

**RELIANCE CAPITAL
ASSET MANAGEMENT LIMITED**

ANNUAL REPORT

2015-16



**Reliance Capital Asset
Management Limited**

Reliance Centre,
7th Floor South Wing,
Off Western Express Highway,
Santacruz (East) Mumbai - 400 055.
CIN : U65910MH1995PLC220793

Tel: +91 22 3303 1000
Fax: +91 22 3303 7662
www.reliancecapital.com

NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the Members of Reliance Capital Asset Management Limited will be held on Monday, the 27th day of June, 2016 at 9:30 A.M. at its registered office at 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Koparkhairne, Navi Mumbai - 400 710, to transact the following business as ordinary business:

- (1) To receive, consider and adopt the Balance Sheet of the Company as at March 31, 2016, and the statement of Profit & Loss for the year ended on that date, together with the report of the Director's and that of the Auditor's thereon.
- (2) To declare dividend.
- (3) To appoint a Director in place of Mr. Soumen Ghosh, who retires by rotation, and being eligible for re-appointment, offers himself as such.
- (4) Ratification w.r.t. the appointment of M/s. B S R & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Company.

**By Order of the Board of Directors
for Reliance Capital Asset Management Limited**

**Yogesh Sachdeva
Company Secretary**

FCS-7332

Reliance Centre, 7th Floor (South Wing),
Off Western Express Highway,
Santacruz (East), Mumbai - 400055

Date: April 22, 2016



NOTES:

- (a) Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the businesses to be transacted at the Annual General Meeting (the "**Meeting**") is annexed hereto.
- (b) A member is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll, instead of herself/ himself and the proxy need not be a member of the company. The instrument appointing the proxy in order to be effective, should be deposited at the registered office of the Company.
- (c) A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other shareholder.
- (d) Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of their board resolution authorising their representative to attend and vote on their behalf at the meeting.

**Form No. MGT-11
Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: U65910MH1995PLC220793
Name of the company: Reliance Capital Asset Management Limited
Registered office: 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Koparkhairne,
Navi Mumbai - 400710

Name of the Member(s):
Registered address:
E-mail Id:
Folio No/ Client Id:
DP ID:

We, being the member(s) of shares of the above named company, hereby appoint

1. Name:
Address:
E-mail Id:
Signature:....., or failing him

2. Name:
Address:
E-mail Id:
Signature:....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on the Monday, 27th day of June, 2016 at 9:30 A.M. at the Registered Office of the Company at 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Koparkhairne, Navi Mumbai - 400710 and at any adjournment thereof in respect of such resolutions as are indicated below:

1. To receive, consider and adopt the Balance Sheet of the Company as at March 31, 2016, and the statement of Profit & Loss for the year ended on that date, together with the report of the Director's and that of the Auditor's thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Soumen Ghosh, who retires by rotation, and being eligible for re-appointment, offers himself as such.
4. Ratification w.r.t. the appointment of M/s. B S R & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Company.

Signed this June 2016

Signature of shareholder

Signature of Proxy holder(s)

Affix Re 1
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Directors' Report

To the Members,

Your Directors take pleasure in presenting their Twenty First Annual Report on the business and operations of your Company, together with the audited financial statements, for the year ended March 31, 2016.

At the outset, your Directors wish to reiterate your Company's commitment to the highest standards of corporate governance in order to enhance the trust of all its stakeholders. Strong and robust corporate governance practices have facilitated your Company in standing up to the continued scrutiny of domestic & international investors and that of the Regulatory authorities.

Your Company endeavors to remain one of the leading players in the Asset Management business in India and enhance its global footprint as well.

FINANCIALS

The standalone and consolidated financial statements of the Company for the year ended March 31, 2016, have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles in India and in line with the provisions of the Companies Act, 2013 (Act). The financial highlights (on a consolidated and standalone basis) of the Company for the year ended March 31, 2016 are as follows:

(In Rs.)

Description	Consolidated		Standalone	
	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015
Gross Income	13,138,198,886	9,551,189,681	12,710,154,754	9,301,150,837
Profit before exceptional item and tax	5,023,996,209	4,578,749,082	4,962,743,794	4,463,992,077
Exceptional Items	-	29,138,759	4,028,535	30,813,946
Profit Before Tax	5,023,996,209	4,549,610,323	4,958,715,259	4,433,178,131
Provision for taxation	1,275,869,007	901,476,236	1,257,800,000	885,886,968
Provision for Deferred Tax Asset/ (Liability)	16,273,942	(25,889,442)	838,962	26,049,929
Profit After Tax before share of minority shareholders	3,764,401,144	3,622,244,649	3,701,754,221	3,573,341,092

Description	Consolidated		Standalone	
	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015
Share of Minority Shareholders	66,056	274,071	-	-
Net Profit	3,764,335,088	3,621,970,928	3,701,754,221	3,573,341,092
Balance carried to Balance Sheet	10,099,836,996	6,335,501,908	10,220,937,190	6,519,182,970
Basic EPS of Rs.10 each	326.77	327.61	321.33	323.21
Diluted EPS of Rs.10 each	326.77	327.21	321.33	322.82

The Consolidated Financial Statements of the Company, along with that of its subsidiaries, for the year ended March 31, 2016 (duly audited by their respective statutory auditors) are forming part of this Annual Report.

The annual accounts of all the subsidiary companies and the related detailed information will be made available to the Shareholders of the Company seeking such information at any point of time. The annual accounts of all the subsidiary companies will also be kept at the Corporate Office of the Company, for inspection by the Shareholders. The Company shall furnish a hard copy of details of accounts of subsidiaries to any Shareholder on demand.

DETAILS OF MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the Company since the date of the financial statements i.e. March 31, 2016.

DIVIDEND

EQUITY SHARES:

Your Directors are pleased to recommend the payment of dividend of Rs. 215/- (Rupees Two Hundred Fifteen Only) per equity share of Rs. 10/- each, thereby entailing the total payout of Rs. 2,981,018,202 /- (including dividend distribution tax and other applicable taxes/ surcharges).

PREFERENCE SHARES:

In the year 2015, your Company had issued 30,00,000 numbers of fully paid-up 6% Non-Cumulative, Non Convertible, Redeemable Preference Shares of Rs. 100/- each, to the Shareholders of Azalia Distribution Private Limited i.e. Reliance Television Private Limited, in terms of the Scheme of Arrangement sanctioned by the Hon'ble Bombay High Court.

Your Directors therefore recommend the declaration and payment of dividend of Rs. 6/- (Rupees Six only) on each 6% Non-Cumulative, Non Convertible, Redeemable Preference Shares of the Company, for the year under review, thereby entailing the total payout of Rs. 21,664,377/- (including dividend distribution tax and other applicable taxes/surcharges).

AMOUNT TO BE CARRIED TO RESERVES

In view of the declaration and payment of dividend to the Shareholders of the Company and in accordance with the provisions of Section 123 of the Act, your Directors do not propose any amount to be transferred to the General Reserves of the Company.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENT

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act are provided as part of the notes to the Financial Statements.

LANDMARK DEVELOPMENTS

INVESTMENT IN THE COMPANY

On March 17, 2016, Nippon Life Insurance Company (NLI), an existing 35% equity shareholder in the Company acquired an additional 9.57% stake by way of purchase of certain number of equity shares from Reliance Capital Limited (RCL). Post this acquisition, the equity stake of NLI in the Company has increased to 44.57% and that of RCL stands at 51%. Further, NLI proposes to acquire additional 4.43% equity share in the Company and accordingly thereafter its equity stake in the Company shall be increased to 49%.

CHANGE OF NAME OF THE COMPANY

Pursuant to an Agreement entered into amongst the major Shareholders of your Company i.e. Reliance Capital Limited and Nippon Life Insurance Company, it was decided to change the name of your Company from 'Reliance Capital Asset Management Limited' to '**Reliance Nippon Life Asset Management Limited**'. The corporate and regulatory steps required in this regard have already been initiated by the Company. The said change in name shall be effective post approval of the same by the Office of the Registrar of Companies, Maharashtra at Mumbai.

ACQUISITION OF SCHEMES OF GOLDMAN SACHS MUTUAL FUND

During the year, your Company had signed a Transfer Agreement with the Indian Asset Management arm of Goldman Sachs, in terms of which your Company will acquire the rights and privileges to manage and administer all onshore Mutual Fund Schemes (including exchange traded funds) of

Goldman Sachs Mutual Fund. In this regard, the necessary regulatory approval of CCI is already in place, and as soon as the approval of SEBI is there in place, these Schemes would be acquired and effectively transitioned into your Company's business.

COMPLIANCE CULTURE & RISK MANAGEMENT

Your Company is essentially Compliance centric and has a huge focus in this direction. The Compliance function is manned by a dedicated and experienced team of professionals. The Compliance team regularly conducts various educative training programs for various segments within the organization. Your Company thrives towards a culture of 'Total Compliance' and it has a 'Zero Tolerance' policy for non-compliances.

Your Company has a comprehensive Risk Management Policy that envisages an enterprise risk management framework and clearly sets out the objectives & elements of risk management within the organization, including the constitution of a Risk Management department (reporting directly to the CEO and to the Board of Directors), a Risk Management Committee (RMC) and the underlying mechanisms & processes to be used for identification, monitoring and reporting of various categories of risks including credit, market, liquidity and operational risks. There are well documented & Board approved policies & processes which are in place. In addition, proper & adequate Insurance Policies and business continuity planning have also been adequately put into place.

You will note that the basic revenue model of an asset management company is charging of management fees on assets under management provided by the investors. In case of an eventuality where the Company repeatedly fails to comply with regulatory norms with regard to investment restrictions and/ or code of conduct, or if there are repeated & glaring instances of fraud/ front-running then the same may be a catastrophic risk for the enterprise. However, your Directors would like to assure you that such risks are being mitigated by putting into place robust & time tested policies & processes, qualified & professional manpower to run these processes under the aegis & guidance of your Board of Directors, Board Committees and various other internal committees, consisting of its senior employees.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Auditor reports to the Audit Committee.

The Internal Auditor monitors and evaluates the efficacy and adequacy of the internal control system in the Company, its compliance with operating systems, accounting procedures and policies. Based on the report of the Internal Auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls. The Risk Management department follows up on pending

audit issues and ensures that corrective actions have been taken. Significant audit observations, if any, and corrective actions thereon, are presented to the Audit Committee of the Board.

OPERATIONAL HIGHLIGHTS

ASSET MANAGEMENT:

In terms of the authorization from SEBI, your Company acts as the asset manager to Reliance Mutual Fund (RMF), which is the third largest Mutual Fund in India, in terms of the Quarterly Average Assets under Management (QAAUM) as on March 31, 2016.

The QAAUM of RMF as on March 31, 2016 was approx. Rs.158,408 Crores comprising of Rs. 48,071 Crores of Equity, Rs. 75,422 Crores of Debt, Rs. 33,543 Crores of Liquid Funds; and Rs. 1,372 Crores of Gold asset class. It may be noted that the QAAUM of RMF as on March 31, 2015 was approx. Rs. 137,124 Crores comprising of Rs. 45,025 Crores of Equity, Rs. 62,865 Crores of Debt, Rs. 27,707 Crores of Liquid Funds; and Rs. 1,526 Crores of Gold asset class.

Overall QAAUM of RMF has shown positive growth of around 15.5% during the financial year 2015-16, while the Indian Mutual Fund Industry witnessed an overall positive growth of approx 13.9% in terms of QAAUM (Source: AMFI).

NEW SCHEMES LAUNCHED:

During the year under review, RMF launched the following new schemes:

Scheme Name	Type	Structure
Reliance Corporate Bond Fund	Debt	Open - ended
Reliance Dual Advantage Fixed Tenure Fund VI	Debt	Close - ended
Reliance Dual Advantage Fixed Tenure Fund VII	Debt	Close - ended
Reliance Fixed Horizon Fund XXVII	Debt	Close - ended
Reliance Fixed Horizon Fund XXVIII	Debt	Close - ended
Reliance Interval Fund - III	Debt	Interval
Reliance Retirement Fund - Income Generation Scheme	Debt	Open - ended
Reliance Capital Builder Fund	Equity	Close - ended
Reliance Capital Builder Fund II	Equity	Close - ended
Reliance Close Ended Equity Fund II	Equity	Close - ended
Reliance Japan Equity Fund	Equity	Open - ended
Reliance Retirement Fund - Wealth Creation Scheme	Equity	Open - ended
R* Shares Sensex ETF	ETF	Open - ended
R*Shares Consumption ETF	ETF	Open - ended
R*Shares Dividend Opportunities ETF	ETF	Open - ended

As on March 31, 2015, RMF has a well rounded portfolio of 66 schemes under various categories such as Equity, Debt, Exchange Traded Fund, Fixed Maturity Plans and Interval Funds.

PORTFOLIO MANAGEMENT:

Your Company has been rendering Portfolio Management Services (PMS) since August 2004. It currently offers discretionary and advisory portfolio management services to various categories of clients. The PMS business continued its positive performance through challenging times faced during the year. Your Company emerged as one of the very few portfolio management businesses, which attracted new assets. As at the year end, the total AUM of the Portfolio Management business (including discretionary and advisory services and also including EPFO and CMPFO portfolio) stood at Rs.1,23,631 Crores as against Rs. 1,00,887 Crores for the last financial year. During the year, the PMS business received a sum of Rs. 23.24 Crores as fee income.

Going forward, the PMS division of your Company will endeavor to identify suitable opportunities for launching equity/ fixed income portfolios and rendering investment advisory services. Our focus on providing customized offerings to high net-worth individuals & corporates will continue via PMS in Financial Year 2016.

Your Company is one of the four fund houses who are managing the prestigious Employees Provident Fund Organization (EPFO) mandate since last few years. As on March 31, 2016, the EPFO portfolio stood at Rs. 1,03,301 Crores.

We are pleased to inform you that during the year your Company has also been appointed as one of the three fund houses to manage CMPFO (Coal Mines Provident fund) mandate for an initial period of 3 (three) years. As on March 31, 2016 the CMPFO portfolio stood at Rs. 18,875 Crores.

ALTERNATIVE INVESTMENT BUSINESS:

Alternative Assets remains an area of great interest in investment management space. The term Alternative Assets, is generally used to describe all assets other than the conventional listed equity and investment grade debt. Hence, this includes non-conventional/ non-benchmarked strategies in equities, non-investment grade debt/ high yield debt, assets like real estate, commodities, distress debt, etc. Reliance AIF Management Company Limited (RAIF), which is a subsidiary of your Company, is engaged in this business of managing alternative investment funds. During the year, RAIF has concluded final closure of two schemes and has collected a total commitment of Rs. 953 Crores, which has also been appropriately deployed. During the year, RAIF has earned income in the form of AIF Fees from this offering, amounting to Rs. 22.62 Crores for the financial year 2015-2016, which is a growth of 62% over the financial year 2014-15.

NATIONAL PENSION SYSTEM:

Reliance Capital Pension Fund Limited (RCPFL), a subsidiary of your Company is acting as one of the Pension Fund Managers for managing the pension assets under the National Pension System (NPS).

NPS industry witnessed a rapid growth during the current year, both in terms of subscriber base as well as in respect of the assets under management. The subscribers under NPS schemes as of March 31, 2016 were in excess of approx Rs. 98 Lakhs as compared to Rs. 87.49 Lakhs during the previous year. Further, the subscribers under private sector of NPS schemes as of March 31, 2016 were in excess of Rs. 6.88 Lakhs as compared to around Rs. 4.60 Lakhs as of previous year i.e. March 31, 2015. The overall assets managed by the NPS industry, as of March 31, 2016, were Rs. 1,18,810 Crores as compared to around Rs. 80,855 Crores as at the end of the last year. Further, the assets under management related to Private sector (other than NPS Lite) grew from Rs. 2011 Crores last year to Rs. 3,564 Crores as of March 31, 2016. The assets under management of RCPFL during the current fiscal year, almost doubled to Rs. 111.22 Crores as compared to Rs. 76.97 Crores in the last year.

INTERNATIONAL BUSINESS:

Global Economic Environment

The global economic environment was uncertain on account of many factors like China's financial gyrations, volatility in oil prices, and the further weakening of the US economy. The largest downward adjustments are seen in emerging markets, of which Brazil and Russia were the most pronounced with India slated to be the fastest growing economies in Asia this year.

Foreign portfolio investor interest in India has remained volatile and linked to sentiment on the local economy as well as global developments (especially the US Dollar and interest rate expectations). This fiscal saw FPIs turn sellers in the local equity market. On the other hand, the government has had good success in positioning India as an FDI investment destination.

India is being viewed as a potential opportunity by investors, with the economy having the capacity to grow tremendously. Buoyed by strong support from the government, FPI investments are expected to continuously improve going forward.

Offshore Opportunities

Foreign portfolio investors were net sellers across Indian equity and debt markets in financial year 2015-16 preempted by global volatility and uncertainty. FPI Debt limits have been enhanced in Central and State Government bonds by Rs. 27,500 Crores to provide significant opportunities for FPI's to invest in Indian Government securities.

Other Opportunities

After having progressively strengthened its leadership position in the Indian market, your Company has now forayed into Asian, European and UK markets as a key step in making their Indian expertise accessible to global investors. Your Company entered into a MoU with Samsung group for potential areas of co-operation in developing, structuring managing and distributing investment products to Korean retail and institutional investors. Your Company has over the last one year enhanced its global presence and provided substantial access to investors across the world to an opportunity of seamlessly investing in Indian Capital markets.

SOUTH KOREA

Your Company formally commenced its advisory business in Korea by rendering investment advisory in respect of a Korean fund i.e. Samsung India M&S Focus Fund which is being managed by Samsung Asset Management. This fund provides access to the Korean retail and institutional investor's in respect of Indian Capital markets.

JAPAN

Your Company continues to provide investment advisory to the fixed income & equity funds which are being managed by Nissay Asset Management, Japan which happens to be an associate of Nippon Life Insurance Company. As of March 31, 2016, these funds have cumulatively raised USD 922 million of assets in Japan.

Japan is clearly the largest overseas market for India funds, and your Company remains optimistic of flows in the long term, given the need for yield by Japanese investors and the positive loop created by significant cross border trade and strategic investments between both countries.

MAURITIUS

The Mauritian subsidiary of your Company, Reliance Asset Management (Mauritius) Limited (RAMM) continued its focus on rendering of investment management services to India focused collective investment schemes i.e. Emergent India Investments Limited (EIL), the Mauritius based.

SINGAPORE

Your Singapore subsidiary, Reliance Asset Management (Singapore) Pte Ltd. (RAMS), which established its business in Singapore in the year 2006 has closed the financial year with USD 609 million of assets under management. During the year under review, RAMS launched an India focused fund in UK which is exclusively available only to the marquee investors in that region.

RAMS also commenced managing its first UCIT Equity fund in Luxembourg marking its entry into European markets. This fund is being advised by your Company in India.

CORPORATE SOCIAL RESPONSIBILITY

As part of its initiatives under "Corporate Social Responsibility (CSR), the Company has undertaken projects in the areas of promoting preventive health care in accordance with Schedule VII of the Act.

The Annual Report on CSR activities is annexed herewith as **Annexure - A**.

AWARDS AND RECOGNITION

- Aon Best Employer 2016
Your Company has been awarded the 'Aon Best Employers 2016'. Yours is the only asset management company to get this recognition and shares the platform with Top 25 Employers in India like Hewlett Packard, Starwood Hotels, Tata Communications, Oberoi Hotels, DHL Express, Bajaj Finance and Indigo. Aon Hewitt are the world -wide leaders in recognizing those best employers who have created outstanding employee engagement leading to consistently high business performance. Their Best Employer brand is a global brand and is considered the touchstone of Employer Branding.
- Business Today - Money Today Financial Awards
Reliance Mutual Fund winner in Equity Asset Management House of the Year and Asset Management House of the Year.
- Golden Peacock Award for Risk Management (2015)
The Golden Peacock Award for Risk Management won by your Company assessed the effectiveness of the organisation's enterprise risk management framework, including organizational structure and governance systems (covering such things as Board supervision and independence of the Risk Management function from Operating functions), senior management's commitment to risk management and Risk Management practices that help to identify, monitor and mitigate enterprise risks, like establishment of written processes and controls and a robust system of Internal Audit.
- EDGE Learning Academy of EMF awarded "Best Corporate University" at Tata Institute of Social Sciences (TISS) - Leapvault Chief Learning Officers (CLO) Awards
This award is in recognition of efforts by EDGE Learning Academy of RMF on educating investors and distributors by conducting various Training, non-training and coaching initiatives.
- EDGE Learning Academy won the Skoch Order-of-Merit Award (2015)
- Stars of the Industry Awards for Excellence in Mutual Fund

FUTURE OUTLOOK

During the year under review, the Indian Mutual Fund Industry witnessed an overall positive growth of approx 13.9% in terms of QAAUM, from an amount of approx. Rs. 11,88,690 Crores as at March 31, 2015 to an amount of approx. Rs. 13,53,444 Crores as at March 31, 2016 (Source: AMFI):

- 23.7 Lakh Net New SIPs registered during the Financial Year (as on February 2016).
- Around 50 Lakh Equity folios have been added this year so far (as on February 2016).

It has been a good year for your Company, as well. Your Company continues to be amongst the largest AMCs managing assets of around Rs. 2,87,000 Cr (USD 43 Billion) across Mutual Funds, PMS, Pension Funds and Offshore strategies. Your Company continues to aggressively pursue growth opportunities in the fund management and investment advisory space, both at domestic as well as at the international level.

Emerging trends point towards higher adoption of new technology and digital mediums across India. The digital space has the potential to significantly improve the service quality and also help ease in first-time investors to the Industry. Your Company has one of the most integrated Digital platforms in the Industry, and we intend to continue building on it to further improve the investors' experience.

The Mutual Fund Industry has significant untapped potential in smaller locations. As per latest data available on AMFI, over 85% of the Industry AUM originates from the Top 15 cities. This provides opportunities for expansion in smaller locations. In line with the SEBI regulations, your Company intends to improve penetration levels in Tier III, Tier IV locations and increase use of technology to improve the investor experience. Being one of the largest players in the Industry, your Company will continue investing in growing the market size, achieving product innovation, educating the investors, increasing the distribution reach and enhancing customer service infrastructure with aggressive expansion strategies.

SUBSIDIARIES

As of March 31, 2016, your Company had five (5) subsidiaries. Three of such subsidiaries are overseas, being one each in Singapore, United Kingdom and Mauritius and two subsidiaries being in India. All the subsidiaries of the Company are engaged in financial services and related activities.

During the year under review, the subsidiary of your Company at United Kingdom i.e. Reliance Capital Asset Management (UK) Limited (formerly known as Reliance Capital Asset Management (UK) Plc.) has converted itself into Private Company and has applied for strike off of its name from the Register maintained by the Companies House, United Kingdom.

A statement w.r.t. the performance and the financial position of the subsidiaries of the Company is forming a part of the Consolidated Financial Statements of the Company.

KEY MANAGERIAL PERSONNEL

In terms of the requirements of Section 203 of the Act, during the year under review, the following officials/ employees of the Company were confirmed and designated as the 'Key Managerial Personnel' of the Company:

- a) Mr. Sundeep Sikka - Chief Executive Officer;
- b) Mr. Ajay Patel - Manager;
- c) Mr. Prateek Jain - Chief Financial Officer;
- d) Mr. Gajendra Thakur - Company Secretary (up to May 25, 2015); and
- e) Mr. Yogesh Sachdeva - Company Secretary.

During the year, Mr. Ajay Patel was duly re-appointed as the Manager of the Company for a period of Three (3) years effective from July 1, 2015.

Further, Mr. Yogesh Sachdeva, a Fellow Member of the Institute of Company Secretaries of India, was designated to discharge the functions of Company Secretary of your Company w.e.f. May 27, 2015, pursuant to resignation of Mr. Gajendra Thakur. Later, on June 29, 2015, Mr. Sachdeva was designated as a Key Managerial Personnel of the Company in terms of the provisions of Section 203 of the Act.

DIRECTORS

In accordance with the provisions of Section 152 of the Act, Mr. Soumen Ghosh (Director) is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, has offered himself for re-appointment, as such. The Board recommends the re-appointment of Mr. Soumen Ghosh as a Director of the Company.

Mr. Shinichi Okamoto, Director on the Board of the Company has resigned w.e.f. April 22, 2016 and in his place Nippon Life Insurance Company (a substantial Shareholder of the Company) has proposed the appointment of Mr. Kazuhide Toda as Director of the Company.

Your Directors place on record their sincere gratitude to Mr. Shinichi Okamoto for bringing value and enriched experience to the Board, during his association with the Company.

In order to ramp up the constitution of the Board in line with the understanding amongst the substantial Shareholders of your Company, your Directors have recommended the appointment of General Ved Prakash Malik (Retd.) as an Independent Director, Mr. Kazuhide Toda and Mr. Tomonao

Gotoda, as a Directors and Mr. Sundeep Sikka as a Whole-time Director (to be designated as Executive Director & Chief Executive Officer) on the Board of your Company, which shall be submitted for your consideration at the ensuing Extra-ordinary General Meeting of the Company.

If appointed, Mr. Kazuhide Toda, Mr. Tomonao Gotoda and Mr. Sundeep Sikka shall act as Associate Directors, in terms of the relevant provisions of SEBI (Mutual Fund) Regulations, 1996.

All the Independent Directors of your Company i.e. Mr. Kanu H. Doshi, Mr. Sushil Chandra Tripathi and Ms. Ameeta Chatterjee, have duly furnished the required declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act.

During the Year, in terms of the requirements of the Act, the Independent Directors held their separate meeting, wherein the performance of the Board and that of the Directors was evaluated in detail. In this very meeting itself, the Independent Directors of the Company also thoroughly discussed the quantity, quality & the timeliness of the flow of information between the company's management and the Board and arrived at a view that the same is adequate and sufficient to enable effective decision making by the Board. Your Directors acknowledge that such newly introduced requirements with respect to annual performance evaluation of the Board are encouraging developments and therefore during this year, the Board will explore other appropriate mechanisms of performance evaluation as well in this regard.

BOARD AND COMMITTEE MEETINGS

During the year under review, Nine (9) Board meetings and Two (2) meetings of the Committee of Directors were held.

Your Directors wish to inform that the functioning of the Board is supplemented by various committees, which have been constituted from time to time, such as Audit Committee, Committee of Directors, CSR Committee, Nomination & Remuneration Committee, LTIP Committee, Valuation Committee, Investment Committee, Risk Management Committee, Broker Empanelment Committee, Operating Committee, Compliance Committee, Proxy Voting Committee, Information Security Risk Management Committee, etc. to name a few. Each of the aforesaid Committee has been constituted in order to ensure due compliance with the applicable laws and to ensure the highest levels of corporate governance. The minutes of the meetings of each of these Committees are duly placed before the Board for noting and confirmation.

AUDIT COMMITTEE

In terms of the requirements of Section 177 of the Act, the Audit Committee of the Company consists of majority of Independent Directors. It in fact comprises of all the Directors of the Company namely

Mr. Kanu H. Doshi [Independent Director], Mr. Sushil Chandra Tripathi [Independent Director], Ms. Ameeta Chatterjee [Independent Director], Mr. Shinichi Okamoto and Mr. Soumen Ghosh.

During the year, Seven (7) meetings of the Audit Committee were held.

AUDITORS' OF THE COMPANY - STATUTORY AND INTERNAL

In accordance with the applicable provisions of law, the Company has appointed Statutory and Internal Auditors, who periodically submit their reports, which are placed before the Audit committee for discussion, review and implementation of their recommendations.

STATUTORY AUDITORS:

In terms of Section 139 of the Act read with Companies (Audit and Auditors) Rules, 2014, at the Nineteenth Annual General Meeting of the Company, M/s. B S R & Co. LLP, Chartered Accountants were appointed as the Statutory Auditors of the Company for a period of Four (4) years subject however to ratification by members at every Annual General Meeting of the Company.

The Board recommends ratification of their appointment, as such, at the ensuing Twenty First Annual General Meeting of the Company.

INTERNAL AUDITORS:

With effect from October 1, 2016, M/s. NMAH & Associates LLP, Chartered Accountants were appointed as the Internal Auditors' of your Company, pursuant to the resignation of M/s. Vinay Doshi & Company, Chartered Accountants. Your Directors recommend their re-appointment as such for the financial year 2016-17.

AUDITORS OF THE SCHEMES OF RELIANCE MUTUAL FUND - STATUTORY AND INTERNAL

In accordance with the applicable provisions of law, the Company has appointed Statutory and Internal Auditors for the various Schemes of Reliance Mutual Fund, who periodically submit their reports, which are placed before the Audit Committee for discussion, review and implementation of their recommendations.

STATUTORY AUDITORS:

M/s. Haribhakti & Co. LLP, Chartered Accountants held office as Statutory Auditors of the Schemes of Reliance Mutual Fund for the financial year 2015-16. Your Directors recommend their re-appointment as such for the financial year 2016-17.

INTERNAL AUDITORS:

M/s. Price Waterhouse, Chartered Accountants acted as Internal Auditors of the Schemes of Reliance Mutual Fund for the financial year 2015-16 and their term in the office as Internal Auditors of the Schemes of Reliance Mutual Fund and that of the PMS Division of the Company has ended on March 31, 2016.

Having regard to their longitivity in office and as a matter of good governance, your Directors recommend a change in the Internal Auditors from M/s. Price Waterhouse to M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, for the financial year 2016-17.

Your Directors wish to place on record the contributions made by M/s. Price Waterhouse during their tenure as the Internal Auditors of the Scheme of Reliance Mutual Fund.

AUDITORS' REPORT

The notes to the Annual Accounts of the Company, referred to in the Auditors' Report are self-explanatory and do not require any clarification from the Board.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Directors had appointed M/s. M. Siroya and Company, Mumbai, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2015-16. In this regard, the Report submitted by the Secretarial Auditor is annexed herewith as **Annexure - B**.

Your Directors are pleased to inform that the report from the Secretarial Auditors does not contain any qualifications or negative remarks.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as **Annexure - C**.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNINGS AND OUTGO

CONSERVATION OF ENERGY:

The operations of the Company do not consume high levels of energy. Adequate measures have been taken to conserve energy wherever feasible. Your company uses latest technology and energy efficient equipments. As energy cost forms a very small part of the total costs, the impact on cost is not material.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

(i) The efforts made towards technology absorption:

During the financial year 2015-16, Digital strategy of your Company was focused providing the simplified processes to the customer and keeping in view the interests of the distributors. Along with this, there was a strong agenda to acquire a new customer online without any paper work. In line with the above objective, your Company launched various initiatives in this direction and many of these initiatives were first time in the Industry.

- (a) Launch of Simply Save app for the distributors for their customers
- (b) Revamped website for the distributor to provide ease of transactions, campaigns and other such transactions & add-on features
- (c) Direct Integration of ICICI bank on the corporate website for the real-time transfer of funds
- (d) Hard-coded campaigns for the customers of distributor to keep the interest of the distributor
- (e) Industry first paperless eKYC process to acquire customers who are new to Mutual Fund industry by doing Video-based IPV and providing an option of real-time investment;
- (f) Video for customer service and transactional support;
- (g) Real-time call for the customers who drops in during a purchase journey;
- (h) Remarketing activity to all the visitors for the website
- (i) Whatsapp based transaction feature to the customers

(ii) Benefits derived out of the above initiatives:

These initiatives enabled your Company to cater to increased volumes in business without increasing costs around our technology infrastructure and human resources. The contribution of the digital sales has increased the overall business done by your Company.

With few of the industry first initiatives, your Company has been ahead of the industry in launching of the online eKYC as well as the Whatsapp based transactions. Your Company has seen good responses from the customers in both the initiatives. In addition to these, the video

chat functionality (which is again an industry first initiative) has been designed to stay connected with the valued customers directly.

RESEARCH AND DEVELOPMENT:

It's evident that digital has become a critical asset in many companies' quest for growth. We as a company are very much committed to this and are looking continuously to provide simplified process and product over the digital platform to the online customers. This approach is being led by various research and innovative products designed for the online customers. The team and management keep on participating in various discussions, conclave, summits, forum to stay connected and updated on the digital movement in the world & industry.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year, the Company effected exports worth Rs. Nil

During the year under review, the Company earned foreign exchange equivalent to Rs. 199,779,200/-
The Company spent foreign exchange equivalent to Rs. 52,705,801/-

DIRECTORS' RESPONSIBILITY STATEMENT

As per the requirements of Sub Section (5) of Section 134 of the Act, the Directors confirm that -

- (i) In the preparation of the annual accounts for the financial year ended March 31, 2016, the applicable accounting standards have been followed and that there are no material departures;
- (ii) The Directors have selected such accounting policies in consultation with the Statutory Auditors' and have applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit or loss of the Company for the year under review;
- (iii) The Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors have prepared the annual accounts of the Company on a 'going concern' basis.
- (v) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party

transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Related Party Transactions are being placed before the Audit Committee and/ or the Board, for approval/ noting, as appropriate. Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval/ noting as appropriate. Your Directors have already approved a Related Party Transactions Policy for the purpose of identification and monitoring of such transactions.

PARTICULARS OF FRAUDS REPORTED BY THE AUDITORS'

In terms of Section 143(12) of the Act, M/s. B S R & Co. LLP, Chartered Accountants, the Statutory Auditors of the Company have not reported any instance of fraud having taken place during the year under review, in their Audit Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators/ Courts which would impact the going concern status of the Company and its future operations.

OUR PEOPLE

Your Company as an organization is committed towards creation of knowledge for the benefit of all the stakeholders. It is our firm belief that the growth of an organization is largely dependent on the growth of its individuals. Policies in your Company are employee oriented and devised with our 'People First' philosophy in mind.

Your Company had 865 numbers of employees as at March 31, 2015.

As required by the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of the employees are set out in **Annexure - D** to this Directors' Report.

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Your Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this

Policy. Following is a summary of sexual harassment complaints received and disposed off during the year:

- No. of complaints received: Nil
- No. of complaints disposed of: N.A.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their sincere appreciation for the co-operation received from various regulatory and governmental authorities including SEBI, RBI, Registrar of Companies, Maharashtra at Mumbai, PFRDA, NPS Trust, EPFO, CMPFO, Custodians, Bankers, Registrars, Shareholders, Investors and all other business constituents during the year under review. We believe all of them have contributed to our continued growth.

Your Directors also wish to place on record their deep appreciation for the total commitment displayed by all the executives, officers and staff, resulting in yet another eventful performance for the year.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
OF RELIANCE CAPITAL ASSET MANAGEMENT LIMITED**



Mr. Kanu Doshi

Director



Mr. Soumen Ghosh

Director

Place: Mumbai

Dated: April 22, 2016

ANNUAL REPORT ON CSR ACTIVITIES

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

The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the web link for the same is:

<https://www.reliancecapital.com/AboutUs/CompanyProfile/Documents/Group-CSR-Policy-Document.pdf>

2. Composition of the CSR Committee:

- Mr. Kanu Doshi (Independent Director)
- Mr. S. C. Tripathi (Independent Director)
- Ms. Ameeta Chatterjee (Independent Director)
- Mr. Shinichi Okamoto
- Mr. Soumen Ghosh

3. Average net profit of the Company for last three financial years: Rs. 3,83,63,50,149/-

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):
Rs. 7,67,30,000/-

5. Details of CSR spend for the financial year:

- a. Total amount spent for the financial year: Rs. 7,67,30,000/-
- b. Amount unspent, if any: Nil

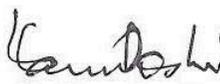
Manner in which the amount spent during the financial year is enclosed.

FOR RELIANCE CAPITAL ASSET MANAGEMENT LIMITED

Place: Mumbai

Dated: April 22, 2016


Mr. Sundeep Sikka
Chief Executive Officer


Mr. Kanu Doshi
Director

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project/ Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (Budget) Project or Programs wise	Amount Spent on the project or programs Sub-heads: (1) Direct expenditure on projects and program (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency*
1.	Mandke Foundation Kokilaben Dhirubhai Ambani hospital & Medical Research Institute	Health Care	Maharashtra	4,00,00,000	4,00,00,000	10,94,27,000	4,00,00,000
2.	Himalayan Institute Hospital Trust	Health Care & Rural Development	Uttarakhand	3,67,30,000	3,67,30,000	3,67,30,000	3,67,30,000

FOR RELIANCE CAPITAL ASSET MANAGEMENT LIMITED

Place: Mumbai
Dated: April 22, 2016


Mr. Sundeep Sikka
Chief Executive Officer


Mr. Kanu Doshi
Director

M Siroya and Company
Company Secretaries

A-103, Samved Building (Madhukunj), Near Ekta Bhoomi Gardens, Rajendra Nagar, Borivali (E), Mumbai - 400 066
Tel.:+91 22 28706523/24; 28546523(D); Cel.:+91 9324310151; E-mail: siroyam@gmail.com; www.msiroya.com

Form No. MR-3**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

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

To,
The Members,
Reliance Capital Asset Management Limited

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

Based on our verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the relevant and applicable provisions of:

- (i) The Companies Act, 1956 (the Old Act) and the rules made thereunder, as may be applicable;
- (ii) The Companies Act, 2013 (the Act) and the rules made thereunder, as may be applicable;
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment; and
- (vi) Based on the representation made by the Company and its officers and our verification of the relevant records, the Company has adequate system and process in place for compliance under the other applicable Laws, Acts, Rules, Regulations, Guidelines and Standards including the following:



M Siroya and Company *Company Secretaries*

A-103, Samved Building (Madhukunj), Near Ekta Bhoomi Gardens, Rajendra Nagar, Borivali (E), Mumbai - 400 066
Tel.:+91 22 28706523/24; 28546523(D); Cel.:+91 9324310151; E-mail: siroyam@gmail.com; www.msiroya.com

- (i) SEBI (Mutual Funds) Regulations, 1996; and
- (ii) Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993.

Other statutes, Acts, laws, Rules, Regulations, Guidelines and Standards etc., as applicable to the Company are given below:

1. Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
2. Acts as prescribed under Direct Tax and Indirect Tax;
3. Stamp Acts and Registration Acts of respective States;
4. Labour Welfare Act of respective States; and
5. Such other Local laws etc. as may be applicable in respect of various offices of the Company.

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India, w.e.f. July 1, 2015; and
2. The Company is an unlisted Company and therefore compliance with listing agreement is not applicable.

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

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

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

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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



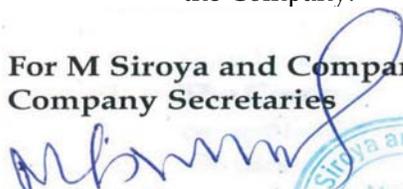
M Siroya and Company
Company Secretaries

A-103, Samved Building (Madhukunj), Near Ekta Bhoomi Gardens, Rajendra Nagar, Borivali (E), Mumbai - 400 066
Tel.:+91 22 28706523/24; 28546523(D); Cel.:+91 9324310151; E-mail: siroyam@gmail.com; www.msiroya.com

We further report that during the audit period the Company has undertaken following significant & material corporate events/actions having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

- (i) At the Board Meeting held on April 29, 2015, inter-alia, the following resolutions were passed:
 - (a) Approved the re-appointment of Mr. Ajay Patel as Manager of the Company w.e.f. July 1, 2015 to June 30, 2018; and
 - (b) Accepted the resignation of Mr. Gajendra Thakur as Company Secretary w.e.f. June 25, 2015.
- (ii) At the Annual General Meeting of the members held on June 29, 2015, inter-alia, the following resolutions were passed:
 - (a) Declaration of Final Dividend @125 per equity share; and
 - (b) Confirmation of the re-appointment of Mr. Ajay Patel as Manager of the Company for a period of 3 years upto June 30, 2018.
- (iii) At the Board Meeting held on June 29, 2015, Mr. Yogesh Sachdeva acting as Company Secretary w.e.f. May 27, 2015 was appointed as a Key Managerial Personnel of the Company w.e.f. June 29, 2015.
- (iv) Nippon Life Insurance Company ("NLI"), an existing 35% equity shareholder in the Company acquired an additional 9.57% stake by way of purchase of appropriate number of equity shares from Reliance Capital Limited ("RCL"). Post this acquisition, the equity stake of NLI in the Company has increased to 44.57% and that of RCL stands at 51%.
- (v) During the year, the Company had signed a Transfer Agreement with the Indian Asset Management arm of Goldman Sachs, in terms of which the Company will acquire the rights and privileges to manage and administer all onshore Mutual Fund Schemes (including exchange traded funds) of Goldman Sachs Mutual Fund.
- (vi) At the Extra-Ordinary General Meeting of the members held on March 17, 2016, the following resolutions were passed:
 - (a) Change of Name of the Company from "Reliance Capital Asset Management Limited" to "Reliance Nippon Life Asset Management Limited, subject to requisite approvals;
 - (b) Approved and adopted the amended and restated Articles of Association of the Company.

For M Siroya and Company
Company Secretaries


Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157



Date: April 22, 2016
Place: Mumbai

M Siroya and Company
Company Secretaries

A-103, Samved Building (Madhukunj), Near Ekta Bhoomi Gardens, Rajendra Nagar, Borivali (E), Mumbai - 400 066
Tel.:+91 22 28706523/24; 28546523(D); Cel.:+91 9324310151; E-mail: siroyam@gmail.com; www.msiroya.com

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

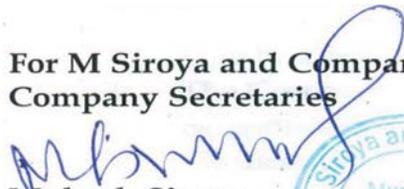
‘Annexure A’

To,
The Members,
Reliance Capital Asset Management Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management’s representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For M Siroya and Company
Company Secretaries


Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157



Date: April 22, 2016
Place : Mumbai

ANNEXURE C

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2016**

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

I. REGISTRATION AND OTHER DETAILS:	
CIN	U65910MH1995PLC220793
Registration Date	February 24, 1995
Name of the Company	Reliance Capital Asset Management Limited
Category / Sub-Category of the Company	Public Company
Address of the Registered office and contact details	Registered Office: 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Koparkhairne, Navi Mumbai, Mumbai - 400 710 Corporate Office: Reliance Centre, 7 th Floor (South Wing), Off Western Express Highway, Santacruz (East), Mumbai - 400 056 Contact: +91 22 3303 1000 e-mail: yogesh.sachdeva@relianceada.com Website: www.relianceemutual.com
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Pvt. Ltd. Plot No. 17 TO 24, Vithalrao Nagar, Madhapur Hyderabad- 500 081, Tel.: +91 40 23420815 - 24

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Fund Management Activities as per NIC Code 2008	6630	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Reliance Capital Limited	L65910MH1986PLC165645	Holding Company	51	2(46)
2	Reliance Asset Management (Mauritius) Limited	Not Applicable	Subsidiary	100	2(87)
3	Reliance Asset Management (Singapore) Pte Limited	Not Applicable	Subsidiary	100	2(87)
4	Reliance Capital Asset Management (UK) Limited*	Not Applicable	Subsidiary	100	2(87)

b) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FII's	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Other (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(1)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	5,00,000	NIL	5,00,000	4.34	NIL	NIL	NIL	NIL	4.34
ii) Overseas	45,42,000	-	45,42,000	39.43	56,44,800	NIL	56,44,800	49.00	9.57
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(2)	50,42,000	-	50,42,000	43.77	56,44,800	-	56,44,800	49.00	5.23
Total Public Shareholding (B)=(B)(1)+ (B)(2)	50,42,000	-	50,42,000	43.77	56,44,800	-	56,44,800	49.00	5.23

C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	1,15,19,400	600	1,15,20,000	100	1,15,19,400	600	1,15,20,000	100	0

(ii) Shareholding of Promoters

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Reliance Capital Limited	64,77,400	56.23	NIL	58,74,600	51.00	NIL	5.23
	Total	64,77,400	56.23	NIL	58,74,600	51.00	NIL	5.23

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

SI. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	64,77,400	56.23	64,77,400	56.23
2.	Date wise Increase / (Decrease) in Promoters Share holding during the year due to transfer of Shares to Nippon Life Insurance Company	<u>16.03.2016</u>			
		5,00,000	4.34	69,77,400	60.57
		<u>17.03.2016</u>			
		(11,02,800)	(9.57)	58,74,600	51.00
3.	At the End of the year	58,74,600	51.00	58,74,600	51.00

(iv) *Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):*

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Nippon Life Insurance Company	40,32,000	35	51,34,800	44.57
2	EP Global Markets (Cayman) Limited	5,10,000	4.43	5,10,000	4.43
3	Reliance ADA Group Trustee Private Limited A/c Reliance Capital Asset Management Employees Benefits Trust	5,00,000	4.34	Nil	0

(v) *Shareholding of Directors and Key Managerial Personnel:*

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

(v) **INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition	NIL	NIL	NIL	NIL
• Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL

(vi) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/ or Manager:

The said details are separately annexed herewith as “**Annexure C1**”.

B. Remuneration to other directors:

1. Independent Directors					
Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Kanu Doshi	S.C. Tripathi	Ameeta Chatterjee	
	1. Independent Directors – Fee for attending board / committee meetings – Commission – Others, please specify	8,30,000	7,90,000	7,60,000	23,80,000
	Total (1)	8,30,000	7,90,000	7,60,000	23,80,000
2. Non-Executive Directors					

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Shinichi Okamoto	Soumen Ghosh	
	2. Other Non-Executive Directors - Fee for attending board committee meetings - Commission - Others, please specify	6,30,000	0	6,30,000
	Total (2)	6,30,000	0	6,30,000
	Total (B)=(1+2)	30,10,000		30,10,000
	Total Managerial Remuneration	30,10,000		30,10,000
	Overall Ceiling as per the Act			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

The said details are separately annexed herewith as "Annexure C1".

(vii) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	N.A.	N.A.	N.A.	N.A.
Punishment	NIL	N.A.	N.A.	N.A.	N.A.
Compounding	NIL	N.A.	N.A.	N.A.	N.A.
B. DIRECTORS					
Penalty	NIL	N.A.	N.A.	N.A.	N.A.
Punishment	NIL	N.A.	N.A.	N.A.	N.A.
Compounding	NIL	N.A.	N.A.	N.A.	N.A.
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	N.A.	N.A.	N.A.	N.A.
Punishment	NIL	N.A.	N.A.	N.A.	N.A.
Compounding	NIL	N.A.	N.A.	N.A.	N.A.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL

Sr. No	Particulars of Remuneration	Key Managerial Personnel					Total Amount (Rs.)
		Mr. Sundeep Sikka (CEO)	Mr. Prateek Jain (CFO)	Mr. Ajay Patel (Manager)	Mr. Gajendra Thakur (Company Secretary)	Mr. Yogesh Sachdeva (Company Secretary w.e.f. May 2016)	
1	Gross Salary	20000000.00	6800000.00	4300000.00	395310.00	2243840.00	33739150.00
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	68650950.68	9244252.00	6244200.00	682973.59	2051859.36	86874235.63
(b)	Value of perquisites under Section 17(2) Income Tax Act, 1961	66129600.00		1982700.00			68112300.00
(c)	Profits in lieu of salary under Section 17(3) Income Tax Act, 1961						
2	Stock Options	66090000.00		1982700.00			68072700.00
3	Sweat Equity						
4	Commission						
	- as % of profit						
	- others, specify (PLI & Others)	51375352.00	3296879.00	2550000.00	343719.00	200000.00	57765950.00
5	Others, please specify						
	TOTAL (1+2+3+4+5)	137465352	10096879	8832700	739029	2443840	159577800
	Ceiling as per the Act	Rs. 546,458,131.13 (Overall); Rs. 248,390,059.60 (MD/WTD/Manager)					

For Reliance Capital Asset Management Limited



Director



Director

Independent Auditors' Report

To the Members of Reliance Capital Asset Management Limited

Report on the financial statements

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

Management's responsibility for financial statements

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

Auditors' responsibility

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

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

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



Independent Auditors' Report (Continued)

Reliance Capital Asset Management Limited

Auditors' responsibility (continued)

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraph 3 and 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and



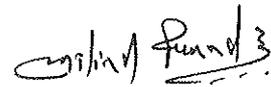
Independent Auditors' Report (Continued)

Reliance Capital Asset Management Limited

Report on Other Legal and Regulatory Requirements (Continued)

- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company has disclosed the impact of pending litigation on its financial position in financial statement -- refer note 3.24 (a) to the financial statements;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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



Milind Ranade
Partner
Membership No: 100564

Mumbai
22 April 2016

Reliance Capital Asset Management Limited

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

(Referred to in our report of even date)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties. Accordingly paragraph 3 (i) (c) of the Order is not applicable.
- ii. The Company is a service company primarily rendering asset management services, portfolio management services and advisory services. Accordingly, it does not hold any inventories. Thus paragraph 3 (ii) of the Order is not applicable.
- iii. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. According to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or other relevant provisions of the Act and rules framed there under apply.
- vi. The Central Government has not prescribed the maintenance of cost records under sub-section 1 of section 148 of the Act, for any of the services rendered by the Company. Accordingly paragraph 3(vi) of the Order is not applicable.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, service tax, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, employees' state insurance, duty of customs, duty of excise and value added tax. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of provident fund, income tax, service tax, cess and other material statutory dues which have not been deposited by the Company on account of disputes.



Reliance Capital Asset Management Limited

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

- viii. In our opinion and according to the information and explanations given to us, the Company has not taken any loan or borrowing from financial institution, bank, Government or debenture holders. Thus, paragraph 3 (viii) of the Order is not applicable.
- ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer. Thus, paragraph 3 (ix) of the Order is not applicable.
- x. According to the information and explanations given to us, no fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations give 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



Milind Ranade

Partner

Membership No: 100564

Mumbai
22 April 2016

B S R & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF RELIANCE CAPITAL ASSET MANAGEMENT LIMITED

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

We have audited the internal financial controls over financial reporting of Reliance Capital Asset Management Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's responsibility

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

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

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



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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

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



Milind Ranade
Partner

Membership No: 100564

Mumbai
22 April 2016

Reliance Capital Asset Management Limited

Balance Sheet

as at 31 March 2016

(Currency: Indian rupees)

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

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

Significant accounting policies and notes to the accounts 2 and 3

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

For and on behalf of the Board of Directors of
Reliance Capital Asset Management Limited

Milind Ranade
Partner
Membership No. 100564

Soumen Ghosh
Director
DIN No. 01262099

Kanu Doshi
Director
DIN No. 00577409

Sundeep Sikka
Chief Executive Officer

Prateek Jain
Chief Financial Officer

Mumbai, 22 April 2016

Ajay Patel
Manager

Yogesh Sachdeva
Company Secretary

Reliance Capital Asset Management Limited

Statement of profit and loss

for the year ended 31 March 2016

(Currency: Indian rupees)

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

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

Significant accounting policies and notes to the accounts 2 and 3

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

For and on behalf of the Board of Directors of
Reliance Capital Asset Management Limited

Milind Ranade
Partner
Membership No. 100564

Soumen Ghosh
Director
DIN No. 01262099

Kanu Doshi
Director
DIN No. 00577409

Sundeep Sikka
Chief Executive Officer

Prateek Jain
Chief Financial Officer

Mumbai, 22 April 2016

Ajay Patel
Manager

Yogesh Sachdeva
Company Secretary

Reliance Capital Asset Management Limited

Cash flow statement

for the year ended 31 March 2016

(Currency: Indian rupees)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
A. Cash flow from operating activities		
Profit before tax as per statement of profit and loss for the period	4,958,715,259	4,462,316,890
Adjusted for		
Depreciation	42,320,281	127,638,007
Provision for Wealth Tax	-	22,914
Dividend Income	(96,733,864)	(115,530,915)
Interest Income	(411,308,049)	(689,622,699)
Amortisation of discount / premium on investments	(8,653,265)	-
(Profit) / Loss on sale of Investment (Net)	(544,336,393)	(271,761,828)
Net (gain) or Loss on Foreign Currency Transactions & Translations	1,688,544	848,649
Diminution in Value of Investments	4,028,535	1,675,187
(Profit)/Loss on sale of Fixed Assets	(541,900)	4,952,300
	<u>(1,013,536,111)</u>	<u>(941,778,385)</u>
Operating Profit before Working Capital changes	3,945,179,148	3,520,538,505
(Increase) / Decrease in Long Term Loans & Advances	(196,902,213)	(1,395,493,457)
(Increase) / Decrease in Other Non Current Assets	(38,148,198)	(2,739,283)
(Increase) / Decrease in Trade Receivable	(314,165,816)	(51,589,211)
(Increase) / Decrease in Short Term Loans & Advances	349,256,517	(1,705,077,976)
(Increase) / Decrease in Other Current Assets	(8,739,675)	(17,352,177)
Increase / (Decrease) in Long term provisions	42,284,485	8,550,101
Increase / (Decrease) in Short term provisions	(25,989,590)	32,471,379
Increase / (Decrease) in Trade payables	(273,905,057)	119,159,023
Increase / (Decrease) in Other Current Liabilities	256,286,504	122,102,512
	<u>(210,023,043)</u>	<u>(2,889,969,089)</u>
Cash generated from Operations	3,735,156,105	630,569,416
Taxes Paid	(1,412,494,621)	(987,497,998)
Refund received (including interest)	-	19,637,781
Net Cash (used) / generated from operating activities	2,322,661,484	(337,290,801)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(93,506,206)	(44,643,090)
Sale of Fixed Assets	3,804,974	1,064,959
Inter Corporate Deposit received	42,000,000	4,500,000,000
Inter Corporate Deposit given	(1,250,000,000)	(315,000,000)
Loan repaid by ESOP Trust (net of loan advanced)	601,280,052	22,413,048
Purchase of Investments	(21,853,739,962)	(17,842,268,195)
Sale of Investments	21,594,576,975	17,147,709,819
Sale of Investments in Subsidiaries	-	52,900,000
Interest Received	448,479,716	689,628,015
Dividend Received	96,733,864	97,614,915
	<u>96,733,864</u>	<u>97,614,915</u>
Net Cash from / (used in) Investing Activities	(410,370,587)	4,309,419,471
C. Cash Flow from Financing Activities		
Interim Dividend paid including dividend distribution tax	-	(2,018,205,064)
Dividend paid including dividend distribution tax	(1,736,889,449)	(2,021,673,600)
Net Cash from / (used in) Financing Activities	(1,736,889,449)	(4,039,878,664)
Net increase/(decrease) in cash and cash Equivalents (A+B+C)	175,401,448	(67,749,994)
Opening Balance of Cash and Cash Equivalents	242,869,992	309,598,416
Opening Cash and Cash Equivalents of merged division - Azalia (refer note 3.35)	-	1,021,570
Closing Balance of Cash and Cash Equivalents	418,271,440	242,869,992
Cash and cash equivalents comprising of :		
Cash on Hand	49,248	19,734
Balance with banks in Current Accounts	418,200,373	226,559,166
Cheques in hand	-	16,280,716
Effect of exchange differences on balances with banks in foreign currency	21,819	10,376
Total	418,271,440	242,869,992

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

For and on behalf of the Board of Directors
Reliance Capital Asset Management Limited

Milind Ranade
Partner
Membership No. 100564

Soumen Ghosh
Director
DIN No. 01262099

Kanu Doshi
Director
DIN No. 00577409

Sundeep Sikka
Chief Executive Officer

Prateek Jain
Chief Financial Officer

Mumbai, 22 April 2016

Ajay Patel
Manager

Yogesh Sachdeva
Company Secretary

Reliance Capital Asset Management Limited

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

1 Background

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

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

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

2 Significant accounting policies

2.1 Basis of preparation

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

2.2 Use of Estimates

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

2.3 Fixed assets and depreciation

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

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

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

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

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

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

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

2.4 Impairment of assets

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

2.5 Investments

Purchase and sale of investments are recorded on trade date.

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

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

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

Reliance Capital Asset Management Limited

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

2.6 Revenue recognition

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

Revenue From Operation:

Investment Management Fees (net of service tax)

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

Advisory Fees (net of service tax)

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

Portfolio Management Fees (net of service tax)

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

Other Income:

Profit or loss on Sale of Investments

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

Interest income is accounted on a time proportion basis.

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

2.7 Transactions in foreign currency

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

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

2.8 Employee Benefits

Provident Fund

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

Gratuity

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

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

The obligation is measured at the present value of the estimated future cash flows. The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

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

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

Leave Encashment

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

Compensated absences

The employees of the Company are entitled to compensated absence. The employees can carry forward a portion of the unutilized accrued leave balance and utilize it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the service that increases the entitlement. The Company measures the expected cost of compensated absence as the amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

Phantom Shares

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

Reliance Capital Asset Management Limited

Significant accounting policies and notes to the accounts

for the year ended 31 March 2016

2.9 New fund offer expenses of mutual fund and PMS schemes

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

2.10 Fund expenses

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

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

2.11 Operating leases

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

2.12 Tax

Current tax

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

MAT Credit entitlement is recognised where there is convincing evidence that the same can be realised in future. The company has balance of unrecognised MAT credit of Rs. NIL (P.Y. Rs. 289,597,687) as at 31 March 2016.

Deferred tax

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

2.13 Earnings per share

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

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

2.14 Contingencies and provisions

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Reliance Capital Asset Management Limited

3. Notes to the accounts

as at 31 March 2016

(Currency: Indian rupees)

3.1 Share Capital

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

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2016

(Currency: Indian rupees)

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

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

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

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

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

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

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

Terms / rights attached to equity shares :

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

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

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

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

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2016

(Currency: Indian rupees)

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

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2016

(Currency: Indian rupees)

Particulars	As at	
	31 March 2016	31 March 2015
3.3 Long - term Provisions		
Provision for Employee benefits:		
Provision for leave encashment	34,616,485	32,121,000
Provision for Phantom shares	39,789,000	-
	<u>74,405,485</u>	<u>32,121,000</u>
3.4 Trade Payables		
Trade payables*	588,542,002	860,758,515
	<u>588,542,002</u>	<u>860,758,515</u>
3.5 Other current liabilities		
Statutory liabilities	183,819,246	79,782,446
Outstanding liabilities against expenses*	527,924,734	375,675,031
	<u>711,743,980</u>	<u>455,457,477</u>
<p>(*) The Company does not have any outstanding dues towards small scale industrial undertakings as at 31 March 2016. The Company did not have any outstanding dues to any micro or small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 at any point during the year that were outstanding for a period of more than 45 days from the date of acceptance (as certified by the Management).</p>		
3.6 Short - term Provisions		
Provision for Employees' benefit:		
Provision for leave encashment	1,867,483	542,629
Provision for compensated absence cost	31,131,070	28,604,806
Provision for Gratuity	-	30,051,708
Provision for Phantom shares	211,000	-
Proposed Dividend on equity shares (including dividend distribution tax thereon)	2,981,018,202	1,733,150,119
Proposed Dividend on preference shares (including dividend distribution tax thereon)	21,664,376	3,739,330
Provision for income tax (net of advance tax Rs. NIL (PY Rs. 851,945,284))	-	34,964,047
	<u>3,035,892,132</u>	<u>1,831,052,639</u>

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2016

(Currency: Indian rupees)

3.7 Fixed Assets

Assets	Gross Block (At Cost)			Depreciation					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
Tangible assets										
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
Sub Total	480,599,393	75,289,817	88,193,436	467,695,774	438,324,731	30,966,902	84,930,361	-	384,361,272	83,334,502
Intangible assets										
Software	93,022,595	18,216,389	-	111,238,984	66,308,110	11,353,379	-	-	77,661,489	33,577,495
Sub Total	93,022,595	18,216,389	-	111,238,984	66,308,110	11,353,379	-	-	77,661,489	33,577,495
Grand Total	573,621,987	93,506,206	88,193,436	578,934,758	504,632,841	42,320,281	84,930,361	-	462,022,761	116,911,997

As at 31 March 2015

Assets	Gross Block (At Cost)			Depreciation					Net Block	
	As at 1.4.2014	Additions	Deductions	As at 31.03.2015	Up to 1.4.2014	During the Year	Deductions	Addition / Adjustments*	Up to 31.03.2015	As at 31.03.2015
Tangible assets										
Computer	176,260,869	21,007,884	16,884,421	180,384,332	141,011,470	20,455,348	16,464,651	15,323,642	160,325,809	20,058,523
Vehicle	11,434,816	-	225,400	11,209,416	6,982,614	1,429,352	192,020	(2,401,444)	5,818,502	5,390,914
Office Equipment	115,368,654	2,595,634	14,339,186	103,625,102	70,890,727	5,229,764	9,625,996	36,785,133	103,279,628	345,474
Furniture	46,895,411	-	6,851,704	40,043,707	37,484,666	2,808,589	6,059,463	(2,445,393)	31,788,399	8,255,308
Leasehold Improvements	171,912,795	4,370,275	30,946,234	145,336,836	154,573,458	10,081,934	30,887,556	3,344,557	137,112,393	8,224,443
Sub Total	521,872,545	27,973,793	69,246,945	480,599,393	410,942,935	40,004,987	63,229,686	50,606,495	438,324,731	42,274,662
Intangible assets										
Software	75,482,716	17,539,879	-	93,022,595	49,908,308	16,399,802	-	-	66,308,110	26,714,485
Goodwill	-	59,780,010	-	59,780,010	-	-	-	59,780,010	59,780,010	-
Sub Total	75,482,716	77,319,889	-	152,802,605	49,908,308	16,399,802	-	59,780,010	126,088,120	26,714,485
Grand Total	597,355,260	105,293,682	69,246,945	633,401,997	460,851,243	56,404,789	63,229,686	110,386,505	564,412,851	68,989,146

* Includes Rs. 25,845,085 (net of deferred tax of Rs. 13,308,202) adjusted against General Reserve (refer note 3.33)

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2016

(Currency: Indian rupees)

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

Reliance Capital Asset Management Limited

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(Currency: Indian rupees)

Particulars	Face Value	Quantity	Cost / Fair Value	Quantity	Cost / Fair Value
		As at 31.03.2016	As at 31.03.2016	As at 31.03.2015	As at 31.03.2015
(III) B. Investments in mutual fund (Quoted)					
R* Shares CNX 100 Fund - Dividend Plan	INR 10	360,723	20,000,000	360,723	20,000,000
R* Shares Consumption Fund - Dividend Plan	INR 10	3,746,651	99,999,989	3,746,651	99,999,989
R* Shares Dividend Opportunities Fund - Dividend Plan	INR 10	5,817,301	99,999,986	5,817,301	99,999,986
R* Shares Sensex ETF - Dividend Plan	INR 10	373,070	99,999,958	373,070	99,999,959
R* Shares Nifty ETF - Dividend Plan	INR 10	150,000	11,964,808	150,000	11,964,808
R* Shares Banking ETF - Dividend Plan	INR 10	10,000	17,036,317	10,000	17,036,317
Reliance Close Ended Equity Fund - Series A - Direct - Dividend Plan	INR 10	10,000,000	100,000,000	10,000,000	100,000,000
Reliance Gold savings Fund - Direct - Growth Plan	INR 10	4,731,897	68,413,609	4,764,498	70,000,000
Reliance Fixed Horizon Fund - XXII Series 32 - Dividend Plan	INR 10	5,000,000	50,000,000	5,000,000	50,000,000
Reliance Fixed Horizon Fund - XXV Series 35 - Direct - Growth Plan	INR 10	1,200,000	12,000,000	1,200,000	12,000,000
Reliance Fixed Horizon Fund - XXVI Series 15 - Direct - Growth Plan	INR 10	2,500,000	25,000,000	2,500,000	25,000,000
Reliance Fixed Horizon Fund - XXVI Series 32 - Direct - Growth Plan	INR 10	2,600,000	26,000,000	2,600,000	26,000,000
Reliance Fixed Horizon Fund - XXVII Series 6 - Direct - Growth Plan	INR 10	5,000,000	50,000,000	5,000,000	50,000,000
Reliance Fixed Horizon Fund - XXVII Series 7 - Direct - Growth Plan	INR 10	6,550,000	65,500,000	6,550,000	65,500,000
Reliance Fixed Horizon Fund - XXVIII Series 2 - Direct - Growth Plan	INR 10	300,000	3,000,000	300,000	3,000,000
Reliance Fixed Horizon Fund XXIX - Series 6 - Direct - Growth Plan	INR 10	2,750,000	27,500,000	-	-
Reliance Fixed Horizon Fund - XXVIII Series 19 - Direct - Growth Plan	INR 10	150,000	1,500,000	-	-
Reliance Fixed Horizon Fund - XXX - Series 4 - Direct Growth Plan	INR 10	35,000,000	350,000,000	-	-
Reliance Fixed Horizon Fund - XXX - Series 12 - Direct Growth Plan	INR 10	2,000,000	20,000,000	-	-
Reliance Fixed Horizon Fund - XXX - Series 17 - Direct Growth Plan	INR 10	3,000,000	30,000,000	-	-
Reliance Gold ETF	INR 10	2,250	5,025,219	-	-
R*Shares NV20 ETF	INR 10	13,444	4,999,891	-	-
			1,187,939,777		750,501,059
(IV) Investments in debentures or bonds (Quoted)					
6.72% IRFC Tax Free Bonds 20-Dec-2020	INR 1000000	2,500	250,000,000	2,500	250,000,000
8.30% National Highways Authority Of India Bonds 25-Jan-2027	INR 1000	61,809	61,809,000	61,809	61,809,000
8.30% PFC Tax Free Bonds 01-Feb-2027	INR 1000	300,000	317,666,788	300,000	322,748,400
8.66% NTPC Tax Free Bonds 16-Dec-2033	INR 1000	94,995	94,995,000	94,995	94,995,000
8.76% NHB Tax Free Bonds 13-Jan-2034	INR 5000	36,098	180,490,000	36,098	180,490,000
8.50% NHAI Tax Free Bonds 05-Feb-2029	INR 1000	200,000	200,000,000	200,000	200,000,000
7.11% NTPC Tax Free Bonds 05-Oct-2025	INR 1000	62,457	62,457,000	-	-
7.28% IRFC Tax Free Bond 20-Dec-2030	INR 1000	120,800	120,800,000	-	-
7.35% NHAI Tax Free Bond 10-Jan-2031	INR 1000	42,855	42,855,000	-	-
7.11% PFC Tax Free Bonds 17-Oct-2025	INR 1000	25,670	25,670,000	-	-
			1,356,742,788		1,110,042,400
(V) Investment in Preference Shares (Unquoted, Fully Paid Up)					
L&T Finance Holdings Limited - 8.40% Cumulative Preference Shares	INR 100	3,010,000	304,185,547	3,010,000	307,501,600
Zee Entertainment Enterprises Limited - 6% Cumulative Preference Shares	INR 1	298,600,000	257,424,229	298,600,000	240,373,299
			561,609,776		547,874,899
Total Non Current Investments			5,615,943,119		4,338,947,311
Notes:					
1. Quoted investments					
Aggregate of Book value			2,591,050,369		1,906,911,263
Aggregate of Market value			2,294,913,568		2,099,701,911
2. Unquoted investments					
Aggregate of Book value			3,024,892,750		2,432,036,048
3. Provision for diminution in value of investments			258,725,672		254,697,137

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2016

(Currency: Indian rupees)

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

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2016

(Currency: Indian rupees)

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

Reliance Capital Asset Management Limited

Notes to the accounts

for the year ended 31 March 2016

(Currency: Indian rupees)

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

3.19 Employees Stock Option Plan (ESOP) :

- (i) a) Pursuant to the shareholder's resolution dated 20 September 2007 the Company introduced Employee Stock Option Plan I - 2007 under which the Company may grant options to its employees from time to time. The grant of options to the employees under the ESOP scheme is on the basis of their performance and other eligibility criteria. The Plan has been amended and restated vide shareholder's resolution dated 3 February 2011.
- b) On 21 December 2007, the Company issued 200,000 equity shares at a price Rs. 2,000 per equity share to Reliance Capital Asset Management Employee Benefits Trust ('The Trust') pursuant to the above Plan.
- (ii) a) Pursuant to the shareholder's resolution dated 3 February 2011, the Company introduced Employee Stock Option Plan II - 2011 under which the Company may grant options to its employees from time to time. The grant of options to the employees under the ESOP scheme is on the basis of their performance and other eligibility criteria.
- b) On 30 March 2011, the Company issued 50,000 equity shares at a price Rs. 3,009 per equity share to the Trust.
- (iii) All above options are planned to be settled in cash or equity at the time of exercise and have maximum period of 7 years from the date of vesting. The options existing during the year are as follows:

a) Year 2007

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

Grant date 28 Sept 2007

Vesting schedule

on completion of 3 years	30%
on completion of 4 years	30%
on completion of 5 years	40%

Reliance Capital Asset Management Limited

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for the year ended 31 March 2016

b) Year 2011

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

Grant date 30 March 2011

Vesting schedule

on completion of 1 year	30%
on completion of 2 years	30%
on completion of 3 years	40%

c) Year 2011

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

Grant date 30 March 2011

Vesting schedule

on completion of 1 year	10%
on completion of 2 years	10%
on completion of 3 years	20%
on completion of 4 years	20%
on completion of 5 years	40%

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

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

The scheme has been wind up in current year.

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

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

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

Reliance Capital Asset Management Limited

Notes to the accounts

for the year ended 31 March 2016

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

A Defined Contribution Plans:

Amount of Rs. 56,145,001 (PY Rs. 52,180,321) is recognised as an expense for provident fund and superannuation fund included in "Employee Costs" - refer note "3.18" of the Statement of profit and loss.

B Defined Benefit Plans:

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

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2016	2015	2016	2015
a.	Present value of Defined Benefit Obligation at the beginning of the year	94,169,252	52,737,106	32,663,629	24,141,200
b.	Interest cost	7,542,957	4,920,372	2,613,090	2,071,528
c.	Current service cost	12,047,863	8,126,742	8,165,907	20,123,243
d.	Actuarial Losses / (Gains)	33,524,596	32,942,970	(1,567,932)	(11,423,899)
e.	Benefits paid	(17,147,439)	(4,557,938)	(5,390,726)	(2,248,443)
f.	Present value of Defined Benefit Obligation at the close of the year	130,137,229	94,169,252	36,483,968	32,663,629

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

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

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

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

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

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

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

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

Reliance Capital Asset Management Limited

Notes to the accounts

for the year ended 31 March 2016

(Currency: Indian rupees)

vi. Actuarial Assumptions as the Balance sheet date:

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

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

vii. General Descriptions of significant defined plans:

a. **Gratuity Plan :**

Gratuity is payable to all eligible employees of the Company on superannuation, death and permanent disablement, in terms of the provisions of the Payment of Gratuity Act 1972 or as per the Company's Scheme whichever is more beneficial.

b. **Leave Plan :**

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

viii. Five-year information

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

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

C **Other employee benefits :**

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

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

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

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

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

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Notes to the accounts

for the year ended 31 March 2016

(Currency: Indian rupees)

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

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for the year ended 31 March 2016

(Currency: Indian rupees)

3.25 Related Party Disclosure:

A. List of Related Parties and their relationship:

i) Holding Company

Reliance Capital Limited

ii) Subsidiary of Holding Company

Reliance Capital Trustee Co. Limited

Reliance General Insurance Company Limited

Reliance Gilts Limited

Reliance Money Express Limited

Reliance Money Precious Metals Private Limited

Reliance Home Finance Limited

Reliance Securities Limited

Reliance Commodities Limited

Reliance Financial Limited

Reliance Wealth Management Limited

Reliance Money Solutions Private Limited

Reliance Exchangenext Limited

Reliance Spot Exchange Infrastructure Limited

Reliance Capital AIF Trustee Company Private Limited

Reliance Life Insurance Company Limited (w.e.f. March 30, 2016)

Quant Capital Private Limited

Quant Broking Private Limited

Quant Securities Private Limited

Quant Commodity Broking Private Limited

Quant Capital Finance and Investments Private Limited

Quant Investments Services Private Limited

iii) Subsidiaries

Reliance Asset Management (Singapore) Pte Limited

Reliance Asset Management (Mauritius) Limited

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

Reliance Capital Pension Fund Limited

Reliance AIF Management Company Limited

iv) Significant Shareholders

Nippon Life Insurance Company

B. Significant influence:

Reliance Communications Infrastructure Limited

Reliance Communications Limited

Zapak Digital Entertainment Limited

Reliance Capital Asset Management Limited

Notes to the accounts
for the year ended 31 March 2016
(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
A	Inter corporate deposit given Reliance AIF Management Company Ltd.	-	100,000,000	-	-	-	100,000,000
		-	(92,500,000)	-	-	-	(92,500,000)
		-	-	400,000,000	-	-	400,000,000
		-	-	-	-	-	-
B	Repayment of inter corporate deposit Reliance Capital Limited	-	-	-	-	-	-
		(4,500,000,000)	-	-	-	-	(4,500,000,000)
		-	42,000,000	-	-	-	42,000,000
		-	(27,500,000)	-	-	-	(27,500,000)
C	Sale of equity shares of Reliance Capital Pension Fund Ltd Reliance Gilts Limited	-	-	-	-	-	-
		-	-	(52,900,000)	-	-	(52,900,000)
D	Interest income Reliance Capital Limited	-	-	-	-	-	-
		(364,863,014)	-	-	-	-	(364,863,014)
		-	8,924,672	-	-	-	8,924,672
		-	(1,121,161)	-	-	-	(1,121,161)
E	Director Sitting Fees Nippon Life Insurance Company	-	-	-	630,000	-	630,000
		-	-	-	(650,000)	-	(650,000)
F	Rent and Other Expenses Reliance General Insurance Company Ltd.	-	-	530,644	-	-	530,644
		-	-	(738,104)	-	-	(738,104)

Reliance Capital Asset Management Limited

Notes to the accounts
for the year ended 31 March 2016
(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	Insurance Charges (net of claims received)						
	Reliance General Insurance Company Ltd.	-	-	31,065,757 (24,617,233)	-	-	31,065,757 (24,617,233)
H	Travelling expenses						
	Reliance Money Express Ltd.	-	-	- (7,743)	-	-	- (7,743)
I	Brokerage						
	Reliance Money Solutions Private Limited	-	-	2,085,477 (6,632)	-	-	2,085,477 (6,632)
	Reliance Wealth Management Limited	-	-	- (6,378,750)	-	-	- (6,378,750)
	Reliance Securities Ltd	-	-	764,859 (3,107,673)	-	-	764,859 (3,107,673)
J	Reimbursement of Expenses charged						
	Reliance Capital Limited	- (190,127)	-	-	-	-	- (190,127)
	Reliance Capital Pension Fund Limited	-	457,846 (406,080)	-	-	-	457,846 (406,080)
	Reliance AIF Management Company Ltd.	-	21,333,969 (15,905,351)	-	-	-	21,333,969 (15,905,351)
K	Reimbursement of Expenses paid						
	Reliance Capital Limited	17,407,586 (21,503,549)	-	-	-	-	17,407,586 (21,503,549)
	Nippon Life Insurance Company	-	-	-	2,409,576 (2,556,704)	-	2,409,576 (2,556,704)
L	Management fee expense						
	Reliance Capital Limited	60,000,000 (60,000,000)	-	-	-	-	60,000,000 (60,000,000)

Reliance Capital Asset Management Limited

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C. Transaction during the year with related parties:

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

Refer note 3.8A(A) for investment in subsidiaries

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

Reliance Capital Asset Management Limited

Notes to the accounts

for the year ended 31 March 2016

(Currency: Indian rupees)

3.26 Earning Per Share (EPS)

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

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

3.27 Corporate social responsibility (CSR)

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

b) Amount spend during the year on :

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

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

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

3.29 Earnings in foreign currency:

	2016	2015
PMS & Advisory Fees	199,779,200	48,910,372
	199,779,200	48,910,372

3.30 Segment Reporting

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

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

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

3.32 Dividend remittances in foreign currency:

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

3.33 Depreciation:

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

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

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

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

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

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

Reliance Capital Asset Management Limited

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

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

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

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

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

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

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

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

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

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

3.36 International Subsidiaries:

The Company has applied for strike off of the UK subsidiary to the Companies House, Register of Companies London. Pending liquidation the company has provided for diminution in the value of investments

In FY 14-15, loss of Rs. 369,369,332 on account of liquidation of Malaysian subsidiary adjusted against reversal of Rs. 369,369,332 diminution provided in earlier years.

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

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

**For and on behalf of the Board of Directors of
Reliance Capital Asset Management Limited**

Milind Ranade
Partner
Membership No. 100564

Soumen Ghosh
Director
DIN No. 01262099

Kanu Doshi
Director
DIN No. 00577409

Sundeep Sikka
Chief Executive Officer

Prateek Jain
Chief Financial Officer

Mumbai, 22 April 2016

Ajay Patel
Manager

Yogesh Sachdeva
Company Secretary