

**RELIANCE CAPITAL
ASSET MANAGEMENT LIMITED**

ANNUAL REPORT

2010-11

Directors' Report

To the Members,

Your Directors take pleasure in presenting their Sixteenth Annual Report on the business and operations of the Company, together with the audited Statement of Accounts, for the year ended March 31, 2011.

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

Your Company endeavors 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, 2011, 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) of the Company for the year ended March 31, 2011 are as follows:

(in ₹)

<i>Description</i>	<i>Consolidated</i>		<i>Standalone</i>	
	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>March 31,</i>	<i>March 31,</i>	<i>March 31,</i>	<i>March 31,</i>
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
Gross Income	732,96,56,830	681,68,36,789	699,25,10,372	654,24,78,772
Profit before tax	294,28,08,887	268,00,42,674	319,28,44,073	279,24,87,073
Provision for taxation	59,91,80,571	85,73,27,459	59,82,48,853	85,73,27,459

Provision for Deferred Tax Asset/ (Liability)	1,82,20,502	1,58,58,255	1,81,38,348	1,60,95,107
Net Profit	236,18,48,818	1,83,85,73,470	261,27,33,568	195,12,54,721
Balance carried to Balance Sheet	581,21,54,593	558,74,12,766	574,17,27,206	526,61,00,629
Basic EPS of ₹ 10 each	224.72	174.94	248.59	185.66
Diluted EPS of ₹ 10 each	224.23	174.94	248.04	185.66

In accordance with Circular No. 2/2011 dated 8th February, 2011, issued by the Ministry of Corporate Affairs, Government of India, your Board of Directors, by way of a resolution passed on April 27, 2011, have already accorded their consent for not attaching to the Company's balance sheet, the Audited accounts of its subsidiary companies. The Consolidated Financial Statements of the Company alongwith all its subsidiaries for the year ended March 31, 2011 (duly audited by its statutory auditors) are forming part of this Annual Report.

The annual accounts of the subsidiary companies and the related detailed information will be made available to the Shareholders of the Company, on demand. The annual accounts of the subsidiary companies will also be kept at the Corporate Office of the Company, for inspection by the Shareholders.

DIVIDEND

For the financial year 2010-2011, your Directors recommend the declaration and payment of dividend as under:

Equity Shares:

Your Directors recommends the payment of dividend of ₹ 150 (Rupees One Hundred and Fifty only) per Equity share of ₹ 10 each, thereby entailing the total payout of ₹ 187.58 crores (including dividend distribution tax and other applicable taxes/surcharges)

Preference Shares:

During the year, your Company had issued 1% non-convertible, non-cumulative redeemable Preference shares of the face value of Rs. 100 each to the shareholders of Reliance Money Infrastructure Limited, in terms of the scheme of arrangement sanctioned by the Hon'ble High Court of Gujarat at Ahmedabad.

Your Directors have decided to recommend the declaration of dividend of ₹ 1 per share on each non-convertible, non-cumulative redeemable preference shares of the Company, for the year under review. The dividend on the preference shares shall be payable for the proportionate period of the year during which such shares were outstanding.

AMOUNT TO BE CARRIED TO RESERVES

In view of the declaration and payment of dividend to the equity shareholders and the non-convertible, non-cumulative redeemable preference shareholders of the Company, an amount of i.e. ₹ 26.13 crores 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 asset management services to Reliance Mutual Fund; &
- (b) Portfolio Manager to render portfolio management and advisory services to its clients.

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, in terms of the average assets under management ('AAUM') (as on March 31, 2011). RMF has continued to remain the largest mutual fund in India, in terms of AAUM, for the past few years.

The AAUM of RMF, as on March 31, 2011 was approx. ₹ 101,577 crores comprising of ₹ 33,443 crores under Equity, ₹ 45,631 crores under Debt, ₹ 22067 crores under Liquid asset classes and ₹ 434 crores under Gold ETF. The AAUM, as on March 31, 2010, was approx. ₹ 1,10,413 crores comprising of ₹ 36,814 crores under Equity, ₹ 62,035 crores under Debt and ₹ 11,564 crores under Liquid asset classes. While the overall AAUM of RMF has shown negative growth of around 8% during the financial year 2010-11, the AAUM under the liquid asset class has grown by approx. 91%.

During the year under review, the Indian Mutual Fund Industry witnessed an overall negative growth of approx 6.3% in terms of AAUM, from an amount of approx. ₹ 7, 47,524 crores to an amount of approx. ₹ 7,00,537 crores. (Source: AMFI)

NEW SCHEMES LAUNCHED:

As on March 31, 2011, RMF has a well rounded portfolio of 45 schemes under various categories such as Equity, Debt, Liquid, Exchange Traded Fund, Fixed Maturity Plans and Interval Funds. During this financial year, 12 new schemes were launched.

RELIANCE GOLD SAVINGS FUND

Reliance Gold Savings Fund was launched in February, 2011. It was the first gold fund of fund in India which opened a new avenue for investing in gold, as an asset class. This fund has enabled to introduce the third asset class- gold for investors in the Indian mutual fund industry. The fund seeks to provide returns of gold through investments in Reliance Gold Exchange Traded Fund, which in turn invests in physical gold. This fund not only enables to invest lump sum in gold for wealth creation but also to accumulate it systematically and regularly, for as low an amount as ₹100 per month. This passively managed fund aims to give investors the opportunity to participate in the bullion market in a relatively cost effective and convenient manner as the investor can directly purchase and sell the units at the AMC.

NEW FEATURES LAUNCHED:

Fast

Being the largest fund house in India, Reliance Mutual Fund (RMF), not only endeavors to create and nurture a world class, high performance environment aimed at increasing value to its investors; but also thrives to empower them with customized & integrated financial solutions thus assisting them to "Achieve Financial Goals through Right Planning". In line with its philosophy, during the year, RMF launched "Embedded 360^o Financial Solutions" through a special feature "FAST-Flexible Asset Allocation Tool", with a view to yielding sustainable long term benefits to all categories of investors, having different goals & risk appetite during different time frames.

Salary Advantage

During the year, your Company introduced a technology based platform for introducing the benefits of Systematic Investment Plan (SIP) to individual employees of any organisation, within the framework of employee-employer relationship. In the absence of wide mutual fund distribution reach, Salary Advantage platform enables employees to take advantage of participating in mutual funds right from their workstation. This new feature offers investment option across schemes of all asset classes of Equities, Debt, Liquid and Gold.

Invest Easy

During the year, your Company also expanded the web based online transaction services to transaction facility on Mobile devices & Call Center by registering to Invest Easy services, wherein the investors can transact anytime and anywhere by reaching to the Company's customer call center or by installing a compatible mobile application.

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 AUM (including discretionary and advisory) stood at ₹ 46,387 crores as against ₹ 36,605 crores for the last financial year. During the year, client base marginally increased from 2024 to 2116. The PMS business received ₹ 27 Crore as fee income for the year end March 31, 2011.

During the year, the Portfolio Management Division introduced few new offerings including Tactical Asset Allocation Portfolio, Young Star Portfolio, Index Linked Debenture and a Silver linked Structure. The PMS division of your Company continued its focus on identifying suitable opportunities for rendering investment advisory services; including to offshore funds that have India focused investment strategies and objectives. In pursuit of the same, the PMS division commenced rendering advisory services under two new offshore mandates during the year. These offshore advisory mandates are primarily focused towards the Indian equity securities investments.

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 which were granted the mandate to manage the funds on behalf of Employees Provident Fund Organisation ('EPFO'). The Company started managing the portfolio amounting to ₹ 23,000 Crores and as of 31st March 2011, the EPFO portfolio was ₹ 44,448 Crores. The EPFO fund management mandate was valid till 31st March, 2011. For its renewal purposes, your Company has already submitted the necessary documents for review by EPFO.

INTERNATIONAL BUSINESS:

The global economy witnessed a mixed picture during the fiscal year 2010-2011. While growth in emerging market economies remained strong, the economies of US and the Euro region clearly showed gaining momentum towards the latter phase pushing behind the earlier concerns about the sovereign debt in Euro region. However the sharp increase in oil prices as a result of turmoil in the Middle East and Africa and the high food & other commodity prices are adding uncertainty to the pace of global recovery and have created inflation concerns as well.

The overseas subsidiaries of your Company strived to position firmly in respective geographies by reaching out to newer markets in order to capitalize on the emerging trends.

One of the subsidiaries of your Company, Reliance Asset Management (Singapore) Pte Ltd. ('RAMS'), which established its business in Singapore in the year 2006 has received during the year a Foreign Institutional Investor ('FII') license by Securities and Exchange Board of India and it intends to commence its operations as an FII during the financial year 2011-2012. In order to maximize synergies between your Company and RAMS and to take its operations to the next level, Mr. Sundeep Sikka, CEO of your Company was appointed as a director on the Board of RAMS.

During this year, the Malaysian subsidiary i.e. Reliance Asset Management (Malaysia) Sdn Bhd ('RAMMy') received Islamic Asset Management License from the Securities Commission, Malaysia. Last financial year was critical in RAMMy's life cycle and it has been able to build intellectual property around Global Investments using Shariah principles. RAMMy signed and operated two Investment management Agreements to manage WSF Reliance Global Shariah Growth Fund, which is the best performing fund in its category across the globe, and Reliance India Shariah Growth Fund. RAMMy also completed the due diligence exercise for a large Malaysian Government related company to manage a Global Shariah Portfolio.

During the financial year 2010-2011, 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 ('DIFC') and has received the license to conduct wealth management business in the region by Dubai Financial Services Authority.

During the year 2010-2011, the Mauritian subsidiary i.e. Reliance Asset Management (Mauritius) Limited ('RAMM') continued its focus on rendering of management and advisory services. The Mauritian collective investment scheme i.e. Emergent India Investments Limited ('EILL'), to whom RAMM acts as the asset manager, launched a retail share class during the year. The retail share class received tremendous response from across geographies and garnered ~ USD 38 million during its initial offer period. The total assets of EILL have recently crossed USD 100 million mark.

NATIONAL PENSION SYSTEM:

The wholly owned subsidiary of the Company i.e. Reliance Capital Pension Fund Limited ('RCPFL') was appointed as one of the Pension Fund Managers by the New Pension System Trust, under the National Pension System ('NPS') in 2009.

The NPS industry witnessed rapid growth both in terms of the subscriber base, as well as the assets under management during the current year. As of 31st March 2011, the subscribers under NPS have already exceeded 13.1 lacs in number. The subscribers under unorganized sector were in excess of 69,000, as compared to around 3918 as of previous year. As of 31st March 2011, the overall assets managed under the NPS were ₹ 8595 crores,

as compared to around ₹ 4000 crores last year. The Assets related to unorganized sector grew from ₹ 9 crores last year to ₹ 87 crores as of 31st March 2011.

The assets managed by RCPFL grew more than 4 times during the current fiscal i.e. from ₹ 1.19 Crores last year to ₹ 5.62 Crores as of 31st March 2011.

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. Outlook Money Awards

Reliance Capital Asset Management Limited has been adjudged as "Best Mutual Fund House" and Runner up as "Best Equity Fund House" by Outlook Money Awards 2010 under the category "Best Wealth Creator Award. The award has been granted for a three year period ended June 30, 2010, 12 AMCs were considered for both the awards.

2. ICRA Mutual fund Awards 2011

Reliance Mutual Fund has been judged Fund House of the Year by ICRA Mutual Fund Awards 2011 in the Debt Category.

3. Bloomberg UTV's 'Financial Leadership Awards 2011

- Best Mutual Fund - Debt
- Best Contribution in Investor Education & Category Enhancement

4. 2010 CIO 100 Awards

The 2010 CIO 100 Awards is presented by the CIO magazine & honors 100 companies worldwide that are creating new business value by innovating with technology. Vinay Nigudkar, the Chief Technology Officer, has been awarded this honor for implementation of the CRMnext System that integrates sales force automation, lead management, customer service and other sales and analysis applications.

5. Five prestigious HR Awards at the 5th Employer Branding Awards 2010-11, conducted by Fun and Joy at Work.

- 6th Best Employer of the Year Award
- Award for Managing Health at Work

- Award for Innovative Retention Strategy
- Award for Innovation in Recruitment
- Award for Excellence in Training

6. "HR Leadership Awards" organised by Shine.com - an HT Media Company.

- Leading HR Practices in "Learning and Human Capital Development"
- Leading HR Practices in Quality Work Life, Physical and Mental Well- Being Award"
- Best HR Practices Award in Rewards and Recognition Strategies

7. NDTV Profit MF Awards

RRSF Balanced (Winner) and RRSF Equity (Runner-up), Long Term Leader (Based on 10 Yr SIP Performance) Reliance Growth Fund, Reliance Short Term Fund and Reliance MIP.

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 25% since 1965 and at a CAGR of 32% in the last three years, with ₹ 7,00,537 crores of average assets as on March 31, 2011.

Your Company intends to aggressively pursue growth opportunities in the mutual fund industry both domestic and international and therefore be the most preferred investment choice for investors. Your Company expects that an emerging market like India would experience a sustained higher growth rate. Given the country's high household savings rate along with the current low levels of investments by retail investors where only less than 3% of the household savings is channeled into capital markets, your Company believes that the Mutual Fund Industry is still in a nascent stage and has a huge opportunity for growth and expansion. Being a market leader, your Company will continue investing in growing the market size, achieving product innovation, educating the investors, increasing the distribution reach, enhancing customer service infrastructure with aggressive expansion strategies.

During the forthcoming year, the PMS division of your Company intends to venture into rendering of advisory services in the Real Estate space.

The Hon'ble Finance Minister of India, Mr. Pranab Mukherjee, in the Finance Act 2011, has allowed foreign investors** to directly invest in the equity mutual fund schemes of mutual funds registered with the SEBI. While the detailed guidelines on the aforesaid proposal are awaited, it will open up the market to foreign investors (including foreign nationals) in the equity markets of the country. The development is also positive from the Indian capital market perspective as it will become much more broad based.

***At present, only foreign institutional investors and sub-accounts registered with the SEBI and non-resident Indians are allowed to invest in mutual fund schemes.*

SUBSIDIARIES

During the year under review, your Company did not establish any new subsidiary. As of 31st March, 2011, your Company had five (5) subsidiaries. Four of such subsidiaries were overseas, one being each in Singapore, Malaysia, U.K. and Mauritius and the fifth subsidiary is in India. All the subsidiaries of the Company are engaged in financial services and related activities.

ISSUE OF SHARES BY THE COMPANY

During the year under review, your Company has issued 19,999 number of 1% Non Cumulative Non Convertible Redeemable Preference Shares of ₹ 100/- to the shareholders of Reliance Money Infrastructure Limited (RMIL) as per the Scheme of Arrangement approved by the Honorable High Court of Gujarat at Ahmedabad vide its order dated January 13, 2011.

Further, the Company has also issued and allotted 50,000 number of equity shares to Reliance ADA Group Trustees Private Limited (Trustee to Reliance Capital Asset Management Employees Benefit Trust) to extend the benefit of the Employee Stock Option Plans to the employees of the Company.

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. Manu Chadha, 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. Manu Chadha as a Director of the Company.

BOARD AND COMMITTEE MEETINGS

During the year under review, seven (7) 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, Special Committee, 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 and statutory compliances. The minutes of the meetings of each of these 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, six (6) meetings of the Audit Committee were held.

AUDITORS – 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

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 already received a letter from M/s. B S R & Co. to the effect that their re-appointment, if made, would be within the limits, as prescribed under Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment as Statutory Auditors of the Company for the financial year 2011-2012.

INTERNAL AUDITORS

M/s. Vinay Doshi & Co., Chartered Accountants were appointed during the year as Internal Auditors of the Company. Your Directors recommend the re-appointment as such, for the financial year 2011-2012.

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 the Company.

Foreign Exchange Earnings and Outgo

During the year, the Company effected exports worth ₹ NIL.

During the year under review, the Company earned foreign exchange equivalent to ₹ 11,792,570. The Company spent foreign exchange equivalent to ₹ 28,407,182.

DIRECTORS' RESPONSIBILITY STATEMENT

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, 2011, 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, 2011 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 958 number of employees as at March 31, 2011.

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.

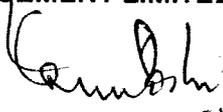
Your Directors also wish to place on record their deep appreciation for the total commitment displayed by all the executives, officers and staff, resulting in yet another successful performance during the year.

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

Place: Mumbai

Dated: April 27, 2011


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 2011, 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 2011, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31 March 2011 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 2011;
 - 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 **B S R & Co.**
Chartered Accountants
Firm's Registration No: 101248W

Akeel Master
Partner
Membership No: 046768

27 April 2011

Reliance Capital Asset Management Limited

Annexure to Auditors' Report – 31 March 2011

(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 generally 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.

Reliance Capital Asset Management Limited

Annexure to Auditors' Report – 31 March 2011 (*Continued*)

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 2011 for a period of more than six months from the date they became applicable.

- (b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess which have not been deposited with the appropriate authorities on account of any dispute.
- 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.

Reliance Capital Asset Management Limited

Annexure to Auditors' Report – 31 March 2011 (*Continued*)

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

Akeel Master
Partner
Membership No: 046768

27 April 2011

Reliance Capital Asset Management Limited

Balance Sheet

as at 31 March 2011

(Currency: Indian rupees)

	Schedule	As at 31 March 2011	As at 31 March 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	3	107,099,900	105,100,000
Reserves & Surplus	4	11,015,907,963	10,281,007,929
TOTAL		11,123,007,863	10,386,107,929
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	645,379,158	550,643,851
Accumulated Depreciation		(393,249,762)	(300,473,235)
Net Block		252,129,396	250,170,616
Capital Work In Progress		5,624,443	6,596,162
		257,753,839	256,766,778
Investments	6	10,283,503,383	11,226,876,762
Deferred Tax Asset	7	75,923,243	57,784,894
Current Assets, Loans & Advances			
Cash and Bank Balance	8	38,899,458	33,442,084
Debtors	9	82,864,526	165,119,465
Loans and Advances	10	3,474,039,611	370,511,117
Other current assets	11	5,237,326	15,694,541
		3,601,040,921	584,767,207
Current Liabilities & Provisions			
Current Liabilities	12	1,174,412,173	1,690,894,675
Provisions	13	1,920,801,350	49,193,037
		3,095,213,523	1,740,087,712
Net Current Assets		505,827,398	(1,155,320,505)
TOTAL		11,123,007,863	10,386,107,929
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 **B S R & Co.**
Chartered Accountants
Firm's Registration No. 101248W

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

Reliance Capital Asset Management Limited

Profit and Loss account

for the year ended 31 March 2011

(Currency: Indian rupees)

	Schedule	2010-11	2009-10
Income			
Management Fees	14	6,269,624,350	6,117,748,908
Dividend		340,166,025	314,412,645
Profit on Sale of Investments (Net)		265,367,172	44,296,069
Interest Income		116,772,530	65,634,673
Miscellaneous Income	15	580,295	386,477
		6,992,510,372	6,542,478,772
Expenditure			
Employee Costs	16	1,266,012,175	1,210,025,094
Administrative and Other Expenses	17	829,976,358	664,960,964
Marketing and Publicity Expenses	18	1,594,129,042	1,760,819,118
Depreciation	5	108,948,201	121,503,856
Diminution in Value of Investments	19	600,523	(7,317,333)
		3,799,666,299	3,749,991,699
Profit Before Tax		3,192,844,073	2,792,487,073
Current tax (Incl. Short Provision for Tax in respect of earlier years)		(598,160,722)	(857,327,459)
Deferred tax credit		18,138,348	16,095,107
Wealth Tax		(88,131)	-
Profit After Tax		2,612,733,568	1,951,254,721
Add : Excess Provision for Tax in respect of earlier years		-	11,546,638
Add : Accumulated balance brought forward		5,266,100,629	3,303,299,270
Profit Available for Appropriations		7,878,834,197	5,266,100,629
Proposed Dividend		(1,614,002,137)	-
Tax on Proposed Dividend		(261,831,497)	-
Transfer to General Reserve		(261,273,357)	-
Balance Carried to Balance Sheet		5,741,727,206	5,266,100,629
Basic Earning per share of Rs. 10 each	20.5	248.59	185.66
Diluted Earning per share of Rs. 10 each	20.5	248.04	185.66
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
Firm's Registration No. 101248W

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

Reliance Capital Asset Management Limited

Cash Flow Statement

for the year ended 31 March 2011

(Currency: Indian rupees)

Particulars	2010-11	2009-10
A. Cash Flow from Operating Activities		
Net Profit before tax as per P&L Account	3,192,844,073	2,792,487,073
Adjusted for		
Depreciation	108,948,201	121,503,856
Provision for Employee Benefit	(4,225,322)	(17,758,453)
Dividend Income	(340,166,025)	(314,412,645)
Interest Income	(116,772,530)	(52,971,725)
Interest on income tax refund	-	(12,662,948)
(Profit) / Loss on sale of Investment (Net)	(265,367,172)	(44,296,069)
Revaluation Loss / (Gain) on Variation in Foreign Exchange Rates	(227,147)	4,146,517
Diminution in Value of Investments	600,523	(7,317,333)
Loss on sale of Fixed Assets	4,843,848	797,883
	<u>(612,365,624)</u>	<u>(322,970,917)</u>
Operating Profit before Working Capital changes	2,580,478,449	2,469,516,156
(Increase) / Decrease in Current Assets	100,027,221	(229,247,559)
Increase / (Decrease) in Current Liabilities	(516,255,355)	1,225,702,324
	<u>(416,228,134)</u>	<u>996,454,765</u>
Cash generated from Operations	2,164,250,315	3,465,970,921
Taxes Paid	(723,637,428)	(854,544,465)
Refund received	-	135,662,205
	<u>(723,637,428)</u>	<u>135,662,205</u>
Net Cash from Operating Activities	1,440,612,887	2,747,088,661
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(71,936,454)	(89,593,528)
Sale of Fixed Assets	1,567,155	543,072
Inter Corporate Deposit Given	(2,800,000,000)	-
Receipt from RMIL on account of acquisition of Infrastructure Division of RMIL	480,894,180	-
Loan to ESOP Trust	(150,450,000)	-
Loans to Subsidiaries	28,783,808	-
Purchase of Investments	(42,859,506,020)	(43,515,407,830)
Investment in Subsidiaries	(135,284,620)	(424,782,375)
Sale of Investments	44,202,930,669	40,954,771,060
Interest Received	116,296,510	54,852,598
Dividend Received	351,099,259	303,479,411
	<u>351,099,259</u>	<u>303,479,411</u>
Net Cash used in Investing Activities	(835,605,513)	(2,716,137,592)
C. Cash Flow from Financing Activities		
Issue of Share Capital	150,450,000	-
Repayment of loan acquired on account of Infrastructure Division of RMIL	(750,000,000)	-
	<u>(750,000,000)</u>	<u>-</u>
Net Cash from Financing Activities	(599,550,000)	-
Net increase/(decrease) in cash and cash Equivalents (A+B+C)	5,457,374	30,951,069
Opening Balance of Cash and Cash Equivalents	33,442,084	2,491,015
Closing Balance of Cash and Cash Equivalents	38,899,458	33,442,084
Cash and cash equivalents represent cash and balance with scheduled banks in current account		
Note:-		
The non - cash assets acquired on account of acquisition of Infrastructure Division of RMIL have been excluded in the above statement		

As per our attached report
For **B S R & Co.**
Chartered Accountants
Firm's Registration No. 101248W

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

Reliance Capital Asset Management Limited

Schedule to Financial Statements

for the year ended 31 March 2011

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 2011 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') 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 date on 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 2011

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 (net of service tax)

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

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 weighted average cost basis.

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.

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.

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2011

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 New fund offer expenses of schemes

Expenses relating to new fund offer of mutual fund schemes 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.

2.12 Tax

Current tax

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

Deferred tax

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

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 2011

(Currency: Indian rupees)

	As at 31 March 2011	As at 31 March 2010
3 Share Capital		
Authorised Share Capital		
11,500,000 Equity shares of Rs.10 each	115,000,000	115,000,000
350,000 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		
Equity Share Capital		
10,760,000 Equity shares (Previous Year 10,710,000 shares) of Rs.10 each, fully paid up	107,600,000	107,100,000
	2,000,000	2,000,000
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)		
	500,000	-
Less : Amount recoverable from Reliance Capital Asset Management Employee Benefit Trust (ESOP Trust), (50,000 Equity Shares of Rs.10 each allotted to the Trust during the year 2010-11)		
-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>
Preference Share Capital		
19,999 1% Non-Cumulative Redeemable Preference shares of Rs.100 each	1,999,900	-
(Shares issued to erstwhile equity & preference shareholders of RMIL pursuant to Scheme of Arrangement between Reliance Capital Asset Management Ltd (RCAM) & Reliance Money Infrastructure Limited (RMIL) for acquisition of infrastructure division of RMIL)		
	<u>1,999,900</u>	<u>-</u>
Total Share Capital	<u>107,099,900</u>	<u>105,100,000</u>

Reliance Capital Asset Management Limited

Schedule to Financial Statements

for the year ended 31 March 2011

(Currency: Indian rupees)

	As at 31 March 2011	As at 31 March 2010
4 Reserves and Surplus		
Securities Premium Account		
Opening Balance	5,402,900,300	5,402,900,300
Add: Received during the Year (Premium of Rs. 2,999 on 50,000 Equity Shares of Rs.10 each allotted to the ESOP Trust during the year 2010-11)	149,950,000	-
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
Less : Amount recoverable from Reliance Capital Asset Management Employee Benefit Trust (ESOP Trust), (Premium of Rs. 2,999 on 50,000 Equity Shares of Rs.10 each allotted to the Trust during the year 2010-11)	149,950,000	-
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	<u>10,007,000</u>	<u>10,007,000</u>
General Reserve		
Balance at the beginning of the Year	-	-
Add: Amount transferred from Profit & Loss Account	261,273,357	-
Balance at the end of the Year	<u>261,273,357</u>	<u>-</u>
Surplus in Profit & Loss Account		
Balance Available after Appropriations	5,741,727,206	5,266,100,629
Less: Adjustment on account of difference between the value of liabilities plus the amount credited as preference share capital over the value of assets taken over on account of demerger of infrastructure division of RMIL as per High Court order dated 13 January 2011 (Refer Note 20.9)	1,999,900	-
Balance at the end of the Year	<u>5,739,727,306</u>	<u>5,266,100,629</u>
Total Reserves & Surplus	<u><u>11,015,907,963</u></u>	<u><u>10,281,007,929</u></u>

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2011

(Currency: Indian rupees)

5. Fixed Assets

Assets	Gross Block (At Cost)				Depreciation				Net Block	
	As at 1.4.2010	Additions*	Deductions	As at 31.03.2011	Up to 1.4.2010	During the Year	Deductions	Up to 31.03.2011	As at 31.03.2011	As at 31.3.2010
Tangible assets										
Computer	97,569,593	36,847,922	38,850	134,378,665	70,856,011	20,070,537	29,180	90,897,368	43,481,297	26,713,582
Motor Car	5,565,737	10,964,891	170,460	16,360,168	4,024,603	595,765	73,276	4,547,092	11,813,076	1,541,134
Office Equipment	136,898,726	10,440,297	2,708,524	144,630,499	46,145,753	15,812,484	1,036,938	60,921,299	83,709,200	90,752,973
Furniture	60,038,199	3,724,953	3,037,685	60,725,467	33,851,211	6,955,567	1,865,949	38,940,829	21,784,638	26,186,988
Leasehold Improvements	236,555,053	47,065,994	16,627,158	266,993,889	135,146,527	62,211,606	13,166,331	184,191,802	82,802,087	101,408,526
Intangible assets										
Software	14,016,543	8,273,927	-	22,290,470	10,449,130	3,302,242	-	13,751,372	8,539,098	3,567,413
Total	550,643,851	117,317,984	22,582,677	645,379,158	300,473,235	108,948,201	16,171,674	393,249,762	252,129,396	250,170,616
Previous year	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	

* Refer Note 20.9

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2011

(Currency: Indian rupees)

	Face Value	Quantity As at 31.03.2011	Cost / Fair Value As at 31.03.2011	Quantity As at 31.03.2010	Cost / Fair Value As at 31.03.2010
6 Investments					
(A) Long term Investments (At Cost)					
(i) Subsidiary Companies (Unquoted, fully paid up equity shares)					
Reliance Asset Management (Mauritius) Limited	USD 10	196,000	87,662,225	46,000	20,795,975
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	2,540,000	189,170,760	1,600,000	120,752,390
Reliance Asset Management (Malaysia) SDN. BHD.	RM 1	3,828,697	191,695,000	3,828,697	191,695,000
Reliance Capital Pension Fund Limited	INR 10	12,000,000	120,000,000	12,000,000	120,000,000
			646,387,041		511,102,421
(ii) Investments in Other Body Corporates					
1. Quoted fully paid up equity shares					
Reliance Industries Limited	10	49,964	34,254,772	49,964	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	5	9,240	5,004,125	4,620	5,004,125
			54,782,496		54,782,496
Less: Provision for Diminution in Value of Investments			1,022,050		421,527
			53,760,446		54,360,969
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 Growth Fund- Institutional plan - Dividend Plan	10	219,123	110,000,000	-	-
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	29,887	298,871	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 Opportunities Fund-Institutional Plan- Dividend Plan	10	2,838,308	110,000,000	-	-
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	2,268,542	22,685,420	12,000,000	120,000,000
Reliance Infrastructure Fund - Institutional Plan - Growth Option	10	7,500,000	75,000,000	7,500,000	75,000,000
Reliance Small Cap Fund - Dividend Option	10	10,000,000	100,000,000	-	-
Reliance Regular Savings Fund - Equity Plan - Institutional - Dividend Plan	10	4,188,766	110,000,000	-	-
Reliance Fixed Horizon Fund - IX Series 10 - Institutional Dividend Plan	10	-	-	5,000,000	50,000,000
Reliance Fixed Horizon Fund - XII Series 4 Super Institutional Growth Plan	10	-	-	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	15,000,000	150,000,000
Reliance Fixed Horizon Fund - XIII Series 6 - Dividend Payout Plan	10	35,000,000	350,000,000	35,000,000	350,000,000
Reliance Fixed Horizon Fund - XIV Series 1 - Dividend Payout Plan	10	25,000,000	250,000,000	25,000,000	250,000,000
Reliance Fixed Horizon Fund - XV Series 4 - Dividend Payout Plan	10	37,000,000	370,000,000	-	-
Reliance Fixed Horizon Fund - XV Series 5 - Dividend Payout Plan	10	30,000,000	300,000,000	-	-
Reliance Fixed Horizon Fund - XV Series 6 - Dividend Payout Plan	10	25,000,000	250,000,000	-	-
Reliance Fixed Horizon Fund - XV Series 8 - Dividend Payout Plan	10	25,000,000	250,000,000	-	-
Reliance Fixed Horizon Fund - XV Series 9 - Dividend Payout Plan	10	50,000,000	500,000,000	-	-
Reliance Fixed Horizon Fund - XVI Series 8 - Dividend Payout Plan	10	25,000,000	250,000,000	-	-
Reliance Fixed Horizon Fund - XVI Series 4 - Dividend Payout Plan	10	25,000,000	250,000,000	-	-
Reliance Fixed Horizon Fund - XVI Series 6 - Dividend Payout Plan	10	20,000,000	200,000,000	-	-
Reliance Fixed Horizon Fund - XVII Series 1 - Dividend Payout Plan	10	30,000,000	300,000,000	-	-
Reliance Fixed Horizon Fund - XVII Series 2 - Dividend Payout Plan	10	42,500,000	425,000,000	-	-
Reliance Fixed Horizon Fund - XVII Series 4 - Dividend Payout Plan	10	20,000,000	200,000,000	-	-
Reliance Fixed Horizon Fund - XVII Series 6 - Dividend Payout Plan	10	155,000,000	1,550,000,000	-	-
Reliance Fixed Horizon Fund - XVIII Series 6 - Growth Plan	10	5,500,000	55,000,000	-	-
Reliance Gold savings Fund-Growth Plan	10	5,000,000	50,000,000	-	-
Reliance Regular Savings Fund - Debt Plan - Institutional - Dividend Plan	10	34,205,795	420,000,000	9,723,749	120,000,000
			6,896,788,741		3,137,029,031
(iv) Investments in Bonds (Quoted)					
1. Quoted Fully Paid					
6.72% IRFC Tax Free Bonds 20-Dec-2020	100,000	2,500	250,000,000	-	-
			250,000,000		-
Total Long Term			7,896,936,228		3,752,492,421

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2011

(Currency: Indian rupees)

	Face Value	Quantity As at 31.03.2011	Cost / Fair Value As at 31.03.2011	Quantity As at 31.03.2010	Cost / Fair Value As at 31.03.2010
(B) Current Investments - Non trade (At Lower of Cost and Fair Value)					
1. Unquoted Fully Paid					
Unitech Ltd 14% NCD	1,000,000	34	25,500,000	160	120,000,000
Unitech Ltd 14% NCD (26 Sep 2010)	67,000	-	-	9,701	636,967,660
			<u>25,500,000</u>		<u>756,967,660</u>
2. Mutual Funds (Quoted) fully paid units*					
Reliance Interval Fund - Quarterly Plan - Series 1 - Institutional - Growth Plan	10	20,990,295	220,076,943	-	-
Reliance Liquidity Fund - Growth Plan	10	6,778,969	100,052,834	-	-
Reliance Medium Term Fund - Retail - Growth	10	52,715,803	1,071,132,896	173,957,469	3,316,409,456
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 Plan	10	25,638,891	469,804,482	80,655,791	1,401,007,225
Reliance Floating Rate Fund - Short Term Plan-Growth Plan	10	32,392,441	500,000,000	-	-
			<u>2,361,067,155</u>		<u>6,717,416,681</u>
Total Current			<u>2,386,567,155</u>		<u>7,474,384,341</u>
GRAND TOTAL			<u>10,283,503,383</u>		<u>11,226,876,762</u>
Notes:					
1. Quoted investments					
Aggregate of Book value			304,782,496		54,782,496
Aggregate of Market value			<u>313,962,957</u>		<u>65,318,819</u>
*For mutual funds net asset value is available					
Aggregate of Book value			9,257,855,897		9,854,445,712
Aggregate of Net Asset value			<u>9,301,147,118</u>		<u>10,018,936,863</u>
2. Unquoted investments					
Aggregate of Book value			721,887,041		1,318,070,081

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2011

(Numbers in Units)

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

Scheme	2011		2010	
	Purchase	Redeemed	Purchase	Redeemed
(A) Long term Investments				
Reliance Growth Fund - Institutional Plan - Dividend Plan	219,123	-	-	-
Reliance Equity Fund -Retail Plan- Growth Plan	-	2,292,571	-	-
Reliance Equity Opportunities Fund-Institutional Plan- Growth Option	2,838,308	-	-	-
Reliance Natural Resource Fund - Institutional Plan - Growth Option	-	9,731,458	-	-
Reliance Infrastructure Fund - Institutional Plan - Growth Option	-	-	7,500,000	-
Reliance Small Cap Fund - Dividend Plan	10,000,000	-	-	-
Reliance Regular Savings Fund - Equity - Dividend Plan	4,188,766	-	-	-
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
Reliance Fixed Horizon Fund - IX Series 2 - Institutional Dividend Plan	-	-	-	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
Reliance Fixed Horizon Fund - X Series 3 Super Institutional Dividend Plan	-	-	-	7,000,000
Reliance Fixed Horizon Fund - XII Series 2 Super Institutional Dividend Plan	-	-	-	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	25,000,000	-
Reliance Fixed Horizon Fund - XIII Series 1 Institutional Dividend Plan	-	50,000,000	50,000,000	-
Reliance Fixed Horizon Fund - XIII Series 2 Institutional Dividend Plan	-	50,000,000	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 Fixed Horizon Fund - XV Series 4 - Dividend Payout Plan	37,000,000	-	-	-
Reliance Fixed Horizon Fund - XV Series 5 - Dividend Payout Plan	30,000,000	-	-	-
Reliance Fixed Horizon Fund - XV Series 6 - Dividend Plan	25,000,000	-	-	-
Reliance Fixed Horizon Fund - XV Series 8 - Dividend Plan	25,000,000	-	-	-
Reliance Fixed Horizon Fund - XV Series 9 - Dividend Plan	50,000,000	-	-	-
Reliance Fixed Horizon Fund - XVI Series 4 - Dividend Plan	25,000,000	-	-	-
Reliance Fixed Horizon Fund - XVI Series 8 - Dividend Plan	25,000,000	-	-	-
Reliance Fixed Horizon Fund - XVI Series 6 - Dividend Plan	20,000,000	-	-	-
Reliance Fixed Horizon Fund - XVII Series 1 - Dividend Plan	30,000,000	-	-	-
Reliance Fixed Horizon Fund - XVII Series 2 - Dividend Plan	42,500,000	-	-	-
Reliance Fixed Horizon Fund - XVII Series 4 - Dividend Plan	20,000,000	-	-	-
Reliance Fixed Horizon Fund - XVII Series 6 - Dividend Plan	155,000,000	-	-	-
Reliance Fixed Horizon Fund - XVIII Series 6 - Growth Plan	5,500,000	-	-	-
Reliance Income Fund - Retail Plan - Monthly Dividend Plan	-	-	-	89,658,237
Reliance Gold Savings Fund - Growth Plan	5,000,000	-	-	-
Reliance Regular Savings Fund - Debt - Institutional Dividend Plan	24,482,046	-	9,723,749	-
(B) Current Investments				
Reliance Fixed Horizon Fund - XV Series 2 - Dividend Plan	50,000,000	50,000,000	-	-
Reliance Fixed Horizon Fund - XV Series 3 - Dividend Plan	15,000,000	15,000,000	-	-
Reliance Quarterly Interval Fund - Series III - Institutional Growth Plan	-	81,172,125	81,172,125	-
Reliance Quarterly Interval Fund - Series III - Institutional - Dividend Plan	76,486,278	76,486,278	-	-
Reliance Interval Fund - Quarterly Plan - Series 1 - Institutional - Dividend Plan	21,983,732	21,983,732	-	60,056,258
Reliance Interval Fund - Quarterly Plan - Series 1 - Institutional - Growth Plan	20,990,295	-	-	-
Reliance Monthly Interval Fund - Series I - Institutional Growth Plan	-	40,266,078	40,266,078	-
Reliance Monthly Interval Fund - Series I - Institutional Dividend Plan	24,991,753	24,991,753	-	-
Reliance Monthly Interval Fund - Series II - Institutional Growth Plan	-	40,262,512	40,262,512	-
Reliance Monthly Interval Fund - Series II - Institutional Dividend Plan	114,957,466	114,957,466	-	-
Reliance Liquidity Fund - Daily Dividend Reinvestment	750,046,870	750,046,870	657,937,026	657,937,026
Reliance Liquidity Fund - Growth Option	20,326,167	13,547,198	-	-
Reliance Money Manager Fund - Institutional Growth	-	-	5,313,954	6,728,004
Reliance Money Manager Fund - Institutional - Daily Dividend Reinvestment Plan	1,612,873	1,612,873	823,679	823,679
Reliance Money Manager Fund - Institutional - Weekly Dividend Reinvestment Plan	2,958,875	2,958,875	3,246,348	3,246,348
Reliance Medium Term Fund - Retail - Growth	52,715,803	173,957,469	200,169,377	85,940,627
Reliance Medium Term Fund - Retail - Daily Dividend Reinvestment Plan	258,895,062	258,895,062	367,243,935	367,243,935
Reliance Medium Term Fund - Retail - Monthly Dividend Reinvestment Plan	-	-	527,126,941	527,126,941
Reliance Medium Term Fund - Weekly Dividend Reinvestment Plan	482,799,682	482,799,682	152,374,630	152,374,630
Reliance Short Term Fund -Retail Plan Growth Plan	25,638,891	80,655,791	80,655,791	-
Reliance Short Term Fund - Monthly Dividend Plan	37,716,279	37,716,279	79,750,679	183,022,326
Reliance Dynamic Bond Fund - Dividend Plan	68,680,258	68,680,258	-	-
Reliance Income Fund - Retail Plan - Growth Plan-Growth Option	73,280,362	73,280,362	-	-
Reliance Gilt Securities Fund - Institutional Plan - Dividend Plan	15,000,000	15,000,000	-	8,382,273
Reliance Floating Rate Fund - Short Term Plan-Monthly Dividend Plan Payout	134,591,544	134,591,544	-	-
Reliance Floating Rate Fund - Short Term Plan-Growth Plan	32,392,441	-	-	-

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2011

(Currency: Indian rupees)

	As at 31st March 2011	As at 31st March 2010
7 Deferred Tax Asset		
<i>Deferred tax asset arising on account of timing differences in:</i>		
Depreciation on fixed assets	43,606,467	31,431,903
Employee compensation	18,282,441	21,613,560
Straightlining of lease rentals	14,034,335	4,739,431
	<u>75,923,243</u>	<u>57,784,894</u>
8 Cash and Bank Balance		
Cash on Hand	17,169	10,143
Balance in current accounts with Scheduled banks	38,882,289	33,431,941
	<u>38,899,458</u>	<u>33,442,084</u>
9 Sundry Debtors (Unsecured considered good)		
Outstanding for more than six months	1,919,307	3,930,209
Other debtors	80,945,219	161,189,256
	<u>82,864,526</u>	<u>165,119,465</u>
10 Loans and Advances (Unsecured considered good)		
Loans to Subsidiaries	-	28,783,808
Intercompany Deposits	2,800,000,000	-
Loans to Employees	18,014,290	10,341,461
Advances recoverable in cash or in kind or for value to be received	342,570,868	240,834,180
Advance Tax Paid / Tax Deducted at Source (net of provision of income tax)	313,454,453	90,551,668
(Provisions Rs. 1,898,738,531 (Previous year Rs. 1,327,482,291))		
	<u>3,474,039,611</u>	<u>370,511,117</u>
11 Other current assets		
Dividend Receivable	-	10,933,234
Interest accrued on Loans to Subsidiaries	-	4,270,348
Interest accrued on Non Convertible Debentures	5,237,326	490,959
	<u>5,237,326</u>	<u>15,694,541</u>
12 Current Liabilities		
Sundry creditors (other than micro & small scale enterprises)	1,130,390,290	1,649,951,303
Other liabilities	44,021,883	40,943,372
	<u>1,174,412,173</u>	<u>1,690,894,675</u>
The Company does not have any outstanding dues towards small scale industrial undertakings as at 31 March 2011. 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	44,967,716	49,193,037
Proposed Dividend (including DDT thereon)	1,875,833,634	-
	<u>1,920,801,350</u>	<u>49,193,037</u>

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2011

(Currency: Indian rupees)

	2010-11	2009-10
14 Management Fees		
Investment Management Fees	5,971,893,935	5,839,276,503
Portfolio Management Fees	297,730,415	278,472,405
	6,269,624,350	6,117,748,908
15 Miscellaneous Income		
Revaluation Gain on Variation in Foreign Exchange Rates	227,147	-
Others	353,148	386,477
	580,295	386,477
16 Employee Costs		
Salaries, Allowances and Bonus	1,185,770,919	1,143,711,461
Contribution to Provident and other funds	39,831,313	37,051,914
Staff welfare expenses	40,409,943	29,261,719
	1,266,012,175	1,210,025,094
17 Administrative and Other Expenses		
Legal & Professional Charges	185,697,543	88,522,292
Rent	199,002,057	195,153,256
Conveyance & Travelling	93,409,083	56,156,924
Communication	67,952,223	83,329,961
Filing fees & Stamp duty	17,343,401	10,976,238
Office Administration	56,365,416	58,814,063
Membership & Subscription	28,034,610	26,494,129
Electricity	28,672,018	31,021,135
Seminar & training	14,452,858	7,300,509
Repairs & Maintenance	18,945,780	15,838,323
Printing & Stationary	21,794,171	21,067,742
Software repair & Maintenance	28,664,231	17,151,265
Courier charges	13,175,283	3,691,785
Insurance	7,604,423	4,165,221
Auditors Remuneration (Refer note to accounts 20.3)	1,286,875	1,049,629
Director sitting fees	580,000	750,000
Donation	915,000	661,000
Revaluation Loss on Variation in Foreign Exchange Rates	-	4,146,517
Miscellaneous Expenses	41,237,538	37,873,092
Loss on sale of fixed assets (Net)	4,843,848	797,883
	829,976,358	664,960,964
18 Marketing & Publicity Expenses		
Brokerage and Incentives	1,293,222,402	1,489,255,202
Marketing Expenses	247,834,368	156,233,614
Advertisement	53,072,272	115,330,302
	1,594,129,042	1,760,819,118
19 Diminution in Value of Investments		
Diminution on Long term Investment	600,523	(146,083)
Diminution on Current Investment	-	(7,171,250)
	600,523	(7,317,333)

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2011

(Currency: Indian rupees)

20 Notes to accounts

20.1 Contingent liability & Capital commitments:

	2011	2010
Guarantees to Banks and Financials Institutions	6,604,500	6,612,500
Claims against the Company not acknowledged as debts	4,045,732	-
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of Rs. 5,624,443 & previous year Rs. 6,596,162)	14,783,784	7,711,051
Income tax demand not acknowledged as debts	10,682,389	-

20.2 Future minimum lease payments in respect of non-cancellable operating lease for premises:

	2011	2010
a) Not later than one year	82,735,439	98,421,357
b) Later than one year and not later than five years	27,406,182	128,720,947
c) Later than five years	-	-
	110,141,621	227,142,304

20.3 Auditors' Remuneration:

	2011	2010
Audit Fees	1,100,000	900,000
Tax Audit Fees	75,000	51,180
Certification Matters	80,410	68,166
Out of Pocket Expenses	31,465	30,283
	1,286,875	1,049,629

20.4 Managerial Remuneration:

	2011	2010
Salaries	3,488,312	3,090,669
Perquisites & Other Allowances	1,740,085	1,200,000
Contribution to Provident Fund	211,680	196,830
Total	5,440,077	4,487,499

Note:

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

20.5 Earning Per Share (EPS)

	2011	2010
Net profit attributable to equity shareholders	2,612,731,084	1,951,254,721
Weighted average number of equity shares outstanding	10,510,000	10,510,000
Basic EPS	248.59	185.66
Effect of potential equity shares on exercise of employee stock options	23,356	-
Weighted average number of equity shares outstanding	10,533,356	10,510,000
Diluted EPS	248.04	185.66

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.

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2011

(Currency: Indian rupees)

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

	2011	2010
Salary and Benefits	14,329,434	27,900,475
Travelling	2,509,367	8,144,257
Professional Fees & Consultancy	857,764	4,995,102
Other Expenses	10,710,618	14,352,664
	28,407,183	55,392,498

20.7 Earnings in foreign currency:

	2011	2010
PMS Advisory Fees	9,296,389	-
Interest income	2,496,181	1,937,679
	11,792,570	1,937,679

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.

20.9 Scheme of Arrangement

Pursuant to the Scheme of Arrangement ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 sanctioned by the Hon'ble High Court of Gujarat vide Order dated 13 January 2011 and filed with the Registrar of Companies (RoC) on 17 February 2011, infrastructure division of Reliance Money Infrastructure Limited ("RMIL"), engaged in infrastructure business has been demerged into the Company with effect from the Appointed Date 17 February 2011.

As per the Scheme, the Company is required to record in its books all assets & liabilities pertaining to infrastructure division appearing in the books of RMIL as on the appointed date at their respective carrying values

The Scheme has become effective upon the Company filing the order of the Hon'ble High court with RoC as required under section 394(3) of the Companies Act, 1956. Consequently the following effects have been incorporated in the accounts under purchase method of accounting.

Items included in the balance sheet on account of the above:	Rs.
Fixed assets	45,381,530
Current assets	704,618,470
Liabilities (unsecured loan)	750,000,000

Consideration for arrangement:

In respect of 100 equity shares of Rs. 10 each fully paid up held by shareholders in RMIL, 1 non cumulative preference share of Rs. 100 each fully paid up.

Preference shares of face value Rs. 10 lakhs of the Company to be issued and allotted to the preference shareholders of RMIL on proportionate basis.

The difference between the consideration and the value of net identifiable assets has been adjusted from brought forward profit as on 1 April 2010 as mentioned in the Scheme.

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2011

(Currency: Indian rupees)

20.10 Related Party Disclosures:

(i) List of Related Parties and their relationship:

Sr. No.	Name of the Related Party	Relationship
1	Reliance Innoventures 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 Ltd.	
10	Reliance Gilts Ltd.	Fellow Subsidiary
11	Reliance Capital Trustee Co Ltd	
12	Medybiz Pvt Ltd	
13	Reliance Venture Asset Management Private Ltd (formerly Reliance Technology Ventures Pvt. Ltd.)	
14	Reliance Capital Research Pvt. Ltd.	
15	Reliance Equity Advisors (India) Ltd	
16	Reliance Consultants (Mauritius) Ltd	
17	Reliance Equities International Pvt Ltd	
18	Reliance Home Finance Pvt Ltd	
19	Reliance Capital (Singapore) Pte Ltd	
20	Reliance Commercial Finance Private Limited (formerly known as Reliance Consumer Finance Private Limited)	
21	Reliance Securities Ltd	
22	Reliance Commodities Ltd	
23	Reliance Financial Ltd	
24	Reliance Alternative Investments Services Pvt Ltd	
25	Quant Broking Private Limited	
26	Quant Capital Advisors Private Limited	
27	Quant Capital Finance and Investments Private Limited	
28	Quant Capital Private Limited	Manager
29	Quant Commodities Private Limited	
30	Quant Commodity Broking Private Limited	
31	Quant Securities Private Limited	
32	Reliance Exchangenext Limited	
33	Reliance Infrastructure Finance Private Limited	
34	Reliance Spot Exchange Infrastructure Limited	
35	Reliance Wealth Management Limited	
36	Reliance Investment Banking Services Limited	
37	Ms. Geeta Chandran	

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2011

(Currency: Indian rupees)

Sr. No.	Nature of Transaction	Holding Company	Wholly Owned Subsidiary	Fellow Subsidiary	Manager	Total
I	Transactions during the year					
A	Investments in equity shares					
	Reliance Asset Management (Mauritius) Limited		66,866,250			66,866,250
			(15,873,375)			(15,873,375)
	Reliance Asset Management (U.K) PLC		68,418,370			68,418,370
			(97,214,000)			(97,214,000)
	Reliance Asset Management (Malaysia) SDN.BHD.		-			-
			(191,695,000)			(191,695,000)
	Reliance Capital Pension Fund Limited		-			-
			(120,000,000)			(120,000,000)
B	Inter corporate deposit given					
	Reliance Capital Ltd.	2,800,000,000				2,800,000,000
		-				-
	Reliance Financial Limited			800,000,000		800,000,000
				-		-
C	Repayment of inter corporate deposit					
	Reliance Financial Limited			800,000,000		800,000,000
				-		-
D	Loan given					
	Reliance Asset Management (Mauritius) Limited		25,304,125			25,304,125
			-			-
	Ms.Geeta Chandran				2,500,000	2,500,000
					-	-
E	Repayment of loan					
	Reliance Asset Management (Mauritius) Limited		54,071,584			54,071,584
			-			-
	Ms.Geeta Chandran				2,500,000	2,500,000
					-	-
F	Refund of security deposit received					
	Reliance Capital Limited	3,500,000				3,500,000
		-				-

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2011

(Currency: Indian rupees)

Sr. No.	Nature of Transaction	Holding Company	Wholly Owned Subsidiary	Fellow Subsidiary	Manager	Total
G	Issue of Preference Shares Reliance Securities Limited			189,900 -		189,900 -
H	Repayment of unsecured loan Reliance Capital Ltd.	750,000,000 -				750,000,000 -
I	Interest income Reliance Capital Ltd.	23,173,699 -				23,173,699 -
	Reliance Asset Management (Mauritius) Limited		2,477,961 (1,919,402)			2,477,961 (1,919,402)
	Reliance Financial Limited			2,117,808 -		2,117,808 -
J	Salaries Ms.Geeta Chandran				5,440,077 (4,487,499)	5,440,077 (4,487,499)
K	Interest Expenses Reliance Capital Limited	909,589 -				909,589 -
L	Staff Welfare Expenses Medybiz Pvt Ltd			35,900 -		35,900 -
M	Rent Expense Reliance Capital Limited	- (5,903,760)				- (5,903,760)
	Reliance General Insurance Company Ltd.			1,531,408 (5,171,363)		1,531,408 (5,171,363)
N	Insurance Charges Reliance General Insurance Company Ltd.			10,736,465 (9,392,663)		10,736,465 (9,392,663)

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2011

(Currency: Indian rupees)

Sr. No.	Nature of Transaction	Holding Company	Wholly Owned Subsidiary	Fellow Subsidiary	Manager	Total
O	Travelling expenses Reliance Money Express Ltd.			1,687,624 (454,195)		1,687,624 (454,195)
P	Brokerage Reliance Securities Ltd			101,905 (79,144)		101,905 (79,144)
Q	Reimbursement of Expenses charged					
	Reliance Capital Limited	4,235,840 (5,938,223)				4,235,840 (5,938,223)
	Reliance Capital Pension Fund Limited		2,992,350 (2,170,586)			2,992,350 (2,170,586)
	Reliance Commercial Finance Pvt. Ltd.			211,115 -		211,115 -
	Reliance Equities International Pvt Ltd			- (472,577)		- (472,577)
	Reliance Capital Trustee Co Ltd			76,951 (1,058,013)		76,951 (1,058,013)
R	Reimbursement of Expenses paid					
	Reliance Capital Limited	9,398,737 (26,324,147)				9,398,737 (26,324,147)
	Reliance Commercial Finance Pvt. Ltd.			111,719 -		111,719 -
	Reliance General Insurance Company Ltd.			286,772 (342,252)		286,772 (342,252)
	Reliance Securities Limited			320,767 -		320,767 -
S	Professional fees Reliance Capital Limited	65,809,519 -				65,809,519 -

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2011

(Currency: Indian rupees)

Sr. No.	Nature of Transaction	Holding Company	Wholly Owned Subsidiary	Fellow Subsidiary	Manager	Total
II	Balances outstanding at the end of the year					
A	Sundry Creditors Reliance Capital Limited	- (6,875,771)				- (6,875,771)
B	Advance recoverable in cash or in kind or for value to be received Reliance General Insurance Company Ltd.			6,634,757 (7,734,270)		6,634,757 (7,734,270)
C	Inter Company Deposit Reliance Capital Limited	2,800,000,000 -				2,800,000,000 -
D	Loans to Subsidiaries Reliance Asset Management (Mauritius) Limited		- (28,783,808)			- (28,783,808)
E	Interest Accrued Reliance Asset Management (Mauritius) Limited		- (4,270,438)			- (4,270,438)

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

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2011

(Currency: Indian rupees)

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

A Defined Contribution Plans:

Amount of Rs. 36,100,424 (previous year: Rs. 33,554,361) is recognised as expense and included in "Employee Costs" - Schedule "16" 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	
		2011	2010	2011	2010
a.	Present value of Defined Benefit Obligation at the beginning of the year	27,036,202	19,090,132	44,355,750	72,825,240
b.	Interest cost	2,230,487	1,431,760	3,020,259	4,276,171
c.	Current service cost	6,551,851	8,206,710	36,120,511	35,625,100
d.	Actuarial Losses / (Gains)	(4,308,102)	(871,773)	(46,542,143)	(23,474,155)
e.	Benefits paid	(608,250)	(820,627)	(2,418,386)	(44,896,606)
f.	Present value of Defined Benefit Obligation at the close of the year	30,902,188	27,036,202	34,535,991	44,355,750

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

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2011	2010	2011	2010
a.	Fair value of Plan Assets at the beginning of the year	35,258,519	27,148,175	-	-
b.	Add: Expected return on Plan Assets	2,908,828	2,036,113	-	-
c.	Add / (Less) : Actuarial (Losses) / Gains	(761,043)	2,838,743	-	-
d.	Add: Contributions	42,524	4,056,115	2,418,386.00	-
e.	Less: Benefits Paid	(608,250)	(820,627)	(2,418,386.00)	-
f.	Fair value of Plan Assets at the close of the year	36,840,578	35,258,519	-	-

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	
		2011	2010	2011	2010
a.	Present value of Defined Benefit obligation	30,902,188	27,036,202	34,535,991	44,355,750
b.	Less: Fair value of Plan Assets	36,840,578	35,258,519		
c.	Present value of unfunded obligation	(5,938,390)	(8,222,317)	34,535,991	44,355,750
d.	Net Liability/(Asset) recognised in the Balancesheet	(5,938,390)	(8,222,317)	34,535,991	44,355,750

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2011

(Currency: Indian rupees)

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

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2011	2010	2011	2010
a.	Current Service Cost	6,551,851	8,206,710	36,120,511	35,625,100
b.	Interest Cost	2,230,487	1,431,760	3,020,259	4,276,171
c.	Expected return on Plan Assets	(2,908,828)	(2,036,113)		-
d.	Actuarial Losses / (Gains)	(3,547,059)	(3,710,516)	(46,542,143)	(44,896,606)
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	
		2011	2010	2011	2010
a.	Government of India Securities	14.39%	2.83%	UNFUNDED	UNFUNDED
b.	State Government Securities	15.94%	-		
c.	Corporate Bonds	59.46%	49.69%		
d.	Fixed Deposit under Special Deposit Scheme	-	-		
e.	Equity Shares	-	18.65%		
f.	Bank Deposits / Mutual Funds	-	28.83%		
g.	Public Sector Bonds	-	-		
h.	Property	10.21%	-		
		100.00%	100.00%		

vi. Actuarial Assumptions as the Balance sheet date:

		Gratuity		Leave Benefit	
		2011	2010	2011	2010
a.	Discount Rate	8.25%	8.25%	7.50%	7.50%
b.	Expected rate of return on Plan Assets	8.25%	8.25%		-
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 avilment 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 2011

(Currency: Indian rupees)

20.12 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. During the year 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 the Trust, Reliance Capital Asset Management Employee Benefit 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, 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 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%

b) Year 2008

The option under ESOP I - 2007 at an exercise price of Rs. 7,989.1 per share and vest on a graded basis as follows:

Grant date	13 Nov 2008
Vesting schedule	
on completion of 3 years	30%
on completion of 4 years	30%
on completion of 5 years	40%

c) 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 Mar 2011
Vesting schedule	
on completion of 1 year	30%
on completion of 2 years	30%
on completion of 3 years	40%

d) 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 Mar 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 of 31 March 2011		As of 31 March 2010	
	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	71,125	2,000	71,125	2,000
Granted	-	-	-	-
Exercised	-	-	-	-
Cancelled or expired	1,475	2,000	-	-
Outstanding at the year end	69,650	2,000	71,125	2,000
Exercisable at end of year	20,895	2,000	-	-

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2011

(Currency: Indian rupees)

	As of 31 March 2011		As of 31 March 2010	
	Number of stock options	Weighted average exercise price (Rs.)	Number of stock options	Weighted average exercise price (Rs.)
b) Year 2008				
Outstanding at beginning of year	39,550	7,989	40,450	7,989
Granted	-	-	-	-
Exercised	-	-	-	-
Cancelled or expired *	39,550	7,989	900	7,989
Outstanding at the year end	-	-	39,550	7,989
Exercisable at end of year	-	-	-	-
c) Year 2011				
Outstanding at beginning of year	-	-	-	-
Granted	38,050	3,009	-	-
Exercised	-	-	-	-
Cancelled or expired	-	-	-	-
Outstanding at the year end	38,050	3,009	-	-
Exercisable at end of year	-	-	-	-
d) Year 2011				
Outstanding at beginning of year	-	-	-	-
Granted	139,800	3,009	-	-
Exercised	-	-	-	-
Cancelled or expired	-	-	-	-
Outstanding at the year end	139,800	3,009	-	-
Exercisable at end of year	-	-	-	-

* Cancelled during the year vide Board Resolution dated 2 February 2011

- (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 2011	Year ended 31 March 2010
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. 15,509,999 (net of tax saving Rs.12,418,779) and accordingly basic and diluted EPS would have been lower by Rs. 1.18.

20.13 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.

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

**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

Mumbai
Date: 27 April 2011

Geeta Chandran
Manager

Reliance Capital Asset Management Limited

* 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.

Balance Sheet Date

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

Public Issue Rights Issue

Bonus Issue Private Placement

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

Total Liabilities Total Assets

Sources of Funds Applications of Funds

Paid up Capital Net Fixed Assets

Reserves & Surplus Investments

Secured Loans Net Current Assets

Unsecured Loans Miscellaneous

Deferred Tax Asset (Net)

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

Turnover Total Expenditure

Profit/ Loss Before Tax Profit/ Loss After Tax

Earning Per Share (Rs.) Dividend Rate %

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: 27 April 2011