

Financial Statement

2015-16

Reliance Capital Asset Management Limited

Reliance Capital Asset Management Limited

Standalone Financial statements together with Independent Auditors' Report
for the year ended 31 March 2016

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Independent Auditors' Report

To the Members of Reliance Capital Asset Management Limited

Report on the financial statements

We have audited the accompanying standalone financial statements of Reliance Capital Asset Management Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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 Capital Asset Management Limited

Auditors' 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 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 standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of the written representations received from the directors as on 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

Independent Auditors' Report (Continued)

Reliance Capital Asset Management Limited

Report on Other Legal and Regulatory Requirements (Continued)

- 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 has disclosed the impact of pending litigation on its financial position in financial statement – refer note 3.24 (a) to the financial statements;
 - 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
22 April 2016

Milind Ranade
Partner
Membership No: 100564

Reliance Capital Asset Management Limited

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

(Referred to in our report of even date)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties. Accordingly paragraph 3 (i) (c) of the Order is not applicable.
- ii. The Company is a service company primarily rendering asset management services, portfolio management services and advisory services. 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. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- 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 generally 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 sales tax, wealth tax, employees' state insurance, duty of customs, duty of excise and value added tax. 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.

Reliance Capital Asset Management Limited

Annexure A to the Independent Auditors' Report – 31 March 2016 (Continued)

- 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 fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- 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 explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- 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
22 April 2016

Milind Ranade

Partner

Membership No: 100564

B S R & Co. LLP

Chartered Accountants

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ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF RELIANCE CAPITAL ASSET MANAGEMENT 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 Capital Asset Management Limited ("the Company") as of 31 March 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 CAPITAL ASSET MANAGEMENT
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 31 March 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
22 April 2016

Milind Ranade
Partner
Membership No: 100564

Reliance Capital Asset Management Limited

Balance Sheet

as at 31 March 2016

(Currency: Indian rupees)

	Note	31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3.1	415,200,000	412,700,000
Reserves and surplus	3.2	14,040,575,258	13,045,853,615
		<u>14,455,775,258</u>	<u>13,458,553,615</u>
Non Current Liabilities			
Long - term provisions	3.3	74,405,485	32,121,000
		<u>74,405,485</u>	<u>32,121,000</u>
Current Liabilities			
Trade payables	3.4	588,542,002	860,758,515
Other current liabilities	3.5	711,743,980	455,457,477
Short - term provisions	3.6	3,035,892,132	1,831,052,639
		<u>4,336,178,114</u>	<u>3,147,268,631</u>
TOTAL		<u>18,866,358,857</u>	<u>16,637,943,246</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	3.7	83,334,502	42,274,662
Intangible assets	3.7	33,577,495	26,714,485
Non - current investments	3.8A	5,615,943,119	4,338,947,311
Deferred tax assets	3.9	122,119,522	121,280,561
Long - term loans and advances	3.10	3,771,893,458	2,950,390,722
Other non - current assets	3.11	77,522,821	39,374,623
		<u>9,704,390,917</u>	<u>7,518,982,364</u>
Current assets			
Current investments	3.8B	3,641,197,746	4,110,069,442
Trade receivables	3.12	469,947,616	155,781,800
Cash and bank balance	3.13	418,271,440	242,869,992
Short - term loans and advances	3.14	4,492,991,041	4,442,247,559
Other current assets	3.15	139,560,097	167,992,089
		<u>9,161,967,940</u>	<u>9,118,960,882</u>
TOTAL		<u>18,866,358,857</u>	<u>16,637,943,246</u>

The notes referred to above form an integral part of the financial statements

Significant accounting policies and notes to the accounts 2 and 3

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 Capital Asset Management Limited

Milind Ranade
Partner
Membership No. 100564

Soumen Ghosh
Director
DIN No. 01262099

Kanu Doshi
Director
DIN No. 00577409

Sundeep Sijka
Chief Executive Officer

Prateek Jain
Chief Financial Officer

Mumbai, 22 April 2016

Ajay Patel
Manager

Yogesh Sachdeva
Company Secretary

Reliance Capital Asset Management Limited

Statement of profit and loss

for the year ended 31 March 2016

(Currency: Indian rupees)

	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
Income			
Revenue from operations - management fees	3.16	11,641,971,646	8,218,472,440
Other income	3.17	1,068,183,108	1,082,678,397
Total revenue		12,710,154,754	9,301,150,837
Expenditure			
Employee benefits expenses	3.18	2,018,039,388	1,510,880,036
Administrative and other expenses	3.21	2,104,658,469	1,759,985,666
Marketing and publicity expenses	3.22	3,582,392,822	1,438,655,051
Depreciation	3.7	42,320,281	127,638,007
Total expenses		7,747,410,960	4,837,158,760
Profit before tax and exceptional items		4,962,743,794	4,463,992,077
Exceptional Items	3.36	4,028,535	1,675,187
Profit before tax for the period		4,958,715,259	4,462,316,890
Net Expenses of demerged division for 13-14	3.35	-	29,138,759
Profit before tax		4,958,715,259	4,433,178,131
Income tax expense			
Current tax (Net of MAT credit entitlement)		(1,257,800,000)	(1,022,000,000)
Reversal of previous year		-	136,113,032
MAT credit asset		289,597,687	418,946,604
MAT credit utilised		(289,597,687)	(418,946,604)
Deferred tax		838,962	26,049,929
Profit after tax		3,701,754,221	3,573,341,092
Basic earning per share of Rs. 10 each		321.33	323.21
Diluted earning per share of Rs. 10 each		321.33	322.82

The notes referred to above form an integral part of the financial statements

Significant accounting policies and notes to the accounts 2 and 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 Capital Asset Management Limited

Milind Ranade
Partner
Membership No. 100564

Soumen Ghosh
Director
DIN No. 01262099

Kanu Doshi
Director
DIN No. 00577409

Sundeep Sikka
Chief Executive Officer

Prateek Jain
Chief Financial Officer

Mumbai, 22 April 2016

Ajay Patel
Manager

Yogesh Sachdeva
Company Secretary

Reliance Capital Asset Management Limited

Cash flow statement
for the year ended 31 March 2016
(Currency: Indian rupees)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
A. Cash flow from operating activities		
Profit before tax as per statement of profit and loss for the period	4,958,715,259	4,462,316,890
Adjusted for		
Depreciation	42,320,281	127,638,007
Provision for Wealth Tax	-	22,914
Dividend Income	(96,733,864)	(115,530,915)
Interest Income	(411,308,049)	(689,622,699)
Amortisation of discount / premium on investments	(8,653,265)	-
(Profit) / Loss on sale of Investment (Net)	(544,336,393)	(271,761,828)
Net (gain) or Loss on Foreign Currency Transactions & Translations	1,688,544	848,649
Diminution in Value of Investments	4,028,535	1,675,187
(Profit)/Loss on sale of Fixed Assets	(541,900)	4,952,300
Operating Profit before Working Capital changes	3,945,179,148	3,520,538,505
(Increase) / Decrease in Long Term Loans & Advances	(196,902,213)	(1,395,493,457)
(Increase) / Decrease in Other Non Current Assets	(38,148,198)	(2,739,283)
(Increase) / Decrease in Trade Receivable	(314,165,816)	(51,589,211)
(Increase) / Decrease in Short Term Loans & Advances	349,256,517	(1,705,077,976)
(Increase) / Decrease in Other Current Assets	(8,739,675)	(17,352,177)
Increase / (Decrease) in Long term provisions	42,284,485	8,550,101
Increase / (Decrease) in Short term provisions	(25,989,590)	32,471,379
Increase / (Decrease) in Trade payables	(273,905,057)	119,159,023
Increase / (Decrease) in Other Current Liabilities	256,286,504	122,102,512
Cash generated from Operations	3,735,156,105	630,569,416
Taxes Paid	(1,412,494,621)	(987,497,998)
Refund received (including interest)	-	19,637,781
Net Cash (used) / generated from operating activities	2,322,661,484	(337,290,801)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(93,506,206)	(44,643,090)
Sale of Fixed Assets	3,804,974	1,064,959
Inter Corporate Deposit received	42,000,000	4,500,000,000
Inter Corporate Deposit given	(1,250,000,000)	(315,000,000)
Loan repaid by ESOP Trust (net of loan advanced)	601,280,052	22,413,048
Purchase of Investments	(21,853,739,962)	(17,842,268,195)
Sale of Investments	21,594,576,975	17,147,709,819
Sale of Investments in Subsidiaries	-	52,900,000
Interest Received	448,479,716	689,628,015
Dividend Received	96,733,864	97,614,915
Net Cash from / (used in) Investing Activities	(410,370,587)	4,309,419,471
C. Cash Flow from Financing Activities		
Interim Dividend paid including dividend distribution tax	-	(2,018,205,064)
Dividend paid including dividend distribution tax	(1,736,889,449)	(2,021,673,600)
Net Cash from / (used in) Financing Activities	(1,736,889,449)	(4,039,878,664)
Net increase/(decrease) in cash and cash Equivalents (A+B+C)	175,401,448	(67,749,994)
Opening Balance of Cash and Cash Equivalents	242,869,992	309,598,416
Opening Cash and Cash Equivalents of merged division - Azalia (refer note 3.35)	-	1,021,570
Closing Balance of Cash and Cash Equivalents	418,271,440	242,869,992
Cash and cash equivalents comprising of :		
Cash on Hand	49,248	19,734
Balance with banks in Current Accounts	418,200,373	226,559,166
Cheques in hand	-	16,280,716
Effect of exchange differences on balances with banks in foreign currency	21,819	10,376
Total	418,271,440	242,869,992

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
Reliance Capital Asset Management Limited

Milind Ranade
Partner
Membership No. 100564

Soumen Ghosh
Director
DIN No. 08262059

Kanu Doshi
Director
DIN No. 00577409

Sundeep Sarda
Chief Executive Officer

Prateek Jain
Chief Financial Officer

Mumbai, 22 April 2016

Ajay Patel
Manager

Yogesh Sachdeva
Company Secretary

Reliance Capital Asset Management Limited

Significant accounting policies and notes to the accounts for the year ended 31 March 2016

1 Background

Reliance Capital Asset Management Limited ('the Company') was incorporated on 24 February 1995.

The principal shareholder of the Company as at 31 March 2016 is Reliance Capital Limited.

The Company's principal activity is to act as an investment manager to Reliance Mutual Fund ('the Fund') and to provide Portfolio Management Services ('PMS') and advisory services to clients under Securities and Exchange Board of India (SEBI) Regulations. The Company is registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996. The Company manages the investment portfolio of the Fund and provides various administrative services to the Fund as laid down in the Investment Management Agreement dated 12 August 1997.

2 Significant accounting policies

2.1 Basis of preparation

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. The financial statements are presented in Indian Rupees.

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 Fixed assets and depreciation

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes all expenses incidental to the acquisition of the fixed assets.

Depreciation of fixed assets is provided on straight line in accordance with useful lives specified in Schedule II to the Companies Act, 2013 which are mentioned as under :

Asset Class	Useful Life (years)
Office Equipments	5
Furniture & Fixtures	10
Vehicles	8
IT Equipments – Computers & Printers	3

Leasehold improvements are amortised over the primary period of the lease on straight-line basis or useful life of asset, whichever is lower.

Intangible assets comprising of software purchased / developed and licensing costs are amortised over the useful life of the software up to a maximum of three years commencing from the date on which such software is first utilised.

Goodwill is amortised over estimated useful life or five years, whichever is lower.

The Company provides pro-rata depreciation from the day the asset is put to use and for any asset sold, till the date of sale.

2.4 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

2.5 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.

Reliance Capital Asset Management Limited

Significant accounting policies and notes to the accounts
for the year ended 31 March 2016

2.6 Revenue recognition

Revenue is recognised when there is reasonable certainty of its ultimate realisation/collection.

Revenue From Operation:

Investment Management Fees (net of service tax)

Investment Management fees are recognised on an accrual basis in accordance with Investment Management Agreement and SEBI (Mutual Fund) Regulations, 1996 based on average assets under management (AUM) of Reliance Mutual Fund schemes.

Advisory Fees (net of service tax)

Advisory fees are recognised on an accrual basis in accordance with agreement entered into with respective investment managers / advisors.

Portfolio Management Fees (net of service tax)

Portfolio Management fees are recognised on an accrual basis in accordance with Portfolio Management Agreement entered with respective clients.

Other Income:

Profit or loss on Sale of Investments

The gains/ losses on sale of investments are recognised in the statement of profit and loss on the trade day. Profit or loss on sale of investments is determined on weighted average cost basis.

Interest income is accounted on a time proportion basis.

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

2.7 Transactions in foreign currency

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognised in the statement of profit and loss and related assets and liabilities are accordingly restated in the balance sheet.

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.

Benefits in respect of gratuity, a defined benefit scheme, and superannuation, a defined contribution scheme, as applicable to employees of the Company are annually funded with the Reliance Life Insurance Company Limited and Birla Sun Life Insurance Company Limited respectively.

Leave Encashment

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

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.

Phantom Shares

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

Reliance Capital Asset Management Limited

Significant accounting policies and notes to the accounts

for the year ended 31 March 2016

2.9 New fund offer expenses of mutual fund and PMS schemes

Expenses relating to new fund offer of mutual fund and PMS schemes are charged in the statement of profit and loss in the year in which such expenses are incurred except for distribution cost which is recognised over the duration or clawback period of the scheme for close ended and open ended schemes respectively

2.10 Fund expenses

Expenses incurred on behalf of schemes of Reliance Mutual Fund are recognised in the statement of profit and loss under marketing and publicity expenses unless considered recoverable from the schemes in accordance with the provisions of SEBI (Mutual Fund) Regulations, 1996.

Expenses directly incurred for the schemes of Reliance Mutual Fund are charged to the statement of profit and loss under respective heads. Distribution cost is recognised over the duration or clawback period of the scheme for close ended and open ended schemes respectively.

2.11 Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as Operating Leases. Operating lease rentals are recognised as an expense on straight line basis over the lease period.

2.12 Tax

Current tax

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. NIL (P. Y. Rs. 289,597,687) as at 31 March 2016.

Deferred tax

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised 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.

2.13 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.

2.14 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.

Reliance Capital Asset Management Limited

3. Notes to the accounts

as at 31 March 2016

(Currency: Indian rupees)

3.1 Share Capital

Particulars	As at	
	31 March 2016	31 March 2015
Authorised		
Equity shares, Rs.10 par value		
12,000,000 (12,000,000) equity shares	120,000,000	120,000,000
Preference shares, Rs.100 par value		
3,000,000 (3,000,000) preference shares	300,000,000	300,000,000
	<u>420,000,000</u>	<u>420,000,000</u>
Issued, subscribed and paid up		
Equity Shares, Rs.10 par value		
11,520,000 (11,520,000 shares) equity shares fully paid up	115,200,000	115,200,000
Less : Amount recoverable from Reliance Capital Asset Management Employee Benefits Trust ("ESOP Trust"), (2,00,000 Equity Shares of Rs.10 each allotted to the Trust during the year 2007-08)	-	2,00,000
Less : Amount recoverable from ESOP Trust (50,000 equity shares of Rs.10 each allotted to ESOP Trust during the year 2010-11)	-	500,000
	<u>115,200,000</u>	<u>112,700,000</u>
Preference shares, Rs.100 par value		
3,000,000 (3,000,000 shares) 6% Non-Cumulative Redeemable Preference shares of Rs.100 each	300,000,000	300,000,000
	<u>300,000,000</u>	<u>300,000,000</u>
Total Share Capital	<u>415,200,000</u>	<u>412,700,000</u>

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2016

(Currency: Indian rupees)

I. 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			
	31 March 2016		31 March 2015	
	No. of shares	% held	No. of shares	% held
Reliance Capital Limited ('Holding Company')	5,875,200	51.00	6,478,000	56.23
Nippon Life Insurance Company	5,134,800	44.57	4,032,000	35.00

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

Particulars	As at			
	31 March 2016		31 March 2015	
	No. of shares	Amount	No. of shares	Amount
Equity shares at the beginning and at the end	11,520,000	115,200,000	11,520,000	115,200,000

Particulars	As at			
	31 March 2016		31 March 2015	
	No. of shares	Amount	No. of shares	Amount
Preference shares at the beginning	3,000,000	300,000,000	-	-
Add / (Less): movement during the year	-	-	3,000,000	300,000,000
Preference shares at the end	3,000,000	300,000,000	3,000,000	300,000,000

III. The details of preference shareholders holding more than 5% of preference share capital is set out below :

Name of the shareholder	As at			
	31 March 2016		31 March 2015	
	No. of shares	% held	No. of shares	% held
Reliance Television Private Limited	3,000,000	100.00	3,000,000	100.00

Terms / rights attached to equity shares :

The Company has one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after the distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

IV. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

3,000,000 6% Non-Cumulative Redeemable Preference shares of Rs. 100 each have been issued in the financial year 2014-15 as per the terms of the agreement. (refer note 3.35)

Reliance Capital Asset Management Limited

Notes to the accounts
as at 31 March 2016
(Currency: Indian rupees)

Particulars	As at	
	31 March 2016	31 March 2015
3.2 Reserves and surplus		
Securities premium account		
Opening Balance	5,552,850,300	5,552,850,300
Less : Amount recoverable from ESOP Trust (2,00,000 equity shares of Rs.10 each allotted to ESOP Trust during the year 2007-08)	-	196,160,000
Less : Amount recoverable from ESOP Trust (50,000 equity shares of Rs.10 each allotted to ESOP Trust during the year 2010-11)	-	99,490,000
Balance at the end of the year	<u>5,552,850,300</u>	<u>5,257,200,300</u>
Capital redemption reserve		
Balance at the beginning and at the end of the year	<u>4,406,900</u>	<u>4,406,900</u>
General reserve		
Balance at the beginning of the year	1,265,063,446	1,036,863,081
Add: Amount transferred from surplus	-	254,045,450
Less : Amount utilised for impact of change in depreciation policy	-	25,845,085
Balance at the end of the year	<u>1,265,063,446</u>	<u>1,265,063,446</u>
Surplus		
Balance at the beginning of the year	6,519,182,970	6,954,981,841
Add : Profit after tax for the year	3,701,754,221	3,573,341,092
Profit available for appropriations	<u>10,220,937,191</u>	<u>10,528,322,933</u>
Interim dividend on equity shares	-	(1,681,920,000)
Proposed dividend on equity shares	(2,476,800,000)	(1,440,000,000)
Proposed dividend on preference share	(18,000,000)	(3,106,849)
Tax on Interim dividend	-	(336,285,064)
Tax on proposed dividend	(507,882,579)	(293,782,600)
Transfer to General Reserve	-	(254,045,450)
Balance at the end of the year	<u>7,218,254,612</u>	<u>6,519,182,970</u>
Total Reserves and surplus	<u>14,040,575,258</u>	<u>13,045,853,615</u>

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2016

(Currency: Indian rupees)

Particulars	As at	
	31 March 2016	31 March 2015
3.3 Long - term Provisions		
Provision for Employee benefits:		
Provision for leave encashment	34,616,485	32,121,000
Provision for Phantom shares	39,789,000	-
	<u>74,405,485</u>	<u>32,121,000</u>
3.4 Trade Payables		
Trade payables*	588,542,002	860,758,515
	<u>588,542,002</u>	<u>860,758,515</u>
3.5 Other current liabilities		
Statutory liabilities	183,819,246	79,782,446
Outstanding liabilities against expenses*	527,924,734	375,675,031
	<u>711,743,980</u>	<u>455,457,477</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 the Management).</p>		
3.6 Short - term Provisions		
Provision for Employees' benefit:		
Provision for leave encashment	1,867,483	542,629
Provision for compensated absence cost	31,131,070	28,604,806
Provision for Gratuity	-	30,051,708
Provision for Phantom shares	211,000	-
Proposed Dividend on equity shares (including dividend distribution tax thereon)	2,981,018,202	1,733,150,119
Proposed Dividend on preference shares (including dividend distribution tax thereon)	21,664,376	3,739,330
Provision for income tax (net of advance tax Rs. NIL (PY Rs. 851,945,284))	-	34,964,047
	<u>3,035,892,132</u>	<u>1,831,052,639</u>

Reliance Capital Asset Management Limited

Notes to the accounts
as at 31 March 2016

(Currency: Indian Rupees)

3.7 Fixed Assets

Assets	Gross Block (At Cost)		As at 31.03.2016	Up to 1.4.2015	During the Year	Depreciation Deductions	Addition / Adjustments	Up to 31.03.2016	Net Block As at 31.03.2016
	As at 1.4.2015	Additions							
Tangible assets									
Computer	180,384,332	36,177,502	216,601,433	160,325,809	17,692,287	5,931,268	-	172,086,828	38,514,605
Vehicle	11,209,416	-	10,967,466	5,818,502	1,359,610	220,066	-	6,958,046	4,009,420
Office Equipment	103,625,102	9,164,388	89,727,023	103,279,628	(1,695,663)	22,234,697	-	79,349,268	10,377,755
Furniture	40,043,707	1,893,021	29,923,633	31,788,399	2,470,311	9,913,726	-	24,344,984	5,578,649
Leasehold Improvements	145,336,836	28,054,906	126,476,218	137,112,393	11,140,357	46,630,604	-	101,622,146	24,854,072
Sub Total	480,599,393	75,289,817	467,095,774	438,324,731	30,966,902	84,930,361	-	384,161,272	83,334,502
Intangible assets									
Software	93,022,595	18,216,389	111,238,984	66,308,110	11,353,379	-	-	77,661,489	33,577,495
Sub Total	93,022,595	18,216,389	111,238,984	66,308,110	11,353,379	-	-	77,661,489	33,577,495
Grand Total	573,621,987	93,506,206	578,934,758	504,632,841	42,320,281	84,930,361	-	462,022,761	116,911,997

As at 31 March 2015

Assets	Gross Block (At Cost)		As at 31.03.2015	Up to 1.4.2014	During the Year	Depreciation Deductions	Addition / Adjustments*	Up to 31.03.2015	Net Block As at 31.03.2015
	As at 1.4.2014	Additions							
Tangible assets									
Computer	176,260,869	21,007,884	180,384,332	141,011,470	20,455,348	16,464,651	15,323,642	160,325,809	20,058,523
Vehicle	11,434,816	-	11,209,416	6,982,614	1,429,352	192,020	(2,401,444)	5,818,502	5,390,914
Office Equipment	115,368,654	2,595,634	103,625,102	70,890,727	5,229,764	9,625,996	36,785,133	103,279,628	345,474
Furniture	46,895,411	-	40,043,707	37,484,666	2,808,589	6,059,463	(2,445,393)	31,788,399	8,255,308
Leasehold Improvements	171,912,795	4,370,275	145,336,836	154,573,458	10,081,934	30,887,556	3,344,557	137,112,393	8,224,443
Sub Total	521,872,545	27,973,793	480,599,393	410,947,935	40,004,987	63,229,686	50,606,495	438,324,731	42,274,662
Intangible assets									
Software	75,482,716	17,539,879	93,022,595	49,908,308	16,399,802	-	-	66,308,110	26,714,485
Goodwill	-	59,780,010	59,780,010	-	-	-	59,780,010	59,780,010	-
Sub Total	75,482,716	77,319,889	152,802,605	49,908,308	16,399,802	-	59,780,010	126,088,120	26,714,485
Grand Total	597,355,260	105,293,682	633,401,997	460,851,243	56,404,789	63,229,686	110,386,505	564,412,851	68,989,146

* Includes Rs. 25,845,083 (net of deferred tax of Rs. 13,108,202) adjusted against General Reserve (refer note 3.33)

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2016

(Currency: Indian rupees)

Particulars	Face Value	Quantity	Cost / Fair Value	Quantity	Cost / Fair Value
		As at 31.03.2016	As at 31.03.2016	As at 31.03.2015	As at 31.03.2015
3.8A Non - current investments					
A. Trade Investment (Valued at Cost unless stated otherwise)					
Unquoted Equity Instruments :					
Investment in subsidiaries (Unquoted, fully paid up)					
Reliance Asset Management (Mauritius) Limited	USD 10	196,000	87,662,225	196,000	87,662,225
Reliance Asset Management Singapore Pte Limited	SGD 1	5,742,533	220,189,388	5,742,533	220,189,388
Reliance Asset Management (U.K) PLC	GBP 1	3,240,000	250,310,980	3,240,000	250,310,980
Reliance Capital Pension Fund Limited	INR 10	16,250,000	162,500,000	16,250,000	162,500,000
Reliance AIF Management Company Ltd.	INR 10	510,000	5,100,000	510,000	5,100,000
			<u>725,762,593</u>		<u>725,762,593</u>
Less: Provision for diminution in value of investments			<u>250,310,980</u>		<u>246,282,445</u>
			<u>475,451,613</u>		<u>479,480,148</u>
B. Non - Trade investment (valued at cost less provision for diminution)					
(I) Investments in equity shares (Quoted)					
Reliance Industries Limited	INR 10	49,964	34,254,771	49,964	34,254,771
Reliance Communications Limited	INR 5	24,923	10,518,365	24,923	10,518,365
ICICI Bank Limited	INR 2	20,750	5,005,234	20,750	5,005,234
Kotak Mahindra Bank Limited	INR 5	18,480	5,004,126	9,240	5,004,125
			<u>54,782,496</u>		<u>54,782,496</u>
Less: Provision for diminution in value of investments			<u>8,414,692</u>		<u>8,414,692</u>
			<u>46,367,804</u>		<u>46,367,804</u>
(II) Investments in equity shares (Unquoted)					
MF Utilities India Private Limited	INR 1	500,000	<u>500,000</u>	500,000	<u>500,000</u>
			<u>500,000</u>		<u>500,000</u>
(III) A. Investments in mutual fund (Unquoted)					
Reliance Growth Fund- Direct - Growth Option	INR 10	533,117	411,317,396	424,073	326,317,396
Reliance Vision Fund - Retail Plan - Dividend Plan	INR 10	2,401,851	100,000,000	2,401,851	100,000,000
Reliance Vision Fund - Growth Option	INR 10	-	-	83,008	18,575,049
Reliance Vision Fund - Direct -Growth Option	INR 10	418,830	178,000,000	186,639	80,000,000
Reliance Focused Large Cap Fund -Retail Plan- Growth Plan	INR 10	-	-	29,887	298,871
Reliance Focused Large Cap Fund - Direct - Growth Plan	INR 10	2,469,817	55,000,000	3,184,592	50,000,000
Reliance Equity Opportunities Fund - Direct - Growth Option	INR 10	1,984,745	129,394,402	2,327,740	130,000,000
Reliance Equity Opportunities Fund-Institutional Plan- Dividend Plan	INR 10	2,838,308	110,000,000	2,838,308	110,000,000
Reliance Top 200 Fund- Direct - Growth Plan	INR 10	5,135,907	105,378,609	3,606,879	50,000,000
Reliance Small Cap Fund - Direct - Growth Plan	INR 10	205,854	5,000,000	9,945,091	112,496,875
Reliance Regular Savings Fund - Equity Plan - Growth Plan	INR 10	2,537,754	125,992,810	2,442,629	120,992,810
Reliance Banking Fund - Direct - Growth Plan	INR 10	576,860	85,848,142	85,181	10,000,000
Reliance Long Term Equity Fund - Direct - Growth Plan	INR 10	675,761	21,200,000	533,518	10,000,000
Reliance Media & Entertainment Fund - Direct - Growth Plan	INR 10	343,101	17,800,000	247,238	10,000,000
Reliance Pharma Fund - Direct - Growth Plan	INR 10	149,598	20,400,000	113,726	10,000,000
Reliance Diversified Power Sector Fund - Direct - Growth Plan	INR 10	248,441	17,500,000	185,632	10,000,000
Reliance Regular Savings Fund - Balanced Plan - Growth Plan	INR 10	472,260	19,000,000	352,766	10,000,000
Reliance Index Fund - Nifty Plan - Direct - Growth Plan	INR 10	1,139,982	15,000,000	782,277	10,000,000
Reliance Index Fund - Sensex Plan - Direct - Growth Plan	INR 10	39,472	500,000	39,472	500,000
Reliance Quant Plus Fund - Direct - Growth Plan	INR 10	266,323	5,000,000	266,323	5,000,000
Reliance Arbitrage Advantage Fund-Direct Growth Plan	INR 10	360,085	5,000,000	360,085	5,000,000
Reliance Japan Equity Fund - Direct - Growth Plan	INR 10	5,000,000	50,000,000	5,000,000	50,000,000
Reliance NRI Equity Fund - Direct Plan - Growth Plan	INR 10	83,833	5,000,000	83,833	5,000,000
Reliance Tax Saver Fund-Direct Plan Growth Plan	INR 10	119,547	5,000,000	119,547	5,000,000
Reliance Money Manager Fund - Direct - Growth	INR 10	2,571	5,000,000	-	-
Reliance Liquid Fund - Cash Plan - Direct - Growth Option	INR 1000	2,201	5,000,000	4,761	10,000,000
Reliance Liquid Fund - Treasury Plan - Direct - Growth Option	INR 1000	1,454	5,000,000	3,143	10,000,000
Reliance Liquidity Fund - Direct - Growth Option	INR 1000	2,352	5,000,000	-	-
Reliance Medium Term Fund - Direct - Growth	INR 10	170,328	5,000,000	-	-
Reliance Floating Rate Fund - Short Term Plan - Direct - Growth Plan	INR 10	709,914	15,000,000	487,147	10,000,000
Reliance Gilt Securities Fund - Direct - Growth Plan	INR 10	17,001,929	315,000,000	3,436,142	60,000,000
Reliance Short Term Fund - Direct Plan - Growth Option	INR 10	187,303	5,000,000	-	-
Reliance Dynamic Bond Fund - Direct Plan - Growth Plan	INR 10	259,329	5,000,000	-	-
Reliance Income Fund - Direct - Growth Option	INR 10	107,764	5,000,000	-	-
Reliance Monthly Income Plan - Direct - Growth Plan	INR 10	485,824	15,000,000	339,200	10,000,000
Reliance Regular Savings Fund - Debt Plan - Direct - Growth Plan	INR 10	818,724	15,000,000	562,452	10,000,000
Reliance Corporate Bond Fund - Direct - Growth Plan	INR 10	500,000	5,000,000	500,000	5,000,000
Reliance Retirement Fund - Income Generation Scheme-Direct -Growth	INR 10	4,500,000	45,000,000	4,500,000	45,000,000
Reliance Retirement Fund - Wealth Creation Scheme-Direct -Growth	INR 10	500,000	5,000,000	500,000	5,000,000
Reliance Equity Savings Fund - Direct - Growth Plan	INR 10	500,000	5,000,000	-	-
Reliance US Equity Opportunity Fund - Direct Growth Plan	INR 10	1,500,000	15,000,000	-	-
Reliance Dual Advantage Fixed Tenure Fund VIII - Plan C - Direct - Growth	INR 10	2,000,000	20,000,000	-	-
Reliance Banking & PSU Debt Fund - Direct - Growth Plan	INR 10	500,000	5,000,000	-	-
			<u>1,987,331,361</u>		<u>1,404,181,001</u>

Reliance Capital Asset Management Limited
Notes to the accounts

as at 31 March 2016

(Currency: Indian rupees)

Particulars	Face Value	Quantity	Cost / Fair Value	Quantity	Cost / Fair Value
		As at 31.03.2016	As at 31.03.2016	As at 31.03.2015	As at 31.03.2015
(III) B. Investments in mutual fund (Quoted)					
R* Shares CNX 100 Fund - Dividend Plan	INR 10	360,723	20,000,000	360,723	20,000,000
R* Shares Consumption Fund - Dividend Plan	INR 10	3,746,651	99,999,989	3,746,651	99,999,989
R* Shares Dividend Opportunities Fund - Dividend Plan	INR 10	5,817,301	99,999,986	5,817,301	99,999,986
R* Shares Sensex ETF - Dividend Plan	INR 10	373,070	99,999,958	373,070	99,999,959
R* Shares Nifty ETF - Dividend Plan	INR 10	150,000	11,964,808	150,000	11,964,808
R* Shares Banking ETF - Dividend Plan	INR 10	10,000	17,036,317	10,000	17,036,317
Reliance Close Ended Equity Fund - Series A - Direct - Dividend Plan	INR 10	10,000,000	100,000,000	10,000,000	100,000,000
Reliance Gold savings Fund - Direct - Growth Plan	INR 10	4,731,897	68,413,609	4,764,498	70,000,000
Reliance Fixed Horizon Fund - XXII Series 32 - Dividend Plan	INR 10	5,000,000	50,000,000	5,000,000	50,000,000
Reliance Fixed Horizon Fund - XXV Series 35 - Direct - Growth Plan	INR 10	1,200,000	12,000,000	1,200,000	12,000,000
Reliance Fixed Horizon Fund - XXVI Series 15 - Direct - Growth Plan	INR 10	2,500,000	25,000,000	2,500,000	25,000,000
Reliance Fixed Horizon Fund - XXVI Series 32 - Direct - Growth Plan	INR 10	2,600,000	26,000,000	2,600,000	26,000,000
Reliance Fixed Horizon Fund - XXVII Series 6 - Direct - Growth Plan	INR 10	5,000,000	50,000,000	5,000,000	50,000,000
Reliance Fixed Horizon Fund - XXVII Series 7 - Direct - Growth Plan	INR 10	6,550,000	65,500,000	6,550,000	65,500,000
Reliance Fixed Horizon Fund - XXVIII Series 2 - Direct - Growth Plan	INR 10	300,000	3,000,000	300,000	3,000,000
Reliance Fixed Horizon Fund XXIX - Series 6 - Direct - Growth Plan	INR 10	2,750,000	27,500,000	-	-
Reliance Fixed Horizon Fund - XXXIII Series 19 - Direct - Growth Plan	INR 10	150,000	1,500,000	-	-
Reliance Fixed Horizon Fund - XXX - Series 4 - Direct Growth Plan	INR 10	35,000,000	350,000,000	-	-
Reliance Fixed Horizon Fund - XXX - Series 12 - Direct Growth Plan	INR 10	2,000,000	20,000,000	-	-
Reliance Fixed Horizon Fund - XXX - Series 17 - Direct Growth Plan	INR 10	3,000,000	30,000,000	-	-
Reliance Gold ETF	INR 10	2,250	5,025,219	-	-
R*Shares NV20 ETF	INR 10	13,444	4,999,891	-	-
			1,187,939,777	750,501,059	
(IV) Investments in debentures or bonds (Quoted)					
6.72% IRFC Tax Free Bonds 20-Dec-2020	INR 100000	2,500	250,000,000	2,500	250,000,000
8.30% National Highways Authority Of India Bonds 25-Jan-2027	INR 1000	61,809	61,809,000	61,809	61,809,000
8.30% PFC Tax Free Bonds 01-Feb-2027	INR 1000	300,000	317,666,788	300,000	322,748,400
8.66% NTPC Tax Free Bonds 16-Dec-2033	INR 1000	94,995	94,995,000	94,995	94,995,000
8.76% NHB Tax Free Bonds 13-Jan-2034	INR 5000	36,098	180,490,000	36,098	180,490,000
8.50% NHAI Tax Free Bonds 05-Feb-2029	INR 1000	200,000	200,000,000	200,000	200,000,000
7.11% NTPC Tax Free Bonds 05-Oct-2025	INR 1000	62,457	62,457,000	-	-
7.28% IRFC Tax Free Bond 20-Dec-2030	INR 1000	120,800	120,800,000	-	-
7.35% NHAI Tax Free Bond 10-Jan-2031	INR 1000	42,855	42,855,000	-	-
7.11% PFC Tax Free Bonds 17-Oct-2025	INR 1000	25,670	25,670,000	-	-
			1,356,742,788	1,110,042,400	
(V) Investment in Preference Shares (Unquoted, Fully Paid Up)					
L&T Finance Holdings Limited - 8.40% Cumulative Preference Shares	INR 100	3,010,000	304,185,547	3,010,000	307,501,600
Zee Entertainment Enterprises Limited - 6% Cumulative Preference Shares	INR 1	298,600,000	257,424,229	298,600,000	240,373,299
			561,609,776	547,874,899	
Total Non Current Investments			5,615,943,119	4,338,947,311	
Notes:					
1. Quoted investments					
Aggregate of Book value			2,591,050,369	1,906,911,263	
Aggregate of Market value			2,294,913,568	2,099,701,911	
2. Unquoted investments					
Aggregate of Book value			3,024,892,750	2,432,036,048	
3. Provision for diminution in value of investments					
			258,725,672	254,697,137	

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Particulars	Face Value	Quantity As at 31.03.2016	Cost / Fair Value As at 31.03.2016	Quantity As at 31.03.2015	Cost / Fair Value As at 31.03.2015
3.8B Current investments					
A. Current Portion of Long Term Investment (Quoted) at cost					
(I) Investment in Mutual Fund (Quoted)					
Reliance Fixed Horizon Fund - XXII Series 21 - Growth Plan	INR 10	-	-	5,000,000	50,000,000
Reliance Fixed Horizon Fund - XXII Series 34 - Dividend Plan	INR 10	-	-	6,250,000	62,500,000
Reliance Fixed Horizon Fund - XXV Series 12 - Direct - Growth Plan	INR 10	-	-	5,000,000	50,000,000
Reliance Fixed Horizon Fund - XXV Series 19 - Direct - Growth Plan	INR 10	-	-	10,000,000	100,000,000
Reliance Fixed Horizon Fund - XXV Series 21 - Direct - Growth Plan	INR 10	-	-	3,000,000	30,000,000
Reliance Fixed Horizon Fund - XXV Series 22 - Direct - Growth Plan	INR 10	-	-	5,500,000	55,000,000
Reliance Fixed Horizon Fund - XXVI Series 17 - Direct - Growth Plan	INR 10	-	-	25,000,000	250,000,000
					<u>597,500,000</u>
(II) Investment in Preference Shares (Unquoted, fully paid up)					
L&T Finance Holdings Limited - 8.75% Cumulative Preference Shares	INR 100	-	-	1,141,136	114,113,600
					<u>114,113,600</u>
B. Current investments (At cost or market value whichever is less)					
(I) Investment in Mutual Fund (Unquoted)					
Reliance Liquid Fund - Treasury Plan - Direct - Growth Option	INR 1000	158,882	585,828,790	-	-
Reliance Liquidity Fund - Direct - Growth Option	INR 1000	-	-	16,349	34,379,712
Reliance Medium Term Fund - Direct - Growth	INR 10	25,301,483	800,000,000	2,748,404	78,056,165
Reliance Money Manager Fund - Direct - Growth	INR 10	-	-	7,025	13,456,018
Reliance Short Term Fund - Growth Plan - Growth Option	INR 10	7,502,553	152,720,701	20,260,322	412,415,692
Reliance Short Term Fund - Direct Plan - Growth Option	INR 10	11,357,467	275,167,579	11,357,467	275,167,579
Reliance Income Fund - Growth Plan - Growth Option	INR 10	5,279,636	200,000,000	5,279,636	200,000,000
Reliance Dynamic Bond Fund - Direct Plan - Growth Plan	INR 10	74,192,960	1,207,480,676	74,192,960	1,207,480,676
			<u>3,221,197,746</u>		<u>2,220,955,842</u>
(II) Investment in mutual fund (Quoted)					
Reliance Fixed Horizon Fund - XXVI Series 22 - Growth Plan	INR 10	-	-	7,500,000	75,000,000
Reliance Fixed Horizon Fund - XXVI Series 24 - Growth Plan	INR 10	-	-	5,000,000	50,000,000
Reliance Fixed Horizon Fund - XXVI Series 29 - Growth Plan	INR 10	-	-	250,000	2,500,000
Reliance Yearly Interval Fund - Series 1 - Direct Plan - Growth Plan	INR 10	18,380,495	200,000,000	18,380,495	200,000,000
Reliance Yearly Interval Fund - Series 3 - Direct Plan - Growth Plan	INR 10	10,000,000	100,000,000	10,000,000	100,000,000
Reliance Yearly Interval Fund - Series 7 - Direct Plan - Growth Plan	INR 10	-	-	9,178,775	100,000,000
Reliance Interval Fund - II - Series 4 - Direct Plan - Growth Plan	INR 10	12,000,000	120,000,000	12,000,000	120,000,000
Reliance Interval Fund - Quarterly Plan - Series 1 - Direct - Growth Plan	INR 10	-	-	1,632,067	30,000,000
Reliance Quarterly Interval Fund - Series II - Direct - Growth Plan	INR 10	-	-	26,423,709	500,000,000
			<u>420,000,000</u>		<u>1,177,500,000</u>
Total Current Investments			<u><u>3,641,197,746</u></u>		<u><u>4,110,069,442</u></u>
Notes:					
1. Quoted investments					
Aggregate of Book value			420,000,000		1,775,000,000
Aggregate of Market value			<u>520,487,735</u>		<u>1,924,283,402</u>
2. Unquoted investments					
Aggregate of Book value			<u>3,221,197,746</u>		<u>2,335,069,442</u>

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2016

(Currency: Indian rupees)

Particulars	As at	
	31 March 2016	31 March 2015
3.9 Deferred tax assets		
<i>Deferred tax asset arising on account of timing differences in:</i>		
Depreciation on fixed assets	70,387,161	86,355,095
Employees' compensation	47,637,888	31,034,001
Straightlining of lease rentals	4,094,473	3,891,465
	<u>122,119,522</u>	<u>121,280,561</u>
3.10 Long - term loans and advances		
Capital advances	14,213,574	6,373,782
Loans and advances to related parties (Unsecured, considered good)		
Intercorporate deposits to related parties	123,000,000	65,000,000
Loan to ESOP trust	-	303,130,052
Parties other than related parties (Unsecured, considered good)		
Intercorporate deposits	1,000,000,000	250,000,000
Loans to employees	1,500,000	1,500,000
Security deposits	55,166,257	134,667,993
Advances recoverable in cash or in kind or for value to be received	1,252,713,195	2,405,775
Prepaid expenses	938,777,905	1,920,521,167
Advance tax paid	386,522,527	266,791,952
(net of provision of income tax Rs. 3,568,193,646 (PY Rs. 1,419,350,432))		
	<u>3,771,893,458</u>	<u>2,950,390,721</u>
3.11 Other non - current assets		
Other bank balances		
Fixed Deposits with residual maturity of more than 12 months (including accrued interest)	77,522,821	39,374,623
	<u>77,522,821</u>	<u>39,374,623</u>
The above deposits have been liened for business purpose (Refer Note 3.24)	77,522,821	39,374,623
3.12 Trade receivables		
(Unsecured, considered good)		
Outstanding for more than six months	-	-
Others	469,947,616	155,781,800
	<u>469,947,616</u>	<u>155,781,800</u>
3.13 Cash and bank balance		
Cash and cash equivalents		
Cash on hand	49,248	19,734
Balance with banks in current accounts	168,222,192	226,569,542
Fixed deposits	250,000,000	-
Cheques in hand	-	16,280,716
	<u>418,271,440</u>	<u>242,869,992</u>
3.14 Short - term loans and advances		
Loans and advances to related parties (Unsecured, considered good)	7,653,079	11,066,750
Intercorporate deposits to related parties	400,000,000	-
Parties other than related parties (Unsecured, considered good)		
Intercorporate deposits	1,750,000,000	1,750,000,000
Loans to employees	7,938,777	1,625,504
Prepaid expenses	1,732,134,413	2,155,684,304
Security deposits	82,218,546	-
Service Tax Credit-Unutilised	411,620,691	345,742,604
Advances recoverable in cash or in kind or for value to be received	90,743,146	167,446,008
Advance Tax Paid (net of provision of income tax Rs. NIL (PY Rs. NIL))	10,682,389	10,682,389
	<u>4,492,991,041</u>	<u>4,442,247,559</u>
3.15 Other current assets		
Dividend receivable	17,916,000	17,916,000
Interest accrued on loans	-	121,022
Interest accrued on bonds	95,552,245	132,602,890
Income accrued	26,091,852	17,352,177
	<u>139,560,097</u>	<u>167,992,089</u>

Reliance Capital Asset Management Limited

Notes to the accounts
for the year ended 31 March 2016
(Currency: Indian rupees)

Particulars	Year ended	
	31 March 2016	31 March 2015
3.16 Revenue from operations - Management fees		
Investment Management Fees (net of service tax)	11,208,782,956	7,943,349,093
Portfolio Management Fees (including advisory fees net of service tax)	433,188,690	275,123,347
	<u>11,641,971,646</u>	<u>8,218,472,440</u>
3.17 Other income		
Dividend on:		
Long term investment	96,733,864	115,530,915
Profit on sale of investments (Net)		
Long term investment	455,465,124	187,930,817
Current investment	88,871,269	83,831,011
Interest Income		
Long term investment	94,090,137	87,914,214
Current investment	2,343,698	-
Interest on Inter corporate deposit	306,356,094	597,679,479
Interest on others	8,518,120	4,029,006
Others	15,804,802	5,762,955
	<u>1,068,183,108</u>	<u>1,082,678,397</u>
3.18 Employee benefit expenses		
Salaries, allowances and bonus	1,867,218,361	1,404,864,415
Contribution to provident and other funds	73,037,522	67,209,078
Staff welfare expenses	77,783,505	38,806,543
	<u>2,018,039,388</u>	<u>1,510,880,036</u>

3.19 Employees Stock Option Plan (ESOP) :

(i) a) Pursuant to the shareholder's resolution dated 20 September 2007 the Company introduced Employee Stock Option Plan I - 2007 under which the Company may grant options to its employees from time to time. The grant of options to the employees under the ESOP scheme is on the basis of their performance and other eligibility criteria. The Plan has been amended and restated vide shareholder's resolution dated 3 February 2011.

b) On 21 December 2007, the Company issued 200,000 equity shares at a price Rs. 2,000 per equity share to Reliance Capital Asset Management Employee Benefits Trust ("The Trust") pursuant to the above Plan.

(ii) a) Pursuant to the shareholder's resolution dated 3 February 2011, the Company introduced Employee Stock Option Plan II - 2011 under which the Company may grant options to its employees from time to time. The grant of options to the employees under the ESOP scheme is on the basis of their performance and other eligibility criteria.

b) On 30 March 2011, the Company issued 50,000 equity shares at a price Rs. 3,009 per equity share to the Trust.

(iii) All above options are planned to be settled in cash or equity at the time of exercise and have maximum period of 7 years from the date of vesting. The options existing during the year are as follows:

a) Year 2007

The option under ESOP I - 2007 at an exercise price of Rs. 2,000 per share and vest on a graded basis as follows:

Grant date	28 Sept 2007
Vesting schedule	
on completion of 3 years	30%
on completion of 4 years	30%
on completion of 5 years	40%

Reliance Capital Asset Management Limited

Notes to the accounts

for the year ended 31 March 2016

b) Year 2011

The option under ESOP I - 2007 at an exercise price of Rs. 3,009 per share and vest on a graded basis as follows

Grant date	30 March 2011
Vesting schedule	
on completion of 1 year	30%
on completion of 2 years	30%
on completion of 3 years	40%

c) Year 2011

The option under ESOP I - 2007 and Plan II - 2011 at an exercise price of Rs. 3,009 per share and vest on a graded basis as follows:

Grant date	30 March 2011
Vesting schedule	
on completion of 1 year	10%
on completion of 2 years	10%
on completion of 3 years	20%
on completion of 4 years	20%
on completion of 5 years	40%

(iv) The information concerning stock options granted, exercised, forfeited and outstanding at the year-end is as follows:

	As at 31 March 2016		As at 31 March 2015	
	Number of stock options	Weighted average exercise price (Rs.)	Number of stock options	Weighted average exercise price (Rs.)
Number of shares under option:				
a) Year 2007				
Outstanding at beginning of year	-	-	1,100	2,000
Granted	-	-	-	-
Exercised	-	-	-	-
Cancelled or expired	-	-	1,100	2,000
Outstanding at the year end	-	-	-	-
Exercisable at end of year	-	-	-	-
b) Year 2011				
Outstanding at beginning of year	810	3,009	14,175	3,009
Granted	-	-	-	-
Exercised	650	3,009	12,965	3,009
Cancelled or expired	160	-	400	-
Outstanding at the year end	-	-	810	3,009
Exercisable at end of year	-	-	810	3,009
c) Year 2011				
Outstanding at beginning of year	70,385	3,009	97,595	3,009
Granted	-	-	-	-
Exercised	63,476	3,009	22,930	3,009
Cancelled or expired	6,909	-	4,280	-
Outstanding at the year end	-	3,009	70,385	3,009
Exercisable at end of year	-	3,009	23,995	3,009

The scheme has been wind up in current year.

(v) The fair value of the options granted was estimated on the date of grant using the Black- Scholes model with the following assumptions

	Year ended 31 March 2016	Year ended 31 March 2015
Risk free interest rate		8%
Expected life	Scheme Closed	7 years
Dividend yield		0.00%

(vi) The Company has chosen to account for the Plan by the Intrinsic Value Method. The total expense recognised for the period arising from stock option plan as per Intrinsic Value Method is Rs.Nil (PY Rs. Nil). The net results for the year, had the Company adopted the Fair Value Method, would have been lower by Rs. NIL (PY Rs. 12,483,828) and accordingly basic and diluted EPS would have been lower by Rs. NIL and Rs. NIL respectively (PY impact Rs. 1.13 and Rs. 1.13).

Reliance Capital Asset Management Limited

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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. 56,145,001 (PY Rs. 52,180,321) is recognised as an expense for provident fund and superannuation fund included in "Employee Costs" - refer note "3.18" 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 - Funded		Leave Benefit - Unfunded	
	2016	2015	2016	2015
a. Present value of Defined Benefit Obligation at the beginning of the year	94,169,252	52,737,106	32,663,629	24,141,200
b. Interest cost	7,542,957	4,920,372	2,613,090	2,071,528
c. Current service cost	12,047,863	8,126,742	8,165,907	20,123,243
d. Actuarial Losses / (Gains)	33,524,596	32,942,970	(1,567,932)	(11,423,899)
e. Benefits paid	(17,147,439)	(4,557,938)	(5,390,726)	(2,248,443)
f. Present value of Defined Benefit Obligation at the close of the year	130,137,229	94,169,252	36,483,968	32,663,629

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

	Gratuity Benefit - Funded		Leave Benefit - Unfunded	
	2016	2015	2016	2015
a. Fair value of Plan Assets at the beginning of the year	64,117,544	59,153,647	-	-
b. Add: Expected return on Plan Assets	5,135,815	5,519,035	-	-
c. Add / (Less) : Actuarial (Losses) / Gains	(2,412,297)	4,002,800	-	-
d. Add: Contributions	81,851,708	-	5,390,726	2,248,443
e. Less: Benefits Paid	(17,147,439)	(4,557,938)	(5,390,726)	(2,248,443)
f. Fair value of Plan Assets at the close of the year	131,545,331	64,117,544	-	-

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 - Funded		Leave Benefit - Unfunded	
	2016	2015	2016	2015
a. Present value of Defined Benefit obligation	130,137,229	94,169,252	36,483,968	32,663,629
b. Less: Fair value of Plan Assets	131,545,331	64,117,544	-	-
c. Present value of unfunded obligation	(1,408,102)	30,051,708	36,483,968	32,663,629
d. Net Liability/(Asset) recognised in the Balance sheet	-	30,051,708	36,483,968	32,663,629

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

	Gratuity Benefit - Funded		Leave Benefit - Unfunded	
	2016	2015	2016	2015
a. Current Service Cost	12,047,863	8,126,742	8,165,907	20,123,243
b. Interest Cost	2,407,142	(598,663)	2,613,090	2,071,528
c. Expected return on Plan Assets	-	-	-	-
d. Actuarial Losses / (Gains)	35,936,893	28,940,170	(1,567,932)	(11,423,899)
e. Past service costs	-	-	-	-
f. Effect of curtailment / settlement	-	-	-	-
g. Adjustments for earlier years Recognised in the Statement of Profit and Loss	-	-	-	-
h. Total	50,391,898	36,468,249	9,211,065	10,770,872

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

	Gratuity Benefit - Funded		Leave Benefit - Unfunded	
	2016	2015	2016	2015
a. Government of India Securities	44.64%	29.63%	UNFUNDED	UNFUNDED
b. State Government Securities	-	-		
c. Corporate Bonds	33.10%	45.50%		
d. Fixed Deposit under Special Deposit Scheme	-	-		
e. Equity Shares	19.36%	19.49%		
f. Money market instruments	2.90%	5.38%		
g. Public Sector Bonds	-	-		
i. Property	-	-		
	100.00%	100.00%		

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for the year ended 31 March 2016

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vi. Actuarial Assumptions as the Balance sheet date:

		Gratuity		Leave Benefit	
		2016	2015	2016	2015
a.	Discount Rate	7.72%	8.01%	7.72%	8.00%
b.	Expected rate of return on Plan Assets	7.72%	8.01%	-	-
c.	Salary Escalation rate -- Management Staff	6.00%	6.00%	6.00%	6.00%
d.	Attrition rate	For Service 4 yrs & below 16% p.a. & 6% thereafter	For Service 4 yrs & below 25% p.a. & 2% thereafter	For Service 4 yrs & below 16% p.a. & 6% thereafter	1% throughout

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.

b. **Leave Plan :**

Encashment of leave can be availed by the employee for the balance in the earned account as on 1 January 2009. All carry forward earned leaves are available for availment but not encashment. Leave can be encashed subject to available balance of more than 15 days.

viii. Five-year information

Amounts for the current and the previous four years are as follows:

	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Gratuity					
Defined benefit obligation	130,137,229	94,169,252	52,737,106	53,298,873	41,578,818
Fair value of plan assets	131,545,331	64,117,544	59,153,647	63,305,699	50,322,116
(Surplus) / deficit in the plan	(1,408,102)	66,519,957	(6,416,541)	(10,006,826)	(8,743,298)

C Other employee benefits :

i. Details of phantom stock/units granted subject to the term and conditions as per Phantom stock scheme:

Date of grant	01 December 2015
Appreciation as per Phantom stock Option	Excess of 'fair market value of share on the date of exercise' / 'NAV of unit on the date of exercise' determined in term of the Phantom Stock Option Scheme over 'the Base Price' / 'the Base NAV'
Exercise Period	In case of continuation of employment: Vested Phantom Stock Options can be exercised any time up to 3 year from the date of last vesting of Phantom stock Options; and In case of cessation of employment : Different periods depending on kind of cessation as per provision of the Phantom Stock Option scheme.
Settlement of Phantom Stock Options	Within 90 days from the date of exercise by cash.

ii. The fair value of the options granted was estimated on the date of grant with the following assumptions:

Particulars	Phantom Stock Option Scheme, 2015
Discount rate	7.72%
Expected Life	5 years

iii. The Company's liability towards the scheme is accounted for on the basis of an independent actuarial valuation done at the year end. The valuation of the shares/units is done considering the intrinsic value and the progression of share/unit price up to the exercise of the option.

Reliance Capital Asset Management Limited

Notes to the accounts

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(Currency: Indian rupees)

Particulars	Year ended	
	31 March 2016	31 March 2015
3.21 Administrative and other expenses		
Legal and Professional Charges	317,493,725	286,221,489
Rent	152,679,550	94,437,095
Conveyance and Travelling	81,613,223	69,108,868
Communication	60,537,630	61,834,374
Filing fees and Stamp duty	27,333,206	29,543,053
Office Administration	74,986,468	67,964,937
Membership and Subscription	31,816,729	30,236,571
Electricity	31,916,726	27,424,198
Seminar and Training	35,523,545	19,904,691
Repairs and Maintenance	73,526,772	40,187,889
Printing and Stationary	47,615,492	73,704,114
Software Repair and Maintenance	87,646,089	67,642,741
Courier charges	87,710,773	104,718,130
Insurance	19,536,239	6,566,872
Auditors Remuneration:		
Audit fees	1,800,000	1,600,000
Certification matters	-	100,000
Other matters	1,553,029	2,000,000
Out of Pocket expenses	24,000	65,934
Director Sitting Fees	3,115,801	2,250,001
Donation	634,720	316,391
Net loss on foreign currency transactions and translations	-	848,649
Outsourced business service (Refer note 2.10)	802,248,651	649,162,494
Miscellaneous Expenses	71,006,153	33,733,035
(Profit) / Loss on sale of fixed assets	(541,900)	4,952,300
Corporate social responsibility expense	76,730,000	69,427,000
Rates and Taxes	18,151,848	16,034,850
	<u>2,104,658,469</u>	<u>1,759,985,676</u>
3.22 Marketing and publicity expenses		
Marketing expenses	378,254,504	386,279,906
Advertisement	249,466,756	182,522,495
Brokerage and Incentives	2,954,671,562	869,852,650
	<u>3,582,392,822</u>	<u>1,438,655,051</u>
3.23 Future minimum lease payments in respect of non-cancellable operating lease for premises:		
	2016	2015
a) Not later than one year	-	19,449,829
b) Later than one year and not later than five years	-	-
c) Later than five years	-	-
	<u>-</u>	<u>19,449,829</u>
3.24 Contingent liability and commitments:		
	2016	2015
a) Contingent liability		
Guarantees to Banks and Financial Institutions (against Fixed deposits)	110,900,850	100,848,500
Claims against the Company not acknowledged as debts	50,576,188	43,397,960
	<u>161,477,038</u>	<u>144,246,460</u>
b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided.	8,357,509	21,607,329

Reliance Capital Asset Management Limited

Notes to the accounts

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3.25 Related Party Disclosure:

A. List of Related Parties and their relationship:

i) Holding Company

Reliance Capital Limited

ii) Subsidiary of Holding Company

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

iii) Subsidiaries

Reliance Asset Management (Singapore) Pte Limited

Reliance Asset Management (Mauritius) Limited

Reliance Capital Asset Management (UK) Limited (formerly Reliance Capital Asset Management (UK) Plc)

Reliance Capital Pension Fund Limited

Reliance AIF Management Company Limited

iv) Significant Shareholders

Nippon Life Insurance Company

B. Significant influence:

Reliance Communications Infrastructure Limited

Reliance Communications Limited

Zapak Digital Entertainment Limited

Reliance Capital Asset Management Limited

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C. Transaction during the year with related parties:

Sr. No.	Nature of Transaction	Holding Company	Subsidiary	Fellow Subsidiary	Significant Shareholder	Significant Influence	Total
A	Inter corporate deposit given						
	Reliance AIF Management Company Ltd.	-	100,000,000 (92,500,000)	-	-	-	100,000,000 (92,500,000)
	Reliance Securities Limited	-	-	400,000,000	-	-	400,000,000
B	Repayment of inter corporate deposit						
	Reliance Capital Limited	(4,500,000,000)	-	-	-	-	(4,500,000,000)
	Reliance AIF Management Company Ltd.	-	42,000,000 (27,500,000)	-	-	-	42,000,000 (27,500,000)
C	Sale of equity shares of Reliance Capital Pension Fund Ltd						
	Reliance Gilts Limited	-	-	(52,900,000)	-	-	(52,900,000)
D	Interest income						
	Reliance Capital Limited	(364,863,014)	-	-	-	-	(364,863,014)
	Reliance AIF Management Company Ltd.	-	8,924,672 (1,121,161)	-	-	-	8,924,672 (1,121,161)
	Reliance Securities Limited	-	-	493,150	-	-	493,150
E	Director Sitting Fees						
	Nippon Life Insurance Company	-	-	-	630,000 (650,000)	-	630,000 (650,000)
F	Rent and Other Expenses						
	Reliance General Insurance Company Ltd.	-	-	530,644 (738,104)	-	-	530,644 (738,104)

Reliance Capital Asset Management Limited

Notes to the accounts
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C. Transaction during the year with related parties:

Sr. No.	Nature of Transaction	Holding Company	Subsidiary	Fellow Subsidiary	Significant Shareholder	Significant Influence	Total
G	Insurance Charges (net of claims received) Reliance General Insurance Company Ltd.	-	-	31,065,757 (24,617,233)	-	-	31,065,757 (24,617,233)
H	Travelling expenses Reliance Money Express Ltd.	-	-	(7,743)	-	-	(7,743)
I	Brokerage Reliance Money Solutions Private Limited Reliance Wealth Management Limited Reliance Securities Ltd	-	-	2,085,477 (6,632) (6,378,750) 764,859 (3,107,673)	-	-	2,085,477 (6,632) (6,378,750) 764,859 (3,107,673)
J	Reimbursement of Expenses charged Reliance Capital Limited Reliance Capital Pension Fund Limited Reliance AIF Management Company Ltd.	(190,127)	457,846 (406,080)	21,333,969 (15,905,351)	-	-	(190,127) 457,846 (406,080) 21,333,969 (15,905,351)
K	Reimbursement of Expenses paid Reliance Capital Limited Nippon Life Insurance Company	17,407,586 (21,503,549)	-	-	2,409,576 (2,556,704)	-	17,407,586 (21,503,549) 2,409,576 (2,556,704)
L	Management fee expense Reliance Capital Limited	60,000,000 (60,000,000)	-	-	-	-	60,000,000 (60,000,000)

C. Transaction during the year with related parties:

Sr. No.	Nature of Transaction	Holding Company	Subsidiary	Fellow Subsidiary	Significant Shareholder	Significant Influence	Total
M	Advisory Fee income	-	15,339,456	-	-	-	15,339,456
	Reliance Asset Management (Singapore) Pte Ltd	-	(7,961,229)	-	-	-	(7,961,229)
N	Communication Expenses	-	-	-	-	19,759,365	19,759,365
	Reliance Communications Infrastructure Limited	-	-	-	-	-	-
	Reliance Communication Limited	-	-	-	-	28,034,470	28,034,470
O	Marketing Expenses	-	-	-	-	28,863,392	28,863,392
	Zapak Digital Entertainment Ltd	-	-	-	-	-	-
II	Balances outstanding at the end of the year						
A	Loans and advances to Related Parties						
	Reliance Securities Limited	-	-	400,000,000	-	-	400,000,000
	Reliance AIF Management Company Ltd.	-	123,000,000 (65,000,000)	-	-	-	123,000,000 (65,000,000)
	Reliance Life Insurance Company Limited	-	-	8,846,176	-	-	8,846,176
	Reliance Asset Management (Singapore) Pte Ltd	-	(5,292,787)	-	-	-	(5,292,787)
	Reliance General Insurance Company Ltd.	-	-	7,653,079 (11,066,750)	-	-	7,653,079 (11,066,750)

Refer note 3.8A(A) for investment in subsidiaries

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

Reliance Capital Asset Management Limited

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3.26 Earning Per Share (EPS)

	2016	2015
Net profit attributable to equity shareholders (after preference dividend)	3,701,754,221	3,573,341,092
Weighted average number of equity shares outstanding	11,520,000	11,055,895
Basic EPS	321.33	323.21
Effect of potential equity shares on exercise of employee stock	-	13,338
Weighted average number of equity shares outstanding	11,520,000	11,069,233
Diluted EPS	321.33	322.82

For the previous year the equity shares issued to the ESOP Trust under the Company's ESOP Plan are not considered for calculation of EPS. The options which are considered to be dilutive due to exercise price lower than the fair value of the equity shares are included in calculation of diluted EPS.

3.27 Corporate social responsibility (CSR)

- a) Gross amount required to be spent by the company during the year was Rs.76,727,003/- as per calculation
b) Amount spend during the year on :

Particulars	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any assets	-	-	-
On purposes other than above	76,730,000	-	76,730,000

3.28 Expenditure in foreign currency (including expenses incurred at Foreign Branch):

	2016	2015
Salary and Benefits	26,981,151	24,075,186
Travelling	5,925,475	5,692,699
Professional Fees and Consultancy	14,890,234	8,852,534
Other Expenses	4,908,941	15,480,537
	<u>52,705,802</u>	<u>54,100,956</u>

3.29 Earnings in foreign currency:

	2016	2015
PMS & Advisory Fees	199,779,200	48,910,372
	<u>199,779,200</u>	<u>48,910,372</u>

3.30 Segment Reporting

The Company is in the business of providing asset management services to the fund and portfolio management service to clients. The primary segment is identified as asset management services. As such the Company's financial statements is largely reflective of the asset management business and there is no separate reportable segment.

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.

3.31 The Company has proposed a dividend of Rs. 215 (P.Y. Rs. 125) per equity share for the year ended 31 March 2016.

3.32 Dividend remittances in foreign currency:

The Company remits the dividend to all shareholders including non-resident shareholders in Indian rupees (INR).

3.33 Depreciation:

In financial year 14-15, the Company has changed the method of depreciation from Written down value method (WDV) to Straight line method basis (SLM). The change has been made for all fixed assets except assets given on operating lease where SLM was already adopted.

With regard to assets where the useful life based on Schedule II has expired, their WDV aggregating Rs. 25,845,085 (net of deferred tax of Rs. 13,308,202) has been adjusted against the opening reserves of previous year.

As a result of the change in the method of depreciation, an amount of Rs. 11,453,208 has been written off in FY 14-15.

As a result of revision in useful life of assets, the depreciation for the period ended 31 March 2015 is lower by Rs. 246,170

3.34 The Company along with Reliance Capital Trustee Co. Limited has entered into an agreement jointly with Goldman Sachs asset Management (India) Private Limited, Goldman Sachs Trustee Company (India) Private Limited and Goldman Sachs Asset Management, L.P., on 20 October, 2015 to acquire the Asset Management Rights of the mutual fund schemes of Goldman Sachs Asset Management (India) Private Limited for consideration of USD 37.50 million, subject to necessary regulatory approvals.

As on 31 March 2016, the company has deposited USD 18.75 million in an escrow account for the acquisition of the above mentioned rights as per the terms of the agreement and balance shall be paid after obtaining various regulatory approvals and fulfilling the conditions of the agreement.

Reliance Capital Asset Management Limited

Notes to the accounts
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3.35 (i) Pursuant to the Scheme of Arrangement ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 sanctioned by the Hon'ble Bombay High Court vide Order dated 07 November 2014 and filed with the Registrar of Companies (RoC) on 26 November, 2014 ("the Effective date"), Digital Marketing division ("the division") of Azalia Distribution Private Limited ("ADPL", "Demerged Company"), engaged in the business of providing digital marketing services to financial products and other related research has been demerged into the Company ("Resulting Company") with effect from the 01 April 2013 ("the Appointed date")

(ii) The salient features of the scheme are as under:

- The Resulting Company shall record the assets and liabilities pertaining to the Demerged Undertaking, at their respective book values as appearing in the books of the Demerged Company.
- The Resulting Company shall credit to its share capital account, the aggregate face value of the Preference Shares issued;
- Inter-company balances and transaction between the Resulting Company and the Demerged Undertaking of the Demerged Company, if any, will stand cancelled;
- The difference being excess of assets over liabilities recorded by the Resulting Company shall be credited to the Capital Reserve Account.
- If considered appropriate for the purpose of application of uniform accounting methods and policies between the Demerged Company and the Resulting Company, the Resulting Company may make suitable adjustments to its accounting methods and policies and debit the difference to its General Reserve Account.
- As agreed by the management of ADPL and the Company w.e.f. the Appointed date, the following assets and liabilities of the division have been demerged at their respective book values on the basis of the audited accounts of ADPL.

Particulars	Amount
Fixed Assets	14,492,045
Current Assets	490,832,821
Liabilities	265,104,876

g) Consideration for arrangement: Fully paid-up 6% Non-Cumulative Redeemable Preference Shares of Rs 30 Crores (Rupees Thirty Crores only) comprising of 3,000,000 6% Non-Cumulative Redeemable Preference Shares issued at a face value of Rs. 100/- each will be issued to equity shareholders of ADPL.

h) Excess of liabilities over assets amounting to Rs 59,780,010/- has been treated as Goodwill. The Goodwill has been written off during the year.

(iii) According to the scheme, with effect from the Appointed date, ADPL has carried out all the business activities of the division in trust till the scheme became effective. Shareholders of ADPL had infused funds by way of Capital to the extent of Rs. 591,947,123/- between April 2013 and December 2013 into ADPL. The said funds were used for settlement of dues of creditors pertaining to the expense of demerged division for FY 13-14. As per the understanding between the parties, the above does not create any liability on the Resulting Company.

(iv) Total impact in Profit & Loss Account of previous period on account of previous year (FY 13-14) transactions pertaining to the division is as below:

Particulars	Amount
Business Income	38,504,678
Employee Expenses	(18,785,413)
Other Administrative & Business expenses	(634,938,642)
Depreciation	(9,498,829)
Share Capital Infused in ADPL in FY 13-14 as referred to in para (iii) above	591,947,123
Inter Division balances	3,632,324
Net Loss for FY 13-14 charged to P&L as "Net Expenses of demerged division for 13-14"	29,138,759

(v) Operations of the division for the current year, 2014-15, are included under the appropriate heads of income and expenses aggregating to total income Rs. 11,020,669 and total expenses Rs. 14,747,196

3.36 International Subsidiaries:

The Company has applied for strike off of the UK subsidiary to the Companies House, Register of Companies London. Pending liquidation the company has provided for diminution in the value of investments. In FY 14-15, loss of Rs. 369,369,332 on account of liquidation of Malaysian subsidiary adjusted against reversal of Rs. 369,369,332 diminution provided in earlier years.

Reliance Capital Asset Management Limited

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- 3.37 The Company has developed a system of maintenance of information and documents as required by the transfer pricing legislation under section 92 – 92F of the Income Tax Act, 1961. Management is of the opinion that all relevant transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statement, particularly on the amount of tax expense and that of provision for taxation.

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 Capital Asset Management Limited

Milind Ranade
Partner
Membership No. 100564

Soumen Ghosh
Director
DIN No. 01262099

Kanu Doshi
Director
DIN No. 00577409

Sundeep Sikka
Chief Executive Officer

Prateek Jain
Chief Financial Officer

Mumbai, 22 April 2016

Ajay Patel
Manager

Yogesh Sachdeva
Company Secretary