Financial Statement

2015-16

Reliance Asset Management (Mauritius) Limited

KPMG

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INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF RELIANCE ASSET MANAGEMENT (MAURITIUS) LIMITED

Report on the Financial Statements

We have audited the financial statements of Reliance Asset Management (Mauritius) Limited, which comprise the statement of financial position as at 31 March 2016 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 30.

This report is made solely to the entity's member, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the entity's member those matters that we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the entity and the entity's member for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that 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 conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF RELIANCE ASSET MANAGEMENT (MAURITIUS) LIMITED (CONTINUED)

Report on the Financial Statements (continued)

Auditors' Responsibility (continued)

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Reliance Asset Management (Mauritius) Limited as at 31 March 2016 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act

We have no relationship with or interests in the entity other than in our capacity as auditors.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the entity as far as it appears from our examination of those records.

KPMG
Ebène, Mauritius

Ashish Ramyead
Licensed by FRC

Date: 13 April 2016

RELIANCE ASSET MANAGEMENT (MAURITIUS) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016	2015
		USD	USD
REVENUE			
Management fee income	5	762,998	645,363
Redemption exit fee income	5	4,598	3,019
Interest income		31,432	18,368
Other income		52,540	5,848
Foreign exchange revaluation gain		28,785	-
Service charge income	5	140,803	129,816
		1,021,156	802,414
EXPENSES			
Impairment of receivables	14	369,875	-
Administrative fees		10,833	9,167
Licence fees		6,535	6,588
Bank charges		2,709	3,035
Audit fees		9,315	8,386
Legal and professional fees		14,518	16,965
Rent		6,243	11,886
Staff expenses		47,220	41,916
Upfront fees		76,259	188,346
Trail fees		335,531	256,698
Other operating expenses		47,433	53,591
Depreciation	7	52	-
Foreign exchange revaluation loss		-	144,834
		926,523	741,412
Profit before tax		94,633	61,002
Income tax expense	6	(11,296)	(5,624)
Profit for the year		83,337	55,378
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		83,337	55,378

The notes on pages 13 to 30 form an integral part of these financial statements.

RELIANCE ASSET MANAGEMENT (MAURITIUS) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Note	2016	2015
ASSETS		USD	USD
Non current assets			
Available-for-sale investments	8	1,010	1,010
Intangible assets	7	3,337	-
Total non-current assets		4,347	1,010
Current assets			
Fixed deposit		883,715	822,819
Other receivables	9	129,309	513,460
Prepayments		17,726	20,339
Cash and cash equivalents		1,426,158	1,144,525
Total current assets		2,456,908	2,501,143
		2,461,255	2,502,153
EQUITY & LIABILITIES			
Equity			
Stated capital	10	1,960,000	1,960,000
Retained earnings		268,020	184,683
Total equity		2,228,020	2,144,683
Current liabilities			
Amount due to related parties	11	2,592	26,274
Other payables and accruals	12	226,937	326,851
Income tax payable	6	3,706	4,345
Total current liabilities		233,235	357,470
Total equity and liabilities		2,461,255	2,502,153

Approved by the Board of Directors on 18 APR 2016 and signed on its behalf by:

DIRECTOR

DIRECTOR

The notes on pages 13 to 30 form an integral part of these financial statements.

	Stated capital	Retained earnings	Total
	USD	USD	USD
Balance at 31 March 2014	1,960,000	129,305	2,089,305
Total comprehensive income for the year			
Profit for the year	-	55,378	55,378
Balance at 31 March 2015	1,960,000	184,683	2,144,683
Balance at 01 April 2015	1,960,000	184,683	2,144,683
Total comprehensive income for the year			
Profit for the year	-	83,337	83,337
Balance at 31 March 2016	**1,960,000**	**268,020**	**2,228,020**

The notes on pages 13 to 30 form an integral part of these financial statements.

	2016	2015
	USD	USD
Cash flows from operating activities		
Profit before tax	94,633	61,002
Adjustments for:		
Impairment of receivables	369,875	-
Depreciation	52	-
Change in other receivables	14,276	(66,652)
Change in prepayments	2,613	(3,698)
Change in other payables and accruals	(99,914)	(27,889)
Cash generated from operating activities	381,535	(37,237)
Income tax paid	(11,935)	(2,104)
Net cash flows generated from/(used in) operating activities	369,600	(39,341)
Cash flows from investing activities		
Fixed deposit with financial institution	(60,896)	(822,819)
Purchase of computer software	(3,389)	-
Net cash flows used in investing activities	(64,285)	(822,819)
Cash flows from financing activities		
Funds (paid to)/received from from related parties	(23,682)	20,580
Net cash flows (used in)/from financing activities	(23,682)	20,580
Net increase/(decrease) in cash and cash equivalents	281,633	(841,580)
Cash and cash equivalents at 1 April	1,144,525	1,986,105
Cash and cash equivalents at 31 March	1,426,158	1,144,525

The notes on pages 13 to 30 form an integral part of these financial statements.

1. REPORTING ENTITY

Reliance Asset Management (Mauritius) Limited (the "Company") was incorporated in Mauritius under the Companies Act 2001 on 27 December 2004 as a private company with limited liability by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The registered office is located at 4th Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius.

The financial statements of the Company for the year ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors on the date stamped on page 10.

The main activity of the Company is to provide investment advisory and management services to Emergent India Investments Ltd, Reliance Emergent India Fund Limited and Reliance Emergent India Investments L.P. Reliance Emergent India Investments L.P is still in its start up phase and has not yet started operations.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Company's Board of Directors on 18 APR 2016

(b) Basis of measurement

The financial statements have been prepared on a historical cost convention.

(c) Functional and presentation currency

The financial statements are presented in United States Dollar (USD) which is the Company's functional currency and all figures are rounded to the nearest dollar, except when otherwise indicated.

(d) Use of estimates and judgement

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 4.

(e) New standards and amendments effective in 2015

The below amendment applied for the first time in 2015 and did not have a material impact on the financial statements of the Company. The nature and the impact of this amendment is described below:

2. BASIS OF PREPARATION

(e) New standards and amendments effective in 2015 (continued)

Annual Improvements 2010-2012 Cycle

The Company has applied the improvement for the first time in these financial statements:

Standard/Interpretation	Effective for accounting period beginning on or after
IAS 24 Related Party Disclosures	1 July 2014

This amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. Additional disclosures are included in note 14.

3. SIGNIFICANT ACCOUNTING POLICIES

Except for the changes explained in note 2 (e), the Company has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognised in profit or loss.

(b) Financial instruments

The Company classifies non-derivative financial assets into available-for-sale financial assets and loans and receivables.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

(ii) Non-derivative financial assets – measurement

(a) Available-for-sale financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in other comprehensive income and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

(b) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument to its carrying amount.

Financial assets that are classified as loans and receivables include other receivables, fixed deposits, cash and cash equivalents and interest receivable.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents are repayable on demand and form an integral part of the Company's cash management.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iv) Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described overleaf, based on the lowest level input that is significant to the fair value measurement as a whole:

• Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

• Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

• Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

(v) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

(c) Impairment

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

• default or delinquency by a debtor;
• restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
• indications that a debtor or issuer will enter bankruptcy;
• adverse changes in the payment status of borrowers or issuers;
• the disappearance of an active market for a security; or
• Observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortised cost

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) **Impairment (continued)**

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through other comprehensive income.

(d) **Intangible assets**

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred. Amortisation is calculated to write off the cost of the intangible assets less their estimated residual value using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. The Company's intangible asset is amortised over an estimated useful life of 10 years.

(e) **Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(f) **Taxation**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises of the expected tax payable or receivable on the taxable income for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Taxation (continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(g) Revenue recognition

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

Interest income is recognised on a time proportion basis unless collectability is in doubt.

Revenue from services rendered is recognised in the statement of profit or loss and other comprehensive income when the services are performed.

(h) Expense recognition

All expenses are accounted for in the statement of profit or loss and other comprehensive income on the accruals basis.

(i) New standards,interpretations and amendments to published standards

Disclosure Initiative **(Amendments to IAS 1)**

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) New standards,interpretations and amendments to published standards (continued)

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter of Transactions Involving Advertising Services*

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the Company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Company is currently in the process of performing a more detailed assessment of the impact of this standard on the Company and will provide more information in the year ending 31 March 2017 financial statements.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS.

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model. The impact has not yet been estimated.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the accounting policies which are described in note 3, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 2, the Directors have considered those factors therein and have determined that the functional currency of the Company is the United States Dollar.

Measurements of fair values

The Company's accounting policy on fair value measurements are described in note 3 (b).
The directors consider that the fair value of the available-for-sale investment is equal to the cost of investment. The Company is entitled to receive notice of and to attend Meeting of Shareholders of the investee, and shall be entitled to cast one vote for all Management shares so held with respect to all matters subject to the approval of the Shareholders under the Mauritius Companies Act 2001. Management shares shall carry no dividend rights and shall not be redeemable..

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

-Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

-Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly (i.e as prices) or indirectly.(i.e derived from prices).

-Level 3: inputs for the asset or liability that are not based on observable or market data (unobservable inputs).

5. SIGNIFICANT AGREEMENTS

Investment Management Agreement

The Company has entered into an Investment Management Agreement with Reliance Emergent India Fund Limited (the "Fund") of PO Box 309 GT, George Town, Ugland House, South Church Street, Grand Cayman, Cayman Islands and Emergent India Investments Limited (the "Master Fund") of 4th Floor, 19 Cybercity, Ebene 72201, Mauritius whereby the Company has been appointed to manage and invest on a discretionary basis the portfolio of the Fund and the Master Fund.

Income (as defined in the Private Placement Memorandum of Emergent India Investments Limited)

Management fee income

The investment management fee at the aggregate rate of 1.75 (including Scheme management fee) per cent per annum of Net Asset Value of the Class B Share is payable to the Investment Manager . The Investment Manager is also entitled to reasonable out of pocket expenses incurred in the performance of its duties. The investment management fee may be reviewed by the Board from time to time.

"Contingent Deferred Sales Charge" (CDSC)

The CDSC on Class B Series 1 Shares is payable on redemption of Class B Series 1 Shares, before the expiry of a period of one year from the date of subscription in respect of such Class B Series 1 Shares. CDSC is equal to 2% per annum of the applicable Net Asset Value, of Class B Series 1 Shares for the period from the redemption date to the maximum period (one year from the initial date of investment) to which CDSC is applicable.

Income (as defined in the Private Placement Memorandum of Emergent India Investments Limited)

Service Charge income

A service charge of up to 2.2 per cent per annum of the applicable Net Asset Value of Class B Series 1 shares is deducted from the Net Asset Value and paid to the Investment Manager to compensate the Distributors. This service charge is only chargeable to Class B Series 1 shares during the period of one year from date of subscription.

Redemption exit fee income

A redemption fee of 2 per cent is charged to Class B Series 1 Shareholders in respect of any Class B Series 1 Shares redeemed within a period of 1 year of the issue of such Class B Series 1 Shares. The Redemption fee accrues to the Investment Manager.

5. SIGNIFICANT AGREEMENTS (CONTINUED)

Management Fees Class 1

The Investment Manager is entitled to receive from the Fund such Management Fee with respect to the Class 1 Shares as may be determined by the Investment Manager at any time at its sole discretion provided that, when that Management Fee is aggregated with the fee payable to the Investment Manager to the Scheme for the same period of time, it never exceeds 1.25 per cent of the Net Asset Value of the Class 1 Shares (before deduction of any Investment Management Fee and before deduction for any accrued Performance Fee) calculated on a pro-rata daily basis and accrued on each Valuation Day but payable monthly in arrears.

Class 1 Shares Performance Fee

For each Calculation Period, the performance fee in respect of each Class 1 Share will be equal to 15 per cent of the appreciation in the Net Asset Value per Class 1 Share during the Calculation Period above the Base Net Asset Value per Share of that Class adjusted for a non-cumulative annualised 15 per cent Hurdle Rate.

Management Fees Class 2

The Investment Manager is entitled to receive from the Fund such Management Fee with respect to the Class 2 Shares as may be determined by the Investment Manager at any time at its sole discretion provided that, when that Management Fee is aggregated with the fee payable to the Investment Manager to the Scheme for the same period of time, it never exceeds 1.75 per cent of the Net Asset Value of the Class 2 Shares (before deduction of any Investment Management Fee) calculated on a pro-rata daily basis and accrued on each Valuation Day but payable monthly in arrears.

Limited Partnership Agreement

The Company has entered into a Limited Partnership Agreement in relation to Reliance Emergent India Fund L.P. (the "Partnership") of PO Box 309 GT, George Town, Ugland House, South Church Street, Grand Cayman, Cayman Islands whereby the Company has been appointed as General Partner of the Partnership.

Administration and Secretary Agreement

Apex Fund Services (Mauritius) Limited has been appointed to provide various administrative services to the Company.

6. INCOME TAX

The Company, being the holder of a Mauritian Category 1, GBL licence, is liable to income tax at a rate of 15% on its profit as adjusted for tax purposes. It is however entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritian tax chargeable on its foreign source income, thus reducing its maximum effective tax to 3%.

	2016	2015
	USD	USD
Current tax expense	11,296	5,624
Reconciliation of effective taxation		
Profit before tax	94,633	61,002
Income tax at 15%	14,195	9,150
Exempt income	(4,715)	(2,755)
Non-taxable income	(4,318)	-
Non allowable expenses	55,489	21,725
Reversal of over-provision from last financial year	(832)	-
Foreign tax credit	(48,523)	(22,496)
Income tax expense	11,296	5,624

Reconciliation of income tax liability

	2016	2015
	USD	USD
Opening balance as at 1 April	4,345	825
Tax expense during the year recognised in profit or loss	11,296	5,624
Payment during the year	(11,935)	(2,104)
Closing balance as at 31 March	3,706	4,345

7. INTANGIBLE ASSETS

	Software	Total
	USD	USD
Cost		
Balance at 1 April 2015	-	-
Acquisition - cash	3,389	3,389
Cost at 31 March 2016	3,389	3,389
Amortisation for the year	(52)	(52)
Carrying amount as at 31 March 2016	3,337	3,337

The computer software is amortised at a rate of 10% on a straight-line basis.
There is no contractual commitment for the purchase of any new intangible asset.

8. AVAILABLE- FOR-SALE INVESTMENTS

	2016	2015
	USD	USD
Balance at 31 March	1,010	1,010

Name of company	Country of incorporation	Type of instrument held	Number of shares	% holding	USD
Emergent India Investments Ltd	Mauritius	Management Shares	10	100%	10
Reliance Emergent India Fund Limited	Cayman Islands	Management Shares	1000	100%	1,000
					1,010

The directors are of the opinion that the cost is the best estimate of the fair value of the available-for-sale investment as at 31 March 2016. The shares are not redeemable, confers to the holder voting rights in any members' meeting and shall not be entitled to distributions. On winding up of the investee company, the Company shall be entitled to receive its paid up capital only. The Directors consider the nominal amount of the Management Shares to approximate their fair values. The Company's exposure from holding the above Management Shares is the management fee income of USD 762,998 (2015: USD 645,363) it has derived. Based on the above, the Company has no control on Emergent India Investments Ltd and Reliance Emergent India Fund Limited.

9. OTHER RECEIVABLES

	2016	2015
	USD	USD
Management fee receivable (b)	63,589	72,073
Service charge fee receivable	8,151	19,954
Placement fee receivable	769	2,698
Exit load receivable	-	251
Contingent Deferred Sales Charge Fee receivable	-	84
Receivable from Feeder Fund	12,300	-
Other receivables	14,500	18,525
Receivables from related party (a)	30,000	399,875
	129,309	513,460

(a) The amounts due from related party are unsecured, interest free and repayable on demand. The Directors have recognised an impairment loss of USD 369,875 on the receivable from related party further to an assessment of the recoverability of the original amount. Further details are set out in note 14.

(b) Management fees are due from Emergent India Investments Limited and Reliance Emergent India Fund Ltd.

10. STATED CAPITAL

	2016	2015
	USD	USD
Issued and Fully paid		
At 1 April	1,960,000	1,960,000
Additions	-	-
Balance at 31 March	1,960,000	1,960,000
	No of shares	No of shares
Ordinary shares of USD 10 each	196,000	196,000

10. STATED CAPITAL (CONTINUED)

Each Ordinary Share has a par value of USD 10 and is redeemable at the option of the Company. Each Ordinary Share entitles its holder to one vote on any matter to be considered by the shareholders and have a right to receive distribution.

The Company should have a minimum unimpaired capital of at least MUR 1,000,000 (approximately USD 28,000) as per Securities Act 2005 and this requirement was met as at the financial year end.

11. AMOUNT DUE TO RELATED PARTIES

	2016	2015
	USD	USD
At 1 April,	26,274	5,694
Advances (paid)/received during the year	(23,682)	20,580
	2,592	26,274

The amount due to related parties is unsecured, interest free and repayable on demand.

12. OTHER PAYABLES AND ACCRUALS

	2016	2015
	USD	USD
Provision for audit fees, placement fees & other expenses	46,413	98,578
Trail fees accrued	180,382	228,048
Other accruals	142	225
	226,937	326,851

13. HOLDING COMPANY

The Directors regard Reliance Capital Asset Management Limited, a company incorporated in India as the holding company.

14. RELATED PARTY DISCLOSURES

During the year ended 31 March 2016, the Company transacted with related parties. Details of the nature, volume of transactions and the balances with the entity are as follows:

			2016	
Name of related party	Relationship	Nature of transaction	Transactions for the year	Amount Receivable/ (payable)
			USD	USD
Apex Fund Services (Mauritius) Ltd	Management Company	Annual fees	13,833	7,500
India Equity Growth Fund Investors Limited	Group company	Impairment	(369,875)	30,000

The Directors have made an assessment of the recoverability of the amount due by India Equity Growth Fund Investors Limited. The latter has initiated the statutory process of transferring shares it holds in another entity, namely Teracom, into the name of the Company. The Directors expect commercial value to be generated by holding shares in Teracom. However, under a conservative approach, the receivable has been impaired by USD 369,875 and down to USD 30,000 from 2015 to 2016.

14. RELATED PARTY DISCLOSURES (CONTINUED)

Name of related party	Relationship	Nature of transaction	2016 Transactions for the year	 Amount Receivable / (payable)
Emergent India Investments Limited	Master Fund	Management fees	708,578	51,869
Emergent India Investments Limited	Master Fund	Service charge	140,803	8,151
Emergent India Investments Limited	Master Fund	Redemption exit fee	4,598	-
Reliance Emergent India Fund Limited	Feeder Fund	Management fees	54,420	11,720
Reliance Emergent India Fund Limited	Feeder Fund	Advance given	-	12,300
Reliance Emergent India Fund Limited	Feeder Fund	Advance taken and other fees	(23,682)	(2,592)

Name of related party	Relationship	Nature of transaction	2015 Transactions for the year	 Amount Receivable / (payable)
			USD	USD
Apex Fund Services (Mauritius) Ltd	Management Company	Annual fees	12,167	7,500
India Equity Growth Fund Investors Limited	Group Company	Advance given	-	399,875
Emergent India Investments Limited	Master Fund	Management fees	590,637	66,870
Emergent India Investments Limited	Master Fund	Service charge	129,816	19,954
Emergent India Investments Limited	Master Fund	Redemption exit fee	3,019	251
Reliance Emergent India Fund Limited	Feeder Fund	Management fees	54,726	5,203
Reliance Emergent India Fund Limited	Feeder Fund	Advance taken and other fees	(20,580)	(26,274)

15. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The nature and extent of the financial instruments outstanding at reporting date and the risk management policies employed by the Company are discussed below.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from its operating activities (primarily for trade receivables), fixed deposits and cash and cash equivalents.

The maximum exposure to credit risk at the reporting date was as follows:

	2016	2015
	USD	USD
Fixed deposit with financial institution	883,715	822,819
Other receivables	499,184	513,460
Cash and cash equivalents	1,426,158	1,144,525
Less: impairment of receivables recognised during the year	(369,875)	-
	2,439,182	2,480,804

A concentration of credit risk exists in that all of the Company's cash and cash equivalents are held by its banks. The Directors do not anticipate any losses as a result of this concentration. The management fees currently outstanding are expected to be received within one month of the financial year end of the Company.
The credit ratings of the banks with which the fixed deposits have been placed are as follows:-

	Agency	Rating
Bank of Baroda	Moody's	Baa3
HSBC Bank (Mauritius) Limited	Moody's	A1

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

The table below illustrates the maturity analysis of the Company's financial liabilities based on their undiscounted contractual maturities.

31 March 2016	Carrying amount	Due on demand	Due within 3 months	Total
	USD	USD	USD	USD
Amount due to related parties	2,592	2,592	-	2,592
Other payables and accruals	226,937	-	226,937	226,937
Total liabilities	229,529	2,592	226,937	229,529

31 March 2015	Carrying amount	Due on demand	Due within 3 months	Total
	USD	USD	USD	USD
Amount due to related parties	26,274	26,274	-	26,274
Other payables and accrual	326,851	-	326,851	326,851
Total liabilities	353,125	26,274	326,851	353,125

Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. At year end, the Company does not have any significant interest risk.

The Company earns interest income on fixed deposits at non-fluctuating rates of interest, hence no exposure to interest rate risk. Interest income is pre-dominantly derived from fixed deposits. The amount of interest derived from fluctuating interest rates is deemed to be insignificant.

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk

Currency risk is the risk that the value of a financial instrument denominated in a currency other than the reporting currency may fluctuate due to changes in foreign currency exchange rate between the reporting currency and the currency in which such instrument is denominated.

The currency profile of the financial assets and liabilities is summarised as follows:

	Financial assets 2016	Financial liabilities 2016	Financial assets 2015	Financial liabilities 2015
	USD	**USD**	USD	USD
MUR	**920,279**	**-**	860,596	-
USD	**1,519,913**	**229,529**	1,621,218	353,125
	2,440,192	**229,529**	2,481,814	353,125

Intangible assets of **USD** 3,337 (2015: Nil) and prepayments of **USD** 17,726 (2015: USD 20,339) have not been included as financial assets.

Sensitivity analysis

At 31 March 2016 and 2015, had USD weakened/strengthened by 5% in relation to MUR, with all other variables held constant, profit after tax would have increased/(decreased) by the amount shown below.

	2016 USD	2015 USD
MUR impact of a weakening of USD by 5%	**48,436**	43,936
MUR impact of an appreciation of USD by 5%	**(43,823)**	(39,751)

16. ACCOUNTING CLASSIFICATIONS AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including the levels in the fair value hierarchy.

31 March 2016

	Carrying amount				Fair Value			
	Loans and receivables	Available-for-sale	Other financial Liabilities	Total	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Financial assets not measured at fair value								
Other receivables	129,309	-	-	129,309	-	-	129,309	129,309
Fixed deposits	883,715	-	-	883,715	-	883,715	-	883,715
Cash and cash equivalents	1,426,158	-	-	1,426,158	-	1,426,158	-	1,426,158
Financial assets measured at fair value								
Available-for-sale investments*	-	1,010	-	1,010	-	-	1,010	1,010
Financial liabilities not measured at fair value								
Other payables and accruals	-	-	226,937	226,937	-	226,937	-	226,937
Amount due to related parties	-	-	2,592	2,592	-	2,592	-	2,592

***There was no movement in the available-for-sale financial asset classified as a level 3 financial asset as compared to the last financial year.**

16. ACCOUNTING CLASSIFICATIONS AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

31 March 2015

	Carrying amount				Fair Value			
	Loans and receivables	Available-for-sale	Other financial Liabilities	Total	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Financial assets not measured at fair value								
Other receivables	513,460	-	-	513,460	-	-	513,460	513,460
Fixed deposits	822,819	-	-	822,819	-	822,819	-	822,819
Cash and cash equivalents	1,144,525	-	-	1,144,525	-	1,144,525	-	1,144,525
Financial assets measured at fair value								
Available-for-sale investments	1,010	-	-	1,010	-	-	1,010	1,010
Financial liabilities not measured at fair value								
Other payables and accruals	-	-	326,851	326,851	-	326,851	-	326,851
Amount due to related parties	-	-	26,274	26,274	-	26,274	-	26,274

17. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders.

The Company has, in its capacity as a CIS Manager, externally been imposed capital requirements by the regulator in that it should maintain a minimum unimpaired stated capital of at least MUR 1,000,000. In its capacity as an Investment Adviser (unrestricted), the Company is required to maintain a minimum unimpaired stated capital of at least MUR 600,000. At 31 March 2016, both requirements have been met. There is no minimum unimpaired stated capital requirement under the "Distributor of Financial Products" licence held by the Company.

18. EVENTS AFTER REPORTING DATE

There are no other significant events after reporting date which need disclosures in or amendments to the financial statements for the year ended 31 March 2016.