

**RELIANCE CAPITAL
ASSET MANAGEMENT LIMITED**

ANNUAL REPORT

2012-13

Directors' Report

To the Members,

Your Directors take pleasure in presenting their Eighteenth Annual Report on the business and operations of your Company, together with the audited Statement of Accounts, for the year ended March 31, 2013.

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

Your Company endeavors to remain 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, 2013, 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, 2013 are as follows:

(In Rs.)

Description	Consolidated		Standalone	
	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2012
Gross Income	734,60,90,153	664,68,33,246	712,67,40,652	642,29,00,173
Profit before exceptional item and tax	289,58,91,680	307,60,15,339	313,68,39,141	337,56,18,674
Exceptional Items	-	-	55,64,11,399	-
Profit before tax	289,58,91,680	307,60,15,339	258,04,27,742	337,56,18,674
Provision for taxation	60,31,71,553	62,29,07,986	60,21,81,156	62,22,10,605
Provision for Deferred Tax Asset/ (Liability)	(28,64,117)	78,36,514	(28,64,663)	76,82,362
Net Profit	228,98,56,005	246,09,43,861	197,53,81,923	276,10,90,431
Balance carried to Balance Sheet	840,99,82,983	612,052,9793	832,56,07,495	635,02,48,970

Basic EPS of Rs.10 each	206.26	234.15	177.93	262.71
Diluted EPS of Rs.10 each	205.17	231.94	177.00	260.23

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 has resolved on April 19, 2013, to accord their consent for not attaching to the Company's annual accounts, the Balance sheets of its subsidiary companies. The Consolidated Financial Statements of the Company, alongwith that of its subsidiaries, for the year ended March 31, 2013 (duly audited by their respective statutory auditors) are forming part of this Annual Report.

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

DIVIDEND

For the financial year 2012-2013, your Directors recommend the declaration and payment of dividend as under:

EQUITY SHARES:

Your Directors have recommended the declaration and payment of dividend of Rs.140 (Rupees One hundred and forty only) per equity share of Rs.10 each, thereby entailing the total payout of Rs. Rs.1,88,68,95,360/- (including dividend distribution tax and other applicable taxes/surcharges)

PREFERENCE SHARES:

The Company presently has 19,999 number of fully paid up 1% non-convertible, non-cumulative redeemable Preference shares of the face value of Rs.100/- each, which were issued 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 recommended the declaration and payment of dividend of Rs.1/- on each 1% non-convertible, non-cumulative redeemable preference shares of the Company,

for the year under review, thereby entailing the total payout of Rs. 23,398 (including dividend distribution tax and other applicable taxes/surcharges)

AMOUNT TO BE CARRIED TO RESERVES

In view of the declaration and payment of dividend to [the equity shareholders] and the 1% non-convertible, non-cumulative redeemable preference shareholders of the Company and in accordance with the provisions of the Companies (Transfer of Profits to Reserves) Rules, 1975, an amount of i.e. Rs.19,75,38,192/- is to be transferred to the General Reserves of the Company.

OPERATIONAL HIGHLIGHTS

As you are aware, the Securities and Exchange Board of India ('SEBI') has:

- (a) Authorised your Company to act as the asset manager of Reliance Mutual Fund, to render asset management services; &
- (b) Granted registration to your Company as 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 second largest Mutual Fund in India, in terms of the Quarterly Average Assets Under Management ('QAAUM') as on March 31, 2013.

The QAAUM of RMF as on March 31, 2013 was approx. Rs.94,580 crores comprising of Rs. 27,186 crores under Equity, Rs.47,028 crores under Debt, Rs.17,440 crores under Liquid asset classes and Rs.2,926 crores under Gold. The QAAUM of RMF as on March 31, 2012 was approx. Rs.78,112 crores comprising of Rs. 28,066 crores under Equity, Rs.31,508 crores under Debt, Rs.15,887 crores under Liquid asset classes and Rs.2,651 crores under Gold. While the overall QAAUM of RMF has shown positive growth of around 21% during the financial year 2012-13, the QAAUM under the debt asset class has grown by approx. 49%.

During the year under review, the Indian Mutual Fund Industry witnessed an overall positive growth of approx 23% in terms of QAAUM, from an amount of approx. Rs.6,64,824 crores on March 31, 2012 to an amount of approx. Rs.8,16,402 crores on March 31, 2013. (Source: AMFI).

NEW SCHEMES LAUNCHED:

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

- Reliance Dual Advantage Fixed Tenure Fund II
- Reliance Fixed Horizon Fund XX
- Reliance Fixed Horizon Fund XXI
- Reliance Fixed Horizon Fund XXII
- Reliance Fixed Horizon Fund XXIII
- Reliance Yearly Interval Fund
- Reliance Dual Advantage Fixed Tenure Fund III
- R*Shares CNX 100 Fund

As on March 31, 2013, RMF has a well rounded portfolio of 49 schemes under various categories such as Equity, Debt, Liquid, Gold, Exchange Traded Fund, Fixed Maturity Plans and Interval Funds.

PORTFOLIO MANAGEMENT:

Your Company has been rendering Portfolio Management Services ('PMS') since August 2004. It currently offers discretionary and advisory portfolio management services to various categories of clients. The PMS business continued its positive performance through challenging times faced during the year. The Company emerged as one of the very few portfolio management businesses, which attracted new assets. As at the year end, the total Assets Under Management (AUM) of the Portfolio Management business of the Company (including discretionary and advisory services and also including EPFO portfolio) stood at Rs.72,233 crores as against Rs.60,913 crores for the last financial year. The PMS business received a sum of Rs.19 crores as fee income for the year end March 31, 2013.

During the year, the PMS division introduced several high yield debt offerings under its 'All Season Debt' portfolio, the key highlight of the year is the successful launch of Reliance Yield Maximizer portfolio which collected more than Rs 500 Crs during this period. Going forward, the PMS division of our Company will endeavor to identify suitable opportunities for

launching equity / fixed income portfolios and rendering investment advisory services. Our focus on providing customized offerings to high net-worth individuals & corporates will continue.

EMPLOYEES PROVIDENT FUND MANAGEMENT (EPFO) MANDATE:

Your Company was one of the four fund houses which were once again granted the mandate to manage the funds on behalf of Employees Provident Fund Organisation ('EPFO'). The Company started managing the EPFO portfolio under this fresh mandate from 1st November, 2011 amounting to Rs.53,623 crores. The EPFO portfolio as on 31st March, 2013, stood at Rs. 70,759 Crores.

NATIONAL PENSION SYSTEM:

The wholly owned subsidiary of the Company in India 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. In terms of the revised PFRDA guidelines -2012 on "registration of Pension Funds for Private sector", the Company also obtained certificate of registration to act as "Pension Fund manager for Private Sector" on 23rd January 2013 and the Certificate of registration is valid for one year from the date of issue of the certificate. The Pension Fund needs to apply for the renewal annually and PFRDA shall notify the continuity to act as Pension Fund based on the review.

NPS industry witnessed a rapid growth during the current year, both in terms of subscriber base as well as in respect of the assets under management. The subscribers under NPS schemes, as of 31st March 2013, were in excess of 44.94 lakhs as compared to 24.27 lakhs during the previous year. Further, the subscribers under Private sector of NPS schemes, as of 31st March 2012, were in excess of 2.03 lakhs as compared to around 69000 as of previous year.

The overall assets managed by the NPS industry, as of 31st March 2013, were Rs.29,837 Crores as compared to around Rs.15,163 crores as at the end of the last year.

Further, the assets under management related to Private sector (other than NPS Lite) grew from Rs 212 crores last year to Rs. 582 crores as of 31st March 2013.

The assets under management of RCPFL during the current fiscal year almost doubled to Rs. 22.52 crores as compared to Rs 11.15 crores in the last year.

During the year under review, your Company has sold 15% stake [consisting of 37, 50,000 equity shares] of RCPFL to Reliance Gilts Limited on December 26, 2012.

INTERNATIONAL BUSINESS:

Global economic environment

The global economy continued to drag on the path of growth recovery helped by extremely easy monetary policy by the major central bankers. From US Federal Reserve, Euro Zone's ECB to Bank of Japan, majority of the central bankers' pumped significant amount of liquidity to support faltering global economy. There are signs of pickup in global growth led by improvement in housing and labor market of US economy. However, Euro-zone continues to be in recession and emerging markets recovery appears to be lackluster. Tail risks such as Euro zone default, China hard landing has significantly receded. Major risk arises from political and policy developments across regions. Going forward we expect financial year 2014 to be a more complicated year for Indian economy and equities as political uncertainty is expected to increase in a not so comforting macro environment

New regulatory enabled opportunities

Foreign Institutional Investors (FIIs) have invested over Rs. 163350.1 crores (Source SEBI Website, US\$ 29.8 billion @54.773) across Indian equity and debt markets in 2012. FIIs Debt limits have been enhanced to US\$ 76 billion and the sub categories have been merged to reflect the new investment environment. The enhanced limits will provide significant opportunities for foreign investors (FIIs and QFIs) to invest in Indian Government securities and corporate bonds.

Reliance Capital Asset Management Limited received approval under Regulation 24 of SEBI (Mutual Funds) Regulations, 1996 that enables mutual fund division of RCAM to advise offshore funds subject to compliance with the relevant and applicable guidelines.

Other Opportunities:

RCAM proposes to significantly increase its business in Japan through Nissay Asset Management, subsidiary of Nippon Life by launching joint products. RCAM has also signed a Memorandum of Understanding with UBS Global Asset Management for product manufacturing and distribution to enhance its International reach.

SINGAPORE:

Your Singapore subsidiary, Reliance Asset Management (Singapore) Pte Ltd. ('RAMS'), which established its business in Singapore in the year 2006 undertook significant strides in its business, and the assets under management crossed the USD 1billion mark.

Equity Capability

During the year under review, RAMS launched feeder funds to invest in mutual fund schemes to be managed by Reliance Capital Asset Management Limited, India as well as continued focus to encourage new investments in its Equity fund - IEGF.

Fixed Income Capability

During the year under review, RAMS achieved significant progress in its Fixed Income capabilities, product development & delivery, fund structuring and fund marketing. RAMS manages an AUM of USD 996 million across 12 funds in the Fixed Income space. The Fixed Income achievements can be summarized as under:

- Successful managing FMPs worth USD 370 million distributed by private banks.
- Developed new product line to invest funds in fixed deposits of overseas branches and subsidiaries of Indian Banks and raised significant AUM through various private banks.
- Developed capabilities for implementing currency hedge in onshore and offshore markets

MAURITIUS:

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

MALAYSIA:

Your Malaysian subsidiary, Reliance Asset Management (Malaysia) Sdn Bhd. ('RAMMy'), is licensed by the Securities Commission of Malaysia to undertake Islamic Asset Management activities. RAMMy has been able to build an intellectual property around Global investments using Shariah principles and has executed four investment management agreements, to

manage WSF Reliance Global Shariah Growth Fund (which is one of the best performing funds in its category across the globe), Reliance India Shariah Growth Fund, Reliance China - India Shariah Growth Fund and with Bank Negara Malaysia (Central Bank). WSF Reliance Global Shariah Growth Fund was declared Winner of Islamic Business and Finance Awards 2012, for Best Islamic Global Equity Fund.

AWARDS AND RECOGNITION

RMF received various awards and accolades during the year. Few of the prominent awards received by RMF, are listed below:

1. Zee Business Brand Excellence Awards

RCAM bagged **3 Awards** at the **Zee Business Brand Excellence Awards** held in Mumbai on 22nd November 2012.

- Brand Excellence Award in BFSI Sector - RCAM
- Best Customer Centric Brand Award - RCAM
- CEO of the year Award (Private Sector) - Sundeep Sikka

This event was organized by World Brand Congress along with Stars of the Industry Group. The Zee Business Brand Excellence Award is an independent brand recognition exercise initiated to give recognition to those brands, CEO's and marketers who have achieved extraordinary success from the innovative leadership and effective marketing practices.

2. Lipper Awards

In the Mixed Asset INR Aggressive –

RRSF – Balanced – Growth ranked Best Fund for 5 year period out of 37 schemes in the class.

In the Equity India Classification -

Reliance Growth Fund ranked Best Fund for 10 year period out of 7 schemes in the category.

3. India Pension Fund Congress 2012

Reliance Capital Pension Fund Ltd (RCPFL, subsidiary of RCAM) won the Best Product Innovation Award in the India Pension Fund Congress 2012. This high profile event was organized by Assocham, Morningstar and Edge Advisory Services along with Investment Pension Asia. This award category had nominations from all pension fund providers in India, including insurance companies like LIC, SBI etc and the award was bagged by RCPFL.

4. Corporate Counsel Leadership Summit & Awards, 2013

RCAM's Legal Team was adjudged "Best In-House Legal Team of the Year" in the "Banking & Finance Sector" [Corporate Counsel Leadership Summit & Awards, 2013 held on 25th January, 2013 at Ramada Inn, Mumbai]

5. Legal Counsel Congress and Awards, 2013

Mr. Muneesh Sud [Head of Legal, Secretarial & Compliance] was the Runner- up in the "General Counsel of the Year" category of awards [Legal Counsel Congress and Awards, 2013 held on 8th January, 2013 at Trident, BKC, Mumbai].

6. 7th Social & Corporate Governance Awards

RCAM has won the **Best Corporate Social Responsibility Practice Award** at the **7th Social & Corporate Governance Awards** at a grand function held on 18th February, 2013 at Taj Lands End, Mumbai.

This is in recognition of RCAM's efforts in the field of CSR.

7. Best Conservative Allocation Fund - Reliance Monthly Income Plan

Reliance Monthly Income Plan was awarded Category Winner: Best Conservative Allocation Fund by MORNINGSTAR at the award ceremony held on March 20, 2013

8. Asian L&D Leadership Awards Dubai

RCAM bagged the prestigious **Asian Learning & Development Leadership Awards for Outstanding contribution to the cause of Learning** in Dubai on 25th September, 2012

at a function held at The Taj Palace, Dubai. Many leading Indian and international organisations had participated in these awards.

RCAM bagged this award in recognition of many of our best practices to develop our empanelled partners and thereby helping the cause of learning at large, besides ensuring quality and consistency in training initiatives.

FUTURE OUTLOOK

The Indian Mutual Fund industry is growing steadily in the financial services sector with 44 AMCs currently operating in the country. The industry assets have grown at a CAGR of 24.2% since 1965 and at 22.8% in FY 2012-13, with Rs 8.16 lakh Crs of assets as per quarter ended Mar 2013.

Your Company continues to aggressively pursue growth opportunities in the fund management and investment advisory space, both at the domestic as well as at the international level. Given the country's high household savings rate coupled with the current low levels of investments by retail investors where only less than 3% of the household savings are channeled into capital markets, your Company believes that the Mutual Fund Industry has a huge opportunity for growth and expansion. Your Company expects that an emerging market like India would experience a sustained growth rate. Over 74% of the Industry AUM originates from the Top 5 cities which leaves untapped potential in other locations. In line with the SEBI regulations, your Company intends to improve penetration levels in Tier III, Tier IV locations and increase use of technology to improve the investor experience. Being one of the largest players in the Industry, your Company will continue investing in growing the market size, achieving product innovation, educating the investors, increasing the distribution reach and enhancing customer service infrastructure with aggressive expansion strategies.

SUBSIDIARIES

As of 31st March, 2013, your Company had five (5) subsidiaries. Four of such subsidiaries are overseas, one being each in Singapore, Malaysia, U.K. and Mauritius and the fifth subsidiary being in India. All the subsidiaries of the Company are engaged in financial services and related activities.

Your Company's wholly owned foreign subsidiaries in Malaysia and United Kingdom (UK), are incurring losses over the past few years. Your Company has so far invested an amount

of Rs.63.87 Crores (approx) in these two subsidiaries, which is also being disclosed as Non-current investments in the Balance Sheet. Considering the continuing losses incurred and not so very positive business prospects in future, the operations of these two subsidiaries are proposed to be scaled-down.

In view of the above, it has been decided to provide diminution in the value of these investments to the tune of Rs.55.64 Crores (approx). Diminution is estimated to an extent of decrease in net-worth of these two subsidiaries as on 31 March 2013 and the same is being disclosed as "exceptional item" in the statement of Profit & Loss Account for the financial year ended on March 31, 2013.

LANDMARK DEVELOPMENTS

INVESTMENT IN THE COMPANY

During the year under review, 5,10,000 equity shares of your Company was sold by EP Global Markets (Cayman) Limited to Reliance Capital Limited on August 14, 2012.

Your Company has executed a share purchase agreement on March 22, 2012 with Reliance Capital Limited (RCL) and Nippon Life Insurance Company (NLI), in terms of which NLI has acquired 26% (Twenty Six per cent) of the issued and paid-up share capital of your Company on August 17, 2012 from RCL.

ISSUE & BUY-BACK OF SHARES BY THE COMPANY

During the year under review, the Company has issued and allotted 7,60,000 number of equity shares as fully paid up bonus shares, to the equity shareholders of the Company i.e. 250,000 equity shares to Reliance ADA Group Trustees Private Limited A/C Reliance Capital Asset Management Employees Benefits Trust and 5,10,000 equity shares to E P Global Markets (Cayman) Limited on May 9, 2012.

During the year, your Company has not carried out any buy-back of its outstanding Shares.

FIXED DEPOSITS

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

DIRECTORS

In terms of the requirements of the provisions of Sections 255 and 256 of the Companies Act, 1956, Mr. Soumen Ghosh (Director) is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, has offered himself for re-appointment, as such. The Board recommends the re-appointment of Mr. Soumen Ghosh as a Director of the Company.

During the year under review, following changes were taken place in the Directorship of the Company:

- Mr. Manu Chadha resigned from his position as a Director on the Board of Directors of the Company w.e.f. August 17, 2012. Your Board places on record, its deep appreciation for the invaluable contributions made by Mr. Chadha during his association with the Company;
- Mr. Yutaka Ideguchi, representative of NLI, appointed as an additional Director of the Company w.e.f. August 17, 2012. Subsequently, he was appointed as a Director of the Company, liable to retire by rotation, at the last Annual General Meeting of the Company held on August 22, 2012.

BOARD AND COMMITTEE MEETINGS

During the year under review, ten (10) meetings of the Board of Directors of the Company were held. In addition, three (3) meetings of the Committee of Directors were also held.

The functioning of the Board is supplemented by various committees, which have been constituted from time to time, including Audit Committee, Committee of Directors, Valuation Committee, Investment Committee, Risk Management Committee, Broker Empanelment Committee, Operating Committee, Compliance Committee, Proxy Voting Committee, Investment Committee for EPFO and 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 constituted an Audit Committee, which comprises of all the Directors of the Company namely Mr. Kanu Doshi, Mr. S. C. Tripathi, Mr. Yutaka Ideguchi and Mr. Soumen Ghosh.

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

AUDITORS' OF THE COMPANY – STATUTORY AND INTERNAL

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

STATUTORY AUDITORS

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. communicating their willingness to be reappointed as the Statutory Auditors of the Company and 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 2013-2014.

INTERNAL AUDITORS

M/s. Vinay Doshi & Co., Chartered Accountants are acting as the Internal Auditors of the Company. Your Directors recommend their re-appointed as such for the financial year 2013-2014.

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

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

STATUTORY AUDITORS

M/s. Haribhakti & Co., Chartered Accountants hold office as Statutory Auditors of the Scheme of Reliance Mutual Fund for the financial year 2012-13. The Board recommends their re-appointment as such for the financial year 2013-2014.

INTERNAL AUDITORS

M/s. PriceWaterHouse, Chartered Accountants were appointed during the year as Internal Auditors of the Scheme of Reliance Mutual Fund for the financial year 2012-13. Your Directors recommend their re-appointment as such for the financial year 2013-2014.

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 wherever feasible. Your company uses latest technology and energy efficient equipments. As energy cost forms a very small part of the total costs, the impact on cost is not material.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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 Rs. NIL

During the year under review, the Company earned foreign exchange equivalent to Rs. 73,43,125/-. The Company spent foreign exchange equivalent to Rs.7,14,69,263/-.

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, 2013, 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, 2013 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 959 numbers of employees as at March 31, 2013.

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 governmental authorities including SEBI, RBI, Registrar of Companies, PFRDA, NPS Trust, 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 eventful performance for the year.

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

Place: Mumbai

Dated: April 19, 2013


Soumen Ghosh

Director


Kanu Doshi

Director

Independent Auditor's report

To the Members of Reliance Capital Asset Management Limited

Report on the financial statements

We have audited the accompanying financial statements of Reliance Capital Asset Management Limited ('the Company'), which comprise the balance sheet as at 31 March 2013, and the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditor's report (*Continued*)

Reliance Capital Asset Management Limited

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of balance sheet, of the state of affairs of the Company as at 31 March 2013;
- ii. in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- iii. in the case of cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) 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;
- c) the balance sheet, statement of profit and loss, and cash flow statement dealt with by this report are in agreement with the books of account;
- d) in our opinion, the balance sheet, statement of profit and loss, and cash flow statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act;
- e) on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

19 April 2013
Mumbai

N Sampath Ganesh
Partner
Membership No: 042554

Reliance Capital Asset Management Limited

Annexure to the Independent Auditor's Report – 31 March 2013

(Referred to in our report of even date)

- i.
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- ii. The Company is a service company, primarily rendering asset management services to Reliance Mutual Fund and portfolio management services to its customers. Accordingly, it does not hold any physical inventories. Thus, paragraph 4 (ii) of the Order is not applicable.
- iii. 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 Act.
- iv. 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 regards to the sale of services. The activities of the Company do not involve the purchase of inventory and sale of goods. We have not observed any major continuing weaknesses in the internal control system during the course of the audit.
- v. 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.
- vi. The Company has not accepted any deposits from the public. Accordingly para 4(vi) is not applicable.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. 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.

Reliance Capital Asset Management Limited

Annexure to Independent Auditor's Report – 31 March 2013 (*Continued*)

- ix. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including Income Tax, Service Tax, Provident Fund, Wealth Tax and other material statutory dues during the year with the appropriate authorities. As explained to us the Company did not have any dues on account of Investor Education and Protection Fund, Sales Tax, Excise Duty and Customs Duty.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, wealth tax, service tax and other material statutory dues were in arrears as at 31 March 2013 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us there are no dues of provident fund, Income-tax, wealth tax, service tax and other material statutory dues which have not been deposited by the Company with the appropriate authorities on account of any dispute.
- x. 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.
- xi. The Company did not have any dues to any financial institutions or banks or debenture holders during the year.
- xii. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. 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) of the Order are not applicable to the Company.
- xiv. 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.
- xv. 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.
- xvi. The Company did not have any term loans outstanding during the year. Accordingly, the provisions of clause 4(xvi) of the Order are not applicable to the Company.
- xvii. According to the information and explanations given to us and based on overall examination of the balance sheet of the Company, the Company has not used any funds raised on short-term basis for long-term investment.

Reliance Capital Asset Management Limited

Annexure to Independent Auditor's Report – 31 March 2013 (*Continued*)

- xviii. The Company has not made any preferential allotment of shares to companies /firms parties covered in the register maintained under section 301 of the Act.
- xix. According to the information and explanations given to us, the Company has not issued any debentures during the year.
- xx. The Company has not raised any money by public issues during the year.
- xxi. According to the information and explanations given to us, no material frauds 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

19 April 2013
Mumbai

N Sampath Ganesh
Partner
Membership No: 042554

Reliance Capital Asset Management Limited

Balance Sheet

as at 31 March 2013

(Currency: Indian rupees)

	Note	31 March 2013	As at 31 March 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3.1	114,699,900	107,099,900
Reserves and surplus	3.2	12,090,701,835	11,902,538,670
		12,205,401,735	12,009,638,570
Non Current Liabilities			
Long - term provisions	3.3	28,240,641	32,133,777
		28,240,641	32,133,777
Current Liabilities			
Trade payables	3.4	502,690,676	818,721,486
Other current liabilities	3.5	347,207,150	267,506,804
Short - term provisions	3.6	1,918,590,737	1,906,324,436
		2,768,488,563	2,992,552,726
TOTAL		15,002,130,939	15,034,325,073
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	3.7	157,101,343	184,280,066
Intangible assets	3.7	36,502,380	10,656,856
Non - current investments	3.8A	3,135,684,150	2,235,863,613
Deferred tax assets	3.9	80,740,943	83,605,605
Long - term loans and advances	3.10	7,830,379,125	8,267,344,996
Other non - current assets	3.11	34,189,826	31,873,626
		11,274,597,767	10,813,624,762
Current assets			
Current investments	3.8B	2,598,116,439	3,774,345,214
Trade receivables	3.12	121,525,379	89,976,118
Cash and bank balance	3.13	403,395,136	120,014,643
Short - term loans and advances	3.14	558,505,997	223,386,546
Other current assets	3.15	45,990,221	12,977,790
		3,727,533,172	4,220,700,311
TOTAL		15,002,130,939	15,034,325,073

Significant accounting policies and notes to the accounts

2 & 3

As per our report of even date attached

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

N Sampath Ganesh

Partner

Membership No. 042554

Soumen Ghosh

Director

Kanu Doshi

Director

Sundeep Sikka

Chief Executive Officer

Prateek Jain

Chief Financial Officer

Ajay Patel

Manager

Mumbai, 19 April 2013

Reliance Capital Asset Management Limited

Statement of Profit and Loss

for the year ended 31 March 2013

(Currency: Indian rupees)

	Note	Year ended	
		31 March 2013	31 March 2012
Income			
Revenue from operations - management fees	3.16	5,899,816,525	5,413,422,090
Other income	3.17	1,226,924,127	1,009,478,083
Total revenue		7,126,740,652	6,422,900,173
Expenditure			
Employee benefits expense	3.18	1,325,231,804	1,180,909,372
Administrative and other expenses	3.21	1,176,233,865	792,612,086
Marketing and publicity expenses	3.22	1,403,693,127	978,773,539
Depreciation	3.7	78,417,643	93,918,933
Diminution in value of long term investments		6,325,073	1,067,569
Total expenses		3,989,901,512	3,047,281,499
Profit before exceptional items and tax		3,136,839,140	3,375,618,674
Exceptional items	3.33	556,411,399	-
Profit before tax		2,580,427,741	3,375,618,674
Income tax expense			
Current tax (Net of MAT credit entitlement)		(605,744,875)	(622,210,605)
Reversal of previous year provision		3,563,719	-
MAT credit asset		304,407,718	-
MAT credit utilised		(304,407,718)	-
Deferred tax credit		(2,864,663)	7,682,362
Profit After Tax		1,975,381,922	2,761,090,431
Basic earning per share of Rs. 10 each	3.26	177.93	262.71
Diluted earning per share of Rs. 10 each	3.26	177.00	260.23
Significant accounting policies and notes to the accounts	2 & 3		

As per our report of even date 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

N Sampath Ganesh
Partner
Membership No. 042554

Soumen Ghosh
Director

Kanu Doshi
Director

Sundeep Sikka
Chief Executive Officer

Prateek Jain
Chief Financial Officer

Mumbai, 19 April 2013

Ajay Patel
Manager

Reliance Capital Asset Management Limited

Cash Flow Statement

for the year ended 31 March 2013

(Currency: Indian rupees)

Particulars	2012 - 13	2011 - 12
A. Cash flow from operating activities		
Profit before tax as per statement of profit and loss	2,580,427,741	3,375,618,674
Adjusted for		
Depreciation	78,417,643	93,918,933
Provision for Wealth Tax	33,075	56,800
Dividend Income	(101,902,560)	(278,577,462)
Interest Income	(856,716,649)	(585,394,195)
(Profit) / Loss on sale of Investment (Net)	(267,455,600)	(134,014,217)
Net (gain) or Loss on Foreign Currency Transactions & Translations	1,326,388	2,801,690
Diminution in Value of Investments	562,736,472	1,067,569
Loss on sale of Fixed Assets	3,724,855	1,718,467
	2,000,591,365	2,477,196,259
Operating Profit before Working Capital changes		
(Increase) / Decrease in Long Term Loans & Advances	(162,446,490)	(95,916,433)
(Increase) / Decrease in Other Non Current Assets	(2,316,200)	(31,202,136)
(Increase) / Decrease in Trade Receivable	(31,549,261)	(7,111,592)
(Increase) / Decrease in Short Term Loans & Advances	(335,119,452)	(50,193,427)
Increase / (Decrease) in Long term provisions	(3,893,136)	(1,234,971)
Increase / (Decrease) in Short term provisions	(195,838)	3,505,367
Increase / (Decrease) in Trade payables	(316,030,810)	33,575,554
Increase / (Decrease) in Other Current Liabilities	78,373,958	(113,179,819)
	1,227,414,136	2,215,438,802
Taxes Paid	(732,770,519)	(641,015,495)
Refund received (including interest)	148,756,982	149,877,393
	643,400,599	1,724,300,700
Net Cash from Operating Activities		
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(82,965,869)	(39,435,904)
Sale of Fixed Assets	2,156,571	990,980
Inter Corporate Deposit received / (Given)	800,000,000	(5,000,000,000)
Loan to ESOP Trust (net of repayment)	(99,695,705)	-
Purchase of Investments	(14,027,345,063)	(15,363,268,967)
Investment in Subsidiaries	(381,102,688)	(87,778,275)
Sale of Investments	14,350,800,116	19,857,288,447
Sale of Investments in Subsidiaries	38,775,000	-
Interest Received	831,895,983	591,203,330
Dividend Received	81,921,272	274,319,999
	1,514,439,617	233,319,610
Net Cash from / (used in) Investing Activities		
C. Cash Flow from Financing Activities		
Dividend paid	(1,874,459,723)	(1,875,833,634)
	(1,874,459,723)	(1,875,833,634)
Net Cash from / (used in) Financing Activities		
Net increase/(decrease) in cash and cash Equivalents (A+B+C)	283,380,493	81,786,676
Opening Balance of Cash and Cash Equivalents	120,014,643	38,227,967
Closing Balance of Cash and Cash Equivalents	403,395,136	120,014,643
Cash and cash equivalents comprising of :		
Cash on Hand	13,775	21,746
Balance with banks in Current Accounts	403,133,439	119,838,020
Effect of exchange differences on balances with banks in foreign currency	247,922	154,877
	403,395,136	120,014,643

As per our report of even date attached
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

N Sampath Ganesh
Partner
Membership No. 042554

Soumen Ghosh
Director

Kanu Doshi
Director

Sundeep Sikka
Chief Executive Officer

Prateek Jain
Chief Financial Officer

Mumbai, 19 April 2013

Ajay Patel
Manager

Reliance Capital Asset Management Limited

Significant accounting policies and notes to the accounts

for the year ended 31 March 2013

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 2013 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 portfolio of the Fund and provides various administrative services to the Fund as laid down in the Investment Management Agreement dated 12 August 1997.

2 Significant accounting policies

2.1 Basis of preparation

The accompanying financial statements have been prepared and presented 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. The accounting policies set out below have been applied consistently to the periods prescribed in the financial statements except otherwise disclosed separately.

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 which are mentioned as under :

Asset Class	Rate %
Office Equipments	13.91
Furniture And Fixtures	18.10
Vehicles	25.89
IT Equipments-Computers & Printers	40.00

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

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

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 statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

2.5 Investments

Purchase and sale of investments are recorded on trade date.

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

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

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

Reliance Capital Asset Management Limited

Significant accounting policies and notes to the accounts

for the year ended 31 March 2013

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 (Mutual Fund) Regulations, 1996 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 statement of profit and loss on the trade day. Profit or loss on sale of investments is determined on weighted average cost basis.

Interest income is accounted on a time proportion basis.

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

2.7 Transactions in foreign currency

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

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

2.8 Employee Benefits

Provident Fund

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

Gratuity

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

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

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

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

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

Leave Encashment

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

Compensated absences

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

Reliance Capital Asset Management Limited

Significant accounting policies and notes to the accounts

for the year ended 31 March 2013

2.9 New fund offer expenses of mutual fund and PMS schemes

Expenses relating to new fund offer of mutual fund and PMS schemes are charged in the statement of profit and loss in the year in which such expenses are incurred except for closed ended schemes which are recognised over the duration of the scheme.

2.10 Fund expenses

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

Expenses directly incurred for the schemes of Reliance Mutual Fund are charged to the statement of profit and loss under respective heads.

2.11 Operating leases

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

2.12 Tax

Current tax

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

MAT Credit entitlement is recognised where there is convincing evidence that the same can be realised in future. The company has balance of unrecognised MAT credit of Rs. 550,540,624 (P.Y. Rs. 854,948,342) as at 31 March 2013.

Deferred tax

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

2.13 Earnings per share

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

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

2.14 Contingencies and provisions

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

Reliance Capital Asset Management Limited

3. Notes to the accounts

as at 31 March 2013

(Currency: Indian rupees)

3.1 Share Capital

Particulars	As at	
	31 March 2013	31 March 2012
Authorised		
Equity shares, Rs.10 par value		
12,000,000 (11,500,000) equity shares	120,000,000	115,000,000
Preference shares, Rs.100 par value		
350,000 (350,000) preference shares	35,000,000	35,000,000
	155,000,000	150,000,000
Issued, subscribed and paid up		
Equity Shares, Rs.10 par value		
11,520,000 (10,760,000 shares) equity shares fully paid up	115,200,000	107,600,000
Less : Amount recoverable from Reliance Capital Asset Management Employee Benefits Trust (ESOP Trust), (2,00,000 Equity Shares of Rs.10 each allotted to the Trust during the year 2007-08)	2,000,000	2,000,000
Less : Amount recoverable from ESOP Trust, (50,000 Equity Shares of Rs.10 each allotted to the Trust during the year 2010-11)	500,000	500,000
	112,700,000	105,100,000
Preference shares, Rs.100 par value		
19,999 (19,999) 1% Non-Cumulative Redeemable Preference shares of Rs.100 each	1,999,900	1,999,900
	1,999,900	1,999,900
Total Share Capital	114,699,900	107,099,900

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2013

(Currency: Indian rupees)

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

Name of the shareholder	As at			
	31 March 2013		31 March 2012	
	No. of shares	% held	No. of shares	% held
Reliance Capital Limited ('Holding Company')	7,514,800	65.233%	10,000,000	92.937%
Nippon Life Insurance Company	2,995,200	26.000%	-	-

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

Particulars	As at			
	31 March 2013		31 March 2012	
	No. of shares	Amount	No. of shares	Amount
Equity shares at the beginning	10,760,000	107,600,000	10,760,000	107,600,000
Add / (Less): Bonus shares issued during the year	760,000	7,600,000	-	-
Equity shares at the end	11,520,000	115,200,000	10,760,000	107,600,000

Particulars	As at			
	31 March 2013		31 March 2012	
	No. of shares	Amount	No. of shares	Amount
Preference shares at the beginning	19,999	1,999,900	19,999	1,999,900
Add / (Less): movement during the year	-	-	-	-
Preference shares at the end	19,999	1,999,900	19,999	1,999,900

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

Name of the shareholder	As at			
	31 March 2013		31 March 2012	
	No. of shares	% held	No. of shares	% held
Reliance Securities Limited	1,899	9.50%	1,899	9.50%
Reliance CWT India Limited	1,900	9.50%	1,900	9.50%
Emerging Money Mall Limited	16,200	81.00%	16,200	81.00%

Terms / rights attached to equity shares :

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

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

Rights / terms of redemption of Preference Shares :

1. Redemption: To be redeemed at par at the end of 10 years from the date of allotment.

2. Call Option: The Company has an option to redeem the Preference Shares at any time after the end of 6 (six) months from the date of allotment i.e. 21 February 2011. If the call option is exercised by the Company:

a. The Company will be liable to pay the amount of the face value of the Preference Shares along with the dividend declared and unpaid, if any, upto the date on which it exercises the call option ("Redemption Amount")

b. The Company's liability to the Preference Shareholders shall stand extinguished from the date of dispatch of the cheques / pay order for the Redemption Amount.

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2013

3. Rights of preference shareholders: In the event of liquidation of Company before redemption of preference shares, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

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

760,000 fully paid equity shares of Rs. 10 each have been allotted as bonus shares by capitalisation of capital redemption reserve on 9 May, 2012.

19,999 1% Non-Cumulative Redeemable Preference shares of Rs.100 each issued to erstwhile equity & preference shareholders of Reliance Money Infrastructure Limited pursuant to Scheme of Arrangement dated 17 February 2011 between the Company & Reliance Money Infrastructure Limited ('RMIL') for acquisition of infrastructure division of RMIL.

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2013

(Currency: Indian rupees)

Particulars	As at	
	31 March 2013	31 March 2012
3.2 Reserves and surplus		
Securities premium account		
Opening Balance	5,552,850,300	5,552,850,300
Add: received during the year	-	-
	<u>5,552,850,300</u>	<u>5,552,850,300</u>
Less : Amount recoverable from ESOP Trust, (2,00,000 equity shares of Rs.10 each allotted to the Trust during the year 2007-08)	312,160,000	398,000,000
Less : Amount recoverable from ESOP Trust, (50,000 equity shares of Rs.10 each allotted to the Trust during the year 2010-11)	128,490,000	149,950,000
Balance at the end of the year	<u>5,112,200,300</u>	<u>5,004,900,300</u>
Capital redemption reserve		
Balance at the beginning of the year	10,007,000	10,007,000
Less : Amount utilised towards issue of bonus shares	7,600,000	-
Balance at the end of the year	<u>2,407,000</u>	<u>10,007,000</u>
General reserve		
Balance at the beginning of the year	537,382,400	261,273,357
Add: Amount transferred from surplus	197,538,192	276,109,043
Balance at the end of the year	<u>734,920,592</u>	<u>537,382,400</u>
Surplus		
Balance at the beginning of the year	6,350,248,970	5,739,727,306
Add : Profit after tax for the year	1,975,381,922	2,761,090,431
Profit available for appropriations	<u>8,325,630,892</u>	<u>8,500,817,737</u>
Proposed dividend on equity shares	(1,612,800,000)	(1,612,800,000)
Proposed dividend on preference share	(19,999)	(19,999)
Tax on proposed dividend	(274,098,758)	(261,639,725)
Transfer to general reserve	(197,538,192)	(276,109,043)
Balance at the end of the year	<u>6,241,173,943</u>	<u>6,350,248,970</u>
Total Reserves and surplus	<u>12,090,701,835</u>	<u>11,902,538,670</u>

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2013

(Currency: Indian rupees)

Particulars	As at	
	31 March 2013	31 March 2012
3.3 Long - term Provisions		
Provision for Employee benefits:		
Provision for leave encashment	28,240,641	32,133,777
	<u>28,240,641</u>	<u>32,133,777</u>
3.4 Trade Payables		
Trade payables*	502,690,676	818,721,486
	<u>502,690,676</u>	<u>818,721,486</u>
3.5 Other current liabilities		
Statutory liabilities	62,045,072	22,133,509
Outstanding liabilities against expenses*	285,162,078	245,373,295
	<u>347,207,150</u>	<u>267,506,804</u>
<p>(*) The Company does not have any outstanding dues towards small scale industrial undertakings as at 31 March 2013. The Company did not have any outstanding dues to any micro or small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 at any point during the year that were outstanding for a period of more than 45 days from the date of acceptance (as certified by the Management).</p>		
3.6 Short - term Provisions		
Provision for Employees' benefit:		
Provision for leave encashment	45,090	1,266,459
Provision for compensated absence cost	26,244,715	25,219,185
Proposed Dividend on equity shares (including DDT thereon)	1,886,895,360	1,874,436,480
Proposed Dividend on preference shares (including DDT thereon)	23,398	23,243
Provision for income tax (net of advance tax Rs. 851,945,284 (Previous year Rs. 851,942,179))	5,382,174	5,379,069
	<u>1,918,590,737</u>	<u>1,906,324,436</u>

Reliance Capital Asset Management Limited

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as at 31 March 2013

(Currency: Indian rupees)

3.7 Fixed Assets

Assets	Gross Block (At Cost)				Depreciation				Net Block	
	As at 1.4.2012	Additions	Deductions	As at 31.03.2013	Up to 1.4.2012	During the Year	Deductions	Up to 31.03.2013	As at 31.03.2013	As at 31.3.2012
Tangible assets										
Computer	156,732,679	24,852,737	631,290	180,954,126	115,400,648	19,853,191	394,268	134,859,571	46,094,555	41,332,031
Vehicle	16,092,804	-	1,063,816	15,028,988	7,412,815	2,230,703	922,053	8,721,465	6,307,523	8,679,989
Office Equipment	138,829,584	2,138,976	7,030,440	133,938,120	70,382,825	9,496,791	3,816,002	76,063,614	57,874,506	68,446,759
Furniture	60,110,064	773,624	4,756,498	56,127,190	42,142,278	3,459,473	3,557,470	42,044,281	14,082,909	17,967,786
Leasehold Improvements	260,205,113	17,371,546	41,392,190	236,184,469	212,351,612	31,394,022	40,303,015	203,442,619	32,741,850	47,853,501
Sub Total	631,970,244	45,136,883	54,874,234	622,232,893	447,690,178	66,434,180	48,992,808	465,131,550	157,101,343	184,280,066
Intangible assets										
Software	30,106,523	37,828,986	-	67,935,509	19,449,667	11,983,463	-	31,433,129	36,502,380	10,656,856
Sub Total	30,106,523	37,828,986	-	67,935,509	19,449,667	11,983,463	-	31,433,129	36,502,380	10,656,856
Grand Total	662,076,767	82,965,869	54,874,234	690,168,402	467,139,845	78,417,643	48,992,808	496,564,679	193,603,723	194,936,922

as at 31 March 2012

Assets	Gross Block (At Cost)				Depreciation				Net Block	
	As at 1.4.2011	Additions	Deductions	As at 31.03.2012	Up to 1.4.2011	During the Year	Deductions	Up to 31.03.2012	As at 31.03.2012	As at 31.3.2011
Tangible assets										
Computer	134,378,665	22,808,748	454,734	156,732,679	90,897,368	24,897,910	394,630	115,400,648	41,332,031	43,481,297
Vehicle	16,360,168	2,575	269,939	16,092,804	4,547,092	3,053,005	187,282	7,412,815	8,679,989	11,813,076
Office Equipment	144,630,499	1,806,878	7,607,793	138,829,584	60,921,299	14,971,402	5,509,876	70,382,825	68,446,759	83,709,200
Furniture	60,725,467	826,612	1,442,015	60,110,064	38,940,829	4,285,932	1,084,483	42,142,278	17,967,786	21,784,638
Leasehold Improvements	266,993,889	6,175,038	12,963,814	260,205,113	184,191,802	41,012,389	12,852,579	212,351,612	47,853,501	82,802,087
Sub Total	623,088,688	31,619,851	22,738,295	631,970,244	379,498,390	88,220,638	20,028,850	447,690,178	184,280,066	243,590,298
Intangible assets										
Software	22,290,470	7,816,053	-	30,106,523	13,751,372	5,698,295	-	19,449,667	10,656,856	8,539,098
Sub Total	22,290,470	7,816,053	-	30,106,523	13,751,372	5,698,295	-	19,449,667	10,656,856	8,539,098
Grand Total	645,379,158	39,435,904	22,738,295	662,076,767	393,249,762	93,918,933	20,028,850	467,139,845	194,936,922	

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2013

(Currency: Indian rupees)

Particulars	Face value	Quantity	Cost / Fair Value	Quantity	Cost / Fair Value
		As at 31.03.2013	As at 31.03.2013	As at 31.03.2012	As at 31.03.2012
3.8 Investments					
3.8A Non - current investments					
A. Trade investment (valued at cost unless stated otherwise)					
Unquoted equity instruments :					
(I) Investment in subsidiaries (Unquoted, Fully paid Up)					
Reliance Asset Management (Mauritius) Limited	USD 10	196,000	87,662,225	196,000	87,662,225
Reliance Asset Management Singapore Pte Limited	SGD 1	3,896,503	138,938,224	2,000,003	57,859,056
Reliance Asset Management (U.K) PLC	GBP 1	3,240,001	250,310,980	2,540,000	189,170,760
Reliance Asset Management (Malaysia) SDN. BHD.	RM 1	15,816,962	388,356,575	9,689,322	279,473,275
Reliance Capital Pension Fund Limited	INR 10	21,250,000	212,500,000	12,000,000	120,000,000
			1,077,768,004		734,165,316
Less: Provision for Diminution in value of investments			556,411,399		-
			521,356,605		734,165,316
B. Non - Trade investment (valued at cost less provision for diminution)					
(I) Investments in equity shares (Quoted)					
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	9,240	5,004,125
			54,782,496		54,782,496
Less: Provision for diminution in value of investments			8,414,692		2,089,619
			46,367,804		52,692,877
(II) A. Investments in mutual fund (unquoted)					
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	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	29,887	298,871
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	2,838,308	110,000,000
Reliance Top 200 Fund- Growth Plan - Growth Plan	10	4,889,976	50,000,000	4,889,976	50,000,000
Reliance Natural Resource Fund - Growth Plan - Growth Option	10	2,268,542	22,685,420	2,268,542	22,685,420
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	10,000,000	100,000,000
Reliance Regular Savings Fund - Equity Plan - Institutional - Dividend Plan	10	4,188,766	110,000,000	4,188,766	110,000,000
Reliance Dual Advantage Fixed Tenure Fund I - Plan K-Growth Plan	10	5,000,000	50,000,000	5,000,000	50,000,000
			826,788,741		826,788,741
(II) B. Investments in mutual fund (Quoted)					
R* Shares CNX 100 Fund - Dividend Plan	10	360,723	20,000,000	-	-
Reliance Gold Savings Fund-Growth Plan	10	5,000,000	50,000,000	5,000,000	50,000,000
Reliance Regular Savings Fund - Debt Plan - Institutional - Dividend Plan	10	-	-	17,136,100	210,407,679
Reliance Fixed Horizon Fund - XXI Series 21 - Dividend Plan	10	-	-	5,000,000	50,000,000
Reliance Fixed Horizon Fund - XXII Series 21 - Growth Plan	10	5,000,000	50,000,000	-	-
Reliance Fixed Horizon Fund - XXII Series 28 - Growth Plan	10	5,000,000	50,000,000	-	-
Reliance Fixed Horizon Fund - XXII Series 32 - Dividend Plan	10	5,000,000	50,000,000	-	-
Reliance Fixed Horizon Fund - XXII Series 34 - Dividend Plan	10	6,250,000	62,500,000	-	-
Reliance Fixed Horizon Fund - XXII Series 38 - Direct - Growth Plan	10	5,000,000	50,000,000	-	-
Reliance Fixed Horizon Fund - XXII Series 39 - Direct - Growth Plan	10	30,000,000	300,000,000	-	-
Reliance Fixed Horizon Fund - XXIII Series 1 - Dividend Plan	10	16,000,000	160,000,000	-	-
Reliance Fixed Horizon Fund - XXIII Series 3 - Direct - Growth Plan	10	10,000,000	100,000,000	-	-
Reliance Fixed Horizon Fund - XXIII Series 9 - Direct - Growth Plan	10	10,000,000	100,000,000	-	-
			992,500,000		310,407,679
(III) Investments in debentures or bonds (Quoted)					
6.72% IRFC Tax Free bond	100,000	2,500	250,000,000	2,500	250,000,000
8.30% National Highways Authority Of India bond	1,000	61,809	61,809,000	61,809	61,809,000
8.30% PFC bond	1,000	300,000	322,748,400	-	-
			634,557,400		311,809,000
(IV) Investment in preference shares (unquoted, fully paid up)					
L&T Finance Holdings Limited - 8.75% cumulative preference shares	100	1,141,136	114,113,600	-	-
			114,113,600		-
Total Non Current Investment			3,135,684,150		2,235,863,613

Notes:

1. Quoted investments					
Aggregate of Book value			1,673,425,204		674,909,557
Aggregate of Market value / Net Asset Value			1,710,084,403		694,173,900
2. Unquoted investments					
Aggregate of Book value			1,462,258,946		734,165,316
3. Provision for diminution in value of investments			564,826,091		2,089,619

Reliance Capital Asset Management Limited

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Particulars	Face value	Quantity		Cost / Fair Value	
		As at 31.03.2013	As at 31.03.2013	As at 31.03.2012	As at 31.03.2012
3.8B Current investments					
A. At cost					
Current portion of long term investment					
(I) Investment in preference shares (unquoted)					
Clearing Corporation of India Ltd - 8% Cumulative Preference Shares - 26.03.13	10	-	-	5,000,000	50,000,000
					50,000,000
(II) Investment in debentures or bonds (unquoted)					
Goldman Sachs (India) Finance Pvt. Ltd. Redeemable NCD - 10.07.12	10,000,000	-	-	5	50,000,000
					50,000,000
(III) Investment in mutual fund (Quoted)					
Reliance Fixed Horizon Fund - XIX Series 4 - Growth Plan	10	-	-	5,000,000	50,000,000
Reliance Fixed Horizon Fund - XXI Series 4 - Dividend Payout Plan	10	-	-	60,000,000	600,000,000
Reliance Fixed Horizon Fund - XXI Series 12 - Growth Plan	10	-	-	11,000,000	110,000,000
Reliance Fixed Horizon Fund - XXII Series 1 - Growth Plan	10	-	-	4,000,000	40,000,000
Reliance Fixed Horizon Fund - XXI Series 21 - Dividend Plan	10	5,000,000	50,000,000	-	-
			50,000,000		800,000,000
B. Current investments (At cost or market value whichever is less)					
(I) Investment in mutual fund (unquoted)					
Reliance Liquid Fund - Treasury Plan-Institutional Option - Growth Option	1,000	-	-	34,779,168	899,633,260
Reliance Liquid Fund - Treasury Plan - Direct - Growth Option	1,000	171,775	490,137,046	-	-
Reliance Liquid Fund - Cash Plan - Growth Option	1,000	-	-	2,627,898	44,711,954
Reliance Medium Term Fund - Retail - Growth	10	-	-	1,351,698	30,000,000
Reliance Quarterly Interval Fund - Series II - Institutional - Growth Plan	10	-	-	13,762,162	200,000,000
Reliance Short Term Fund - Growth Plan - Growth Option	10	-	-	77,062,011	1,500,000,000
Reliance Income Fund - Growth Plan - Growth Option	10	42,026,257	855,479,393	6,010,374	200,000,000
Reliance Interval Fund - Quarterly Plan - Series I-Growth Plan	10	5,279,636	200,000,000	-	-
Reliance Yearly Interval Fund - Series 1 - Direct Plan - Growth Plan	10	30,000,000	300,000,000	-	-
Reliance Yearly Interval Fund - Series 2 - Direct Plan - Growth Plan	10	10,000,000	100,000,000	-	-
Reliance Yearly Interval Fund - Series 3 - Direct Plan - Growth Plan	10	10,000,000	100,000,000	-	-
Reliance Dynamic Bond Fund - Direct Plan - Growth Plan	10	19,118,509	300,000,000	-	-
			2,345,616,439		2,874,345,214
(II) Investment in mutual fund (quoted)					
Reliance Fixed Horizon Fund - XXII Series 15 - Growth Plan	10	10,000,000	100,000,000	-	-
Reliance Fixed Horizon Fund - XXII Series 17 - Growth Plan	10	3,000,000	30,000,000	-	-
Reliance Fixed Horizon Fund - XXII Series 36 - Growth Plan	10	7,250,000	72,500,000	-	-
			202,500,000		
Total Current Investment			2,598,116,439		3,774,345,214
Notes:					
1. Quoted investments					
Aggregate of Book value			252,500,000		800,000,000
Aggregate of Market value / Net Asset Value			267,879,350		814,727,200
2. Unquoted investments					
Aggregate of Book value			2,345,616,439		2,974,345,214

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2013

(Currency: Indian rupees)

Particulars	As at	
	31 March 2013	31 March 2012
3.9 Deferred tax assets		
<i>Deferred tax asset arising on account of timing differences in:</i>		
Depreciation on fixed assets	43,507,914	43,075,506
Employee compensation	18,534,898	19,019,071
Straightlining of lease rentals	18,698,131	21,511,028
	80,740,943	83,605,605
3.10 Long - term loans and advances		
Capital advances (Unsecured, considered good)	1,532,919	6,238,385
Loans and advances to related parties (Unsecured, considered good)		
Intercorporate deposits	7,000,000,000	7,800,000,000
Loan to ESOP trust	206,995,705	-
Other loans and advances (Unsecured, considered good)		
Loans to employees	2,050,000	7,320,871
Security deposits	153,855,168	176,860,161
Advances recoverable in cash or in kind or for value to be received	42,310,833	35,652,822
Prepaid expenses	251,630,486	62,860,677
Advance tax paid	172,004,014	178,412,080
(net of provision of income tax Rs.2,102,308,846, (Previous year Rs. 2,073,225,172))		
	7,830,379,125	8,267,344,996
3.11 Other non - current assets		
Other bank balances		
Fixed Deposits with residual maturity of more than 12 months (including accrued interest)	34,189,826	31,873,626
	34,189,826	31,873,626
The above deposits have been liened for business purpose (Refer Note 3.24)	34,189,826	31,873,626
3.12 Trade receivables		
Unsecured, Considered Good		
Outstanding for more than six months	-	-
Others	121,525,379	89,976,118
	121,525,379	89,976,118
3.13 Cash and bank balance		
Cash and cash equivalents		
Cash on hand	13,775	21,746
Balance with banks in current accounts	403,381,361	119,992,897
	403,395,136	120,014,643
3.14 Short - term loans and advances		
Loans and advances to related parties (Unsecured, considered good)	341,508	5,629,482
Others (Unsecured, considered good)		
Loans to Employees	11,573,550	7,350,000
Prepaid Expenses	217,542,601	135,551,044
Service Tax Credit-Unutilised	23,862,759	14,841,554
Advances recoverable in cash or in kind or for value to be received	305,185,579	60,014,466
	558,505,997	223,386,546
3.15 Other current assets		
Dividend receivable	24,238,750	4,257,462
Interest accrued on non convertible debentures / bond	21,751,471	8,720,328
	45,990,221	12,977,790

Reliance Capital Asset Management Limited

Notes to the accounts

for the year ended 31 March 2013

(Currency: Indian rupees)

Particulars	Year ended	
	31 March 2013	31 March 2012
3.16 Revenue from operations - Management fees		
Investment Management Fees	5,702,245,831	5,242,230,693
Portfolio Management Fees (including advisory fees)	197,570,694	171,191,397
	<u>5,899,816,525</u>	<u>5,413,422,090</u>
3.17 Other income		
Dividend on:		
Long term investment	101,902,560	276,126,299
Current investment	-	2,451,163
Profit on Sale of Investments (Net)		
Long term investment	142,779,868	12,722,680
Current investment	124,675,732	121,291,537
Interest Income		
Long term investment	24,971,318	19,037,465
Interest on Inter Corporate Deposit	817,304,109	565,007,924
Interest on income tax refund	11,789,523	9,292,137
Others	2,651,699	1,348,806
Others	849,318	2,200,072
	<u>1,226,924,127</u>	<u>1,009,478,083</u>
3.18 Employee benefit expense		
Salaries, allowances and bonus	1,227,510,503	1,090,458,485
Contribution to provident and other funds	54,953,189	48,168,525
Staff welfare expenses	42,768,112	42,282,362
	<u>1,325,231,804</u>	<u>1,180,909,372</u>

3.19 Employees Stock Option Plan (ESOP) :

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

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

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

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

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

a) Year 2007

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

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

Reliance Capital Asset Management Limited

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for the year ended 31 March 2013

b) Year 2011

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

Grant date 30 Mar 2011

Vesting schedule

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

c) Year 2011

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

Grant date 30 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 2013		As of 31 March 2012	
	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	63,800	2,000	69,650	2,000
Granted	-	-	-	-
Exercised	59,550	2,000	-	-
Cancelled or expired	-	-	5,850	2,000
Outstanding at the year end	4,250	2,000	63,800	2,000
Exercisable at end of year	4,250	2,000	38,280	2,000
b) Year 2011				
Outstanding at beginning of year	34,050	3,009	38,050	3,009
Granted	-	-	-	-
Exercised	9,765	3,009	-	-
Cancelled or expired	490	3,009	4,000	3,009
Outstanding at the year end	23,795	3,009	34,050	3,009
Exercisable at end of year	10,455	3,009	10,215	3,009
c) Year 2011				
Outstanding at beginning of year	132,075	3,009	139,800	3,009
Granted	-	-	-	-
Exercised	12,340	3,009	-	-
Cancelled or expired	4,950	3,009	7,725	3,009
Outstanding at the year end	114,785	3,009	132,075	3,009
Exercisable at end of year	13,528	3,009	13,208	3,009

(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 2013	Year ended 31 March 2012
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 year, had the Company adopted the Fair Value Method, would have been lower by Rs. 152,969,457 (net of tax saving Rs. 123,190,893) and accordingly basic and diluted EPS would have been lower by Rs. 13.78 and Rs. 13.71 respectively (previous year impact Rs. 14.74 and Rs. 14.60).

Reliance Capital Asset Management Limited

Notes to accounts

for the year ended 31 March 2013

(Currency: Indian rupees)

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

A Defined Contribution Plans:

Amount of Rs. 43,615,884 (previous year: Rs. 41,865,270) is recognised as an expense for provident fund and superannuation fund included in "Employee Costs" - refer note "3.18" of the Statement of profit and loss.

B Defined Benefit Plans:

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

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2013	2012	2013	2012
a.	Present value of Defined Benefit Obligation at the beginning of the year	41,578,818	30,902,188	33,400,236	34,535,991
b.	Interest cost	3,534,200	2,549,431	2,414,971	2,564,225
c.	Current service cost	8,992,104	6,462,830	18,101,842	20,281,124
d.	Actuarial Losses / (Gains)	10,627,455	4,861,865	(19,205,128)	(23,288,447)
e.	Benefits paid	(11,433,704)	(3,197,496)	(6,426,190)	(692,657)
f.	Present value of Defined Benefit Obligation at the close of the year	53,298,873	41,578,818	28,285,731	33,400,236

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

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2013	2012	2013	2012
a.	Fair value of Plan Assets at the beginning of the year	50,322,116	36,840,578	-	-
b.	Add: Expected return on Plan Assets	4,277,380	3,039,348	-	-
c.	Add / (Less) : Actuarial (Losses) / Gains	103,975	(1,910,194)	-	-
d.	Add: Contributions	20,035,932	15,549,880	6,426,190	692,657
e.	Less: Benefits Paid	(11,433,704)	(3,197,496)	(6,426,190)	(692,657)
f.	Fair value of Plan Assets at the close of the year	63,305,699	50,322,116	-	-

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	
		2013	2012	2013	2012
a.	Present value of Defined Benefit obligation	53,298,873	41,578,818	28,285,731	33,400,236
b.	Less: Fair value of Plan Assets	63,305,699	50,322,116	-	-
c.	Present value of unfunded obligation	(10,006,826)	(8,743,298)	28,285,731	33,400,236
d.	Net Liability/(Asset) recognised in the Balance sheet	NIL	NIL	28,285,731	33,400,236

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

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2013	2012	2013	2012
a.	Current Service Cost	8,992,104	6,462,830	18,101,842	20,281,124
b.	Interest Cost	3,534,200	2,549,431	2,414,971	2,564,225
c.	Expected return on Plan Assets	(4,277,380)	(3,039,348)	-	-
d.	Actuarial Losses / (Gains)	10,523,480	6,772,059	(19,205,128)	(23,288,447)
e.	Past service costs	-	-	-	-
f.	Effect of curtailment / settlement	-	-	-	-
g.	Adjustments for earlier years Recognised in the Statement of Profit and Loss	-	-	-	-
h.	Total	18,772,404	12,744,972	1,311,685	(443,098)

Reliance Capital Asset Management Limited

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for the year ended 31 March 2013

(Currency: Indian rupees)

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

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2013	2012	2013	2012
a.	Government of India Securities	33.74%	0.42%	UNFUNDED	UNFUNDED
b.	State Government Securities	-	-		
c.	Corporate Bonds	37.94%	74.11%		
d.	Fixed Deposit under Special Deposit Scheme	-	-		
e.	Equity Shares	19.14%	18.88%		
f.	Money market instruments	9.18%	6.59%		
g.	Public Sector Bonds	-	-		
h.	Property	-	-		
		100.00%	100.00%		

vi. Actuarial Assumptions as the Balance sheet date:

		Gratuity		Leave Benefit	
		2013	2012	2013	2012
a.	Discount Rate	8.00%	8.50%	8.00%	8.00%
b.	Expected rate of return on Plan Assets	8.00%	8.50%	-	-
c.	Salary Escalation rate -- Management Staff	5.00%	5.00%	5.00%	5.00%
d.	Attrition rate	2% at each age + 25% Service Related	1% at each age + 25% Service Related	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.

viii. Five-year information

Amounts for the current & the previous four periods are as follows:

	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Gratuity					
Defined benefit obligation	53,298,873	41,578,818	30,902,188	27,036,202	19,090,132
Fair value of plan assets	63,305,699	50,322,116	36,840,578	35,258,519	27,148,175
(Surplus) / deficit in the plan	(10,006,826)	(8,743,298)	(5,938,390)	(8,222,317)	(8,058,043)

Reliance Capital Asset Management Limited

Notes to the accounts

for the year ended 31 March 2013

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Particulars	Year ended	
	31 March 2013	31 March 2012
3.21 Administrative and other expenses		
Legal and Professional Charges	212,873,101	163,236,734
Rent	180,993,632	223,920,919
Conveyance and Travelling	64,342,670	63,401,263
Communication	67,396,999	70,269,749
Filing fees and Stamp duty	12,001,193	13,637,132
Office Administration	73,154,027	70,343,421
Membership and Subscription	30,501,632	27,383,706
Electricity	34,317,995	32,814,913
Seminar and Training	19,384,635	22,431,249
Repairs and Maintenance	17,497,985	28,659,756
Printing and Stationary	31,930,678	21,485,681
Software Repair and Maintenance	27,417,337	30,707,279
Courier charges (Refer note 2.10)	63,865,516	3,290,598
Insurance	19,527,263	7,891,069
Auditors Remuneration:		
Audit fees	1,300,000	1,100,000
Interim audit fees	500,000	-
Certification matters	28,382	126,048
Out of pocket expenses	-	33,519
Director Sitting Fees	861,091	460,000
Donation	25,000	690,000
Net loss on Foreign Currency Transactions and Translations	1,326,388	2,801,690
Outsourced services for schemes (Refer note 2.10)	291,326,225	4,107,583
Miscellaneous Expenses	12,428,602	2,044,510
Loss on sale of fixed assets (Net)	3,724,855	1,718,467
Rates and Taxes	9,508,659	56,800
	<u>1,176,233,865</u>	<u>792,612,086</u>
3.22 Marketing and publicity expenses		
Marketing expenses	212,942,475	158,901,515
Advertisement	88,238,542	33,920,244
Brokerage and Incentives	1,102,512,110	785,951,780
	<u>1,403,693,127</u>	<u>978,773,539</u>
3.23 Future minimum lease payments in respect of non-cancellable operating lease for premises:		
	2013	2012
a) Not later than one year	1,640,976	28,006,184
b) Later than one year and not later than five years	199,500	-
c) Later than five years	-	-
	<u>1,840,476</u>	<u>28,006,184</u>
3.24 Contingent liability and commitments:		
	2013	2012
a) Contingent liability		
Guarantees to Banks and Financials Institutions (against FD)	101,739,034	101,692,465
Claims against the Company not acknowledged as debts	24,406,126	22,682,732
Income tax demand not acknowledged as debts	10,682,389	10,682,389
	<u>136,827,549</u>	<u>135,057,586</u>
b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided.	1,225,061	35,240,308

Reliance Capital Asset Management Limited

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3.25 Related Party Disclosure:

(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 Asset Management (Malaysia) SDN BHD	
7	Reliance Capital Pension Fund Limited	Subsidiary
8	Reliance General Insurance Company Ltd.	Fellow Subsidiary
9	Reliance Money Express Ltd.	
10	Reliance Gilts Ltd.	
11	Reliance Capital Trustee Co Ltd	
12	Reliance Composite Insurance Broking Limited	
13	Reliance Venture Asset Management Private Ltd (formerly Reliance Technology Ventures Pvt. Ltd.)	
14	Reliance Money Precious Metals Private Limited (formerly 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 Limited (formerly Reliance Home Finance Pvt Ltd)	
19	Reliance Capital (Singapore) Pte Ltd	
20	Quant Investments Services 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	
29	Quant Commodities Private Limited	
30	Quant Commodity Broking Private Limited	
31	Quant Securities Private Limited	
32	Reliance Exchangenext Limited	
33	Indian Agri Services Private Limited	
34	Emerging Money Mall Limited	
35	Reliance Spot Exchange Infrastructure Limited	
36	Reliance Wealth Management Limited	
37	Reliance Investment Banking Services Limited	
38	QOPPA Trading Private Limited	
39	QCAP Trade Private Limited (Formerly Valankulam Investments and Trading Private Limited)	
40	Quant Alternative Asset Management Private Limited	

Reliance Capital Asset Management Limited

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(Currency: Indian rupees)

(ii) Transaction during the year with related parties:

Sr. No.	Nature of Transaction	Holding Company	Subsidiaries	Fellow Subsidiary	Total
I	Transactions during the year				
A	Investments in equity shares				
	Reliance Capital Pension Fund Ltd	-	130,000,000	-	130,000,000
		-	-	-	-
	Reliance Asset Management (U.K) PLC	-	61,140,220	-	61,140,220
		-	-	-	-
	Reliance Asset Management Singapore Pte Ltd	-	81,079,168	-	81,079,168
		-	-	-	-
	Reliance Asset Management (Malaysia) SDN.BHD.	-	108,883,300	-	108,883,300
		-	(87,778,275)	-	(87,778,275)
B	Inter corporate deposit given				
	Reliance Capital Ltd.	-	-	-	-
		(5,000,000,000)	-	-	(5,000,000,000)
C	Repayment of inter corporate deposit				
	Reliance Capital Limited	800,000,000	-	-	800,000,000
		-	-	-	-
D	Sale of equity shares of Reliance Capital Pension Fund Ltd				
	Reliance Gilts Limited	-	-	38,775,000	38,775,000
		-	-	-	-
E	Refund of security deposit				
	Reliance Capital Limited	-	-	-	-
		(2,500,000)	-	-	(2,500,000)
F	Portfolio Management Fees				
	Reliance Asset Management (Singapore) Pte Ltd	-	-	-	-
		-	(507,846)	-	(507,846)
G	Interest income				
	Reliance Capital Ltd.	817,304,109	-	-	817,304,109
		(565,007,924)	-	-	(565,007,924)

Reliance Capital Asset Management Limited

Notes to accounts

for the year ended 31 March 2013

(Currency: Indian rupees)

(ii) Transaction during the year with related parties:

Sr. No.	Nature of Transaction	Holding Company	Subsidiaries	Fellow Subsidiary	Total
H	Rent and Other Expenses Reliance General Insurance Company Ltd.	- -	- -	5,999,836 (1,267,011)	5,999,836 (1,267,011)
I	Insurance Charges (net of claims received) Reliance General Insurance Company Ltd.	- -	- -	9,172,671 (9,479,698)	9,172,671 (9,479,698)
J	Travelling expenses Reliance Money Express Ltd.	- -	- -	2,911,900 (1,494,493)	2,911,900 (1,494,493)
K	Brokerage Reliance Securities Ltd Quant Broking Private Limited	- - - -	- - - -	- (17,029) 98,811 -	- (17,029) 98,811 -
L	Reimbursement of Expenses charged Reliance Capital Limited Reliance Capital Pension Fund Limited Reliance General Insurance Company Ltd. Reliance Securities Limited	589,764 (767,790) - - - - -	- - 3,351,788 (3,077,332) - - - -	- - - - (161,000) - (5,772)	589,764 (767,790) 3,351,788 (3,077,332) (161,000) (5,772)
M	Reimbursement of Expenses paid Reliance Capital Limited Reliance General Insurance Company Ltd.	16,294,788 (21,349,941) - -	- - - -	- - 156,704 (133,914)	16,294,788 (21,349,941) 156,704 (133,914)
N	Management fees Reliance Capital Limited	60,000,000 (60,000,000)	- -	- -	60,000,000 (60,000,000)
O	Sale of Fixed Assets Reliance Capital Pension Fund Limited	- -	11,410 -	- -	11,410 -

Reliance Capital Asset Management Limited

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for the year ended 31 March 2013

(Currency: Indian rupees)

(ii) Transaction during the year with related parties:

Sr. No.	Nature of Transaction	Holding Company	Subsidiaries	Fellow Subsidiary	Total
II	Balances outstanding at the end of the year				
A	Other current liabilities				
	Reliance Capital Limited	-	-	-	-
		(17,060,951)	-	-	(17,060,951)
B	Loans and advances to Related Parties				
	Reliance Capital Limited	7,000,000,000	-	-	7,000,000,000
		(7,800,000,000)	-	-	(7,800,000,000)
	Reliance General Insurance Company Ltd.	-	-	341,508	341,508
		-	-	(5,629,482)	(5,629,482)
C	Trade Receivables				
	Reliance Asset Management (Singapore) Pte Ltd	-	-	-	-
		-	(507,846)	-	(507,846)

Refer note 3.8A for investment in subsidiaries

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

(Previous year figures are in brackets)

Reliance Capital Asset Management Limited

Notes to the accounts

for the year ended 31 March 2013

(Currency: Indian rupees)

3.26 Earning Per Share (EPS)

	2013	2012
Net profit attributable to equity shareholders (after preference dividend)	1,975,358,524	2,761,067,188
Weighted average number of equity shares outstanding	11,101,655	10,510,000
Basic EPS	177.93	262.71
Effect of potential equity shares on exercise of employee stock	58,775	100,229
Weighted average number of equity shares outstanding	11,160,430	10,610,229
Diluted EPS	177.00	260.23

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

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

	2013	2012
Salary and Benefits	26,796,589	19,375,220
Travelling	5,028,446	3,016,206
Professional Fees and Consultancy	33,592,477	2,344,535
Other Expenses	6,051,752	14,345,513
	71,469,264	39,081,474

3.28 Earnings in foreign currency:

	2013	2012
PMS Advisory Fees	7,343,125	9,820,864
	7,343,125	9,820,864

3.29 Segment Reporting

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

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

- 3.30 Pursuant to the approval of the Board of Directors at its meeting held on 13 April 2012 and approval of the shareholders in the Extra Ordinary General meeting held on 9 May 2012, the Company has issued 760,000 bonus shares to all its shareholders except to Reliance Capital Limited, the holding company (pursuant to the waiver received from Reliance Capital Limited) in the ratio of 1:1 equity shares of Rs 10 each by way of capitalization of sum standing to the credit of capital redemption reserve in the books of the Company.

The Company has proposed final dividend of Rs. 140 (P.Y. Rs. 140) per equity share for the year ended 31 March 2013.

3.31 Dividend remittances in foreign currency:

	2013	2012
Year to which dividend relates	FY 2011-12	FY 2010-11
Amount remitted during the year (Rs.)*	490,728,000	76,500,000
Number of non-resident shareholders	2	1
Number of shares on which dividend was due	3,505,200	510,000

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

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

Reliance Capital Asset Management Limited

Notes to the accounts

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3.33 Exceptional items disclosed in the statement of profit and loss amounting to Rs. 556,411,399 pertaining to provision for diminution of investments in subsidiaries.

3.34 Figures of previous year have been regrouped, wherever required.

As per our report of even date attached

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**

N Sampath Ganesh

Partner

Membership No. 042554

Soumen Ghosh

Director

Kanu Doshi

Director

Sundeep Sikka

Chief Executive Officer

Prateek Jain

Chief Financial Officer

Mumbai, 19 April 2013

Ajay Patel

Manager