

Financial Statement

2015-16

Reliance AIF Management Company Limited

# Reliance AIF Management Company Limited

## **Financial Statements together with the Independent Auditors' Report** *for the year ended 31 March 2016*

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# B S R & Co. LLP

Chartered Accountants

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## Independent Auditors' Report

### To the Members of Reliance AIF Management Company Limited

#### Report on the financial statements

We have audited the accompanying financial statements of Reliance AIF Management Company Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's responsibility for financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control over financial reporting relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

## **Independent Auditors' Report (Continued)**

# **Reliance AIF Management Company Limited**

### **Auditor's responsibility (Continued)**

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

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

### **Report on Other Legal and Regulatory Requirements**

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, we give in the "Annexure A" a statement on the matters specified in paragraph 3 and 4 of the Order.

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 Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company does not have any pending litigations which would impact its financial position;

**Independent Auditors' Report (Continued)**

**Reliance AIF Management Company Limited**

**Report on Other Legal and Regulatory Requirements (Continued)**

- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

Mumbai  
16 April 2016

**Milind Ranade**  
*Partner*  
Membership No: 100564

## Reliance AIF Management Company Limited

### Annexure A to the Independent Auditors' Report 31 March 2016

(Referred to in our report of even date)

- i. The Company does not have any fixed assets during the year. Hence, paragraph 3(i) of the Order is not applicable.
- ii. The Company is a service company primarily rendering investment management services to various Alternative Investment Funds launched from time to time. Accordingly, it does not hold any inventories. Thus, paragraph 3 (ii) of the Order is not applicable.
- iii. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
- iv. The Company has neither granted any loans to any director or any person in whom director is interested nor made investment in any Company as specified in Section 185 and 186 of the Act. Thus, paragraph 3 (iv) of the Order is not applicable.
- v. According to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or other relevant provisions of the Act and rules framed there under apply.
- vi. The Central Government has not prescribed the maintenance of cost records under sub-section 1 of Section 148 of the Act, for any of the services rendered by the Company. Accordingly paragraph 3(vi) of the Order is not applicable.
- vii.
  - (a) According to the information and explanations given to us and on the basis of our examination of the books of account, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance, sales tax, wealth tax, excise duty and custom duty. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, cess and other material statutory dues were in arrears as at 31 March 2016 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 provident fund, income-tax, service tax, cess and other material statutory dues which have not been deposited by the Company on account of disputes.
- viii. In our opinion and according to the information and explanations given to us, the Company has not taken any loan or borrowing from financial institution, bank, government or debenture holders. Thus, paragraph 3 (viii) of the Order is not applicable.
- ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer. Thus, paragraph 3 (ix) of the Order is not applicable.
- x. According to the information and explanations given to us, no material fraud on the Company by its officers or employees has been noticed or reported during the year.

## Reliance AIF Management Company Limited.

### Annexure A to the Independent Auditors' Report 31 March 2016

*(Continued)*

- xi. The Company do not pay any managerial remuneration to its directors. Directors are paid only sitting fees. Thus, paragraph 3 (xi) of the Order is not applicable.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as per the Act. Thus, paragraph 3 (xii) of the Order is not applicable
- xiii. According to the information and explanation given to us, the transactions entered with related parties are in compliance with Section 188 of the Act. Section 177 of the Act is not applicable to the Company.
- xiv. According to the information and explanation given to us, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Thus, paragraph 3 (xiv) of the Order is not applicable.
- xv. According to the information and explanation given to us, the Company has not entered into non-cash transactions with directors or person connected with him. Thus, paragraph 3 (xv) of the Order is not applicable.
- xvi. According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Thus, paragraph 3 (xvi) of the Order is not applicable.

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

Mumbai  
16 April 2016

**Milind Ranade**  
*Partner*  
Membership No: 100564

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF RELIANCE AIF MANAGEMENT COMPANY LIMITED**

**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 AIF Management Company Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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



**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF RELIANCE AIF MANAGEMENT COMPANY LIMITED (Continued)**

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For B S R & Co. LLP

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

Mumbai  
16 April 2016

**Milind Ranade**

*Partner*

Membership No: 100564

## Reliance AIF Management Company Limited

### Balance Sheet

as at 31 March 2016

(Currency: Indian rupees)

	Note	As at 31 March 2016	As at 31 March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3.1	5,100,000	5,100,000
Reserves and surplus	3.2	103,591,576	18,681,595
		<u>108,691,576</u>	<u>23,781,595</u>
<b>Non current liabilities</b>			
Long term borrowing	3.3	123,000,000	65,000,000
Deferred tax liability	3.4	36,504,391	51,939,371
Long - term provisions	3.5	39,139	58,383
		<u>159,543,530</u>	<u>116,997,754</u>
<b>Current liabilities</b>			
Trade payables	3.6	49,367,331	54,427,293
Other current liabilities	3.7	9,411,514	12,223,028
Short term provisions	3.8	209,296	107,052
		<u>58,988,141</u>	<u>66,757,373</u>
<b>TOTAL</b>		<u><u>327,223,247</u></u>	<u><u>207,536,722</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Non - current investments	3.9	-	315,950
Long term loans and advances	3.10	136,308,959	124,517,334
		<u>136,308,959</u>	<u>124,833,284</u>
<b>Current assets</b>			
Trade receivables	3.11	61,768,816	1,766,875
Cash and bank balances	3.12	25,632,966	18,134,357
Short term loans and advances	3.13	103,512,506	62,802,206
		<u>190,914,288</u>	<u>82,703,438</u>
<b>TOTAL</b>		<u><u>327,223,247</u></u>	<u><u>207,536,722</u></u>
Significant accounting policies and notes to the accounts	2 & 3		

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of

**Reliance AIF Management Company Limited**

**Milind Ranade**

Partner

Membership No. 100564

Mumbai, 16 April 2016

**Soumen Ghosh**

Director

DIN No.1262099

Mumbai, 16 April 2016

**Sundeep Sikka**

Director

DIN No.02553654

## Reliance AIF Management Company Limited

### Statement of Profit and Loss

for the year ended 31 March 2016

(Currency: Indian rupees)

	Note	Year Ended 31 March 2016	Year Ended 31 March 2015
<b>Revenue</b>			
Revenue from operations	3.14	226,083,999	139,161,172
Other income	3.15	40,353	142,094
<b>Total revenue</b>		<b>226,124,352</b>	<b>139,303,266</b>
<b>Expenses</b>			
Employee benefits expense	3.16	26,791,472	21,501,518
Administrative and other expenses	3.17	11,912,537	4,772,825
Marketing and publicity expenses	3.18	91,671,854	32,237,618
Finance Cost	3.19	8,924,672	1,121,261
<b>Total expenses</b>		<b>139,300,535</b>	<b>59,633,223</b>
<b>Profit before tax</b>		<b>86,823,817</b>	<b>79,670,043</b>
<b>Income tax expense</b>			
Current tax		(17,348,816)	(15,248,406)
MAT credit asset		1,243,818	
MAT credit utilised		(1,243,818)	
Deferred tax		15,434,981	(51,939,371)
<b>Profit after tax</b>		<b>84,909,982</b>	<b>12,482,265</b>
<b>Basic earning per share of Rs. 10 each</b>		<b>166.49</b>	<b>24.48</b>
<b>Diluted earning per share of Rs. 10 each</b>		<b>166.49</b>	<b>24.48</b>
<b>Significant accounting policies and notes to the accounts</b>	<b>2 &amp; 3</b>		

As per our report of even date attached  
For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of  
Reliance AIF Management Company Limited

Milind Ranade  
Partner  
Membership No. 100564

Soumen Ghosh  
Director  
DIN No.1262099

Sundeep Sikka  
Director  
DIN No.02553654

Mumbai, 16 April 2016

Mumbai, 16 April 2016

## Reliance AIF Management Company Limited

### Cash Flow Statement

for the year ended 31 March 2016

(Currency: Indian rupees)

Particulars	Year Ended 31 March 2016	Year Ended 31 March 2015
<b>A. Cash flows from operating activities</b>		
Profit before tax as per statement of profit and loss	86,823,817	79,670,043
Adjusted for		
(Profit) / Loss on sale of Investment (Net)	(40,353)	
Dividend Income		(142,094)
	(40,353)	(142,094)
<b>Operating profit before working capital changes</b>	<b>86,783,464</b>	<b>79,527,949</b>
(Increase) / Decrease in Long Term Loans & Advances	(10,616,664)	(108,845,815)
(Increase) / Decrease in Trade Receivable	(60,001,941)	(1,766,875)
(Increase) / decrease in short term loans & advances	(40,710,300)	(62,802,206)
Increase / (Decrease) in Long term provisions	(19,244)	58,383
Increase / (decrease) in short term provisions	102,244	1,215,586
Increase / (decrease) in trade payables	(5,059,961)	54,125,793
Increase / (decrease) in other current liabilities	(2,811,514)	11,065,832
Cash generated from operations	(32,333,916)	(27,421,354)
Income taxes (paid) / refunded	(19,111,463)	(23,764,098)
<b>Net cash from operating activities</b>	<b>(51,445,379)</b>	<b>(51,185,452)</b>
<b>B. Cash flows from investing activities</b>		
Drawings received from limited liability partnership	903,636	1,628,191
Purchase of Investments	(17,500,000)	(32,500,000)
Sale of Investments	17,540,352	32,500,000
Dividend Received	-	142,094
<b>Net cash from / (used in) investing activities</b>	<b>943,988</b>	<b>1,770,285</b>
<b>C. Cash flows from financing activities</b>		
Inter Corporate Deposit Paid	(42,000,000)	-
Inter Corporate Deposit received	100,000,000	65,000,000
<b>Net cash from / (used in) financing activities</b>	<b>58,000,000</b>	<b>65,000,000</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>7,498,609</b>	<b>15,584,833</b>
Opening balance of cash and cash equivalents	18,134,357	2,549,523
Closing balance of cash and cash equivalents	25,632,966	18,134,356
<b>Cash and cash equivalents comprise of:</b>		
Cash on hand	-	-
Balance with bank in current accounts	25,632,966	18,134,357
<b>Total</b>	<b>25,632,966</b>	<b>18,134,357</b>

As per our report of even date attached  
For BSR & Co. LLP  
Chartered Accountants  
Firm's Registration No. 104248W/W-100022

For and on behalf of the Board of Directors  
Reliance AIF Management Company Limited

Milind Ranade  
Partner  
Membership No. 100564

Soumen Ghosh  
Director  
DIN No. 1262099

Sundeep Sikka  
Director  
DIN No. 02553654

Mumbai, 16 April 2016

Mumbai, 16 April 2016

## Reliance AIF Management Company Limited

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### Significant accounting policies and notes to the accounts

for the year ended 31 March 2016

#### 1 Background

Reliance AIF Management Company Limited ('the Company') was incorporated on June 30, 2000 with the Registrar of Companies (RoC), Maharashtra. On 30 October 2013, the Company has changed its name from Reliance AIF Management Company Private Limited to Reliance AIF Management Company Limited.

The Company acts as an Investment Manager of various Alternative Investment Funds launched from time to time.

#### 2 Significant accounting policies

##### 2.1 Basis of preparation of financial statements

The accompanying financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government which continue to apply under section 133 of Companies Act 2013, read with Rule 7 of Companies (accounts) rule 2014 and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian Rupees. The accounting policies set out below have been applied consistently to the periods prescribed in the financial statements except otherwise disclosed separately.

##### 2.2 Use of estimates

The preparation of the financial statements, in conformity with generally accepted accounting principles (GAAP), requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon Management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

##### 2.3 Revenue recognition

Share of profits / losses in Limited Liability Partnership (LLP) is accounted for once the amount of the share of profit/loss is ascertained and credited/debited to the Company's current account in the books of the Limited Liability Partnership.

Income from managing Yield Alternative Investment Fund (AIF) fund schemes are accounted on accrual basis (net of service tax).

Interest income is accounted on a time proportion basis.

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

##### 2.4 Investments

Purchase and sale of investments are recorded on trade date.

Investments are classified as long term or current based on intention of the management at the time of purchase. Investments that are intended to be held for not more than 1 year from the date on which such investments are made, are classified as current. All other investments are classified as long term investments.

Long-term investments are stated at cost of acquisition. Provision for diminution is made to recognise a decline, other than temporary, in the value of investments.

Current investments are valued at the lower of cost or net realisable value. The comparison of cost and net realisable value is done separately in respect of each individual investment.

##### 2.5 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting year.

Number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are included.

**Significant accounting policies and notes to the accounts**

for the year ended 31 March 2016

**2.6 Taxation**

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law), deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). Provision for income tax is recognised on an annual basis under the taxes payable method, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with Indian Income Tax Act, 1961. In case of matters under appeal due to disallowance or otherwise, full provision is made when the said liabilities are accepted by the Company.

MAT Credit entitlement is recognised where there is convincing evidence that the same can be realised in future. The company has balance of unrecognised MAT credit of Rs. 14,004,588 (P.Y. Rs. 15,248,406) as at 31 March 2016.

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

**2.7 Contingencies and provisions**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or 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 statements. 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.

**2.8 Employee Benefits**

*Provident Fund*

The Company expenses its contribution to the statutory provident fund, a defined contribution scheme, made at 12% of the basic salary of each employee.

*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 rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

*Compensated absences*

The employees of the Company are entitled to compensated absence. The employees can carry forward a portion of the unutilized accrued leave balance and utilize it in future periods. The Company 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.

**2.9 Brokerage**

The Company has decided to recognise the brokerage paid towards mobilization of funds for scheme based on the period for which services are rendered.

## Reliance AIF Management Company Limited

### 3. Note to the accounts

as at 31 March 2016

(Currency: Indian rupees)

#### 3.1 Share Capital

Particulars	As at 31 March 2016	As at 31 March 2015
<b>Authorised</b>		
Equity shares, Rs.10 par value		
1,000,000 (1,000,000) equity shares	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
<b>Issued, subscribed and paid up</b>		
<b>Equity shares, Rs.10 par value</b>		
510,000 (510,000 shares) equity shares fully paid up	5,100,000	5,100,000
<b>Total Share Capital</b>	<u>5,100,000</u>	<u>5,100,000</u>

## Reliance AIF Management Company Limited

### Notes to the accounts

as at 31 March 2016

(Currency: Indian rupees)

The details of equity shareholders holding more than 5% of equity share capital and shares held by holding company is set out below :

Name of the shareholder	As at		As at	
	31 March 2016		31 March 2015	
	No. of shares	% held	No. of shares	% held
Reliance Capital Asset Management Limited *	510,000	100%	510,000	100%

(\* Including shares held by nominee shareholders)

The reconciliation of the number of shares outstanding and the amount of share capital is set out below:

Particulars	As at		As at	
	31 March 2016		31 March 2015	
	No. of shares	Amount	No. of shares	Amount
Equity shares at the beginning	510,000	5,100,000	510,000	5,100,000
Add / (less): shares issued during the year	-	-	-	-
Equity shares at the end	510,000	5,100,000	510,000	5,100,000

#### Terms / rights attached to equity shares :

The Company has one class of equity shares having a par value of Rs.10 per share. Each equity shareholder is entitled to one vote per share and carries dividend right. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



## Reliance AIF Management Company Limited

### 3. Note to the accounts

as at 31 March 2016

(Currency: Indian rupees)

#### 3.2 Reserves and surplus

Particulars	As at 31 March 2016	As at 31 March 2015
<b>Surplus (Profit and Loss balance)</b>		
Balance at the beginning of the year	18,681,595	6,199,329
Add: Profit after tax for the year	84,909,982	12,482,266
Balance at the end of the year	<u>103,591,576</u>	<u>18,681,595</u>
<b>Total Reserves and Surplus</b>	<u>103,591,576</u>	<u>18,681,595</u>

## Reliance AIF Management Company Limited

### Note to the accounts

as at 31 March 2016

(Currency: Indian rupees)

Particulars	As at 31 March 2016	As at 31 March 2015
<b>3.3 Long term borrowings</b>		
Inter corporate deposit		
Related party	123,000,000	65,000,000
	<u>123,000,000</u>	<u>65,000,000</u>
<b>3.4 Deferred tax liability</b>		
Deferred tax liability arising on account of timing differences in: Brokerage	36,504,391	51,939,371
	<u>36,504,391</u>	<u>51,939,371</u>
<b>3.5 Long term provision</b>		
Provision for Employee Benefits :		
Provision for Gratuity	39,139	58,383
	<u>39,139</u>	<u>58,383</u>
<b>3.6 Trade payables</b>		
Trade payables * (Includes provision for expenses)	49,367,331	54,427,293
	<u>49,367,331</u>	<u>54,427,293</u>
<b>3.7 Other current liabilities</b>		
Statutory Liabilities	6,911,514	11,113,028
Outstanding Liabilities Against Expenses	2,500,000	1,110,000
	<u>9,411,514</u>	<u>12,223,028</u>
<p>(*) The Company does not have any outstanding dues towards small scale industrial undertakings as at 31 March 2016. The Company did not have any outstanding dues to any micro or small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 at any point during the year that were outstanding for a period of more than 45 days from the date of acceptance (as certified by Management).</p>		
<b>3.8 Short term provisions</b>		
Provision for Employees' benefit:		
Provision for Compensated Absence Cost	207,726	105,479
Provision for Gratuity	104	107
Provision for Income Tax	1,466	1,466
	<u>209,296</u>	<u>107,052</u>

## Reliance AIF Management Company Limited

### Note to the accounts

as at 31 March 2016

(Currency Indian rupees)

Particulars	Cost / Fair Value As at 31 March 2016	Cost / Fair Value As at 31 March 2015
<b>3.9 Non - current investments</b>		
<b>Other Investment</b>		
<b>Investment in Limited Liability Partnership (Unquoted)</b>		
Reliance India Realty Opportunities LLP	-	315,950
<b>Total non - current investments</b>	<u>-</u>	<u>315,950</u>

#### Notes:

- |   |   |         |
|---|---|---------|
| 1. Unquoted investments                             |   |         |
| Aggregate of book value                             | - | 315,950 |
| 2. Provision for diminution in value of investments | - | -       |

## Reliance AIF Management Company Limited

### Note to the accounts

as at 31 March 2016

(Currency Indian rupees)

Particulars	As at 31 March 2016	As at 31 March 2015
<b>3.10 Long term loans and advances</b>		
Balances with Limited Liability Partnership in Current Account	11,723,930	10,521,120
Prepaid / Unamortised Brokerage	114,306,689	105,480,522
Advance tax paid (net of provision of income tax Rs. 33,858,664 (PY Rs. 15,265,906 )	10,278,340	8,515,692
	<u>136,308,959</u>	<u>124,517,334</u>
<b>3.11 Trade receivables</b>		
Unsecured, Considered Good	-	-
Outstanding for more than six months	-	-
Others	61,768,816	1,766,875
	<u>61,768,816</u>	<u>1,766,875</u>
<b>3.12 Cash and bank balances</b>		
Cash and cash equivalents		
Balance with banks in current accounts	25,632,966	18,134,357
	<u>25,632,966</u>	<u>18,134,357</u>
<b>3.13 Short term loans &amp; advances</b>		
Others (Unsecured, considered good)		
Service tax credit-unutilised	8,982,384	8,197,475
Prepaid / Unamortised Brokerage	94,204,278	54,604,731
Security Deposit	35,000	-
Advance recoverable in cash/kind	290,844	-
	<u>103,512,506</u>	<u>62,802,206</u>

## Reliance AIF Management Company Limited

### Note to the accounts

for the year ended 31 March 2016

(Currency: Indian rupees)

Particulars	Year Ended 31 March 2016	For the Year Ended 31 March 2015
<b>3.14 Revenue from operations</b>		
Investment Management Fees (Including Set up fees)	224,293,502	135,795,879
Share of profit in Limited Liability Partnership	1,790,497	3,365,293
	<u>226,083,999</u>	<u>139,161,172</u>
<b>3.15 Other income</b>		
Dividend on current investment	-	142,094
Profit on sale of Investment	40,353	-
	<u>40,353</u>	<u>142,094</u>
<b>3.16 Employee benefit expense</b>		
Salaries, allowances and bonus	26,454,212	21,269,137
Contribution to provident and other funds	322,260	231,005
Staff welfare expenses	15,000	1,376
	<u>26,791,472</u>	<u>21,501,518</u>
<b>3.17 Administrative and other expenses</b>		
Legal and professional charges	6,409,114	3,387,638
Rent	3,042,985	-
Filing fees and stamp duty	164,750	1,200
Communication	-	13,115
Conveyance and travelling	524,404	605,934
Auditors remuneration:		
Audit fees	500,000	337,080
Others	150,000	-
Out of pocket expenses	22,345	13,484
Director sitting fees	180,300	21,236
Office Administration	44,296	4,520
Miscellaneous expenses	296,843	26,119
Courier charges	-	340,000
Corporate social responsibility spends	575,000	-
Rates and taxes	2,500	22,500
	<u>11,912,537</u>	<u>4,772,825</u>
<b>3.18 Marketing and publicity expenses</b>		
Brokerage and Incentives	90,569,354	30,285,339
Marketing expenses	600,000	1,952,279
Advertisement-others	502,500	-
	<u>91,671,854</u>	<u>32,237,618</u>
<b>3.19 Finance Cost</b>		
Interest expense	8,924,672	1,121,261
	<u>8,924,672</u>	<u>1,121,261</u>

## Reliance AIF Management Company Limited

### Notes to accounts

for the year ended 31 March 2016

(Currency: Indian rupees)

#### 3.20 Disclosure pursuant to Accounting Standard - 15 (Revised) " Employee Benefits" :

##### A Defined Contribution Plans:

Amount of Rs. 322,260/- (previous period: 231,005/-) is recognised as an expense for provident fund and superannuation fund included in "Employee Costs" - refer note "3.15" of the Statement of profit and loss.

##### B Defined Benefit Plans:

##### i. Reconciliation of opening and closing balances of the Present Value of the Defined Benefit Obligation :

		Gratuity Benefit - Unfunded	
		Mar'2016	Mar'2015
a.	Present value of Defined Benefit Obligation at the beginning of the year	58,490	-
b.	Interest cost	-	-
c.	Current service cost	(19,247)	58,490
d.	Actuarial Losses / ( Gains)	-	-
e.	Benefits paid	-	-
f.	Present value of Defined Benefit Obligation at the close of the year	39,243	58,490

##### ii Changes in the fair value of Plan Assets and the reconciliation thereof:

		Gratuity Benefit - Unfunded	
		Mar'2016	Mar'2015
a.	Fair value of Plan Assets at the beginning of the year	-	-
b.	Add: Expected return on Plan Assets	-	-
c.	Add / (Less) : Actuarial (Losses) / Gains	-	-
d.	Add: Contributions	-	-
e.	Less: Benefits Paid	-	-
f.	Fair value of Plan Assets at the close of the year	-	-

##### iii. Amount Recognised in the Balance Sheet including a reconciliation of the present value of the defined obligation in (i) and the fair value of the plan assets in (ii) to the assets and liabilities recognised in the balance sheet:

		Gratuity Benefit - Unfunded	
		Mar'2016	Mar'2015
a.	(Present value of Defined Benefit obligation)	(39,243)	(58,490)
b.	Less: Fair value of Plan Assets	-	-
c.	Funded Status (Surplus / (Deficit))	(39,243)	(58,490)
d.	Present value of unfunded obligation	-	-
e.	Net (Liability)/Asset recognised in the Balance sheet	(39,243)	(58,490)

##### iv. Amount recognised in the statement of profit & loss are as follows :

		Gratuity Benefit - Unfunded	
		Mar'2016	Mar'2015
a.	Current Service Cost	58,383	58,490
b.	Interest Cost	4,697	-
c.	Expected return on Plan Assets	-	-
d.	Actuarial Losses / ( Gains)	(82,327)	-
e.	Past service costs	-	-
f.	Effect of curtailment / settlement	-	-
g.	Adjustments for earlier years Recognised in the Statement of Profit and Loss	-	-
h.	Total	(19,247)	58,490

## Reliance AIF Management Company Limited

### Notes to accounts

for the year ended 31 March 2016

(Currency: Indian rupees)

v. Broad Categories of plan assets as a percentage of total assets

		Gratuity Benefit - Unfunded	
		Mar'2016	Mar'2015
a.	Government of India Securities	-	-
b.	State Government Securities	-	-
c.	Corporate Bonds	-	-
d.	Fixed Deposit under Special Deposit Scheme	-	-
e.	Equity Shares	-	-
f.	Money market instruments	-	-
g.	Public Sector Bonds	-	-
i.	Property	-	-
		-	-

vi. Actuarial Assumptions as the Balance sheet date:

		Gratuity	
		Mar'2016	Mar'2015
a.	Discount Rate	7.80%	8.03%
b.	Expected rate of return on Plan Assets	NA	NA
c.	Salary Escalation rate -- Management Staff	6.00%	6.00%
d.	Attrition rate	years and below 16.00% p.a. & 6.00% p.a. thereafter	2.00%
e.	Retirement age	58 years	58 years
f.	Mortality table used	Indian Assured Lives Mortality (2006 - 08) Ultimate	Indian Assured Lives Mortality (2006 - 08) Ultimate

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

vii. 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.

## Reliance AIF Management Company Limited

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### Notes to the accounts

for the year ended 31 March 2016

(Currency: Indian rupees)

#### 3.21 Segment Reporting

The Company is in the business of providing investment management services to various alternative investment funds. The primary segment is identified as investment management services.

Pursuant to Accounting Standard (AS) 17 Segment Reporting, no segment disclosure has been made in these financial statements, as the Company has only one geographical segment and no other separate reportable business segment.

#### 3.22 Related Party Disclosure:

##### (i) List of Related Parties and their relationship:

###### a Holding company

Reliance Capital Asset Management Limited

###### b Subsidiary of Holding Company

Reliance Asset Management (Mauritius) Limited  
Reliance Asset Management (Singapore) Pte Limited  
Reliance Capital Asset Management (UK) Plc  
Reliance Capital Pension Fund Limited

###### c Fellow subsidiaries

Reliance Capital Trustee Co. Limited  
Reliance General Insurance Company Limited  
Reliance Gilts Limited  
Reliance Money Express Limited  
Reliance Money Precious Metals Private Limited  
Reliance Home Finance Limited  
Reliance Securities Limited  
Reliance Commodities Limited  
Reliance Financial Limited  
Reliance Wealth Management Limited  
Reliance Money Solutions Private Limited  
Reliance Exchangenext Limited  
Reliance Spot Exchange Infrastructure Limited  
Reliance Capital AIF Trustee Company Private Limited  
Reliance Life Insurance Company Limited (w.e.f. March 30, 2016)  
Quant Capital Private Limited  
Quant Broking Private Limited  
Quant Securities Private Limited  
Quant Commodity Broking Private Limited  
Quant Capital Finance and Investments Private Limited  
Quant Investments Services Private Limited



(ii) Transaction during the period with related parties:

Sr. No.	Nature of Transaction	Holding Company	Fellow Subsidiary	Total
<b>I</b>	<b>Transactions during the year</b>			
A	<b>Inter corporate deposit received / (Paid) net</b> Reliance Capital Asset Management Limited	58,000,000 (65,000,000)	- (-)	58,000,000 (65,000,000)
B	<b>Interest Expenses</b> Reliance Capital Asset Management Limited	8,924,672 (1,121,261)	- (-)	8,924,672 (1,121,261)
C	<b>Reimbursement of expenses</b> Reliance Capital Asset Management Limited	21,043,125 (15,905,351)	- (-)	21,043,125 (15,905,351)
D	<b>Brokerage</b> Reliance Wealth Management Limited	- (-)	11,239,187 4,566,667	11,239,187 4,566,667
	Reliance Money Solutions Private Limited	- (-)	6,420,000 1,800,000	6,420,000 1,800,000
E	<b>Mediclaim</b> Reliance General Insurance Company Limited	- (-)	29,485 (-)	29,485 (-)
<b>II</b>	<b>Balances outstanding at the end of the year</b>			
A	<b>Loans and advances to Related Parties</b> Reliance Capital Asset Management Limited	123,290,844 (65,000,000)	- (-)	123,290,844 (65,000,000)
	Reliance General Insurance Company Limited	- (-)	28,088 (-)	28,088 (-)

Note : Related Party Relationship is as identified by the Company.  
(Previous year/period figures are in brackets)

## Reliance AIF Management Company Limited

### Notes to the accounts

for the year ended 31 March 2016

(Currency: Indian rupees)

#### 3.23 Earning Per Share (EPS)

	31 March 2016	31 March 2015
Net profit attributable to equity shareholders	84,909,982	12,482,265
Weighted average number of equity shares	510,000	510,000
Basic EPS	166.49	24.48
Weighted average number of equity shares	510,000	510,000
Diluted EPS	166.49	24.48

#### 3.24 Corporate social responsibility (CSR)

- a) Gross amount required to be spent by the company during the year was Rs.573,559/- as per calculation  
b) Amount spend during the year on :

	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any assets	-	-	-
On purposes other than above	575,000	-	575,000

#### 3.25 Contingent liability and commitments

There are no contingent liability and commitments as at 31 March 2016.

#### 3.26 Previous year's figures have been regrouped/reclassified, wherever required.

As per our report of even date attached  
For **BSR & Co. LLP**  
*Chartered Accountants*  
Firm's Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of  
**Reliance AIF Management Company Limited**

**Milind Ranade**  
Partner  
Membership No. 100564

**Soumen Ghosh**  
Director  
DIN No.1262099

**Sundeep Sikka**  
Director  
DIN No.02553654

Mumbai, 16 April 2016

Mumbai, 16 April 2016