

**RELIANCE CAPITAL
ASSET MANAGEMENT LIMITED**

ANNUAL REPORT

2009-10

Directors' Report

To the Members,

Your Directors take pleasure in presenting their Fifteenth Annual Report on the business and operations of the Company together with the audited Statement of Accounts for the year ended March 31, 2010.

At the outset, your Directors wish to reiterate your Company's commitment to strong and high standards of corporate governance, to retain and enhance the trust of all the stakeholders. The strict adherence to ethical processes & policies, along with good corporate governance practices has facilitated your Company in standing up to the scrutiny of our domestic and international investors.

Your Company's vision, as is well known, is to be a globally respected wealth creator with emphasis on customer care and high standards of corporate governance. Your Company therefore aspires to remain the leading player 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, 2010, have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956. The financial highlights (on a consolidated and standalone basis) for the year ended March 31, 2010 are as follows:

(in Rupees)

<i>Description</i>	<i>Consolidated</i>		<i>Standalone</i>	
	<i>Year ended March 31, 2010</i>	<i>Year ended March 31, 2009</i>	<i>Year ended March 31, 2010</i>	<i>Year ended March 31, 2009</i>
Gross Income	681,68,36,789	454,69,12,783	654,24,78,772	444,35,36,537
Profit before tax	268,00,42,643	168,57,98,105	279,24,87,073	176,85,94,455
Provision for taxation	85,73,27,459	43,89,65,471	85,73,27,459	44,93,43,954
Provision for Deferred Tax Asset/ (Liability)	1,58,58,255	1,02,04,048	1,60,95,107	1,02,04,048
Net Profit	1,83,85,73,470	125,70,36,682	195,12,54,721	132,94,54,549
Balance carried to Balance Sheet	558,74,12,766	373,72,92,658	526,61,00,629	330,32,99,270
Basic and Diluted EPS of Rs. 10 each	174.94	119.60	185.66	126.49
Diluted EPS of Rs. 10 each	174.94	119.60	185.66	126.49

As required under Section 212 of the Companies Act, 1956, the audited statement of accounts of all the subsidiaries for the year ended March 31, 2010 are annexed to the Annual Accounts of your Company, together with the statement of your Company's interest in the subsidiary companies.

DIVIDEND

As in earlier years, your Directors have decided to plough back its entire profit for future growth and hence no dividend is being recommended for the year under review.

AMOUNT TO BE CARRIED TO RESERVES

Since it is proposed not to declare any dividend, the entire amount of profit of the Company i.e. Rs. 195,12,54,721/-, is proposed to be transferred to the General Reserves of the Company.

OPERATIONAL HIGHLIGHTS

As you are aware, your Company is registered with the Securities and Exchange Board of India ('SEBI') primarily to act as:

- (a) Asset Manager to render investment management services; and
- (b) Portfolio Manager to render portfolio management services.

ASSET MANAGEMENT:

In terms of the authorization from SEBI, your Company acts as the asset manager to Reliance Mutual Fund ('RMF'), which is the largest Mutual Fund in India (as on March 31, 2010) on average assets under management ('AAUM') basis.

The AAUM of RMF, as on March 31, 2010 was approx. Rs. 1,10,413 crore comprising of Rs. 36,814 crore under Equity, Rs. 62,035 crore under Debt and Rs. 11,564 crore under Liquid asset classes. The AAUM, as on March 31, 2009, was approx. Rs. 80,963 crore comprising of Rs. 19,745 crores under Equity, Rs. 40,705 crores under Debt and Rs. 20,513 crores under Liquid asset classes. The overall AAUM of RMF has grown by 36% in the financial year 2009-10 wherein the asset class equity has grown by 86%.

During the year under review, the Indian Mutual Fund Industry witnessed an overall growth of approx 52% in terms of AAUM, from an amount of approx. Rs. 4, 92,936 crore to an amount of approx. Rs.7, 47,524 crore between April 2009 and March 2010. (Source: AMFI)

NEW SCHEMES LAUNCHED

As on March 31, 2010, RMF has a well rounded portfolio of 36 schemes under various categories such as Equity, Debt, Liquid, Exchange Traded Fund, FMP and Interval Funds. During the financial year 2009-10, RMF launched following 3 new schemes:

- Reliance Infrastructure Fund
- Reliance Fixed Horizon Fund XIII Series 1-6
- Reliance Fixed Horizon Fund XIV Series 1,2,3,4,5,7,8

NEW SCHEME FEATURES LAUNCHED

Reliance SMART ST_EP - An intelligent way to invest

With a view to provide investors with innovative investment products, RMF launched across all its schemes, a unique way of investing - Reliance SMART ST_EP with a special product feature adding intelligence to disciplined, long term & systematic investment approach. It is an advanced version of STP, which works on a simple concept of "INVEST MORE when the current stock market is at lower levels, INVEST LESS when current stock market is at higher levels."

Your Directors are happy to inform that Reliance SMART ST_EP was nominated as the Most Innovative Fund/Feature of the year at CNBC - TV18 - CRISIL Mutual Fund Awards 2009.

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 clients and assets. As at the year end, the total discretionary AUM stood at Rs. 1,671 crore as against Rs. 1,459 for the last financial year. During the year, client base also went up in number from 1,969 to 2,024. The PMS business received Rs. 15 crore as fee income as compared to Rs.12 crore for the last year.

Going forward, your Company proposes to continue its focus on providing customized offerings to high net-worth individuals & corporate.

PROVIDENT FUND MANAGEMENT (EPFO MANDATE):

Your Company was one of the four fund houses who had been granted the mandate to manage the funds on behalf of EPFO. The Company started managing the portfolio amounting to Rs 23,000 Crores, which was transferred from State Bank of India, the

erstwhile portfolio manager for EPFO. During the year, the portfolio increased to Rs. 34,800 crore. The incremental assets under management arising out of fresh inflows provided by EPFO and maturity of the existing holdings as obtained from SBI, are being invested by your Company within the framework provided by the EPFO.

INTERNATIONAL BUSINESS:

The global credit crisis of 2008 slowed down the growth and brought down the business valuations of financial services businesses globally. However, for astute players unaffected by the crisis, it presented a great opportunity to build long term sustainable business models.

Your Company took this opportunity to position itself firmly in geographies where it had an existing presence by reaching out to the newer markets in order to capitalize on the emerging trends.

One of the subsidiaries of your Company, Reliance Asset Management (Singapore) Pte Ltd, which established its business in 2006, made appointments at senior managerial positions and brought on board talent and expertise from international markets. It also bagged two new institutional mandates from the European Market adding to the bottom line of the Company.

During the year, the Malaysian subsidiary i.e. Reliance Asset Management (Malaysia) Sdn Bhd received Islamic Asset Management Licence from the Securities Commission, Malaysia and going forward, it will be group's global hub for Islamic asset management business and will launch Shariah compliant equity and fixed income products. It will be catering to the large institutional investors in the region for managing their portfolios in compliance to Shariah principles.

The UK subsidiary i.e. Reliance Capital Asset Management (UK) Plc (RCAMUK) branched out to GCC by setting up operations in the prestigious Dubai International Financial Centre and has received the license to conduct wealth management business in the region by Dubai Financial Services Authority.

NEW PENSION SYSTEM:

During the year under review, the Pension Fund Regulatory and Development Authority ('PFRDA') had extended the benefits under the New Pension System ("NPS") to all the citizens of India (other than the Government employees already covered under the NPS) and appointed, through a competitive selection process, six pension funds/sponsors to manage the assets under the NPS and your Company is one of the Sponsors selected by the PFRDA for the purpose.

Your Company had incorporated Reliance Capital Pension Fund Limited ("RCPFL") on March 31, 2009, as its wholly owned subsidiary, to act as the Pension Fund Manager, for a period of 3 years commencing from May 1, 2009 and ending on April 30, 2012, in accordance with the terms of the Investment Management Agreement executed on April 29, 2009.

Your Directors are pleased to inform you that with this mandate your Company has become the first ever private sector Asset Management Company to manage both provident funds as well as pension funds.

AWARDS AND RECOGNITION

RMF continued its robust performance and received various awards and accolades during the year. Few of prominent awards received by RMF are listed below:

1. CNBC-TV-18 – CRISIL MUTUAL FUND AWARDS 2010:- 'RELIANCE MUTUAL FUND' was awarded as the "Mutual Fund House of the Year" for the year 2009.
2. CRISIL RATINGS: - Reliance Capital Asset Management Ltd received "CRISIL Fund House Level 1" Rating from CRISIL. This rating denotes that RCAM has been judged by CRISIL Limited (Rating Agency) to possess highest level of process quality and risk management capability in fund management practices.
3. ASIA RISK:- Reliance Capital Asset Management has been bestowed the prestigious "Asset Manager of the year 2009" by internationally renowned publication, Asia Risk.

Each year Asia Risk recognizes Asset Managers in the Asia Pacific region for their best risk management practices.

4. BUSINESS WORLD:- Reliance Mutual Fund was awarded as the “Best Asset Management Company” by Business World.
5. MONEYLIFE, a fortnightly magazine, has ranked Reliance Mutual Fund as the Best Fund House of Year 2009. RMF received a composite score of 99 and all RMF schemes, collectively, gave an annualized return of 29% over the past five years.
6. STEVIE AWARDS:- Reliance Capital Asset Management Ltd. has been conferred upon the Certificate of Finalist Recognition as the “National sales team of the year” in the 4th annual Stevie Awards for Sales & Customer Service.
7. MORNING STAR AWARDS:-
The India Moderate Allocation category award was won by Reliance Regular Savings - Balanced - Growth.
8. ICRA Awards:- ICRA Limited alongwith ICRA Online Limited, organized their Sixth Annual ICRA Mutual Fund Awards on February 5, 2010. Four Schemes of Reliance Mutual Fund won the award under various categories as was awarded 7 star ratings.

FUTURE OUTLOOK

The Indian Mutual Fund industry is one of the fastest growing industries in the financial services sector with 38 AMCs currently operating in the country. The industry AAUM has grown at a CAGR of 26% since 1965 and at a CAGR of 32% in the last three years, with Rs. 7,47,524 crore of average assets as on March 31, 2010.

Your Company intends to aggressively pursue growth opportunities in the mutual fund industry and therefore be the most preferred investment choice for investors. Your Company believes that the asset management industry is still in a nascent stage, being a market leader, your Company will be investing in growing the market size, achieving product innovation, educating the investors, increasing the distribution reach, enhancing customer service infrastructure with aggressive expansion strategies.

SUBSIDIARIES

During the year under review, your Company subscribed to the share capital of Reliance Asset Management (Malaysia) Sdn. Bhd., a Company incorporated in Malaysia and established the same as its wholly owned subsidiary for the purposes of carrying on investment management and advisory activities.

ISSUE & BUY BACK OF SHARES BY THE COMPANY

During the year under review, your Company has not issued any Shares nor carried out any buy-back of any of its outstanding Shares.

FIXED DEPOSITS

During the year, your Company has not accepted any fixed deposits from the public.

DIRECTORS

In terms of the requirements of the provisions of Sections 255 and 256 of the Companies Act, 1956, Mr. Kanu Doshi, a 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. The Board recommends the re-appointment of Mr. Kanu Doshi as a Director of the Company.

During the year, Mr. Soumen Ghosh, Director of the Company, resigned from his office w.e.f. April 19, 2009. However, subsequently on October 28, 2009, he was once again appointed as an additional Director of the Company. In accordance with the provisions of Section 260 of the Companies Act, 1956, the term of office of Mr. Ghosh is due to expire on the date of the ensuing Annual General Meeting of the Company. It may be noted that the Company has already received a notice from Mr. Ghosh, proposing his candidature for the office of Director of the Company. Accordingly, the Board recommends his appointment as a Director of the Company, whose office shall be liable to retire by rotation.

During the year, Mr. Vikrant Gugnani, Director of the Company, resigned from his office w.e.f. October 28, 2009. Your Board has placed on record its deep appreciation for the invaluable contributions made by Mr. Gugnani during his association with the Company.

BOARD MEETINGS

During the year under review, nine (9) meetings of the Board of Directors of the Company were held.

The functioning of the Board is supplemented by various committees, which have been constituted from time to time, including Audit Committee, Committee of Directors, Valuation Committee, Investment Committee, Risk Management Committee, Broker Empanelment Committee, Operating Committee, Compliance Committee, Investment Committee for EPFO, Valuation Committee for EPFO.

Each of the aforesaid Committees has been constituted in compliance with the applicable statutory provisions to ensure the highest levels of corporate governance.

Each of the Committees has been constituted with clearly defined scope of operations, powers, roles and responsibilities. The minutes of the meetings of each of the Committees are duly placed before the Board for noting and confirmation.

AUDIT COMMITTEE

In compliance with the provisions of Section 292A of the Companies Act, 1956, the Company has an Audit Committee, comprising of all the Directors of the Company namely Mr. Kanu Doshi, Mr. S. C. Tripathi, Mr. Manu Chadha and Mr. Soumen Ghosh.

During the year, eight (8) meetings of the Audit Committee were held.

AUDITORS – STATUTORY AND INTERNAL

In accordance with the applicable provisions of law, the Company has appointed various auditors namely for the mutual fund schemes of Reliance Mutual Fund, statutory auditors and internal auditors, all of repute and good standing. They periodically submit their reports,

which are placed before the audit committee for discussion, review and implementation of their recommendations.

STATUTORY AUDITORS

M/s. B S R & Co., Chartered Accountants hold office as Statutory Auditors of the Company until the conclusion of the ensuing Annual General Meeting. The Company has duly received a letter from them to the effect that their re-appointment if made, would be within the prescribed limits, as prescribed under Section 224(1-B) of the Companies Act, 1956. The Board recommends their re-appointment as Statutory Auditors.

INTERNAL AUDITORS

M/s. Vinay Doshi & Co., Chartered Accountants were appointed during the year as Internal Auditors of the Company.

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.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND 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 everywhere. 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

Your Company is in an Industry, which demands absorption of emerging technologies so as to cater to the needs of its esteemed investors. Your Company has developed methods for absorption and adaptation of developing new technologies, in consonance with the needs of its investors and its own requirements for research & development.

Research and Development

In an industry marked by rapid technological advancements and real time processing, including requiring interacting and servicing with a large set of investors and authorities, your Company has always been striving to move up the value chain by laying a strong emphasis on its research and development capabilities. This approach had lead to the creation of a number of innovative products by Reliance Capital Asset Management Limited.

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. 19,19,402/-. The Company spent foreign exchange equivalent to Rs. 553,92,497/-.

<i>DIRECTORS' RESPONSIBILITY STATEMENT</i>

As per the requirements of Sub Section (2AA) of Section 217 of the Companies Act, 1956, the Directors' confirm that–

- (i) In the preparation of the annual accounts for the financial year ended March 31, 2010, 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, 2010 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 Companies Act, 1956, 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.

OUR PEOPLE

Your Company as an organization is committed to 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 1024 employees as at March 31, 2010.

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to this Directors' Report.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their sincere appreciation for the co-operation received from various regulatory and government authorities including SEBI, RBI, Registrar of Companies, PFRDA, EPFO, 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 successful performance during the year.

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

Place: Mumbai

Dated: April 23, 2010

Soumen Ghosh

Director

Kanu Doshi

Director

Auditors' Report

To the Members of Reliance Capital Asset Management Limited

We have audited the attached balance sheet of Reliance Capital Asset Management Limited ('the Company') as at 31 March 2010, and the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 and amendments thereto (together referred to as 'the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) the balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from the Directors, as on 31 March 2010, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31 March 2010 from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

Auditors' Report (*Continued*)

Reliance Capital Asset Management Limited

- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2010;
 - b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
 - c) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For **BSR & Co.**
Chartered Accountants
Firm's Registration No: 101248W

Mumbai
23 April 2010

Akeel Master
Partner
Membership No: 046768

Reliance Capital Asset Management Limited

Annexure to Auditors' Report – 31 March 2010

(Referred to in our report of even date)

- 1 (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 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.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
2. The Company is a service company, primarily rendering asset management services to Reliance Mutual Fund and Portfolio Management Services to its customers. Thus, paragraph 4(ii) of the Order is not applicable.
3. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to or from, any companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regards to purchase of fixed assets and with regard to the sale of services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system. The activities of the Company do not involve the purchase of inventory and sale of goods.
5. In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public. Accordingly paragraph 4(vi) of the order is not applicable.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 for any of the services rendered by the Company.
9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company's records, the Company has been regular in depositing amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Wealth tax, Service tax and other material statutory dues applicable to it with the appropriate authorities. As explained to us the Company did not have any dues on account of Investor Education and Protection Fund.

There were no dues on account of cess under section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service tax, Wealth tax, Cess and other material statutory dues were in arrears as at 31 March 2010 for a period of more than six months from the date they became applicable.

Reliance Capital Asset Management Limited

Annexure to Auditors' Report – 31 March 2010 (*Continued*)

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any outstanding debentures during the year.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund/nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) are not applicable to the Company.
14. Based on information and explanations provided by the management, in respect of dealing and trading in shares and securities, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares and securities have been held by the Company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
16. According to the information and explanations given to us, the Company has not availed of long term loans. Accordingly, the provisions of clause 4(xvi) are not applicable to the Company.
17. According to the information and explanations given to us and based on overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

Mumbai
23 April 2010

Akeel Master
Partner
Membership No: 046768

Reliance Capital Asset Management Limited

Balance Sheet

as at 31 March 2010

(Currency: Indian rupees)

	Schedule	As at 31 March 2010	As at 31 March 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	3	105,100,000	105,100,000
Reserves & Surplus	4	10,281,007,929	8,318,206,570
TOTAL		10,386,107,929	8,423,306,570
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	550,643,851	463,043,689
Accumulated Depreciation		(300,473,235)	(179,621,790)
Net Block		250,170,616	283,421,899
Capital Work In Progress		6,596,162	1,514,002
		256,766,778	284,935,901
Investments	6	11,226,876,762	8,189,844,215
Deferred Tax Asset	7	57,784,894	41,689,787
Current Assets, Loans & Advances			
Cash and Bank Balance	8	33,442,084	2,491,015
Debtors	9	165,119,465	39,435,211
Loans and Advances	10	370,511,117	390,033,073
Other current assets	11	15,694,541	6,842,035
		584,767,207	438,801,334
Current Liabilities & Provisions			
Current Liabilities	12	1,690,894,675	449,139,427
Provisions	13	49,193,037	82,825,240
		1,740,087,712	531,964,667
Net Current Assets		(1,155,320,505)	(93,163,333)
TOTAL		10,386,107,929	8,423,306,570
Significant Accounting Policies	2		
Notes to Accounts	20		

The Schedules referred to above form an integral part of this Balance Sheet

As per our report attached
For **BSR & Co.**
Chartered Accountants

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

Akeel Master
Partner
Membership No. 046768

Soumen Ghosh
Director

Kanu Doshi
Director

Sundeep Sikka
Chief Executive Officer

Milind R. Gandhi
Chief Financial Officer

Geeta Chandran
Manager

Mumbai, 23 April 2010

Reliance Capital Asset Management Limited

Profit and Loss account

for the year ended 31 March 2010

(Currency: Indian rupees)

	Schedule	2009-10	2008-09
Income			
Management Fees	14	6,117,748,908	3,768,049,179
Dividend		314,412,645	511,072,600
Profit on Sale of Investments (Net)		44,296,069	117,068,389
Interest Income		65,634,673	40,298,961
Miscellaneous Income	15	386,477	7,047,408
		6,542,478,772	4,443,536,537
Expenditure			
Employee Costs	16	1,210,025,094	1,040,456,933
Administrative and Other Expenses	17	677,143,270	786,972,996
Marketing and Publicity Expenses	18	1,748,636,812	748,459,645
Depreciation	5	121,503,856	91,313,648
Diminution in Value of Investments	19	(7,317,333)	7,738,860
		3,749,991,699	2,674,942,082
Profit Before Tax		2,792,487,073	1,768,594,455
Current tax		(857,327,459)	(432,471,418)
Deferred tax (charge) / credit		16,095,107	10,204,048
Fringe Benefit Tax		-	(16,859,346)
Wealth Tax		-	(13,190)
Profit After Tax		1,951,254,721	1,329,454,549
Add : Excess Provision for Tax in respect of earlier years		11,546,638	-
Add : Accumulated balance brought forward		3,303,299,270	1,973,844,721
Balance Carried to Balance Sheet		5,266,100,629	3,303,299,270
Basic Earning per share of Rs. 10 each	20.5	185.66	126.49
Diluted Earning per share of Rs. 10 each	20.5	185.66	126.49
Significant Accounting Policies	2		
Notes to Accounts	20		
The Schedules referred to above form an integral part of this Profit & Loss account			

As per our report attached

For **B S R & Co.**

Chartered Accountants

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

Akeel Master

Partner

Membership No. 046768

Soumen Ghosh

Director

Kanu Doshi

Director

Sundeep Sikka

Chief Executive Officer

Milind R. Gandhi

Chief Financial Officer

Geeta Chandran

Manager

Mumbai, 23 April 2010

Reliance Capital Asset Management Limited

Cash Flow Statement

for the year ended 31 March 2010

(Currency: Indian rupees)

Particulars	2009-10	2008-09
A. Cash Flow from Operating Activities		
Net Profit before tax as per P&L Account	2,792,487,073	1,768,594,455
Adjusted for		
Depreciation	121,503,856	91,313,648
Provision for Employee Benefit	(17,758,453)	(7,815,780)
Dividend Income	(314,412,645)	(511,072,600)
Interest Income	(52,971,725)	(40,298,961)
Interest on income tax refund	(12,662,948)	-
(Profit) / Loss on sale of Investment (Net)	(44,296,069)	(117,068,388)
Revaluation Loss on Variation in Foreign Exchange Rates	4,146,517	(5,929,359)
Diminution in Value of Investments	(7,317,333)	7,555,174
Loss on sale of Fixed Assets	797,883	1,064,180
Operating Profit before Working Capital changes	2,469,516,156	1,186,342,369
(Increase) / Decrease in Sundry Debtors	(229,247,559)	218,906,428
Increase / (Decrease) in Sundry Creditors	1,225,702,324	(210,134,360)
Cash generated from Operations	3,465,970,921	1,195,114,437
Taxes Paid	(854,544,465)	(540,733,721)
Refund received	135,662,205	-
Net Cash from Operating Activities	2,747,088,661	654,380,716
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(89,593,528)	(196,293,802)
Sale of Fixed Assets	543,072	1,780,262
Inter Corporate Deposit Given	-	270,000,000
Loans to Subsidiaries	-	(21,463,750)
Purchase of Investments	(43,515,407,830)	(32,719,353,319)
Investment in Subsidiaries	(424,782,375)	-
Sale of Investments	40,954,771,060	31,464,886,036
Interest Received	54,852,598	34,438,397
Dividend Received	303,479,411	511,072,600
Net Cash used in Investing Activities	(2,716,137,592)	(654,933,576)
C. Cash Flow from Financing Activities		
Net Cash from Financing Activities	-	-
Net increase/(decrease) in cash and cash Equivalents (A+B+C)	30,951,069	(552,860)
Opening Balance of Cash and Cash Equivalents	2,491,015	3,043,875
Closing Balance of Cash and Cash Equivalents	33,442,084	2,491,015
Cash and cash equivalents represent cash and balance with scheduled banks in current account		

As per our attached report
For **B S R & Co.**
Chartered Accountants

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

Akeel Master
Partner
Membership No. 046768

Soumen Ghosh
Director

Kanu Doshi
Director

Sundeep Sikka
Chief Executive Officer

Milind R. Gandhi
Chief Financial Officer

Geeta Chandran
Manager

Mumbai, 23 April 2010

Reliance Capital Asset Management Limited

Schedule to Financial Statements

for the year ended 31 March 2010

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 2010 is Reliance Capital Limited.

The Company's principal activity is to act as an investment manager to Reliance Mutual Fund ('the Fund'), to provide Portfolio Management Services ('PMS') to clients under Securities and Exchange Board of India (SEBI) (Portfolio Managers) Regulations, 1993. The Company is registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996. The Company manages the investment portfolios 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 under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006. 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 written down value method in accordance with rates specified in Schedule XIV to the Companies Act, 1956.

Leasehold improvements are amortised over the primary period of the lease on straight-line basis.

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 month in which such software is first utilised.

Assets individually costing Rs.5000 or less are fully depreciated in the year of purchase/ acquisition.

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 profit and loss account. 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.

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2010

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.

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

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

2.6 Revenue recognition

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

Investment Management Fees (net of service tax)

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

Portfolio Management Fees

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

Profit or loss on Sale of Investments

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

Other Income

Interest income is accounted on an accrual 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 profit and loss account.

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 profit and loss account and related assets and liabilities are accordingly restated in the balance sheet.

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2010

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 profit and loss account.

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.

2.9 Initial Issue expenses of schemes

Expenses relating to Initial Issue of Mutual Fund Schemes in excess of the entry load collected, as applicable, are charged to the profit and loss account in the year in which such expenses are incurred.

2.10 Fund expenses

Expenses incurred (inclusive of advertisement/brokerage expenses) on behalf of schemes of Reliance Mutual Fund are recognised to the profit and loss account unless considered recoverable from the schemes of the Fund in accordance with the provisions of SEBI (Mutual Fund) Regulations, 1996.

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.

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2010

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 period) and fringe benefit tax. Provision for Income Tax is recognised on an annual basis under the taxes payable method, based estimated tax liability computed after taking credit for allowances and exemption in accordance with Indian Income Tax Act, 1961. In case of matters under appeal due to disallowance or otherwise, full provision is made when the said liabilities are accepted by the Company.

Deferred tax

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future: however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if 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.

Fringe benefit tax (FBT)

The provision for fringe benefit tax is made on the basis of applicable FBT on the taxable value of eligible expenses of the company as prescribed under the Income Tax Act 1961.

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

Schedule to Financial Statements

for the year ended 31 March 2010

(Currency: Indian rupees)

	As at 31 March 2010	As at 31 March 2009
3 Share Capital		
Authorised Share Capital		
11,500,000 Equity shares of Rs.10 each	115,000,000	115,000,000
350,000 Cumulative Redeemable Preference shares of Rs.100 each	35,000,000	35,000,000
	<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid up		
10,710,000 Equity shares of Rs.10 each, fully paid up	107,100,000	107,100,000
Less : Amount recoverable from Reliance Capital Asset Management Employee Benefit Trust (ESOP Trust) (2,00,000 Equity Shares of Rs.10 each allotted to the Trust during the year 2007-08)	2,000,000	2,000,000
-Of the above 10,000,000 shares held by Reliance Capital Limited, the holding company		
	<u>105,100,000</u>	<u>105,100,000</u>
4 Reserves and Surplus		
Securities Premium Account	5,402,900,300	5,402,900,300
Less : Amount recoverable from Reliance Capital Asset Management Employee Benefit Trust (ESOP Trust) (Premium of Rs. 1,990 on 2,00,000 Equity Shares of Rs.10 each allotted to the Trust during the year 2007-08)	398,000,000	398,000,000
Balance at the end of the Year	<u>5,004,900,300</u>	<u>5,004,900,300</u>
Capital Redemption Reserve		
Balance at the end of the Year	10,007,000	10,007,000
Surplus in Profit & Loss Account		
Balance at the end of the Year	5,266,100,629	3,303,299,270
Total Reserves & Surplus	<u>10,281,007,929</u>	<u>8,318,206,570</u>

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2010

(Currency: Indian rupees)

5. Fixed Assets

Assets	Gross Block (At Cost)			Depreciation					Net Block	
	As at 1.4.2009	Additions	Deductions	As at 31.03.2010	Up to 1.4.2009	During the Year	Deductions	Up to 31.03.2010	As at 31.03.2010	As at 31.3.2009
Tangible assets										
Computer	92,260,716	5,308,877	-	97,569,593	55,317,347	15,538,664	-	70,856,011	26,713,582	36,943,369
Motor Car	5,565,737	-	-	5,565,737	3,486,212	538,391	-	4,024,603	1,541,134	2,079,525
Office Equipment	115,300,804	22,584,847	986,925	136,898,726	27,341,822	19,107,031	303,100	46,145,753	90,752,973	87,958,982
Furniture	52,879,791	7,753,859	595,451	60,038,199	16,927,600	17,199,131	275,520	33,851,211	26,186,988	35,952,191
Leasehold Improvements	183,298,887	53,667,156	410,990	236,555,053	70,745,108	64,475,210	73,791	135,146,527	101,408,526	112,553,779
Intangible assets										
Software	13,737,754	278,789	-	14,016,543	5,803,701	4,645,429	-	10,449,130	3,567,413	7,934,053
Total	463,043,689	89,593,528	1,993,366	550,643,851	179,621,790	121,503,856	652,411	300,473,235	250,170,616	283,421,899
Previous year	271,756,662	196,293,802	5,006,775	463,043,689	90,470,475	91,313,648	2,162,333	179,621,790	283,421,899	

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2010

(Currency: Indian rupees)

	Face Value	Quantity As at 31.03.2010	Cost / Fair Value As at 31.03.2010	Quantity As at 31.03.2009	Cost / Fair Value As at 31.03.2009
6 Investments					
(A) Long term Investments (At Cost)					
(I) Subsidiary Companies (Unquoted, fully paid up equity shares)					
Reliance Asset Management (Mauritius) Limited	USD 10	46,000	20,795,975	11,000	4,922,600
Reliance Asset Management Singapore Pte Limited	SGD 1	2,000,003	57,859,056	2,000,003	57,859,056
Reliance Asset Management (U.K) PLC	GBP 1	1,600,000	120,752,390	300,000	23,538,390
Reliance Asset Management (Malaysia) SDN. BHD.	RM 1	3,828,697	191,695,000	-	-
Reliance Capital Pension Fund Limited	INR 10	12,000,000	120,000,000	-	-
			511,102,421		86,320,046
(II) Investments in Other Body Corporates					
1. Quoted fully paid up equity shares					
Reliance Industries Limited	10	49,964	34,254,772	24,982	34,254,772
Reliance Communications Limited	5	24,923	10,518,365	24,923	10,518,365
ICICI Bank Limited	10	4,150	5,005,234	4,150	5,005,234
Kotak Mahindra Bank Limited	10	4,620	5,004,125	4,620	5,004,125
			54,782,496		54,782,496
Less: Provision for Diminution in Value of Investments			421,527		567,610
			54,360,969		54,214,887
2. Unquoted Fully Paid					
Clearing Corporation of India Ltd - 8% Cumulative Preference Shares	10	5,000,000	50,000,000	5,000,000	50,000,000
			50,000,000		50,000,000
(III) Investments in Mutual Funds (Quoted)*					
fully paid units of Rs.10 each					
Reliance Growth Fund- Retail plan - Dividend Plan	10	1,478,358	67,500,000	1,478,358	67,500,000
Reliance Vision Fund - Retail Plan -Dividend Plan	10	2,401,851	100,000,000	2,401,851	100,000,000
Reliance Tax Saver (ELSS) Fund -Growth Option	10	2,200,000	22,000,000	2,200,000	22,000,000
Reliance Equity Fund -Retail Plan- Growth Plan	10	2,322,458	23,224,581	2,322,458	23,224,581
Reliance Equity Opportunities Fund-Retail Plan- Growth Option	10	930,445	9,304,450	930,445	9,304,450
Reliance Equity Advantage Fund -Retail Plan -Growth Plan	10	4,889,976	50,000,000	4,889,976	50,000,000
Reliance Natural Resource Fund - Institutional Plan - Growth Option	10	12,000,000	120,000,000	12,000,000	120,000,000
Reliance Infrastructure Fund - Institutional Plan - Growth Option	10	7,500,000	75,000,000	-	-
Reliance Fixed Horizon Fund - VII Sr. 1 - Institutional Growth	10	-	-	10,000,000	100,000,000
Reliance Fixed Horizon Fund - VII Sr. 3 - Institutional Growth	10	-	-	1,000,000	10,000,000
Reliance Fixed Horizon Fund - VII Sr. 6 - Institutional Growth	10	-	-	20,000,000	200,000,000
Reliance Fixed Horizon Fund - VIII Sr. 2 - Institutional Dividend Plan	10	-	-	30,000,000	300,000,000
Reliance Fixed Horizon Fund - IX Series 2 - Institutional Dividend Plan	10	-	-	20,000,000	200,000,000
Reliance Fixed Horizon Fund - IX Series 10 - Institutional Dividend Plan	10	5,000,000	50,000,000	5,000,000	50,000,000
Reliance Fixed Horizon Fund - X Series 2 - Super Institutional Dividend Plan	10	-	-	15,000,000	150,000,000
Reliance Fixed Horizon Fund - X Series 3 - Super Institutional Dividend Plan	10	-	-	7,000,000	70,000,000
Reliance Fixed Horizon Fund - XII Series 2 - Super Institutional Dividend Plan	10	-	-	18,000,000	180,000,000
Reliance Fixed Horizon Fund - XII Series 4 Super Institutional Growth Plan	10	50,000,000	500,000,000	50,000,000	500,000,000
Reliance Fixed Horizon Fund - XII Series 5 Super Institutional Growth Plan	10	25,000,000	250,000,000	-	-
Reliance Fixed Horizon Fund -XIII Series 1 - Dividend Payout Plan	10	50,000,000	500,000,000	-	-
Reliance Fixed Horizon Fund -XIII Series 2 - Dividend Payout Plan	10	50,000,000	500,000,000	-	-
Reliance Fixed Horizon Fund -XIII Series 5 - Dividend Payout Plan	10	15,000,000	150,000,000	-	-
Reliance Fixed Horizon Fund -XIII Series 6 - Dividend Payout Plan	10	35,000,000	350,000,000	-	-
Reliance Fixed Horizon Fund -XIV Series 1 - Dividend Payout Plan	10	25,000,000	250,000,000	-	-
Reliance Income Fund - Retail Plan - Monthly Dividend Plan	10	-	-	89,658,237	985,279,179
Reliance Gilt Securities Fund - Institutional Plan - Dividend Plan	10	-	-	8,382,273	98,227,829
Reliance Regular Savings Fund - Debt Plan - Institutional - Dividend Plan	10	9,723,749	120,000,000	-	-
			3,137,029,031		3,235,536,039
Total Long Term			3,752,492,421		3,426,070,972

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2010

(Currency: Indian rupees)

	Face Value	Quantity As at 31.03.2010	Cost / Fair Value As at 31.03.2010	Quantity As at 31.03.2009	Cost / Fair Value As at 31.03.2009
(B) Current Investments - Non trade (At Lower of Cost and Fair Value)					
1. Quoted Fully Paid					
8.55% Indian Railway Finance Corporation Bonds	1,000,000	-	-	50	48,264,600
8.65% Rural Electrification Corporation Bonds	1,000,000	-	-	250	242,828,750
			<u>-</u>		<u>291,093,350</u>
2. Unquoted Fully Paid					
Unitech Ltd 14% NCD	1,000,000	160	120,000,000	-	-
Unitech Ltd 14% NCD	67,000	9,701	636,967,660	-	-
			<u>756,967,660</u>		<u>-</u>
3. Mutual Funds (Quoted) fully paid units*					
Reliance Interval Fund - Quarterly Plan - Series 1 - Institutional - Dividend Plan	10	-	-	60,056,258	600,849,246
Reliance Short Term Fund - Monthly Dividend Plan	10	-	-	103,271,648	1,100,000,000
Reliance Money Manager Fund - Institutional Growth	1,000	-	-	1,414,050	1,686,846,513
Reliance Medium Term Fund - Retail - Growth	10	173,957,469	3,316,409,456	59,728,719	1,084,984,134
Reliance Quarterly Interval Fund - Series III - Institutional - Growth Plan	10	81,172,125	1,000,000,000	-	-
Reliance Monthly Interval Fund - Series I-Institutional Growth Plan	10	40,266,078	500,000,000	-	-
Reliance Monthly Interval Fund - Series II-Institutional Growth Plan	10	40,262,512	500,000,000	-	-
Reliance Short Term Fund - Retail - Growth	10	80,655,791	1,401,007,225	-	-
			<u>6,717,416,681</u>		<u>4,472,679,893</u>
Total Current			<u>7,474,384,341</u>		<u>4,763,773,243</u>
GRAND TOTAL			<u>11,226,876,762</u>		<u>8,189,844,215</u>
Notes:					
1. Quoted investments					
Aggregate of Book value			54,782,496		345,875,846
Aggregate of Market value			<u>65,318,819</u>		<u>336,656,057</u>
*For mutual funds net asset value is available					
Aggregate of Book value			9,854,445,712		7,708,215,932
Aggregate of Net Asset value			<u>10,018,936,863</u>		<u>7,548,875,614</u>
2. Unquoted investments					
Aggregate of Book value			1,318,070,081		136,320,046

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2010

(Numbers in Units)

** Statement showing purchases and redemption of investments (in units)

Scheme	2010		2009	
	Purchase	Redeemed	Purchase	Redeemed
(A) Long term Investments				
Reliance Income Fund - Retail Plan - Growth Plan-Growth Option	-	-	4,796,113	12,488,332
Reliance Short Term Fund -Retail Plan Growth Plan	-	-	-	38,484,128
Reliance Equity Fund -Retail Plan- Growth Plan	-	-	-	632,175
Reliance Equity Opportunities Fund-Retail Plan- Growth Option	-	-	-	208,160
Reliance Infrastructure Fund - Institutional Plan - Growth Option	7,500,000	-	-	-
Reliance Fixed Horizon Fund - VII Sr. 1 - Institutional Growth	-	10,000,000	-	-
Reliance Fixed Horizon Fund - VII Sr. 3 - Institutional Growth	-	1,000,000	-	-
Reliance Fixed Horizon Fund - VII Sr. 6 - Institutional Growth	-	20,000,000	-	-
Reliance Fixed Horizon Fund - VIII Sr. 2 - Institutional Dividend Plan	-	30,000,000	30,000,000	-
Reliance Fixed Horizon Fund - IX Series 2 - Institutional Dividend Plan	-	20,000,000	20,000,000	-
Reliance Fixed Horizon Fund - IX Series 10 - Institutional Dividend Plan	-	-	5,000,000	-
Reliance Fixed Horizon Fund - X Series 2 Super Institutional Dividend Plan	-	15,000,000	15,000,000	-
Reliance Fixed Horizon Fund - X Series 3 Super Institutional Dividend Plan	-	7,000,000	7,000,000	-
Reliance Medium Term Fund - Weekly Dividend Reinvestment Plan	-	-	133,222,906	133,222,906
Reliance Fixed Horizon Fund - XII Series 2 Super Institutional Dividend Plan	-	18,000,000	18,000,000	-
Reliance Fixed Horizon Fund - XII Series 4 Super Institutional Growth	-	-	50,000,000	-
Reliance Fixed Horizon Fund - XII Series 5 Super Institutional Dividend Plan	25,000,000	-	-	-
Reliance Fixed Horizon Fund - XIII Series 1 Institutional Dividend Plan	50,000,000	-	-	-
Reliance Fixed Horizon Fund - XIII Series 2 Institutional Dividend Plan	50,000,000	-	-	-
Reliance Fixed Horizon Fund - XIII Series 5 Institutional Dividend Plan	15,000,000	-	-	-
Reliance Fixed Horizon Fund - XIII Series 6 Institutional Dividend Plan	35,000,000	-	-	-
Reliance Fixed Horizon Fund - XIV Series 1 Institutional Dividend Plan	25,000,000	-	-	-
Reliance Income Fund - Retail Plan - Monthly Dividend Plan	-	89,658,237	89,658,237	-
Reliance Gilt Securities Fund - Institutional Plan - Dividend Plan	-	8,382,273	21,333,754	12,951,481
Reliance Regular Savings Fund - Debt - Institutional Dividend Plan	9,723,749	-	-	-
(B) Current Investments				
Reliance Fixed Horizon Fund QP VI Sr 2 - Institutional Dividend Payout	-	-	-	200,000,000
Reliance Liquid Plus Fund - Institutional - Monthly Dividend Reinvestment	-	-	275,429	1,835,960
Reliance Monthly Interval Fund Sr II - Institutional - Dividend Reinvestment Plan	-	-	3,980,825	104,624,325
Reliance Fixed Horizon Fund VI Sr 3 Institutional - Dividend Payout	-	-	-	50,000,000
Reliance Fixed Horizon fund X Sr. 15 - Super Institutional - Dividend Plan	-	-	2,000,000	2,000,000
Reliance Fixed Horizon fund VIII Sr. 10 - Institutional - Dividend	-	-	35,000,000	35,000,000
Reliance Fixed Horizon fund VIII Sr. 11 - Institutional - Dividend	-	-	175,000,000	175,000,000
Reliance Fixed Horizon fund X Sr. 13 - Super Institutional - Dividend Plan	-	-	196,500,000	196,500,000
Reliance Fixed Horizon fund VIII Sr. 12 - Institutional - Dividend Payout	-	-	150,000,000	150,000,000
Reliance Interval Fund - Quarterly Plan - Series 1 - Institutional - Dividend Plan	-	60,056,258	155,025,496	94,969,238
Reliance Interval Fund - Monthly Plan - Sr. 1- Institutional - Dividend Plan	-	-	41,403,400	41,403,400
Reliance Fixed Horizon Fund X Series 14 - Super Institutional - Dividend Plan	-	-	18,000,000	18,000,000
Reliance Interval Fund - Quarterly Plan - Series 3 - Institutional - Dividend Plan	-	-	85,034,784	85,034,784
Reliance Interval Fund - Quarterly Plan - Series 2 - Institutional - Dividend Plan	-	-	14,416,337	14,416,337
Reliance Fixed Horizon Fund - X Series 4 - Institutional - Dividend Plan	-	-	50,000,000	50,000,000
Reliance Medium Term Fund - Weekly Dividend Reinvestment Plan	-	-	133,222,906	133,222,906
Reliance Fixed Horizon Fund - XI Series 2 - Super Institutional - Dividend Plan	-	-	104,000,000	104,000,000
Reliance Medium Term Fund - Daily Dividend Reinvestment Plan	-	-	90,514,864	90,514,864
Reliance Fixed Horizon fund XII Sr. 13	-	-	53,211,308	53,211,308
Reliance Fixed Horizon Fund - XII Series 14 - Super Institutional - Dividend Plan	-	-	70,000,000	70,000,000
Reliance Liquidity Fund - Daily Dividend Reinvestment	657,937,026	657,937,026	319,770,983	319,770,983
Reliance Short Term Fund - Monthly Dividend Plan	79,750,679	183,022,326	103,271,648	-
Reliance Money Manager Fund - Institutional Growth	5,313,954	6,728,004	1,414,050	79,458
Reliance Money Manager Fund - Institutional - Daily Dividend	823,679	823,679	4,651,022	4,651,022
Reliance Money Manager Fund - Institutional - Weekly Dividend	3,246,348	3,246,348	-	-
Reliance Medium Term Fund - Institutional Growth	200,169,377	85,940,627	59,728,719	-
Reliance Medium Term Fund - Institutional - Daily Div.	367,243,935	367,243,935	-	-
Reliance Medium Term Fund - Institutional - Monthly Div.	527,126,941	527,126,941	-	-
Reliance Medium Term Fund - Institutional - Weekly Div.	152,374,630	152,374,630	-	-
Reliance Monthly Interval Fund - Series I - Institutional Growth Plan	40,266,078	-	-	-
Reliance Monthly Interval Fund - Series II - Institutional Growth Plan	40,262,512	-	-	-
Reliance Quarterly Interval Fund - Series III - Institutional Growth Plan	81,172,125	-	-	-
Reliance Short Term Fund -Retail Plan Growth Plan	80,655,791	-	-	-

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2010

(Currency: Indian rupees)

	As at 31 March 2010	As at 31 March 2009
7 Deferred Tax Asset		
<i>Deferred tax asset arising on account of timing differences in:</i>		
Depreciation on fixed assets	31,431,903	9,961,461
Employee compensation	21,613,560	28,152,299
Straightlining of lease rentals	4,739,431	3,576,027
	<u>57,784,894</u>	<u>41,689,787</u>
8 Cash and Bank Balance		
Cash on Hand	10,143	21,356
Balance in current accounts with Scheduled banks	33,431,941	2,469,659
	<u>33,442,084</u>	<u>2,491,015</u>
9 Sundry Debtors (Unsecured considered good)		
Outstanding for more than six months	3,930,209	-
Other debtors	161,189,256	39,435,211
	<u>165,119,465</u>	<u>39,435,211</u>
10 Loans and Advances (Unsecured considered good)		
Loans to Subsidiaries	28,783,808	32,551,296
Loans to Employees	10,341,461	9,254,269
Advances recoverable in cash or in kind or for value to be received	240,834,180	143,440,227
Advance Tax Paid / Tax Deducted at Source (net of provision of income tax)	90,551,668	204,787,281
(Provisions Rs. 1,326,955,888 (Previous year Rs.1,343,019,977))		
	<u>370,511,117</u>	<u>390,033,073</u>
11 Other current assets		
Dividend Receivable	10,933,234	-
Interest accrued on Loans to Subsidiaries	4,270,348	2,550,801
Interest accrued on Non Convertible Debentures	490,959	-
Interest accrued on Bonds	-	4,291,234
	<u>15,694,541</u>	<u>6,842,035</u>
12 Current Liabilities		
Sundry creditors (other than micro & small scale enterprises)	1,649,951,303	409,323,323
Overdrawn Bank Balances as per books of accounts	-	7,209,275
Other liabilities	40,943,372	32,606,829
	<u>1,690,894,675</u>	<u>449,139,427</u>
The Company does not have any outstanding dues towards small scale industrial undertakings as at 31 March 2010. 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).		
13 Provisions		
Provision for Employees' benefit	49,193,037	82,825,240
	<u>49,193,037</u>	<u>82,825,240</u>

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2010

(Currency: Indian rupees)

	2009-10	2008-09
14 Management Fees		
Investment Management Fees	5,839,276,503	3,561,779,505
(Tax Deducted at Source Rs. 672,657,730 (Previous year Rs.461,610,526))		
Portfolio Management Fees	278,472,405	206,269,674
(Tax Deducted at Source Rs. 7,140,482 (Previous year Rs.8,177,806))		
	6,117,748,908	3,768,049,179
15 Miscellaneous Income		
Revaluation Gain on Variation in Foreign Exchange Rates	-	5,947,441
Provision no longer required written back	-	183,685
Others	386,477	916,282
	386,477	7,047,408
16 Employee Costs		
Salaries, Allowances and Bonus	1,143,711,461	949,769,195
Contribution to Provident and other funds	37,051,914	49,829,001
Staff welfare expenses	29,261,719	40,858,737
	1,210,025,094	1,040,456,933
17 Administrative and Other Expenses		
Legal & Professional Charges	88,522,292	180,271,238
Rent	195,153,256	155,845,242
Conveyance & Travelling	56,156,924	94,074,313
Communication	83,329,961	82,617,821
Filing fees & Stamp duty	10,976,238	49,426,541
Office Administration	58,814,063	50,352,423
Membership & Subscription	26,494,129	34,357,140
Electricity	31,021,135	26,913,247
Seminar & training	7,300,509	20,489,356
Repairs & Maintenance	15,838,323	12,399,420
Printing & Stationary	21,067,742	18,770,995
Entertainment	12,182,306	17,477,277
Software repair & Maintenance	17,151,265	11,025,578
Courier charges	3,691,785	5,345,843
Insurance	4,165,221	2,031,531
Auditors Remuneration (Refer note to accounts 20.3)	1,049,629	1,057,282
Director sitting fees	750,000	310,000
Donation	661,000	9,600
Revaluation Loss on Variation in Foreign Exchange Rates	4,146,517	-
Miscellaneous Expenses	37,873,092	23,133,968
Loss on sale of fixed assets (Net)	797,883	1,064,180
	677,143,270	786,972,996
18 Marketing & Publicity Expenses		
Brokerage and Incentives	1,489,255,202	663,425,973
Marketing Expenses	144,051,308	574,896
Advertisement	115,330,302	84,458,776
	1,748,636,812	748,459,645
19 Diminution in Value of Investments		
Diminution on Long term Investment	(146,083)	567,610
Diminution on Current Investment	(7,171,250)	7,171,250
	(7,317,333)	7,738,860

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2010

(Currency: Indian rupees)

20 Notes to accounts

20.1 Contingent liability & Capital commitments

	2010	2009
Guarantees to Banks for Employee Provident Fund Organisation & Pension Fund Regulatory & Development Authority	6,612,500	6,612,500
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of Rs. 6,596,162 & previous year Rs. 1,514,002)	7,711,051	3,461,284

20.2 Future liability in respect of premises taken on operating lease after 1st April, 2001:

	2010	2009
a) Not later than one year	103,636,727	115,685,137
b) Later than one year and not later than five years	385,853,208	381,490,407
c) Later than five years	28,219,954	139,299,166
	<u>517,709,889</u>	<u>636,474,710</u>

20.3 Auditor's Remuneration:

	2010	2009
Audit Fees	900,000	900,000
Tax Audit Fees	51,180	100,000
Certification Matters	68,166	50,000
Out of Pocket Expenses	30,283	7,282
	<u>1,049,629</u>	<u>1,057,282</u>

20.4 Managerial Remuneration:

	2010	2009
Salaries	3,090,669	2,834,532
Perquisites & Other Allowances	1,200,000	1,500,000
Contribution to Provident Fund	196,830	183,974
Total	<u>4,487,499</u>	<u>4,518,506</u>

Note:

- a. Contribution /provision for gratuity are not considered as employee wise details are not available.
- b. Reimbursement of expenses incurred in the normal course of business is not considered.
- c. There is no commission payable to the Manager.

20.5 Earning Per Share (EPS)

	2010	2009
Net Profit as per Profit and Loss Account	1,951,254,721	1,329,454,549
Weighted average number of equity shares outstanding	10,510,000	10,510,000
Basic Earnings Per Share	185.66	126.49
Weighted average number of equity shares outstanding	10,510,000	10,510,000
Diluted Earnings Per Share	185.66	126.49

The equity shares issued to the ESOP Trust under the Company's ESOP Plan are not considered for calculation of EPS. The options are not considered to be dilutive since the exercise price is equal to the fair value of the shares and as such there are no potential equity shares to be issued for no consideration.

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2010

(Currency: Indian rupees)

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

	2010	2009
Salary and Benefits	27,900,475	21,006,041
Traveling	8,144,257	34,429,845
Seminar & Training	296,357	1,386,678
Professional & Consultancy	4,995,102	8,582,826
Other Expenses	14,056,308	22,935,884
	<u>55,392,497</u>	<u>88,341,276</u>

20.7 Earnings in foreign currency:

	2010	2009
Interest	1,919,402	1,569,330

20.8 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.

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2010

(Currency: Indian rupees)

20.9 Related Party Disclosures:

(i) List of Related Parties and their relationship:

Sr. No.	Name of the Related Party	Relationship
1	AAA Enterprises Private Limited	Ultimate Holding Company
2	Reliance Capital Limited	Holding Company
3	Reliance Asset Management (Mauritius) Ltd	Wholly Owned Subsidiary
4	Reliance Asset Management (Singapore) Pte Ltd	
5	Reliance Capital Asset Management (UK) Plc.	
6	Reliance Capital Pension Fund Limited	
7	Reliance Asset Management (Malaysia) SDN BHD	
8	Reliance General Insurance Company Ltd.	
9	Reliance Money Express Pvt.Ltd.	
10	Reliance Gilts Ltd.	Fellow Subsidiary
11	Reliance Capital Trustee Co Ltd	
12	Medybiz Pvt Ltd	
13	Net Logistic Pvt Ltd	
14	Reliance Venture Asset Management Private Ltd (formerly Reliance Technology Ventures Pvt. Ltd.)	
15	Reliance Capital Research Pvt. Ltd.	
16	Reliance Equity Advisors (India) Ltd	
17	Reliance Consultants (Mauritius) Ltd	
18	Reliance Equities International Pvt Ltd	
19	Reliance Home Finance Pvt Ltd	
20	Reliance Capital Services Pvt Ltd	
21	Reliance Capital (Singapore) Pte Ltd	
22	Reliance Consumer Finance Pvt Ltd	
23	Reliance Securites Ltd	
24	Reliance Commodities Ltd	
25	Reliance Financial Ltd	
26	Reliance Alternative Investments Services Pvt Ltd	
27	Reliance Prime International Ltd.	
28	Reliance Capital Markets Pvt Ltd	
29	Ms. Geeta Chandran	Manager

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2010

(Currency: Indian rupees)

Sr. No.	Nature of Transaction	Holding Company	Wholly Owned Subsidiaries	Fellow Subsidiaries	Manager	Total
I	Transactions during the year					
A	Investments in equity shares					
	Reliance Asset Management (Mauritius) Limited		15,873,375			15,873,375
	Reliance Asset Management (U.K) PLC		-			-
	Reliance Asset Management (U.K) PLC		97,214,000			97,214,000
	Reliance Asset Management (Malaysia) SDN.BHD.		-			-
	Reliance Asset Management (Malaysia) SDN.BHD.		191,695,000			191,695,000
	Reliance Capital Pension Fund Limited		-			-
	Reliance Capital Pension Fund Limited		120,000,000			120,000,000
			-			-
B	Portfolio Management Fees					
	Reliance General Insurance Company Ltd.			-		-
				(700,000)		(700,000)
C	Interest income					
	Reliance Asset Management (Mauritius) Limited		1,919,402			1,919,402
			(1,569,330)			(1,569,330)
D	Salaries & Benefits to Employees					
	Ms.Geeta Chandran				4,487,499	4,487,499
					(4,518,506)	(4,518,506)
E	Staff Welfare Expenses					
	Medybiz Pvt Ltd			-		-
				(866,296)		(866,296)
F	Rent Expense					
	Reliance Capital Limited	5,903,760		-		5,903,760
	Reliance Capital Limited	(15,627,600)		-		(15,627,600)
	Reliance General Insurance Company Ltd.			5,171,363		5,171,363
				(7,497,233)		(7,497,233)
G	Insurance Charges					
	Reliance General Insurance Company Ltd.			9,392,663		9,392,663
				(8,087,341)		(8,087,341)
H	Travelling expenses					
	Reliance Money Express Pvt.Ltd.			454,195		454,195
				(2,498,647)		(2,498,647)

I	Advertisement / Brokerage Reliance Securites Ltd				79,144 (8,781,443)	79,144 (8,781,443)
J	Reimbursement of Expenses charged Reliance Capital Limited Reliance Capital Pension Fund Limited Reliance Equities International Pvt Ltd Reliance Capital Trustee Co Ltd	5,938,223 (5,087,878)	2,170,586	-	472,577 - 1,058,013 (765,594)	5,938,223 (5,087,878) 2,170,586 - 472,577 - 1,058,013 (765,594)
K	Reimbursement of Expenses paid Reliance Capital Limited Reliance General Insurance Company Ltd.	26,324,147 (8,674,462)			342,252 -	26,324,147 (8,674,462) 342,252 -
II	Balances outstanding at the end of the year					
A	Sundry Creditors Reliance Capital Limited Medybiz Pvt Ltd	6,875,771 - -			- - (184,072)	6,875,771 - - (184,072)
B	Advance recoverable in cash or in kind or for value to be received Reliance General Insurance Company Ltd.				7,734,270 (9,245,980)	7,734,270 (9,245,980)
C	Loans to Subsidiaries Reliance Asset Management (Mauritius) Limited		* 28,783,808 (32,551,296)			28,783,808 (32,551,296)
D	Interest Accrued Reliance Asset Management (Mauritius) Limited		* 4,270,438 (2,550,801)			4,270,438 (2,550,801)

Note : Related Party Relationship is as identified by the Company.

(Previous year figures are in brackets)

* Adjusted for Revaluation loss:

Loan to subsidiary Rs. 37,67,488

Interest accrued Rs. 1,99,765

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2010

(Currency: Indian rupees)

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

A Defined Contribution Plans:

Amount of Rs. 33,554,361 (previous year: Rs.34,226,415) is recognised as expense and included in "Employee Costs" - Schedule "19" in the Profit and Loss Account.

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	
		2010	2009	2010	2009
a.	Present value of Defined Benefit Obligation at the beginning of the year	19,090,132	17,624,077	72,825,240	90,641,020
b.	Interest cost	1,431,760	1,409,926	4,276,171	5,697,610
c.	Current service cost	8,206,710	7,432,650	35,625,100	41,292,400
d.	Actuarial Losses / (Gains)	(871,773)	(5,859,836)	(23,474,155)	(35,460,017)
e.	Benefits paid	(820,627)	(1,516,685)	(44,896,606)	(29,345,773)
f.	Present value of Defined Benefit Obligation at the close of the year	27,036,202	19,090,132	44,355,750	72,825,240

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

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2010	2009	2010	2009
a.	Fair value of Plan Assets at the beginning of the year	27,148,175	24,451,813	-	-
b.	Add :Expected return on Plan Assets	2,036,113	1,956,145	-	-
c.	Add / (Less) : Actuarial (Losses) / Gains	2,838,743	(1,747,147)	-	-
d.	Add : Contributions	4,056,115	4,004,048	-	-
e.	Less: Benefits Paid	(820,627)	(1,516,685)	-	-
f.	Fair value of Plan Assets at the close of the year	35,258,519	27,148,175	-	-

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 balancesheet:

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2010	2009	2010	2009
a.	Present value of Defined Benefit obligation	27,036,202	19,090,132	44,355,750	72,825,240
b.	Less: Fair value of Plan Assets	35,258,519	27,148,175		-
c.	Present value of unfunded obligation	(8,222,317)	(8,058,043)	44,355,750	72,825,240
d.	Net Liability/(Asset) recognised in the Balancesheet	(8,222,317)	(8,058,043)	44,355,750	72,825,240

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2010

(Currency: Indian rupees)

iv. Amount recognised in the Profit and Loss Account are as follows :

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2010	2009	2010	2009
a.	Current Service Cost	8,206,710	7,432,650	35,625,100	41,292,400
b.	Interest Cost	1,431,760	1,409,926	4,276,171	5,697,610
c.	Expected return on Plan Assets	(2,036,113)	(1,956,145)	-	-
d.	Actuarial Losses / (Gains)	(3,710,516)	(4,112,689)	(44,896,606)	(35,460,017)
e.	Past service costs	-	-	-	-
f.	Effect of curtailment / settlement	-	-	-	-
g.	Adjustments for earlier years Recognised in the Profit and Loss Account	-	-	-	-

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

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2010	2009	2010	2009
a.	Government of India Securities	2.83%	14.39%	UNFUNDED	UNFUNDED
b.	State Government Securities	-	-		
c.	Corporate Bonds	49.69%	59.46%		
d.	Fixed Deposit under Special Deposit Scheme	-	-		
e.	Equity Shares	18.65%	15.94%		
f.	Bank Deposits / Mutual Funds	28.83%	10.21%		
g.	Public Sector Bonds	-	-		
		100.00%	100.00%		

vi. Actuarial Assumptions as the Balancesheet date:

		Gratuity		Leave Benefit	
		2010	2009	2010	2009
a.	Discount Rate	8.25%	7.50%	7.50%	7.00%
b.	Expected rate of return on Plan Assets	8.25%	7.50%	-	-
c.	Salary Escalation rate -- Management Staff	5.00%	5.00%	5.00%	5.00%
d.	Salary Escalation rate -- Non -Management Staff	-	-	-	-
e.	Annual increase in Healthcare costs	-	-	-	-
f.	Attrition rate	1% at each age	1% at each age	1% throughout	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.

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2010

(Currency: Indian rupees)

20.11 Employees Stock Option Plan (ESOP) :

(i) Pursuant to the shareholder's, resolution dated September 20, 2007, the Company introduced the Employee Stock Option Plan under which the Company decided to grant, from time to time, options to the employees of the Company. The grant of options to the employees under the ESOP scheme is on the basis of their performance and other eligibility criteria.

(ii) On December 21 2007, the company issued a total of 200,000 equity shares at a price Rs. 2,000 per equity share to the Trust, Reliance Capital Asset Management Employee Benefit Trust.

(iii) All above options are planned to be settled in cash or equity at the time of exercise and have maximum period of 5 years from the date of respective grants. The plan existing during the year is as follows:

a) 2007 Plan

The option under this plan has an exercise price of Rs.2,000 per share and vest on a graded basis as follows:
a vesting period of 5 years

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

b) 2008 Plan

The option under this plan has an exercise price of Rs.7,989.1 per share and vest on a graded basis as follows:
a vesting period of 5 years

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

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

Shares in Thousands	As of March 31, 2010		As of March 31, 2009	
	Number of stock options	Weighted average exercise price (Rs.)	Number of stock options	Weighted average exercise price (Rs.)
Number of shares under option:				
2007 Plan				
Outstanding at beginning of year	71,125	2,000	73,350	2,000
Granted	NIL	NIL	NIL	NIL
Exercised	NIL	NIL	NIL	NIL
Cancelled or expired	NIL	NIL	2,225	NIL
Outstanding at the year end	71,125	2,000	71,125	2,000
Exercisable at end of year	71,125	2,000	71,125	2,000
2008 Plan				
Outstanding at beginning of year	40,450	8,000	NIL	NIL
Granted	NIL	NIL	40,450	8,000
Exercised	NIL	NIL	NIL	NIL
Cancelled or expired	900	NIL	NIL	NIL
Outstanding at the year end	39,550	8,000	40,450	8,000
Exercisable at end of year	39,550	8,000	40,450	8,000

(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 March 31,2010	Year ended March 31,2009
Risk free interest rate	8%	8%
Expected life	7 years	7 years
Dividend yield	0.00%	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 (previous year Rs. Nil). The net results for the period, had the Company adopted the fair value method, would have been lower by Rs. 50,705,681 (net of tax saving Rs. 33,470,820) and accordingly the EPS (both basic and diluted) would have been lower by Rs. 3.18.

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2010

(Currency: Indian rupees)

20.12 Disclosure under Part II of Schedule VI to the Companies Act, 1956

Disclosure under Part II of Schedule VI to the Companies Act, 1956, has been made to the extent applicable to the Company.

20.13 Prior year comparatives

Figures of the previous year are regrouped and reclassified wherever necessary to correspond to the figures of the current financial year.

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

Soumen Ghosh
Director

Kanu Doshi
Director

Sundeep Sikka
Chief Executive Officer

Milind R. Gandhi
Chief Financial Officer

Geeta Chandran
Manager

Mumbai
Date: 23rd April 2010

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2010

* Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details

Registration No. 2 4 7 8 0 State Code 0 4
Balance Sheet Date 3 1 0 3 2 0 1 0

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue N I L Rights Issue N I L
Bonus Issue N I L Private Placement N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities 1 0 3 8 6 1 0 8 Total Assets 1 0 3 8 6 1 0 8
Sources of Funds Applications of Funds
Paid up Capital 1 0 5 1 0 0 Net Fixed Assets 2 5 6 7 6 7
Reserves & Surplus 1 0 2 8 1 0 0 8 Investments 1 1 2 2 6 8 7 7
Secured Loans N I L Net Current Assets (1 1 5 5 3 2 1)
Unsecured Loans N I L Miscellaneous N I L
Deferred Tax Asset (Net) 5 7 7 8 5

IV. Performance of Company (Amount in Rs. Thousands)

Turnover 6 5 4 2 4 7 9 Total Expenditure 3 7 4 9 9 9 2
Profit/ Loss Before Tax 2 7 9 2 4 8 7 Profit/ Loss After Tax 1 9 5 1 2 5 5
Earning Per Share (Rs.) 1 8 5 . 6 6 Dividend Rate % N I L

V. Generic Names of Three Principal Products/ Services of the Company (as per monetary terms)

Not Applicable

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

Soumen Ghosh
Director

Kanu Doshi
Director

Sundeep Sikka
Chief Executive Officer

Milind R. Gandhi
Chief Financial Officer

Geeta Chandran
Manager

Mumbai
Date: 23rd April 2010

Reliance Capital Asset Management Limited

(Currency: Indian rupees)

Statement Pursuant to Section 212 of the Companies Act,1956 Relating to Companies Interest in the Subsidiary Companies

Name of Subsidiary Company	Reliance Asset Management (Mauritius) Ltd	Reliance Asset Management (Singapore) Pte Ltd	Reliance Capital Asset Management (UK) Plc.	Reliance Capital Pension Fund Limited	Reliance Asset Management (Malaysia) Sdn Bhd
1. The Financial year of the Subsidiaries Companies ended on	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010
2. Date from which they became Subsidiary Companies	11th October, 2005	22nd August, 2005	28th February, 2008	31st March, 2009	20th February, 2009
3. (a) Number of Shares held by Reliance Capital Asset management Ltd with its nominees in the Subsidiaries as at 31st March,2010	46,000 Shares	2,000,003 Shares	1,600,000 Shares	12,000,000 Shares	3,828,697 Shares
(b) Extent of Interest of Holding Company as at 31st March,2010	100%	100%	100%	100%	100%
4. The net aggregate amount of the Profit /(loss) so far as it concerns the members of the holding company					
(a) Not Dealt with in the Holding Company's Accounts					
(i) For the Financial year ended 31st March,2010	(7,259,484)	(15,067,323)	(44,832,735)	95,481	(45,222,552)
(ii) For the previous financial years of the Subsidiaries since they became the holding companies subsidiaries	(11,488,617)	455,757,601	(10,670,235)	-	-
5. The net aggregate amount of the Profit /(loss) so far as it concerns the members of the holding company					
(a) Dealt with in the Holding Company's Accounts					
(i) For the Financial year ended 31st March,2010	NA	NA	NA	NA	NA
(ii) For the previous financial years of the Subsidiaries since they became the holding companies subsidiaries	NA	NA	NA	NA	NA

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

Soumen Ghosh
Director

Kanu Doshi
Director

Sundeep Sikka
Chief Executive Officer

Milind R. Gandhi
Chief Financial Officer

Geeta Chandran
Manager

Mumbai, 23 April 2010