

**Financial Statement**

**2016-17**

**Reliance Nippon Life Asset Management Limited**

## **Independent Auditors' Report**

### **To the Members of Reliance Nippon Life Asset Management Limited**

*(Formerly known as Reliance Capital Asset Management Limited)*

#### **Report on the financial statements**

We have audited the accompanying standalone financial statements of Reliance Nippon Life Asset Management Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, 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 auditors' 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 Nippon Life Asset Management Limited**

*(Formerly known as 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 2017, 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 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- g) with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company has disclosed the impact of pending litigation on its financial position in financial statement – refer note 3.23 (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

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

**Reliance Nippon Life Asset Management Limited**

*(Formerly known as Reliance Capital Asset Management Limited)*

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

- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. the Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with Books of Account maintained by the Company and as produced to us by the Management – Refer Note 3.32

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

*Chartered Accountants*

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

Mumbai  
22 April 2017

**Milind Ranade**

*Partner*

Membership No: 100564

## Reliance Nippon Life Asset Management Limited

*(Formerly known as Reliance Capital Asset Management Limited)*

### **Annexure A to the Independent Auditors' Report – 31 March 2017**

(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. In our opinion and 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. Thus, paragraph 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has not prescribed the maintenance of cost records under sub-section 1 of section 148 of the Act, for any of the services rendered by the Company. Accordingly paragraph 3(vi) of the Order is not applicable.
- vii.
  - (a) According to the information and explanations given to us and on the basis of our examination of the Books of Account, amounts deducted/ accrued in the Books of Account in respect of undisputed statutory dues including provident fund, income tax, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of 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 2017 for a period of more than six months from the date they became payable.
  - (b) According to the information and explanations given to us, there are no dues of 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 Nippon Life Asset Management Limited

(Formerly known as Reliance Capital Asset Management Limited)

### Annexure A to the Independent Auditors' Report – 31 March 2017 (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 2017

**Milind Ranade**  
Partner  
Membership No: 100564

# Reliance Nippon Life Asset Management Limited

*(Formerly known as Reliance Capital Asset Management Limited)*

## **Annexure B to the Independent Auditors' Report – 31 March 2017**

(Referred to in our report of even date)

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

We have audited the internal financial controls over financial reporting of Reliance Nippon Life Asset Management Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting 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.

#### **Auditors' responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note 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 auditors' 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.

## Reliance Nippon Life Asset Management Limited

*(Formerly known as Reliance Capital Asset Management Limited)*

### **Annexure B to the Independent Auditors' Report – 31 March 2017 (Continued)**

(Referred to in our report of even date)

#### **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 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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 2017

**Milind Ranade**

*Partner*

Membership No: 100564



**Reliance Nippon Life Asset Management Limited** (formerly known as Reliance Capital Asset Management Limited)**Balance sheet**

as at 31 March 2017

(Currency: Indian rupees)

	Note	As at 31 March 2017	31 March 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3.1	415,200,000	415,200,000
Reserves and surplus	3.2	18,088,325,971	14,040,575,258
		<b>18,503,525,971</b>	<b>14,455,775,258</b>
<b>Non current liabilities</b>			
Long - term provisions	3.3	112,114,368	74,405,485
		<b>112,114,368</b>	<b>74,405,485</b>
<b>Current liabilities</b>			
Trade payables			
Outstanding dues of MSMED	3.4	-	-
Outstanding dues of creditors other than MSMED	3.4	1,031,667,167	588,542,002
Other current liabilities	3.5	454,453,927	711,743,980
Short - term provisions	3.6	96,845,836	3,035,892,132
		<b>1,582,966,930</b>	<b>4,336,178,114</b>
<b>TOTAL</b>		<b>20,198,607,269</b>	<b>18,866,358,857</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	3.7	84,771,124	83,334,502
Intangible assets	3.7	2,424,519,774	33,577,495
Non - current investments	3.8A	6,366,487,276	5,615,943,119
Deferred tax assets	3.9	75,873,129	122,119,522
Long - term loans and advances	3.10	1,368,932,843	3,771,893,458
Other non - current assets	3.11	72,908,665	77,522,821
		<b>10,393,492,811</b>	<b>9,704,390,917</b>
<b>Current assets</b>			
Current investments	3.8B	3,371,147,516	3,641,197,746
Trade receivables	3.12	406,490,714	469,947,616
Cash and bank balance	3.13	47,423,550	418,271,440
Short - term loans and advances	3.14	5,709,987,505	4,492,991,041
Other current assets	3.15	270,065,173	139,560,097
		<b>9,805,114,458</b>	<b>9,161,967,940</b>
<b>TOTAL</b>		<b>20,198,607,269</b>	<b>18,866,358,857</b>

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 Nippon Life Asset Management Limited****Milind Ranade**

Partner

Membership No. 100564

**Sundeep Sikka**

Executive Director &amp; CEO

DIN No. 02553654

**Kanu Doshi**

Director

DIN No. 00577409

**Prateek Jain**

Chief Financial Officer

**Ajay Patel**

Manager

Mumbai, 22 April 2017

**Deepak Mukhija**

Company Secretary

**Reliance Nippon Life Asset Management Limited** (formerly known as Reliance Capital Asset Management Limited)

**Statement of profit and loss**

for the year ended 31 March 2017

(Currency: Indian rupees)

	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Income</b>			
Revenue from operations - management fees	3.16	12,696,333,003	11,641,971,646
Other income	3.17	1,308,039,144	1,068,725,008
<b>Total revenue</b>		<b>14,004,372,147</b>	<b>12,710,696,654</b>
<b>Expenditure</b>			
Employee benefits expenditure	3.18	1,815,624,958	2,018,039,388
Administrative and other expenditure	3.21	2,430,945,794	2,057,423,587
Marketing and publicity expenditure	3.22	3,758,223,597	3,630,169,604
Depreciation and amortization	3.7	178,487,485	42,320,281
<b>Total expenditure</b>		<b>8,183,281,834</b>	<b>7,747,952,860</b>
<b>Profit before tax and exceptional items</b>		<b>5,821,090,313</b>	<b>4,962,743,794</b>
Exceptional items	3.36	-	4,028,535
<b>Profit before tax</b>		<b>5,821,090,313</b>	<b>4,958,715,259</b>
<b>Income tax expenditure</b>			
Current tax (Net of MAT credit entitlement)		(1,719,160,987)	(1,257,800,000)
Excess/ short provision of tax relating to earlier years		(7,932,218)	-
MAT credit asset		-	289,597,687
MAT credit utilised		-	(289,597,687)
Deferred tax		(46,246,393)	838,962
<b>Profit after tax</b>		<b>4,047,750,714</b>	<b>3,701,754,221</b>
<b>Basic and diluted earning per share of Rs. 10 each</b>		<b>351.37</b>	<b>321.33</b>

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 Nippon Life Asset Management Limited**

**Milind Ranade**

Partner

Membership No. 100564

**Sundeep Sikka**

Executive Director & CEO

DIN No. 02553654

**Kanu Doshi**

Director

DIN No. 00577409

**Prateek Jain**

Chief Financial Officer

**Ajay Patel**

Manager

**Deepak Mukhija**

Company Secretary

Mumbai, 22 April 2017

**Reliance Nippon Life Asset Management Limited** (formerly known as Reliance Capital Asset Management Limited)

**Cash flow statement**

for the year ended 31 March 2017

(Currency: Indian rupees)

Particulars	For the year ended 31 March 2017		For the year ended 31 March 2016	
<b>A. Cash flow from operating activities</b>				
Profit before tax as per statement of profit and loss for the year		5,821,090,313		4,958,715,259
Adjusted for				
Depreciation	178,487,485		42,320,281	
Dividend Income	(63,372,761)		(96,733,864)	
Interest Income	(698,644,373)		(411,308,049)	
Amortisation of discount / premium on investments	(7,830,595)		(8,653,265)	
(Profit) on sale of Investment (Net)	(533,604,790)		(544,336,393)	
Net (gain) or Loss on Foreign Currency Transactions & Translations	746,252		1,688,544	
Diminution in Value of Investments	-		4,028,535	
(Profit)/Loss on sale of Fixed Assets	(299,902)	(1,124,518,683)	(541,900)	(1,013,536,111)
<b>Operating Profit before Working Capital changes</b>		<b>4,696,571,630</b>		<b>3,945,179,148</b>
Decrease / (Increase) in Long Term Loans & Advances	1,635,239,092		(196,902,213)	
Decrease / (Increase) in Other Non Current Assets	4,614,156		(38,148,198)	
Decrease / (Increase) in Trade Receivable	63,456,902		(314,165,816)	
Decrease in Short Term Loans & Advances	387,321,148		349,256,517	
Decrease / (Increase) in Other Current Assets	(6,147,029)		(8,739,675)	
Increase in Long term provisions	37,708,883		42,284,485	
Increase / (Decrease) in Short term provisions	63,636,283		(25,989,590)	
Increase / (Decrease) in Trade payables	442,378,912		(273,905,057)	
(Decrease) / Increase in Other Current Liabilities	(257,290,053)	2,370,918,294	256,286,504	(210,023,043)
<b>Cash generated from Operations</b>		<b>7,067,489,924</b>		<b>3,735,156,105</b>
Taxes Paid		(1,493,741,969)		(1,412,494,621)
<b>Net Cash (used) / generated from operating activities</b>		<b>5,573,747,955</b>		<b>2,322,661,484</b>
<b>B. Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets	(2,571,141,755)		(93,506,206)	
Sale of Fixed Assets	575,273		3,804,974	
Inter Corporate Deposit received	553,000,000		42,000,000	
Inter Corporate Deposit given	(1,570,000,000)		(1,250,000,000)	
Loan repaid by ESOP Trust (net of loan advanced)	-		601,280,052	
Purchase of Investments	(18,449,830,393)		(21,853,739,962)	
Investment in Subsidiaries	(97,212,500)		-	
Sale of Investments	18,607,984,350		21,594,576,975	
Interest Received	521,338,999		448,479,716	
Dividend Received	63,372,761		96,733,864	
<b>Net Cash from / (used in) Investing Activities</b>		<b>(2,941,913,265)</b>		<b>(410,370,587)</b>
<b>C. Cash Flow from Financing Activities</b>				
Dividend paid including dividend distribution tax	(3,002,682,580)		(1,736,889,449)	
<b>Net Cash from / (used in) Financing Activities</b>		<b>(3,002,682,580)</b>		<b>(1,736,889,449)</b>
<b>Net increase/(decrease) in cash and cash Equivalents (A+B+C)</b>		<b>(370,847,890)</b>		<b>175,401,448</b>
<b>Opening Balance of Cash and Cash Equivalents</b>		<b>418,271,440</b>		<b>242,869,992</b>
<b>Opening Cash and Cash Equivalents of merged division - Azalia (refer note 3.35)</b>		<b>-</b>		<b>-</b>
<b>Closing Balance of Cash and Cash Equivalents</b>		<b>47,423,550</b>		<b>418,271,440</b>
<b>Cash and cash equivalents comprising of :</b>				
Cash on Hand		-		49,248
Balance with banks in Current Accounts		47,435,822		418,200,373
Effect of exchange differences on balances with banks in foreign currency		(12,272)		21,819
<b>Total</b>		<b>47,423,550</b>		<b>418,271,440</b>

As per our report of even date attached

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

Chartered Accountants

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

**For and on behalf of the Board of Directors**
**Reliance Nippon Life Asset Management Limited**
**Milind Ranade**  
 Partner  
 Membership No. 100564

**Sundeep Sikka**  
 Executive Director & CEO  
 DIN No. 02553654

**Kanu Doshi**  
 Director  
 DIN No. 00577409

**Prateek Jain**  
 Chief Financial Officer

**Ajay Patel**  
 Manager

Mumbai, 22 April 2017

**Deepak Mukhija**  
 Company Secretary

**Significant accounting policies and notes to the accounts**  
*for the year ended 31 March 2017*

**1 Background**

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

The principal shareholder of the Company as at 31 March 2017 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 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/Amortisation**

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

Depreciation on fixed assets is provided on straight line basis at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 which are mentioned as under :

Asset Class	Useful Life (years)
Office Equipments	5
Furniture and 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.

Acquisition of rights to manage and administer the schemes of Goldman Sachs Mutual Fund has been amortised equally over a period of 10 years.

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.



**Significant accounting policies and notes to the accounts**  
*for the year ended 31 March 2017*

**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.

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

*for the year ended 31 March 2017*

**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.

***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. Provision are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed. Contingent assets are not recognised in the financial statements

**3. Notes to the accounts**

*as at 31 March 2017*

(Currency: Indian rupees)

**3.1 Share Capital**

Particulars	As at	
	31 March 2017	31 March 2016
<b>Authorised</b>		
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
	<b>420,000,000</b>	<b>420,000,000</b>
<b>Issued, subscribed and paid up</b>		
<b>Equity Shares, Rs.10 par value</b>		
11,520,000 (11,520,000 shares) equity shares fully paid up	115,200,000	115,200,000
	<b>115,200,000</b>	<b>115,200,000</b>
<b>Preference shares, Rs.100 par value</b>		
3,000,000 (3,000,000 shares) 6% Non-Cumulative Redeemable Preference shares of Rs.100 each	300,000,000	300,000,000
	<b>300,000,000</b>	<b>300,000,000</b>
<b>Total Share Capital</b>	<b>415,200,000</b>	<b>415,200,000</b>

**Reliance Nippon Life Asset Management Limited (formerly known as Reliance Capital Asset Management Limited)****Notes to the accounts***as at 31 March 2017*

(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 2017		31 March 2016	
	No. of shares	% held	No. of shares	% held
Reliance Capital Limited ('Holding Company')	5,875,200	51.00	5,875,200	51.00
Nippon Life Insurance Company	5,134,800	44.57	5,134,800	44.57

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

Particulars	As at			
	31 March 2017		31 March 2016	
	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 2017		31 March 2016	
	No. of shares	Amount	No. of shares	Amount
Preference shares at the beginning and 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 2017		31 March 2016	
	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.



**Reliance Nippon Life Asset Management Limited** (formerly known as Reliance Capital Asset Management Limited)**Schedule to Financial Statements**

as at 31 March 2017

(Currency: Indian rupees)

Particulars	As at	
	31 March 2017	31 March 2016
<b>3.2 Reserves and Surplus</b>		
<b>Capital Redemption Reserve</b>		
Opening Balance	4,406,900	4,406,900
Balance at the end of the Year	4,406,900	4,406,900
<b>Securities premium account</b>		
Balance at the beginning of the year	5,552,850,300	5,552,850,300
Balance at the end of the year	5,552,850,300	5,552,850,300
<b>General Reserve</b>		
Balance at the beginning of the year	1,265,063,446	1,265,063,446
Balance at the end of the year	1,265,063,446	1,265,063,446
<b>Surplus in Profit &amp; Loss Account</b>		
Balance at the beginning of the year	7,218,254,611	6,519,182,968
Add : Profit after tax for the year	4,047,750,714	3,701,754,221
<b>Profit available for appropriations</b>	<b>11,266,005,325</b>	<b>10,220,937,190</b>
Interim dividend on equity shares	-	-
Proposed dividend on equity shares	-	(2,476,800,000)
Proposed dividend on preference share	-	(18,000,000)
Tax on proposed dividend	-	(507,882,579)
<b>Balance at the end of the year</b>	<b>11,266,005,325</b>	<b>7,218,254,611</b>
<b>Total Reserves and surplus</b>	<b>18,088,325,971</b>	<b>14,040,575,257</b>

**Reliance Nippon Life Asset Management Limited (formerly known as Reliance Capital Asset Management Limited)****Notes to the accounts***as at 31 March 2017*

(Currency: Indian rupees)

Particulars	As at	
	31 March 2017	31 March 2016
<b>3.3 Long - term provisions</b>		
Provision for employees' benefit:		
Provision for leave encashment	39,765,368	34,616,485
Provision for phantom shares	72,349,000	39,789,000
	<u><b>112,114,368</b></u>	<u><b>74,405,485</b></u>
<b>3.4 Trade payables</b>		
Outstanding dues of MSMED*	-	-
Outstanding dues of creditors other than MSMED	1,031,667,167	588,542,002
	<u><b>1,031,667,167</b></u>	<u><b>588,542,002</b></u>
<b>3.5 Other current liabilities</b>		
Statutory liabilities	81,504,857	183,819,246
Outstanding liabilities against expenses*	372,949,070	527,924,734
	<u><b>454,453,927</b></u>	<u><b>711,743,980</b></u>
 (* ) The Company does not have any outstanding dues towards small scale industrial undertakings as at 31 March 2017. 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).		
<b>3.6 Short - term provisions</b>		
Provision for employees' benefit:		
Provision for leave encashment	2,989,148	1,867,483
Provision for compensated absence cost	35,205,688	31,131,070
Provision for phantom shares	58,651,000	211,000
Proposed dividend on equity shares (including dividend distribution tax thereon)	-	2,981,018,202
Proposed dividend on preference shares (including dividend distribution tax thereon)	-	21,664,376
	<u><b>96,845,836</b></u>	<u><b>3,035,892,131</b></u>

**Reliance Nippon Life Asset Management Limited** (formerly known as Reliance Capital Asset Management Limited)

**Notes to the accounts**

as at 31 March 2017

(Currency: Indian rupees)

**3.7 Fixed assets**

Assets	Gross block (at cost)				Depreciation and amortization					Net block
	As at 1.4.2016	Additions	Deductions	As at 31.03.2017	Up to 1.4.2016	During the Year	Deductions	Addition / Adjustments	Up to 31.03.2017	As at 31.03.2017
<b>Tangible assets</b>										
Computer	210,601,433	22,045,378	7,502,488	225,144,323	172,086,828	26,021,487	7,502,488	-	190,605,827	34,538,496
Vehicle	10,967,466	-	293,711	10,673,755	6,958,046	1,339,625	217,532	-	8,080,139	2,593,616
Office equipment	89,727,023	7,777,922	4,469,035	93,035,910	79,349,268	3,893,884	4,468,081	-	78,775,071	14,260,839
Furniture	29,923,633	178,752	1,812,948	28,289,437	24,344,984	1,614,241	1,614,713	-	24,344,512	3,944,925
Leasehold improvements	126,476,218	20,332,840	7,348,107	139,460,951	101,622,146	15,753,664	7,348,107	-	110,027,703	29,433,248
<b>Sub total</b>	<b>467,695,773</b>	<b>50,334,892</b>	<b>21,426,289</b>	<b>496,604,376</b>	<b>384,361,272</b>	<b>48,622,901</b>	<b>21,150,920</b>	<b>-</b>	<b>411,833,252</b>	<b>84,771,124</b>
<b>Intangible assets</b>										
Software	111,238,984	19,427,488	-	130,666,472	77,661,489	28,438,790	-	-	106,100,279	24,566,193
Asset management rights	-	2,501,379,375	-	2,501,379,375	-	101,425,794	-	-	101,425,794	2,399,953,581
<b>Sub Total</b>	<b>111,238,984</b>	<b>2,520,806,863</b>	<b>-</b>	<b>2,632,045,847</b>	<b>77,661,489</b>	<b>129,864,584</b>	<b>-</b>	<b>-</b>	<b>207,526,073</b>	<b>2,424,519,774</b>
<b>Grand total</b>	<b>578,934,757</b>	<b>2,571,141,755</b>	<b>21,426,289</b>	<b>3,128,650,223</b>	<b>462,022,761</b>	<b>178,487,485</b>	<b>21,150,920</b>	<b>-</b>	<b>619,359,325</b>	<b>2,509,290,898</b>

As at 31 March 2016

Assets	Gross block (at cost)				Depreciation and amortization					Net block
	As at 1.4.2015	Additions	Deductions	As at 31.03.2016	Up to 1.4.2015	During the Year	Deductions	Addition / Adjustments	Up to 31.03.2016	As at 31.03.2016
<b>Tangible assets</b>										
Computer	180,384,332	36,177,502	5,960,400	210,601,433	160,325,809	17,692,287	5,931,268	-	172,086,828	38,514,605
Vehicle	11,209,416	-	241,950	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	23,062,467	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	12,013,095	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	46,915,524	126,476,218	137,112,393	11,140,357	46,630,604	-	101,622,146	24,854,072
<b>Sub total</b>	<b>480,599,393</b>	<b>75,289,817</b>	<b>88,193,436</b>	<b>467,695,774</b>	<b>438,324,731</b>	<b>30,966,902</b>	<b>84,930,361</b>	<b>-</b>	<b>384,361,272</b>	<b>83,334,502</b>
<b>Intangible assets</b>										
Software	93,022,595	18,216,389	-	111,238,984	66,308,110	11,353,379	-	-	77,661,489	33,577,495
<b>Sub total</b>	<b>93,022,595</b>	<b>18,216,389</b>	<b>-</b>	<b>111,238,984</b>	<b>66,308,110</b>	<b>11,353,379</b>	<b>-</b>	<b>-</b>	<b>77,661,489</b>	<b>33,577,495</b>
<b>Grand total</b>	<b>573,621,987</b>	<b>93,506,206</b>	<b>88,193,436</b>	<b>578,934,758</b>	<b>504,632,841</b>	<b>42,320,281</b>	<b>84,930,361</b>	<b>-</b>	<b>462,022,761</b>	<b>116,911,997</b>

**Reliance Nippon Life Asset Management Limited (formerly known as Reliance Capital Asset Management Limited)**
**Notes to the accounts**
*as at 31 March 2017*
*(Currency: Indian rupees)*

Particulars	Face Value	Quantity As at 31.03.2017	Cost / Fair Value As at 31.03.2017	Quantity As at 31.03.2016	Cost / Fair Value As at 31.03.2016
<b>3.8A Non - current investments</b>					
<b>A. Trade Investment (Valued at Cost unless stated otherwise)</b>					
<b>Unquoted Equity Instruments :</b>					
<b>Investment in subsidiaries (Unquoted, fully paid up)</b>					
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			-	3,240,000	250,310,980
Reliance Capital Pension Fund Limited	INR 10	25,000,000	259,712,500	16,250,000	162,500,000
Reliance AIF Management Company Ltd.	INR 10	510,000	5,100,000	510,000	5,100,000
			<b>572,664,113</b>		<b>725,762,593</b>
Less: Provision for diminution in value of investments			-		250,310,980
			<b>572,664,113</b>		<b>475,451,613</b>
<b>B. Non - Trade investment (valued at cost less provision for diminution)</b>					
<b>(I) Investments in equity shares (Quoted)</b>					
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	18,480	5,004,126
			<b>54,782,496</b>		<b>54,782,496</b>
Less: Provision for diminution in value of investments			<b>8,414,692</b>		<b>8,414,692</b>
			<b>46,367,804</b>		<b>46,367,804</b>
<b>(II) Investments in equity shares (Unquoted)</b>					
MF Utilities India Private Limited	INR 1	500,000	500,000	500,000	500,000
			<b>500,000</b>		<b>500,000</b>
<b>(III) A. Investments in mutual fund (Unquoted)</b>					
Reliance Growth Fund- Direct - Growth Option	INR 10	244,576	203,306,502	533,117	411,317,396
Reliance Vision Fund - Retail Plan -Dividend Plan	INR 10	0.00	0.00	2,401,851	100,000,000
Reliance Vision Fund - Direct -Growth Option	INR 10	471,273	209,207,970	418,830	178,000,000
Reliance Focused Large Cap Fund - Direct - Growth Plan	INR 10	4,227,501	100,000,000	2,469,817	55,000,000
Reliance Equity Opportunities Fund - Direct - Growth Option	INR 10	2,643,054	179,394,402	1,984,745	129,394,402
Reliance Equity Opportunities Fund-Institutional Plan- Dividend Plan	INR 10	-	-	2,838,308	110,000,000
Reliance Top 200 Fund- Direct - Growth Plan	INR 10	9,455,279	215,378,609	5,135,907	105,378,609
Reliance Small Cap Fund - Direct - Growth Plan	INR 10	205,854	5,000,000	205,854	5,000,000
Reliance Regular Savings Fund - Equity Plan - Growth Plan	INR 10	737,754	36,831,883	2,537,754	125,992,810
Reliance Banking Fund - Direct - Growth Plan	INR 10	957,093	165,848,142	576,860	85,848,142
Reliance Long Term Equity Fund - Direct - Growth Plan	INR 10	2,948,940	111,200,000	675,761	21,200,000
Reliance Media & Entertainment Fund - Direct - Growth Plan	INR 10	343,101	17,800,000	343,101	17,800,000
Reliance Pharma Fund - Direct - Growth Plan	INR 10	149,598	20,400,000	149,598	20,400,000
Reliance Diversified Power Sector Fund - Direct - Growth Plan	INR 10	248,441	17,500,000	248,441	17,500,000
Reliance Regular Savings Fund - Balanced Plan - Growth Plan	INR 10	1,568,697	69,000,000	472,260	19,000,000
Reliance Index Fund - Nifty Plan - Direct - Growth Plan	INR 10	1,139,982	15,000,000	1,139,982	15,000,000
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	2,571	5,000,000
Reliance Liquid Fund - Cash Plan - Direct - Growth Option	INR 1000	2,201	5,000,000	2,201	5,000,000
Reliance Liquid Fund - Treasury Plan - Direct - Growth Option	INR 1000	1,454	5,000,000	1,454	5,000,000
Reliance Liquidity Fund - Direct - Growth Option	INR 1000	2,352	5,000,000	2,352	5,000,000
Reliance Medium Term Fund - Direct - Growth	INR 10	170,328	5,000,000	170,328	5,000,000
Reliance Floating Rate Fund - Short Term Plan - Direct - Growth Plan	INR 10	709,914	15,000,000	709,914	15,000,000
Reliance Gilt Securities Fund - Direct - Growth Plan	INR 10	17,001,929	315,000,000	17,001,929	315,000,000
Reliance Short Term Fund - Direct Plan - Growth Option	INR 10	187,303	5,000,000	187,303	5,000,000
Reliance Dynamic Bond Fund - Direct Plan - Growth Plan	INR 10	259,329	5,000,000	259,329	5,000,000
Reliance Income Fund - Direct - Growth Option	INR 10	107,764	5,000,000	107,764	5,000,000
Reliance Monthly Income Plan - Direct - Growth Plan	INR 10	485,824	15,000,000	485,824	15,000,000
Reliance Regular Savings Fund - Debt Plan - Direct - Growth Plan	INR 10	818,724	15,000,000	818,724	15,000,000
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	500,000	5,000,000
Reliance US Equity Opportunity Fund - Direct Growth Plan	INR 10	1,500,000	15,000,000	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	2,000,000	20,000,000
Reliance Banking & PSU Debt Fund - Direct - Growth Plan	INR 10	34,826,514	405,000,000	500,000	5,000,000
HDFC Charity Fund for Cancer Cure - Arbitrage Plan	INR 10	1,000,000	10,000,000		
			<b>2,346,367,509</b>	<b>57,751,142</b>	<b>1,987,331,361</b>



**(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	99,999,958
R* Shares Nifty Bees	INR 10	15,303	11,964,196	150,000	11,964,808
R* Shares Bank Bees	INR 10	10,774	17,035,203	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	4,731,897	68,413,609
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	2,750,000	27,500,000
Reliance Fixed Horizon Fund - XXVIII Series 19 - Direct - Growth Plan	INR 10	150,000	1,500,000	150,000	1,500,000
Reliance Fixed Horizon Fund - XXX - Series 4 - Direct Growth Plan	INR 10	35,000,000	350,000,000	35,000,000	350,000,000
Reliance Fixed Horizon Fund - XXX - Series 12 - Direct Growth Plan	INR 10	2,000,000	20,000,000	2,000,000	20,000,000
Reliance Fixed Horizon Fund - XXX - Series 17 - Direct Growth Plan	INR 10	3,000,000	30,000,000	3,000,000	30,000,000
Reliance Fixed Horizon Fund - XXX - Series 19 - Direct Growth Plan	INR 10	5,000,000	50,000,000	-	-
Reliance Fixed Horizon Fund - XXXII - Series 9 - Direct Growth Plan	INR 10	1,000,000	10,000,000	-	-
Reliance Fixed Horizon Fund - XXXIII - Series 7 - Direct Growth Plan	INR 10	3,000,000	30,000,000	-	-
Reliance Gold ETF	INR 10	2,175	5,025,101	2,250	5,025,219
R*Shares Infra BeEs	INR 10	10,000	2,839,903	-	-
R*Shares Junior BeEs	INR 10	32,000	7,426,032	-	-
R*Shares PSU Bank BeEs	INR 10	15,000	5,083,480	-	-
CPSE ETF	INR 10	200,000	5,051,406	-	-
R*Shares Liquid BeEs	INR 10	5,160	5,159,771	-	-
R*Shares Shariah BeEs	INR 10	1,170	228,441	-	-
R*Shares Hang Sheng BeEs	INR 10	300	677,730	-	-
R*SHARES LONG TERM GILT ETF - GROWTH PLAN	INR 10	11,033,444	169,999,996	-	-
R*Shares NV20 ETF	INR 10	13,444	4,999,891	13,444	4,999,891

**1,474,404,690****91,255,338****1,187,939,777****(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	316,029,728	300,000	317,666,788
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	62,457	62,457,000
7.28% IRFC Tax Free Bond 20-Dec-2030	INR 1000	120,800	120,800,000	120,800	120,800,000
7.35% NHAI Tax Free Bond 10-Jan-2031	INR 1000	42,855	42,855,000	42,855	42,855,000
7.11% PFC Tax Free Bonds 17-Oct-2025	INR 1000	25,670	25,670,000	25,670	25,670,000

**1,355,105,728****1,356,742,788****(V) Investment in Preference Shares (Unquoted, Fully Paid Up)**

L&T Finance Holdings Limited - 8.40% Cumulative Preference Shares	INR 100	3,010,000	302,020,324	3,010,000	304,185,547
Zee Entertainment Enterprises Limited - 6% Cumulative Preference Shares	INR 1	298600000	269,057,106	298,600,000	257,424,229

**571,077,430****561,609,776****Total Non Current Investments****6,366,487,276****5,615,943,119****Notes:**

1. Quoted investments					
Aggregate of Book value			2,875,878,223		2,591,050,369
Aggregate of Market value			3,208,870,327		2,294,913,568
2. Unquoted investments					
Aggregate of Book value			3,490,609,053		3,024,892,750
3. Provision for diminution in value of investments			8,414,692		258,725,672

# **Reliance Nippon Life Asset Management Limited (formerly known as Reliance Capital Asset Management Limited)**

## **Notes to the accounts**

as at 31 March 2017

(Currency: Indian rupees)

Particulars	Face Value	Quantity As at 31.03.2017	Cost / Fair Value As at 31.03.2017	Quantity As at 31.03.2016	Cost / Fair Value As at 31.03.2016
<b>3.8B Current investments</b>					
<b>Current investments (At cost or market value whichever is less)</b>					
<b>(I) Investment in Mutual Fund (Unquoted)</b>					
Reliance Liquid Fund - Treasury Plan - Direct - Growth Option	INR 1000	406,606	1,602,129,159	158,882	585,828,790
Reliance Medium Term Fund - Direct - Growth	INR 10	5,872,175	200,000,000	25,301,483	800,000,000
Reliance Money Manager Fund - Direct - Growth	INR 10	121,487	276,000,000	-	-
Reliance Short Term Fund - Growth Plan - Growth Option	INR 10	7,502,553	152,720,701	7,502,553	152,720,701
Reliance Short Term Fund - Direct Plan - Growth Option	INR 10	12,911,609	356,857,273	11,357,467	275,167,579
Reliance Income Fund - Growth Plan - Growth Option	INR 10	-	-	5,279,636	200,000,000
Reliance Dynamic Bond Fund - Direct Plan - Growth Plan	INR 10	38,184,049	621,440,382	74,192,960	1,207,480,676
			<b>3,209,147,516</b>		<b>3,221,197,746</b>
<b>(II) Investment in mutual fund (Quoted)</b>					
Reliance Yearly Interval Fund - Series 1 - Direct Plan - Growth Plan	INR 10	-	-	18,380,495	200,000,000
Reliance Yearly Interval Fund - Series 3 - Direct Plan - Growth Plan	INR 10	-	-	10,000,000	100,000,000
Reliance Yearly Interval Fund - Series 7 - Direct Plan - Growth Plan	INR 10	3,250,170	42,000,000	-	-
Reliance Interval Fund - II - Series 4 - Direct Plan - Growth Plan	INR 10	12,000,000	120,000,000	12,000,000	120,000,000
			<b>162,000,000</b>		<b>420,000,000</b>
<b>Total Current Investment</b>			<b>3,371,147,516</b>		<b>3,641,197,746</b>
<b>Notes:</b>					
1. Quoted investments					
Aggregate of Book value			<b>162,000,000</b>		<b>420,000,000</b>
Aggregate of Market value			<b>201,904,450</b>		<b>1,887,996,469</b>
2. Unquoted investments					
Aggregate of Book value			<b>3,209,147,516</b>		<b>3,221,197,746</b>

**Reliance Nippon Life Asset Management Limited (formerly known as Reliance Capital Asset Management Limited)**

**Notes to the accounts**

as at 31 March 2017

(Currency: Indian rupees)

Particulars	As at	
	31 March 2017	31 March 2016
<b>3.9 Deferred tax assets</b>		
<i>Deferred tax asset arising on account of timing differences in:</i>		
Depreciation on fixed assets	(1,546,676)	70,387,161
Employees' compensation	72,311,128	47,637,888
Straightlining of lease rentals	5,108,677	4,094,473
	<b>75,873,129</b>	<b>122,119,522</b>
<b>3.10 Long - term loans and advances</b>		
Capital advances	8,886,192	14,213,574
Loans and advances to related parties (Unsecured, considered good)		
Intercompany deposits to related parties	25,000,000	123,000,000
Parties other than related parties (Unsecured, considered good)		
Intercompany deposits	500,000,000	1,000,000,000
Loans to employees	1,500,000	1,500,000
Security deposits	195,534,715	55,166,257
Advances recoverable in cash or in kind or for value to be received	566,490	1,252,713,195
Prepaid expenses	420,644,440	938,777,905
Advance tax paid	216,801,006	386,522,527
(net of provision of income tax Rs. 3,999,630,655 (PY Rs. 3,568,193,646 ))		
	<b>1,368,932,843</b>	<b>3,771,893,458</b>
<b>3.11 Other non - current assets</b>		
Other bank balances		
Fixed deposits with residual maturity of more than 12 months	72,908,665	72,374,623
	<b>72,908,665</b>	<b>72,374,623</b>
The above deposits have been liened for business purpose (Refer Note 3.23)		
<b>3.12 Trade receivables</b>		
(Unsecured, considered good)		
Outstanding for more than six months	-	-
Others	406,490,714	469,947,616
	<b>406,490,714</b>	<b>469,947,616</b>
<b>3.13 Cash and bank balance</b>		
Cash and cash equivalents		
Cash on hand	-	49,248
Balance with banks in current accounts	47,423,550	168,222,192
Fixed deposits	-	250,000,000
	<b>47,423,550</b>	<b>418,271,440</b>
<b>3.14 Short - term loans and advances</b>		
Loans and advances to related parties (unsecured, considered good)	12,748,392	7,653,079
Intercompany deposits to related parties	-	400,000,000
Parties other than related parties (Unsecured, considered good)		
Intercompany deposits	3,765,000,000	1,750,000,000
Loans to employees	2,910,802	7,938,777
Prepaid expenses	1,421,634,722	1,732,134,413
Security deposits	-	82,218,546
Service tax credit-unutilised	432,324,823	411,620,691
Advances recoverable in cash or in kind or for value to be received	75,368,766	90,743,146
Advance tax paid	-	10,682,389
	<b>5,709,987,505</b>	<b>4,492,991,041</b>
<b>3.15 Other current assets</b>		
Dividend receivable	17,916,000	17,916,000
Interest accrued	231,752,254	100,700,443
Income accrued	20,396,919	26,091,852
	<b>270,065,173</b>	<b>144,708,295</b>

**Reliance Nippon Life Asset Management Limited (formerly known as Reliance Capital Asset Management Limited)**

**Notes to the accounts**

*for the year ended 31 March 2017*

(Currency: Indian rupees)

Particulars	Year ended	
	31 March 2017	31 March 2016
<b>3.16 Revenue from operations - Management fees</b>		
Investment Management Fees (net of service tax)	12,266,984,223	11,208,782,956
Portfolio Management Fees (including advisory fees net of service tax)	429,348,780	433,188,690
	<b><u>12,696,333,003</u></b>	<b><u>11,641,971,646</u></b>
<b>3.17 Other income</b>		
Dividend on:		
Long term investment	63,372,761	96,733,864
Profit on sale of investments		
Long term investment	415,591,270	455,465,124
Current investment	118,013,519	88,871,269
Interest Income		
Long term investment	106,005,551	94,090,137
Current investment	-	2,343,698
Interest on Inter corporate deposit	532,733,063	306,356,094
Interest on income tax refund	52,947,327	-
Interest on others	6,958,432	8,518,120
Profit on sale of fixed assets	299,902	541,900
Others	12,117,319	15,804,802
	<b><u>1,308,039,144</u></b>	<b><u>1,068,725,008</u></b>
<b>3.18 Employee benefits expense</b>		
Salaries, allowances and bonus	1,648,038,841	1,867,218,361
Contribution to provident and other funds	81,598,764	73,037,522
Staff welfare expenses	85,987,353	77,783,505
	<b><u>1,815,624,958</u></b>	<b><u>2,018,039,388</u></b>

**3.19 Employees Stock Option Plan (ESOP) :**

- (i) a) Pursuant to the shareholder's resolution dated 20 September 2007 the Company had 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 was on the basis of their performance and other eligibility criteria. The Plan had 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 was 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 were planned to be settled in cash or equity at the time of exercise and had maximum period of 7 years from the date of vesting. The options existing during the year were 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%

Notes to the accounts

for the year ended 31 March 2017

3.19 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 2017		As at 31 March 2016	
	Number of stock options	Weighted average exercise price (Rs.)	Number of stock options	Weighted average exercise price (Rs.)
<b>Number of shares under option:</b>				
a) <b>Year 2011</b>				
Outstanding at beginning of year	-	-	810	3,009
Granted	-	-	-	-
Exercised	-	-	650	3,009
Cancelled or expired	-	-	160	-
Outstanding at the year end	-	-	-	-
Exercisable at end of year	-	-	-	-
b) <b>Year 2011</b>				
Outstanding at beginning of year	-	-	70,385	3,009
Granted	-	-	-	-
Exercised	-	-	63,476	3,009
Cancelled or expired	-	-	6,909	-
Outstanding at the year end	-	-	-	3,009
Exercisable at end of year	-	-	-	3,009

The scheme was wound up on 7 March 2016

Notes to the accounts

for the year ended 31 March 2017

(Currency: Indian rupees)

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

A Defined Contribution Plans:

Amount of Rs. 63,746,646 (PY Rs. 56,145,001) is recognised as an expense for provident fund and superannuation fund included in "Employee benefits expense" - 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	
		2017	2016	2017	2016
a.	Present value of Defined Benefit Obligation at the beginning of the year	130,137,229	94,169,252	36,483,968	32,663,629
b.	Interest cost	10,046,594	7,542,957	2,816,562	2,613,090
c.	Current service cost	15,690,589	12,047,863	7,632,913	8,165,907
d.	Actuarial Losses / ( Gains)	8,274,591	33,524,596	(1,423,653)	(1,567,932)
e.	Benefits paid	(7,547,672)	(17,147,439)	(2,755,274)	(5,390,726)
f.	Present value of Defined Benefit Obligation at the close of the year	156,601,331	130,137,229	42,754,516	36,483,968

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

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2017	2016	2017	2016
a.	Fair value of Plan Assets at the beginning of the year	131,545,331	64,117,544	-	-
b.	Add: Expected return on Plan Assets	10,155,300	5,135,815	-	-
c.	Add / (Less) : Actuarial (Losses) / Gains	5,104,262	(2,412,297)	-	-
d.	Add: Contributions	20,000,000	81,851,708	2,755,274	5,390,726
e.	Less: Benefits Paid	(7,547,672)	(17,147,439)	(2,755,274)	(5,390,726)
f.	Fair value of Plan Assets at the close of the year	159,257,221	131,545,331	-	-

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	
		2017	2016	2017	2016
a.	Present value of Defined Benefit obligation	156,601,331	130,137,229	42,754,516	36,483,968
b.	Less: Fair value of Plan Assets	159,257,221	131,545,331	-	-
c.	Present value of unfunded obligation	(2,655,890)	(1,408,102)	42,754,516	36,483,968
d.	Net Liability/(Asset) recognised in the Balance sheet	-	-	42,754,516	36,483,968

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

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2017	2016	2017	2016
a.	Current Service Cost	15,690,589	12,047,863	7,632,913	8,165,907
b.	Interest Cost	(108,706)	2,407,142	2,816,562	2,613,090
c.	Expected return on Plan Assets	-	-	-	-
d.	Actuarial Losses / ( Gains)	3,170,329	35,936,893	(1,423,653)	(1,567,932)
e.	Past service costs	-	-	-	-
f.	Effect of curtailment / settlement	-	-	-	-
g.	Adjustments for earlier years Recognised in the Statement of Profit and Loss	-	-	-	-
h.	Total	18,752,212	50,391,898	9,025,822	9,211,065

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

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2017	2016	2017	2016
a.	Government of India Securities	28.14%	24.51%	UNFUNDED	UNFUNDED
b.	State Government Securities	-	-		
c.	Corporate Bonds	26.69%	30.39%		
d.	Fixed Deposit under Special Deposit Scheme	-	-		
e.	Equity Shares	18.39%	19.20%		
f.	Money market instruments	13.55%	25.91%		
g.	Public Sector Bonds	-	-		
i.	Others	13.23%	-		
		100.00%	100.00%		

**Reliance Nippon Life Asset Management Limited (formerly known as Reliance Capital Asset Management Limited)**
**Notes to the accounts**
**for the year ended 31 March 2017**

(Currency: Indian rupees)

## vi. Actuarial Assumptions as the Balance sheet date:

		Gratuity		Leave Benefit	
		2017	2016	2017	2016
a.	Discount Rate	7.28%	7.72%	7.28%	7.72%
b.	Expected rate of return on Plan Assets	7.28%	7.72%	-	-
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 16% p.a. & 6% thereafter	For Service 4 yrs & below 16% p.a. & 6% thereafter	For Service 4 yrs & below 16% p.a. & 4% thereafter

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 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Gratuity</b>					
Defined benefit obligation	156,601,331	130,137,229	94,169,252	52,737,106	53,298,873
Fair value of plan assets	159,257,221	131,545,331	64,117,544	59,153,647	63,305,699
(Surplus) / deficit in the plan	(2,655,890)	(1,408,102)	66,519,957	(6,416,541)	(10,006,826)
Experience adjustment arising on Obligation	2,618,818	19,049,124	9,380,172	(1,436,665)	4,283,296
Experience adjustment arising on plan Assets	5,104,262	(2,412,297)	-	(565,854)	103,975

**C Other employee benefits :**

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

<b>Date of grant</b>	01 December 2015
<b>Appreciation as per Phantom stock Option</b>	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'
<b>Exercise Period</b>	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.
<b>Settlement of Phantom Stock Options</b>	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	31 March 2017	31 March 2016
Discount rate	6.77%	7.72%
Expected Life	5 years	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 Nippon Life Asset Management Limited (formerly known as Reliance Capital Asset Management Limited)**

**Notes to the accounts**

*for the year ended 31 March 2017*

(Currency: Indian rupees)

Particulars	Year ended	
	31 March 2017	31 March 2016
<b>3.21 Administrative and other expenses</b>		
Legal and professional charges	435,113,942	317,493,725
Rent	200,361,485	152,679,550
Conveyance and travelling	98,288,995	81,613,223
Communication	129,994,767	60,537,630
Filing fees and stamp duty	23,493,000	27,333,206
Office administration	92,551,085	74,986,468
Membership and subscription	54,990,280	31,816,729
Electricity	42,746,809	31,916,726
Seminar and training	40,369,128	35,523,545
Repairs and maintenance	47,269,348	73,526,772
Printing and stationary	75,035,617	47,615,491
Software repair and maintenance	109,884,579	87,646,089
Courier charges	71,367,690	87,710,773
Insurance	8,658,415	19,536,239
Auditors remuneration:		
Audit fees	1,809,000	1,800,000
Certification matters	1,235,748	-
Other matters	4,174,525	1,553,029
Out of pocket expenses	107,535	24,000
Director sitting fees	4,272,953	3,115,801
Donation	-	634,720
Net loss on foreign currency transactions and translations	935,774	-
Outsourced business service (Refer note 2.10)	875,178,402	802,248,651
Miscellaneous expenses	15,987,485	23,229,372
Corporate social responsibility expense	90,000,000	76,730,000
Rates and taxes	7,119,232	18,151,848
	<b>2,430,945,794</b>	<b>2,057,423,587</b>
<b>3.22 Marketing and publicity expenses</b>		
Marketing expenses	586,151,803	378,254,504
Advertisement	602,083,764	249,466,756
Brokerage, incentives and others	2,569,988,030	3,002,448,343
	<b>3,758,223,597</b>	<b>3,630,169,603</b>
<b>3.23 Contingent liability and commitments:</b>		
	<b>2017</b>	<b>2016</b>
a) <b>Contingent liability</b>		
Guarantees to Banks and Financials Institutions (against Fixed deposits)	111,094,329	110,900,850
Claims against the Company not acknowledged as debts	58,721,656	50,576,188
	<b>169,815,985</b>	<b>161,477,038</b>
b) <b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided.	24,145,616	8,357,509



**Notes to the accounts**

*for the year ended 31 March 2017*

(Currency: Indian rupees)

**3.24 Related Party Disclosure:**

**A. List of Related Parties and their relationship:**

**i) Holding Company**

Reliance Capital Limited

**ii) Subsidiary of Holding Company**

Reliance Asset Management (Singapore) Pte. Limited

Reliance Asset Management (Mauritius) Limited

Reliance Capital Pension Fund Limited

Reliance AIF Management Company Limited

Reliance Capital Trustee Co. Limited

Reliance General Insurance Company Limited

Reliance Nippon Life Insurance Company Limited (formerly Reliance Life Insurance Company Limited)

Reliance Commercial Finance Limited (formerly Reliance Gilts 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

Quant Capital Private Limited

Quant Broking Private Limited

Quant Securities Private Limited

Quant Investment Services Private Limited

**iii) Subsidiaries**

Reliance Asset Management (Singapore) Pte Limited

Reliance Asset Management (Mauritius) Limited

Reliance Asset Management (UK) Limited ( upto 14th June 2016)

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 IDC Limited

Reliance Communications Limited

Reliance Webstore Limited

Zapak Digital Entertainment Limited

**C. Key Management personnel:**

Sundeep Sikka (Whole Time Director) w.e.f. 22 April 2016

**Reliance Nippon Life Asset Management Limited (formerly known as Reliance Capital Asset Management Limited)**

**Notes to the accounts**  
**for the year ended 31 March 2017**  
(Currency: Indian rupees)

**C. Transaction during the year with related parties:**

Sr. No.	Nature of Transaction	Holding Company	Subsidiary	Fellow Subsidiary	Significant Shareholder	Significant Influence	Total
<b>I</b>	<b>Transactions during the year</b>						
<b>A</b>	<b>Inter corporate deposit given</b>						
	Reliance AIF Management Company Ltd.	-	55,000,000	-	-	-	55,000,000
		-	(100,000,000)	-	-	-	(100,000,000)
	Reliance Securities Limited	-	-	-	-	-	-
		-	-	(400,000,000)	-	-	(400,000,000)
<b>B</b>	<b>Repayment of inter corporate deposit</b>						
	Reliance Securities Limited	-	-	400,000,000	-	-	400,000,000
		-	-	-	-	-	-
	Reliance AIF Management Company Ltd.	-	153,000,000	-	-	-	153,000,000
		-	(42,000,000)	-	-	-	(42,000,000)
<b>C</b>	<b>Purchase of equity shares of Reliance Capital Pension Fund Ltd</b>						
	Reliance Commercial Finance Limited (formerly Reliance Gilts Limited)	-	-	97,212,500	-	-	97,212,500
<b>D</b>	<b>Interest income</b>						
	Reliance AIF Management Company Ltd.	-	9,534,349	-	-	-	9,534,349
		-	(8,924,672)	-	-	-	(8,924,672)
	Reliance Securities Limited	-	-	20,890,412	-	-	20,890,412
		-	-	(493,150)	-	-	(493,150)
<b>E</b>	<b>Director sitting fees</b>						
	Nippon Life Insurance Company	-	-	-	1,240,000	-	1,240,000
		-	-	-	(630,000)	-	(630,000)
<b>F</b>	<b>Rent and other expenses</b>						
	Reliance General Insurance Company Ltd.	-	-	753,293	-	-	753,293
		-	-	(530,644)	-	-	(530,644)

**Reliance Nippon Life Asset Management Limited (formerly known as Reliance Capital Asset Management Limited)**

**Notes to the accounts**  
**for the year ended 31 March 2017**  
(Currency: Indian rupees)

**C. Transaction during the year with related parties:**

Sr. No.	Nature of Transaction	Holding Company	Subsidiary	Fellow Subsidiary	Significant Shareholder	Significant Influence	Total
G	<b>Insurance Charges (net of claims received)</b>						
	Reliance General Insurance Company Ltd.	-	-	33,169,393	-	-	33,169,393
		-	-	(31,065,757)	-	-	(31,065,757)
	Reliance Nippon Life Insurance Company Limited (formerly Reliance Life Insurance Company Limited)	-	-	25,933,449	-	-	25,933,449
		-	-	-	-	-	-
H	<b>Brokerage</b>						
	Reliance Money Solutions Private Limited	-	-	360,742	-	-	360,742
		-	-	(2,085,477)	-	-	(2,085,477)
	Reliance Securities Limited	-	-	2,063,358	-	-	2,063,358
		-	-	(764,859)	-	-	(764,859)
I	<b>Reimbursement of expenses charged</b>						
	Reliance Capital Pension Fund Limited	-	1,191,036	-	-	-	1,191,036
		-	(457,846)	-	-	-	(457,846)
	Reliance AIF Management Company Ltd.	-	18,870,074	-	-	-	18,870,074
		-	(21,333,969)	-	-	-	(21,333,969)
J	<b>Reimbursement of expenses paid</b>						
	Reliance Capital Limited	26,965,844 (17,407,586)	- -	- -	- -	- -	26,965,844 (17,407,586)
	Nippon Life Insurance Company	-	-	-	4,142,048 (2,409,576)	- -	4,142,048 (2,409,576)
K	<b>Management fee expense</b>						
	Reliance Capital Limited	60,000,000 (60,000,000)	- -	- -	- -	- -	60,000,000 (60,000,000)

**Reliance Nippon Life Asset Management Limited (formerly known as Reliance Capital Asset Management Limited)**

**Notes to the accounts**  
**for the year ended 31 March 2017**  
(Currency: Indian rupees)

**C. Transaction during the year with related parties:**

Sr. No.	Nature of Transaction	Holding Company	Subsidiary	Fellow Subsidiary	Significant Shareholder	Significant Influence	Total
L	<b>Advisory Fee income</b> Reliance Asset Management (Singapore) Pte Ltd	-	32,890,535	-	-	-	32,890,535
		-	(15,339,456)	-	-	-	(15,339,456)
M	<b>Networking / communication expenses</b> Reliance Communications Infrastructure Limited	-	-	-	-	6,847,576	6,847,576
		-	-	-	-	(19,759,365)	(19,759,365)
	Reliance Communication Limited	-	-	-	-	22,678,398	22,678,398
		-	-	-	-	(28,034,470)	(28,034,470)
	Reliance IDC Limited					10,419,146	10,419,146
	Reliance Westore Limited					9,096,722	9,096,722
N	<b>Marketing expenses</b> Zapak Digital Entertainment Ltd	-	-	-	-	3,784,404	3,784,404
		-	-	-	-	(28,863,392)	(28,863,392)
O	<b>Key management personnel</b> Sundeep Sikka					84,164,600	84,164,600
II	<b>Balances outstanding at the end of the year</b>						
A	<b>Loans and advances to related parties</b> Reliance Securities Limited	-	-	-	-	-	-
		-	-	(400,000,000)	-	-	(400,000,000)
	Reliance AIF Management Company Ltd.	-	25,000,000	-	-	-	25,000,000
		-	(123,000,000)	-	-	-	(123,000,000)
	Reliance Nippon Life Insurance Company Limited (formerly Reliance Life Insurance Company Limited)	-	-	11,358,811	-	-	11,358,811
		-	-	(8,846,176)	-	-	(8,846,176)
	Reliance General Insurance Company Ltd.	-	-	1,389,581	-	-	1,389,581
		-	-	(7,653,079)	-	-	(7,653,079)
B	<b>Trade receivables</b> Reliance Asset Management (Singapore) Pte Ltd	-	4,094,226	-	-	-	4,094,226
		-	-	-	-	-	-

Refer note 3.8A(A) for investment in subsidiaries

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

**Notes to the accounts**

*for the year ended 31 March 2017*

(Currency: Indian rupees)

**3.25 Earning Per Share (EPS)**

	<b>2017</b>	<b>2016</b>
Net profit attributable to equity shareholders (after preference dividend)	4,047,750,714	3,701,754,221
Weighted average number of equity shares outstanding	11,520,000	11,520,000
Basic and diluted EPS	351.37	321.33

**3.26 Corporate social responsibility (CSR)**

- a) Gross amount required to be spent by the company during the year was Rs. 88,889,500 (PY Rs 76,727,003 ) as per calculation.  
b) Amount spent during the year on :

<b>Particulars</b>	<b>In Cash</b>	<b>Yet to be paid in Cash</b>	<b>Total</b>
Construction/acquisition of any assets	-	-	-
On purposes other than above	90,000,000	-	90,000,000

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

	<b>2017</b>	<b>2016</b>
Salary and benefits	33,263,416	26,981,151
Travelling	6,150,844	5,925,475
Professional fees and consultancy	14,870,317	14,890,234
Other expenses	11,314,205	4,908,942
	<b>65,598,782</b>	<b>52,705,802</b>

**3.28 Earnings in foreign currency:**

	<b>2017</b>	<b>2016</b>
PMS & Advisory Fees	262,344,770	199,779,200
	<b>262,344,770</b>	<b>199,779,200</b>

**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 Dividend:**

- a. The Company remits the dividend to all shareholders including non-resident shareholders in Indian rupees (INR).  
b. In respect of the year ended 31 March 2017, the directors propose that a dividend of Rs. 215 per share (PY Rs. 215 per share) be paid on fully paid equity shares. The equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is Rs. 2,476,800,000 (PY Rs. 2,476,800,000).

**3.32 Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016 as provided in the table below**

	<b>SBNs</b>	<b>Other denomination notes</b>	<b>Total</b>
Closing Cash in hand as on 08.11.2016	24,000	37,499	61,499
(+) permitted receipts		338,606	338,606
(+) permitted payments		332,637	332,637
(-) Amount deposited in Banks	24,000	-	24,000
Closing Cash in hand as on 31.12.2016	-	43,468	43,468

**3.33 Asset Management Right:**

During the previous year, the Company and Reliance Capital Trustee company Limited had jointly entered into a scheme Transfer Agreement with Goldman Sachs Asset Management (India) Private Limited, Board of Trustees of Goldman Sachs Mutual Fund and Goldman Sachs Asset Management, L.P to acquire the right to manage and administer the schemes of Goldman Sachs Mutual Fund, the right to assume the trusteeship of the schemes of Goldman Sachs Trustee company (India) Private Limited and takeover of the schemes of Goldman Sachs Mutual Fund respectively. The said transaction has been approved by the relevant regulatory authorities and the Unit holders of the Schemes of Goldman Sachs Mutual Fund in the current year. The amount paid along with the incidental expenditure incurred thereon aggregating to Rs. 2501,379,375 has been treated as Asset management Right as intangible asset. The Asset management Right will be amortized over a period of 120 months. For the year ended March 31, 2017, an amount of Rs.101,425,794 has been amortized. Balance life of Asset Management Right is 115 months.

**Notes to the accounts**

*for the year ended 31 March 2017*

(Currency: Indian rupees)

**3.34 International Subsidiaries:**

During the year the UK subsidiary of the Company has been struck off by the Companies House, Register of Companies London, as per the application made by the Company in previous year. The company has written off the investment cost entirely for non recoverability which was fully provided in the previous year.

**3.35** 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.

**3.36** Previous year's figures have been regrouped / reclassified, wherever required.

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 Nippon Life Asset Management Limited**

**Milind Ranade**

Partner

Membership No. 100564

**Sundeep Sikka**

**Executive Director & CEO**

DIN No. 02553654

**Kanu Doshi**

Director

DIN No. 00577409

**Prateek Jain**

Chief Financial Officer

**Ajay Patel**

Manager

Mumbai, 22 April 2017

**Deepak Mukhija**

Company Secretary