constituted Corporate Social Responsibility Committee in compliance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Corporate Social Responsibility Committee has formulated a Corporate Social Responsibility Policy (CSR policy) indicating the activities to be undertaken

by the Company. The CSR policy may be accessed on the Company's website at the link; http://www.reliancecapital.co.in/pdf/Group_CSR_Policy_Document.pdf.

The CSR Committee consists of Dr. Bidhubhusan Samal as Chairman, Shri Amitabh Jhunjhunwala and Shri V. N. Kaul, as members. The disclosures with respect to CSR activities is given in Annexure – F.

Order, if any, passed by Regulators or Courts or Tribunals

No orders have been passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations.

Internal Financial Controls and their adequacy

The Company has in place adequate internal financial controls across the organization. The same is subject to review periodically by the internal audit cell for its effectiveness. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

Business Responsibility Statement

Business Responsibility Report for the year under review as stipulated under Listing Regulations is presented in the separate section forming part of this Annual Report.

Acknowledgement

Your Directors would like to express their sincere appreciation for the co-operation and assistance received from shareholders, debenture holders, debenture trustee, bankers, financial institutions, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

For and on behalf of the Board of Directors

Anil Dhirubhai Ambani
Chairman

Mumbai
April 27, 2017

Policy on appointment and remuneration for Directors, Key Managerial Personnel and Senior Management Employees

1. Introduction

- 1.1 Reliance Capital Limited considers human resources as its invaluable assets. This policy aims to harmonise the aspirations of the directors/ employees with the goals of the Company.
- 1.2 Human capital is a strategic source of value creation. As part of our progressive HR philosophy, it is necessary to have in place a comprehensive Compensation Policy, which is in line with the industry trend and is employee friendly.

2. Objectives

- 2.1 Ensuring that the quantum and composition of remuneration is reasonable and sufficient to attract, retain and motivate, employees to run the Company successfully.
- 2.2 Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- 2.3 Ensure that annual compensation review considers industry/ business outlook and strategies adopted by industry peers, differentiates employees based on their performance/skill sets and also protects employees, particularly those in junior cadre, against inflationary pressures.
- 2.4 Retention of high performers at all levels and those playing critical roles.

3. Scope

The Board has constituted the "Nomination and Remuneration Committee" in line with the requirements under the provisions of the Companies Act, 2013. This Policy sets out the broad guiding principles for the Committee for recommending to the Board the appointment and remuneration of the directors, key managerial personnel and senior managerial personnel of the Company.

4. Definitions

- 4.1 "Director" means a director appointed to the Board of the Company.
- 4.2 "Key Managerial Personnel" means
 - (i) the Chief Executive Officer or the Managing Director or the Manager;
 - (ii) the Company Secretary;
 - (iii) the Whole-time Director;
 - (iv) the Chief Financial Officer; and
 - (v) such other officer as may be prescribed under the Companies Act, 2013.
- 4.3 "Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors, comprising of all members of management one level below the executive directors, if any.

5. Policy

5.1 Appointment of Directors/ Key Managerial / Senior Management personnel

The Nomination and Remuneration Committee, *inter-alia*, considers qualifications, positive attributes, areas of expertise and number of Directorships and Memberships held in various committees of other companies by such persons for selection. The Board considers the recommendation of the Committee's and takes appropriate decisions. The Company also considers the requirement of skills and effectiveness of persons contributing to the Company's business and policy decisions.

5.2 Remuneration to Directors/ Key Managerial Personnel

- 5.2.1 The remuneration of the Directors/ Managing Directors/ Whole-time Directors and Managers, etc. will be governed as per provisions contained in the Companies Act, 2013 and Rules made therein from time to time.
- 5.2.2 Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof as approved by the Board of Directors from time to time. The Non-Executive Directors shall also be entitled to profit related Commission, if approved by the Board, in addition to the sitting fees.
- 5.2.3 The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Directors/ Key Managerial Personnel/ Senior Management Personnel of the Company within the overall limits, if any, approved by the shareholders.
- 5.2.4 The remuneration structure shall include the following components:
 - (i) Basic Pay
 - (ii) Perquisites and Allowances
 - (iii) Stock Options, if any.
 - (iv) Commission (Applicable in case of Executive Directors/ Directors)
 - (v) Retiral Benefits
 - (vi) Performance Linked Incentives
- 5.2.5 The Annual Plan, Objectives, financial results of the Company shall be reviewed by the Nomination and Remuneration Committee and performance incentives, increment, revision in remuneration, etc. will be proposed based on the achievements.

5.3 Remuneration to other employees

Employees shall be assigned grades/bands according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade/bands and shall be based on various factors such as job profile, skill sets, seniority, experience, performance and prevailing remuneration levels for equivalent jobs.

6. Retention Features as part of Compensation Package

Based on the organizational need for retaining performing employees and those in critical roles, certain retention features may be rolled out as part of the overall compensation package. These may take form of Retention Bonuses (RBs), Special Monetary Programs (SMPs), Long-term Incentives (LTIs), Employee Stock Options, etc.

7. Modification and Amendment

The policy is subject to modification, amendment and alterations by the management at any time without assigning any reasons.

Form No. MR-3
Secretarial Audit Report
For the financial year ended March 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,

Reliance Capital Limited

H Block, 1st Floor,

Dhirubhai Ambani Knowledge City,

Navi Mumbai – 400 710

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Reliance Capital Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has followed proper Board – processes and have required compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017, according to the provisions of:

- (i) The Companies Act, 2013 (the 'Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder for compliance in respect of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable);
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client (Not applicable);
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable); and
 - (h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (Not applicable).

I have also examined compliance with applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of the Company Secretaries of India for General Meetings, Board and Committees Meetings (i.e. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee); and
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

Directors' Report

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations Guidelines, Standard etc. mentioned above.

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- (a) Reserve Bank of India Act, 1934 and its circulars, Master Circulars, notifications and its Directions as prescribed for NBFCs; and
- (b) Prevention of Money Laundering Act, 2002.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non – Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance or on shorter notice and a system exist for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The decisions at Board Meetings and Committee Meetings are carried out and recorded in the minutes of the Board of Directors and Committee of the Board accordingly.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the Company has undertaken event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz.

- a. The Scheme of Arrangement for demerger of its Commercial Finance Business (the 'CF Business') to Reliance Commercial Finance Limited, a wholly-owned subsidiary has been sanctioned by the Hon'ble High Court of Judicature at Bombay. The Scheme has become effective on March 24, 2017 on filing with Registrar of Companies, Maharashtra at Mumbai with effect from April 1, 2016;
- b. The Company has positioned itself as a Core Investment Company ('CIC') on the Scheme of Demerger of CF Business becoming effective on March 24, 2017;
- c. The Board has granted approval for Scheme of Arrangement for demerger of its Real Estate Lending Business into Reliance Home Finance Limited, a wholly-owned subsidiary;
- d. The Company has issued and redeemed Non-Convertible Debentures; and
- e. The Company has declared and paid dividend of ₹ 10/- per equity share.

For **Aashish K. Bhatt & Associates**

Company Secretaries

(ICSI Unique Code S2008MH100200)

Aashish Bhatt

Proprietor

ACS No.: 19639

COP No.: 7023

Date : April 27, 2017

Place : Mumbai

**FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN**

as on the financial year ended March 31, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i) CIN	L65910MH1986PLC165645
ii) Registration Date	March 5, 1986
iii) Name of the Company	Reliance Capital Limited
iv) Category / Sub-Category of the Company	Public Company / NBFC
v) Address of the Registered Office and contact details	H Block, 1 st Floor Dhirubhai Ambani Knowledge City Navi Mumbai 400 710 Tel. : +91 22 3303 1000 Fax : +91 22 3303 6664 E-mail : rcl.investor@relianceada.com Website: www.reliancecapital.co.in
vi) Whether listed company	Yes
vii) Name, address and contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower - B, Plot No. 31 & 32 Survey No. 116/22, 115/24, 115/25 Financial District, Nanakramguda Hyderabad 500 032 Toll free no.: 1800 4250 999 Tel. : +91 40 6716 1500 Fax : +91 40 6716 1791 E-mail : rclinvestor@karvy.com Website:www.karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the Business Activities contributing 10 per cent or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
1.	Non-Banking Financial Services	649	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
(1)	Reliance Nippon Life Asset Management Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710, Maharashtra	U65910MH1995PLC220793	Subsidiary	51.00	2(87)
(2)	Reliance Asset Management (Singapore) Pte Limited 65, Chulia Street, #27-06/ 07/08 OCBC Centre, Singapore 049 513	N.A.	Subsidiary	51.00	2(87)
(3)	Reliance Asset Management (Mauritius) Limited Suite 2005, Level 2, Alexander House, 35 Cybercity, Ebene, Republic of Mauritius	N.A.	Subsidiary	51.00	2(87)
(4)	Reliance Capital Pension Fund Limited Reliance Centre, 7 th Floor, South Wing, Off Western Express Highway, Santacruz (East), Mumbai 400 055, Maharashtra	U66020MH2009PLC191340	Subsidiary	51.00	2(87)
(5)	Reliance AIF Management Company Limited Reliance Centre, 7 th Floor, South Wing, Off Western Express Highway, Santacruz (East), Mumbai 400 055, Maharashtra	U74999MH2000PLC127497	Subsidiary	51.00	2(87)
(6)	Reliance Capital Trustee Co. Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710, Maharashtra	U65910MH1995PLC220528	Subsidiary	100.00	2(87)
(7)	Reliance General Insurance Company Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710, Maharashtra	U66603MH2000PLC128300	Subsidiary	100.00	2(87)

Directors' Report

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
(8)	Reliance Nippon Life Insurance Company Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710, Maharashtra	U66010MH2001PLC167089	Subsidiary	51.00	2(87)
(9)	Reliance Commercial Finance Limited Reliance Centre, 6 th Floor, South Wing, Off Western Express Highway, Santacruz (East), Mumbai 400 055, Maharashtra	U66010MH2000PLC128301	Subsidiary	100.00	2(87)
(10)	Reliance Money Precious Metals Private Limited 7 th Floor, 'B'-Wing, Trade World, Kamala Mills Compound, S. B. Marg, Lower Parel, Mumbai 400 013, Maharashtra	U74999MH2006PTC165070	Subsidiary	100.00	2(87)
(11)	Reliance Home Finance Limited Reliance Centre, 6 th Floor, South Wing, Off Western Express Highway, Santacruz (East), Mumbai 400 055, Maharashtra	U67190MH2008PLC183216	Subsidiary	100.00	2(87)
(12)	Reliance Securities Limited 11 th Floor, R-Tech IT Park, Western Express Highway, Goregaon (East), Mumbai 400 063, Maharashtra	U65990MH2005PLC154052	Subsidiary	100.00	2(87)
(13)	Reliance Commodities Limited 11 th Floor, R-Tech IT Park, Western Express Highway, Goregaon (East), Mumbai 400 063, Maharashtra	U51100MH2005PLC154611	Subsidiary	100.00	2(87)
(14)	Reliance Financial Limited 7 th Floor, 'B'-Wing, Trade World, Kamala Mills Compound, S. B. Marg, Lower Parel, Mumbai 400 013, Maharashtra	U65990MH2005PLC155675	Subsidiary	100.00	2(87)
(15)	Reliance Wealth Management Limited 7 th Floor, 'B' Wing, Trade World, Kamala Mills Compound, S. B. Marg, Lower Parel, Mumbai 400 013, Maharashtra	U65999MH2009PLC189285	Subsidiary	100.00	2(87)
(16)	Reliance Money Solutions Private Limited 7 th Floor, 'B'-Wing, Trade World, Kamala Mills Compound, S. B. Marg, Lower Parel, Mumbai 400 013, Maharashtra	U72900MH2000PTC128384	Subsidiary	100.00	2(87)
(17)	Reliance Exchangnext Limited (REXL) 7 th Floor, 'B'-Wing, Trade World, Kamala Mills Compound, S. B. Marg, Lower Parel, Mumbai 400 013, Maharashtra	U72900MH2000PLC127630	Subsidiary	100.00	2(87)
(18)	Reliance Corporate Advisory Services Limited Kamala Mills Compound, Trade World, B Wing, 7 th Floor, S. B. Marg, Lower Parel, Mumbai 400 013, Maharashtra	U74990MH2009PLC189525	Subsidiary	100.00	2(87)
(19)	Reliance Capital AIF Trustee Company Private Limited Reliance Centre, 7 th Floor South Wing, Off Western Express Highway, Santacruz (East), Mumbai 400 055, Maharashtra	U74999MH2006PTC164793	Subsidiary	100.00	2(87)
(20)	Quant Capital Private Limited 612-617, 6 th Floor, Maker Chambers IV, Nariman Point, Mumbai 400 021, Maharashtra	U67120MH2007PTC176440	Subsidiary	74.00	2(87)
(21)	Quant Broking Private Limited 612, 6 th Floor, Maker Chambers IV, Nariman Point, Mumbai 400 021, Maharashtra	U67110MH2007PTC291657	Subsidiary	74.00	2(87)
(22)	Quant Securities Private Limited 612, 6 th Floor, Maker Chambers IV, Nariman Point, Mumbai 400 021, Maharashtra	U65993MH2007PTC290204	Subsidiary	74.00	2(87)
(23)	Quant Investment Services Private Limited Quant Capital 612, 6 th Floor, Maker Chamber IV, Nariman Point, Mumbai 400 021, Maharashtra	U74999MH2011PTC289416	Subsidiary	74.00	2(87)
(24)	Quant Commodity Broking Private Limited 612, 6 th Floor, Maker Chambers IV, Nariman Point, Mumbai 400 021, Maharashtra	U67190MH2009PTC291658	Associate	33.75	2(6)
(25)	Ammolite Holdings Limited Templar House, Don Road, St. Helier, Jersey, JE1 2TR, Channel Islands	N.A.	Associate	50.00	2(6)
(26)	Reliance Asset Reconstruction Company Limited Reliance Centre, North Wing, 6 th Floor, Off Western Express Highway, Santacruz, Mumbai 400 055, Maharashtra	U45200MH2006PLC161190	Associate	49.00	2(6)
(27)	Indian Commodity Exchange Limited (ICEX) Dev House, 260-261, Tribhuwan Complex, Ishwar Nagar, New Friends Colony (W), New Delhi 110 065	U67120DL2008PLC182140	Associate	26.00 (REXL holds 26% in ICEX)	2(6)

Reliance Capital Limited

Directors' Report

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2016)				No. of Shares held at the end of the year (March 31, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	11 66 014	-	11 66 014	0.46	11 66 014	-	11 66 014	0.46	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	13 02 16 289	-	13 02 16 289	51.54	13 02 16 289	-	13 02 16 289	51.54	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	13 13 82 303	-	13 13 82 303	52.01	13 13 82 303	-	13 13 82 303	52.01	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2):	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	13 13 82 303	-	13 13 82 303	52.01	13 13 82 303	-	13 13 82 303	52.01	-
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	1 25 17 776	27 662	1 25 45 438	4.97	1 24 73 629	27 661	1 25 01 290	4.95	-0.02
b) Banks / FI	74 59 685	14 321	74 74 006	2.96	73 09 544	14 201	73 23 745	2.90	-0.06
c) Central Govt.	35 994	40 239	76 233	0.03	30 957	40 234	71 191	0.03	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	1 07 91 939	143	1 07 92 082	4.27	1 08 42 189	143	1 08 42 332	4.29	0.02
g) FIIs/FPIs	4 15 46 031	5 774	4 15 51 805	16.45	4 41 81 776	5 745	4 41 87 521	17.49	1.04
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):	7 23 51 425	88 139	7 24 39 564	28.67	7 48 38 095	87 984	7 49 26 079	29.66	0.98
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	62 65 798	80 624	63 46 422	2.51	57 90 704	78 730	58 69 434	2.32	-0.19
ii) Overseas	4 819	1 503	6 322	0.00	4 774	1 503	6 277	-	-
b) Individuals									
i. Individual shareholders holding nominal share capital up to `1 lac	3 04 87 353	44 95 468	3 49 82 821	13.85	2 71 57 285	43 64 816	3 15 22 101	12.48	-1.37
ii. Individual shareholders holding nominal share capital in excess of `1 lac	39 57 662	22 500	39 80 162	1.58	42 12 103	22 500	42 34 603	1.68	0.10
c) Others (specify)									
i) NRI	11 07 573	1 65 824	12 73 397	0.50	14 58 046	1 57 790	16 15 836	0.64	0.14
Sub-Total(B)(2):	4 18 23 205	47 65 919	4 65 89 124	18.44	3 86 22 912	46 25 339	4 32 48 251	17.12	-1.32
Total Public Shareholding (B)=(B)(1)+(B)(2)	11 41 74 630	48 54 058	11 90 28 688	47.12	11 34 61 007	47 13 323	11 81 74 330	46.77	-0.34
TOTAL (A) + (B)	24 55 56 933	48 54 058	25 04 10 991	99.12	24 48 43 310	47 13 323	24 95 56 633	98.78	-0.34
C. Shares held by Custodian for GDRs	6 21 809	-	6 21 809	0.25	14 76 167	-	14 76 167	0.58	0.34
D. ESOS Trust	16 00 000	-	16 00 000	0.63	16 00 000	-	16 00 000	0.63	-
Grand Total (A+B+C+D)	24 77 78 742	48 54 058	25 26 32 800	100.00	24 79 19 477	47 13 323	25 26 32 800	100.00	-

Directors' Report

ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year (April 1, 2016)			Shareholding at the end of the year (March 31, 2017)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Reliance Inceptum Private Limited	9 77 14 206	38.68	12.27	9 77 14 206	38.68	18.21	-
2	Reliance Infrastructure Consulting & Engineers Private Limited	2 79 75 633	11.07	5.15	2 79 75 633	11.07	0.40	-
3	Crest Logistics and Engineers Private Limited	32 50 000	1.29	-	32 50 000	1.29	-	-
4	Reliance Infrastructure Management Private Limited	7 00 000	0.28	-	7 00 000	0.28	-	-
5	Reliance Innoventures Private Limited	5 76 450	0.23	-	5 76 450	0.23	-	-
6	Smt. Kokila D. Ambani (*)	5 45 157	0.22	-	5 45 157	0.22	-	-
7	Shri Anil D. Ambani	2 73 891	0.11	-	2 73 891	0.11	-	-
8	Smt. Tina A. Ambani	2 63 474	0.10	-	2 63 474	0.10	-	-
9	Shri Jai Anmol A. Ambani	83 487	0.03	-	83 487	0.03	-	-
10	Shri Jai Anshul A. Ambani	5	-	-	5	-	-	-
Total		13 13 82 303	52.01	17.42	13 13 82 303	52.01	18.60	-

(*) As per disclosure, pursuant to Regulation 30(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 received from the Promoters alongwith Persons Acting/deemed to be Acting in Concert, 17,00,000 (0.67%) equity shares purchased by the discretionary Portfolio Manager of Smt. Kokila D. Ambani under the Portfolio Management Scheme (PMS) have been credited to a separate Demat Account specifically opened for PMS purpose as per the SEBI requirements. No voting or other rights/interest is held on those shares, except the economic interest in PMS. This is disclosed by way of an abundant caution.

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the year				
2.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
3.	At the end of the year				

There is no change in the Shareholding of Promoters.

iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (April 1, 2016)		Increase / Decrease	Shareholding at the end of the year (March 31, 2017)	
		No. of Shares	% to total shares of the Company		No. of Shares	% to total shares of the Company
1	Life Insurance Corporation of India	1 05 12 400	4.16	- 103	1 05 12 297	4.16
2	Sumitomo Mitsui Trust Bank Limited	70 00 000	2.77	-	70 00 000	2.77
3	Birla Sun Life Trustee Company Private Limited	21 21 509	0.84	27 76 500	48 98 009	1.94
4	Reliance Capital Trustee Co. Limited	40 59 315	1.61	1 674	40 60 989	1.61
5	Valiant Mauritius Partners Offshore Limited	36 41 288	1.44	- 2 27 159	34 14 129	1.35
6	Morgan Stanley Mauritius Company Limited	25 25 438	1.00	7 99 752	33 25 190	1.32
7	Valiant Mauritius Partners Limited	29 79 236	1.18	- 4 02 841	25 76 395	1.02
8	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Fund	19 97 162	0.79	2 73 647	22 70 809	0.90
9	California Public Employees' Retirement System	1 73 819	0.07	18 70 696	20 44 515	0.81
10	Causeway Emerging Markets Fund	-	-	18 45 483	18 45 483	0.73
11	Dimensional Emerging Markets Value Fund	18 00 667	0.71	36 222	18 36 889	0.73

Note: The date wise increase or decrease in shareholding of the top ten shareholders is available on the 'Investor Relations' section of the website of the Company at www.reliancecapital.co.in.

Reliance Capital Limited

Directors' Report

v) Shareholding of Directors and Key Managerial Personnel (KMPs)

- Shri Anil D. Ambani, Chairman of the Company holds 2,73,891 (0.11%) equity shares and Shri Jai Anmol Ambani, Executive Director of the Company holds 83,487 (0.03%) equity shares at the beginning and end of the year.
- Shri Amitabh Jhunjhunwala, Shri Rajendra P. Chitale, Dr. Bidhubhusan Samal, Shri V. N. Kaul and Smt. Chhaya Virani, Directors of the Company hold nil shares at the beginning and end of the year.
- The KMPs of the Company i.e. Shri Amit Bapna, CFO hold nil share and Shri Atul Tandon, Company Secretary & Compliance Officer, hold 2 shares at the date of appointment and at end of the year.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	16 987	4 510	-	21 497
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	546	107	-	653
Total (i+ii+iii)	17 533	4 617	-	22 150
Change in Indebtedness during the financial year				
Transferred under Demerger	8 779	3 087	-	-
Additions	6 562	12 995	-	19 557
Reduction	942	9 610	-	10 552
Net Change	(3 159)	(298)	-	9 005
Indebtedness at the end of the financial year				
i. Principal Amount	13 828	4 808	-	18 636
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	644	99	-	743
Total (i+ii+iii)	14 472	4 907	-	19 379

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(A) Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹ in lakh)

Sr. No.	Particulars of Remuneration	Shri Jai Anmol Ambani Executive Director*	Shri Soumen Ghosh Executive Director & Group CEO
1	Gross Salary		
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	61.33	794.51
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0.40
c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option (Number of Options)	-	-
3	Sweat Equity	-	-
4	Commission	-	-
5	Others, please specify	-	20.17
	Total (A)	61.33	815.08
	Ceiling as per the Act		5 563

* Shri Jai Anmol Ambani was paid sitting fees of ₹ 40,000 for attending the board meeting held on September 13, 2016.

(B) Remuneration to other Directors: (₹ in lakh)

Sr. No.	Particulars of Remuneration	Name of Director				Total Amount
		Shri Rajendra P. Chitale	Dr. Bidhubhusan Samal	Shri V. N. Kaul	Smt. Chhaya Virani	
1.	Independent Directors					
	• Fee for attending board/committee meetings	6.00	8.40	7.20	8.40	30.00
	• Commission	15.00	15.00	15.00	15.00	60.00
	• Others, please specify	-	-	-	-	-
	Total (1)	21.00	23.40	22.20	23.40	90.00

Directors' Report

(` in lakh)

Sr. No.	Particulars of Remuneration	Name of Director		Total Amount	
		Shri Anil D. Ambani	Shri Amitabh Jhunjunwala		
2.	Other Non-Executive Directors				
	• Fee for attending board/committee meetings	2.40	7.20		9.60
	• Commission	-	-		-
	• Others, please specify	-	-		-
	Total (2)	2.40	7.20		9.60
	Total (B) = (1 + 2)	23.40	30.60	22.20	23.40
	Total Managerial Remuneration (A+B)				914.68
	Overall Ceiling as per the Act				5 563

(C) Remuneration to key managerial personnel other than MD / Manager / WTD (` in lakh)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Shri Amit Bapna Chief Financial Officer	Shri V. R. Mohan President & Company Secretary	Shri Atul Tandon Company Secretary & Compliance Officer
1	Gross Salary			
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		255.39	77.46
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961		0.40	0.65
c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961		-	-
2	Stock Option (Number of Options)		40 900 Options	-
3	Sweat Equity		-	-
4	Commission		-	-
5	Others		-	7.40
	Total		255.79	85.51
				9.20

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences to the Company, directors and officers of the Company during the year ended March 31, 2017.

Reliance Capital Limited

Directors' Report

Annexure – D

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The Company has appointed Executive Director, Chief Financial Officer and Company Secretary as on March 31, 2017. Non-Executive Directors are paid remuneration only by way of sitting fees for attending the Board / Committee meetings and commission as approved by the shareholders. Hence the ratio and comparison is not provided for Non-Executive Directors.

Sr. No.	Requirement	Disclosure
(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.	The ratio of remuneration of the Executive Director to the median remuneration of the employee is 4.
(ii)	The percentage increase in remuneration of each director, CEO, CFO, Company Secretary, Manager, if any, in the Financial Year:	
	Name of KMPs	Percentage increase in remuneration in the Financial year 2016-17 Ratio of remuneration of each KMP / to median remuneration of employees
	Shri Jai Anmol Ambani, Executive Director (w.e.f. 27-09-2016)	Not Applicable 4
	Shri Soumen Ghosh, Executive Director & Group CEO (upto 31-03-2017)	Nil 48
	Shri Amit Bapna, Chief Financial Officer	Nil 15
	Shri V. R. Mohan, President & Company Secretary (upto 31-03-2017)	6 5
	Shri Atul Tandon, Company Secretary & Compliance Officer (w.e.f. 10-02-2017)	Not Applicable 1
(iii)	The percentage increase in the median remuneration of employees in the Financial Year.	The percentage increase in the median remuneration of employees in the financial year 2016-17 was 11.19 per cent.
(iv)	Number of permanent employees on the rolls of Company.	138
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average 7.13 per cent increase has been made in the salaries of employees other than the managerial personnel in financial year 2016-17, whereas increase in the remuneration of Key Managerial Personnel was in the range of 0 to 6 per cent.
(vi)	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes

Annexure – E

(a) Conservation of Energy:

The steps taken or impact on conservation of energy	:	The Company requires energy for its operations and the Company is making all efforts to conserve energy by monitoring energy costs and periodically reviews of the consumption of energy. It also takes appropriate steps to reduce the consumption through efficiency in usage and timely maintenance / installation / upgradation of energy saving devices.
The steps taken by the Company for utilizing alternate sources of energy	:	
The capital investment on energy conservation equipments	:	

(b) Technology Absorption, Adoption and Innovation:

(i) The efforts made towards technology absorption	:	The Company uses latest technology and equipments into the business. Further the Company is not engaged in any manufacturing activities.
(ii) The benefits derived like product improvement, cost reduction, product development or import substitution	:	
(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	:	
(a) The details of technology imported	:	
(b) The year of import	:	
(c) Whether technology been fully absorbed?	:	
(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	:	
(iv) The expenditure incurred on Research and development	:	The Company has not spent any amount towards research and developmental activities and has been active in harnessing and tapping the latest and the best technology in the industry.

(c) Total foreign exchange earnings and outgo:

a. Total Foreign Exchange earnings	:	Nil
b. Total Foreign Exchange outgo	:	₹ 4 crore

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2016-17

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

The Company has a robust CSR Policy at group level. As per the said policy, all our efforts are focused towards two goals: building a great enterprise for the stakeholders and a great future for our country.

Our approach is to interweave social responsibility into the Company's mainstream business functions through translating commitments into policies, which not only drive all employees but influence and mobilize stakeholders, especially partners and suppliers, to embrace responsible business practices in their respective spheres of action. The policy affirms business objectives and strategy along with our commitment to preserve natural resources and augment the growth and development of employees and families, the communities we operate in, suppliers/vendors, and our investors. Through the social policy manual, the Company seeks to engage with all the stakeholders, using it as a reference or guideline for all stakeholders and practitioners. Our CSR policy is placed on our website at the link www.reliancecapital.co.in/pdf/Group_CSR_Policy_Document.pdf

2. The Composition of the CSR Committee:

Dr. Bidhubhusan Samal, Chairman (Independent Director)
 Shri V. N. Kaul (Independent Director)
 Shri Amitabh Jhunjhunwala (Non-executive and non-independent Director)

3. Average net profit of the Company for last three financial years:

Average net profit : ₹ 644 crore.

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):

The Company is required to spend ₹ 12.87 crore towards CSR.

5. Details of CSR spent during the financial year:

- a. Total amount spent for the financial year :- ₹ 12.87 crore
- b. Amount unspent, if any :- NA
- c. Manner in which the amount spent during the financial year is detailed below: (₹ in crore)

1. Sr. No.	2. CSR Projects or activity identified.	3. Sector in which the project is covered.	4. Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken.	5. Amount Outlay (budget) Project or Programs wise.	6. Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads.	7. Cumulative Expenditure upto the reporting period.	8. Amount spent: Direct or through implementing agency.*
1.	Oncology Centres	Health Care	Maharashtra	30.00	-	21.61	Through a non-profit centre specialised in the provision of health care.
2.	Health Care	Health Care	Maharashtra	15.00	12.87	12.87	Through a non-profit centre specialised in the provision of health care.
Total				45.00	12.87	34.48	

* Implemented in phased manner

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

Not applicable.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy is in compliance with CSR objectives and policy of the Company.

April 27, 2017

Jai Anmol Ambani
 Executive Director

Dr. Bidhubhusan Samal
 Chairman, CSR Committee

Dividend Distribution Policy

1. Introduction

The Board of Directors (the "Board") of Reliance Capital Limited (the "Company") at its meeting held on August 13, 2016, has adopted this Dividend Distribution Policy (the "Policy") in accordance with the Companies Act, 2013 (the "Act") and Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

2. Objective

The Objective of this Policy is to establish the parameters to be considered by the Board of Directors of the Company before declaring or recommending dividend.

3. Circumstances under which the shareholders of the listed entities may or may not expect dividend

The shareholders of the Company may not expect dividend in the below mentioned circumstances:

- i. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
- ii. In the event of higher working capital requirement for business operations or otherwise.
- iii. In the event of inadequacy of cashflow available for distribution.
- iv. In the event of inadequacy or absence of profits.
- v. In the event of any regulation or contractual restriction.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analysing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment.

4. Parameters to be considered before recommending dividend

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act, 2013. The Board may also declare interim dividends as may be permitted by the Companies Act, 2013. The Company has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth.

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The Dividend pay-out decision of any company depends upon certain external and internal factors:

4.1 External Factors

State of Economy: In case of uncertain or recessionary economic and business conditions, Board will endeavor to retain larger part of profits to build up reserves to absorb future shocks.

4.2 Internal Factors

Apart from the various external factors aforementioned, the Board will take into account various internal factors while declaring Dividend, which inter alia will include:

- Income / Profits earned during the year;
- Present & future capital requirements of the existing businesses;
- Brand/ Business Acquisitions;
- Expansion/ Modernization of existing businesses;
- Additional investments in subsidiaries/associates of the Company;
- Fresh investments into external businesses; and
- Any other factor as deemed fit by the Board.

5. Utilisation of retained earnings

The Company shall endeavour to utilise the retained earnings in following manner:

- For expansion and growth of business;
- Additional investments in existing businesses;
- Declaration of Dividend;
- General Corporate purpose; and
- Any other specific purpose as may be approved by the Board.

6. Parameters that shall be adopted with regard to various classes of shares

The Company has issued only one class of shares viz. Equity shares. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of share.

7. Review

This Policy will be reviewed periodically by the Board.

8. Limitation and amendment

In the event of any conflict between the Act or the Listing Regulations and the provisions of the policy, the Listing Regulations shall prevail over this policy. Any subsequent amendment / modification in the Listing Regulations, in this regard, shall automatically apply to this policy.

Management Discussion and Analysis

Forward looking statements

Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include determination of tariff and such other charges and levies by the regulatory authority, changes in government regulations, tax laws, economic developments within the country and such other factors globally.

The financial statement are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provisions of the Companies Act, 2013 (the "Act") and comply with the Accounting Standards notified under Section 133 of the Act. The management of Reliance Capital Limited ("Reliance Capital" or "RCL" or "the Company") has used estimates and judgments relating to the financial statement on a prudent and reasonable basis, in order that the financial statement reflect in a true and fair manner, the state of affairs and profit for the year.

The following discussions on our financial condition and result of operations should be read together with our audited consolidated financial statement and the notes to these statements included in the Annual Report.

Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company", "Reliance", "RCL" or "Reliance Capital" are to Reliance Capital Limited and its subsidiaries and associates..

Macroeconomic Overview

Indian Economic Environment

As per the Central Statistics Organization (CSO) second advance estimates, the Indian economy grew by 7.1 per cent in 2016-17. After two consecutive years of poor monsoon, 2016-17 was the first year when the country witnessed normal monsoon which provided much needed support to the rural economy. India's macro fundamentals continued to improve in 2016-17 led by strong pace of reforms such as passage of GST Bill, corporate insolvency resolution via Bankruptcy Code, financial inclusion via Aadhaar card and various measures to curb black money. Inflation continued with its downtrend, with CPI averaging 4.5 per cent in 2016-17 versus 4.9 per cent in 2015-16. Central government fiscal deficit too improved from 3.9 per cent of Gross Domestic Product (GDP) in 2015-16 to 3.5 per cent of GDP in 2016-17. The revenue deficit also declined from 2.5 per cent in 2015-16 to 2 per cent in 2016-17. Benign inflationary pressures meant that the RBI was able to deliver another 25 basis points of repo rate cut in 2016-17 after a cumulative 125 basis points rate cut in 2015-16. Further, in order to facilitate transmission of policy rate cuts, the RBI decided to progressively migrate the banking system liquidity target from a deficit of 1 per cent of NDTL to a position closer to neutrality. Government's policy reforms continued to improve the business environment in the economy with India jumping 16 ranks to settle at the 39th spot (out of 138 countries) on the global competitiveness index prepared by the World Economic Forum in 2016. This was

the second year in a row that India jumped 16 spots. In the year 2015-16, India was ranked at the 55th place.

GDP Growth

As per second advance estimates, India's GDP growth slowed down slightly in 2016-17 to 7.1 per cent from 7.9 per cent in 2015-16. This slowdown was primarily due to the impact of demonetisation which led to temporary disruption in cash transactions. On the back of a normal monsoon, the agriculture sector registered a strong growth of 4.4 per cent in 2016-17 versus 0.8 per cent in 2015-16. Mining grew by 1.3 per cent, down from 12 per cent in the previous year while manufacturing grew by 7.7 per cent (down from 10.5 per cent in the previous year) and electricity grew by 6.6 per cent (up from 5.1 per cent in the previous year). The construction sector showed some improvement, growing by 3.1 per cent in 2016-17 versus 2.7 per cent in 2015-16. However, the biggest drag came from the service sector where growth rate fell to 7.9 per cent in 2016-17 from 9.8 per cent in the previous year. The drag was primarily due to the note ban as large sections of the service sector are unorganized and highly dependent on cash transactions. Going forward, a normal monsoon, normalization of short-term disruption caused from demonetisation as well as a pick-up in exports should be supportive of growth in 2017-18.

Industrial Production

During April-February 2017, the Index of Industrial Production (IIP) grew by 0.45 per cent compared with a growth of 2.6 per cent in the same period last year. Manufacturing declined by 0.3 per cent, mining rose by 1.6 per cent and electricity rose by 0.4 per cent. The deceleration in manufacturing can be primarily attributed to two main reasons viz. weakness in capital goods index which tends to be volatile and, temporary disruption due to demonetisation. The government has been focused on increasing public capital spending both through the budget and by off-budget means (SOE-led capex). However, the trend in private capex has been subdued and has been a key drag on the overall growth trajectory. On the positive side, FDI has remained quite strong with India receiving US\$35.8 billion of net FDI inflows in 2016-17.

Inflation and Interest Rate

The Consumer Price Index (CPI) inflation averaged 4.5 per cent in 2016-17 from 4.9 per cent in 2015-16. Decline in food inflation on the back of a good monsoon helped to ease inflationary pressures in the economy. The Wholesale Price index (WPI) inflation came out of deflation territory to average 3.7 per cent in 2016-17 versus -2.5 per cent in 2015-16. The year 2016 marked an inflexion point in global commodities with prices of many commodities rebounding due to a combination of Chinese fiscal stimulus, supply cuts as well as some recovery in global growth. However, overall inflationary pressures in the economy continued to remain benign. As a result, the RBI was able to cut its policy rate by another 25 basis points in 2016-17 versus 125 basis points in 2015-16.

Current Account Deficit (CAD)

India's current account deficit (CAD) fell to \$11 billion (0.7 per cent of GDP) in April-December 2016, compared with \$21 billion (1.4 per cent of GDP) a year ago on substantial decline in merchandise trade deficit even as services trade surplus shrank. Healthy foreign direct investments into the financial account were adequate to cover CAD which helped in the accrual of foreign exchange reserves. India's export growth has turned positive since September 2016 after declining between December 2014 and August 2016, making this the longest period of contraction since the global credit crisis. However, with

Reliance Capital Limited

Management Discussion and Analysis

expectation of global growth to accelerate in 2017, the ongoing export recovery should be well supported.

About Reliance Capital

Reliance Capital Limited (RCL) is a part of the Reliance Group and is one of India's leading private sector financial services companies. It ranks amongst the top private sector financial services and banking groups, in terms of net worth. It is a constituent of Nifty Midcap 50 and MSCI Global Small Cap Index.

Reliance Capital has interests in asset management, mutual funds, pension funds, life and general insurance, commercial and home finance, stock broking, wealth management services, distribution of financial products, asset reconstruction and other activities in the financial services arena.

Consolidated Financial Performance - Overview

The Company's standalone performance is discussed in detail under the head 'Financial Performance' in the Directors' report. The consolidated performance of the Company is as follows:

RCL's consolidated income from operations for the financial year ended March 31, 2017, rose to ` 17,640 crore (US\$ 2.7 billion) from ` 9,998 crore (US\$ 1.5 billion) in the previous year, an increase of 76 per cent. Staff costs for the year were ` 1,337 crore (US\$ 206 million) as against ` 828 crore (US\$ 125 million) in the previous year, an increase of 61 per cent. Selling, administrative and other expenses in the year were ` 2,790 crore (US\$ 429 million) as against ` 1,865 crore (US\$ 283 million) in the previous year, an increase of 50 per cent. Interest & finance charges for the year were ` 3,068 crore (US\$ 472 million) as against ` 2,821 crore (US\$ 427 million) in the previous year, an increase of 9 per cent. Depreciation for the year was ` 116 crore (US\$ 18 million) as against ` 70 crore (US\$ 11 million) in the previous year, an increase of 66 per cent. Provision for tax for the year was ` 293 crore (US\$ 45 million) as against ` 379 crore (US\$ 57 million) in the previous year, a decrease of 23 per cent. Profit after tax, minority interest, share of profit of associates and sale of subsidiaries and one time provisioning, for the year was ` 1,086 crore (US\$ 167 million) as against ` 1,101 crore (US\$ 167 million) in the previous year.

Resources and Liquidity

As of March 31, 2017, the consolidated net worth of the company stood at ` 16,692 crore (US\$ 2.6 billion) as against ` 15,390 crore (US\$ 2.3 billion), in the previous year, an increase of 8 per cent. As on March 31, 2017, the Company had a net debt equity ratio of 1.88. As of March 31, 2017, the consolidated total assets were ` 82,209 crore (US\$ 12.6 billion) as against ` 67,112 crore (US\$ 10.2 billion), an increase of 22 per cent.

Credit Rating

RCL's short term debt programme has been assigned a rating of "A1+" by ICRA, the highest credit quality rating assigned to short-term debt instruments. Instruments rated in this category carry lower credit risk in the short term. CARE assigned the long term debt programme a rating of "CARE AA+". Instruments with this rating are considered to be one of the best credit qualities, offering high safety for timely servicing of debt obligations. Such instruments carry lower credit risk.

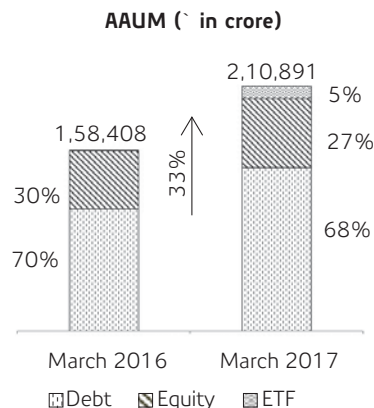
Reliance Nippon Life Asset Management (RNLAM)

Reliance Nippon Life Asset Management Limited is the largest asset manager in India managing ` 3,58,059 crore (US\$ 55.1 billion) as on March 31, 2017, across mutual funds, pension funds, managed accounts, hedge funds and real estate fund, as against ` 2,87,431 crore (US\$ 43.6 billion) as on March 31, 2016, an increase of 25 per cent. RNLAM's income

from its operations for the year ended March 31, 2017, was at ` 1,436 crore (US\$ 221 million) as against ` 1,314 crore (US\$ 199 million) in the previous year, an increase of 9 per cent. Profit before tax for the year ended March 31, 2017, was ` 581 crore (US\$ 89 million) as against ` 502 crore (US\$ 76 million) in the previous year, an increase of 16 per cent. RNLAM continues to be amongst the most profitable Asset Management Companies (AMCs) in India.

Reliance Mutual Fund

Reliance Mutual Fund (RMF) is amongst the top 3 mutual funds in India in terms of Assets Under Management, with a market share of 11.5 per cent as on March 31, 2017. The Industry's Average Assets Under Management (AAUM) for the quarter ended March 31, 2017, stood at ` 18,29,583 crore (US\$ 281.5 billion) as against ` 13,53,443 crore (US\$ 205.1 billion) for the quarter ended March 31, 2016, a growth of 35 per cent (Source: Association of Mutual Funds of India). The AAUM of RMF for the quarter ended March 31, 2017, stood at ` 2,10,891 crore (US\$ 32.4 billion) as against ` 1,58,408 crore (US\$ 24.0 billion) for the quarter ended March 31, 2016, an increase of 33 per cent.



RMF has created a wide distribution network in nearly 160 branches with over 54,000 empanelled distributors. The number of investor folios in RMF stood at 68 lakh as on March 31, 2017, as against 59 lakh as on March 31, 2016. The number of Systematic Investment Plan (SIP) and Systematic Transfer Plan (STP) investor accounts in RMF were at 17 lakh as on March 31, 2017, as against 15 lakh as on March 31, 2016.

RMF Achievements

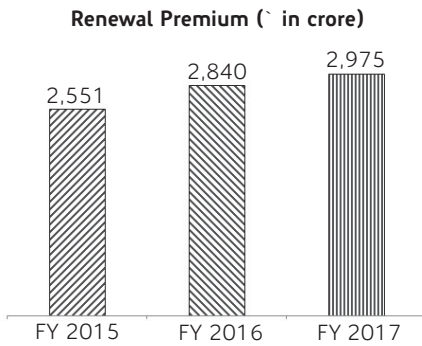
RMF continues to be a Retail focused AMC, with the goal of achieving long term wealth creation for investors. In FY17, RMF witnessed highest growth in Retail AUM, across all AMCs. RMF also holds highest assets from the 'B15 category' in the Industry as per March 2017. RMF featured in Economic Times Coffee Table Book, as Mumbai's Trending Workplaces for Organization Creating an Enabling Culture of employees. The company has also been featured in Best BFSI Brands 2016.

Reliance Nippon Life Insurance (RNLi)

Reliance Nippon Life Insurance currently offers a total of 36 products that fulfill the savings and protection needs of customers. Of these, 28 are targeted at individuals and 8 at group businesses. RNLi is committed to emerging as a transnational Life Insurer of global scale and standard and attaining leadership rankings in the industry within the next few years. During the year, the Indian life insurance industry recorded new business premium of ` 1,75,022 crore (US\$ 27 billion) as against ` 1,38,760 crore (US\$ 21.0 billion) in the previous year, an increase of 26 per cent.

Management Discussion and Analysis

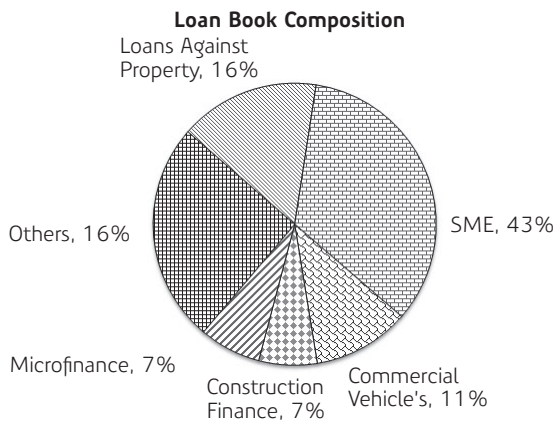
During the year, the Indian private sector life insurance industry recorded new business premium of ₹ 50,626 crore (US\$ 7.8 billion) as against ₹ 40,983 crore (US\$ 6.2 billion) in the previous year, an increase of 24 per cent (Source: Financial Year 2016-17 data, Insurance Regulatory and Development Authority of India (IRDAI) website). This was primarily driven by higher sales of ULIPs (Unit Linked Insurance Products) as capital markets improved. RNLI is amongst the leading private sector life insurers with a private sector market share of 2 per cent, in terms of new business premium. (Source: Financial Year 2016-17 data, IRDAI website). The total net premium for the year stood at ₹ 3,999 crore (US\$ 615 million). The new business premium income for the year ended March 31, 2017, was ₹ 1,502 crore (US\$ 162 million). For the year ended March 31, 2017, the renewal premium was ₹ 2,975 crore (US\$ 458 million) as against ₹ 2,840 crore (US\$ 430 million), an increase of 5 per cent.



The total funds under management were at ₹ 17,253 crore (US\$ 2.7 billion) as on March 31, 2017, as against ₹ 15,970 crore (US\$ 2.4 billion) as on March 31, 2016. The number of policies sold during the year was approximately 3 lakh. The distribution network stood at approx. 750 branches at the end of March 2017.

Reliance Commercial Finance (RCF)

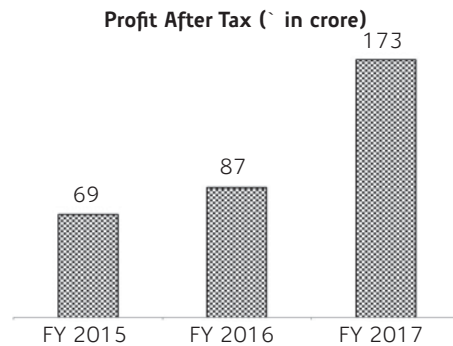
Reliance Commercial Finance (RCF) offers a wide range of products which include Small and Medium Enterprises (SME) loans, Loans Against Property (LAP), Infrastructure financing, Agriculture loans and Supply Chain financing. The focus in this business continues to be on asset backed lending and productive asset creation. The aim of RCF is not only credit growth per se, but also the quality of credit sourced. In line with this, the Company has been disbursing only secured asset backed loans and has wound up the unsecured loans portfolio.



The disbursements for the year ended March 31, 2017, were ₹ 8,827 crore (US\$ 1.4 billion) as against ₹ 8,138 crore (US\$ 1.2 billion) for the previous year, an increase of 8 per cent. As of March 31, 2017, the Assets Under Management (including securitized portfolio) was ₹ 16,759 crore (US\$ 2.6 billion) as against ₹ 15,157 crore (US\$ 2.3 billion) as on March 31, 2016, an increase of 11 per cent. During the year, the Company securitized loans of ₹ 4,323 crore (US\$ 665 million), as against ₹ 4,217 crore (US\$ 639 million) securitized in the previous year. The Net Interest Income for the year ended March 31, 2017, was at ₹ 659 crore (US\$ 101 million), as against ₹ 655 crore (US\$ 99 million) for the previous year, an increase of 1 per cent. As on March 31, 2017, the outstanding loan book was ₹ 12,436 crore (US\$ 1.9 billion) as against ₹ 10,940 crore (US\$ 1.7 billion) at the end of March 31, 2016. This loan book is spread over 49,400 customers from top 44 Indian cities. The gross non-performing assets were at ₹ 612 crore (US\$ 94 million), an increase of 28 per cent. RCF achieved a profit before tax of ₹ 343 crore (US\$ 53 million) for the year ended March 31, 2017 as against ₹ 312 crore (US\$ 47 million), an increase of 10 per cent.

Reliance Home Finance (RHF)

Reliance Home Finance Limited (RHFL), a 100 per cent subsidiary of Reliance Capital, provides a wide range of loan solutions like home loans, LAP, Construction finance, flexi LAP, and Affordable housing. RHFL also provides property solutions' services that help customers find their dream homes / property along with financing. The disbursements for the year ended March 31, 2017, were ₹ 7,333 crore (US\$ 1.1 billion) as against ₹ 3,922 crore (US\$ 594 million) for the previous year, an increase of 87 per cent. As of March 31, 2017, the Assets Under Management (including securitised portfolio) was ₹ 11,174 crore (US\$ 1.7 billion) as against ₹ 7,358 crore (US\$ 1.1 billion) as on March 31, 2016, an increase of 52 per cent. The Total Income for the year ended March 31, 2017, was at ₹ 1,114 crore (US\$ 171 million), as against ₹ 815 crore (US\$ 124 million) for the previous year, an increase of 37 per cent. As on March 31, 2017, the outstanding loan book was ₹ 9,983 crore (US\$ 1.5 billion) as against ₹ 6,792 crore (US\$ 1.0 billion) at the end of March 31, 2016. This loan book is spread over 33,300 customers from top 43 Indian cities. The gross non-performing assets were at ₹ 84 crore (US\$ 13 million), an increase of 32 per cent. The business achieved a profit after tax of ₹ 173 crore (US\$ 27 million) as against ₹ 87 crore (US\$ 13 million), for the year ended March 31, 2017, an increase of 99 per cent.



Broking businesses

Reliance Capital's broking business is carried out by its subsidiaries viz. Reliance Securities Limited, a leading retail broking house in India that provides customers with access to equities, equity options and commodities futures, wealth management services,

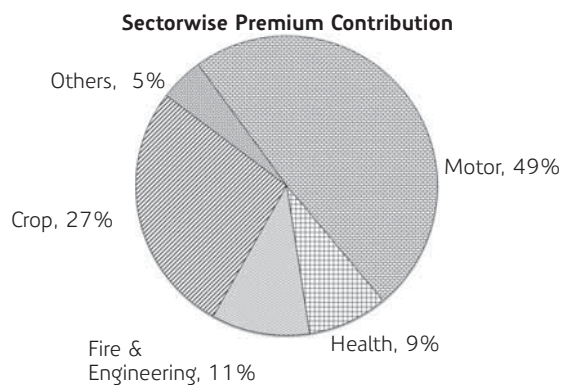
Reliance Capital Limited

Management Discussion and Analysis

portfolio management services and mutual funds. The focus is on the key business verticals of equity broking and wealth management. As of March 31, 2017, the business had over 800,500 equity broking accounts and achieved average daily turnover of ₹ 2,796 crore (US\$ 430 million) for the year. In wealth management business, the client needs are assessed to create customized financial investment opportunities. The customized individual portfolios are based on their diverse investment needs and risk profiles. In wealth management, the AUM rose by 62 per cent to over ₹ 4,129 crore (US\$ 635 million) as on March 31, 2017. Reliance Commodities, the commodity broking arm of Reliance Capital, is the one of the leading retail broking houses in India, providing customers with access to commodities market. As of March 31, 2017, the business had over 80,400 commodity broking accounts and recorded average daily commodities broking turnover of ₹ 336 crore (US\$ 52 million). The distribution business is a comprehensive financial services and solutions provider, providing customers with access to mutual funds, life and general insurance products, and other financial products having a distribution network of approx. 80 branches and 900 customer touch points across India. The business achieved revenues of ₹ 308 crore (US\$ 47 million) for the year ended March 31, 2017. The profit before tax rose to ₹ 42 crore (US\$ 6 million) for the year ended March 31, 2017.

Reliance General Insurance

Reliance General Insurance (RGI) offers insurance solutions for auto, health, home, property, travel, marine, commercial and other specialty products. RGI is amongst the leading private sector general insurance players in India with a private sector market share of 7 per cent. During 2016-17, gross direct premium of the total general insurance industry increased by 30 per cent to ₹ 119,215 crore (US\$ 18.3 billion). During 2016-17, gross direct premium of the private Indian general insurance industry increased by 13 per cent to ₹ 53,663 crore (US\$ 8.3 billion) (Source: IRDAI website). RGI's gross written premium for the year ended March 31, 2017 was ₹ 4,007 crore (US\$ 616 million), an increase of 40 per cent over the previous year.



Profit before tax for the year ended March 31, 2017, stood at ₹ 130 crore (US\$ 20 million) as against ₹ 99 crore (US\$ 15 million) in the corresponding period of the previous year, an increase of 32 per cent over the previous year. The distribution network comprised of approx. 130 branches and over 24,500 agents at the end of March 31, 2017. At the end of March 31, 2017, the investment book increased by 25 per cent to ₹ 6,724 crore (US\$ 1.0 billion).

Reliance Asset Reconstruction

Reliance Asset Reconstruction Company Limited (Reliance ARC) is in the business of acquisition, management and resolution of

distressed debt / assets. The focus of this business continues to be on the distressed assets in the SME and retail segments. The Assets Under Management as on March 31, 2017, rose to ₹ 1,829 crore (US\$ 281 million) as against ₹ 1,488 crore (US\$ 225 million) as on March 31, 2016. Its own investment in NPAs increased from ₹ 225 crore (US\$ 34 million) as on March 31, 2016, to ₹ 285 crore (US\$ 44 million) as on March 31, 2017.

Risks and Concerns

RCL is exposed to specific risks that are particular to its businesses and the environment within which it operates, including market risk, credit risk, operational risk, competition risk, liquidity and interest rate risk, regulatory risk, human resource risk, execution risk, information security risks and macro-economic risks.

Market risk

The Company has some quoted investments (though not material in size relative to its total assets) which are exposed to fluctuations in stock prices. Similarly the Company has also raised funds through issue of Market Linked Debentures, whose returns are linked to relevant underlying market instruments or indices. RCL continuously monitors market exposure for both equity and debt and, in appropriate cases, also uses various derivative instruments as a hedging mechanism to limit volatility.

Competition risk

The financial sector industry is becoming increasingly competitive and the Company's growth will depend on its ability to compete effectively. The Company's main competitors are Indian non-banking financial companies/Core investment Companies, commercial banks, life and non-life insurance companies, both in the public and private sector, mutual funds, broking houses, mortgage lenders, depository participants and other financial services providers. Foreign banks also operate in India through non-banking finance companies. Further liberalization of the Indian financial sector could lead to a greater presence or entry of new foreign banks and financial services companies offering a wider range of products and services. This could significantly toughen our competitive environment. The Company's strong brand image, wide distribution network, diversified product offering and quality of management place it in a strong position to deal with competition effectively.

Credit risk

Credit risk is a risk arising out of default or failure on the part of borrowers in meeting their financial obligations towards repayment of loans. Thus credit risk is a loss as a result of non-recovery of funds lent both on principal and interest counts. This risk is comprehensively addressed both at the strategic level and at the client level. There is a robust governance framework with risk oversight being provided by the Risk Management Committee.

The product based lending activities are carried on mainly through two wholly owned subsidiaries engaged in commercial finance and home finance respectively. Stringent standards have been stipulated for customer identification and evaluation of credit proposals. Critical underwriting activities are automated. Comprehensive product program guidelines have been developed to suit various products requirements and appropriate delegation and deviation grids have been put in place. Each credit proposal is evaluated on various lending parameters both in qualitative and quantitative terms. Proper security, industry norms and ceilings have been prescribed to ensure diversifying risks and to avoid concentration risk. Cross references to credit bureau data are made to assess the credit behaviour of the prospective customers. In our commercial finance businesses, we provide various customized products to different segment of borrowers.

Management Discussion and Analysis

Borrowers are impacted by economic and market changes and government policies. Since most loans are secured against assets which are valued by independent agencies and loan to value ratio is restricted, chances of non recoverability in case of default are minimized. Company has put in place monitoring mechanisms commensurate with nature and volume of activities. Any early signal of default is addressed on priority to minimize/ prevent credit loss. Regular portfolio risk analysis is done extensively on various financial and policy parameters for making required changes in the credit policy as a proactive approach to risk management. The Indian financial services industry is highly competitive and the Company may compete directly with large public and private sector banks, which have larger retail customer bases, larger branch networks and greater access to capital than the Company. Large Indian banks have made significant investments in retail credit in recent periods and currently have a larger market share in the retail credit segment as compared to non-banking financial companies. If the Company is unable to compete with other retail lenders in the Indian banking sector, by reason of our lesser experience in retail lending or otherwise, its business, results of operations and financial condition could be affected to some extent.

With the experience and market knowledge the Company has gained over the years in the lending business and are well placed to be the preferred provider of asset based finance in coming years.

Liquidity and Interest Rate Risk

The Company is exposed to liquidity risk principally, as a result of lending and investment for periods which may differ from those of its funding sources. RCL's treasury team actively manages asset liability positions in accordance with the overall guidelines laid down by various regulators in the Asset Liability Management (ALM) framework. The Company may be impacted by volatility in interest rates in India which could cause its margins to decline and profitability to shrink. The success of the Company's business depends significantly on interest income from its operations. It is exposed to interest rate risk, both as a result of lending at fixed interest rates and for reset periods which may differ from those of its funding sources. Interest rates are highly sensitive to many factors beyond the Company's control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and, inflation. As a result, interest rates in India have historically experienced a relatively high degree of volatility.

The Company seeks to match its interest rate positions of assets and liabilities to minimize interest rate risk. However, there can be no assurance that significant interest rate movements will not have an adverse effect on its financial position.

With the growth of the Company's business, it will become increasingly reliant on funding from the debt capital markets and commercial borrowings. The market for such funds is competitive and the Company's ability to obtain funds at competitive rates will depend on various factors including its credit ratings. There can be no guarantee that the Company will be able to raise debt on competitive terms, in the required quantum and in a cost effective manner. Any failure to do so may adversely impact the Company's business, its future financial performance and the price of its shares. The Company is also hedged to some extent against this risk through the variable interest clause in its advances portfolio.

Human resource risk

The Company's success depends largely upon the quality and competence of its management team and key personnel. Attracting and retaining talented professionals is therefore

a key element of the Company's strategy and a significant source of competitive advantage. While the Company has a salary and incentive structure designed to encourage employee retention, a failure to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an impact on the Company's business, its future financial performance and the results of its operations.

Operational risk

The Company may encounter operational and control difficulties when commencing businesses in new markets. The rapid development and establishment of financial services businesses in new markets may raise unanticipated operational or control risks. Such risks could have a materially adverse effect on the Company's financial position and the results of its operations.

The operations of the company have been extensively automated which minimizes the operational risk arising out of human errors and omissions. A robust system of internal controls is practiced by RCL to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition and all its transactions are authorized, recorded and reported correctly. The Audit Committee of Board periodically reviews the adequacy of our internal controls. The Company has implemented SAP systems across functions. With this initiative, along with other key systems and checks and balances established, we believe that our overall control environment has been enhanced. The Company is relentlessly focused on quality parameters and has a dedicated quality team to proactively identify and address operational issues. The mandate of the quality team is also to work closely with various business teams to bring about operational efficiencies and effectiveness through Six Sigma initiatives. It is pertinent to note that Reliance Nippon Life Insurance, Reliance General Insurance, Reliance Nippon Life Asset Management, Reliance Securities, Reliance Commercial Finance and Reliance Home Finance have obtained an ISO 9001:2008 certification. They are among the few companies in their respective industries to be ISO certified.

Information security risk

RCL has robust Information Security Risk monitoring systems and tools to guard and protect sensitive customer data and guard against potential hackers and viruses. The Information Security team is governed by the Information Security Risk Management Committee. Robust governance, controls and sophisticated technology is adopted across lines of business to ward off cyber threats and protect information residing within the company.

Information Security has been brought under the Enterprise Risk Management Framework to enhance data protection and ward off cyber risks effectively, thereby making our overall Risk, Control & Governance framework more robust.

Regulatory risk

As an entity in the financial services sector, the Company is subject to regulations by Indian governmental authorities, including the Reserve Bank of India. Also, as the Company operates in various lines of businesses, it is governed by different Indian regulators across these businesses.

Their laws and regulations impose numerous requirements on the Company, including asset classifications and prescribed levels of capital adequacy, solvency requirements and liquid assets. There may be future changes in the regulatory system or in the enforcement of the laws and regulations that could adversely affect the Company's performance.

Macro-economic risk

Any slowdown in economic growth in India could cause the business of the Company to suffer. Any slowdown in the Indian

Reliance Capital Limited

Management Discussion and Analysis

economy, and in particular in the demand for housing and infrastructure, could adversely affect the Company's business. Similarly, any sustained volatility in global commodity prices, including a significant increase in the prices of oil and petroleum products, could once again spark off a new inflationary cycle, thereby curtailing the purchasing power of the consumers. RCL manages these risks by maintaining a conservative financial profile and following prudent business and risk management practices.

Internal Control

The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls, and compliance with applicable laws and regulations.

The organization is well structured and the policy guidelines are well documented with pre-defined authority. The Company has also implemented suitable controls to ensure that all resources are utilized optimally, financial transactions are reported with accuracy and there is strict adherence to applicable laws and regulations.

The Company has put in place adequate systems to ensure that assets are safeguarded against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported. The Company also has an exhaustive budgetary control system to monitor all expenditures against approved budgets on an ongoing basis.

The Company uses information technology extensively in its operations for ensuring effective controls besides economy. It also helps the Company in providing accurate MIS and prompt information / services to its customers and other stakeholders. The Company has implemented enhanced level of Information System Security controls with monitoring systems to address technology risks.

The Company has an independent internal audit function which continuously evaluates the adequacy of, and compliance with, policies, plans, regulatory and statutory requirements. Risk based approach is adopted while carrying out the audits. Internal audit also evaluates and suggests improvement in effectiveness of risk management, control and governance process. The Audit Committee of Board provides necessary oversight and directions to the internal audit function and periodically reviews the findings and ensures corrective measures are taken.

Opportunities

- Low retail penetration of financial services / products in India
- Extensive distribution reach and strong brand recognition
- Opening of financial sector in India along with introduction of innovative products
- Opportunity to cross sell services
- Increasing per-capita GDP
- Changing demographic profile of the country in favour of the young

Threats

- Inflationary pressures, slowdown in policy making and reduction in household savings in financial products
- Competition from local and multinational players
- Execution risk
- Regulatory changes
- Attraction and retention of human capital

Human Resources

Across all its business operations, Reliance Capital had a workforce of 15,595 people as on March 31, 2017. The business wise breakup of the workforce is given below:

Business Operation	Number of people
Reliance Capital (Core)	139
Commercial Finance	877
Home Finance	908
Asset Management	918
General Insurance	2,235
Life Insurance	9,080
Broking & Distribution	1,414
Other businesses	24

Total **15,595**

Our workforce is young, with an average age of 35 years, and highly qualified. 64 per cent of our workforce is under-graduates and/or graduates, while 17 per cent are post-graduates and another 19 per cent are management graduates and chartered accountants.

Corporate Social Responsibility

The Reliance Group strives to further its commitment to being an ideal Corporate citizen. The Kokilaben Dhirubhai Ambani Hospital continues to provide quality healthcare and contributes in a very significant manner towards supporting the poor and the needy, especially those below the poverty line. The Company initiated projects in the areas of promoting preventive healthcare, education and rural development in Maharashtra. Reliance Capital made a contribution of ₹ 26 crore in FY 2016-17, *inter-alia*, through a non-profit centre engaged in the provision of health care.

The Company, through non-profit centres, successfully undertook 'Mobile Health Unit' projects to serve tribal, rural and urban areas in partnership with Government. The Company participated in various projects towards medical help, provision of water in tribal areas, plantation of trees, etc. in association with the State Government in Rajasthan. Also, the Company contributed towards providing healthcare facilities to the public at large, mostly from rural areas and from economically weaker section of the society, in Madhya Pradesh. As part of Employee Volunteerism, blood donation campaigns were conducted during the year. In partnership with Reliance General Insurance, the employees visited children homes, donated stationary and conducted eye check-ups across 10 cities in India. Our Offices are being fitted out and maintained keeping in mind, the mission of energy conservation and environment protection. Through several initiatives, a consistent and ongoing endeavour is on to reduce the carbon footprint.

Outlook

The Indian Economy

After short-term negative impact from currency replacement, the Indian economy is expected to grow strongly in 2017-18 with support from consumption, public capex and exports. The government is also committed to maintaining fiscal discipline and continues with its efforts to revive private capex and productivity-enhancing policy reform process. Implementation of GST and clean-up of the banking sector NPA problem are likely to be the key areas of focus in 2017-18.

Management Discussion and Analysis

The Indian Meteorological Department (IMD) has once again forecast a normal monsoon in 2017, which is quite heartening. A normal monsoon should further aid the rural recovery process as well as keep a lid on volatile food prices. Despite supply cuts by the OPEC, crude oil is expected to remain range-bound due to high levels of global inventory as well as return of US shale supply, and help in keeping the CAD in check. Moreover, growth in emerging markets (EMs) is expected to rebound in 2017 while growth in Developed Markets (DMs) is expected to remain stable. India's exports to EM are a larger share (59 per cent) compared to exports to DMs, so such a mix of global growth bodes well for India's overall export trend in 2017.

The 2017 Budget has put fiscal prudence on the front foot with a 30 basis points reduction in the fiscal deficit to 3.2 per cent in 2017-18 versus 3.5 per cent in 2015-16. Going forward, the FRBM committee has suggested making debt/GDP ratio as the most important metric and wants it to be brought down to 60 per cent of GDP by 2023 (approx. 67 per cent now). Budgeted expenditure growth is skewed towards capital spending which is a positive. Inflation is unlikely to pose any significant risk in 2017-18 due to excess capacities, fiscal consolidation, forecast of a normal monsoon and benign crude oil prices.

The rupee has been one of the best performing Emerging Market currencies in 2016-17 due to a favourable growth-inflation mix, sufficient foreign exchange reserves, low inflation and CAD. This outperformance is likely to continue in 2017-18.

The Financial Sector

With rising attractiveness of Indian stock market led by improving macro outlook and positive policy news flow, domestic mutual funds pumped in another approx. US\$9 billion during 2016-17. Retail investors continued to increase exposure towards equity markets through the mutual fund route. Domestic mutual funds average AUM increased for fifth straight year to touch a high of approx. ` 18 lakh crores. Outlook for mutual fund industry in 2017-18 looks very encouraging on the back of subdued real estate market and low fixed deposit rates. Demonetisation, in particular, has changed the savings landscape of retail investors. Assets under management (AUMs) of mutual funds in India rose 35 per cent to ` 18.3 lakh crores in 2016-17, while it added 77 lakh investor accounts during 2016-17, taking the total number of folios to 5.54 crores.

India has been on a consistent path of macroeconomic development in the last few years, aided by positive reform measures. With global demand starting to turn supportive, India's growth is expected to strengthen further, driven by factors such as revival in rural and urban demand as well as export recovery. The negative drag from private capex is also likely to reduce as capacity utilization in the economy increases. Amongst EMs, India remains as the brightest spot and is expected to accelerate on the path of productive and sustainable growth.

Reliance Capital Limited

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- 1. Corporate Identity Number (CIN) of the Company** : L65910MH1986PLC165645
- 2. Name of the Company** : Reliance Capital Limited
- 3. Registered address** : H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710
- 4. Website** : www.reliancecapital.co.in
- 5. E-mail id** : rcl.investor@relianceada.com
- 6. Financial Year reported** : 2016-17
- 7. Sector(s) that the Company is engaged in (industrial activity code-wise)**

Reliance Capital, a part of the Reliance Group, is one of India's leading private sector financial services companies. It ranks amongst the top private sector financial services and banking groups, in terms of net worth. The Company is a constituent of CNX Midcap 50 and MSCI Global Small Cap Index.

Reliance Capital has interests in asset management and mutual funds; life & general insurance; commercial and home finance; stock broking; wealth management services; distribution of financial products; asset reconstruction; proprietary investments and other activities in financial services.

Services Code No.

5202

Description

Non-banking financial services

(As per notification no. 52/2/CAB-2012 issued by Ministry of Corporate Affairs)

8. List three key products / services that the Company manufactures / provides (as in balance sheet)

Asset Management, Commercial & Home Finance, Life and General Insurance, Securities Broking, Wealth Management Services and Distribution of Financial Products.

9. Total number of locations where business activity is undertaken by the Company

(a) Number of International Locations: Singapore and Mauritius.

(b) Number of National Locations: Reliance Capital conducts its operations through a network of over 6,000 physical touch points, including owned branches as well as franchisees.

10. Markets served by the Company

Reliance Capital serves the Indian markets, along with the international customers through its above mentioned international offices.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

- 1. Paid up Capital (INR)** : 253 crore
- 2. Total Turnover (INR)** : 17,640 crore
- 3. Total profit after taxes (INR)** : 1,086 crore
- 4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)** : 2%
- 5. List of activities in which expenditure in 4 above has been incurred:-**
 - Supporting Kokilaben Dhirubhai Ambani Hospital, which continues to provide quality healthcare, especially those below the poverty line.
 - The Company initiated projects in the areas of promoting preventive healthcare, education and rural development in Maharashtra through a non-profit centre engaged in the provision of health care.
 - Mobile Health Unit - As a part of our commitment to Do Good, we have made "Healthcare & Education" as our two focus areas for our CSR initiatives. With this aim, Reliance Nippon Life came up with an idea of Mobile Health Unit, inspired by the 'Car Angel' concept of Nippon Life. Our company has decided to contribute to Deepak Foundation and AmeriCares India Foundation to set up and operate two Mobile Health Units.
 - Supporting the "Room to Read" initiative and has aided libraries in Rajasthan, Maharashtra and Madhya Pradesh, benefitting over 1600 children.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company / Companies?

The Company has 23 subsidiary companies as on March 31, 2017.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

Yes, CSR activities are done at group level in which subsidiaries are part of it.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?

Reliance Capital encourages its associates and partners to participate in the BR initiatives of the Company. At present, less than 30% of the other entities participate in the BR initiatives of the Company.

Business Responsibility Report

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

a) Details of the Director responsible for implementation of the BR policy/policies

DIN Number	Name	Designation
00007256	Dr. Bidhubhusan Samal	Independent Director

b) Details of the BR head

No.	Particulars	Details
1.	DIN Number (if applicable)	07591624
2.	Name	Shri Jai Anmol Ambani
3.	Designation	Executive Director
4.	Telephone number	+91 22 3303 1000
5.	e-mail id	rcl.investor@relianceada.com

2. Principle-wise (as per NVGs) BR Policy/policies

- P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3 Businesses should promote the wellbeing of all employees.
- P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5 Businesses should respect and promote human rights.
- P6 Business should respect, protect, and make efforts to restore the environment.
- P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 Businesses should support inclusive growth and equitable development.
- P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Y	-	Y	-	Y	Y	-	-	-
4	Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Yes								
6	Indicate the link for the policy to be viewed online?	Code of conduct is available on the Company's website - www.reliancecapital.co.in								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes								
8	Does the company have in-house structure to implement the policy/policies.	Yes								
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes								

Reliance Capital Limited

Business Responsibility Report

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The company has not understood the Principles									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company: Within 3 months, 3-6 months, Annually, More than 1 year

The Executive Director of the Company periodically reviews the BR performance of the Company.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes, BRR is provided on the website of the Company (www.reliancecapital.co.in)

SECTION E - Principle-wise performance

Principle 1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Company considers Corporate Governance as an integral part of good management. The Company's policy relating to ethics, bribery and corruption is covered under Reliance Group Companies Code of Ethics and Business Policies, which are applicable to all personnel of the Company as well as to the (i) Consultants, (ii) Representatives, (iii) Suppliers, (iv) Contractors and (v) Agents dealing with the Company.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

Stakeholder Complaints			
Complaints	No. of complaints received	No. of complaints resolved	% of complaints resolved
Shareholders Complaints	50	50	100

Principle 2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The following products / services have been designed to incorporate social concerns as well as benefit from the available opportunities:

- Reliance General Insurance: Rashtriya Swasthya Bima Yojna / Pradhan Mantri Fasal Bima Yojana/ Janta Personal Accident/ Pradhan Mantri Suraksha Bima Yojana
- Reliance Commercial Finance Ltd: Financing to projects relating to Renewable Energy
- Reliance Nippon Life Asset Management: Instant Redemption, e-KYC

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

With regard to the businesses of Reliance Capital, the question is not applicable to the Company.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

'Outsourcing Policy' entails the processes and procedures for outsourcing agreements. Periodic performance evaluations of these outsourced vendors are done by the management.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

With regard to the businesses of Reliance Capital, the question is not applicable to the Company.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

With regard to the businesses of Reliance Capital, the question is not applicable to the Company.

Business Responsibility Report

Principle 3 Businesses should promote the wellbeing of all employees.

1. Please indicate the Total number of employees.

The total numbers of employees in the group were 15,595 on rolls as on March 31, 2017.

2. Please indicate the Total number of employees hired on temporary / contractual / casual basis.

There are approximately 6,745 employees.

3. Please indicate the Number of permanent women employees.

There are 1,986 women employees.

4. Please indicate the Number of permanent employees with disabilities.

There are 12 employees with disabilities.

5. Do you have an employee association that is recognized by management?

No.

6. What percentage of your permanent employees is members of this recognized employee association?

Not Applicable.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour / forced labour / involuntary labour	The Company does not hire Child labour, forced labour or involuntary labour. No Complaint.	Not Applicable
2	Sexual harassment	No case reported	Not Applicable
3	Discriminatory employment	There is no discrimination in the recruitment process of the Company.	Not Applicable

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Permanent Employees	73%
Permanent Women Employees	75%
Casual/Temporary/Contractual Employees	60%
Employees with Disabilities	60%

Principle 4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the company mapped its internal and external stakeholders?

Yes.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders.

- Contribution to Kokilaben Dhirubhai Ambani Hospital for Integrated Centre for children's cardiac care. Also, contributed to the Mandke Foundation which has helped families in getting financial aid to fund expensive cardiac surgeries for children through this more than 80 underprivileged children
- In the weeks following demonetization, while people were queuing outside banks and ATMs, we helped them with their withdrawal and deposit, forms and refreshments to ease the transaction and discomfort
- During the floods at Allahabad, the Face-to-Face channel at RNLI distributed food and milk packets to the people in the affected areas
- Tie-up with MediAssist for free Health Check up for employees and spouses
- Health camps and blood donation camps at zonal offices
- Mobile Health Units at Mumbai & Ahmedabad in collaboration with Deepak Foundation & AmeriCares India Foundation to set up & operate our two Mobile Health Units. The mobile units are useful in providing health care service in remote and underprivileged areas of Maharashtra
- Regular sessions by lady doctors for our female employees based at zones, for personal care and hygiene
- Supported "Room to Read" and has aided school libraries in Rajasthan, Maharashtra, Andhra Pradesh and Madhya Pradesh
- Employees supported the initiatives of "Give India"
- Reliance Commercial Finance has been continuously imparting knowledge and good business practices among SMEs by way of simple and regional videos on social media, knowledge forums in partnership with industry associations and media

Reliance Capital Limited

Business Responsibility Report

houses like Zee Media and widening its reach by way of TV channel. They have also conceptualised a "first-of-its-kind" TV programme called "Kissey Kamyabi Ke" on Zee News and Zee Business channels, showcasing the case studies of successful entrepreneurs thereby creating a knowledge platform for budding entrepreneurs. They have also created a blog on their website, which constantly addresses relevant issues

- Financial Literacy Programme for Women Borrowers

Principle 5 Businesses should respect and promote human rights.

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Most of the aspects of human policy are covered in our Reliance Group Companies Code of Ethics and Business Policies. We respect human rights. All the labour related laws are based on human rights principle, which we follow consistently. We provide equal opportunity to all the sections of the society without any discrimination. We have formulated the Ombudsman Policy of the Company on human rights.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Please refer our response to Principle No.1.

Principle 6 Businesses should respect, protect and make efforts to restore the environment.

1. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.

Our companies in the group are committed to achieve the global standards of health, safety and environment. We believe in sharing process and product innovations within the group and extending its benefits to the Industry. We believe in safeguarding environment for long term. Reliance Group Companies Code of Ethics and Business Policies is applicable to all personnel of the Company as well as to the Consultants, Representatives, Suppliers, Contractors and Agents dealing with the Company.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Not Applicable.

3. Does the company identify and assess potential environmental risks?

Not Applicable.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Not Applicable.

5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc.

Yes.

It has deployed a technology called Virtual desktop infrastructure (VDI) which uses less power compared to a desktop. Also, offices are being fitted out and maintained keeping in mind, the mission of energy conservation and environment protection. Through several initiatives, a consistent and ongoing endeavour is undertaken to reduce the overall carbon footprint.

In order to reduce the usage of paper, the Company employed ways such as converting physical contract notes to e-format. Physical copies are provided only on request, which was very rare.

We have started using LED light wherever we are setting up new branches / relocating existing for conservation of energy.

6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?

Not Applicable

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as at end of Financial Year.

Not received any notice from CPCB / SPCB.

Principle 7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Yes, we are the members of the relevant trade & chamber or such similar associations. The major associations are as follows:

- Gems & Jewellery Trade Council of India
- Association of Mutual Fund Industry (AMFI)
- Association of Insurance Claims Management
- All India Gems and Jewellery Trade Federation
- The Bombay Bullion Association Limited
- Life Insurance Council
- General Insurance Council

Business Responsibility Report

- h. Credit Information Bureau India Limited
- i. Fixed Income Money Market & Derivatives Association of India
- j. Insurance Regulatory and Development Authority of India
- k. Japan Chamber of Commerce and Industry in India
- l. Association of NSE Members of India
- m. BSE Brokers Forum of India
- n. Depository Participants Association of India
- o. ASSOCHAM India
- p. Federation of Indian Chambers of Commerce and Industry
- q. Finance Industry Development Council

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good?

Yes. The Company has undertaken several initiatives to impart investor education to its stakeholders in the Life Insurance and Asset Management businesses, in line with the IRDAI and AMFI guidelines, respectively. Also, the Company has advocated with the above mentioned associations for governance, administration, economic and educational reforms.

Principle 8 Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company supports inclusive growth and equitable development through various training and development programmes for its employees as well as its key stakeholders.

- Mobile Health Unit – As a part of our commitment to Do Good, we have made "Healthcare & Education" as our two focus areas for our CSR initiatives. With this aim, Reliance Nippon Life came up with an idea of Mobile Health Unit, inspired by the 'Car Angel' concept of Nippon Life. Our company has decided to contribute to Deepak Foundation and AmeriCares India Foundation to set up and operate two Mobile Health Units. The two vans were inaugurated by Mrs. Tina Ambani and Mr. Tsutsui in June 2016. The mobile units are useful in providing health care service in remote and underprivileged areas of Maharashtra
- Tied up with Medi Assist for free Health Check up for employees who belong to the age group of 40 years and above
- Partnered with 'Room to Read' since the Year 2011. 'Room to Read' is a global organisation working towards alleviating the standard of education amongst children. 'Room to Read' works towards transforming lives of millions of children in Asia and Africa. Their focus is on literacy and gender equality in education. Since 2011, we have been meticulously working for this cause of supporting children's education through development of school libraries, book publishing, girls' education, giving reading & writing instructions. We are committed to help Room to Read with money and guidance for their activities in India. So far, we have contributed to the activities of Room to Read in the following manner:
 - Contributes in development of rural areas and neighbouring communities around the schools
 - Periodic visits to the nearby school to engage with students through book reading, storytelling etc.
- Donate Blood – Gift Life! (Blood Donation Drive): Our blood donation drive was partnered by Kokilaben Dhirubhai Ambani Hospital in which our employees participated and donated over 100 units of blood
- Our employees have supported the initiatives of "Give India" through their Payroll Giving program
- Mission Education Programme with Smiles Foundation: With Smiles Foundation, we are working towards the development and welfare – supporting education and nutrition needs of 300 under-privileged children for a year, as part of the "Mission Education Programme". We are supporting 3 centers across locations Delhi, Mumbai & Chennai. As part of this programme, besides supporting the education and nutrition of 300 kids, as an organization, we have also entered into an agreement with Smile Foundation to conduct 6 activities in a year where our employees would personally engage into activities with these centers, thereby building more connect with the kids supported
- We launched the "With You" campaign during Diwali. As part of the campaign, employee kids were invited to participate in different activities. At the same time, we also invited kids from our partner NGO – Smile Foundation – to take part in the activities (such as pot painting, dancing, singing, drawing) along with other employee kids. The attempt was to provide an inclusive atmosphere where these kids from the underprivileged strata of the society, got an equal opportunity to showcase their talent. Desktop calendars distributed to employees during the New Year. The calendars were made up by employee kids and kids from Smile Foundation, supported by the organization
- Fund Raising for 'Bhumi' as part of India Smile Challenge program: Bhumi is an NGO into volunteering initiatives for causes at grassroots level. As part of inter-corporate India Smile Challenge (which is run on the Give India platform), employees were encouraged to donate to Bhumi. We chose the cause of promoting education for the under-privileged kids under 'Bhumi'. We raised a pledge for raising Rs. 3 lakhs through this pan India campaign. 'Bhumi' would also be actively engaging with our employees on employee volunteering initiatives across 12 locations. We were among the top 3 organizations in the category for raising maximum funds through maximum donors
- Payroll Giving program: 200 employees have enrolled under the Payroll Giving program run by Give India, where a certain amount of money is deducted from their salary every month and directed towards the NGO & the cause chosen by the employee

Business Responsibility Report

- Tree Gifting: We partnered with an institution called Grow Trees which plants trees at various locations. For gifting employees who complete 1 year in the organization, we gift them a tree in their name which is planted by Grow Trees and a customized certificate is provided to the employee
- Inclusive' Greeting Cards: Anniversary greeting cards made by Indian Mouth and Foot Painting Artists (IMFPA), to help them meet their financial needs. IMFPA is an international, for-profit association wholly owned and run by disabled artists who paint with brushes held in their mouth or feet (as a result of a disability sustained at birth or through an accident or illness that prohibits them from using their hands)
- Towards the cause of Education for Orphan children associated with Heal, we donated Rs. 2 lakhs towards supporting the cause of one year expenses towards education, food and shelter for 10 orphan children, supported by Heal – a Hyderabad based NGO working on this cause
- Support towards Education of Tribal Children under Kohka Foundation: In our endeavour to continuously impact the society positively, we donated an amount of Rs. 2 lakhs towards supporting the cause of procuring laptops for the education of tribal under-privileged children at Pench, Madhya Pradesh. The funds were raised in favor of Kohka Foundation, which is working on this cause

2. Are the programmes / projects undertaken through in-house team/own foundation / external NGO / government structures/ any other organization?

Driven by our belief that the whole is greater than the sum of its parts, all our CSR activities across the group are aligned under one umbrella: the Group CSR forum which is the helm for strategy, planning and integration of functional learning. The forum facilitates cross-functional, cross-geographical learning and brings in operational and methodological efficiency at every level within the CSR ambit across the Group companies.

The programmes were undertaken both, through in-house teams as well as in co-ordination with external NGOs.

3. Have you done any impact assessment of your initiative?

On a periodic basis, we measure the direction of our initiatives and their impact. The assessment helps in focusing our efforts and achieving better results.

4. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Reliance Capital, through its various social programmes and financial inclusion initiatives, is expanding its coverage to rural and semi-urban markets and providing access to financial services to customers in those markets. The products and services have made a positive impact on its targeted clientele.

Principle 9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.

With regards to our large customer base and business reach, the percentage of pending complaints is very miniscule.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

Yes. The Company complies with disclosure requirements relating to its products and services.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

In the ordinary course of services' businesses, customers and borrowers may have disputes with the Company regarding deficiency in services or product performance, which could result in a civil suit, or a consumer complaint. Most of our businesses are linked to the capital markets and thus, prone to short-term fluctuations. The Company, regularly, engages with its customers to appropriately address their concerns; however, in some cases, legal resolutions may also be pursued.

4. Did your company carry out any consumer survey / consumer satisfaction trends?

Indian Market Research Bureau (IMRB) has conducted surveys, focusing on customer satisfaction, across our businesses.

Corporate Governance Report

Corporate governance philosophy

Reliance Capital follows the highest standards of corporate governance principles and best practices by adopting the "Reliance Group – Corporate Governance Policies and Code of Conduct" as is the norm for all constituent companies in the group. These policies prescribe a set of systems and processes guided by the core principles of transparency, disclosure, accountability, compliances, ethical conduct and the commitment to promote the interests of all stakeholders. The policies and the code are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of our stakeholders.

Governance practices and policies

The Company has formulated a number of policies and introduced several governance practices to comply with the applicable statutory and regulatory requirements, with most of them introduced long before they were made mandatory.

A. Values and commitments

We have set out and adopted a policy document on 'Values and Commitments' of Reliance Capital. We believe that any business conduct can be ethical only when it rests on the nine core values viz. honesty, integrity, respect, fairness, purposefulness, trust, responsibility, citizenship and caring.

B. Code of ethics

Our policy document on 'Code of Ethics' demands that our employees conduct the business with impeccable integrity and by excluding any consideration of personal profit or advantage.

C. Business policies

Our 'Business Policies' cover a comprehensive range of issues such as fair market practices, inside information, financial records and accounting integrity, external communication, work ethics, personal conduct, policy on prevention of sexual harassment, health, safety, environment and quality.

D. Separation of the board's supervisory role from executive management

In line with best global practices, we have adopted the policy of separating the Board's supervisory role from the executive management. We have also split the posts of the Chairman and CEO. Whole Time Director is designated to also perform functions of CEO.

E. Prohibition of insider trading policy

This document contains the policy on prohibiting trading in the securities of the Company, based on insider or privileged information.

F. Policy on prevention of sexual harassment

Our policy on prevention of sexual harassment aims at promoting a productive work environment and protects individual rights against sexual harassment.

G. Whistle blower policy

Our Whistle blower policy encourages disclosure in good faith of any wrongful conduct on a matter of general concern and protects the whistle blower from any adverse personnel action.

It is affirmed that no personnel has been denied access to the Audit Committee.

H. Environment policy

The Company is committed to achieving excellence in environmental performance, preservation and promotion of clean environment. These are the fundamental concern in all our business activities.

I. Risk management

Our risk management procedures ensure that the management controls various business related risks through means of a properly defined framework.

J. Boardroom practices

a. Chairman

In line with the highest global standards of corporate governance, the Board has separated the Chairman's role from that of an executive in managing day-to-day business affairs.

b. Board charter

The Board of Directors has adopted a comprehensive charter, which sets out clear and transparent guidelines on matters relating to the composition of the Board, the scope and function of various Board Committees, etc.

c. Board committees

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Board constituted Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. The Board rotates the Chairman of these Committees.

d. Selection of independent directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, *inter-alia*, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons. The Board considers the Committee's recommendation, and takes appropriate decision.

Every Independent Director, at the first meeting of the Board in which she / he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that she / he meets the criteria of independence as provided under law.

e. Tenure of independent directors

Tenure of independent directors on the Board of the Company shall not exceed the time period as per provisions of the Companies Act, 2013, amended from time to time.

f. Independent director's interaction with stakeholders

Member(s) of the Stakeholders Relationship Committee interact with stakeholders on their suggestions and queries, if any, which are forwarded to the Company Secretary.

g. Lead independent director

Recognising the need for a representative and spokesperson for the independent directors, the Board designated Shri V. N. Kaul, an independent director as the Lead Independent Director.

h. Familiarisation of board members

The Board members are periodically given formal orientation and training with respect to the Company's vision, strategic direction, core values including ethics, corporate governance practices, financial matters and business operations. The Directors are facilitated to get familiar with the Company's functions at the operational levels. Periodic presentations are made at the Board and Committee Meetings, on business and

Corporate Governance Report

performance updates of the Company, global business environment, business strategy and risks involved. The Board members are also provided with the necessary documents / brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

Periodic updates and training programs for Board members are also conducted on relevant statutory changes and landmark judicial pronouncements encompassing important laws.

The details of programme for familiarisation of independent directors is put on the website of the Company at the link http://www.reliancecapital.co.in/cg_policies.html.

i. Meeting of independent directors with operating team

The independent directors of the Company meet in executive sessions with the various operating teams as and when they deem necessary. These discussions may include topics such as operating policies and procedures, risk management strategies, measures to improve efficiencies, performance and compensation, strategic issues for Board consideration, flow of information to directors, management progression and succession and others, as the independent directors may determine. During these executive sessions, the independent directors have access to members of management and other advisors, as the independent directors may determine and deem fit.

j. Subsidiaries

All the subsidiaries of the Company are managed by their respective boards. Their boards have the rights and obligations to manage their companies in the best interest of their stakeholders. The Company monitors performance of subsidiary companies.

k. Commitment of directors

The meeting dates for the entire financial year are scheduled in the beginning of the year and an annual calendar of meetings of the Board and its Committees is circulated to the directors. This enables the directors to plan their commitments and facilitates attendance at the meetings of the Board and its Committees.

K. Role of the Company Secretary in Governance Process

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible, to assist and advise the Board in the conduct of affairs of the Company, to ensure compliance with applicable statutory requirements and Secretarial Standards, to provide guidance to directors and to facilitate convening of meetings. He interfaces between the management and regulatory authorities for governance matters. All the directors of the Company have access to the advice and services of the Company Secretary.

L. Independent Statutory Auditors

The Company's accounts are audited by a panel of two leading independent audit firms namely:

1. M/s. Pathak H.D. & Associates, Chartered Accountants
2. M/s. B S R & Co. LLP, Chartered Accountants

M. Compliance with the code and rules of Luxembourg Stock Exchange

The Global Depository Receipts (GDRs) issued by the Company are listed on the Luxembourg Stock Exchange (LSE). The Company has reviewed the code on corporate

governance of LSE and the Company's corporate governance practices conform to these codes and rules.

N. Compliance with the Listing Regulations

The Company is fully compliant with the mandatory requirements of Listing Regulations.

We present our report on compliance of governance conditions specified in the Listing Regulations:

I. Board of Directors

1. Board composition - Board strength and representation

The Board consists of seven members. The composition and category of directors on the Board of the Company were as under:

Category	Name of directors and DIN
Promoter, non-executive and non-independent Director	Shri Anil D. Ambani, Chairman (DIN:00004878)
Non-executive and non-independent Directors	Shri Amitabh Jhunjhunwala, Vice Chairman (DIN:00045174)
Independent Directors	Shri Rajendra P. Chitale (DIN:00015986) Dr. Bidhubhusan Samal (DIN:00007256) Shri V. N. Kaul (DIN:03070263) Smt. Chhaya Virani (DIN:06953556)
Executive Director	Shri Jai Anmol Ambani (DIN:07591624)

Notes:

- a. Shri Jai Anmol Ambani was appointed as an Additional Director on August 23, 2016 and as an Executive Director at the 30th Annual General Meeting held on September 27, 2016.
- b. Shri Soumen Ghosh ceased to be Executive Director & Group CEO with effect from March 31, 2017.
- c. Shri Jai Anmol Ambani is the son of Shri Anil D. Ambani. None of the other directors are related to any other director.
- d. None of the directors has any business relationship with the Company.
- e. None of the directors has received any loans and advances from the Company during the year.

All the independent directors of the Company furnish a declaration at the time of their appointment as also annually that they qualify the conditions of their being independent. All such declarations are placed before the Board.

Shri Atul Tandon was appointed as the Company Secretary & Compliance Officer of the Company in terms of the provisions of the Companies Act, 2013 with effect from February 10, 2017. Shri V. R. Mohan upon superannuation relinquished the office of President & Company Secretary of the Company with effect from March 31, 2017.

2. Conduct of Board proceedings

The day-to-day business is conducted by the executives and the business heads of the Company under the direction of the Board. The Board holds minimum four meetings every year to review and discuss the performance of the Company,

Corporate Governance Report

its future plans, strategies and other pertinent issues relating to the Company.

The Board performs the following specific functions in addition to overseeing the business and the management:

- a. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.
- b. Monitoring the effectiveness of the Company's governance practices and making changes as needed.
- c. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- d. Aligning key executive and board remuneration with the longer term interests of the Company and its shareholders.
- e. Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.
- f. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.

5. Attendance of directors

Attendance of the Directors at the Board meetings held during the financial year 2016 – 2017 and the last Annual General Meeting (AGM) held on September 27, 2016 and the details of directorships (calculated as per provisions of Section 165 of the Companies Act, 2013), Committee Chairmanships and Committee Memberships held by the directors as on March 31, 2017 were as under:

Name of Director	Number of Board meetings attended out of Seven meetings held	Attendance at the last AGM held on September 27, 2016	Number of directorship (including RCL)	Committee(s) Chairmanship / Membership (including RCL)	
				Membership	Chairmanship
Shri Anil D. Ambani	6	Present	14	1	-
Shri Amitabh Jhunjhunwala	6	Present	3	2	-
Shri Rajendra P. Chitale	5	Present	11	10	5
Dr. Bidhubhusan Samal	7	Present	10	7	3
Shri V. N. Kaul	7	Present	1	1	-
Smt. Chhaya Virani	7	Present	4	5	-
Shri Jai Anmol Ambani*	3	Present	1	-	-
Shri Soumen Ghosh**	7	Present	-	-	-

* Shri Jai Anmol Ambani was appointed as Executive Director with effect from September 27, 2016.

** Shri Soumen Ghosh ceased to be Executive Director & Group CEO with effect from March 31, 2017.

Notes:

- a. None of the directors hold directorships in more than 20 companies of which directorship in public companies does not exceed 10 in line with the provisions of Section 165 of the Companies Act, 2013.
- b. None of the directors hold membership of more than 10 committees of board, nor, is a chairman of more than 5 committees across board of all listed entities.
- c. None of the Independent Director holds the position of the Independent Director in more than seven listed companies as required under the Listing Regulations.
- d. The information provided above pertains to the following committees in accordance with the provisions of Regulation 26(1) (b) of the Listing Regulations: (i) Audit Committee (ii) Stakeholders Relationship Committee.
- e. The Committee membership and chairmanship above excludes membership and chairmanship in private companies, foreign companies and Section 8 companies.
- f. Membership of committees include chairmanship, if any.

The Company's Independent Directors meet at least once in every Financial Year without the attendance of Non-Independent Directors and Management Personnel. One meeting of the Independent Directors was held during the year.

6. Details of directors

The abbreviated resumes of all the directors are furnished hereunder:

Shri Anil D. Ambani, 58 years, B.Sc. Hons. and MBA from the Wharton School of the University of Pennsylvania, is the Chairman of our Company, Reliance Communications Limited, Reliance Infrastructure Limited, Reliance Power Limited and Reliance Defence and Engineering Limited.

As on March 31, 2017, Shri Anil D. Ambani held 2,73,891 equity shares in the Company.

Shri Amitabh Jhunjhunwala, 61 years, is a Fellow Chartered Accountant. He has had a wide exposure in developing, strategising and overseeing businesses in financial services, power, telecommunication and entertainment sectors. Currently, he oversees and leads businesses in financial services and entertainment sectors of the Reliance Group. He has experience in the areas of finance, commercial, banking, accounts and general management. He is Vice Chairman of Reliance Capital Limited and also a director on the board of Reliance Anil Dhirubhai Ambani Group Limited. Shri Amitabh Jhunjhunwala is a member of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee of the Company. He does not hold any share in the Company as of March 31, 2017.

Shri Rajendra P. Chitale, 56 years, a law graduate and an eminent Chartered Accountant, is a Managing Partner of Chitale & Associates (one of India's leading boutique structuring and tax advisory firm) and M. P. Chitale & Co. (one of the India's leading accounting and consulting firms). He has served as a member of the Insurance Advisory Committee of the Insurance Regulatory and Development Authority of India (IRDA), the Working Group on Insurance, Pensions, Small Savings, etc., Financial Sector Legislative Reforms Commission, Government of India, the Takeover Panel of the Securities & Exchange Board of India, Investor Education & Protection Fund Committee, Government of India, the Advisory Committee on Regulations of the Competition Commission of India and the Maharashtra Board for Restructuring of State Enterprises, Government of Maharashtra. He has served as a director on the boards of Life Insurance Corporation of India, Unit Trust of India, Small Industries Development Bank of India, National Stock Exchange of India Limited, Asset Reconstruction Company (India) Limited, SBI Capital Markets Limited and National Securities Clearing Corporation Limited. He currently serves as a director on the boards of several large companies including Hinduja Ventures Limited, Ambuja Cements Limited, Hinduja Global Solutions Limited, The Clearing Corporation of India Limited, JM Financial Asset Management Limited, Reliance Nippon Life Insurance Company Limited, Reliance General Insurance Company Limited and Reliance Defence and Engineering Limited.

Shri Rajendra P. Chitale is the Chairman of Audit Committee and Nomination and Remuneration Committee of the Company. He is the Chairman of Audit Committee of Ambuja Cements Limited, The Clearing Corporation of India Limited and Reliance Defence and Engineering Limited and a member of Audit Committee of Hinduja Ventures Limited, Hinduja Global Solutions Limited, Reliance General Insurance Company Limited, Reliance Nippon Life Insurance Company Limited and J M Financial Asset Management Limited. He is the Chairman of Stakeholders Relationship Committee of Ambuja Cements Limited. He does not hold any share in the Company as of March 31, 2017.

Dr. Bidhubhusan Samal, 74 years, Master in Agriculture (Gold Medalist) and doctorate in Economics from Kalyani University, West Bengal. He is also a Post Graduate Diploma holder in Bank Management from the National Institute of Bank Management, Pune. He has more than 30 years of work experience in the field of Banking, Securities Markets and Industrial Finance. He has served as Chairman and Managing Director of Allahabad Bank, Chairman and Managing Director of Industrial Investment Bank of India and as Member of the Securities Appellate Tribunal.

He is a director on the board of Mayfair Hotels and Resorts Limited, Industrial Investment Trust Limited, IITL Projects Limited, Vipul Limited, World Resorts Limited, T K International Limited and Future Generali India Life Insurance Company Limited. He is the Chairman of Stakeholders Relationship Committee and Corporate Social Responsibility Committee and a member of Audit Committee and Nomination and Remuneration Committee of the Company. He is the Chairman of Audit Committee of T K International Limited and Mayfair Hotels and Resorts Limited and a member of Audit Committee of Vipul Limited and IITL Projects Limited. He is also a member of Stakeholders Relationship Committee of Industrial Investment Trust Limited. He does not hold any share in the Company as of March 31, 2017.

Shri V. N. Kaul, 74 years, is a former Comptroller and Auditor General of India (C&AG) who was awarded Padma Bhushan in 2014. He has been Vice Chairman of the United Nations Independent Audit Advisory Committee, New York, from 2008 to 2011. Prior to his appointment as C&AG, Shri Kaul held senior positions in Government and in the United Nations. In Government he was, *inter-alia*, Secretary to the Government of India in the Ministries of Petroleum and Natural Gas, Chemicals and Fertilizers and Coal. Earlier he served as Principal Secretary, Finance and Secretary, Commerce and Industry in Madhya Pradesh. He has served as a director in many private and public sector companies and he has been on the Governing Boards of International Bodies. From 1991 to 1998 he was seconded to the United Nations - ESCAP, Bangkok as Advisor, Trade Policy and Negotiations for Asia - Pacific Region.

Shri Kaul holds a Masters degree from the University of Delhi and later he was on a Colombo Plan fellowship at the University of Manchester, U.K. He is currently a member of the Eminent Persons Advisory Group (EPAG), constituted by the Competition Commission of India, to give broad inputs and advice on larger issues impacting markets and competition. He is also a member of the Oversight Committee constituted to advise and oversee the process of monetization of immovable property of Air India. Shri V. N. Kaul is the Chairman of Risk Management Committee and a member of Audit Committee and Corporate Social Responsibility Committee of the Company. He does not hold any share in the Company as of March 31, 2017.

Smt. Chhaya Virani, 63 years, graduated from Mumbai University with a bachelors' degree in Arts. She also acquired a bachelors' degree in legislative laws from the Government Law College in 1976. She is a partner in M/s. ALMT Legal Advocates and Solicitors. She is a member of Audit Committee, Stakeholders Relationship Committee and Risk Management Committee of the Company. She is a Director on the board of Reliance Infratel Limited, Reliance General Insurance Company Limited and Reliance Capital Pension Fund Limited. She is the member of Audit Committee of Reliance Infratel Limited, Reliance General Insurance Company Limited and Reliance Capital Pension Fund Limited. She is a member of audit committee of Reliance Infratel Limited, Reliance

Corporate Governance Report

General Insurance Company Limited and Reliance Capital Pension Fund Limited. She does not hold any share in the Company as of March 31, 2017.

Shri Jai Anmol Ambani, 25 years, studied in Cathedral and John Connon School, Mumbai, till Xth (2007) and thereafter completed his schooling from Seven Oaks School, United Kingdom, in 2009.

Shri Anmol completed his undergraduate studies – BSC in Management – from Warwick Business School, UK. He has 3 years of experience in financial services.

As on March 31, 2017, Shri Anmol held 83,487 equity shares in the Company.

7. Insurance coverage

The Company has obtained Directors' and Officers' liability insurance coverage in respect of any legal action that might be initiated against directors / officers of the Company and its subsidiary companies.

II. Audit Committee

In terms of Section 177 of the Companies Act, 2013 and the Listing Regulations, the Company has an Audit Committee. The Committee presently comprises of four independent non-executive directors and one non-independent non-executive director of the Company viz. Shri Rajendra P. Chitale as Chairman, Dr. Bidhubhusan Samal, Shri V. N. Kaul, Smt. Chhaya Virani and Shri Amitabh Jhunjhunwala as Members. All the members of the Committee possess financial / accounting expertise / exposure.

The Audit Committee, *inter-alia*, advises the management on the areas where systems, processes, measures for controlling and monitoring revenue assurance, internal audit and risk management can be improved.

The minutes of the meetings of the Audit Committee are placed before the Board.

Pursuant to the Companies Act, 2013, the Board has approved the terms of reference of the Audit Committee as under:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings

- e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 8. Subject to and conditional upon the approval of the Board of Directors, approval of Related Party Transactions (RPTs) or subsequent modifications thereto. Such approval can be in the form of omnibus approval of RPT subject to conditions not inconsistent with the conditions specified in Regulation 23(2) and Regulation 23(3) of the Listing Regulations. Such approval shall not be required for transactions with a wholly owned subsidiary whose accounts are consolidated with the Company;
 9. Subject to review by the Board of Directors, review on quarterly basis, of RPTs entered into by the Company pursuant to each omnibus approval given pursuant to (8) above;
 10. Scrutiny of inter-corporate loans and investments;
 11. Valuation of undertakings or assets of the company, wherever it is necessary;
 12. Review the Company's established system and processes of internal financial controls and risk management systems;
 13. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 15. Discussion with internal auditors of any significant findings and follow up there on;
 16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

Corporate Governance Report

19. To review the functioning of the Whistle Blower mechanism;
20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and
21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i): The term "related party transactions" shall have the same meaning as provided in Regulation 23 of the Listing Regulations.

The audit committee is also authorised to:

1. Investigate any activity within its terms of reference.
2. Seek any information from any employee.
3. Obtain outside legal or other professional advice.
4. Secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Call for comments from the auditors about internal controls systems and the scope of audit, including the observations of the auditors;
6. Review financial statements before submission to the Board; and
7. Discuss any related issues with the internal and statutory auditors and the management of the Company.

Attendance at the meetings of the Audit Committee held during 2016-2017

The Audit Committee held its meetings on April 25, 2016, May 6, 2016, August 13, 2016, October 24, 2016, October 28, 2016 and February 9, 2017. The maximum and minimum time gap between any two meetings, during the year under review was 103 days and 3 days, respectively.

Members	Number of Meetings	
	held during the tenure	attended
Shri Rajendra P. Chitale	6	5
Shri Amitabh Jhunjhunwala	6	5
Dr. Bidhubhusan Samal	6	6
Shri V. N. Kaul	6	6
Smt. Chhaya Virani	6	6
Shri Soumen Ghosh*	6	6

*ceased to be a member with effect from March 31, 2017.

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

The Audit Committee considered all the points in terms of its reference at periodic intervals.

The Company Secretary acts as the Secretary to the Audit Committee.

During the year, the Committee discussed with the Company's auditors the overall scope and plans for the independent audit.

The Management represented to the Committee that the Company's financial statement were prepared in accordance with prevailing laws and regulations.

The Committee discussed the Company's audited financial statement, the rationality of significant judgments and the clarity of disclosures in the financial statement. Based on the review and discussions conducted with the Management and the auditors, the Audit Committee believes that the Company's financial statement are fairly presented in conformity with prevailing laws and regulations in all material aspects.

The Committee has also reviewed the internal controls put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with the prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control systems of the Company. The Committee also reviewed the financial policies of the Company and expressed its satisfaction with the same. The Committee, after review expressed its satisfaction on the independence of both the Internal and the Statutory Auditors.

III. Nomination and Remuneration Committee

In terms of Section 178 of the Companies Act, 2013 and Listing Regulations, the Company has a Nomination and Remuneration Committee comprising of three directors, viz. Shri Rajendra P. Chitale as Chairman, Shri Amitabh Jhunjhunwala and Dr. Bidhubhusan Samal as Members.

The Managerial Remuneration Policy has been provided as an Annexure to the Director's Report.

The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

Pursuant to the provisions of the Companies Act, 2013, Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014, Listing Regulations and RBI Guidelines on corporate governance for NBFCs, the terms of reference of the Committee, *inter-alia*, include the following:

1. process for selection and appointment of new directors and succession plans.
2. recommend to the Board from time to time, a compensation structure for directors and the senior management personnel.
3. to identify persons who are qualified to be appointed in Senior Management in accordance with the criteria laid down and to recommend their appointment and/or removal to the Board.
4. to formulate the criteria for evaluation of Independent Directors and the Board and the committees thereof.
5. to carry out evaluation of every director's performance.
6. to devise a policy on board diversity.
7. to perform functions relating to all share based employees benefits.

The Members at the 29th Annual General Meeting held on September 30, 2015, had approved payment of commission upto 3 per cent of the net profits of the Company for a period of 5 (five) years from the financial year commencing from April 1, 2016 to non-executive directors, who were not in the whole time employment, upto the limits laid down under the provisions of Section 197 and 198 of the Companies Act, 2013, computed in the manner specified in the Act.

The Nomination and Remuneration Committee held its meetings on August 13, 2016, August 23, 2016 and

Corporate Governance Report

February 9, 2017 which were attended by all the Committee Members.

Criteria for making payments to non-executive directors

The remuneration to non-executive directors is benchmarked with the relevant market and performance oriented, balanced between financial and sectoral market, comparative scales, aligned to Corporate goals, role assumed and number of meetings attended.

Details of sitting fees and commission paid to the Non-Executive Directors during the Financial Year ended March 31, 2017.

(` in lakh)

Directors	Sitting Fees	Commission
Shri Anil D. Ambani	2.40	-
Shri Amitabh Jhunjhunwala	7.20	-
Shri Rajendra P. Chitale	6.00	15.00
Dr. Bidhubhusan Samal	8.40	15.00
Shri V. N. Kaul	7.20	15.00
Smt. Chhaya Virani	8.40	15.00

Notes:

- There were no other pecuniary relationships or transactions of non-executive directors vis-à-vis the Company.
- The Company has so far not issued any stock options to its non-executive directors.
- Pursuant to the limits approved by the Board, all non-executive directors, were paid sitting fees of ` 40,000 (excluding service tax) for attending each meeting of the Board and its committees.
- Remuneration by way of commission to the non-executive directors was paid for the financial year 2015-16.

In terms of the approval granted by the shareholders, Shri Jai Anmol Ambani, Executive Director was paid a remuneration of ` 61.33 lakh during the year and was also paid sitting fees of ` 40,000 for attending the board meeting held on September 13, 2016. Shri Soumen Ghosh, Executive Director & Group CEO has been paid a remuneration of ` 794.51 lakh.

Employee Stock Option Scheme

In order to share the growth in value and reward the employees for having participated in the success of the Company, our Employee Stock Option Scheme (the "Scheme") has been implemented by the Company to the eligible employees based on specified criteria.

The Plans are prepared in due compliance of the Scheme, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and other applicable laws, which were in compliance with the requirements of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

IV. Stakeholders Relationship Committee

In terms of Section 178 of the Companies Act, 2013 and Listing Regulations, the Company has Stakeholders

Relationship Committee to resolve the grievances of all the stakeholders of the Company and to perform all other work. The Committee was reconstituted by the Board of Directors of the Company on October 24, 2016. The Committee presently comprises of Dr. Bidhubhusan Samal as Chairman, Shri Amitabh Jhunjhunwala and Smt. Chhaya Virani as Members.

Attendance at the meeting of the Stakeholders Relationship Committee held during 2016 - 2017.

The Stakeholders Relationship Committee held its meetings May 6, 2016, August 13, 2016, October 24, 2016 and February 9, 2017. The maximum time gap between any two meetings during the year under review was 108 days and the minimum gap was 72 days.

Members	Number of Meetings	
	held during the tenure	attended
Dr. Bidhubhusan Samal	4	4
Shri Amitabh Jhunjhunwala	4	3
Shri Rajendra P. Chitale	3	2
Smt. Chhaya Virani	4	4
Shri Soumen Ghosh*	2	2

*ceased to be a member with effect from March 31, 2017.

The Company Secretary acts as the Secretary to the Stakeholders Relationship Committee.

V. Compliance Officer

Shri Atul Tandon, Company Secretary is the Compliance Officer with effect from February 10, 2017 for complying with the requirements of various provisions of Law, Rules, Regulations applicable to the Company including SEBI Regulations and the Uniform Listing Agreements executed with the Stock Exchanges.

VI. Corporate Social Responsibility (CSR) Committee

In terms of Section 135 of the Companies Act, 2013, the Company has CSR Committee. The Committee presently comprises of Dr. Bidhubhusan Samal as Chairman, Shri Amitabh Jhunjhunwala and Shri V. N. Kaul as Members. The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'Corporate Social Responsibility Policy'.

The CSR Committee has formulated a CSR policy indicating the activities to be undertaken by the Company.

The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013.

During the year, the CSR Committee held its meeting on May 6, 2016 which was attended by all the Committee Members.

The Company Secretary acts as the Secretary to the CSR Committee.

VII. Risk Management Committee

Pursuant to the Corporate Governance requirements prescribed by the Reserve Bank of India, the Risk Management Committee comprises of Shri V. N. Kaul as Chairman and Smt. Chhaya Virani as Member.

Corporate Governance Report

The Committee is authorized to discharge its responsibilities as follows:

1. Oversee and approve the risk management, internal compliance and control policies and procedures of the Company.
2. Oversee the design and implementation of the risk management and internal control systems (including reporting and internal audit systems), in conjunction with existing business processes and systems, to manage the Company's material business risks.
3. Set reporting guidelines for management.
4. Establish policies for the monitoring and evaluation of risk management systems to assess the effectiveness of those systems in minimizing risks that may impact adversely on the business objectives of the Company.
5. Oversight of internal systems to evaluate compliance with corporate policies.
6. Provide guidance to the Board on making the Company's risk management policies.
7. Subsidiary companies monitoring framework.

During the year, the Risk Management Committee held its meetings on April 25, 2016, August 13, 2016, October 24, 2016 and February 9, 2017.

Members	Number of Meetings	
	held	attended
Shri V. N. Kaul	4	4
Smt. Chhaya Virani	4	4
Shri Soumen Ghosh*	4	4

*ceased to be a member with effect from March 31, 2017.

VIII. General Body Meetings

The Company held its last three Annual General Meetings as under:

Financial Year	Date and Time	Whether Special Resolution passed or not
2015-16 AGM	September 27, 2016 10:00 A.M.	Yes, Private Placement of Non-Convertible Debentures and/or other Debt Securities, Qualified Institutional Placement
2014-15 AGM	September 30, 2015 10:00 A.M.	Yes, Payment of Commission to Non- Executive Directors, Private Placement of Non-Convertible Debentures and/or other Debt Securities, Qualified Institutional Placement
2013-14 AGM	September 30, 2014 10:00 A.M.	Yes, Private Placement of Non-Convertible Debentures and/or other Debt Securities

The above Annual General Meetings were held at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.

During the year, there was no EGM held by the Company.

A Court Convened Meeting (CCM) was held on Saturday, September 10, 2016 at 10:00 A.M. at Auditorium, Reliance Energy Management Institute, Jogeshwari Vikhroli Link Road, Opp. SEEPZ, Mumbai 400 060 to approve the Scheme of Arrangement between Reliance Capital Limited and Reliance Commercial Finance Limited and their respective shareholders and creditors.

IX. Postal Ballot

The Company had not conducted any business through Postal Ballot during the financial year 2016-17.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of a special resolution through postal ballot.

X. Means of communication

a. **Quarterly Results:** Quarterly results are published in The Financial Express, English newspaper circulating in substantially the whole of India and in Navshakti, Marathi vernacular newspaper and are also posted on the Company's website: www.reliancecapital.co.in.

b. **Media Releases and Presentations:** Official media releases are sent to the Stock Exchanges before their release to the media for wider dissemination. Presentations made to media, analysts, institutional investors, etc. are posted on the Company's website.

c. **Website:** The Company's website contains a separate dedicated section 'Investor Relations'. It contains comprehensive database of information of interest to our investors including the financial results and Annual Report of the Company, information on dividend declared by the Company, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered / facilities extended by the Company to our investors, in a user friendly manner. The basic information about the Company as called for in terms of the Listing Regulations is provided on the Company's website and the same is updated regularly.

d. **Annual Report:** The Annual Report containing, *inter-alia*, Notice of Annual General Meeting, Audited Financial Statement, Consolidated Financial Statement, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Business Responsibility Report and Management Discussion and Analysis Report forms part of the Annual Report and are displayed on the Company's website.

The Companies Act, 2013 read with the Rules made thereunder and the Listing Regulations facilitate the service of documents to members through electronic means. The Company e-mails the soft copies of the Annual Report to all those members whose e-mail IDs are available with its Registrar and Transfer Agent.

e. **NSE Electronic Application Processing System (NEAPS):** The NEAPS is a web based system designed by NSE for corporates. The shareholding pattern, corporate governance report, corporate announcement, media release, results, etc. are filed electronically on NEAPS.

f. **BSE Corporate Compliance & Listing Centre (the 'Listing Centre'):** The Listing Centre is a web-based application designed by BSE for corporates. The shareholding pattern, corporate governance report,

Corporate Governance Report

media release, results, etc. are filed electronically on the Listing Centre.

- g. **Unique Investor Helpdesk:** Exclusively for investor servicing, the Company has set up a Unique Investor Helpdesk with multiple access modes as under:

Toll free no. (India)	:	1800 4250 999
Tel.	:	+91 40 6716 1500
Fax	:	+91 40 6716 1791
E-mail	:	rclinvestor@karvy.com
- h. **Designated e-mail id:** The Company has also designated e-mail id rcl.investor@relianceada.com exclusively for investor servicing.
- i. **SEBI Complaints Redressal System (SCORES):** The investors' complaints are also being processed through the centralised web based complaint redressal system. The salient features of SCORES are availability of centralised data base of the complaints, uploading online action taken reports by the Company. Through SCORES the investors can view online, the action taken and current status of the complaints.

XI. Management Discussion and Analysis

A Management Discussion and Analysis Report forms part of this Annual Report and includes discussions on various matters specified under Regulation 34(2), Schedule V of the Listing Regulations.

XII. Subsidiaries

Reliance General Insurance Company Limited (RGICL) and Reliance Nippon Life Insurance Company Limited (RNLICL) are material non-listed Indian subsidiaries in terms of Regulation 24 of the Listing Regulations. Shri Rajendra P. Chitale and Smt. Chhaya Virani, Independent Directors of the Company have been appointed on the board of RGICL. Shri Rajendra P. Chitale, Independent Director of the Company have been appointed on the board of RNLICL.

The Company monitors performance of subsidiary companies, *inter-alia*, by the following means:

- a. Financial statements, in particular the investments made by unlisted subsidiary companies are reviewed quarterly by the Audit Committee of the Company.
- b. Minutes of the meetings of the Board of Directors of all subsidiary companies are placed before the Company's Board regularly.
- c. A statement containing all the significant transactions and arrangements entered into by the unlisted subsidiary companies are placed before the Company's Board / Audit Committee.
- d. Review of Risk Management process by the Risk Management Committee / Audit Committee / Board.

XIII. Disclosures

- a. There has been no non-compliance by the Company on any matter related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority.

b. Related party transactions

During the financial year 2016-17, no transactions of material nature had been entered into by the Company that may have a potential conflict with interest of the Company. The details of related party transactions are disclosed in Notes to Accounts.

c. Accounting treatment

In the preparation of financial statement, the Company has followed the Accounting Standards as prescribed under Companies (Accounting Standard) Rules, 2006, as applicable. The Accounting Policies followed by the Company to the extent relevant, are set out elsewhere in this Annual Report.

d. Risk management

The Company has laid down a robust Risk Management Policy, defining Risk profiles involving Strategic, Technological, Operational, Financial, Organisational, Legal and Regulatory risks within a well defined framework. The Risk Management Policy acts as an enabler of growth for the Company by helping its businesses to identify the inherent risks, assess, evaluate and monitor these risks continuously and undertake effective steps to manage these- risks.

Shri V. N. Kaul acts as the Chairman and Smt. Chhaya Virani is a member of Risk Management Committee (RMC). The Committee periodically reviews the robustness of the Risk Management Policy. The periodical update on the risk management practices and mitigation plan of the Company and subsidiaries are presented to the Audit Committee and Board of Directors. The Audit Committee and Board periodically review such updates and findings and suggest areas where internal controls and risk management practices can be improved.

Asset Liability Committee (ALCO) consisting of senior management executives, monitors liquidity and interest rate risks of the Company. The functioning of ALCO is reviewed by the RMC which meets on quarterly basis and reports to the Board of Directors.

e. Prevention of Money Laundering – Know Your Customer Policy

In keeping with specific requirements for Non-Banking Financial Companies the Company has also formulated a Prevention of Money Laundering and Know Your Customer Policy.

f. Code of Conduct

The Company has adopted the code of conduct and ethics for directors and senior management. The Code has been circulated to all the members of the Board and senior management and the same has been posted on the Company's website www.reliancecapital.co.in. The Board members and senior management have affirmed their compliance with the code and a declaration signed by the Executive Director of the Company is given below:

"It is hereby declared that the Company has obtained from all members of the Board and senior management personnel affirmation that they have complied with the Code of Conduct for Directors and Senior Management of the Company for the year 2016- 17."

Jai Anmol Ambani
Executive Director

g. CEO / CFO certification

Shri Jai Anmol Ambani, Executive Director and Shri Amit Bapna, CFO of the Company has provided certification on financial reporting and internal controls to the Board as required under Regulation 17(8) of the Listing Regulations.

Corporate Governance Report

h. Review of Directors' Responsibility Statement

The Board in its report has confirmed that the annual accounts for the year ended March 31, 2017 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

XIV. Policy on insider trading

The Company has formulated a Reliance Capital Limited – Code of Conduct for Prevention of Insider Trading and Code for Fair Disclosure of Unpublished Price Sensitive Information (Code) in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The Board has appointed Shri Atul Tandon, Company Secretary as the Compliance Officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code under the overall supervision of the Board. The Company's Code, *inter-alia*, prohibits purchase and/or sale of securities of the Company by an insider, while in possession of unpublished price sensitive information in relation to the Company and also during certain prohibited periods. The Company's Code is available on the Company's website.

XV. Compliance of Regulation 34(3) and Para F of Schedule V of the Listing Regulations

As per Regulation 34(3) and Para F of Schedule V of the Listing Regulations, the details in respect of equity shares lying in "Unclaimed Suspense Account – Reliance Capital Limited" were as follows:

Particulars	No. of shareholders	No. of shares
(i) Aggregate number of shareholders and the outstanding shares in the suspense account lying at April 1, 2016	52 450	2 00 778
(ii) Number of shareholders who approached listed entity for transfer of shares from suspense account during April 1, 2016 to March 31, 2017	137	800
(iii) Number of shareholders to whom shares were transferred from suspense account during the April 1, 2016 to March 31, 2017	137	800
(iv) Aggregate number of shareholders and the outstanding shares in the suspense account lying at March 31, 2017	52 313	1 99 978

The voting rights on the shares outstanding in the "Reliance Capital Limited – Unclaimed Suspense Account" as on March 31, 2017 shall remain frozen till the rightful owner of such shares claims the shares.

Wherever shareholders have claimed the share(s), after proper verifications, the share certificates were dispatched to them or share(s) were credited to the respective beneficiary account.

XVI. Compliance with non-mandatory requirements

1. The Board

Our Chairman is a non-executive Chairman and is entitled to maintain Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

2. Audit qualifications

There are no audit qualifications on the financial statements of the Company for the year 2016-17.

3. Separate posts of Chairman and CEO

The Company appointed Shri Jai Anmol Ambani as Executive Director of the Company. Thus Company maintains separate posts of Chairman and CEO.

4. Reporting of Internal Auditor

The internal auditor reports directly to the Audit Committee of the Company.

XVII. General shareholder information

The mandatory and various additional information of interest to investors are voluntarily furnished in a separate section on investor information in this annual report.

Auditors' certificate on corporate governance

The Auditors' certificate on compliance of Regulation 34(3) of the Listing Regulations relating to corporate governance is published elsewhere in this Report.

Review of governance practices

We have in this Report attempted to present the governance practices and principles being followed at Reliance Capital, as evolved over a period, and as best suited to the needs of our business and stakeholders.

Our disclosures and governance practices are continually revisited, reviewed and revised to respond to the dynamic needs of our business and ensure that our standards are at par with the globally recognised practices of governance, so as to meet the expectations of all our stakeholders.

Investor Information

Important points

Hold securities in dematerialised form

Investors should hold their securities in dematerialised form as the same is beneficial due to following:-

- A safe and convenient way to hold securities;
- Elimination of risks associated with physical certificates such as bad delivery, fake securities, delays, thefts, etc.
- Immediate transfer of securities;
- No stamp duty on electronic transfer of securities;
- Reduction in transaction cost;
- Reduction in paperwork involved in transfer of securities;
- No odd lot problem, even one share can be traded;
- Availability of nomination facility;
- Ease in effecting change of address as change with Depository Participants gets registered with all companies in which investor holds securities electronically;
- Easier transmission of securities as the same done by Depository Participants for all securities in demat account; and
- Automatic credit into demat account of shares, arising out of bonus/split/consolidation/merger etc.

Hold securities in consolidated form

Investors holding shares in multiple folios are requested to consolidate their holdings in single folio. Holding of securities in one folio enables shareholders to monitor the same with ease.

Furnish bank details and get dividend directly credited in bank account

Investors should avail the Electronic Clearing Services for payment of dividend as the same reduces risk attached to physical dividend warrants. Some of the advantages of payment through electronic credit services are as under:

- Avoidance of frequent visits to banks for depositing the physical instruments.
- Prompt credit to the bank account of the investor through electronic clearing.
- Fraudulent encashment of warrants is avoided.
- Exposure to delays / loss in postal service avoided.
- As there can be no loss in transit of warrants, issue of duplicate warrants is avoided.

Printing of bank account numbers, names and addresses of bank branches on dividend warrants provide protection against fraudulent encashment of dividend warrants. Members are requested to provide, the same to the Company's RTA for incorporation on their dividend warrants.

Register for SMS alert facility

Investor should register with Depository Participants for the SMS alert facility. Both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) alert investors through SMS of the debits and credits in their demat account.

Submit nomination form and avoid transmission hassle

Nomination helps nominees to get the shares transmitted in their favour without any hassles. Investors should get the nomination registered with the Company in case of physical holding and

with their Depository Participants in case of shares are held in dematerialised form.

Form may be downloaded from the Company's website, www.reliancecapital.co.in under the section "Investor Relations". However, if shares are held in dematerialised form, nomination has to be registered with the concerned Depository Participants directly, as per the form prescribed by the Depository Participants.

Deal only with SEBI registered intermediaries

Investors should deal with SEBI registered intermediary so that in case of deficiency of services, investor may take up the matter with SEBI.

Corporate benefits in electronic form

Investor holding shares in physical form should opt for corporate benefits like split/ bonus etc. in electronic form by providing their demat account details to Company's RTA.

Register e-mail address

Investors should register their e-mail address with the Company/ Depository Participants. This will help them in receiving all communication from the Company electronically at their e-mail address. This also avoids delay in receiving communications from the Company. Prescribed form for registration may please be downloaded from the Company's website.

Course of action in case of non-receipt of dividend, revalidation of dividend warrant etc.

Shareholders may write to the Company's RTA, furnishing the particulars of the dividend not received, and quoting the folio number/DP ID and Client ID particulars (in case of dematerialised shares). On expiry of the validity period, if the dividend warrant still appears as unpaid in records, duplicate warrant will be issued. The Company's RTA would request the concerned shareholder to execute an indemnity before issuing the duplicate warrant. However, duplicate warrants will not be issued against those shares wherein a 'stop transfer indicator' has been instituted either by virtue of a complaint or by law, unless the procedure for releasing the same has been completed. Shareholders are requested to note that they have to wait till the expiry of the validity of the original warrant before a duplicate warrant is issued to them, since the dividend warrants are payable at par at several centres across the country and the banks do not accept 'stop payment' instructions on the said warrants.

Facility for a Basic Services Demat Account (BSDA)

SEBI has stated that all the depository participants shall make available a BSDA for the shareholders who have only one demat account with (a) No Annual Maintenance Charges (AMC) if the value of holding is upto ` 50,000 and (b) AMC not exceeding ` 100 for value of holding from ` 50,001 to ` 2,00,000 (Refer Circular CIR/MRD/DP/22/2012 dated August 27, 2012).

Annual General Meeting

The 31st Annual General Meeting (AGM) will be held on Tuesday, September 26, 2017 at 10:00 A.M., at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.

E-voting

The Members can cast their vote online from 10:00 A.M. on September 22, 2017 to 5:00 P.M. on September 25, 2017.

Financial year of the company

The financial year of the Company is from April 1 to March 31 each year.

Reliance Capital Limited

Investor Information

Website

The Company's website www.reliancecapital.co.in contains a separate dedicated section called 'Investor Relations'. It contains comprehensive database of information of interest to our investors including the financial results, annual reports, dividends declared, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered / facilities extended to our investors.

Dedicated e-mail id for investors

For the convenience of our investors, the Company has designated an e-mail id i.e. rcl.investor@relianceada.com for investors.

Registrar and Transfer Agent (RTA)

Karvy Computershare Private Limited

Unit: Reliance Capital Limited

Karvy Selenium Tower – B

Plot No. 31 & 32, Survey No. 116/22, 115/24, 115/25

Financial District, Nanakramguda

Hyderabad 500 032

Toll free no. (India) : 1800 4250 999

Tel. : +91 40 6716 1500

Fax : +91 40 6716 1791

E-mail : rclinvestor@karvy.com

Website: www.karvy.com

Shareholders/investors are requested to forward share transfer documents, dematerialisation requests (through their Depository Participant (DP)) and other related correspondence directly to Company's RTA at the above address for speedy response.

Dividend announcements

The Board of Directors of the Company have recommended a Dividend of ₹ 10.50 (105 per cent) per equity share of the Company for the financial year ended March 31, 2017, subject to the declaration by shareholders at the ensuing AGM. The dividend, if declared, will be paid after the Meeting.

Book closure dates for the purpose of dividend and AGM

Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 23, 2017 to Tuesday, September 26, 2017 (both day inclusive) for the purpose of AGM as well as to determine the entitlement of shareholders to receive the Dividend, if any, for the year ended March 31, 2017.

Dividend remittance

Final Dividend on Equity Shares as recommended by the Directors for the financial year ended March 31, 2017, when declared at the AGM will be paid to:

- (i) all those equity shareholders whose names appear in the Register of Members as on September 22, 2017; and
- (ii) those whose names as beneficial owners as on September 22, 2017 are furnished by the National Securities Depository Limited and Central Depository Services (India) Limited for the purpose.

Modes of payment of dividend

The dividend is paid under two modes viz.

- Credit to the Bank account via
 - ECS (Electronic Clearing Services)
 - NECS (National Electronic Clearing Services)
 - NEFT (National Electronic Funds Transfer)

- RTGS (Real Time Gross Settlement)

- Direct Credit

- Dispatch of physical dividend warrant

Shareholders are requested to avail the Electronic Clearing Services for payment of dividend as the same is immensely beneficial and considerably reduces risk attached to physical dividend warrants.

Unclaimed dividends

The provisions of Sections 124 and 125 on unclaimed dividend and Investor Education and Protection Fund (IEPF) under the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (IEPF Rules) have come into force with effect from September 7, 2016.

The dividend for the year 1995-96 to 2008-09 remaining unclaimed for seven years from the date of declaration have been transferred to IEPF.

The dividend and other benefits, if any, for the following years remaining unclaimed for seven years from the date of declaration are required to be transferred by the Company to IEPF and the various dates for transfer of such amount are as under:

Financial year ended	Dividend per share (₹)	Date of declaration	Due for transfer on
31-03-2010	6.50	28-09-2010	27-10-2017
31-03-2011	6.50	27-09-2011	26-10-2018
31-03-2012	7.50	04-09-2012	03-10-2019
Special Interim Dividend	5.00	10-09-2012	09-10-2019
31-03-2013	8.00	27-08-2013	26-09-2020
31-03-2014	8.50	30-09-2014	29-10-2021
31-03-2015	9.00	30-09-2015	29-10-2022
31-03-2016	10.00	27-09-2016	26-09-2023

Members who have so far not encashed dividend warrants for the aforesaid years are requested to approach the Company's Registrar and Transfer Agent, Karvy Computershare Private Limited immediately. Members are requested to note that the Company has uploaded the details of unpaid and unclaimed dividend and shares due to be transferred on its website www.reliancecapital.co.in.

Members are requested to note that no claims shall lie against the Company in respect of their shares or the amounts so transferred to IEPF and no payment shall be made in respect of any such claim. Any shareholder whose shares and unclaimed dividends and sale proceeds of fractional shares has been transferred to the Fund, may claim the shares or apply for claiming the dividend transferred to IEPF by making an application in Form IEPF 5 available on the website www.iepf.gov.in along with the applicable fee.

Pursuant to Section 125 of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (the "IEPF Rules"), the Company has transferred, the unpaid or unclaimed dividend for the financial year 2008-09 to the Investor Education and Protection Fund (IEPF) established by the Central Government. The unpaid or unclaimed dividend for the financial year 2009-10 would be transferred to IEPF within the stipulated period during the current financial year. The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on

Investor Information

September 27, 2016 (date of last Annual General Meeting) on the website of the Company (www.reliancecapital.co.in), as also on the website of the Ministry of Corporate Affairs.

Pursuant to provisions of the IEPF Rules which have come into effect from September 7, 2016 and General Circular No: 03/2017 dated April 7, 2017, the Company would be transferring the shares on which dividend has not been claimed or encashed for last seven consecutive years or more to the account of the IEPF.

The Company has individually communicated to the concerned shareholders whose shares are liable to be transferred to the IEPF, to enable them to take appropriate action for claiming the unclaimed dividends and shares, if any, by due date as may be notified by the IEPF Authority, failing which the Company would transfer the aforesaid shares to the IEPF as per the procedure set out in the Rules. The details of such shareholders and shares due for transfer are uploaded on the website of the Company (www.reliancecapital.co.in).

Shareholders may note that the unclaimed dividend/s and

corresponding share/s transferred to the IEPF including all benefits accruing on such shares, if any, can be claimed from the IEPF Authority after following the procedure as prescribed in the Rules.

Share transfer system

Shareholders / investors are requested to send share certificate(s) along with share transfer deed in the prescribed Form SH-4, duly filled in, executed and affixed with share transfer stamps, to the Company's RTA. If the transfer documents are in order, the transfer of shares is registered within 7 days of receipt of transfer documents by Company's RTA.

Permanent Account Number (PAN) for transfer of shares in physical form mandatory

SEBI has stated that for securities market transactions and off-market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferor(s) and transferee(s) to furnish copy of PAN card to the Company's RTA for registration of such transfer of shares.

Shareholding Pattern

Category of shareholders	As on 31-03-2017		As on 31-03-2016	
	Number of Shares	%	Number of Shares	%
(A) Shareholding of promoter and promoter group				
(i) Indian	13 13 82 303	52.01	13 13 82 303	52.01
(ii) Foreign	-	-	-	-
Total shareholding of promoter and promoter group	13 13 82 303	52.01	13 13 82 303	52.01
(B) Public shareholding				
(i) Institutions	7 49 26 079	29.66	7 24 39 564	28.67
(ii) Non-institutions	4 32 48 251	17.12	4 65 89 124	18.44
Total public shareholding	11 81 74 330	46.78	11 90 28 688	47.11
(C) Shares held by custodians and against which depository receipts have been issued	14 76 167	0.58	6 21 809	0.25
(D) ESOS Trust*	16 00 000	0.63	16 00 000	0.63
Grand Total (A)+(B)+(C)+(D)	25 26 32 800	100.00	25 26 32 800	100.00

* Shares held by ESOS Trust have been shown as Non Promoter Non Public as per the listing Regulations w.e.f. December 1, 2015.

Distribution of Shareholding

Number of shares	Number of shareholders as on 31.03.2017		Total shares as on 31.03.2017		Number of shareholders as on 31.03.2016		Total shares as on 31.03.2016	
	Number	%	Number	%	Number	%	Number	%
Upto 500	9 41 258	99.08	2 39 89 211	9.50	9 99 544	99.07	2 67 45 368	10.59
501 to 5000	8 107	0.86	93 81 387	3.71	8 731	0.87	99 14 145	3.92
5001 to 100000	513	0.05	1 05 36 987	4.17	514	0.05	95 22 216	3.77
Above 100000	104	0.01	20 87 25 215	82.62	101	0.01	20 64 51 071	81.72
Total	9 49 982	100.00	25 26 32 800	100.00	10 08 890	100.00	25 26 32 800	100.00

Dematerialisation of shares and Liquidity

The Company was among the first few companies to admit its shares to the depository system of National Securities Depository Limited (NSDL) for dematerialisation of shares. The International Securities Identification Number (ISIN) allotted to the Company is INE 01 3A01015. The Company was the first to admit its shares and go 'live' on to the depository system of Central Depository Services (India) Limited (CDSL) for dematerialisation of shares. The equity shares of the Company are compulsorily traded in dematerialised form as mandated by Securities and Exchange Board of India (SEBI).

Reliance Capital Limited

Investor Information

Status of dematerialisation of shares

As on March 31, 2017, 98.14 per cent of the Company's shares are held in Dematerialised form.

Investors' Grievances Attended

Received from	Received during		Redressed during		Pending as on	
	2016-2017	2015-2016	2016-2017	2015-2016	31.03.2017	31.03.2016
SEBI	26	28	26	28	Nil	Nil
Stock Exchanges	10	7	10	7	Nil	Nil
NSDL/CDSL	-	-	-	-	Nil	Nil
Direct from investors	14	3	14	3	Nil	Nil
Total	50	38	50	38	Nil	Nil

Analysis of Grievances

	2016 - 2017		2015 - 2016	
	Numbers	%	Numbers	%
Non-receipt of dividend	42	84.00	32	84.21
Non-receipt of share certificates	-	-	-	-
Others	8	16.00	6	15.79
Total	50	100.00	38	100.00

There was no complaint pending as on March 31, 2017.

Notes :

- The shareholder base was 9,49,982 as of March 31, 2017 and 10,08,890 as of March 31, 2016.
- Investors queries / grievances are normally attended within a period of 3 days from the date of receipt thereof, except in cases involving external agencies or compliance with longer procedural requirements specified by the authorities concerned.

Legal Proceedings

There are certain pending cases relating to disputes over title to shares, in which the Company is made a party. These cases are however not material in nature.

Equity History

Sr. No.	Date	Particulars	Price per equity share (₹)	No. of shares	Cumulative Total
1.	05-03-1986	Shares issued upon incorporation	10	7 000	7 000
2.	14-06-1990 & 21-06-1990	1 st Public Issue	10	1 99 93 000	2 00 00 000
3.	28-08-1992	Shares issued upon amalgamation	10	18 70 000	2 18 70 000
4.	10-02-1993	1 st Rights Issue 1992 with a ratio of 1:1	40	2 18 77 500	4 37 47 500
5.	18-07-1994 & 29-10-1994	Preferential Allotment to Promoters	50	2 74 00 000	7 11 47 500
6.	20-01-1995 & 17-02-1995	Public Issue 1995	140	4 33 97 592	11 45 45 092
7.	29-03-1995	Rights Issue 1995	50	1 40 01 970	12 85 47 062
8.	11-07-1995	Allotment of Rights kept in abeyance	50	42 790	12 85 89 852
9.	13-11-1995	Allotment of Rights kept in abeyance	50	13 280	12 86 03 132
10.	09-02-1996	Allotment of Rights kept in abeyance	50	9 620	12 86 12 752
11.	29-06-1996	Allotment of Rights kept in abeyance	150	12 400	12 86 25 152
12.	31-03-1997	Allotment of Rights kept in abeyance	50	25 298	12 86 50 450
13.	04-11-1996	Forfeiture of equity shares relating to Public Issue of 1990 and Rights Issue 1992	-	(1 23 400)	12 85 27 050
14.	27-04-2000	Forfeiture of equity shares relating to Public and Rights Issue 1995	-	(12 61 455)	12 72 65 595
15.	27-04-2000 to 29-07-2003	Forfeiture of equity shares annulled	-	40 649	12 73 06 244
16.	21-07-2005	Preferential Allotment to FIIs	228	1 62 60 001	14 35 66 245
17.	02-08-2005	Preferential Allotment to Promoters	228	6 00 00 000	20 35 66 245

Investor Information

Sr. No.	Date	Particulars	Price per equity share (₹)	No. of shares	Cumulative Total
18.	22-08-2005	Allotment to Promoter upon Conversion of warrants on preferential basis	228	38 00 000	20 73 66 245
19.	31-03-2006	Allotment to Promoter upon Conversion of warrants on preferential basis	228	1 55 00 000	22 28 66 245
20.	07-08-2006	Allotment pursuant to amalgamation of Reliance Capital Ventures Ltd. (RCVL) with the Company	10	6 11 56 521	
21.	07-08-2006	Less: Shares extinguished due to amalgamation of RCVL with the Company	-	(6 00 89 966)	22 39 32 800
22.	30-01-2007	Allotment to Promoter upon Conversion of warrants on preferential basis	228	2 17 00 000	24 56 32 800
23.	12-03-2015	Preferential allotment to Sumitomo Mitsui Trust Bank	530	70 00 000	25 26 32 800

Stock Price and Volume

2016 - 17	BSE Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	Volume Nos.	High (₹)	Low (₹)	Volume Nos.
April, 2016	411.40	361.00	1 00 36 571	411.55	360.50	6 40 23 076
May, 2016	421.70	377.10	1 00 46 866	422.00	377.20	6 19 60 876
June, 2016	420.35	365.40	89 62 993	420.50	365.15	6 11 04 935
July, 2016	453.00	396.90	96 94 495	453.90	397.00	6 44 28 360
August, 2016	539.55	417.50	1 24 52 593	539.90	417.55	7 81 41 124
September, 2016	595.70	520.30	1 46 71 314	595.80	521.00	9 26 56 497
October, 2016	585.90	512.65	98 37 678	585.90	512.50	5 42 84 648
November, 2016	527.20	410.50	1 03 77 033	527.80	410.25	5 02 28 923
December, 2016	461.35	407.50	83 23 580	462.60	407.25	4 53 65 389
January, 2017	471.00	430.35	60 36 038	471.15	430.15	3 20 99 119
February, 2017	538.90	444.30	94 32 918	539.00	443.50	5 36 16 582
March, 2017	619.30	516.50	1 35 29 304	619.35	518.05	9 40 47 703

Stock exchange listings

The Company's equity shares are actively traded on BSE and NSE, the Indian Stock Exchanges.

Listing on stock exchanges

Equity shares

BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai 400 001
Website : www.bseindia.com

National Stock Exchange of India Limited

Exchange Plaza, Plot No. C/1, G Block
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051
Website : www.nseindia.com

Stock codes

BSE Limited : 500111
National Stock Exchange of India Limited : RELCAPITAL
ISIN for equity shares : INE 013A01015

An Index Scrip: Equity Shares of the Company are included in the Indices viz. Nifty 500, Nifty Midcap 50, Nifty 200, S&P BSE 100, S&P BSE 200, S&P BSE 500, S&P BSE Midcap, S&P BSE Finance, S&P BSE All Cap Index and MSCI Global Small Cap Index.

Global Depository Receipts (GDRs)

Luxembourg Stock Exchange

Societe De La Bourse, De Luxembourg
35A Boulevard Joseph II, Luxembourg
Website : www.bourse.lu

Depository bank for GDR holders

Deutsche Bank Trust Company America
60 Wall Street, New York - 10005

Security Codes of RCL GDRs

	Master Rule 144A GDRs	Master Regulation S GDRs
CUSIP	75945L103	75945L202
ISIN	US75945L1035	US75945L2025
Common Code	026469457	026470315

Note: The GDRs are admitted to listing on the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF market. The Rule 144A GDRs have been accepted for clearance and settlement through the facilities of DTC, New York. The Regulation S GDRs have been accepted for clearance and settlement through the facilities of Euroclear and Clearstream, Luxembourg. The Rule 144A GDRs have been designated as eligible for trading on PORTAL.

Reliance Capital Limited

Investor Information

Outstanding GDRs of the Company, conversion date and likely impact on equity

Outstanding GDRs as on March 31, 2017 represent 14,76,167 equity shares constituting 0.58 per cent of the paid-up equity share capital of the Company. Each GDR represent one underlying equity share in the Company.

Commodity price risk or foreign exchange risk and hedging activities

The Company does not have any un-hedged exposure to commodity price risks and foreign exchange Risk. The Company hedges its interest rate risk on market linked debentures by taking positions in futures and options.

Debt securities

The Debt Securities of the Company are listed on the Wholesale Debt Market (WDM) Segment of BSE.

Debenture Trustee

Vistra ITCL (India) Limited
(formerly IL & FS Trust Company Limited)
The IL&FS Financial Center, Plot C-22, G Block
Bandra - Kurla Complex, Bandra East, Mumbai 400 051
Website : www.vistraitcl.com

Payment of listing fees

Annual listing fee for the year 2017-18 has been paid by the Company to the stock exchanges.

Share price performance in comparison to broad based indices - Sensex BSE and Nifty NSE

	RCL	Sensex BSE	Nifty NSE
FY 2016 -17	66.99%	16.88%	18.55%
2 years	44.88%	5.95%	8.04%
3 years	77.83%	32.32%	36.84%

Key financial reporting dates for the financial year 2017-18

Unaudited results for the first quarter ended June 30, 2017	: On or before August 14, 2017
Unaudited results for the second quarter / half year ended September 30, 2017	: On or before November 14, 2017
Unaudited results for the third quarter ended December 31, 2017	: On or before February 14, 2018
Audited results for the financial year 2017-18	: On or before May 30, 2018

Depository services

For guidance on depository services, shareholders may write to the Company's RTA or National Securities Depository Limited, Trade World, A Wing, 4th and 5th Floors, Kamala Mills Compound, Lower Parel, Mumbai 400 013, website: www.nsdl.co.in or Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Mumbai 400 023, website: www.cdslindia.com.

Communication to members

The quarterly financial results of the Company were announced within 45 days of the end of the respective quarter except last

quarter during the year under review. The last quarter financial results of the Company were announced within 60 days of the end of the year. The Company's media releases and details of significant developments are made available on Company's website: www.reliancecapital.co.in. These are also published in leading newspapers.

Reconciliation of share capital audit

The Securities and Exchange Board of India has directed that all issuer companies shall submit a report reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued / paid-up capital. The said certificate, duly certified by a qualified chartered accountant is submitted to the stock exchanges where the securities of the Company are listed within 30 days of the end of each quarter and the certificate is also placed before the Board of Directors of the Company.

Investors' correspondence may be addressed to the Registrar and Transfer Agent of the Company

Shareholders/Investors are requested to forward documents related to share transfer, dematerialisation requests (through their respective Depository Participant) and other related correspondence directly to Karvy Computershare Private Limited at the below mentioned address for speedy response:

Karvy Computershare Private Limited
Unit: Reliance Capital Limited
Karvy Selenium Tower - B
Plot No. 31 & 32, Survey No. 116/22, 115/24, 115/25
Financial District, Nanakramguda
Hyderabad 500 032
E-mail : rcl.investor@relianceada.com

Shareholders / Investors may send the above correspondence at the following address

Queries relating to financial statement of the Company may be addressed to :

Chief Financial Officer
Reliance Capital Limited
H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710
Tel.: +91 22 3303 1000
Fax: +91 22 3303 6664
E-mail : rcl.investor@relianceada.com

Correspondence on investor services may be addressed to:

Company Secretary & Compliance Officer
Reliance Capital Limited
H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710
Tel.: +91 22 3303 1000
Fax: +91 22 3303 6664
E-mail : rcl.investor@relianceada.com

Plant Locations

The Company is engaged in the business of financial services and as such has no plant.

Auditor's Certificate on Corporate Governance

To,
**The Members of
Reliance Capital Limited**

We have examined the compliance of conditions of Corporate Governance by **Reliance Capital Limited** ('the Company'), for the year ended on March 31, 2017, as per Regulation 17 to 27, Clause (b) to (i) of Regulation 46(2) and Paragraph C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

In our opinion and to the best of our information and according to explanations given to us and based on the representations

made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27, Clause (b) to (i) of Regulation 46(2) and Paragraph C, D, and E of Schedule V of the Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restrictions on use

This certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For **Pathak H.D. & Associates**
Chartered Accountants
Firm Reg. No: 107783W

For **B S R & Co. LLP**
Chartered Accountants
Firm Reg. No: 101248W/
W-100022

Parimal Kumar Jha
Partner
Membership No: 124262

Milind Ranade
Partner
Membership No: 100564

Mumbai
April 27, 2017

Mumbai
April 27, 2017

Reliance Capital Limited

Independent Auditors' Report on the Abridged Standalone Financial Statement

To
**The Members,
Reliance Capital Limited**
Report on the abridged standalone financial statements

The accompanying abridged standalone financial statements of Reliance Capital Limited ('the Company'), which comprise the abridged balance sheet as at March 31, 2017, the abridged statement of profit and loss, the abridged cash flow statement for the year then ended, and related notes, are derived from the audited standalone financial statements of the Company for the year ended March 31, 2017. Our opinion dated April 27, 2017 on those standalone financial statements contains, without being qualified, matter of emphasis.

The abridged standalone financial statements do not contain all the disclosures required by the Accounting Standards specified under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 applied in the preparation of the audited standalone financial statements of the Company. Reading the abridged standalone financial statements, therefore, is not a substitute for reading the audited standalone financial statements of the Company.

Management's responsibility for the abridged standalone financial statements

The Company's Board of Directors is responsible for the preparation of the abridged standalone financial statements in accordance with first proviso to sub-section (1) of Section 136 of the Companies Act, 2013 read with Rule 10 of Companies (Accounts) Rules, 2014 from the audited standalone financial statements of the Company for the year ended March 31, 2017, prepared in accordance with Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and accounting principles generally accepted in India.

Auditor's Responsibility

Our responsibility is to express an opinion on the abridged

standalone financial statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

Emphasis of Matter

We draw attention to Note 18(i) to the abridged standalone financial statements which describes that the Company would shortly make an application to Reserve Bank of India (RBI) for obtaining Certificate of Registration as Core Investment Company ('CIC') and has prepared & presented its abridged standalone financial statements and disclosures for the year ended March 31, 2017 as per RBI Directions applicable to CIC in line with the Company's communications with RBI.

Our opinion is not modified in respect of the said matter.

Opinion

In our opinion, the abridged standalone financial statements, prepared in accordance with first proviso to sub-section (1) of Section 136 of the Companies Act, 2013 read with

Rule 10 of Companies (Accounts) Rules, 2014 are derived from the audited standalone financial statements of the Company for the year ended March 31, 2017 and are a fair summary of those standalone financial statements

For **Pathak H.D. & Associates**
Chartered Accountants
Firm Reg. No: 107783W

Parimal Kumar Jha
Partner
Membership No: 124262

Mumbai
April 27, 2017

For **B S R & Co. LLP**
Chartered Accountants
Firm Reg. No: 101248W/
W-100022

Milind Ranade
Partner
Membership No: 100564

Mumbai
April 27, 2017

Independent Auditors' Report on the Standalone Financial Statement

To
**The Members,
Reliance Capital Limited**
Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance Capital Limited ("the Company"), which comprise the balance sheet as at March 31, 2017, the statement of profit and loss, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the standalone financial statements").

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 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 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 standalone 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 there under.

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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone 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

Independent Auditors' Report on the Standalone Financial Statement

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 standalone 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 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, 2017, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note No. 40(i) to the standalone financial statement which describes that the Company would shortly make an application to Reserve Bank of India (RBI) for obtaining Certificate of Registration as Core Investment Company ('CIC') and has prepared & presented its standalone financial statements and disclosures for the year ended March 31, 2017 as per RBI Directions applicable to CIC in line with the Company's communications with RBI.

Our opinion is not modified in respect of the said matter

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. Further to our comments in the Annexure A, and 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, 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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" and;
- g) With respect to the other matters to be included in the Auditors' 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 has disclosed the impact of pending litigations as at March 31, 2017 on its standalone financial position in its standalone financial statements – Refer Note No. 44 (a) (ii) to the standalone financial statements;
 - ii) the Company has made adequate provision for the year ended March 31, 2017, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts Refer Note No. 52 to the standalone financial statements;
 - iii) there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company; and
 - iv) The Company did not have any holdings or dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Refer Note No. 50 of the standalone financial statements.

For Pathak H.D. & Associates
Chartered Accountants
Firm Reg. No: 107783W

For B S R & Co. LLP
Chartered Accountants
Firm Reg. No: 101248W/
W-100022

Parimal Kumar Jha
Partner
Membership No: 124262

Mumbai
April 27, 2017

Milind Ranade
Partner
Membership No: 100564

Mumbai
April 27, 2017

Annexure A to the Independent Auditors' Report on the Financial Statement

(Referred to in our report of even date)

- (i) In respect of its fixed assets:
 - a. The Company has maintained proper records, showing full particulars including quantitative details and situation of its fixed assets.
 - b. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets.
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
 - (ii) According to the information and explanations given to us, the Company is primarily engaged in lending and investing activities. Accordingly, Company's business does not involve inventories. Thus, paragraph 3 (ii) of the Order is not applicable to the Company.
 - (iii) According to the information and explanations given to us, during the year the Company has not granted any loans secured/unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Act. Thus, paragraph 3 (iii) of the Order is not applicable to the Company.

Reliance Capital Limited

Annexure A to the Independent Auditors' Report on the Financial Statement

- (iv) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, during the year under audit, the Company has not given any loans, guarantee or securities to parties covered under Section 185 of the Act. As the Company is registered as a non banking financial Company with the RBI, and it would shortly make an application to RBI for obtaining Certificate of Registration as CIC, thus the provision of Section 186 except sub-section (1) of the Act is not applicable to the Company. In our opinion and according to the information and explanations given to us, during the year, the Company has not made any investments through more than two layers of investment companies as mentioned in sub-section (1) of Section 186 of the Act.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the RBI and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under apply.
- (vi) According to the information and explanations given to us, the Central Government has not specified for maintenance of cost records under sub section (1) of Section 148 of the Act in respect of activities carried on by the Company. Thus, paragraph 3 (vi) of the Order is not applicable to the Company.
- (vii) In respect of statutory dues:
- a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has generally been regular in depositing with appropriate authorities 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 except in case of professional tax in which there were few delays in payment of the said dues. Further, there are no undisputed amounts payable 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 or cess which have not been deposited on account of any dispute, except in respect of sales tax under Gujarat Sales Tax Act, 1969 of ` 4,75,916 for the year 2001-02 which is pending before the Gujarat Sales Tax Tribunal, Ahmedabad and sales tax under Madhya Pradesh General Sales Tax Act, 1958 of ` 4,30,472 for the year 1996-97 which is pending before Appellate Deputy Commissioner of the Commercial Tax, Indore Division - I.
- (viii) According to the information and explanations given to us, and based on our audit procedures, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government, or dues to debenture holders as at March 31, 2017.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer during the year under audit. The Company has raised moneys through debt instruments during the year. Fund raised through debt instruments by the Company have been applied for the purpose for which they were raised.
- (x) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, 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 course of our audit.
- (xi) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, during the year the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandate by the provisions of Section 197 read with Schedule V of the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company, accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, all transactions with related parties are in accordance with the provisions of Section 177 and Section 188 of the Act. The details of related party transactions have been disclosed in the standalone financial statements as required under Accounting Standard 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014.
- (xiv) In our opinion and according to the information and explanations given to us, during the year under audit, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, the provisions of clause 3 (xiv) 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 transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the Company is registered as Non Banking Financial Company under section 45-IA of the Reserve Bank of India Act, 1934. As at March 31, 2017, the Company has positioned itself as a Core Investment Company (CIC) - Refer Note No. 40 (i) of the standalone financial statement.

For Pathak H.D. & Associates
Chartered Accountants
Firm Reg. No: 107783W

Parimal Kumar Jha
Partner
Membership No: 124262

Mumbai
April 27, 2017

For B S R & Co. LLP
Chartered Accountants
Firm Reg. No: 101248W/
W-100022

Milind Ranade
Partner
Membership No: 100564

Mumbai
April 27, 2017

Annexure B to the Independent Auditor's Report on the Financial Statement

(Referred to in our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Reliance Capital Limited ("the Company") as of March 31, 2017 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 (the "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.

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, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 auditors' judgement, including the assessment of the risks of material misstatement of the standalone 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 the standalone 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 standalone 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, 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, 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 the ICAI.

For **Pathak H.D. & Associates**
Chartered Accountants
Firm Reg. No: 107783W

Parimal Kumar Jha
Partner
Membership No: 124262

Mumbai
April 27, 2017

For **B S R & Co. LLP**
Chartered Accountants
Firm Reg. No: 101248W/
W-100022

Milind Ranade
Partner
Membership No: 100564

Mumbai
April 27, 2017

Reliance Capital Limited

Abridged Balance Sheet as at March 31, 2017

(Statement containing the salient features of Balance Sheet as per the Companies Act, 2013)

(Pursuant to first proviso to sub-section 136 of the Act and Rule 10 of Companies (Accounts) Rules, 2014)

	(₹ in crore)	
	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES		
Shareholders' funds		
(a) Paid-up share capital – equity	253	253
(b) Reserves and surplus		
(i) Capital reserve	852	852
(ii) Capital redemption reserve	10	10
(iii) Securities premium account	3 655	3 655
(iv) General reserve	4 817	4 817
(v) Statutory reserve fund	1 677	1 593
(vi) Surplus in statement of profit & loss	2 437	2 101
	13 701	13 281
Non-current liabilities		
(a) Long-term borrowings	13 670	13 615
(b) Deferred tax liabilities (net) (Refer Note No. 5)	3	-
(c) Other long-term liabilities	13	121
(d) Long-term provisions	52	59
	13 738	13 795
Current liabilities		
(a) Short-term borrowings	3 423	3 812
(b) Trade payables	-	6
(c) Other current liabilities	2 397	5 167
(d) Short-term provisions	7	293
	5 827	9 278
TOTAL	33 266	36 354
ASSETS		
Non-current assets		
(a) Fixed assets – Property, Plant & Equipment		
(i) Tangible assets	123	155
(ii) Intangible assets	7	24
	130	179
(b) Non-current investments		
(i) Quoted	224	422
[Market value ₹ 333 crore (Previous year ₹ 345 crore)]		
(ii) Unquoted	18 588	10 687
(c) Long-term loans and advances	8 310	16 426
(d) Other non-current assets	102	743
	27 354	28 457
Current assets		
(a) Current investments		
(i) Quoted	6	6
[Market value ₹ 6 crore (Previous year ₹ 6 crore)]		
(ii) Unquoted	16	131
(b) Trade receivables [₹ Nil (Previous year ₹ 15 01 520)]	-	-
(c) Cash & bank balances (Refer Note No. 6)	4 211	1 670
(d) Short-term loans and advances	1 537	5 643
(e) Other current assets	142	447
	5 912	7 897
TOTAL	33 266	36 354

- See accompanying notes to the abridged standalone financial statements
- Compiled from the Audited Standalone Financial Statements of the Company referred to in our report dated April 27, 2017.
- Complete Balance Sheet, Statement of Profit and Loss, other statements and notes thereto prepared as per the requirements of Schedule III to the Companies Act, 2013 are available at the Company's website at link www.reliancecapital.co.in

As per our report of even date attached

For **Pathak H.D. & Associates**
Chartered Accountants
Firm Reg. No. : 107783W

For **B S R & Co. LLP**
Chartered Accountants
Firm Reg. No. : 101248W/
W-100022

For and on behalf of the Board

Chairman
Vice Chairman

Directors

Anil D. Ambani
Amitabh Jhunjhunwala
Rajendra P. Chitale
Dr. Bidhubhusan Samal
V. N. Kaul
Chhaya Virani
Jai Anmol Ambani
Amit Bapna
Atul Tandon

Parimal Kumar Jha
Partner
Membership No: 124262
Mumbai
Dated: April 27, 2017

Milind Ranade
Partner
Membership No: 100564

Executive Director
Chief Financial Officer
Company Secretary & Compliance Officer
Mumbai
Dated: April 27, 2017

Reliance Capital Limited

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

(Statement containing the salient features of Statement of Profit and Loss as per the Companies Act, 2013)

(Pursuant to first proviso to sub-section 136 of the Act and Rule 10 of Companies (Accounts) Rules, 2014)

	2016-17	2015-16
(` in crore)		
I Income		
Revenue from operations		
(a) Interest & Finance Income	1 521	3 006
(b) Other financial services	<u>433</u>	<u>1 070</u>
	1 954	4 076
II Other income	117	69
III Total Income (I + II)	<u>2 071</u>	<u>4 145</u>
IV Expenditure		
(a) Employee benefits expense	72	194
(b) Finance costs	1 360	2 297
(c) Depreciation and amortisation expense	27	37
(d) Auditors' remuneration (Refer Note No. 8)	2	2
(e) Amortised DSA commission	-	44
(f) Provision for NPA, doubtful debts and balances written off	34	100
(g) Provision and loss on repossessed stock (` 45 89 307)	-	49
(h) Provision/ (Reversal) for diminution in the value investments / written off / (recovery)	(61)	(11)
(i) Other expenses	120	257
Total Expenditure (a to i)	<u>1 554</u>	<u>2 969</u>
V Profit before tax (III - IV)	517	1 176
VI Profit before tax from continuing operations (V-IX)	517	864
VII Tax expense:		
(1) Current tax	80	114
(2) Taxation for earlier years	15	11
(3) Deferred tax	<u>3</u>	-
VIII Profit after tax from continuing operations (VI-VII)	419	739
IX Profit before tax from discontinuing operations (V-VI)	-	312
X Tax expense:		
(1) Current tax	<u>-</u>	74
XI Profit after tax from discontinuing operations (IX-X)	-	238
XII Profit after tax (VIII+XI)	<u>419</u>	<u>977</u>
XIII Earnings per equity share face value of ` 10 each fully paid up		
(1) Basic (`)	16.60	38.67
(2) Diluted (`)	16.60	38.67

- i. See accompanying notes to the abridged standalone financial statements
- ii. Compiled from the Audited Standalone Financial Statements of the Company referred to in our report dated April 27, 2017
- iii. Complete Standalone Balance Sheet, Standalone Statement of Profit and Loss, other statements and notes thereto prepared as per the requirements of Schedule III to the Companies Act, 2013 are available at the Company's website at link www.reliancecapital.co.in

As per our report of even date attached

For **Pathak H.D. & Associates**
Chartered Accountants
Firm Reg. No. : 107783W

For **B S R & Co. LLP**
Chartered Accountants
Firm Reg. No. : 101248W/
W-100022

For and on behalf of the Board

Chairman
Vice Chairman

Directors

Anil D. Ambani
Amitabh Jhunjhunwala
Rajendra P. Chitale
Dr. Bidhubhusan Samal
V. N. Kaul
Chhaya Virani
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Atul Tandon

Parimal Kumar Jha
Partner
Membership No: 124262
Mumbai
Dated: April 27, 2017

Milind Ranade
Partner
Membership No: 100564

Executive Director
Chief Financial Officer
Company Secretary & Compliance Officer
Mumbai
Dated: April 27, 2017

Reliance Capital Limited

Abridged Cash Flow Statement for the year ended March 31, 2017

(Pursuant to first proviso to sub-section 136 of the Act and Rule 10 of Companies (Accounts) Rules, 2014)

	(` in crore)	
	2016-17	2015-16
A. Net Cash generated from / (used in) operating activities	940	709
B. Net Cash generated from / (used in) investing activities	(7 016)	2 807
C. Net Cash generated from / (used in) financing activities	7 589	(2 652)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	1 513	864
Cash and cash equivalents at beginning of year	1 495	631
Less: on account of Demerger (Refer Note No. 16)	493	-
Cash and cash equivalents at end of year (Refer Note No. 6)	2 515	1 495

Note:

- Previous year figures has been regrouped / reclassified wherever necessary. The figures for the previous year includes figures of Commercial Finance Business of the Company which is demerged with the Reliance Commercial Finance Limited (Formerly Reliance Gilts Limited) Company with effect from April 1, 2016 i.e. the Appointed Date and therefore to that extent not strictly comparable to that of current year's figures.
- Cash and cash equivalents include cash on hand and bank balances.

As per our report of even date attached

For **Pathak H.D. & Associates**
Chartered Accountants
Firm Reg. No. : 107783W

For **B S R & Co. LLP**
Chartered Accountants
Firm Reg. No. : 101248W/
W-100022

For and on behalf of the Board

Chairman
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Anil D. Ambani
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Parimal Kumar Jha
Partner
Membership No: 124262
Mumbai
Dated: April 27, 2017

Milind Ranade
Partner
Membership No: 100564

Executive Director
Chief Financial Officer
Company Secretary & Compliance Officer
Mumbai
Dated: April 27, 2017

Notes to the Abridged Standalone Financial Statement as at March 31, 2017

1 Background

Reliance Capital Limited ('the Company') is registered as Non-Banking Financial Company (NBFC) as defined under section 45 - IA of the Reserve Bank of India Act, 1934 (RBI). Before demerger the Company was principally engaged in lending and investing activities. Post Demerger of its commercial finance business, the Company has positioned itself as a Core Investment Company ('CIC') and in terms of the Core Investment Companies (Reserve Bank) Directions, 2016 (RBI CIC Directions). As a CIC, the Company is primarily a holding company, holding investments in its subsidiaries and other group companies. The Company's subsidiaries are engaged in a wide array of businesses in the financial service sector.

2 Significant Accounting Policies

a Basis of Preparation of Standalone Financial Statements

The accompanying standalone financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting unless otherwise stated in accordance with the generally accepted accounting principles (GAAP) in India and comply with the Accounting Standards specified under section 133 of the Companies Act, 2013 (The Act), read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Act. These financial statements are presented in Indian rupees rounded to the nearest crore except otherwise stated.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of the services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

The Company complies, with the prudential norms relating to income recognition, asset classification and provisioning for bad and doubtful debts and other matters, specified in the directions issued by the Reserve Bank of India in terms of "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016" issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, as applicable to the Company before demerger and has taken necessary measures so as to comply with the prudential norms applicable to CIC and has commenced adherence to those norms e.g. Concentration norms, Leverage ratio, Capital to Risk Assets Ratio (CRAR) etc. as of March 31, 2017. Accordingly, the Company has prepared and presented its financial statements and disclosures for the year ended March 31, 2017 as per RBI Directions applicable to CIC. The above is in line with the Company's communications with RBI.

b Use of Estimates

The preparation of financial statements requires 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.

c Revenue Recognition

i) Interest income:

Interest income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable except in the case of non performing assets ("NPAs") where it is recognised, upon realisation.

ii) Dividend income:

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

iii) Income from investments:

Profit / (Loss) earned from sale of securities is recognised on trade date basis. The cost of securities is computed based on weighted average basis.

iv) Lease rental income:

Lease rental income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

v) Discount on investments:

The difference between the acquisition cost and face value of debt instruments is recognised as interest income over the tenor of the instrument on straight-line basis.

vi) Redemption premium on investments :

Redemption premium on investments is recognised as finance income over the tenor of the investments.

vii) Share of profits or losses in partnership firm:

Share of profits / losses in partnership firm is accounted for once the amount of the share of profit/loss is ascertained and credited/debited to the Company's account in the books of the partnership firm.

viii) Loan processing fee income:

Loan processing fee income is accounted for upfront upon processing of loan as and when it becomes due.

ix) Management fee income:

Management fee income towards support services is accounted as and when services are rendered and it becomes due on contractual terms with the parties.

x) Income from assignment / securitization:

In case of assignment / securitisation of loans, the assets are derecognised when all the rights, title, future receivables and interest thereof along with all the risks and rewards of ownership are transferred to the purchasers of assigned/ securitised loans in accordance with the Guidelines issued by Reserve Bank of India vide RBI/2012-13/170 DNBS. PD. No. 301/3.10.01/2012-13 dated August 21, 2012. The profit if any, as reduced by the estimated provision for loss/ expenses and incidental expenses related to the transaction, is recognised as gain or loss arising on assignment / securitisation over the tenure of the deal. Loss arising from these transactions if any are recognised immediately in the statement of profit and loss.

Notes to the Abridged Standalone Financial Statement as at March 31, 2017

- xi) Servicing fee income:
Servicing fees received is accounted for based on the underlying deal structure of the transaction as per the agreement.
- d **Fixed assets – Property, Plant & Equipments**
 - i) **Tangible assets**
 - Leased assets**
All assets given on operating lease are shown as fixed assets net of depreciation and impairment loss, if any. Initial direct costs in respect of leases are expensed in the year in which such costs are incurred.
 - Own assets**
Tangible Assets are stated at cost of acquisition less accumulated depreciation and impairment loss if any. Cost includes acquisition cost which is directly attributable to bring the asset to its working condition for its intended use.
 - ii) **Intangible assets**
Intangible assets are recognised where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortisation.
Expenditure incurred on acquisition / development of intangible assets which are not put / ready to use at the reporting date is disclosed under intangible assets under development.
- e **Depreciation / Amortisation**
Depreciation on fixed assets is provided as follows:
 - i) **Tangible assets**
Depreciation on Property, Plant and Equipment is provided in accordance with the provisions of Schedule II of the Companies Act, 2013. Tangible assets are depreciated on straight line basis method over the useful life of assets, as prescribed in Part C of Schedule II of the Companies Act, 2013.
The estimated useful lives for the different types of assets are :
 - (i) Furniture and Fixtures – 10 years
 - (ii) Office equipments – 5 years
 - (iii) Computers – 3 years
 - (iv) Vehicles – 8 years
 - (v) Plant & Machinery given on lease – 8 years
 - (vi) Data processing machineries given on lease – 3 years
 - (vii) Vehicles given on lease – 8 years
 - (viii) Buildings – 60 years
 - ii) Intangible Assets are amortised on straight-line basis over the useful life of the asset up to a maximum of 5 years commencing from the month in which such asset is first installed.
The Company provides pro-rata depreciation from the day the asset is put to use and for any asset sold, till the date of sale.
- f **Impairment of assets**
The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.
- g **Investments**
Investments are classified as long term or current based on intention of the management at the time of purchase. Current investments are valued, scrip wise at cost and market value, whichever is lower. Long-term investments are carried at carrying cost less diminution in value which is other than temporary, determined separately for each individual investment scrip wise.
An investment property is accounted for in accordance with cost model. The cost of any shares in a co-operative society or a company, the holding of which is directly related to the right to hold the investment property, is added to the carrying amount of the investment property.
- h **Repossessed assets**
Assets repossessed against the settlement of loans are carried in the balance sheet at outstanding loan amount. The classification and provision is based on the underlying Days Past Due (DPD) for these loans.
- i **Loan origination/acquisition cost**
All direct cost incurred for the loan origination is amortised over the tenure of the loan.
- j **Security of loans given**
Housing loans / loans against property granted are secured by equitable registered mortgage of property and / or undertaking to create a security. Other secured loans are secured against hypothecation of respective assets.
- k **Provisions for Non Performing Assets (NPA) and doubtful debts**
Loans and advances, receivables are identified as bad/ doubtful based on the duration of the delinquency. The duration is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning meets the CIC Master Directions as prescribed by the Reserve Bank of India.
- l **Provisions for standard assets**
Provisions for standard assets are made as per para 18 of CIC Master Directions as prescribed by the Reserve Bank of India.

Notes to the Abridged Standalone Financial Statement as at March 31, 2017

m **Market linked debentures (MLD)**

The Company has issued certain non-convertible debentures, the rate of interest which is linked to performance of specified indices over the period of the debentures. The Company hedges its interest rate risk on MLD by taking positions in future & options based on specified indices. Any gain/loss on these hedge positions are netted against with interest expense on MLD and resultant 'net loss / gain' is recognised in Statement of Profit and Loss.

n **Discount on commercial paper**

The difference between the issue price and the redemption value of commercial papers is apportioned on time basis and recognised as discounting expense.

o **Foreign currency transactions**

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies at the year end are restated at year end rates.

p **Employee benefits**

i) Provident fund: Company's contributions to the recognised provident fund, which is a defined contribution scheme, are charged to the Statement of Profit and Loss.

ii) Gratuity: The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

iii) Leave encashment: Leave encashment which is a defined benefit, is accrued for based on an actuarial valuation at the balance sheet date carried out by an independent actuary.

iv) Phantom Shares: As a long term incentive plan to employees, the Company has initiated Phantom stock option plan which are cash settlement rights where the employees are entitled to get cash compensation based on agreed formulae linked to market value of group company shares upon exercise of phantom stock options over notional or hypothetical shares, whereby instead of becoming entitled to buy the actual shares on vesting, they become entitled to cash payment equivalent to appreciation in the value over defined base price of shares. The present value of the obligation under such plan is determined based on actuarial valuation.

q **Employee Stock Option Scheme ("ESOS")**

The employees of the Company and its subsidiaries are entitled for grant of stock options (equity shares), based on the eligibility criteria set in ESOS plan of the Company. The employee compensation expenses are accounted on the basis of "intrinsic value method" as prescribed by the Guidance Note on Employee share based payments issued by the Institute of Chartered Accountants of India as required by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The excess, if any, of quoted market price over the exercise price on the date of grant would be recognised as compensation cost over the vesting period. The Company recognises compensation cost on the basis of estimated number of stock options expected to vest.

r **Borrowing costs**

Borrowing costs, which are directly attributable to the acquisition / construction of fixed assets, till the time such assets are ready for intended use, are capitalised as part of the cost of the assets. Other borrowing costs are recognised as an expense in the year in which they are incurred. Brokerage costs directly attributable to a borrowing are expensed over the tenure of the borrowing.

s **Operating leases**

Lease payments for assets taken on an operating lease are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

t **Earnings per share**

The basic earnings per share is computed by dividing the net profit / (loss) after tax attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting year. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share, is computed by dividing the net profit / (loss) after tax by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit / increase loss per share are included.

u **Taxation**

- Current Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit entitlement is recognised where there is convincing evidence that the same can be realised in future.

Reliance Capital Limited

Notes to the Abridged Standalone Financial Statement as at March 31, 2017

- Deferred tax

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised when there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised to the extent there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

v **Provisions, contingent liabilities and contingent assets**

The Company creates a provision when there is a present obligation as a result of past events and it is probable that there will be outflow of resources and a reliable estimate of the obligation can be made of the amount of the obligation. Contingent liabilities are not recognised but are disclosed in the notes to the financial statements. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised nor disclosed in the financial statements.

- 3 The abridged standalone financial statements have been prepared in accordance with first proviso to sub-section (1) of section 136 of the Companies Act, 2013 read with Rule 10 of Companies (Accounts) Rules, 2014 from the audited standalone financial statements of the Company for the year ended March 31, 2017, prepared in accordance with Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and accounting principles generally accepted in India and which is approved by the Board of Directors at the meeting held on April 27, 2017.

4 **Previous year (Note 3 of Standalone Financial Statement)**

Previous year figures has been regrouped / reclassified wherever necessary. The figures for the previous year includes figures of Commercial Finance Business of the Company which is demerged with the Reliance Commercial Finance Limited (Formerly Reliance Gilts Limited) with effect from April 1, 2016 i.e. the Appointed Date and therefore to that extent not strictly comparable to that of current year's figures.

	As at March 31, 2017	As at March 31, 2016
(` in crore)		
5 Deferred tax liabilities / (assets) (Note 7 of Standalone Financial Statement)		
Deferred tax liabilities / (assets) included in the balance sheet comprises the following:		
(a) Deferred tax liabilities		
Depreciation on fixed assets	19	22
Unamortised expenditures	23	52
Total (a)	42	74
(b) Deferred tax assets		
Provision for non performing assets / diminution in the value of assets and investments	38	86
Provision for leave encashment / gratuity	1	1
Total (b)	39	87
Net deferred tax liabilities / (assets) [(a)-(b)]	3	(13)

Note: During the previous year as a matter of prudence the Company had decided not to recognise Deferred tax assets (net) in books of accounts.

	As at March 31, 2017	As at March 31, 2016
(` in crore)		
6 Cash and bank balances (Note 20 of Standalone Financial Statement)		
(a) Cash and cash equivalents		
Balances with banks		
- In current accounts	2 515	1 489
- Fixed Deposits (less than 3 months)	-	2
Cash on hand	-	4
	2 515	1 495

Notes to the Standalone Financial Statement as at March 31, 2017

	As at March 31, 2017	As at March 31, 2016
(b) Other bank balances		
- Fixed Deposits under lien (less than 3 months)*	1 677	157
- Unclaimed dividend accounts	19	18
	<u>4 211</u>	<u>1 670</u>

* In respect of balances with Scheduled Banks in Fixed Deposit accounts ` Nil (Previous Year ` 157 crore) is kept as credit enhancement towards securitisation / assignment transaction, ` 177 crore (Previous Year ` Nil) is kept as deposit for margin with Stock Exchange and ` 1500 crore (Previous Year ` Nil) is kept as deposit with bank for issuing of Bank Guarantee for third party.

7 The Company was a partner in Reliance Capital Partners and ceased to be a partner as on March 31 2017 (Note 29 of Standalone Financial Statement)

a) The firm consists of following partners and their balances:

Name of Partners	As at March 31, 2016
i) Reliance Capital Limited	76
ii) Reliance Land Private Limited	4
Total	80

b) Profit Sharing Ratio: The profit / (loss) is distributed between the partners on the basis of the weighted average capital. The loss for the current financial year is ` 0.39 crore (Previous year Profit ` 13 crore)

8 Auditors' remuneration includes: (Note 30 of Standalone Financial Statement)

	2016-17	2015-16
i) Audit Fees	1	1
ii) Tax Audit Fees [` 1 07 500 (Previous year ` 1 07 500)]	-	-
iii) Certification charges and other reimbursement	1	1
Total	2	2

9 Tax on Proposed Dividend (Note 31 of Standalone Financial Statement)

In view of Section 115 - O of the Income Tax Act, 1961, the Company has reduced its dividend tax liabilities to the extent dividend received / receivable from its subsidiary company viz. Reliance Nippon Life Asset Management Limited:

	2016-17	2015-16
Company Dividend		
Company Proposed dividend	Nil	253
Less : Dividend Receivable from Subsidiary	Nil	126
Dividend for Distribution Tax	Nil	127
Dividend Distribution Tax thereon	Nil	26
Subsidiary Dividend		
No. of shares held by the Company	Nil	58 75 200
Date of Final Dividend	Nil	April 22,2016
Final Dividend (per share)	Nil	215
Final Dividend Receivable	Nil	126

10 Employees Stock Option Plans (Note 32 of Standalone Financial Statement)

a) The Company operated two Employee Stock Option Plans; ESOS Plan A and ESOS Plan B introduced in the financial year 2009-10. All options granted under the ESOS Plan A and ESOS Plan B have been surrendered and lapsed in the previous year. The Company managed the ESOS Plan A and ESOS Plan B through a Trust. Advance of ` 59 crore (net of written off ` 64 crore) Previous Year ` 59 crore (net of written off ` 64 crore) has been granted to Trust. Out of the said advance, Trust has purchased 16 00 000 equity shares for the above purpose.

b) The Company introduced ESOP 2015 which covers eligible employees of the Company and its subsidiaries. The vesting of the options is from expiry of one year till five years as per Plan. Each Option entitles the holder thereof to apply for and be allotted/transferred one Equity Share of the Company upon payment of the exercise price during the exercise period.

Reliance Capital Limited

Notes to the Abridged Standalone Financial Statement as at March 31, 2017

Details of ESOS 2015 are as under :

	ESOS 2015
Date of Grant	October 15,2015
Price of Underlying Stock (₹)	396
Exercise / Strike Price (₹)	396
The fair value of the options granted was estimated on the date of grant using the Black Scholes Model with the following assumptions:	
Risk Free Interest Rate	7.51% - 7.56%
Expected Dividend Yield	2.28%
Expected Life (years)	4.51 to 6.51
Expected Volatility	44.61% to 46.39%
Weighted Average Fair Value (₹)	565

The information covering stock options granted, exercised, forfeited and outstanding at the year end is as follows: (As certified by the management)

	No. of Stock Options	
	March 31, 2017	March 31, 2016
Outstanding at the beginning of the year	6 42 560	-
Granted	-	6 46 080
Exercised	Nil	Nil
Lapsed / Forfeited / Surrendered	1 15 780	3 520
Outstanding at the end of the year	5 26 780	6 42 560
Exercisable at end of the year	1 05 356	-

The Company has chosen to account for the Plan by the Intrinsic Value Method. The total expense recognised for the period arising from stock option plan as per Intrinsic Value Method is ₹ Nil (Previous year ₹ Nil). Had the Company adopted fair value method the net results for the year would have been lower by ₹ 89 lakh (Previous year ₹ Nil) [net of tax saving ₹ 71 lakh (Previous year ₹ Nil)] and accordingly EPS (Both Basic and Diluted) would have been lower by ₹ 0.03 (Previous year ₹ 0.03).

11 Employee benefits (Note 33 of Standalone Financial Statement)

a) Defined contribution plan

Contribution to defined contribution plans, recognised as expense for the year is as under: (₹ in crore)

	2016-17	2015-16
Employer's contribution to provident fund	2	5
Employer's contribution to superannuation fund [₹ 12 24 018 (Previous year ₹ 21 63 390)]	-	-
Employer's contribution to pension scheme	1	3
	3	8

b) Defined benefit plans

The following tables summarise the components of the net employee benefit expenses recognised in the Statement of Profit and Loss, the fund status and amount recognised in the balance sheet for the gratuity benefit plan and leave encashment plan.

Particulars	(₹ in crore)			
	Gratuity benefit (funded)		Leave Encashment Benefit (Unfunded)	
	2016-17	2015-16	2016-17	2015-16
I. Table showing change in				
Liability at the beginning of the period	10.13	9.55	3.39	3.62
Transfer under demerger	(6.54)	-	(1.16)	-
Interest Cost	0.82	0.76	0.18	0.28
Current Service Cost	1.33	1.27	0.14	0.57
Benefit Paid / Divestment	(4.16)	(1.35)	(0.13)	(0.38)
Actuarial (gain)/ loss on obligations	3.37	(0.10)	(0.07)	0.70
Liability at the end of the period	4.95	10.13	2.36	3.39

Notes to the Abridged Standalone Financial Statement as at March 31, 2017

Particulars	(₹ in crore)				
	Gratuity benefit (funded)		Leave Encashment Benefit (Unfunded)		
	2016-17	2015-16	2016-17	2015-16	
II. Changes in the Fair Value of Plan Assets and the reconciliation thereof					
Fair Value of Plan Assets at the beginning of the period	9.28	5.80	-	-	
Expected return on Plan Assets	0.75	0.46	-	-	
Contributions	1.51	4.42	0.13	0.38	
Benefit paid	(4.16)	(1.35)	(0.13)	(0.38)	
Actuarial gain/(loss) on Plan Assets	0.16	(0.05)	-	(0.70)	
Fair value of Plan Assets at the end of the period	7.54	9.28	-	-	
Total Actuarial gain/(loss) to be recognized	(3.20)	0.05	0.07	(0.70)	
III. Actual return on Plan Assets					
Expected return on Plan Assets	0.75	0.46	-	-	
Actuarial gain/(loss) on Plan Assets	0.16	(0.05)	-	-	
Actual return on Plan Assets	0.91	0.42	-	-	
IV. Amount recognised in the Balance Sheet					
Liability at the end of the period	11.49	10.13	2.36	3.39	
Fair Value of Plan Assets at the end of the period	7.54	9.28	-	-	
Difference Funded status	(3.95)	(0.85)	(2.36)	(3.39)	
Unrecognised Actual Gain / (Loss)	-	-	-	-	
Transfer under demerger	(2.52)	-	-	-	
Amount recognised in the Balance Sheet (liability)	(1.43)	(0.85)	(2.36)	(3.39)	
V. Expenses recognised in the Profit and Loss Account					
Current Service Cost	1.33	1.27	0.14	0.57	
Interest Cost	0.82	0.76	0.18	0.28	
Expected return on Plan Assets	(0.75)	(0.46)	-	-	
Net Actuarial (gain)/loss to be recognized	3.20	(0.05)	(0.07)	0.70	
Expense recognised in Profit and Loss Account	4.60	1.52	0.21	0.16	
VI. Amount recognised in the Balance Sheet					
Opening Net Liability	0.85	3.74	3.39	3.62	
Transfer under demerger	(2.52)	-	(1.16)	-	
Expense as above	4.60	1.52	0.21	0.16	
Employers Contribution paid	(1.51)	(4.42)	(0.13)	(0.38)	
Closing Net Liability/(Assets)	1.43	0.85	2.36	3.39	
VII. Assumptions					
Discount Rate	7.34%	8.07%	7.52%	8.00%	
Rate of return on Plan Assets	9.85%	8.07%	-	-	
Salary Escalation Rate	6.00%	6.00%	6.00%	5.00%	
VIII. Particulars of the amounts for the year and previous years					
	Gratuity for the year ended March 31				
	2 017	2 016	2 015	2 014	2 013
Present value of benefit obligation	11.48	10.13	9.55	4.60	5.54
Fair value of plan assets	7.54	9.28	5.80	5.99	6.69
Excess of obligation over plan assets	3.95	0.85	3.75	(1.39)	(1.15)
IX. Experience adjustment					
Experience adjustment on Plan Assets Gain/(Loss)	0.16	(0.05)	0.13	(0.07)	(0.03)
Experience adjustment on Plan Liabilities(Gain)/Loss	2.54	0.08	(0.69)	(0.77)	0.72

c) **Other employee benefits**

Phantom Stock Option Scheme:

As a long term incentive plan to employees, the Company has initiated Phantom Stock Option Plan on October 15, 2015 which are cash settlement rights where the employees are entitled to get cash compensation based on a agreed formulae linked to market value of subsidiary company shares upon exercise of phantom stock options over notional or hypothetical shares,

Reliance Capital Limited

Notes to the Abridged Standalone Financial Statement as at March 31, 2017

Liability towards the scheme is accounted for on the basis of an independent actuarial valuation done at the year end. The valuation of the shares is done considering the Projected Unit Credit Method and the progression of share price up to the exercise of the option. Fair Value of Phantom Stock Options was estimated on the date of grant on the assumptions of Discount Rate of 6.77% and Expected Life of 4 years.

Vested Phantom Options can be exercised on continuation of employment any time upto 3 years from the date of last vesting and upon cessation of employment as per the terms of the Scheme. Settlement of Phantom Option is done in cash within 90 days from the date of exercise. For the current year the Company has created provision of ₹ 2 crore (Previous year ₹ 1 crore).

Notes:

- i) The above figures are shown in rupees in crore with two decimals to be more representative.
- ii) The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.
- iii) General Descriptions of significant defined plans:
 - a) Gratuity plan
Gratuity is payable to all eligible employees of the Company on superannuation, death and permanent disablement, in terms of the provisions of the Payment of Gratuity Act 1972 or as per the Company's Scheme whichever is more beneficial.
 - b) Leave plan
Encashment of leave can be availed by the employee for balance in the earned account as on January 1, 2009. All carry forward earned leaves with a maximum limit of 10 Days, are available for availment but not for encashment.

12 Segment reporting (Note 34 of Standalone Financial Statement)

As per paragraph 4 of Accounting Standard (AS) 17, on "Segment Reporting" notified by the Companies (Accounts) Rules 2014, where a single financial report contains both consolidated financial statements and the separate financial statements of the holding company, segment reporting needs to be presented only on the basis of consolidated financial statements. In view of this, segment information has been presented at Note No. 22 of the abridged consolidated financial statements.

13 Related party disclosures (Note 35 of Standalone Financial Statement)

A. List of Related Parties and their relationship:

i) Major investing party

Reliance Inceptum Private Limited

ii) Individual Promoter

Shri Anil D. Ambani, the person having control during the year.

iii) Subsidiaries

1	Reliance Nippon Life Asset Management Limited (formerly Reliance Capital Asset Management Limited) (RNLAML)	15	Reliance Securities Limited (RSL)
2	Reliance Asset Management (Mauritius) Limited (RAMML)	16	Reliance Commodities Limited (RCoL)
3	Reliance Asset Management (Singapore) Pte. Limited (RAMSL)	17	Reliance Financial Limited (RFL)
4	Reliance Capital Asset Management (UK) Limited (RCAMUL) (dissolved w.e.f. June 14, 2016)	18	Reliance Money Express Limited (RMEL) (ceased w.e.f. February 7, 2017)
5	Reliance Capital Pension Fund Limited (RCPFL)	19	Reliance Money Precious Metals Private Limited (RMPMPL)
6	Reliance AIF Management Company Limited (RAMCL)	20	Reliance Money Solutions Private Limited (RMSPL)
7	Reliance Capital Trustee Co. Limited (RCTC)	21	Reliance Wealth Management Limited (RWML)
8	Reliance General Insurance Company Limited (RGICL)	22	Quant Capital Private Limited (QCPL)
9	Reliance Nippon Life Insurance Company Limited (formerly Reliance Life Insurance Company Limited) (RNLICL)	23	Quant Capital Finance and Investments Private Limited (QCFIPL) (ceased w.e.f. July 7, 2016)
10	Reliance Commercial Finance Limited (formerly Reliance Gilts Limited) (RCFL)	24	Quant Broking Private Limited (QBPL)
11	Reliance Home Finance Limited (RHFL)	25	Quant Commodity Broking Private Limited (QCBPL) (ceased w.e.f. August 18, 2016)

Notes to the Abridged Standalone Financial Statement as at March 31, 2017

- | | | | |
|----|---|----|---|
| 12 | Reliance Exchangenext Limited (RNext) | 26 | Quant Investment Services Private Limited (QISPL) |
| 13 | Reliance Corporate Advisory Services Limited (RCASL) (formerly Reliance Spot Exchange Infrastructure Limited) | 27 | Quant Securities Private Limited (QSPL) |
| 14 | Reliance Capital AIF Trustee Company Private Limited (RCATCPL) | | |
- iv) **Partnership firm**
Reliance Capital Partners (RCP) (ceased w.e.f. March 31, 2017)
- v) **Associates**
- | | | | |
|---|--|---|---|
| 1 | Reliance Asset Reconstruction Company Limited (RARC) | 3 | Indian Commodity Exchange Limited (ICEX) |
| 2 | Ammolite Holdings Limited (AHL) | 4 | Quant Commodity Broking Private Limited QCBPL (w.e.f. from August 18, 2016) |
- vi) **Key Managerial Personnel (KMP) and KMP Relatives**
- Shri Soumen Ghosh – Executive Director & Group CEO (ceased w.e.f. March 31, 2017)
 - Shri Amit Bapna – Chief Financial Officer
 - Shri V. R. Mohan – President & Company Secretary (superannuation w.e.f. March 31, 2017)
 - Smt. Caroline Ghosh – KMP Relative (ceased w.e.f. March 31, 2017)
 - Shri Vijay Singh Bapna – KMP Relative
 - Shri Atul Tandon – Company Secretary & Compliance Officer (w.e.f. February 10, 2017)
 - Shri Jai Anmol Ambani – Executive Director (w.e.f. September 27, 2016)

B. **Other related parties with whom transactions have taken place during the year**

Enterprise over which individual described in clause A (ii) above has control or significant influence.

- | | | | |
|---|---|----|--|
| 1 | Reliance Power Limited (RPL) | 6 | Reliance Infocomm Infrastructure Limited (RIIL) |
| 2 | Reliance Communications Limited (RCL) | 7 | Reliance Infratel Limited (RIL) |
| 3 | Zapak Mobile Games Private Limited (ZMGPL) | 8 | Reliance IDC Limited (RIDC) |
| 4 | Reliance Big Entertainment Private Limited (RBEPL) | 9 | Reliance Webstore Limited (RWL) |
| 5 | Reliance Communications Infrastructure Limited (RCIL) | 10 | Nationwide Communications Private Limited (NCPL) (w.e.f. May 31, 2016) |

C. **Transactions during the year with related parties:**

Particulars	Subsidiaries	Others (B above)	Associates	Partnership Firm	Total
					(` in crore)
Debentures (Borrowings)					
a) Redeemed during the year	246	-	-	-	246
	(158)	(-)	(-)	(-)	(158)
b) Balance as at March 31, 2017	247	-	-	-	247
	(243)	(-)	(-)	(-)	(243)
c) Accrued interest on debentures as at March 31, 2017	14	-	-	-	14
	(10)	(-)	(-)	(-)	(10)
Fixed Assets					
a) Purchased during the year	-	-	-	-	-
(Previous year *` 48 86 889)	(-)	(*)	(-)	(-)	(*)
b) Sold during the year (*` 6 06 392)	-	-	-	-	-
	(*)	(-)	(-)	(-)	(*)
Investments					
a) Subscribed/Purchased during the year	3 680	3	-	-	3 683
	(174)	(-)	(-)	(-)	(174)
b) Redeemed / Sold during the year	1 099	-	-	-	1 099
	(-)	(632)	(-)	(-)	(632)

Reliance Capital Limited

Notes to the Abridged Standalone Financial Statement as at March 31, 2017

	(` in crore)				
Particulars	Subsidiaries	Others (B above)	Associates	Partnership Firm	Total
c) Balance as at March 31, 2017 [Net of provision ` 142 crore (Previous year ` 105 crore)]	11 664 (7 976)	185 (223)	49 (49)	- (-)	11 898 (8 248)
Partnership Current Accounts					
a) Withdrawal during the year (Net)	- (-)	- (-)	- (-)	76 (253)	76 (253)
b) (Loss) / Profit of Partnership firm during the year (* Loss ` 39 13 466)	- (-)	- (-)	- (-)	(*) (13)	(*) (13)
c) Balance as at March 31, 2017	- (-)	- (-)	- (-)	- (76)	- (76)
Loans Given					
a) Given during the year	1 169 (117)	1 656 (2 654)	- (-)	- (-)	2 825 (2 771)
b) Returned /Adjusted during the year	872 (112)	570 (2 469)	- (-)	- (-)	1 442 (2 581)
c) Balance as at March 31, 2017 [Net of provision ` 6 crore (Previous year ` 7 crore)]	302 (5)	1 655 (815)	- (-)	- (-)	1 957 (820)
d) Interest accrued on Loans	- (-)	9 (78)	- (-)	- (-)	9 (78)
Advances					
a) Balance as at March 31, 2017 (* ` 5 42 167)	3 (95)	- (1)	* (-)	- (-)	3 (96)
Income					
a) Interest & Finance Income (including Premium on Preference Shares)	4 (2)	33 (125)	- (-)	- (-)	37 (127)
b) Rent (* ` 9 00 000)	- (-)	* (*)	- (-)	- (-)	* (*)
c) Dividend Income	126 (81)	- (-)	1 (47)	- (-)	127 (128)
d) Reimbursement of Expenditure (* ` 4 93 380 Previous year ` 11 69 618) (** ` 7 20 996)	22 (19)	* (*)	** (10)	- (-)	22 (29)
e) Management Fees	27 (21)	- (-)	- (6)	- (-)	27 (27)
f) Income transferred as per Business Transfer Agreement	1 (1)	- (-)	- (-)	- (-)	1 (1)
g) Other operating income (* ` 10 000) (**` 5 20 000 Previous year ` 29 63 000)	- (*)	- (-)	** (**)	- (-)	- (-)
Expenditure					
a) Finance cost paid	86 (80)	- (-)	- (3)	- (-)	86 (83)
b) Insurance *(Previous year ` 48 17 137)	3 (3)	- (-)	- (*)	- (-)	3 (3)
c) Rent	- (-)	- (1)	- (-)	- (-)	- (1)
d) Brokerage paid during the year	1 (1)	- (-)	- (-)	- (-)	1 (1)
e) Expenses transferred as per Business Transfer Agreement	1 (1)	- (-)	- (-)	- (-)	1 (1)
f) Reimbursement of Expenditure	1 (1)	- (-)	- (-)	- (-)	1 (1)
g) Provision / (Reversal) for Diminution in value of Investments	(3) (-77)	40 (-)	- (-)	- (-)	37 (-77)
h) Investments written off	- (77)	- (-)	- (-)	- (-)	- (77)

Notes to the Abridged Standalone Financial Statement as at March 31, 2017

						(` in crore)
Particulars	Subsidiaries	Others (B above)	Associates	Partnership Firm	Total	
i) Valuation Expenses *(Previous year ` 38 57 142)	-	-	-	-	-	-
	(*)	(-)	(-)	(-)	(-)	(-)
Contingent Liability						
a) Guarantees to Banks and Financial Institutions on behalf of third parties	-	836	-	-	836	836
	(-)	(50)	(-)	(-)	(-)	(50)
Shares given as collateral /pledge						
a) Shares given as collateral *(` 29 96 529)	-	-	-	-	-	-
	(*)	(-)	(-)	(-)	(-)	(*)
b) Shares given as pledge	-	-	-	-	-	-
	(67)	(-)	(-)	(-)	(-)	(67)

D. The nature and volume of material transactions for the year with above related parties are as follows:

Debentures (Borrowings)

Debentures redeemed during the year include ` 167 crore (Previous year ` 152 crore) to RSL, ` 40 crore (Previous year ` Nil) to RGICL and ` 39 crore (Previous year ` Nil) to RFL. Debentures as at March 31 2017 includes ` 9 crore (Previous year ` 12 crore) to RSL, ` 225 crore (Previous year ` 225 crore) to RGICL and ` 12 crore (Previous year ` Nil) to RFL. Accrued Interest on debentures as at March 31, 2017 include ` 14 crore (Previous year ` 10 crore) to RGICL.

Fixed Assets

Fixed assets purchased during the year, include ` Nil (Previous year ` 48,86,889) from RCIL. Fixed assets sold during the year include ` Nil (Previous year ` 6,06,392) to RMSPL and ` 3,28,811 (Previous year ` Nil) to Shri V. R. Mohan.

Investments

Investments subscribed / purchased during the year include ` 2,150 crore (Previous year ` 51 crore) from RCFL, ` Nil (Previous year ` 66 crore) from RFL, ` Nil (Previous year ` 25 crore) from RMSPL, ` 1,218 crore (Previous year ` Nil) from RCASL, ` 200 crore (Previous year ` Nil) from RHFL, ` Nil (Previous year ` 17 crore) from RMPMPL and includes ` 3 crore (Previous year ` Nil) from NCPL. Investments redeemed / sold during the year include ` 113 crore (Previous year ` Nil) to RNLICL, ` 126 crore (Previous year ` Nil) to RHFL, ` 859 crore (Previous year ` Nil) to RCASL and includes ` Nil (Previous year ` 632 crore) to RBEPL. Investments Balance as at March 31, 2017 includes ` 1,837 crore (Previous year ` 1,742 crore) of RGICL, ` 521 crore (Previous year ` 321 crore) to RHFL, ` 175 crore (Previous year ` 150 crore) of RSL, ` 200 crore (Previous year ` 200 crore) of QCPL, ` 35 crore (Previous year ` 13 crore) of RNext [Net of written off ` 69 crore (Previous year ` 69 crore)], ` 5,077 crore (Previous year ` 5,077 crore) of RNLICL, ` 247 crore (Previous year ` 247 crore) of RNLAM and ` 1,218 crore (Previous year ` Nil) of RCASL, ` 2,213 crore (Previous year ` 63 crore) from RCFL ` 180 crore (Previous year ` 220 crore) of RCL [Net of provision of ` 113 crore (Previous year ` 73 crore)], ` 49 crore (Previous year ` 49 crore) of RARC, ` Nil (Previous year ` Nil) of AHL [Net of Provision ` 29 crore (Previous year ` 29 crore)].

Partnership Current Accounts

Withdrawal during the year (Net) include ` 76 crore (Previous year ` 253 crore) from RCP. Profit / (Loss) of Partnership firm during the year include Loss ` 39,13,466 (Previous year Profit ` 13 crore) from RCP. Balance as at March 31, 2017 ` Nil (Previous year ` 76 crore) of RCP.

Loans Given

Loans given during the year includes ` 5 crore (Previous year ` 23 crore) to RFL, ` Nil (Previous year ` 27 crore) to RMSPL, ` 1,104 crore (Previous year ` Nil) to RCASL, ` 60 crore (Previous year ` 65 crore) to RSL; ` 824 crore (Previous year ` 2,104 crore) to RCL, ` 300 crore (Previous year ` Nil) to RCIL, ` 155 crore (Previous year ` 140 crore) to RBEPL, ` 377 crore (Previous year ` 325 crore) to RIL. Loan Returned/Adjusted during the year include ` 10 crore (Previous year ` 18 crore) from RFL, ` Nil (Previous year ` 27 crore) from RMSPL, ` 802 crore (Previous year ` Nil) from RCASL, ` 60 crore (Previous year ` 65 crore) to RSL; ` Nil crore (Previous year ` 1,999 crore) to RCL, ` 569 crore (Previous year ` 80 crore) from RBEPL and ` 1 crore (Previous year ` 325 crore) from RIL. Loans as at March 31, 2017 include ` Nil (Previous year ` 5 crore) to RFL, ` Nil (Previous year ` Nil) to RNext [Net of Provision of ` 7 crore (Previous year ` 7 crore)], ` 302 crore (Previous year ` Nil) to RCASL, ` 376 crore (Previous year ` Nil) to RIL, ` 824 crore (Previous year ` 106 crore) to RCL, ` 300 crore (Previous year ` Nil) to RCIL, ` 155 crore (Previous year ` 709 crore) to RBEPL; ` Nil (Previous year ` 44,64,047) to Shri V. R. Mohan, ` Nil (Previous year ` 1 crore) to Shri Soumen Ghosh and ` Nil (Previous year ` 47,74,487) to Smt. Caroline Ghosh. Accrued Interest on loans as at March 31, 2017 includes ` 4 crore (Previous year ` 77 crore) from RBEPL, ` 1 crore (Previous year ` Nil) to RIL and ` 3 crore (Previous year ` Nil) to RCL.

Notes to the Abridged Standalone Financial Statement as at March 31, 2017

Advances

Advances as at March 31, 2017 includes ` 1 crore (Previous year ` 93 crore) to RGICL, ` Nil (Previous year ` 1 crore) to RNLICL, ` 2 crore (Previous year ` Nil) to RSL, include ` Nil (Previous year ` 1 crore) to RCL, ` Nil [Previous year ` Nil (Net of ` 75 crore given & refunded)] to RCIL and ` 5,42,167 (Previous year ` 18,06,490) to RARC.

Income

Interest & Finance Income (including Premium on Preference Shares) includes ` 1 crore (Previous year ` 1 crore) from RSL, ` 98,630 (Previous year ` 3,63,616) from RFL, ` 3 crore (Previous year ` Nil) from RCASL, ` Nil (Previous year ` 1 crore) from RMSPL; ` 3 crore (Previous year ` 24 crore) from RCL, ` 28 crore (Previous year ` 91 crore) from RBEPL ` Nil (Previous year ` 3,29,535) from Shri V. R. Mohan, ` Nil (Previous year ` 9,96,021) from Shri Soumen Ghosh, ` Nil (Previous year ` 6,62,387) from Smt. Caroline Ghosh and ` Nil (Previous year ` 1,62,534) from Shri Vijay Singh Bapna. Rent income include ` 9,00,000 (Previous year ` 9,00,000) from RCIL. Dividend Income includes ` 126 crore (Previous year ` 81 crore) from RNLAM, ` Nil (Previous year ` 46 crore) from RNLICL and ` 1 crore (Previous year ` 1 crore) from RARC. Reimbursement of Expenditure include ` 7 crore (Previous year ` 7 crore) from RGICL, ` 3 crore (Previous year ` 2 crore) from RNLAM, ` 2 crore (Previous year ` 2 crore) from RSL, ` 14,51,114 (Previous year ` 8 crore) from RHFL, ` 9 crore (Previous year ` 10 crore) from RNLICL, ` 4,93,380 (Previous year ` 11,69,618) from RCIL and ` 7,20,996 (Previous year ` Nil) from RARC. Management Fees include ` 6 crore (Previous year ` 6 crore) from RGICL, ` 6 crore (Previous year ` 6 crore) from RNLAM, ` 6 crore (Previous year ` 6 crore) from RSL, ` 3 crore (Previous year ` 3 crore) from RHFL and ` 6 crore (Previous year ` 6 crore) from RNLICL. Income transferred as per Business Transfer Agreement includes ` 1 crore (Previous year ` 1 crore) to RHFL. Other operating incomes includes ` 5,20,000 (Previous year ` 29,63,000) from RARC.

Expenditure

Finance cost includes ` 24 crore (Previous year ` 23 crore) to RGICL, ` 10 crore (Previous year ` Nil) to RFL, ` 52 crore (Previous year ` 54 crore) to RSL, and ` Nil (Previous year ` 3 crore) to RNLICL. Insurance includes ` 3 crore (Previous year ` 3 crore) to RGICL and [` 22,78,125 (Previous year ` 48,17,137) to RNLICL. Rent include ` Nil (Previous year ` 1 crore) to RCL. Brokerage paid during the year ` 1 crore (Previous year ` 1 crore) to RSL. Expense transferred as per Business Transfer Agreement include ` 1 crore (Previous year ` 1 crore) to RHFL. Reimbursement of Expenditure includes ` Nil (Previous year ` 1 crore) to RGICL and ` 1 crore (Previous year ` Nil) to RSL. Provision / (Reversal) for diminution in value of investments includes ` Nil (Previous year reversal ` 69 crore) of RNext, ` Nil (Previous year reversal ` 8 crore) of RMPMPL and reversal of ` 3 crore (Previous year ` Nil) of RCFL ` 40 crore (Previous year ` Nil) of RCL. Investments written off include ` Nil (Previous year ` 69 crore) of RNext, ` Nil (Previous year ` 8 crore) of RMPMPL. Valuation Expenses include ` Nil (Previous year ` 38,57,142) paid to RHFL. Employee benefit expenses include ` 1 crore (Previous year ` 1 crore) to Shri V. R. Mohan, ` 8 crore (Previous year ` 8 crore) to Shri Soumen Ghosh, ` 3 crore (Previous year ` 3 crore) to Shri Amit Bapna, ` 9,88,038 (Previous year ` Nil) to Shri Atul Tandon and ` 1 crore (Previous year ` Nil) to Shri Jai Anmol Ambani.

Contingent Liability

Guarantees to Banks and Financial Institutions on behalf of third parties include ` 50 crore (Previous year ` 50 crore) for RBEPL, ` 550 crore (Previous year ` Nil) for RIL, ` 118 crore (Previous year ` Nil) to RCL and ` 118 crore (Previous year ` Nil) to RCIL.

Shares given as collateral

Shares given as collateral include ` Nil (Previous year ` 29,96,529) to RSL.

Shares given as pledge

Shares given as pledge include ` Nil (Previous year ` 67 crore) to RSL.

Notes :

- i) Figures in bracket indicate previous year figures.
- ii) Expenses incurred towards public utilities services such as communication and electricity charges have not been considered for related party transaction.
- iii) The above discloses transactions entered during the period of existence of related party relationship. The balances and transactions are not disclosed before existence of related party relationship and after cessation of related party relationship.
- iv) In regard to transactions with Reliance Commercial Finance Limited till effective date of demerger Refer note no. 38(iv).
- v) Director Sitting Fee of ` 2,40,000 (Previous year ` 1,60,000) has been paid to Shri Anil D. Ambani, an individual having control.
- vi) The Company has provided security amounting to ` 707 crore for the Listed Secured Non-Convertible Debentures of its wholly-owned subsidiary viz. Reliance Home Finance Limited by way of first pari passu hypothecation charge on all present and future book debts and business receivables of the Company (except security created / to be created towards securing term loans and cash credit limits). Business receivables includes current assets and investments.
- vii) Shri Jai Anmol Ambani was paid sitting fees of ` 40,000 for attending the board meeting held on September 13, 2016, prior to his appointment as Executive Director w.e.f September 27, 2016.

Notes to the Abridged Standalone Financial Statement as at March 31, 2017

14 Leases (Note 36 of Standalone Financial Statement)

The Company has given assets on Operating lease. Disclosure as per Accounting Standard (AS-19), on "Leases" notified by the Companies (Accounts) Rules 2014:

	(` in crore)	
Particulars	2016-17	2015-16
Within one year of the balance sheet date	10	15
Due in a period between one year and five years	11	14
Due after five years	-	-

15 Basic and diluted earnings per share: (Note 37 of Standalone Financial Statement)

The computation of basic earnings per share is set out below

	(` in crore)	
Particulars	2016-17	2015-16
a) Amounts used as the numerators		
Net profit after tax	419	977
Net profit attributable to equity shareholders	419	977
b) Weighted average number of equity shares (Nos.)	25 26 32 800	25 26 32 800
c) Basic earnings per share of face value ` 10 each (`)	16.60	38.67

The computation of dilutive earnings per share is set out below

	(` in crore)	
Particulars	2016-17	2015-16
a) Amounts used as the numerators		
Net profit after tax	419	977
Net profit attributable to equity shareholders	419	977
b) Weighted average number of equity shares (Nos.)	25 27 14 591	25 26 32 800
c) Diluted earnings per share of face value ` 10 each (`)	16.60	38.67

16 Scheme of Arrangement (Demerger) between the Company and Reliance Commercial Finance Limited (Note 38 of Standalone Financial Statement)

The Board of Directors of the Company at its Meeting held on February 25, 2016 has considered and approved a Scheme of Arrangement (Demerger) between the Company, and its wholly owned subsidiary Reliance Commercial Finance Limited (formerly Reliance Gilts Limited). The Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 (the 'Scheme') for demerger of Commercial Finance Business of the Company to its wholly owned subsidiary viz. Reliance Commercial Finance Limited has been approved by the Hon'ble High Court of Judicature at Bombay. The Scheme has become effective on March 24, 2017 with the Registrar of Companies, Maharashtra at Mumbai with effect from April 1, 2016 i.e. Appointed Date. Hence, in accordance with the Scheme:-

- i. On Scheme becoming effective with effect from Appointed Date, the Company has transferred all the assets aggregating to ` 12,473 crore and liabilities aggregating to ` 12,473 crore as appearing in the books of Company related to commercial finance business at their respective book value as on Appointed Date. The net assets taken over include:

Assets / Liabilities Taken Over	(` in crore)
Assets	
Fixed Assets - Property, Plant & Equipment (Net of accumulated depreciation ` 50 crore)	29
Investments	91
Loans & Advances	11,351
Cash and Cash Equivalents	493
Other Bank Balances	156
Other Current Assets	353
Total Assets	12,473

Reliance Capital Limited

Notes to the Abridged Standalone Financial Statement as at March 31, 2017

Liabilities

Bank Borrowings	7,927
Provisions	38
Trade payables	6
Other current liabilities	516
Short term borrowings	2,824
Current maturities of Non Convertible debentures	1,162
Total Liabilities	12,473

- ii There is no difference between value of assets and liabilities of the Company's commercial finance business as transferred under scheme, accordingly there is no capital reserve or goodwill.
- iii As per the scheme approved by the Hon'ble High Court of Judicature at Bombay with effect from the Appointed Date and upto and including the effective date, the Company shall be deemed to have been carrying on all business and activities relating to Commercial Finance Business for and on account of and in trust of Commercial Finance Business All profits accruing to Commercial Finance Business or losses arising or incurred by the Company in relation to the Commercial Finance Business for the period commencing from the Appointed Date to the Effective Date shall, for all purposes, be treated as the profits or losses, as the case may be, of Commercial Finance Business.
- iv During the period from the Appointed Date to the Effective Date the Company received the inter division balance amounting to ` 2,874 crore (average balance during the year ` 829 crore) on which the Company has received interest of ` 91 crore from Reliance Commercial Finance Limited. During this period, the Company has also received reimbursement of expenses amounting to ` 2 crore and management fees amounting to ` 3 crore.
Accordingly aforesaid Commercial finance business was considered as discontinuing operations during previous year.
The revenue and expense with net cash flows in respect of the ordinary activities attributable to the discontinuing operation is as summarised below:

	(` in crore)
Particulars	2015-16
Revenue	1 839
Expenses	1 527
Profit before tax	312
Tax expense	74
Profit after tax	238

- b. The Net Cash Flows attributable to the discontinuing operations are as follows:

	(` in crore)
	2015-16
Operating Activities	468
Investing Activities	(17)
Financing Activities	(533)
Net Cash Inflow / Outflows	(82)

17 Demerger of Real Estate Lending Business (Note 39 of Standalone Financial Statement)

The Board of Directors of the Company at their meeting held on October 28, 2016 has approved a Scheme of Arrangement ('Scheme') for demerger of Real Estate Lending Business of the Company into its wholly owned subsidiary viz. Reliance Home Finance Limited (RHFL) with effect from April 1, 2017, the Appointed Date. The scheme is subject to requisite approvals, including the sanction of National Company Law Tribunal. Upon the scheme getting approved, RHFL shall issue and allot, at par, to all equity shareholders of the Company, 1 (One) fully paid Equity Share of RHFL for every 1 (One) equity share of ` 10 each fully paid up held in the Company. RHFL will list its equity shares on the Stock Exchanges.

18 Core Investment Company ('CIC') (Note 40 of Standalone Financial Statement)

- (i) On the scheme of demerger becoming effective on March 24, 2017, the Company has positioned itself as a Core Investment Company ('CIC') and in terms of the Core Investment Companies (Reserve Bank) Directions, 2016 (RBI CIC Directions) would make an application for obtaining Certificate of Registration within 3 months based on the Audited Financial Statements as of March 31, 2017.

Notes to the Abridged Standalone Financial Statement as at March 31, 2017

The Company was in compliance with the RBI Directions applicable to Systemically Important Non-Banking Financial Company until March 24, 2017 and has taken necessary measures so as to comply with the prudential norms applicable to CIC and has commenced adherence to those norms e.g. Concentration norms, Leverage ratio, Capital to Risk Assets Ratio (CRAR) etc. as of March 31, 2017. Accordingly, the Company has prepared and presented its financial statements and disclosures for the year ended March 31, 2017 as per RBI Directions applicable to CIC. The above is in line with the Company's communications with RBI.

(ii) Compliance Ratios :

Sr. No.	Particulars	As at March 31, 2017
(a)	Investments & Loans to group Companies as a proportion of Net Assets (%)	94%
(b)	Investments in equity shares and compulsory convertible instruments of group Companies as a proportion of Net Assets (%)	61%
(c)	Capital Adequacy Ratio (%) [Adjusted Net worth / Risk Weighted Assets]	39%
(d)	Leverage Ratio (Times) [Outside Liabilities / Adjusted Network]	1.78

19 Disclosure of loans / advances and investments in its own shares pursuant to Regulation 53 of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015. (Note 41 of Standalone Financial Statement)

(` in crore)

Particulars	Outstanding Balance		Maximum Balance outstanding	
	March 31, 2017	March 31, 2016	2016-17	2015-16
i) Loans and advances in the nature of loans to subsidiaries				
a) Reliance Securities Limited	-	-	35	40
b) Reliance Financial Limited	-	5	5	18
c) Reliance Wealth Management Limited	-	-	-	3
d) Reliance Money Solutions Limited	-	-	-	27
e) Reliance Corporate Advisory Services Limited	302	-	933	-
f) Reliance Exchangenext Limited [Net of Provision of ` 6 crore (Previous year ` 7 crore) as on March 31, 2017]	-	-	-	-
ii) Loans and advances in the nature of loans to associates	-	-	-	-
iii) Loans and advances in nature of loans to firms / companies in which directors are interested.	-	-	-	-
iv) Investments by loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.	No. of shares		Amount in `	
	-	-	-	-

Loans and advances does not include Bonds and Debentures

20 Disclosure of details as required by Para 21 of Core Investment Companies (Reserve Bank) Directions, 2016 (RBI CIC Directions) (Note 42 of Standalone Financial Statement)

Liabilities side:

(` in crore)

Particulars	Amount Outstanding		Amount Overdue	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
(1) Loans and advances availed by CIC inclusive of interest accrued thereon but not paid:				
(a) Debentures				
(Other than falling within the meaning of public deposits)				
i) Secured [inclusive of ` 644 crore (Previous year ` 546 crore) interest accrued thereon]	14 473	9 916	-	-
ii) Unsecured [inclusive of ` 61 crore (Previous year ` 61 crore) interest accrued thereon]	1 484	1 484	-	-

Reliance Capital Limited

Notes to the Abridged Standalone Financial Statement as at March 31, 2017

Liabilities side: (₹ in crore)

Particulars	Amount Outstanding		Amount Overdue	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
(b) Deferred Credits	-	-	-	-
(c) Term Loans	-	7 927	-	-
(d) Inter-corporate Loans and Borrowing	-	-	-	-
(e) Commercial Paper	3 423	2 824	-	-
(f) Other loans				
i) Cash credit from banks	-	3	-	-

Assets side: (₹ in crore)

Particulars	Amount Outstanding	
	March 31, 2017	March 31, 2016
(2) Break up of loans and advances including bills receivable other than those included in (3) below (Gross Amount)(Refer Note (b) below)		
(a) Secured	5 845	15 567
(b) Unsecured	3 636	6 084
Total	9 481	21 651

Notes:

a) Housing loans / loans against property and construction finance granted are secured by equitable registered mortgage of property and / or undertaking to create a security and other loans and advances are secured by way of hypothecation and/or pledging of the underlying asset.

b) In case of loans & advances given in para (2) above, Provision for NPA & Doubtful Debts is ₹ 7 crore (Previous year ₹ 99 crore)

(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities

(i) Lease assets including lease rentals under sundry debtors:

(a) Financial lease (net of depreciation and lease adjustment)	-	-
(b) Operating lease (net of depreciation)	38	43

(4) Break up of investments [(Amount net of provisions of ₹ 160 crore (Previous Year ₹ 194 crore)]

Current Investments:

1. Quoted		
(i) Shares		
(a) Equity (stock-in trade)	-	-
(b) Preference	-	-
(ii) Units of mutual fund	6	6
2. Unquoted		
(i) Others		
- Preference shares	16	10
- Pass Through Certificates	-	46
- Debentures and bonds	-	-
- Reliance Capital Partners	-	76

Long Term investments

1. Quoted		
(i) Shares		
(a) Equity	224	422
(b) Preference	-	-
(ii) Debentures and bonds	-	-
(iii) Government securities	-	-
2. Unquoted		
(i) Shares		
(a) Equity	11 187	8 343
(b) Preference	810	1 267

Notes to the Abridged Standalone Financial Statement as at March 31, 2017

Assets side:		(` in crore)	
Particulars	Amount Outstanding		
	March 31, 2017	March 31, 2016	
(ii) Debentures and Bonds	6 250	631	
(iii) Units of Mutual funds	-	-	
(iv) Government of India securities ` 45 000 (Previous year ` 45 000)	-	-	
(v) Others			
(a) Pass Through Certificates & Security Receipts	8	29	
(b) Units of Private Equity/Seed Fund	157	211	
(c) Investments in joint venture	-	68	
(d) Investments in properties	176	138	
Total	18 834	11 246	

- (5) Borrower group-wise classification of assets financed as in (2) and (3) above:
[(Amount net of provisions of ` 7 crore (Previous Year ` 99 crore)]

Category	Secured		Unsecured		Total	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(` in crore)					
1. Related parties						
(1) Subsidiaries	302	-	2	100	304	100
(2) Companies in the same group - Associates	-	-	-	-	-	-
(3) Other related parties	-	247	1 655	569	1 655	816
2. Companies in the same group - as per CIC	5 308	-	1 302	-	6 610	-
3. Other than related parties	272	15 271	671	5 408	943	20 679
Total	5 882	15 518	3 672	6 077	9 512	21 595

- (6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted excluding stock in trade)

[(Amount net of provisions of ` 160 crore (Previous Year ` 194 crore)]

Category	Market value / Fair Value or NAV		Book Value (Net of provisions)	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
(` in crore)				
1. Related parties				
(a) Subsidiaries	11 664	7 976	11 664	7 976
(b) Companies in the same group - Associates	49	49	49	49
(c) Other related parties	151	169	183	223
2. Companies in the same group - as per CIC	6 545	-	6 545	-
3. Other than related parties	552	2 975	393	2 998
Total	18 961	11 169	18 834	11 246

- (7) Other information

Particulars		
	March 31, 2017	March 31, 2016
(` in crore)		
(i) Gross Non-Performing Assets		
(a) Related parties	36	36
(b) Other than related parties	4	464
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	3	372
(c) Assets acquired in satisfaction of debt [Net of provision ` 1 crore (Previous year ` 29 crore)]	1	206

Reliance Capital Limited

Notes to the Abridged Standalone Financial Statement as at March 31, 2017

Notes :

- Companies in same group means companies under the same management as per section 370(1B) of the Companies Act, 1956.
- In case of unquoted investments, in the absence of market value book value has been considered.
- Capital contribution in Partnership Firm and unincorporated Joint venture have not been considered for the purpose of companies in the same group and other related party:
- Investments are classified between non-current and current investments (including current portion of long term investments) as required under revised Schedule III, as per Companies Act, 2013.
- Gross Non Performing Assets and Net Non Performing Assets given above includes loans & advances and bonds & debentures.

21 Disclosure of details as required by Para 19 of Core Investment Companies (Reserve Bank) Directions, 2016 (RBI CIC Directions) (Note 43 of Standalone Financial Statement)

(i) Maturity pattern of asset and liabilities (At Book Values) (₹ in crore)

Particulars	1 day to 30/31 days	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from bank	-	-	-	-	-	-	-	-	-
	(23)	(70)	(795)	(780)	(1 352)	(3 241)	(1 648)	(18)	(7 927)
Market Borrowings	271	1 651	858	603	1 621	3 062	2 932	7 675	18 674
	(632)	(2 409)	(328)	(213)	(1 327)	(2 597)	(952)	(5 159)	(13 617)
Assets									
Loans / Advances / Security Deposits	34	-	30	20	1 449	7 917	7	33	9 490
	(1 279)	(386)	(478)	(1 000)	(2 492)	(12 041)	(1 310)	(2 600)	(21 586)
Investments	230	-	-	-	16	-	748	17 840	18 834
	(439)	(9)	(7)	(15)	(95)	(136)	(787)	(9 758)	(11 246)

Notes:

- All quoted investments have been included in 1 day to 30/31 days (one month) bucket considering its liquidity. All unquoted equity shares / warrants including investment in subsidiaries have been included in 'Over 5 years'. The maturity pattern has been prepared in line with various regulations issued by RBI from time to time, best practices and based upon best estimate of the management with regard to the timing of various cash flows.
- The classification of Assets and Liabilities into current and non-current is carried out based on their residual maturity profile as per requirement of Schedule III to the Companies Act, 2013. The above maturity pattern of assets and liabilities has been prepared by the Company after taking into consideration guidelines for assets-liabilities management (ALM) system as per CIC directions issued by RBI, best practices and best estimate of the Assets-Liability Committee / management with regard to the timing of various cash flows, which has been relied upon by the auditors.
- Assets does not include Cash and Bank Balances amounting to ₹ 4 211 crore (Previous year ₹ 1 670 crore).

(ii) Exposure to Real Estate (₹ in crore)

Category	2016-17	2015-16
a) Direct Exposure		
i) Residential Mortgages	35	53
ii) Commercial Real Estate	615	1 077
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential	-	-
b. Commercial	-	-
b) Indirect Exposure		
Fund Based and Non Fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1 231	334
Total Exposure to Real Estate Sector	1 881	1 464

Notes to the Abridged Standalone Financial Statement as at March 31, 2017

(iii) **Business Transfer Agreement**

In terms of Business Transfer Agreement (BTA) dated April 26, 2010 further amended on January 31, 2011 with its subsidiary company i.e. Reliance Home Finance Limited the Company hold loan assets of ₹ 3 crore (Previous year ₹ 5 crore) related to Reliance Home Finance Limited in the trust capacity as on March 31, 2017.

(iv) **Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss**

(₹ in crore)

Particulars	March 31, 2017	March 31, 2016
(a) Provisions for depreciation/ (appreciation) on Investment / written off	(61)	(11)
(b) Provision / (reversal) towards NPA & doubtful debts	(5)	(5)
(c) Provision made towards Income tax	98	199
(d) Contingent provision against standard assets	23	13
(e) Provision for repossessed Stock (₹ 45 89 307)	-	12

22 Contingent Liabilities and Commitments (As Certified by the Management) (Note 44 of Standalone Financial Statement)

(₹ in crore)

Particulars	March 31, 2017	March 31, 2016
a Contingent Liabilities		
i) Guarantees to Banks and Financial Institutions on behalf of third parties	4 497	2 590
ii) Claims against the Company not acknowledge as debt	2	4
b Commitments		
i) Estimated amount of contracts remaining to be executed on capital account (net of advances)	61	106
ii) Undrawn Committed Credit lines	-	780
iii) Uncalled amount of Investments	7	23

23 Expenditure in foreign currency (Note 45 of Standalone Financial Statement)

(₹ in crore)

Particulars	2016-17	2015-16
i) Travelling Expenses [₹ 19 06 964 (Previous year ₹ 2 77 588)]	-	-
ii) Legal & Professional Fees	5	1
iii) Sales & marketing [₹ 48 55 140 (Previous year ₹ 36 93 602)]	-	-
iv) Software Maintenance and Others (₹ 9 44 728)	-	1
Total	5	2

24 Value of Imports on CIF basis (Note 46 of Standalone Financial Statement)

(₹ in crore)

Particulars	2016-17	2015-16
i) Capital Goods	-	2
Total	-	2

25 Outstanding Futures & Options as on March 31, 2017 (Note 47 of Standalone Financial Statement)

Name of Option	No. of contracts	Units	
		Long	Short
Call option	10 220 (211)	7 59 000 (10 000)	7 500 (525)
Put option	11 528 (15 214)	- (-)	8 64 575 (7 60 700)
Futures	5 891 (912)	43 53 740 (26 090)	37 47 925 (19 500)

Figures in bracket indicate previous year figures.

26 Corporate Social Responsibility Expenditure (Note 48 of Standalone Financial Statement)

As per Section 135 of the Companies Act, 2013 the Company is under obligation to incur ₹ 13 crore (Previous year ₹ 10 crore) and has incurred the same in cash, being 2% of the average net profit during the three immediately preceding financial years.

Reliance Capital Limited

Notes to the Abridged Standalone Financial Statement as at March 31, 2017

calculated in the manner as stated in the Act towards Corporate Social Responsibility through a non-profit centre engaged in the provision of health care for the purpose other than construction / acquisition of asset.

27 Remittance in foreign currency on account of dividend (Note 49 of Standalone Financial Statement)

The Company has paid dividend in respect of shares held by non residents on repatriation basis. This, *inter-alia* includes portfolio investment, where the amount is also credited to Non Resident External Account (NRE A/c). The total amount remittable in this respect is specified below.

Particulars	2016-17	2015-16
Dividend		
a) Number of Non Resident Shareholders	460	478
b) Number of Equity shares held by them	25 340	26 377
c) i) Amount of Dividend paid (gross) (amount in `)	2 53 400	2 37 393
ii) Year to which Dividend relates	2015-16	2014-15

28 Specified bank notes (Note 50 of Standalone Financial Statement)

During the year, the Company had no specified bank notes or no other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 and there were no transaction during the period from November 8, 2016 to December 30, 2016.

29 Change in estimate (Note 51 of Standalone Financial Statement)

During the year ended March 31, 2017, the Company has changed its basis for determining the provision for diminution in value of investments other than temporary on long term quoted investments. As a result of such change, the charge in the statement of profit & loss for provision for diminution in value of investments for the year ended March 31, 2017, is lower by ₹ 33 crore

30 Long term contracts (Note 52 of Standalone Financial Statement)

The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards there are no foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.

31 In the opinion of management, all the assets other than fixed assets and non current investments are approximately of the value stated if realised in the ordinary course of business. (Note 53 of Standalone Financial Statement)

As per our report of even date attached

For **Pathak H.D. & Associates**
Chartered Accountants
Firm Reg. No. : 107783W

For **B S R & Co. LLP**
Chartered Accountants
Firm Reg. No. : 101248W/
W-10022

For and on behalf of the Board

Chairman
Vice Chairman

Directors

Anil D. Ambani
Amitabh Jhunjhunwala
Rajendra P. Chitale
Dr. Bidhubhusan Samal
V. N. Kaul
Chhaya Virani

Parimal Kumar Jha
Partner
Membership No: 124262
Mumbai
Dated: April 27, 2017

Milind Ranade
Partner
Membership No: 100564

Executive Director
Chief Financial Officer
Company Secretary & Compliance Officer
Mumbai
Dated: April 27, 2017

Jai Anmol Ambani
Amit Bapna
Atul Tandon

Independent Auditors' Report on the Abridged Consolidated Financial Statement

To

**The Members,
Reliance Capital Limited**

Report on the abridged consolidated financial statements

The accompanying abridged consolidated financial statements, which comprise the abridged consolidated balance sheet as at March 31, 2017, the abridged consolidated statement of profit & loss, and the abridged consolidated cash flow statement for the year then ended, and related notes, are derived from the audited consolidated financial statements of Reliance Capital Limited ('the Holding Company') and its subsidiaries and partnership firm (the holding company and its subsidiaries and partnership firm together referred to as "the Group") and its associates for the year ended March 31, 2017. Our opinion dated April 27, 2017 on those consolidated financial statements contains, without being qualified, matter of emphasis and other matters.

The abridged consolidated financial statements do not contain all the disclosures required by the accounting standards specified under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 applied in the preparation of the audited consolidated financial statements of the Group and its associates. Reading the abridged consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Group and its associates.

Management's responsibility for abridged consolidated financial statements

The Holding Company's Board of Directors is responsible for the preparation of the abridged consolidated financial statements in accordance with first proviso to sub-section (1) of Section 136 of the Companies Act, 2013 read with Rule 10 of Companies (Accounts) Rules, 2014 which is derived from the audited consolidated financial statements of the Group and its associates for the year ended March 31, 2017, prepared in accordance with Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and accounting principles generally accepted in India.

Auditors' responsibility

Our responsibility is to express an opinion on the abridged consolidated financial statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

Opinion

In our opinion, the abridged consolidated financial statements prepared in accordance with first proviso to sub-section (1) of Section 136 of the Companies Act, 2013 read with Rule 10 of Companies (Accounts) Rules, 2014 are derived from the audited consolidated financial statements of the Company for the year ended March 31, 2017 and are a fair summary of those consolidated financial statements.

Emphasis of matter

We draw attention to Note No. 30 to the abridged consolidated financial statements which describes that the Holding Company would shortly make an application to Reserve Bank of India (RBI) for obtaining Certificate of Registration as Core Investment Company (CIC) and has prepared & presented its consolidated financial statements and disclosures for the year ended March 31, 2017 as per RBI Directions applicable to CIC in line with the Holding Company's communications with RBI.

Our opinion is not modified in respect of the said matter.

Other matters

1. The auditors of Reliance General Insurance Company Limited ('RGIC'), a subsidiary of the Holding Company, have reported that the actuarial valuation of liabilities in respect of incurred but not reported (IBNR) and incurred but not enough reported (IBNER) as at March 31, 2017 has been duly certified by RGIC's Appointed Actuary and the Mentor to the Appointed Actuary of the RGIC's and relied upon by auditors of RGIC's. They have also certified that, in their opinion, the assumptions considered for such valuations are in accordance with the guidelines and norms prescribed by the Insurance Regulatory and Development Authority of India (IRDAI) and Institute of Actuaries of India in concurrence with the IRDAI. The auditors of RGIC have relied upon the aforesaid certificate from the appointed actuary and mentor to the appointed actuary while forming their opinion.
2. The auditors of Reliance Nippon Life Insurance Company Limited ('RNLIC') (formerly Reliance Life Insurance Company Limited), a subsidiary of the Holding Company, have reported that the actuarial valuation of liabilities for life policies in force and policies where premium is discontinued is the responsibility of the RNLIC's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities as at March 31, 2017 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the generally accepted actuarial principal and practice requirements of the Insurance Act, regulations notified by the Insurance Regulatory and Development Authority of India ('IRDAI') and Actuarial Practice Standard issued by the Institute of Actuaries of India in concurrence with the IRDAI. The auditors of RNLIC have relied upon the Appointed Actuary's certificate in this regard for forming their opinion on the financial statements of RNLIC.

Our opinion is not modified in respect of above matters.

3. We did not audit the financial statements / financial information of fourteen subsidiaries, whose financial statements / financial information reflect total assets of ` 27,430 crore as at March 31, 2017, total revenues of ` 3,649 crore and net cash outflows amounting to ` 518 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to

Independent Auditors' Report on the Abridged Consolidated Financial Statement

- us by management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
4. The financial statements / financial information of eleven subsidiaries and a partnership firm whose financial statements / financial information reflect total assets of ` 2,535 crore as at March 31, 2017, total revenues of ` 1,534 crore and net cash outflows amounting to ` 24 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by one of the joint auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and a partnership firm, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and a partnership firm is based solely on these reports.
 5. The financial statements / financial information of two subsidiaries, whose financial statements / financial information reflect total assets of ` 25,794 crore as at March 31, 2017, total revenues of ` 10,671 crore and net cash outflows amounting to ` 135 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by one of the joint auditors of the Holding Company alongwith another auditor as joint auditors whose reports have been furnished to us by management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based on the reports of joint auditors of those subsidiaries on which one of the joint auditors of the Holding Company has placed reliance.
 6. We did not audit the financial statements / financial information of three associates which reflects Group's share in net profit of ` 0.50 crore for the year ended March 31, 2017. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management. In respect of an associate included in the financial statements / financial information which reflects group's share in net profit of ` 1.20 Crore for the year ended March 31, 2017 is unaudited and the same has been certified by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid associates, is based solely on the reports of the other auditors / management certified financial statement / financial information. In our opinion and according to the information and explanations given to us by the Management, this financial statements / financial information are not material to the Group.
Our opinion is not modified in respect of other matters.

For **Pathak H.D. & Associates**
Chartered Accountants
Firm Reg. No: 107783W

Parimal Kumar Jha
Partner
Membership No: 124262

Mumbai
April 27, 2017

For **B S R & Co. LLP**
Chartered Accountants
Firm Reg. No: 101248W/
W-100022

Milind Ranade
Partner
Membership No: 100564

Mumbai
April 27, 2017

Independent Auditors' Report on the Consolidated Financial Statement

To,

The Members

Reliance Capital Limited

Report on the Consolidated Financial statements

We have audited the accompanying consolidated financial statements of Reliance Capital Limited ("the Holding Company") and its subsidiaries and partnership firm (the Holding Company and its subsidiaries and partnership firm collectively referred to as "the Group") and its associates, comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and its associates 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. The respective Board of Directors of the companies and partners of the firm included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors / one of the joint auditors in terms of their reports referred to in sub-paragraph (3), (4), (5) & (6) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group and its associates as at March 31, 2017 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note No. 54 to the consolidated financial statements which describes that the Holding Company would shortly make an application to Reserve Bank of India (RBI) for obtaining Certificate of Registration as Core Investment Company (CIC) and has prepared & presented its financial statements and disclosures for the year ended

March 31, 2017 as per RBI Directions applicable to CIC in line with the Holding Company's communications with RBI.

Our opinion is not modified in respect of the said matter.

Other Matters

1. The auditors of Reliance General Insurance Company Limited ('RGIC'), a subsidiary of the Holding Company, have reported that the actuarial valuation of liabilities in respect of incurred but not reported (IBNR) and incurred but not enough reported (IBNER) as at March 31, 2017 has been duly certified by RGIC's Appointed Actuary and the Mentor to the Appointed Actuary of the RGIC's and relied upon by auditors of RGIC's. They have also certified that, in their opinion, the assumptions considered for such valuations are in accordance with the guidelines and norms prescribed by the Insurance Regulatory and Development Authority of India (IRDAI) and Institute of Actuaries of India in concurrence with the IRDAI. The auditors of RGIC have

Independent Auditors' Report on the Consolidated Financial Statement

relied upon the aforesaid certificate from the appointed actuary and mentor to the appointed actuary while forming their opinion.

2. The auditors of Reliance Nippon Life Insurance Company Limited ('RNLIC') (formerly Reliance Life Insurance Company Limited), a subsidiary of the Holding Company, have reported that the actuarial valuation of liabilities for life policies in force and policies where premium is discontinued is the responsibility of the RNLIC's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities as at March 31, 2017 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the generally accepted actuarial principal and practice requirements of the Insurance Act, regulations notified by the Insurance Regulatory and Development Authority of India ('IRDAI') and Actuarial Practice Standard issued by the Institute of Actuaries of India in concurrence with the IRDAI. The auditors of RNLIC have relied upon the Appointed Actuary's certificate in this regard for forming their opinion on the financial statements of RNLIC

Our opinion is not modified in respect of above matters.

3. We did not audit the financial statements / financial information of fourteen subsidiaries, whose financial statements / financial information reflect total assets of ` 27,430 crore as at March 31, 2017, total revenues of ` 3,649 crore and net cash outflows amounting to ` 518 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
4. The financial statements / financial information of eleven subsidiaries and a partnership firm whose financial statements / financial information reflect total assets of ` 2,535 crore as at March 31, 2017, total revenues of ` 450 crore and net cash outflows amounting to ` 24 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by one of the joint auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and a partnership firm, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and a partnership firm is based solely on these reports.
5. The financial statements / financial information of two subsidiaries, whose financial statements / financial

information reflect total assets of ` 25,794 crore as at March 31, 2017, total revenues of ` 2,796 crore and net cash outflows amounting to ` 135 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by one of the joint auditors of the Holding Company alongwith another auditor as joint auditors whose reports have been furnished to us by management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based on the reports of joint auditors of those subsidiaries on which one of the joint auditors of the Holding Company has placed reliance.

6. We did not audit the financial statements / financial information of three associates which reflects Group's share in net profit of ` 0.50 crore for the year ended March 31, 2017. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management. In respect of an associate included in the financial statements / financial information which reflects group's share in net profit of ` 1.20 crore for the year ended March 31, 2017 is unaudited and the same has been certified by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid associates, is based solely on the reports of the other auditors / management certified financial statement / financial information. In our opinion and according to the information and explanations given to us by the Management, this financial statements / financial information are not material to the Group.

Our opinion on the consolidated financial statements is not modified in respect of other matters with respect to our reliance on the work done and the reports of the other auditors/one of the joint auditors and the financial statements and financial information certified by the management.

Report on Other Legal and Regulatory Requirements

7. As required by Section 143(3) of the Act, based on our audit and the consideration of report of the other auditors on separate financial statements of subsidiaries and associates as furnished by the management as noted in the Other Matters paragraph, we report, to that extent applicable, 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 of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account as required by law related to preparation of the aforesaid consolidated financial statements have been kept so

Independent Auditors' Report on the Consolidated Financial Statement

- far as it appears from our examination of those books and the reports of the other independent auditors;
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, made available to us by the management, none of the directors of the Group companies and its associate companies incorporated in India, is disqualified as on March 31, 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 Holding Company, its subsidiary companies and associate companies incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and
- g) With respect to the other matters to be included in the Auditors' 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 and based on consideration of the report of the other auditors on financial statements of subsidiaries and associates as furnished by the management:
- i) The consolidated financial statements discloses the impact of pending litigations as at March 31, 2017 on the consolidated financial position of the Group and its associate companies. Refer Note No. 51 to the consolidated financial statements;
- ii) the Group and its associates have made adequate provision in the consolidated financial statements for the year ended March 31, 2017, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts. Refer Note No. 56 to the consolidated financial statements;
- iii) there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2017. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by its subsidiary companies and associate companies incorporated in India during the year ended March 31, 2017; and
- iv) the Group and its associates has provided requisite disclosure in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Group. Refer Note No. 45 to the consolidated financial statements.

For Pathak H.D. & Associates
Chartered Accountants
Firm Reg. No: 107783W

For B S R & Co. LLP
Chartered Accountants
Firm Reg. No: 101248W/
W-100022

Parimal Kumar Jha
Partner
Membership No: 124262

Milind Ranade
Partner
Membership No: 100564

Mumbai
April 27, 2017

Mumbai
April 27, 2017

Annexure A to the Independent Auditors' Report on the Consolidated Financial Statement

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

In conjunction with our audit of the consolidated financial statements of the Group as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Reliance Capital Limited ("the Holding Company"), and its subsidiaries companies and associate companies incorporated in India as of date (the Holding Company, its subsidiaries companies and its associate companies collectively referred to as "the Group").

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiaries companies and its associate companies, incorporated in India are 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 (the "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.

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, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and audit evidence obtained by the other auditors in terms of their reports referred to in the other matter paragraph below 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.

Annexure A to the Independent Auditors' Report on the Consolidated Financial Statement

Opinion

In our opinion, the Holding Company, its subsidiaries companies and its associate companies incorporated in India have, 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, 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 the ICAI.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act, on the adequacy and operating effectiveness of the internal financial controls system over financial reporting in so far as it relates to fourteen subsidiaries and three associate companies,

incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries, incorporated in India and in case of ten subsidiaries, incorporated in India, is based on the reports of the one of the joint auditors of the Company, who are the auditors of such subsidiaries, incorporated in India.

For **Pathak H.D. & Associates**
Chartered Accountants
Firm Reg. No: 107783W

For **B S R & Co. LLP**
Chartered Accountants
Firm Reg. No: 101248W/
W-100022

Parimal Kumar Jha
Partner
Membership No: 124262

Milind Ranade
Partner
Membership No: 100564

Mumbai
April 27, 2017

Mumbai
April 27, 2017

Reliance Capital Limited

Abridged Consolidated Balance Sheet as at March 31, 2017

(Statement containing the salient features of Consolidated Balance Sheet as per the Companies Act, 2013)

(Pursuant to first proviso to sub-section 136 of the Act and Rule 10 of Companies (Accounts) Rules, 2014)

	(` in crore)	
	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES		
Shareholders' funds		
(a) Paid-up share capital - equity	253	253
(b) Reserves and surplus		
(i) Capital reserves	172	172
(ii) Capital redemption reserve	24	24
(iii) Debenture redemption reserve	49	-
(iv) Securities premium account	4 044	4 035
(v) General reserve	5 580	5 579
(vi) Statutory reserve fund	1 743	1 601
(vii) Special reserve	95	59
(viii) Foreign currency translation reserve	19	20
(ix) Settlement guarantee fund	-	-
(x) Surplus in statement of profit & loss	3 355	2 400
	15 334	14 143
	1 631	1 448
Minority interest		
Non-current liabilities		
(a) Long-term borrowings	26 906	18 057
(b) Other long-term liabilities	16 718	15 211
(c) Long-Term provisions	145	99
	43 769	33 367
Current liabilities		
(a) Short-term borrowings	6 153	4 755
(b) Trade payables	818	553
(c) Other current liabilities	13 391	11 445
(d) Short-term provisions	1 113	1 401
	21 475	18 154
TOTAL	82 209	67 112
ASSETS		
Non-current assets		
(a) Fixed assets - Property, Plant & Equipment		
(i) Tangible assets (Original Cost Less Depreciation)	240	262
(ii) Intangible assets (Original Cost Less Depreciation)	5 505	5 250
(iii) Intangible assets under development	3	3
	5 748	5 515
(b) Non-current investments		
(i) Quoted	20 619	17 525
(ii) Unquoted	9 218	3 211
(c) Deferred tax assets(net) (Refer Note No. 5)	202	39
(d) Long-term loans and advances	24 824	22 901
(e) Other Non-Current Assets	671	909
	61 282	50 100
Current assets		
(a) Current investments		
(i) Quoted	1 290	2 638
(ii) Unquoted	3 352	1 905
(b) Inventories	40	62
(c) Trade receivables	868	731
(d) Cash & bank balances (Refer Note No. 6)	5 725	3 335
(e) Short-term loans and advances	8 518	7 186
(f) Other current assets	1 134	1 155
	20 927	17 012
TOTAL	82 209	67 112

- See accompanying notes to the abridged consolidated financial statements
- Compiled from the Audited Consolidated Financial Statements of the Company referred to in our report dated April 27, 2017.
- Complete Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, other statements and notes thereto prepared as per the requirements of Schedule III to the Companies Act, 2013 are available at the Company's website at link www.reliancecapital.co.in

As per our report of even date attached

For **Pathak H.D. & Associates**

Chartered Accountants

Firm Reg. No. : 107783W

For **B S R & Co. LLP**

Chartered Accountants

Firm Reg. No. : 101248W/
W-100022

For and on behalf of the Board

Chairman

Vice Chairman

Directors

Anil D. Ambani

Amitabh Jhunjhunwala

Rajendra P. Chitale

Dr. Bidhubhusan Samal

V. N. Kaul

Chhaya Virani

Jai Anmol Ambani

Amit Bapna

Atul Tandon

Parimal Kumar Jha

Partner

Membership No: 124262

Mumbai

Dated: April 27, 2017

Milind Ranade

Partner

Membership No: 100564

Executive Director

Chief Financial Officer

Company Secretary & Compliance Officer

Mumbai

Dated: April 27, 2017

Reliance Capital Limited

Abridged Consolidated Statement of Profit and Loss for the year ended March 31, 2017

(Statement containing the salient features of Consolidated Statement of Profit and Loss as per the Companies Act, 2013)

(Pursuant to first proviso to sub-section 136 of the Act and Rule 10 of Companies (Accounts) Rules, 2014)

	2016-17	2015-16
(₹ in crore)		
I Income		
Revenue from operations		
(a) Interest & finance income	5 586	4 242
(b) Premium & commission earned	8 020	2 863
(c) Other financial services	3 901	2 836
	17 507	9 941
II Other income	133	57
III Total Income (I+II)	17 640	9 998
IV Expenditure		
(a) Cost of materials consumed	367	44
(b) Employee benefits expense	1 337	828
(c) Finance costs	3 068	2 821
(d) Depreciation and amortisation expense	116	70
(e) Claims incurred (Net)	6 620	1 788
(f) Auditors' remuneration (Refer Note No. 24)	5	3
(g) Premium paid on reinsurance ceded	1 803	850
(h) Amortised DSA commission	72	55
(i) Provision for NPA, doubtful debts and balances written off	271	132
(j) Reversal of Provision for diminution in value of investments and written off / (recovery)	(138)	(6)
(k) Reserve for Unexpired Risk	140	22
(l) Other expenses	2 440	1 659
Total expenditure (a to l)	16 101	8 266
V Profit before tax (III-IV)	1 539	1 732
VI Tax expense		
Current Tax	344	377
Taxation for earlier years	7	6
Deferred Tax (Refer Note No. 5)	(58)	(4)
	293	379
VII Profit after tax for the year (V-VI)	1 246	1 353
VIII Share of minority shareholders	162	164
IX Share of profit in associates	2	(88)
X Profit / (loss) on sale of subsidiary (Refer Note No. 7)	-	-
XI Net profit after tax (VII-VIII+IX+X)	1 086	1 101
XII Earnings per equity share face value of ₹ 10 each fully paid up (Refer Note No. 26)		
Basic (₹)	42.99	43.56
Diluted (₹)	42.99	43.56

i. See accompanying notes to the abridged consolidated financial statements

ii. Compiled from the Audited Consolidated Financial Statements of the Company referred to in our report dated April 27, 2017

iii. Complete Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, other statements and notes thereto prepared as per the requirements of Schedule III to the Companies Act, 2013 are available at the Company's website at link www.reliancecapital.co.in

As per our report of even date attached

For **Pathak H.D. & Associates**
Chartered Accountants
Firm Reg. No. : 107783W

For **B S R & Co. LLP**
Chartered Accountants
Firm Reg. No. : 101248W/
W-100022

For and on behalf of the Board

Chairman
Vice Chairman

Directors

Anil D. Ambani
Amitabh Jhunjhunwala
Rajendra P. Chitale
Dr. Bidhubhusan Samal
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Atul Tandon

Parimal Kumar Jha
Partner
Membership No: 124262
Mumbai
Dated: April 27, 2017

Milind Ranade
Partner
Membership No: 100564

Executive Director
Chief Financial Officer
Company Secretary & Compliance Officer
Mumbai
Dated: April 27, 2017

Reliance Capital Limited

Abridged Consolidated Cash Flow Statement for the year ended March 31, 2017

(Pursuant to first proviso to sub-section 136 of the Act and Rule 10 of Companies (Accounts) Rules, 2014)

	(` in crore)	
	2016-17	2015-16
A. Net Cash generated from / (used in) operating activities	(1 121)	(225)
B. Net Cash generated from / (used in) investing activities	(6 059)	2 642
C. Net Cash generated from / (used in) financing activities	8 033	(1 246)
Net increase / (decrease) in Cash and Cash Equivalents (A + B + C)	853	1 171
Cash and cash equivalents at beginning of year	2 746	1 225
Add: On acquisition of subsidiary (Refer Note b below)	-	350
Cash and cash equivalents at end of year (Refer Note No. 6)	3 559	2 746

Notes:

- The previous year's figures have been regrouped and reclassified wherever necessary.
- During the Previous Year Reliance Nippon Life Insurance Company Limited became a subsidiary of the Company.

As per our report of even date attached

For **Pathak H.D. & Associates**
Chartered Accountants
Firm Reg. No. : 107783W

For **B S R & Co. LLP**
Chartered Accountants
Firm Reg. No. : 101248W/
W-100022

For and on behalf of the Board

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Dated: April 27, 2017

Milind Ranade
Partner
Membership No: 100564

Executive Director
Chief Financial Officer
Company Secretary & Compliance Officer
Mumbai
Dated: April 27, 2017

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

1 Background

Reliance Capital Limited ('the Holding Company') is registered as Non-Banking Financial Company (NBFC) as defined under section 45 - IA of the Reserve Bank of India Act, 1934 (RBI). Post Demerger, the Company has positioned itself as a Core Investment Company ('CIC') and in terms of the Core Investment Companies (Reserve Bank) Directions, 2016 (RBI CIC Directions). As a CIC, the Company is primarily a Holding Company, holding investments in its subsidiaries and other group companies. The Company's subsidiaries are engaged in a wide array of businesses in the financial services sector.

2 Significant Accounting Policies

a Principles of Consolidation

The consolidated financial statement relate to Reliance Capital Limited ('Holding Company'), its subsidiaries including a partnership firm and its associates (collectively referred to as "Group"). The consolidated financial statement have been prepared on the following basis

- i) The Standalone financial statement of the Holding Company and its subsidiaries including a partnership firm have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.
- ii) The consolidated financial statement have been prepared using uniform accounting policies for transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Holding Company's standalone financial statement.
- iii) The difference between the costs of investment in the subsidiaries over the net assets as on the date of acquiring control is recognised in the consolidated financial statement as Goodwill or Capital Reserve as the case may be.
- iv) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of profit and loss as the profit or loss on disposal of investment in subsidiary as the case may be.
- v) Minority interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to shareholders of the Company.
- vi) Minority interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- vii) Minority interests in the net assets consist of:
 - (i) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
 - (ii) the minorities' share of movements in equity since the date the parent-subsidiary relationship came in existence.
- viii) The standalone financial statement of the Holding Company and its associates have been combined on the basis of equity method, whereby the investment is initially recorded at cost, identifying any goodwill / capital reserve arising at the time of acquiring control. The carrying amount of the investment is adjusted thereafter for post acquisition change in the Holding Company's share of net assets of the associates. Unrealised profits and losses resulting from transactions between the Holding Company and the associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are not eliminated if and to the extent the cost of the transferred asset cannot be recovered. The consolidated statement of profit and loss reflects the Holding Company's share of operations of the associates.
- ix) In case of foreign subsidiaries and companies controlled by the Holding Company, in translating the financial statement of non integral foreign subsidiaries for consolidation the following procedures have been followed:
 - a) The assets and liabilities both monetary and non monetary, of the non integral foreign operations are translated at the closing rate;
 - b) Income and expenses items of the non integral foreign operations are translated at the average rate;
 - c) All resulting exchange differences (if any) are accumulated in foreign currency translation reserve.

b Basis of Preparation of the Consolidated Financial statement

The consolidated financial statement are prepared and presented under the historical cost convention, on the accrual basis of accounting unless otherwise stated in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply with the Accounting Standards notified under section 133 of the Companies Act, 2013 (The Act), read with Rule 7 of the Companies (Accounts) Rules 2014 and relevant provisions of the Act. In case of Reliance General Insurance Company Limited (RGIC) and Reliance Nippon Life Insurance Company Limited (RNLIFE) the financial statement are drawn up in accordance with the Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority (Preparation of Financial Statement and Auditors Report of Insurance Companies) Regulations, 2002 and orders and directions issued by Insurance Regulatory and Development Authority of India (IRDAI) in this behalf and the regulations framed thereunder read with relevant provisions of the Insurance Act, 1938 as amended in Insurance (Law) Amendment Act, 2015 and the Companies Act, 2013. These consolidated financial statement are presented in Indian rupees rounded to the nearest crore except otherwise stated.

c Use of Estimates

The preparation of consolidated financial statement requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the consolidated financial statement and

Reliance Capital Limited

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

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.

d Revenue Recognition

i) Interest income:

Interest income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable except in the case of Non Performing Assets ("NPAs") where it is recognised, upon realisation. Accretion of discount and amortisation of premium relating to debt securities is recognised over the holding / maturity period on constant yield to maturity method, in accordance with policy of Reliance General Insurance Company Limited.

ii) Dividend income:

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

iii) Discount on investments:

The difference between the acquisition cost and face value of debt instruments is recognised as interest income over the tenor of the instrument on straight line basis.

iv) Redemption premium on investments:

Redemption premium on investments is recognised as finance income over the tenor of the investment.

v) Investment Management Fees:

Investment management fees are recognised on an accrual basis in accordance with Investment Management Agreement and SEBI (Mutual Fund) Regulations, 1996 based on average Assets Under Management (AUM) of Reliance Mutual Fund Schemes.

vi) Portfolio Management Fees:

Portfolio Management fees are recognised on an accrual basis in accordance with Portfolio Management Agreement entered with respective clients except in case of Reliance Securities Limited which is as follows:

- a) Processing fees is recognised on upfront basis in the year of receipt;
- b) Management fees is recognised as a percentage of the unaudited net asset value at the end of each month;
- c) Return based fees is recognised as a percentage of annual profit, in accordance with the terms of the agreement with clients on the completion of the period.
- d) Return based fees is recognised as a percentage of annual profit, in accordance with the terms of the agreement with clients on the completion of the period.

vii) Online Access Fees:

Online access fees is recognised on straight line basis, based on the agreement with the clients.

viii) Infrastructure and Resource Management Fees:

Infrastructure and resource management services fees are recognised on accrual basis as per agreements with the clients.

ix) Advisory Services Fee:

Fee for Advisory Services is accounted in accordance with the terms and contracts into with the respective clients / investment managers / advisors.

x) Trusteeship Fee:

Trusteeship fee income is recognised on the basis of the agreements entered into between the Settler and the Trustee.

xi) Loan / other processing fee:

Loan processing fee is accounted for upfront upon processing of loans, as and when it becomes due.

xii) Management fee:

Management fee towards support services is accounted as and when services are rendered and it becomes due on contractual terms with the parties.

xiii) Income from investments:

Profit earned from sale of securities is recognised on trade date basis. The cost of securities is computed based on weighted average basis.

xiv) Income from assignment / securitization and servicing fee:

In case of assignment / securitisation of loans, the assets are derecognised when all the rights, title, future receivables and interest thereof along with all the risks and rewards of ownership are transferred to the purchasers of assigned/ securitised loans in accordance with Reserve Bank of India / National Housing Bank Guidelines if any. The profit if any, as reduced by the estimated provision for loss/ expenses and incidental expenses related to the transaction, is recognised as gain or loss arising on assignment / securitisation. Loss arising from these transactions if any are recognised immediately in the statement of profit and loss. Servicing fees received is accounted for based on the underlying deal structure of the transaction as per the agreement.

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

xv) **Income from Trading in Securities and Derivatives:**

The initial margin and the additional margin paid for entering into contracts for equity futures and options are disclosed under the head Loans and Advances in the Balance Sheet.

Income from trading in securities and derivatives comprises of profit/loss on hedged positions in securities and futures. All the hedged positions in securities and securities Futures are marked to market and difference between the transaction price and settlement price is recognized as Gains or Losses.

The Brokerage, Securities Transaction Tax (STT) and other payments made in connection with the acquisition of securities are added to the cost of acquisition. The amount shown under sale of securities is net of Brokerage and STT.

xvi) **Income from Exchange Traded Derivatives:**

In respect of exchange traded derivatives undertaken, net gain/loss arising from settlement of such transactions during the year or loss from restatement of such transactions that are pending settlement at the year end are recognised in the Statement of Profit and Loss for the year.

xvii) **Income from Trading in Commodities:**

The initial margin and the additional margin paid for entering into contracts for commodity futures and options are disclosed under the head Short term Loans and Advances in the Balance Sheet.

Income from trading in commodities comprises of profit/loss on hedged positions in commodity stocks and futures. All the hedged positions in commodity and commodity Futures are marked to market and difference between the transaction price and settlement price is recognised as Gains or Losses.

The Brokerage and other payments made in connection with the acquisition of commodities are added to the cost of acquisition. The amount shown under sale of commodities is net of Brokerage.

xviii) **Income from Trading in Currency Derivatives:**

The initial margin and the additional margin paid for entering into contracts for currency futures and options are disclosed under the head Loans and Advances in the Balance Sheet.

Income from trading in currency comprises of profit/loss on currency futures. All the positions in currency and currency futures are marked to market and difference between the transaction price and settlement price is recognised as Gains or Losses.

The Brokerage and other payments made in connection with the acquisition of currency derivatives are added to the cost of acquisition. The amount shown under sale of currency derivatives is net of Brokerage.

xix) **Income from lease:**

Lease rental income is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term.

xx) **Revenue on Money changer:**

Revenue on foreign exchange transactions is recognised at the time of sale. The income arising from selling of foreign currencies represents the margin earned on sale of foreign currencies.

xxi) **Premium:**

Premium net of service tax is recognised as income over the contract period or the period of risk whichever is appropriate. Any subsequent revisions to or cancellations of premium are recognised in the year in which they occur.

xxii) **Commission:**

i) Profit commission under reinsurance treaties, wherever applicable, is recognised on accrual. Any subsequent revisions of profit commission are recognized for the year in which final determination of the profits is intimated by reinsurers.

ii) Commission income of money transfer services is recognised on rendering the service at contractual rates. Incentives received from western union are recognised on receipt basis. Service income received on account of gain on foreign currency from Western Union is accounted when accrued and due.

xxiii) **Reinsurance Ceded:**

i) Commission income on reinsurance ceded is recognized as income in the period in which reinsurance premium is ceded.

ii) Profit commission under reinsurance treaties, wherever applicable, is recognized on accrual basis. Any subsequent revisions of profit commission are recognized in the year in which final determination of the profits are intimated by reinsurers.

xxiv) **Reinsurance Premium:**

i) Insurance premium ceded is accounted in the year in which the risk commences and recognized over the Contract period. Any subsequent revision to refunds & cancellation of policies are recognized in the year in which they occur.

ii) Reinsurance inward is accounted to the extent of the returns received from the reinsurer.

Reliance Capital Limited

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

xxv) **Premium Received in Advance:**

Premium received in advance represents premium received in respect of policies issued during the year, where the risk commences subsequent to the balance sheet date.

xxvi) **Sales & Services:**

Revenue from sale is recognized on transfer of all significant risks and rewards of ownership as per terms of contracts with the customers. (net of VAT, sales return, service tax recovery and trade discount).

xxvii) **Brokerage Income:**

Brokerage income is recognized net of service tax on the date of transaction.

e **Fixed assets**

i) **Tangible assets**

- **Leased assets**

All assets given on operating lease are shown as fixed assets net of depreciation and impairment loss, if any. Initial direct costs in respect of leases are expensed in the year in which such costs are incurred.

- **Own assets**

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss if any. Cost includes all expenses incidental to the acquisition of the fixed assets.

ii) **Intangible assets**

Intangible assets are recognised where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortisation.

Expenditure incurred on acquisition / development of intangible assets which are not put / ready to use at the reporting date is disclosed under intangible assets under development.

f **Depreciation / Amortisation**

i) **Tangible assets**

The Company has provided for depreciation over the useful life of the assets as prescribed under part C of Schedule II of the Companies Act, 2013 as per straight line method except Plant & Machinery and data processing machineries given on lease where useful life is considered 8 years and 5 years, respectively based on management's assessments of useful life in respect of these assets. Lease hold improvements are amortised over the primary period of the lease on straight-line basis.

ii) **Intangible assets**

The Company has amortised intangible asset on straight line basis over the useful life of the asset up to a maximum of 5 years commencing from the month in which such asset is first installed.

The Company provides pro-rata depreciation from the day the asset is put to use and for any asset sold, till the date of sale.

g **Impairment of assets**

The group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

h **Investments**

Investments are classified as long term or current based on intention of the management at the time of purchase. Current investments are valued, scrip wise at cost or fair value, whichever is lower. Long-term investments are carried at carrying cost less diminution in value which is other than temporary, determined separately for each individual investment scrip wise. In case of insurance companies, investments have been valued in accordance with the provisions of the Insurance Act, 1938 and the Regulations and / or orders / directions / circulars / guidelines issued by the IRDAI in this behalf, except in case of RNLIFE where investments are valued as follows:

i) **Non-linked policyholders' investments, non-unit reserve and shareholders' investments**

All debt securities held by RNLIFE are considered as 'held to maturity' and measured at historical cost subject to amortisation of the premium/discount over the remaining period to maturity of these securities on straight line basis.

In respect of listed equities, Exchange Traded Fund (ETF) and mutual funds, the unrealised gains/losses between the cost price and the fair value price are accounted in the "Fair Value Change" account in the balance sheet.

Mutual fund units are valued at the previous day's net asset value of the respective fund.

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

ii) Linked business

Securities issued by Government of India (except Treasury Bills) and State Government securities are valued at prices released by Credit Rating Information Services of India Limited (CRISIL).

Bonds and debentures including asset backed securities are valued on the basis of CRISIL Bond Valuer.

Money market instruments including treasury bills are valued at historical cost, subject to amortisation of premium or accretion of discount on straight-line basis over the remaining period to maturity of these securities.

Listed equities and ETF are measured at fair value, being the quoted closing prices on the National Stock Exchange (in case it is not traded on the National Stock Exchange then quoted closing price on the Bombay Stock Exchange is used) on the last trading day of the financial year.

Mutual fund units are valued at the previous day's net asset value of the respective fund.

iii) Transfer of investments

Any transfer of investments from shareholders to policyholders is carried out at amortised cost or market value whichever is lower.

In case of linked funds, inter fund transfer of debt securities is carried out at latest available price and equities at the prevailing market price during market hours.

An investment property is accounted for in accordance with cost model. The cost of any shares in a co-operative society or a company, the holding of which is directly related to the right to hold the investment property, is added to the carrying amount of the investment property.

i **Inventories**

- Securities held as inventories are valued scrip wise at weighted average cost or fair value, whichever is lower.
- Commodities held as inventories are valued at weighted average cost or realisable value, whichever is lower.
- Stock of foreign currencies have been valued at weighted average cost or realisable value, whichever is lower.
- Stock of gold have been valued at weighted average cost or realisable value, whichever is lower.
- Stock of paintings are of such nature that the market value of which cannot be easily available, hence valued at cost.

j **Repossessed assets**

Assets repossessed against the settlement of loans are carried in the balance sheet at outstanding loan amount. The classification and provision is based on the underlying Days Past Due (DPD) for these loans.

k **Provisions for Non Performing Assets (NPA) and Doubtful Debts**

NPA including loans and advances, receivables are identified as bad / doubtful based on the duration of the delinquency. The duration is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment of loan assets and the level of provisioning which meets the CIC Master Directions / NBFC / NHB prudential norms prescribed by Reserve Bank of India / National Housing Bank.

l **Provisions for Standard Assets**

Provisions on Standard Assets are made as per para 13 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, para 18 of CIC Master Directions as prescribed by the RBI of India and prudential norms as per Housing Finance Companies (NHB) Directions, 2010.

m **Security of Loans Given**

Housing loans / loans against property granted are secured by equitable registered mortgage of property and / or undertaking to create a security. Other Secured loans are secured against hypothecation of respective assets.

n **Foreign currency transactions**

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies at the year end are restated at year end rates. Non monetary foreign currency items are carried at cost.

o **Employee benefits**

i) Provident fund:

Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the Statement of Profit and Loss.

ii) Gratuity:

The group gratuity benefit scheme is a defined benefit plan. The group net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the statement of profit and loss .

iii) **Leave encashment:**

Leave encashment which is a defined benefit, is accrued for based on an actuarial valuation at the balance sheet date carried out by an independent actuary.

The employees of the group are entitled to compensated absence. The employees can carry forward a portion of the unutilised accrued leave balance and utilise it in future periods. The group records an obligation for compensated absences in the period in which the employee renders the service that increases the entitlement. The Company measures the expected cost of compensated absence as the amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

iv) **Phantom Shares:** As a long term incentive plan to employees, the Company has initiated Phantom stock option plan which are cash settlement rights where the employees are entitled to get cash compensation based on agreed formulae linked to market value of shares upon exercise of phantom stock options over notional or hypothetical shares, whereby instead of becoming entitled to buy the actual shares on vesting, they become entitled to cash payment equivalent to appreciation in the value over defined base price of shares. The present value of the obligation under such plan is determined based on actuarial valuation.

p **Employee Stock Option Scheme ("ESOS")**

The employees of the Company and its subsidiaries are entitled for grant of stock options (equity shares), based on the eligibility criteria set in ESOS plan of the Company. The employee compensation expenses are accounted on the basis of "intrinsic value method" as prescribed by the Guidance Note on Employee share based payments issued by the Institute of Chartered Accountants of India as required by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The excess, if any, of quoted market price over the exercise price on the date of grant would be recognised as compensation cost over the vesting period. The Company recognises compensation cost on the basis of estimated number of stock options expected to vest.

For the listed shares, the fair market price is the latest closing price, immediately prior to the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the group are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered. If the shares are unlisted, then the fair value of options granted is estimated on the date of grant using the Black Scholes Model.

q **Loan origination/acquisition cost**

The direct commission cost incurred for the loan origination is written off over the average tenure of the loan.

r **Discount on Commercial Paper**

The difference between the issue price and the redemption value of commercial papers is apportioned on time basis and recognised as discounting expense.

s **New fund offer expenses of schemes**

Expenses relating to new fund offer of mutual fund and Portfolio Management Scheme (PMS) schemes are charged in the statement of profit and loss in the year in which such expenses are incurred except for closed ended schemes which are recognised over the duration of the scheme.

t **Expenses of Management**

Expense relating to insurance business is allocated on the basis of net premium written to the Revenue Account(s).

Expenses relating to investment activities are charged to the Statement of Profit and Loss.

u **Financial Derivatives and Commodity Hedging Transactions**

Financial Derivatives and Commodity Hedging transaction are accounted for on a mark to market basis. Payments of margin requirements on this contract are recognised on the Balance Sheet.

v **Claims Incurred**

Claims incurred comprises of claims paid (net of salvage and other recoveries), change in estimated liability for outstanding claims made following a loss occurrence reported and change in estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER'). Further, claims incurred also include specific claim settlement costs such as survey / legal fees and other directly attributable costs.

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

Salvaged vehicles are recognized on realisation basis.

Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation on management estimates of ultimate amounts likely to be paid on each claim based on the past experience. These estimates are progressively revaluated on availability of further information.

IBNR represents that amount of claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims IBNER. Estimated liability for claims IBNR and IBNER is certified jointly by the Appointed Actuary and the Mentor to the Appointed Actuary of RGIC for the year ended March 31, 2017.

For the Financial Year 2015-16, Provision for IBNR/IBNER has been made based on the report from an external consulting Actuary.

w Reserve for Unexpired Risk

Reserve for unexpired risk is made on the amount representing that part of the net premium written which attributable to, and to be allocated to the succeeding accounting period using 1/365 method for all lines of business other than Marine Hull, In case of Marine Hull business 100% of the Net Written Premium during the preceding twelve month.

x Premium Deficiency

Premium deficiency is recognized if the cost of expected net claim cost, related expenses and maintenance cost exceeds the sum of related premium carried forward to subsequent accounting period as the reserve for unexpired risk. Premium deficiency is recognised at RGIC level. The RGIC considers maintenance cost as relevant cost incurred for ensuring claim handling operations. The expected claim cost is required to be calculated and duly certified jointly by the Appointed Actuary and the Mentor to the Appointed Actuary of RGIC.

y Acquisition Cost

Acquisition costs are costs that vary with and are primarily related to acquisition of insurance contracts / policies and are expensed in the period in which they are incurred.

z Fund Expenses

Expenses incurred on behalf of schemes of Reliance Mutual Fund are recognised in the Statement of Profit and Loss under advertisement/brokerage expenses unless considered recoverable from the schemes in accordance with the provisions of SEBI (Mutual Fund) Regulations, 1996.

Expenses directly incurred for the schemes of Reliance Mutual Fund are charged to the Statement of Profit and Loss under respective heads. Distribution cost is recognised over the duration or clawback period of the scheme for close ended and open ended schemes respectively.

aa Actuarial liability valuation

A brief methodology used for the various line of business is as given below:

- i. Liabilities on life insurance policies are determined by the Appointed Actuary by using generally accepted actuarial practice in accordance with the actuarial practice standards and guidance notes issued by the Institute of Actuaries of India, the requirements of the Insurance Act, 1938 and the relevant regulations issued by the IRDAI.
- ii. The liabilities under Non-Linked individual policies are calculated by the prospective Gross Premium Valuation (GPV) method. The liabilities are calculated so that together with the estimated future premium payments and investment income, the assets of RNLIFE are expected to be sufficient to meet future claims (including bonus entitlements to policyholders, if any) and expenses.
- iii. The liabilities for Linked individual comprises of unit and non-unit reserves. The unit reserve is determined as number of units, as on valuation date multiplied by the unit prices at the valuation date. The non-unit reserve is calculated using the cash flow method by ensuring that at each point of time in future projection there is flooring at zero. The non-unit reserve is calculated on gross premium valuation on prospective basis. No credit is given to the positive profits after the month of last negative profit.
- iv. The liabilities for one year renewable group protection business are calculated by using the Unearned Premium Reserve (UPR) approach. The reserve is further compared with the reserve computed as per the Gross Premium Valuation (GPV) method and the reserve has been kept as the higher of the two. For more than one year renewable group business, the liabilities are calculated using gross premium valuation method.
- v. For the Fund based Group (linked business and non linked) business with explicit charging structure, the liabilities are taken as the sum of the policyholder's account balances plus additional reserve for mortality and expenses calculated using the projection method.
- vi. For some liabilities, the Appointed Actuary has used a method of valuation other than the Gross Premium Method as appropriate, in accordance with IRDA (Assets, Liabilities and Solvency Margins of Insurers) Regulations 2000 Section 2.7 of Schedule II-A.
- vii. The Riders are valued at higher of Gross Premium Valuation (GPV) and Unearned Premium Reserve (UPR).

Reliance Capital Limited

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

ab Amortisation of Premium on Debt Securities

During the year ended March 31, 2017, the basis of amortisation of premium or accretion of discount on debt securities has been changed from Straight Line Method to Yield to Maturity (effective interest rate method) over the remaining period to maturity for traditional policyholders and shareholder funds. The Company has applied the change in accounting policy with retrospective effect. With this change, Company's accounting statements more closely reflect the economic value of the securities held.

ac Benefits paid

Benefits paid comprise of policy benefits, claims and claim settlement costs, if any. Death benefit, rider benefits and surrender claims are accounted for on receipt of intimation. Survival benefit claims and maturity claims are accounted when due.

Withdrawals and surrenders for unit linked policies are accounted in the respective schemes when the associated units are cancelled, for variable insurance policies and policies with explicit charge structures are accounted when the policy accounts are debited. Surrenders includes amount payable on lapsed insurance policies which are recognised when the revival period of such policies is over and on discontinued policies which are recognised after expiry of lock-in period. Withdrawals and surrenders are disclosed at net of recovered charges. Interest payment, if any, to policyholder is accounted on payment basis.

Reinsurance recoveries on claims are accounted for, in the same period as the related claims and netted off against claim expenses incurred.

ad Market Linked Debentures (MLD)

The Group has issued certain non-convertible debentures, the rate of interest which is linked to performance of specified indices over the period of the debentures. The Group hedges its interest rate risk on MLD by taking positions in future & options based on specified indices. Any gain/loss on these hedge positions are netted against with interest expense on MLD and resultant 'net loss / gain' is recognised in Statement of Profit and Loss.

ae Borrowing costs

Borrowing costs, which are directly attributable to the acquisition / construction of fixed assets, till the time such assets are ready for intended use, are capitalised as part of the cost of the assets. Other borrowing costs are recognised as an expense in the year in which they are incurred. Brokerage costs directly attributable to a borrowing are expensed over the tenure of the borrowing.

af Leases

(i) Operating leases

Lease payments for assets taken on an operating lease are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

(ii) Hire purchase

Assets held under hire purchase arrangements are classified as finance leases and are recognised as assets of Reliance Nippon Life Asset Management Limited (RNLAML) at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a hire purchase liability. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with RNLAML general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

af Earnings per share

The basic earnings per share is computed by dividing the net profit / (loss) after tax attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share, is computed by dividing the net profit / (loss) after tax by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit / (loss) per share are included.

ag Taxation

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit entitlement is recognised where there is convincing evidence that the same can be realised in future.

Deferred taxation:

The deferred tax charge or benefit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

ah Provisions, contingent liabilities and contingent assets

The Company creates a provision when there is a present obligation as a result of past events and it is probable that there will be outflow of resources and a reliable estimate of the obligation can be made of the amount of the obligation. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statement. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

3 The abridged consolidated financial statements have been prepared in accordance with first proviso to sub-section (1) of section 136 of the Companies Act, 2013 read with Rule 10 of Companies (Accounts) Rules, 2014 from the audited consolidated financial statements of the Group for the year ended March 31, 2017, prepared in accordance with Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and accounting principles generally accepted in India and which is approved by the Board of Directors at the meeting held on April 27, 2017.

4 Previous year (Note 3 of Consolidated Financial Statement)

Previous year figures have been rearranged and reclassified wherever necessary.

The current year's figures are not comparable with the previous year's figures as during the previous year, Reliance Nippon Life Insurance Company Limited has ceased to be an associate and has become a subsidiary of the Holding Company,

(` in crore)

	As at March 31, 2017	As at March 31, 2016
5 Deferred tax assets (Note 15 of Consolidated Financial Statement)		
Deferred tax asset included in the balance sheet comprises the following:		
(a) Deferred tax assets		
Provision for non performing assets/diminution in the value of assets & investments	125	18
Straight lining of lease rentals [Previous year ` 40 94 473]	1	-
Unabsorbed depreciation and carried forward losses as per Income Tax Act,1961	116	2
Depreciation on fixed assets	9	37
Employee compensation/ leave encashment	17	6
Total (a)	268	63
(b) Deferred tax liabilities		
Reserve for unexpired risk & others	14	15
Unamortised expenditure	52	9
Total (b)	66	24
Net deferred tax assets [(a)-(b)]	202	39

(` in crore)

	As at March 31, 2017	As at March 31, 2016
6 Cash & bank balances (Note 21 of Consolidated Financial Statement)		
(a) Cash & cash equivalents		
Balances with banks		
- In current accounts	3 372	2 532
- Fixed deposits (less than 3 months)	58	32
Cheques on hand	130	109
Cash on hand	39	73
	3 599	2 746

Reliance Capital Limited

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

	(` in crore)	
	As at March 31, 2017	As at March 31, 2016
(b) Other bank balances		
- Unclaimed dividend accounts	19	18
- In fixed deposit accounts		
- Under lien (Refer Note given below)	1 985	453
- Under margin (Refer Note given below)	101	65
- Others	21	53
	<u>2 107</u>	<u>571</u>
	<u>5 725</u>	<u>3 335</u>

Notes:

1. In respect of balances with Banks in Fixed Deposit accounts above includes:
 - (a) ` 42 crore (Previous Year ` 200 crore) is kept as credit enhancement towards securitisation transaction.
 - (b) ` 328 crore (Previous Year ` 57 crore) as collateral security deposit in favour of National Stock Exchange of India Limited and BSE Limited and ` 23 crore (Previous Year ` 65 crore) placed as margin for the issue of bank guarantee favouring National Securities Clearing Corporation Limited.
 - (c) ` 1 676 crore (Previous Year ` 184) is kept as deposit with bank for issuing of Bank Guarantee & Term Loan.
 - (d) ` 10 crore (Previous Year ` 10 crore) are liened against bank overdraft facility.
 - (e) ` 5 Crore (Previous Year ` Nil) is kept for bank guarantee and for unclaimed amount pertaining to policy holder.
 - (f) ` 1 crore (Previous Year ` 1 crore) is kept as deposit with Sales Tax Authority.
 - (g) ` 1 crore (Previous Year ` 1 crore) is kept as deposit with Directorate of Enforcement.

7 Profit /(loss) on sale of subsidiaries & associates (Note 31 of Consolidated Financial Statement)

	(` in crore)	
	2016-17	2015-16
Profit on sale of subsidiaries (` 42 02 488)	-	-
Profit on sale of associates	-	-
Total	-	-

8 Corporate Social Responsibility Expenditures (Note 32 of Consolidated Financial Statement)

As per Section 135 of the Companies Act, 2013 (the "Act") the Group is under obligation to incur ` 26 crore (Previous year ` 19 crore) and has incurred the same in cash, being 2% of the average net profit during the three immediately preceding financial years, calculated in the manner as stated in the Act towards Corporate Social Responsibility, *inter-alia*, through a non-profit centre engaged in the provision of health care for the purpose other than construction / acquisition of asset.

9 Goodwill on Consolidation of Subsidiaries (Note 33 of Consolidated Financial Statement)

On Consolidation, the Company has recognised the following goodwill:

	(` in crore)	
	2016-17	2015-16
Opening balance of Goodwill/(Capital Reserve) on consolidation of subsidiaries	5 184	215
Add : Goodwill/(Capital Reserve) on acquisition of subsidiaries	-	4 969
Less : Goodwill on sale / amalgamation of investments in subsidiaries	-	-
Closing balance of Goodwill/(Capital Reserve) on consolidation of subsidiaries	5 184	5 184

10 Employees Stock Option Plans (Note 34 of Consolidated Financial Statement)

Reliance Capital Limited

- a) The Company operated two Employee Stock Option Plans; ESOS Plan A and ESOS Plan B introduced in the financial year 2009-10. All options granted under the ESOS Plan A and ESOS Plan B have been surrendered and lapsed in the previous year. The Company managed the ESOS Plan A and ESOS Plan B through a Trust. Advance of ` 59 crore (net of written off ` 64 crore) Previous Year ` 59 crore (net of written off ` 64 crore) has been granted to Trust. Out of the said advance, Trust has purchased 16 00 000 equity shares for the above purpose.

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

- b) The Company introduced ESOS 2015 which covers eligible employees of the Company and its subsidiaries. The vesting of the options is from expiry of one year till five years as per Plan. Each Option entitles the holder thereof to apply for and be allotted/transferred one Equity Share of the Company upon payment of the exercise price during the exercise period.

Details of ESOS 2015 are as under :

	ESOS 2015
Date of Grant	October 15,2015
Price of Underlying Stock (₹)	396
Exercise / Strike Price (₹)	396
The fair value of the options granted was estimated on the date of grant using the Black Scholes Model with the following assumptions:	
Risk Free Interest Rate	7.51%– 7.56%
Expected Dividend Yield	2.28%
Expected Life (years)	4.51 to 6.51
Expected Volatility	44.61% to 46.39%
Weighted Average Fair Value (₹)	565

The information covering stock options granted, exercised, forfeited and outstanding at the year end is as follows: (As certified by the management)

	No. of Stock Options	
	March 31, 2017	March 31, 2016
Outstanding at the beginning of the year	6 42 560	-
Granted	-	6 46 080
Exercised	Nil	Nil
Lapsed / Forfeited / Surrendered	1 15 780	3 520
Outstanding at the end of the year	5 26 780	6 42 560
Exercisable at end of the year	1 05 356	-

The Company has chosen to account for the Plan by the Intrinsic Value Method. The total expense recognised for the period arising from stock option plan as per Intrinsic Value Method is ₹ Nil (Previous year ₹ Nil). Had the Company adopted fair value method the net results for the year would have been lower by ₹ 89 lakh (Previous year ₹ Nil) [net of tax saving ₹ 71 lakh (Previous year ₹ Nil)] and accordingly EPS (Both Basic and Diluted) would have been lower by ₹ 0.03 (Previous year ₹ 0.03).

11 Phantom Stock Option Scheme (PSOS): (Note 35 of Consolidated Financial Statement)

As a long term incentive plan to employees, the Group has initiated Phantom stock option plan which are cash settlement rights where the employees are entitled to get cash compensation based on a formulae linked to market value of subsidiary company shares upon exercise of phantom stock options over notional or hypothetical shares,

Liability towards the scheme is accounted for on the basis of an independent actuarial valuation done at the year end. The valuation of the shares is done considering the Project Unit Credit Method and the progression of share price up to the exercise of the option. Fair Value of Phantom Stock Options was estimated on the date of grant on the assumptions of Discount Rate of 6.77% and Expected Life of 4 years.

Phantom Options can be exercised on continuation of employment any time upto 3 years from the date of last vesting and upon cessation of employment as per the terms of the Scheme. Settlement of Phantom Option is done in cash within 90 days from the date of exercise. For the current year the Group has created provision of ₹ 13 crore.

12 In case of Reliance Securities Limited (RSL) (Note 36 of Consolidated Financial Statement)

- (a) In the year 2008-2009, RSL had claimed service tax refund of ₹ 7 crore pertaining to period March 2005 to January 2009, pursuant to circular no.111/05-2009 dated 24/02/2009 issued by Central Board of Excise and Customs (CBEC) in respect of money transfer services. During the year 2009-2010, RSL had received ₹ 3 crore towards service tax refund claim for the period December 2007 to January 2009. During the year 2010-2011, the RSL received a show cause notice dated 27 January, 2011 reclaiming the refund granted. From the above balance amount Service tax department had rejected the refund claim ₹ 2 crore. RSL had filled an appeal against the order of the services tax department with Customs, Excise & Service Tax Appellate Tribunal (CESTAT). The CESTAT has decided the matter in the favour of RSL and cancel the

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

order issued by assessing officer. The Service Tax Department had filed a cross appeal on the matter before the High court of Jurisdiction at Mumbai on 3rd Feb 2016.

- (b) Further, the RSL has received a show cause cum demand notice dated 22 March, 2011 demanding service tax aggregating ₹ 3 crore (excluding interest and penalty) for the period October 2009 to September 2010.
- (c) The Management of RSL is of the opinion that the money transfer services are construed as 'export' of services and hence not liable to service tax. Accordingly, no provision for the same has been made.
- (d) During the financial year 2009-10, the Directorate of Enforcement (DoE) seized foreign currency amounting to ₹ 3 crore. Based on investigations conducted by the DoE and documents furnished by RSL, the DoE department released foreign currency worth ₹ 3 crore to RSL in the financial year 2009-10. RSL is confident of getting back the balance currency worth ₹ 16 64 322.

13 In case of Reliance General Insurance Company Limited (RGIC) (Note 37 of Consolidated Financial Statement)

(a) Terrorism Pool:

In accordance with the requirements of IRDAI, RGIC together with other insurance companies participates in the Terrorism Pool. This pool is managed by the General Insurance Corporation of India (GIC). Amount collected as terrorism premium in accordance with the requirements of the Tariff Advisory Committee (TAC) are ceded at 100% of the terrorism premium collected to the Terrorism Pool.

In accordance with the terms of the agreement, GIC retrocedes to RGIC, terrorism premium to the extent of RGIC's share in the risk which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly statements received from GIC. The reinsurance accepted on account of terrorism pool has been recorded in accordance with the last statement received from GIC.

The RGIC has created liability to the extent of 50% of premium retroceded to the RGIC through reserve for unexpired risks.

(b) Indian Motor Third Party Decline Risk Pool (IMTPDRP)

In accordance with the directions of IRDAI, RGIC, together with other insurance companies, is participating in the Indian Motor Third Party Decline Risk Pool (IMTPDRP). The IMTPDRP is a multilateral reinsurance arrangement, in which all member companies are compulsorily required to participate. The IMTPDRP is administered by GIC.

The Authority vide Order dated January 03, 2012 has created IMTPDRP for Act only Commercial Vehicle third party risks i.e. Act only policies.

Under this arrangement, any business relating to Act only policies of Commercial Vehicles which does not fall within the underwriting parameters of insurers shall be ceded to IMTPDRP. This arrangement is called the Declined Risk Pool.

Under IMTPDRP, IRDAI has mandated that every insurer has to comply with the obligation to underwrite a minimum percentage of such policies that is calculated as an average of insurer's total gross premium percentage share in the industry and gross motor premium percentage share in the industry.

On March 15, 2016, IRDAI had dismantled the IMTPDRP with effect from 01st April, 2016. During the year, the RGIC has received statement for the 3 months period January 2016 to March 2016 along with final statement for the financial year 2015-16 from GIC and the RGIC had accounted its share of premium, claims and expenses of the pool, which is recorded as inward insurance business.

(c) Basis used by actuary for determining IBNR / IBNER.

The liability for IBNR and IBNER as at March 31, 2017 has been estimated by Appointed Actuary in consultation with Mentor to the Appointed Actuary as per the IRDA circular no. 11/IRDA/ACTL/IBNR/2005-06 dated June 08, 2005 and Insurance Regulatory and Development Authority of India (Assets, Liabilities and Solvency Margin of General Insurance Business) Regulations, 2006.

For all lines of business, the estimation was carried out using past trends in the claims experience as indicated by paid claims chain ladder and incurred claims chain ladder approach. Bornhuetter – Ferguson method of estimation was also applied for some lines as considered appropriate by the Appointed Actuary in consultation with Mentor to the Appointed Actuary. For the Financial Year 2015-16, the RGIC had made the provisions based on the report from an external consulting Actuary as RGIC's Appointed Actuary had resigned from the RGIC on August 28, 2015 and the RGIC was in the process of appointment of new Appointed Actuary.

During the current year, the Panel Actuary has done valuation of liabilities as at March 31, 2016, which shows further strengthening of reserve amounting to ₹ 171 crore, which is fully recognised by the RGIC during the year.

(d) Contribution to Environment Relief Fund

During the year, RGIC had collected ₹ 0.15 crore (Previous year ₹ 0.14 crore) towards Environment Relief Fund (ERF) for public liability policies and an amount of ₹ 0.15 crore (Previous year ₹ 0.14 crore) transferred to "United India Insurance Company Limited, Environment Fund Account" as per Notification of ERF scheme under the Public Liability Insurance Act, 1991 as amended, balance amount of ₹ 31 000 (Previous year ₹ 12 000) is shown under current liabilities.

(e) Contribution to Solatium Fund

In accordance with the requirements of the IRDAI circular dated March 18, 2003 and based on recommendations made at the General Insurance Council meeting held on February 4, 2005, the RGIC has provided 0.1% of gross written premium

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

on all motor third party policies (excluding reinsurance premium accepted on motor third party for commercial vehicles) towards contribution to the solatium fund.

(f) **Reduction of Share Capital**

Pursuant to the High Court Order dated January 8, 2016, RGIC has reduced its Share Premium account from ₹ 1624 Crore to ₹ 805 crore by utilizing the same towards deficit in the Profit & Loss Account as at March 31, 2016. The Company received approval from IRDAI on May 23, 2016 in this regards. Further, the RGIC has charged the expenses amounting to ₹ 0.2 crore incurred for the reduction of share capital to the Profit & Loss account as per the direction received from IRDAI.

(g) **Debenture Redemption Reserve (DRR)**

During the year, the RGIC has issued Unsecured Subordinated Redeemable 9.10% Non Convertible Debentures, in accordance with Insurance Regulatory and Development Authority of India (Other forms of Capital) Regulations, 2015, amounting to ₹ 230 crore on private placement basis listed at Bombay Stock Exchange. As per the terms, the same will be redeemed at Par after 10 years from the date of its issue. Section 71 of the Companies Act, 2013 read with relevant rules requires RGIC to create DRR. However, as per the communication received by the RGIC from the Regulatory Authority, the said matter is under examination and accordingly, DRR has not been created.

(h) During the year, The RGIC Board had approved formation of a separate Health Insurance Company by Holding Company subject to IRDAI and other applicable approvals. Retail Health Insurance Business will be the focus of the new Health Insurance Company and the Company will continue to focus on Group Health Insurance Business and Government Health Insurance Business and other ancillary areas.

14 In case of Quant Capital Private Limited (QCPL) (Note 38 of Consolidated Financial Statement)

(a) Quant Transactional Services Private Limited (Plaintiffs) (QTSPL) has filed a Suit in Hon'ble High Court against QCPL under section 6 of Specific Relief Act, 1963 and has claimed that the QCPL and its subsidiaries has forcefully dispossessed the Plaintiffs from the Goregaon Premises and taken over the possession of the Fixed Assets. The interim relief claimed in Notice of Motion was repossession of the premises and inventory of the Fixed Assets. However, The Hon'ble High Court of Bombay has not granted any Interim Relief and Suit and Notice of Motion is pending hearing and for final disposal.

(b) Mr. Adil Patrawala has filed a Petition under section 397 and 398 of Companies Act, 1956 against QCPL claiming mismanagement in the affairs of QCPL and oppression on the Minority Shareholder. The said Petition is pending hearing for the final disposal. There were certain Ad Interim reliefs claimed which were not granted by Hon'ble Company Law Board except one relief i.e. Mr. Adil Patrawala's holding in QCPL cannot be diluted.

(c) QCPL has filed Summary Suit against QTSPL for recovery of outstanding dues amounting to ₹ 9 crore. The Notice of Motion was filed in the said Suit claiming Ad Interim Relief praying lien over the Assets of QTSPL which High Court has denied. Both Notice of Motion and Suit are pending hearing and final disposal.

(d) QCPL Subsidiary and Associate companies has collected stamp duty on account of its statutory obligation towards transactions entered on various segments in the state of Tamilnadu. The QCPL subsidiary company has not deposited the same since in its opinion the same is not payable which is disputed by the state. The matter is pending with Hon'ble High Court, Tamilnadu. In the Interim the amount so collected is reflected under statutory liability. The amount outstanding is to the tune of ₹ 13 crore (previous year ₹ 12 crore)

(e) One of the former employee has filed petition under the Industrial Dispute Act, 1947 for reinstatement of the service against QCPL. QCPL has filed the rejoinder for the same as QCPL does not fall within the Definition of Industry under the said Act and also the Applicant is not workmen within the Definition, the same is pending for hearing.

(f) QCPL has recovery of ₹ 3 crore from QTSPL - ₹ 0.3 crore as share application money and ₹ 3 crore as business advances. The QCPL has filed suit against QTSPL for the recovery of the said amount and is confident of recovering the same. However, the QCPL has made provision of ₹ 2 crore (100% of application money amount of ₹ 0.3 crore and 75% of ₹ 2 crore)

Further in respect of two subsidiary companies, the companies had provided for ₹ 1 crore being 75% of ₹ 1 crore on account of legal case filed by the respective subsidiary companies against Quant Software Solutions Private Company.

(g) In case of Quant Commodity Broking Private Limited (QCBPL), being associate, is having the broking license. Earlier, QCPL was having external clients. However, currently QCPL is having only 2 clients - Quant Commodities Private Limited and Qcap Securities Private Limited. QCPL want to revive the business and hence, does not surrender the Commodity Broking License. The management of QCPL is working on a marketing strategy where they can provide one stop shop solution to the clients with Research, Equity Broking, Commodity Broking and general advisory. This will help QCPL to add new clients and to revive the business. With the help of this strategy, QCPL is planning to add new clients.

(h) In case of Quant Securities Private Limited, being subsidiary the management of QCPL has taken the conscious call of surrendering the broking licenses with BSE and NSE. BSE has accepted the request, however, NSE has not accepted the same and surrender request is still pending. The management of QCPL intends to trade and investment in equity and equity derivatives. However, management is waiting for the acceptance of surrender of license by NSE and does not want to start the trading activity before that. The intention of the management is not to wind up QCPL and hence, QCPL is going concern.

Reliance Capital Limited

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

- (i) QCPL has sold its investment in the Equity Shares 3,81,000 of Quant Capital Finance and Investments Private Limited to Quant Capital Holdings Private Limited for ₹ 20 crore. QCPL has made profit of ₹ 2 crore. The transaction is done at the then book value of Quant Capital Finance and Investments Private Limited.
- (j) In case of one of the QCPL's Subsidiary, as per the provision of the merger scheme of Reliance Equities International Private Limited with the QCPL vide Bombay High Court order dated 11th June, 2010 and Madras High Court dated 14th June, 2010, excess balance of Net Assets transferred over Purchase Consideration, had been credited to General reserve.
In the above merger scheme, certain documentation and other compliances are in the process of being regularized as at the close of the year. Following are brief details:
 - i. Security Deposit paid towards lease of Indiabulls premise ₹ 2 crore for occupation of Holding Company shown under the head Deposits.
 - ii. Details of amount as Contribution to Corpus of Gratuity Fund- ₹ 43 89 000
 - iii. Recoverable balances pending open for more than two years aggregating to ₹ 9 53 000 for which no information is available

15 In case of Reliance Nippon Life Asset Management Limited (Formerly known as Reliance Capital Asset Management Limited) (RNLAML) (Note 39 of Consolidated Financial Statement)

- (a) During the previous year, the RNLAML and Reliance Capital Trustee Company Limited had jointly entered into a scheme Transfer Agreement with Goldman Sachs Asset Management (India) Private Limited, Board of Trustees of Goldman Sachs Mutual Fund and Goldman Sachs Asset Management, L P to acquire the right to manage and administer the schemes of Goldman Sachs Mutual Fund, the right to assume the trusteeship of the schemes of Goldman Sachs Trustee Company (India) Private Limited and takeover of the schemes of Goldman Sachs Mutual Fund respectively. The said transaction has been approved by the relevant regulatory authorities and the Unit holders of the Schemes of Goldman Sachs Mutual Fund in the current year. The amount paid along with the incidental expenditure incurred thereon aggregating to ₹ 250 crore has been treated as Asset management Right as intangible asset. The Asset management Right will be amortized over a period of 120 months. For the year ended March 31, 2017, an amount of ₹ 10 crore has been amortized. Balance life of Asset Management Right is 115 months.
- (b) **Foreign Subsidiaries:**
During the year the UK subsidiary of the RNLAML has been struck off by the Companies House, Register of Companies London, as per the application made by the Company in previous year. The company has written off the investment cost entirely for non recoverability which was fully provided in the previous year.

16 In case of Reliance Money Precious Metals Private Limited (RMPMPL) (Note 40 of Consolidated Financial Statement)

- (a) RMPMPL runs a plan, MY Gold plan where in, the customer subscribes for a plan with a tenor from 1 period to 15 periods. The monthly subscription amount received from the customers is utilized for buying of gold. The gold is bought in twenty equated working days and is credited to the customer's account. The delivery of gold to the customer will be at the maturity, as decided by the customer. Till such time the gold stock will be held by RMPMPL and the same is shown as inventory. The corresponding money received from the customers is shown as advance received from the customer.
- (b) The members of the RMPMPL have passed a special resolution at extraordinary general meeting held on March 02, 2016, to transfer the business of 'Reliance My Gold Plan' (RMGP), RMPMPL has transferred its business on July 29, 2016 to Stock Holding Corporation Of India Limited (SHCIL). Post which RMPMPL has discontinued RMGP.

17 In case of Reliance Nippon Life Insurance Company Limited (Formerly Reliance Life Insurance Company Limited) (RNLIFE) (Note 41 of Consolidated Financial Statement)

- (a) Main Actuarial Assumptions for valuation of life policies in force:
 - (i) Interest Rate – The valuation interest rate is determined based on the expected return on the existing assets, current asset mix and expected investment return on the future investment taking into consideration the asset classes mix and expected future mix. The interest rates used for the valuation vary according to the type of product and is in the range 5.35% p.a. to 6.25% p.a. (5.50% p.a. to 6.25% p.a. as at March 31, 2016).
 - (ii) Expense Inflation Rate – The assumed rate of expense inflation is consistent with the investment returns assumed.
 - (iii) Expense assumption – Policy related maintenance expenses are set on the basis of expense analysis performed by RNLIFE. The expense assumption used for valuation is ₹ 655 for in force policies and ₹ 437 for paid-up, fully paid-up and single premium policies. (₹ 655 assumptions for in force and ₹ 437 for paid up, fully paid-up and single premium policies as at March 31, 2016).
 - (iv) Mortality basis – Mortality assumptions are set in accordance with Section 5(2) of Schedule II (Asset, Liability and Solvency Margin of Life Insurance Business) Regulations 2016, in reference to published Indian Assured Lives Mortality (2006-08) (modified) Ultimate with adjustment to reflect expected experience and with an allowance for adverse deviation. The same is in the range of 30.5525% – 416.625% of IALM 2006-08. (30.5525% – 416.625% of IALM 2006-08 as at March 31, 2016).
 - (v) Future bonuses – Based on supportable bonus rates with allowance for tax and shareholder distributions.

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

- (vi) Lapse and surrender – A prudent estimate of future lapses and surrenders has been assumed based on the current experience of RNLIFE.
- (vii) Tax – The tax rate as at March 31, 2017 is 14.42% p.a.

(b) Shareholders' contribution

During the year, RNLIFE has contributed ₹ 15 crore (Previous Year: ₹ 382 crore), to make good the accumulated deficit in the Policyholders Revenue Account. Any contribution made by the shareholder's to the policyholder's account is irreversible in nature and shall not be recouped to the shareholders at any point of time in future. The shareholders approval with regard to the contribution during the current year shall be obtained in the ensuing Annual General Meeting of RNLIFE.

- (c) In accordance with the Investment regulations 2013 and IRDAI Circular IRDA/F&I/INV/Cir/062/03/2013 dated March 26, 2013, RNLIFE has declared March 31, 2017 as a business day and NAV for all Unit Linked Insurance Policy (ULIP) funds were declared on March 31, 2017. All application received till 3 pm on March 31, 2017 were processed with NAV of March 31, 2017. Applications received after this cut-off are taken into the next financial year.
- (d) Pursuant to the Hon'ble Bombay High Court Order dated January 08, 2016, RNLIFE has reduced its Share Premium account from ₹ 2 198 crore to ₹ 303 crore and such reduction has been utilised towards writing off the deficit in Profit and Loss account of ₹ 1 895 crore as on March 31, 2015. RNLIFE has received a communication from IRDAI that the above matter is under examination.
- (e) Due to change in the basis of amortization of premium or accretion of discount on debt securities from Straight Line Method to Yield to Maturity (effective interest rate method) over the remaining period to maturity for traditional policyholders and shareholder funds, income and corresponding value of investment is lower by ₹ 8 crore as on March 31, 2017.

18 In case of Reliance Exchangenext Limited (RNext): (Note 42 of Consolidated Financial Statement)

In case of Investment in equity shares of Indian Commodity Exchange Limited ('ICEX').

As per share sale & purchase agreement dated October 13, 2010 between Indiabulls Financial Services Limited ("IBFSL") and Reliance Exchangenext Limited ('the subsidiary'), the subsidiary had acquired 5 20 00 000 equity shares of Indian Commodity Exchange Limited ('ICEX') from the IBFSL, at a purchase price of ₹ 47 crore which represents 26% stake in the of ICEX on December 13, 2010.

Pursuant to the ICEX application, Government of India and Forward Market Commission granted their approval vide their letters dated September 23, 2010 & October 04, 2010 respectively, for the said transfer by IBFSL to the subsidiary. The aforesaid approval from Government of India and Forward Markets Commission are subject to the following conditions: -

- (a) that three years lock-in period condition shall apply to the subsidiary, anchor investor, the subsidiary afresh with effect from the date of Government approval, i.e., September 23, 2010;
- (b) that in case MMTC Limited, which now becomes co-anchor investor, exercises its right to stake a claim to 14% in the Exchange from IBFSL in pursuance to its right to first refusal, IBFSL will be bound to transfer its remaining 14% to MMTC Limited at the same price at which it has been offered to the subsidiary.

On October 21, 2011, MMTC Limited submitted a petition before the Company Law Board, New Delhi, in terms of Sections 397, 398, 402 and 403 of the Companies Act, 1956, seeking declaration of the aforesaid transfer of shares as void, injunction and investigation into the affairs of the ICEX and appointment of Administrative Special Office, Auditor, etc.

Subsequently the ICEX has submitted its response to the aforesaid petition before the Honourable Company Law Board on February 10, 2012 refusing and denying the purported allegations against it. The matter is under consideration by the subsidiary Law Board. Any future impact on the financial statement is contingent upon the final order by the appropriate authority.

19 In case of Reliance Commercial Finance Limited (Formerly Reliance Gilts Limited) (RCF): (Note 43 of Consolidated Financial Statement)

The Board of Directors at its meeting held on March 31, 2017 approved a Scheme of Arrangement for demerger of Lease Rental Business of Reliance MediaWorks Limited (RMW) into the RCF pursuant to Section 230 - 232 of the Companies Act, 2013. The RCF has filed the Scheme with National Company Law Tribunal ('NCLT') on March 31, 2017. As per the Scheme, leasing business of the Demerged Company would be transferred to the RCF from the Appointed Date. Appointed date for the Scheme is March 31, 2017, subject to requisite approvals, including the sanction of National Company Law Tribunal, Mumbai Bench. For the year ended March 31, 2017 there is no impact on the financial statements of the RCF on account of above Scheme.

20 In case of Reliance Home Finance Limited (RHF): (Note 44 of Consolidated Financial Statement)

- a The Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 between India Debt Management Private Limited ('the Demerged Company') and RHF has been sanctioned by the National Company Law Tribunal, Mumbai Bench vide Order dated April 5, 2017 to acquire the "entire credit business" ('Demerged Undertaking') of the Demerged Company. The Scheme became effective on April 21, 2017 on filing with the Registrar of Companies, Maharashtra at Mumbai with effect from March 31, 2016 i.e. Appointed Date.

Pursuant to the Scheme, the entire credit business of India Debt Management Private Limited (IDMPL) has been transferred to the RHF. Hence, in accordance with the Scheme:-

- (i) On Scheme becoming effective with effect from Appointed Date, the RHF has recorded all the assets i.e. Investment and Cash & Bank Balance aggregating to ₹ 241 crore and liabilities i.e. Provision for Diminution in the Value of Long

Reliance Capital Limited

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

Term Investments aggregating to ₹ 241 crore as appearing in the books of IDMPL's related to credit business at their respective book value as on Appointed Date. The net assets taken over include:

(₹ in crore)

Assets / Liabilities Taken Over	Amount
Assets	
Investments	241
Less: Provision for Diminution in the Value of Long Term Investments Long term loans and advances	241 -
Cash on Hand & Bank Balance with Banks	0.05
Total Assets	0.05
Liabilities	-
Total Liabilities	-

- (ii) Upon the Scheme becoming effective and in consideration of transfer and vesting of the undertaking of the IDMPL's entire credit business, the RHF will issue and allot, at par, to all equity shareholders of the IDMPL, whose name appears in the register of members of IDMPL as on the effective date, 94 ('Ninety Four') 8% Cumulative Non Convertible Redeemable Preference Shares of ₹ 10 each fully paid up for every one equity share of ₹ 10 each fully paid up held by the equity shareholders of IDMPL. Accordingly 3,10,35,980, 8% Cumulative Non Convertible Redeemable Preference Shares of ₹ 10 each fully paid up at par are to be allotted to the equity share holders of IDMPL. Pending issue and allotment of shares as at the balance sheet date ₹ 31 crore has been credited to Share Suspense Account which is clubbed under minority interest.
- (iii) There are no inter-company balances and transactions between RHF and IDMPL on appointed date.
- (iv) RHF has recognised deferred tax asset amounting to ₹ 106 crore on the unabsorbed business losses pertaining to demerged undertaking.
- (v) Pursuant to the Scheme approved by National Company Law Tribunal, the difference between value of assets and liabilities of IDMPL's entire credit business and the value of the shares allotted to the shareholders of IDMPL, amounting to ₹ 31 crore has been recorded as goodwill. Goodwill will be amortised over the period of 5 years.
- (vi) As the financial statements for previous year ended March 31, 2016 have been already approved by the shareholders of RHF, the previous year accounts have not been reopened and all the relevant accounting entries with respect to the Scheme have been accounted during the current financial year.
- b After considering the losses suffered by the credit business of IDMPL, being the business acquired on demerger of IDMPL, and the accounting of such losses and of corresponding provisions made by IDMPL for the year ended March 31, 2017, RHF is advised that no income tax is payable both as per normal computation of income, and the MAT computation. Hence, no provision is considered in the books of accounts for the year ended March 31, 2017.
- c The Board of Directors of the Holding Company at their meeting held on October 28, 2016 has approved a Scheme of Arrangement ('Scheme') for demerger of Real Estate Lending Business of the Holding Company into its wholly owned subsidiary viz. RHF with effect from April 1, 2017, the Appointed Date. The scheme is subject to requisite approvals, including the sanction of National Company Law Tribunal. Upon the scheme getting approved, RHF shall issue and allot, at par, to all equity shareholders of the Holding Company, 1 (One) fully paid Equity Share of RHF for every 1 (One) equity share of ₹ 10 each fully paid up held in the Holding Company. RHF will list its equity shares on the Stock Exchanges.
- d During the period, RHF has received debenture application money of ₹ 2,987 crore directly and ₹ 66 crore through ASBA process in terms of Self Prospectus and Tranche 1 Prospectus both dated December 15, 2016 ("Prospectus") of public issue of "Secured and Unsecured Redeemable Non-Convertible Debentures" (NCD). The NCD issue was open from December 22, 2016 to December 23, 2016 and has allotted NCD amounting to ₹ 3,054 crore on January 3, 2017. NCDs were listed on BSE Limited and National Stock Exchange of India Limited on January 6, 2017. As on March 31, 2017 the proceeds have been utilised as per the Objects of the Issue as stated in the Prospectus.

21 Details of Specified Bank Notes (SBN) held and transacted during the period by the Group from November 08, 2016 to December 30, 2016 as provided in the table below. (Note 45 of Consolidated Financial Statement)

(₹ in crore)

Particulars	SBNs	Other denomination notes	Total
Closing Cash in hand as on 08.11.2016	21	2	23
+ permitted receipts	-	254	254
+ permitted payments	-	5	5
- Amount deposited in Banks	21	236	257
Closing Cash in hand as on 30.12.2016	-	15	15

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

22 The Group is organised into following reportable segments referred to in Accounting Standard (AS 17) "Segment Reporting" (Note 46 of Consolidated Financial Statement)

(' in crore)

Particulars	Finance & Investments	Asset Management	General Insurance	Life Insurance	Commercial Finance	Home finance	Others	Elimination	Total
Revenue									
External	1 947	1 308	4 879	5 776	1 953	1 114	663	-	17 640
	(2 314)	(1 191)	(3 517)	(-)	(1 839)	(815)	(322)	(-)	(9 998)
Inter Segment	137	-	27	16	-	-	9	189	-
	(34)	(12)	(13)	(-)	(-)	(-)	(13)	(72)	(-)
Total Revenue	2 084	1 308	4 906	5 792	1 953	1 114	672	189	17 640
	(2 348)	(1 203)	(3 530)	(-)	(1 839)	(815)	(335)	(72)	(9 998)
Results									
Segment Results - Profit / (Loss) before Tax	489	450	130	(61)	342	138	55	-	1 543
	(898)	(393)	(99)	(-)	(312)	(136)	-(102)	(-)	(1 736)
Unallocated Expenses									4
									(4)
Profit / (Loss) before Tax	489	450	130	(61)	342	138	55	-	1 539
	(898)	(393)	(99)	(-)	(312)	(136)	-(102)	(-)	(1 732)
Other information									
Segment Assets	35 064	612	7 661	18 450	13 651	11 305	2 671	7 205	82 209
	(24 810)	(612)	(6 307)	(16 924)	(13 037)	(7 695)	(963)	(3 236)	(67 112)
Unallocated Assets	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total Asset	35 064	612	7 661	18 450	13 651	11 305	2 671	7 205	82 209
	(24 810)	(612)	(6 307)	(16 924)	(13 037)	(7 695)	(963)	(3 236)	(67 112)
Segment Liabilities	19 808	179	6 413	17 210	11 145	10 175	994	680	65 244
	(12 097)	(386)	(5 279)	(15 622)	(11 053)	(7 075)	(615)	(606)	(51 521)
Unallocated Liabilities	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total Liabilities	19 808	179	6 413	17 210	11 145	10 175	994	680	65 244
	(12 097)	(386)	(5 279)	(15 622)	(11 053)	(7 075)	(615)	(606)	(51 521)
Capital Expenditure	22	257	16	30	11	4	10	-	350
	(12)	(9)	(15)	(30)	(12)	(6)	(21)	(-)	(105)
Depreciation	27	18	16	20	11	7	16	-	116
	(14)	(4)	(17)	(-)	(23)	(1)	(11)	(-)	(70)
Non Cash Expenses other than Depreciation	16	6	141	-	295	40	(58)	-	440
	(17)	(9)	(20)	(-)	(215)	(29)	(12)	(-)	(302)

Figures in bracket indicates previous year figures.

Notes:

- (i) As per Accounting Standard (AS-17) on "Segment Reporting", notified by the Companies (Accounts) Rules 2014, the Group has reported segment information on the consolidated basis including business conducted through its subsidiaries.
- (ii) The reportable segments of the Reliance Capital Group are further described below
 - (a) Finance & Investment - This includes the corporate lending and investment activities.
 - (b) Asset Management - This includes the asset management activities including Mutual Fund and Portfolio Management Services.
 - (c) General Insurance - This includes the general insurance business.
 - (d) Life Insurance - This includes the life insurance business.
 - (e) Commercial Finance - This includes the consumer finance business.
 - (f) Home Finance - This includes the home finance business.
 - (g) Others - This includes other financial and allied services
- (iii) Since all the operations of the Group are largely conducted within India, as such there is no separate reportable geographical segment.

Reliance Capital Limited

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

23 Related party disclosures: (Note 47 of Consolidated Financial Statement)

A. List of Related Parties and their relationship:

i) Major investing party

Reliance Inceptum Private Limited (RIPL)

ii) Individual Promoter

Shri Anil D. Ambani, the person having control during the year.

iii) Associates

- | | | | |
|---|--|---|--|
| 1 | Reliance Asset Reconstruction Company Limited (RARC) | 4 | Quant Commodity Broking Private Limited (w.e.f. August 18, 2016) (QCBPL) |
| 2 | Ammolite Holdings Limited (AHL) | 5 | Reliance Nippon Life Insurance Company Limited (RNLICL) (ceased w.e.f. March 30, 2016) |
| 3 | Indian Commodity Exchange Limited (ICEL) | | |

iv) Key Managerial Personnel (KMP) and KMP Relatives

- 1 Shri Soumen Ghosh - Executive Director & Group CEO (ceased w.e.f. March 31, 2017)
- 2 Shri Amit Bapna - Chief Financial Officer
- 3 Shri V. R. Mohan - President & Company Secretary (superannuation w.e.f. March 31, 2017)
- 4 Smt. Caroline Ghosh - KMP Relative (ceased w.e.f. March 31, 2017)
- 5 Shri Vijay Singh Bapna - KMP Relative
- 6 Shri Atul Tandon - Company Secretary & Compliance Officer (w.e.f. February 10, 2017)
- 7 Shri Jai Anmol Ambani - Executive Director (w.e.f. September 27, 2016)

B. Other related parties with whom transactions have taken place during the year:

Enterprise over which individual described in clause A (ii) above has control or significant influence.

- | | | | |
|----|---|----|--|
| 1 | Reliance Power Limited (RPL) | 11 | Reliance IDC Limited (RIDC) |
| 2 | Reliance Communications Limited (RCL) | 12 | Reliance Webstore Limited (RWL) |
| 3 | Zapak Mobile Games Private Limited (ZMGPL) | 13 | Campion Properties Limited (CPL) |
| 4 | Reliance Big Entertainment Private Limited (RBEPL) | 14 | Reliance Big Broadcasting Private Limited (RBBPL) |
| 5 | Reliance Communications Infrastructure Limited (RCIL) | 15 | Zapak Digital Entertainment Limited (ZDEL) |
| 6 | Reliance Telecom Limited (RTL) | 16 | Nationwide Communications Private Limited (w.e.f. May 31, 2016) (NCPL) |
| 7 | Big Animation (India) Private Limited (BAPL) | 17 | Reliance Innoventures Private Limited (RIPL) |
| 8 | Big Flicks Private Limited (BFPL) | 18 | Reliance Globalcom Limited (RGL) |
| 9 | Reliance Infocomm Infrastructure Limited (RIIL) | 19 | Reliance Tech Services Limited (RTSL) |
| 10 | Reliance Infratel Limited (RIL) | | |

C. Transactions during the year with related parties:

Particulars	(` in crore)		
	Others (B above)	Associates	Total
Fixed Assets			
a) Purchased during the year	2	-	2
	(6)	(-)	(6)
b) Sold during the year (*` 6 06 392)	-	-	-
	(-)	(-)	(*)
Investments			
a) Subscribed/Purchased during the year	3	-	3
	(-)	(-)	(-)
b) Redeemed / Sold during the year	-	-	-
	(632)	(-)	(632)
c) Balance as at March 31, 2017	183	167	350
[Net of provision ` 142 crore (Previous year ` 137 crore)]	(268)	(99)	(377)
Loans Given			
a) Given during the year	4 238	-	4 238
	(2 654)	(-)	(2 654)

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

Particulars	(` in crore)		
	Others (B above)	Associates	Total
b) Returned /Adjusted during the year	3 548	-	3 548
	(2 489)	(-)	(2 489)
c) Balance as at March 31, 2017	1 655	-	1 655
	(815)	(-)	(815)
d) Interest accrued on Loans	9	-	9
	(78)	(-)	(78)
Advances			
a) Balance as at March 31, 2017 (* ` 5 42 167)	-	*	*
	(1)	(-)	(1)
Income			
a) Interest & Finance Income (including Premium on Preference Shares)	134	-	134
	(125)	(-)	(125)
b) Rent (* ` 9 00 000)	*	-	*
	(*)	(-)	(*)
c) Dividend Income	-	1	1
	(-)	(47)	(47)
d) Reimbursement of Expenditure (* ` 4 93 380 Previous year ` 11 69 618) (** ` 7 20 996) (***) ` 12 14 376)	*	**	***
	(*)	(10)	(10)
e) Management Fees	-	-	-
	(-)	(6)	(6)
f) Other operating income (* ` 5 20 000 Previous year ` 29 63 000)	-	*	*
	(-)	(*)	(*)
g) Brokerage and Commission	2	-	2
	(4)	(-)	(4)
h) Premium Received	1	-	1
	(1)	(-)	(1)
Expenditure			
a) Finance cost paid	-	-	-
	(-)	(3)	(3)
b) Insurance *(Previous year ` 48 17 137)	-	-	-
	(-)	(*)	(*)
c) Rent	1	-	1
	(1)	(-)	(1)
d) Provision / (Reversal) for Diminution in value of Investments	40	-	40
	(-)	(-)	(-)
e) Marketing Expenses (* ` 37 84 404)	*	-	*
	(3)	(-)	(3)
f) Reimbursement Paid	3	-	3
	(1)	(-)	(1)
Contingent Liability			
a) Guarantees to Banks and Financial Institutions on behalf of third parties	836	-	836
	(50)	(-)	(50)

D. The nature and volume of material transactions for the year with above related parties are as follows:

Fixed Assets

Fixed assets purchased during the year include ` 2 crore (Previous year ` 6 crore) from RCIL. Fixed assets sold during the year includes ` 3,28,811 (Previous year ` Nil) to Shri V. R. Mohan.

Investments

Investments subscribed / purchased during the year include ` 3 crore (Previous year ` Nil) from NCPL. Investments redeemed / sold during the year include ` Nil (Previous year ` 632 crore) to RBEPL. Investments Balance (at carrying cost) as at March 31, 2017 include ` 180 crore (Previous year ` 265 crore) of RCL [Net of provision of ` 113 crore (Previous year ` 73 crore)], ` 76 crore (Previous year ` 71 crore) of RARC, ` 29 crore (Previous year ` 28 crore) of AHL [Net of Provision ` 29 crore (Previous year ` 29 crore)] and ` 62 crore (Previous year ` Nil) of ICEL [Net of Provision ` Nil (Previous year ` 35 crore)].

Loans Given

Loans given during the year include ` 1,253 crore (Previous year ` 325 crore) to RIL, ` 295 crore (Previous year ` 140 crore) to RBEPL, ` 2,390 crore (Previous year ` 2,104 crore) to RCL and ` 300 crore (Previous year ` Nil) to RCIL. Loan

Reliance Capital Limited

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

Returned/Adjusted during the year include ` 850 crore (Previous year ` 80 crore) from RBEPL and ` 877 crore (Previous year ` 325 crore) from RIL, ` 1,821 crore (Previous year ` 1,999 crore) to RCL. Loans as at March 31, 2017 include ` 155 crore (Previous year ` 709 crore) to RBEPL, ` 376 crore (Previous year ` Nil) to RIL, ` 824 crore (Previous year ` 106 crore) to RCL, ` 300 crore (Previous year ` Nil) to RCIL, ` Nil (Previous year ` 44,64,047) to Shri V.R. Mohan, ` Nil (Previous year ` 1 crore) to Shri Soumen Ghosh and ` Nil (Previous year ` 47,74,487) to Smt. Caroline Ghosh. Interest accrued on loans as at March 31, 2017 include ` 4 crore (Previous year ` 77 crore) from RBEPL, ` 1 crore (Previous year ` Nil) to RIL and ` 3 crore (Previous year ` Nil) to RCL.

Advances

Advances as at March 31, 2017 include ` Nil (Previous year ` 1 crore) to RCL and ` Nil [Previous year ` Nil (Net of ` 75 crore given & refunded)] to RCIL and ` 5,42,167 (Previous year ` 18,06,490) to RARC,

Income

Interest & Finance Income include ` 62 crore (Previous year ` 24 crore) from RCL, ` 47 crore (Previous year ` 91 crore) from RBEPL and ` 24 crore (Previous year ` Nil) from RIL, ` Nil (Previous year ` 3,29,535 from Shri V. R. Mohan, ` Nil (Previous year ` 9,96,021) from Shri Soumen Ghosh, ` Nil (Previous year ` 6,62,387) from Smt. Caroline Ghosh and ` Nil (Previous year ` 1,62,534) from Shri Vijay Singh Bapna. Rent income include ` 9,00,000 (Previous year ` 9,00,000) from RCIL. Dividend Income include ` Nil (Previous year ` 46 crore) from RNLICL and ` 1 crore (Previous year ` 1 crore) from RARC. Reimbursement of Expenditure include ` 4,93,380 (Previous year ` 11,69,618) from RCIL, ` Nil (Previous year ` 10 crore) from RNLICL and ` 7,20,996 (Previous year ` Nil) from RARC. Management Fees include ` Nil (Previous year ` 6 crore) from RNLICL. Other operating income include ` 5,20,000 (Previous year ` 29,63,000) from RARC. Brokerage & Commission include ` 2 (Previous year ` 4 crore) from RCIL. Premium Received income include ` 1 crore (Previous year ` 1 crore) from RCL and ` 18,44,000 (Previous Year ` 37,96,000) from RIPL.

Expenditure

Finance cost include ` Nil (Previous year ` 3 crore) to RNLICL. Insurance include ` Nil (Previous year ` 48,17,137) to RNLICL. Rent include ` Nil (Previous year ` 1 crore) to RCL. Reimbursement of Expenditure include ` 1 crore (Previous year ` 1 crore) to RIL and ` 2 crore (Previous year ` Nil) to RCIL. Marketing Expenses include ` 37,84,404 crore (Previous year ` 3 crore) of ZDEL. Provision / (Reversal) for diminution in value of investments include ` 40 crore (Previous year ` Nil) of RCL. Employee benefit expenses include ` 1 crore (Previous year ` 1 crore) to Shri V. R. Mohan, ` 8 crore (Previous year ` 8 crore) to Shri Soumen Ghosh, ` 3 crore (Previous year ` 3 crore) to Shri Amit Bapna, ` 9,88,038 (Previous year ` Nil) to Shri Atul Tandon and ` 1 crore (Previous year ` Nil) to Shri Jai Anmol Ambani.

Contingent Liability

Guarantees to Banks and Financial Institutions on behalf of third parties include ` 50 crore (Previous year ` 50 crore) for RBEPL, ` 550 crore (Previous year ` Nil) for RIL, ` 118 crore (Previous year ` Nil) to RCL and ` 118 crore (Previous year ` Nil) to RCL.

Notes :

- Figures in bracket indicate previous year figures.
- Expenses incurred towards public utilities services such as telephone and electricity charges have not been considered for related party transaction.
- The above discloses transactions entered during the period of existence of related party relationship. The balances and transactions are not disclosed before existence of related party relationship and after cessation of related party relationship.
- Director Sitting Fee of ` 2,40,000 (Previous year ` 1,60,000) has been paid to Shri Anil D. Ambani, an individual having control.
- Shri Jai Anmol Ambani was paid sitting fees of ` 40,000 for attending the board meeting held on September 13, 2016, prior to his appointment as Executive Director w.e.f September 27, 2016.

24 Auditors' remuneration includes (Note 48 of Consolidated Financial Statement)

	(` in crore)	
	2016-17	2015-16
i) Audit Fees	3	2
ii) Tax Audit Fees [` 8 73 552 (Previous year ` 4 89 155)]	-	-
iii) Certification and other reimbursement charges (` 27 47 821)	2	1
Total	5	3

25 Leases (Note 49 of Consolidated Financial Statement)

Details of Future Minimum Lease Receivables are as under :

	(` in crore)	
Particulars	2016-17	2015-16
Not Later than one year	10	15
Later than one year and not later than five years	11	14
Later than five years	-	-

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

Details of Future Minimum Lease Payable under operating lease for each of the following periods:

Particulars	(` in crore)	
	2016-17	2015-16
Not Later than one year	14	22
Later than one year and not later than five years	2	47
Later than five years	-	-

26 Basic and diluted earnings per share (Note 50 of Consolidated Financial Statement)

The computation of basic earnings per share is set out below :

Particulars	(` in crore)	
	2016-17	2015-16
a) Amounts used as the numerators		
Net profit after tax	1 086	1 101
Net profit attributable to equity shareholders	1 086	1 101
b) Weighted average number of equity shares (Nos.)	25 26 32 800	25 26 32 800
c) Basic earnings per share of face value ` 10 each	42.99	43.56

The computation of dilutive earnings per share is set out below

Particulars	(` in crore)	
	2016-17	2015-16
a) Amounts used as the numerators		
Net profit after tax	1 086	1 101
Net profit attributable to equity shareholders	1 086	1 101
b) Weighted average number of equity shares (Nos.)	25 27 14 591	25 26 32 800
c) Diluted earnings per share of face value ` 10 each	42.99	43.56

27 Contingent Liabilities and Commitments (As Certified by the Management) (Note 51 of Consolidated Financial Statement)

Contingent liabilities and capital commitments of the Holding company and its subsidiaries are as follows:

Particulars	(` in crore)	
	March 31, 2017	March 31, 2016
a. Contingent Liabilities		
i) Guarantees to Banks and Financial Institutions	5 220	2 977
ii) Claims against the Company not acknowledge as debt	271	112
iii) Others	66	62
b. Commitments		
i) Estimated amount of contracts remaining to be executed on capital account (net of advances)	88	127
ii) Undrawn Committed Credit lines	1 763	1 547
iii) Uncalled amount of Investments	22	32

Share of company in contingent liabilities and capital commitments of an associate are as follows:

Particulars	(` in crore)	
	March 31, 2017	March 31, 2016
a. Contingent Liabilities		
i) Claims against the Company not acknowledge as debt	2	1
b. Commitments		
i) Commitment towards fixed Assets	3	-

28 The subsidiaries / associate companies considered in the consolidated financial statement with their proportion of ownership are as under: (Note 52 of Consolidated Financial Statement)

Name	Country of Incorporation	Year Ending	Proportion of ownership (Interest)
List of Subsidiaries			
Reliance Nippon Life Asset Management Limited (formerly Reliance Capital Asset Management Limited)	India	March 31, 2017	51.00%
Reliance Asset Management (Mauritius) Limited	Mauritius	March 31, 2017	51.00%
Reliance Asset Management (Singapore) Pte Limited	Singapore	March 31, 2017	51.00%
Reliance Capital Asset Management (UK) Limited (dissolved w.e.f. June 14, 2016)	United Kingdom	March 31, 2017	51.00%

Reliance Capital Limited

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

Name	Country of Incorporation	Year Ending	Proportion of ownership (Interest)
Reliance Capital Pension Fund Limited	India	March 31, 2017	100.00%
Reliance AIF Management Company Limited	India	March 31, 2017	51.00%
Reliance Capital Trustee Co. Limited	India	March 31, 2017	100.00%
Reliance General Insurance Company Limited	India	March 31, 2017	100.00%
Reliance Commercial Finance Limited (formerly Reliance Gilts Limited)	India	March 31, 2017	100.00%
Reliance Money Express Limited (merged w.e.f. February 07, 2017)	India	March 31, 2017	100.00%
Reliance Home Finance Limited	India	March 31, 2017	100.00%
Reliance Securities Limited	India	March 31, 2017	100.00%
Reliance Commodities Limited	India	March 31, 2017	100.00%
Reliance Financial Limited	India	March 31, 2017	100.00%
Reliance Wealth Management Limited	India	March 31, 2017	100.00%
Reliance Money Precious Metals Private Limited	India	March 31, 2017	100.00%
Reliance Money Solutions Private Limited	India	March 31, 2017	100.00%
Reliance ExchangeneXt Limited	India	March 31, 2017	100.00%
Reliance Corporate Advisory Services Limited (formerly Reliance Spot Exchange Infrastructure Limited)	India	March 31, 2017	100.00%
Reliance Capital AIF Trustee Company Private Limited	India	March 31, 2017	100.00%
Reliance Nippon Life Insurance Company Limited (formerly Reliance Life Insurance Company Limited)	India	March 31, 2017	51.00%
Quant Capital Private Limited	India	March 31, 2017	74.00%
Quant Broking Private Limited	India	March 31, 2017	74.00%
Quant Commodity Broking Private Limited (ceased August 18, 2016)	India	March 31, 2017	74.00%
Quant Investment Services Private Limited	India	March 31, 2017	74.00%
Quant Securities Private Limited	India	March 31, 2017	74.00%
Quant Capital Finance and Investments Private Limited (ceased w.e.f. July 07, 2016)	India	March 31, 2017	74.00%
List of Associates			
Reliance Asset Reconstruction Company Limited	India	March 31, 2017	49.00%
Indian Commodity Exchange Limited	India	March 31, 2017	26.00%
Ammolite Holdings Limited	Jersey	March 31, 2017	*50.00%
Quant Commodity Broking Private Limited (w.e.f. August 18, 2016)	India	March 31, 2017	33.30%
Partnership Firm			
Reliance Capital Partners (ceased w.e.f. March 31, 2017)	India	March 31, 2017	#

Notes:-

- a) # Proportion of ownership interest in Partnership firm is on the basis of weighted average capital.
b) * The Unaudited financial statement of Ammolite Holdings Limited, have been certified by the management.

29 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associates. (Note 53 of Consolidated Financial Statement)

A For the year ended March 31, 2017

Sr. No.	Name	As % of consolidated net assets	Net asset Amount	As % of consolidated profit or loss	Profit/(loss) after Taxation Amount
(` in crore)					
A	Parent				
1	Reliance Capital Limited	46.99%	7,205.85	12.21%	152.18
B	Subsidiaries				
(i)	Indian				
1	Reliance Nippon Life Asset Management Limited (Formerly known as Reliance Capital Asset Management Limited)	5.60%	858.96	33.20%	413.91
2	Reliance Capital Pension Fund Limited	0.17%	26.09	0.01%	0.08

Reliance Capital Limited

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

(` in crore)

Sr. No.	Name	As % of consolidated net assets	Net asset Amount	As % of consolidated profit or loss	Profit/(loss) after Taxation Amount
3	Reliance AIF Management Company Limited	0.11%	17.10	0.50%	6.24
4	Reliance Capital Trustee Co. Limited	0.01%	1.11	0.01%	0.13
5	Reliance General Insurance Company Limited	6.31%	968.29	8.99%	112.07
6	Reliance Commercial Finance Limited (Formerly Reliance Gilts Limited)	16.34%	2,505.86	31.25%	389.47
7	Reliance Money Precious Metals Private Limited	0.01%	1.37	0.00%	(0.05)
8	Reliance Home Finance Limited	7.65%	1,172.50	14.28%	177.92
9	Reliance Securities Limited	0.56%	86.45	0.27%	3.32
10	Reliance Commodities Limited	0.08%	11.53	0.05%	0.60
11	Reliance Financial Limited	0.39%	59.91	0.19%	2.39
12	Reliance Wealth Management Limited	0.06%	9.43	0.25%	3.09
13	Reliance Money Solutions Private Limited	0.05%	8.18	0.48%	5.96
14	Reliance Exchangenext Limited	0.54%	82.75	5.29%	65.88
15	Reliance Corporate Advisory Services Limited (Formerly known as Reliance Spot Exchange Infrastructure Limited)	9.90%	1,517.65	0.00%	0.01
16	Reliance Capital AIF Trustee Company Private Limited	0.00%	0.02	0.08%	0.96
17	Reliance Nippon Life Insurance Company Limited (Formerly Reliance Life Insurance Company Limited)	3.89%	596.62	-5.11%	(63.67)
18	Quant Capital Private Limited	0.12%	18.51	-0.16%	(1.98)
19	Quant Broking Private Limited	0.94%	144.12	-0.95%	(11.88)
20	Quant Securities Private Limited	0.00%	0.47	-0.07%	(0.82)
21	Quant Investment Services Private Limited	0.03%	4.45	-0.08%	(1.03)
22	Reliance Money Express Limited	-	-	-	-
23	Quant Capital Finance and Investments Private Limited	-	-	-	-
(ii) Foreign					
1	Reliance Asset Management (Mauritius) Limited	0.11%	16.25	0.15%	1.86
2	Reliance Asset Management (Singapore) Pte. Limited	0.13%	20.04	-0.83%	(10.29)
3	Reliance Capital Asset Management (UK) Limited	-	-	-	-
Total		100.00%	15,333.51	100.00%	1,246.35
C Minority interest					
1	Reliance Nippon Life Asset Management Limited (Formerly known as Reliance Capital Asset Management Limited)	-	932.86	-	196.96
2	Quant Capital Limited	-	59.11	-	(4.08)
3	Reliance Nippon Life Insurance Company Limited (Formerly Reliance Life Insurance Company Limited)	-	608.13	-	(29.95)
4	Reliance Home Finance Limited	-	31.04	-	-
5	Reliance Capital Partner	-	-	-	(0.43)
Total Minority interest		-	1,631.14	-	(162.49)
D Associate					
(i) Indian					
1	Reliance Asset Reconstruction Private Limited	-	70.82	-	4.42
2	India Commodity Exchange Limited	-	29.63	-	(3.86)
3	Quant Commodity Broking Private Limited	-	0.70	-	(0.05)
(ii) Foreign					
1	Ammolite Holdings Limited	-	26.96	-	1.19
Total Associate		-	128.11	-	1.70

Reliance Capital Limited

Notes to the Abridged Consolidated Financial Statement as at March 31, 2017

B For the year ended March 31, 2016

(` in crore)					
Sr. No	Name	As % of consolidated net assets	Net asset Amount	As % of consolidated profit or loss	Profit/(loss) after Taxation Amount
A Parent					
1	Reliance Capital Limited	75.13%	10,625.44	65.45%	885.79
B Subsidiaries					
(i) Indian					
1	Reliance Nippon Life Asset Management Limited (Formerly known as Reliance Capital Asset Management Limited)	5.28%	747.12	28.05%	379.67
2	Reliance Capital Pension Fund Limited	0.18%	26.01	0.00%	0.02
3	Reliance AIF Management Company Limited	0.08%	10.87	0.63%	8.49
4	Reliance Capital Trustee Co Limited	0.01%	0.99	0.05%	0.68
5	Reliance General Insurance Company Limited	6.20%	877.02	6.29%	85.06
6	Reliance Commercial Finance Limited (Formerly Reliance Gilts Limited)	0.36%	51.34	0.00%	0.03
7	Reliance Money Express Limited	0.18%	25.56	0.63%	8.55
8	Reliance Money Precious Metals Private Limited	0.01%	1.41	-0.23%	(3.14)
9	Reliance Home Finance Limited	4.35%	615.09	6.66%	90.14
10	Reliance Securities Limited	0.75%	106.75	-4.93%	(66.78)
11	Reliance Commodities Limited	0.05%	6.59	0.24%	3.29
12	Reliance Financial Limited	0.33%	47.00	-0.09%	(1.24)
13	Reliance Wealth Management Limited	0.04%	5.44	-0.30%	(4.08)
14	Reliance Money Solutions Private Limited	0.10%	14.50	-2.48%	(33.57)
15	Reliance Exchangenext Limited	0.09%	13.25	0.00%	(0.02)
16	Reliance Corporate Advisory Services Limited (Formerly known as Reliance Spot Exchange Infrastructure Limited)	0.01%	1.06	-0.01%	(0.10)
17	Reliance Capital AIF Trustee Company Private Limited	0.00%	0.01	0.00%	0.00
18	Reliance Nippon Life Insurance Company Limited (Formerly Reliance Life Insurance Company Limited) (w.e.f March 30, 2016)	4.70%	665.04	0.00%	-
19	Quant Capital Private Limited	-0.01%	(1.56)	0.05%	0.65
20	Quant Broking Private Limited	1.11%	156.84	-0.84%	(11.41)
21	Quant Securities Private Limited	0.01%	1.97	0.05%	0.69
22	Quant Commodity Broking Private Limited	0.01%	1.54	0.01%	0.09
23	Quant Capital Finance and Investments Private Limited	0.15%	21.70	0.00%	0.06
24	Quant Investment Services Private Limited	0.00%	-	0.00%	0.03
(ii) Foreign					
1	Reliance Asset Management (Mauritius) Limited	0.10%	14.74	0.04%	0.55
2	Reliance Asset Management (Singapore) Pte. Limited	0.22%	31.63	-0.20%	(2.76)
3	Reliance Capital Asset Management (UK) Limited	0.00%	-	-0.03%	(0.41)
C Partnership firm					
1	Reliance Capital Partners	0.53%	75.63	0.97%	13.11
Total		100.00%	14,142.88	100.00%	1,353.38
D Minority interest					
1	Reliance Nippon Life Asset Management Limited (Formerly known as Reliance Capital Asset Management Limited)	-	736.79	-	166.07
2	Reliance General Insurance Company Limited	-	5.55	-	0.54
3	Quant Capital Private Limited	-	63.31	-	(2.61)

(` in crore)

Sr. No	Name	As % of consolidated net assets	Net asset Amount	As % of consolidated profit or loss	Profit/(loss) after Taxation Amount
4	Reliance Capital Partners	-	3.90	-	0.11
5	Reliance Nippon Life Insurance Company Limited (Formerly Reliance Life Insurance Company Limited)	-	638.08	-	-
Total Minority interest		-	1,447.64	-	164.11
E Associate					
(i) Indian					
1	Reliance Asset Reconstruction Pvt Limited	-	66.40	-	4.76
2	Reliance Nippon Life Insurance Company Limited (Formerly Reliance Life Insurance Company Limited)	-	622.19	-	(94.26)
3	Indian Commodity Exchange Limited	-	0.26	-	-
(ii) Foreign					
1	Ammolite Holdings Limited	-	26.32	-	1.24
Total Associate		-	715.17	-	(88.26)

30 Core Investment Company ('CIC') (Note 54 of Consolidated Financial Statement)

On the scheme of demerger becoming effective on March 24, 2017, the Holding Company has positioned itself as a Core Investment Company ('CIC') and in terms of the Core Investment Companies (Reserve Bank) Directions, 2016 (RBI CIC Directions) would make an application for obtaining Certificate of Registration within 3 months based on the Audited Financial Statements as of March 31, 2017.

The Holding Company was in compliance with the RBI Directions applicable to Systemically Important Non-Banking Financial Company until March 24, 2017 and has taken necessary measures so as to comply with the prudential norms applicable to CIC and has commenced adherence to those norms e.g. Concentration norms, Leverage ratio, Capital to Risk Assets Ratio (CRAR) etc. as of March 31, 2017. Accordingly, the Holding Company has prepared and presented its financial statements and disclosures for the year ended March 31, 2017 as per RBI Directions applicable to CIC. The above is in line with the Holding Company communications with RBI.

31 Accounting for Investments in Associates (Note 55 of Consolidated Financial Statement)

In accordance with Para 7 of Accounting Standard (AS-23) on Accounting for Investments in Associates in Consolidated Financial statement as per the Companies (Accounts) Rules, 2014, the Group stake in Sula Vineyards Private Limited in excess of 20% of their shareholdings have not been accounted for as associates in the preparation of consolidated financial statement as the Company does not have any "Significant Influence" on these companies, as defined by Accounting Standard (AS-18) on Related Party Disclosures as per the Companies (Accounts) Rules, 2014 and hence the transaction with these parties have not been considered for Related Party Disclosures.

32 Long term contracts (Note 56 of Consolidated Financial Statement)

The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, respective companies in the Group have reviewed and ensured that adequate provision as required under any law / accounting standards has been made in the books of accounts and there are no foreseeable losses on such long term contracts (including derivative contracts).

As per our report of even date attached

For **Pathak H.D. & Associates**
Chartered Accountants
Firm Reg. No. : 107783W

For **B S R & Co. LLP**
Chartered Accountants
Firm Reg. No. : 101248W/
W-10022

For and on behalf of the Board

Chairman
Vice Chairman

Directors

Anil D. Ambani
Amitabh Jhunjhunwala
Rajendra P. Chitale
Dr. Bidhubhusan Samal
V. N. Kaul
Chhaya Virani

Parimal Kumar Jha
Partner
Membership No: 124262
Mumbai
Dated: April 27, 2017

Milind Ranade
Partner
Membership No: 100564

Executive Director
Chief Financial Officer
Company Secretary & Compliance Officer
Mumbai
Dated: April 27, 2017

Jai Anmol Ambani
Amit Bapna
Atul Tandon

Statement containing salient features of the financial statement of subsidiaries / associate companies

(Pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

Sl. No.	Name	The date since when subsidiary was acquired	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed Dividend	Extent of shareholding (in %)
1	Reliance Nippon Life Asset Management Limited (formerly Reliance Capital Asset Management Limited)	12-May-95	41.52	1,808.83	2,019.86	169.51	916.50	1,400.44	582.11	177.33	404.78	-	51.00
2	Reliance Asset Management (Mauritius) Limited*	11-Oct-05	12.71	3.54	17.79	1.53	0.01	4.83	1.93	0.07	1.86	-	51.00
3	Reliance Asset Management (Singapore) Pte. Limited**	22-Aug-05	26.66	(6.62)	21.44	1.40	3.45	10.53	(10.29)	-	(10.29)	-	51.00
4	Reliance Capital Pension Fund Limited	31-Mar-09	25.00	1.09	26.84	0.75	19.93	2.30	0.08	-	0.08	-	51.00
5	Reliance AIF Management Company Limited	30-Sep-13	0.51	16.59	29.03	11.92	-	25.66	8.18	-	6.24	-	51.00
6	Reliance Capital Trustee Co. Limited	12-May-95	0.05	1.06	11.12	10.01	1.06	0.64	0.18	0.05	0.13	-	100.00
7	Reliance General Insurance Company Limited	15-Jan-02	125.77	1,121.91	7,675.01	6,427.33	6,715.03	4,906.20	130.34	-	130.34	-	100.00
8	Reliance Commercial Finance Limited (formerly Reliance Gilts Limited)	15-Jan-02	522.83	1,983.03	13,650.92	11,145.07	199.18	1,953.50	342.82	47.51	295.32	-	100.00
9	Reliance Money Precious Metals Private Limited	20-Feb-07	25.00	(23.63)	1.54	0.17	-	369.16	(0.07)	0.00	(0.07)	-	100.00
10	Reliance Home Finance Limited	26-Jun-08	146.86	982.73	11,304.89	10,175.30	507.75	1,144.68	137.80	(34.78)	172.59	-	100.00
11	Reliance Securities Limited	28-Aug-08	225.00	(93.49)	637.00	505.49	35.19	208.54	(0.23)	(0.02)	(0.20)	-	100.00
12	Reliance Commodities Limited	28-Aug-08	3.00	8.53	42.29	30.77	0.00	12.42	0.24	(0.16)	0.40	-	100.00
13	Reliance Financial Limited	28-Aug-08	40.16	73.67	359.63	245.81	58.45	24.46	7.61	1.92	5.68	-	100.00
14	Reliance Wealth Management Limited	15-Dec-10	17.50	(11.45)	18.19	12.13	-	34.88	2.90	-	2.90	-	100.00
15	Reliance Money Solutions Private Limited	2-Dec-13	60.05	(66.67)	10.66	17.28	-	18.58	4.34	0.38	3.96	-	100.00
16	Reliance ExchangeNext Limited	31-May-10	42.26	52.57	101.31	6.49	82.53	66.16	65.88	-	65.88	-	100.00
17	Reliance Corporate Advisory Services Limited (formerly Reliance Spot Exchange Infrastructure Limited)	31-May-10	1,235.65	(25.94)	1,322.68	312.97	1,521.82	0.02	(3.46)	0.01	(3.48)	-	100.00
18	Reliance Capital AIF Trustee Company Private Limited	11-Apr-13	0.06	(0.04)	0.03	0.01	-	0.04	0.01	0.00	0.01	-	100.00
19	Reliance Nippon Life Insurance Company Limited (formerly Reliance Life Insurance Company Limited)	30-Mar-16	1,196.32	44.76	18,486.85	17,245.77	17,527.11	5,791.89	(61.13)	-	(61.13)	-	51.00
20	Quant Capital Private Limited	1-Jul-10	10.00	208.17	220.83	2.66	1.72	5.43	0.35	(0.08)	0.43	-	74.00
21	Quant Broking Private Limited	1-Jul-10	18.01	126.11	316.36	172.24	5.00	5.60	(12.04)	(0.16)	(11.88)	-	74.00
22	Quant Securities Private Limited	1-Jul-10	1.54	(1.06)	7.07	6.60	-	-	(0.82)	(0.00)	(0.82)	-	74.00
23	Quant Investment Services Private Limited	18-Mar-11	0.74	3.71	9.15	4.70	-	-	(1.02)	0.02	(1.03)	-	74.00

Notes:

- The Financial Year of the Subsidiaries is for 12 months from April 1, 2016 to March 31, 2017
- Investment exclude investment in Subsidiaries
- * Reporting currency is USD, ** Reporting currency is SGD, Exchange rate as of March 31, 2016: 1 USD = ` 64.8589 1 SGD = ` 46.4321
- Name of Subsidiaries which are yet to commence operations - Nil
- During the year Reliance Capital Asset Management (UK) Limited, Quant Capital Finance and Investments Private Limited, Quant Commodity Broking Private Limited and Reliance Money Express Limited ceased to be subsidiaries w.e.f. June 14, 2016, July 7, 2016, August 18, 2016 and February 7, 2017 respectively.

Statement containing salient features of the financial statement of subsidiaries / associate companies

Part "B": Associates

Sr. No.	Name of Associates	Latest audited Balance Sheet Date	Shares of Associate held by the Company on the year end		Description of how there is significant influence Refer Note 1 below	Reason why the associate / joint venture is not consolidated	Networth attributable to shareholding as per latest audited Balance Sheet	Profit / Loss for the year	
			No.	Amount of Investment in Associate / Joint Venture				Extend of Holding %	i. Considered in Consolidation
1	Ammolite Holdings Limited	31.03.2017	1,000	29	50	-	26.96	1.19	
2	Indian Commodity Exchange Limited	31.03.2017	87,100,000	82.53	26	-	29.63	(3.86)	
3	Reliance Asset Reconstruction Co. Limited	31.03.2017	49,000,000	49	49	-	70.82	4.42	
4	Quant Commodity Broking Private Limited	31.03.2017	135,000	1.26	33.3	-	0.70	(0.05)	

Name of associates which are yet to commence operations – There is no associate which is yet to commence operation.

Notes:

1. There is significant influence due to percentage (%) of share capital.
2. The Company does not have any joint venture during the year.

For and on behalf of the Board

Chairman

Vice Chairman

Directors

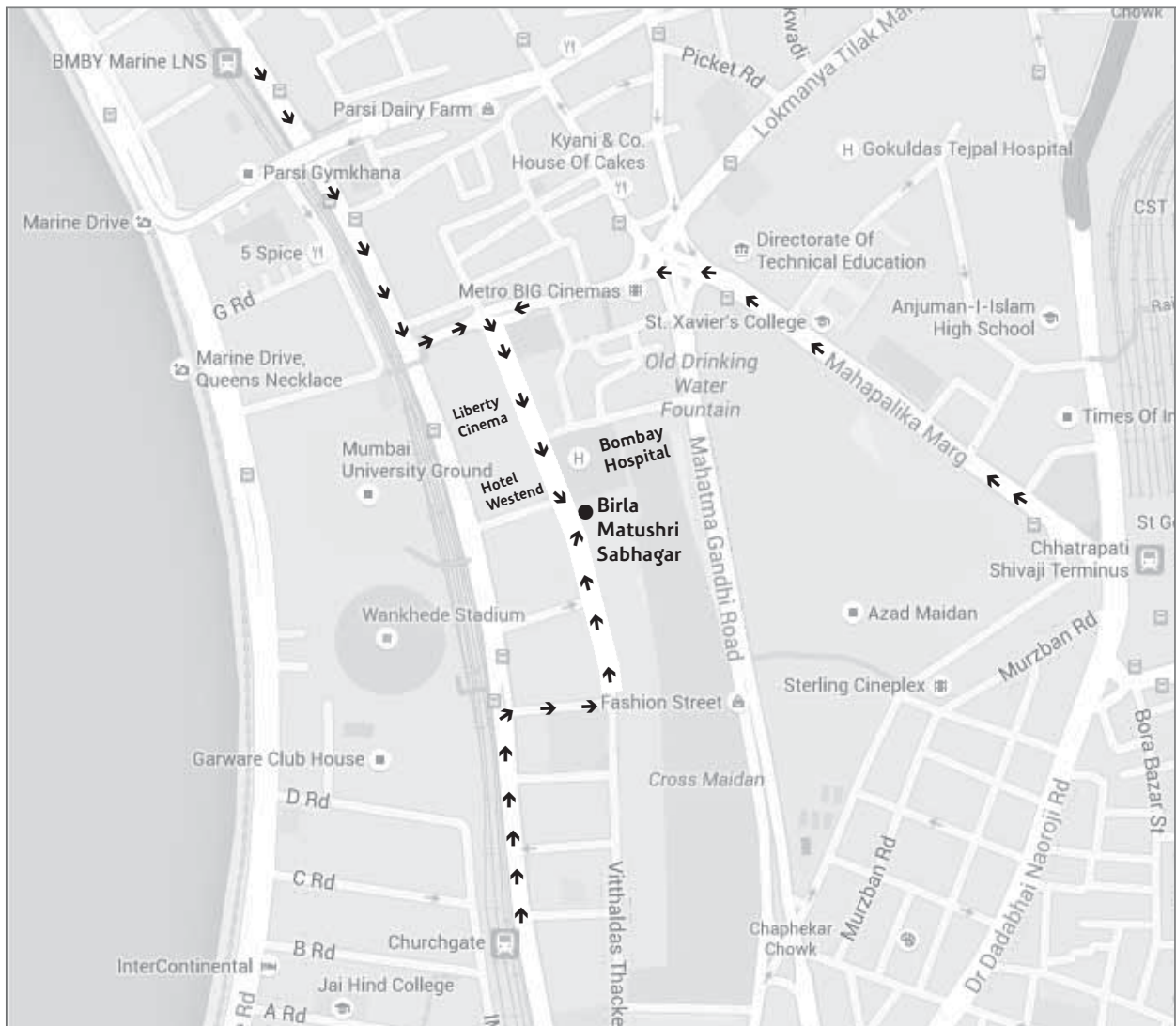
Anil D. Ambani
Amitabh Jhunjhunwala
Rajendra P. Chitale
Dr. Bidhubhusan Samal
V. N. Kaul
Chhaya Virani

Executive Director
Chief Financial Officer
Company Secretary & Compliance Officer
Mumbai

Dated: April 27, 2017

Route Map to the AGM Venue

Venue : Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020



Landmark : Next to Bombay Hospital
Distance from Churchgate Station : 1 km
Distance from Chhatrapati Shivaji Terminus : 1.2 km
Distance from Marine Lines Station : 0.8 km

RELIANCE**Reliance Capital Limited**Registered Office: H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710
CIN: L65910MH1986PLC165645, Tel.: +91 22 3303 1000, Fax: +91 22 3303 6664
Website: www.reliancecapital.co.in, E-mail: rcl.investor@relianceada.com**CAPITAL****ATTENDANCE SLIP
ANNUAL GENERAL MEETING**

*DP Id. / Client Id.		Name and Address of the registered Shareholder
Regd. Folio No.		
No. of Share(s) held		

(* Applicable for Members holding share(s) in electronic form)

I/ We hereby record my/our presence at the **31st Annual General Meeting** of the Members of Reliance Capital Limited held on Tuesday, September 26, 2017 at 10:00 A.M. at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.

Member's / Proxy's Signature

Note: Please complete this and hand it over at the entrance of the hall.

----- ✂ ----- TEAR HERE ----- ✂ -----

RELIANCE**Reliance Capital Limited**Registered Office: H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710
CIN: L65910MH1986PLC165645, Tel.: +91 22 3303 1000, Fax: +91 22 3303 6664
Website: www.reliancecapital.co.in, E-mail: rcl.investor@relianceada.com**PROXY FORM****CAPITAL****FORM NO. MGT-11**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s)	
Registered Address	
E-mail Id:	
*DP Id. / Client Id.	Regd. Folio No.

(* Applicable for Members holding share(s) in electronic form)

I / We, being the member(s) of shares of the above named company, hereby appoint:

- (1) Name: Address:
E-mail Id: Signature..... or failing him
- (2) Name: Address:
E-mail Id: Signature..... or failing him
- (3) Name: Address:
E-mail Id: Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **31st Annual General Meeting** of the Company, to be held on Tuesday, September 26, 2017 at 10:00 A.M. at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution no. and Matter of Resolution	For	Against
1. To consider and adopt: a) the audited financial statement of the Company for the financial year ended March 31, 2017 and the reports of the Board of Directors and Auditors thereon, and b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2017 and the report of the Auditors thereon.		
2. To declare dividend on equity shares.		
3. To appoint a Director in place of Shri Amitabh Jhunjunwala (DIN:00045174), who retires by rotation and being eligible, offers himself for re-appointment.		
4. To ratify the appointment of M/s. Pathak H.D. & Associates, Chartered Accountants as the Auditors.		
5. To appoint M/s. Price Waterhouse & Co Chartered Accountants LLP as the Auditors and to fix their remuneration.		
6. To adopt new Articles of Association of the Company.		
7. To approve Private Placement of Non-Convertible Debentures and/or other Debt Securities.		
8. To consider issue of securities to the Qualified Institutional Buyers.		

Signed this _____ day of _____, 2017.

Signature of the Shareholder(s) _____ Signature of Proxy holder(s) _____

Affix
Revenue
Stamp**Note:** This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

RELIANCE



Let's take a step
together
towards a greener environment

Dear Shareholders,

At Reliance Capital, we take immense pride in promoting the cause of sustainability and green energy as an integral part of all our businesses and our corporate social responsibility initiatives.

As you are already aware, the more we consume paper, more are the number of trees that are needed to be cut. We therefore request you to join us in preserving the environment for our future generations by reducing the use of paper. One positive step in this direction will be to opt for getting the Annual Reports of the Company by email.

This is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a Greener Environment.

Reliance also strongly supports our honourable Prime Minister – Sh. Narendra Modi's Digital India vision, and is working on many fronts in parallel to enable a seamless digital connect with all our stakeholders - suppliers, bankers, customers, shareholders and employees.

In addition, this initiative aims to open up a more personalized connect with you as we start to integrate our shareholders more into the Reliance family and enable us to offer you better products and services through our Reliance Group Loyalty Program (RGLP).

You can do this by registering your details at www.RGLP.co.in and opting for our e-communication channels.

Whenever any shareholder communication is published, we will send you an e-mail with a link to the information on the Reliance Capital website.

Please note that as a member of the Company you will be entitled to receive all such communication in physical form, upon request.

Thank you for helping Reliance to contribute more to our Green initiatives and making this planet a better place to live!

Please register your details at www.RGLP.co.in to opt for our e-communication channels

If undelivered please return to :

Karvy Computershare Private Limited
(Unit: Reliance Capital Limited)

Karvy Selenium Tower - B, Plot No. 31 & 32
Survey No. 116/22, 115/24, 115/25
Financial District, Nanakramguda, Hyderabad 500 032
Tel. : +91 40 6716 1500, Fax : +91 40 6716 1791
E-mail : rclinvestor@karvy.com, Website: www.karvy.com