

**RELIANCE CAPITAL
ASSET MANAGEMENT LIMITED**

ANNUAL REPORT

2013-14

Directors' Report

To the Members,

Your Directors take pleasure in presenting their Nineteenth Annual Report on the business and operations of your Company, together with the audited Statement of Accounts, for the year ended March 31, 2014.

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, 2014, 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, 2014 are as follows:

(In Rs.)

Description	Consolidated		Standalone	
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013
Gross Income	774,91,60,540	734,60,90,153	7,801,760,231	7,126,740,652
Profit before exceptional item and tax	352,14,11,014	289,58,91,681	3,893,717,787	3,136,839,140
Exceptional Items	-	-	57,565,191	556,411,399
Profit before tax	352,14,11,014	289,58,91,681	3,836,152,596	2,580,427,741
Provision for taxation	79,93,73,014	60,31,71,553	(797,910,196)	(602,181,156)
Provision for Deferred Tax Asset/ (Liability)	11,81,486	(28,64,117)	1,181,487	(2,864,663)
Profit After Tax before share of minority shareholders	272,32,19,484	228,98,56,011	3,039,423,887	1,975,381,922

Share of Minority Shareholders	481,989	379,418	-	-
Net Profit	272,27,37,495	2,289,476,593	3,039,423,887	1,975,381,922
Balance carried to Balance Sheet	6,722,670,943	6,325,549,435	6,954,981,841	6,241,173,943
Basic EPS of Rs.10 each	246.60	206.26	275.28	177.93
Diluted EPS of Rs.10 each	245.47	205.17	274.03	177.00

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 28, 2014, 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, 2014 (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 2013-2014, your Directors recommend the declaration and payment of dividend of Rs. 150/- (Rupees One Hundred and Fifty only) per equity share of Rs.10/- each, thereby entailing the total payout of Rs. 2,021,673,600/- (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 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. 303,942,389/- is to be transferred to the General Reserves of the Company.

OPERATIONAL HIGHLIGHTS

ASSET MANAGEMENT:

In terms of the authorization from SEBI, your Company acts as the asset manager to Reliance Mutual Fund ('RMF'), which is the third largest Mutual Fund in India, in terms of the Quarterly Average Assets Under Management ('QAAUM') as on March 31, 2014.

The QAAUM of RMF as on March 31, 2014 was approx. Rs.103,542 Crores comprising of Rs 24,587 Crores under Equity, Rs. 52,021 Crores under Debt, Rs. 24,703 Crores under Liquid asset classes and Rs 2,230 Crores under Gold. The QAAUM of RMF as on March 31, 2013 was approx. Rs. 94,580 Crores comprising of Rs 27,186 Crores under Equity, Rs. 47,029 Crores under Debt, Rs. 17,440 Crores under Liquid asset classes and Rs. 2,926 Crores under Gold. While the overall QAAUM of RMF has shown positive growth of around 9.48% during the financial year 2013-14, the QAAUM under the debt asset class has grown by approx. 10.61%.

During the year under review, the Indian Mutual Fund Industry witnessed an overall positive growth of approx 10.76% in terms of QAAUM, from an amount of approx. Rs. 816,657 Crores on March 31, 2013 to an amount of approx. Rs.904,549 Crores on March 31, 2014. (Source: AMFI).

NEW SCHEMES LAUNCHED:

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

- Reliance Half Yearly Interval Fund
- Reliance Fixed Horizon Fund XXIV
- Reliance Fixed Horizon Fund XXV
- Reliance Fixed Horizon Fund XXVI
- Reliance Dual Advantage Fixed Tenure Fund IV
- Reliance Dual Advantage Fixed Tenure Fund V
- R*Shares Nifty ETF
- Reliance Close Ended Equity Fund
- Reliance Interval Fund - II

As on March 31, 2014, RMF has a well rounded portfolio of 55 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 AUM of the Portfolio Management business of the Company (including discretionary and advisory services and also including EPFO portfolio) stood at Rs.85,065 Crores as against Rs. 72,231 Crores for the last financial year. The PMS business received a sum of Rs.20 Crores as fee income for the year end March 31, 2014.

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 via both PMS and AIF platform in Financial Year 2015.

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, 2014, stood at Rs. 83,558 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 2014, were in excess of 58.59 Lakhs (as of December 2013) as compared to 44.94 Lakhs during the previous year. Further, the subscribers under Private sector of NPS schemes, as of 31st March 2013, were in excess of 3.41 Lakhs as compared to around 69,000 as of previous year.

The overall assets managed by the NPS industry, as of 31st March 2014, were Rs. 48,104.57 Crores as compared to around Rs.29,836.59 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. 582.13 Crores last year to Rs. 1081.80 Crores as of 31st March 2014.

The assets under management of RCPFL during the current fiscal year almost doubled to Rs. 43.58 Crores as compared to Rs. 22.52 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, 2013.

ALTERNATIVE INVESTMENT BUSINESS

An area of great interest to your company is the Alternate Asset space. The term Alternate Assets, is generally used to describe all assets other than the conventional listed equity and investment grade debt. Hence this includes non conventional / non benchmarked strategies in equities, non investment grade debt / high yield debt, assets like real estate, commodities, distress debt, etc.

Globally, Alternate Assets has been the fastest growing space in the investment management industry, especially since 2008. Importantly these assets are more profitable than conventional assets. In India too this space has been growing very rapidly. Your Directors believe that this space offers immense opportunities and your company is actively

working to capture opportunities in this space. Towards this end, your Company is working towards launching an AIF offering in the Real Estate space. It is also intended to follow this up with other offerings/ launches.

INTERNATIONAL BUSINESS:

Global economic environment

The global economy continued to drag on the path of growth recovery helped by monetary policy by the major central bankers. Majority of the central bankers' pumped significant amount of liquidity to support the global economy. There are signs of pickup in global growth led by improvement in housing and labor market of US economy. Going forward we expect FY15 to be a strong year in terms of economy and market participation based on the forward looking financial reforms and improvements in the key pressure points like CAD and Inflation.

Opportunities

Foreign Institutional Investors (FIIs) have invested over Rs. 51,600 Cr (Source SEBI Website, US\$ 8.62 Bn @ 59.93) across Indian equity and debt markets in FY 14. In this year, FII Debt limits were enhanced further from USD 5 Bn to USD 10 Bn within the Government Debt category. Overall, the FII Debt limit stands at USD 51 Bn for Corporate Debt and USD 30 Bn for Government Debt. The enhanced limit will provide opportunities for foreign investors to invest in Indian Government securities.

Your Company continues to increase its business in Japan through Nissay Asset Management, subsidiary of Nippon Life by launching joint products. In this regard, products in Equity and Debt categories have been launched.

Your Company has also received SEBI's approval to set up a UCITS investment management company for which the process has already begun. Also, we continue to tap institutional investors from US, Middle-East and Asia.

SINGAPORE:

Your Singapore subsidiary, Reliance Asset Management (Singapore) Pte Ltd. ('RAMS'), which established its business in Singapore in the year 2006 has closed the financial year with USD 766 mn assets under management.

Equity Capability

During the year under review, RAMS will continue to act as the offshore investment manager but has realigned its equity strategies to be advised by RCAM from India, to take advantage of the Regulations 24 of SEBI (Mutual Fund) Regulations 1996.

Fixed Income Capability

During the year under review, RAMS continues to focus on the Fixed Income space. The Fixed Income achievements can be summarized as under:

- Successful investments of over USD 600 mn in Fixed Deposits Funds (FD).
- Developed new FD product to include investments beyond Indian banks/issuers thus expanding its product offering horizon.
- FMPs over USD 90mn with the rest being matured in line with the investment objectives.
- Capitalising on strategic partnership with Nippon/Nissay to launch open ended bond funds for investors.

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 ('EIIIL'), the Mauritius based.

MALAYSIA AND UNITED KINGDOM:

On October 26, 2013, the Board of Directors of your Company has decided to wind down the operations of Reliance Asset Management (Malaysia) SDN BHD ("RAMMY") and Reliance Capital Asset Management UK Plc. ("RAMUK"), wholly owned subsidiaries of the Company, domiciled in Malaysia and United Kingdom respectively. The Company had decided upon this, keeping in view the long-term strategy of profitable growth.

The liquidation of RAMMY is currently under process & the Company has made a provision for diminution of Rs. 5.48 Crores in the current financial year. This is in addition to provision of Rs. 31.46 Crores made in the previous year

In case of RAMUK, the Company has made an application for surrender of FCA license and is awaiting regulatory approvals.

AWARDS AND RECOGNITION

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

1. Tata Institute of Social Sciences Awards

RCAM was awarded the '**Best Corporate University - Silver**' among all the industry sectors at the **Annual CLO Awards organized by Tata Institute of Social Sciences**.

2. Lipper Awards

Reliance Mutual Fund schemes were conferred with Best Fund Awards in respective categories at **Lipper Fund Awards, 2013 (India)** at a high profile event in Mumbai on July 19, 2013.

Details of the awards are as follows:-

In the Mixed Asset INR Aggressive –

Reliance Regular Savings Fund – Balanced Option managed by **Amit Tripathi & Sanjay Parekh**, awarded Best Fund for 5 year period

In the Mixed Asset INR Aggressive –

Reliance Monthly Income Plan managed by **Amit Tripathi & Sanjay Parekh**, awarded Best Fund for 5 year period

In the Equity India Classification –

Reliance Growth Fund managed by **Sunil Singhania**, awarded Best Fund for 10 year period

In the Equity Sector Banks & Other Financials Classification –

Reliance Banking Fund managed by **Sanjay Parekh & Shrey Loonker**, awarded Best Fund for 3 year period.

3. Legal Counsel Congress & Awards 2014

The legal team of RCAM led by Mr. Muneesh Sud has bagged “**Best Corporate M&A Deal of the Year Award**” in respect of RCAM's Equity stake sale of 26% in favor of Nippon Life Insurance. The Awards ceremony which was held on 13th March, 2014 were organized under the banner of "Legal Counsel Congress & Awards-2014".

4. Legal Era

RCAM's Legal Team has been adjudged as the “**Best In-House Legal Team of the Year**” under the Asset Management Category. The Awards ceremony, which were held on 15th March 2014 were organized by Legal Era, for the year 2013-14.

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 18% since 1999, with Rs 9.05 Lakh Crores of assets as per quarter ended March 2014.

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 54% 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, 2014, your Company had five (6) subsidiaries. Four of such subsidiaries are overseas, one being each in Singapore, Malaysia, U.K. and Mauritius and the fifth and sixth subsidiaries being in India. All the subsidiaries of the Company are engaged in financial services and related activities.

During the year under review, the entire paid up Share Capital of the Reliance AIF Management Company Limited [RAIF] (consisting of 10,000 number of equity shares of Rs. 10/- each) was acquired by your Company on September 30, 2013 from the previous equity share holders of RAIF. By virtue of the said acquisition, RAIF has become a wholly owned subsidiary of the Company. On September 30, 2013, your Company has also acquired 500,000 number of Equity Shares of Rs. 10/- each of RAIF.

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 wound up/ liquidated, as appropriate.

FIXED DEPOSITS

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

DIRECTORS

During the year under review, Mr. Yutaka Ideguchi resigned from his position as a Director on the Board of Directors of the Company w.e.f. June 27, 2013. Your Board places on record, its deep appreciation for the valuable contributions made by Mr. Ideguchi during his association with the Company. In terms of the provisions of Section 262 of the Companies Act, 1956, Mr. Shinichi Okamoto was appointed as a Director of the Company in place of Mr. Yutaka Ideguchi w.e.f. June 27, 2013.

In terms of the provisions of Section 262 of the Companies Act, 1956, Mr. Shinichi Okamoto would hold office as such, only up to the date up to which Mr. Yutaka Ideguchi would have held office if it had not been vacated as aforesaid. Accordingly, in terms of Section 152 of the Companies Act, 2013, his term of office will expire on the date of the ensuing Annual General Meeting of the Company. The Board recommends the appointment of Mr. Shinichi Okamoto as a Director of the Company, liable to retire by rotation.

In terms of the requirements of the provisions of Section 152 of the Companies Act, 2013, 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.

Further, in view of the requirements of Section 149 of the Companies Act, 2013, the previously approved appointments of two existing Independent Directors' i.e. Mr. Kanu Doshi and Mr. S.C. Tripathi, is required to be confirmed at the ensuing Annual General Meeting of the Company for a period of five years w. e. f. 1st April, 2014.

BOARD AND COMMITTEE MEETINGS

During the year under review, eight (8) meetings of the Board of Directors of the Company were held. In addition, six (6) 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, such as 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 Committee 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. Shinichi Okamoto and Mr. Soumen Ghosh.

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

AUDITORS' OF THE COMPANY – STATUTORY AND INTERNAL

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

STATUTORY AUDITORS

During the year, the name of the Statutory Auditors of the Company has been changed from M/s. B S R & Co. to M/s. B S R & Co. LLP.

M/s. B S R & Co. LLP, 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. LLP 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 139 of the Companies Act, 2013.

In terms of Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, your Directors hereby recommends the appointment of M/s. B S R & Co. LLP, Chartered Accountants as the Statutory Auditors of the Company for a period of four year i.e. from the conclusion of ensuing Annual General Meeting of the Company, subject however to review & confirmation by members at every Annual General Meeting of the Company.

INTERNAL AUDITORS

M/s. Vinay Doshi & Co., Chartered Accountants are acting as the Internal Auditors of the Company. Your Directors recommend their re-appointment as such for the financial year 2014-2015.

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 2013-14. The Board recommends their re-appointment as such for the financial year 2014-2015.

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 2013-14. Your Directors recommend their re-appointment as such for the financial year 2014-2015.

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. 48,564,666. The Company spent foreign exchange equivalent to Rs. 171,727,131.

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, 2014, 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, 2014 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 towards creation of knowledge for the benefit of all the stakeholders. It is our firm belief that the growth of an organization is largely dependent on the growth of its individuals. Policies in your Company are employee oriented and devised with our "People First" philosophy in mind.

Your Company had 832 numbers of employees as at March 31, 2014.

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 28, 2014



Director



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 2014, 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 2014;
- 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 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

28 April 2014
Mumbai

Milind Ranade
Partner
Membership No: 100564

Reliance Capital Asset Management Limited

Annexure to the Independent Auditor's Report – 31 March 2014

(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 investment 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 weakness 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 paragraph 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 the Independent Auditor's Report – 31 March 2014

(Referred to in our report of even date)

- 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, Excise Duty and Customs Duty.
- ix. (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 2014 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, 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.
- 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 **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W

28 April 2014
Mumbai

Milind Ranade
Partner
Membership No: 100564

Reliance Capital Asset Management Limited

Balance Sheet

as at 31 March 2014

(Currency: Indian rupees)

	Note	31 March 2014	As at 31 March 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3.1	112,700,000	114,699,900
Reserves and surplus	3.2	13,178,452,122	12,090,701,835
		13,291,152,122	12,205,401,735
Non Current Liabilities			
Long - term provisions	3.3	23,506,128	28,240,641
		23,506,128	28,240,641
Current Liabilities			
Trade payables	3.4	730,429,292	502,690,676
Other current liabilities	3.5	332,506,316	347,207,150
Short - term provisions	3.6	2,053,775,247	1,918,590,737
		3,116,710,855	2,768,488,563
TOTAL		16,431,369,105	15,002,130,939
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	3.7	110,929,611	157,101,343
Intangible assets	3.7	25,574,407	36,502,380
Non - current investments	3.8A	3,240,049,934	3,135,684,150
Deferred tax assets	3.9	81,922,429	80,740,943
Long - term loans and advances	3.10	1,067,035,917	7,830,379,125
Other non - current assets	3.11	36,635,340	34,189,826
		4,562,147,638	11,274,597,767
Current assets			
Current investments	3.8B	4,297,221,801	2,598,116,439
Trade receivables	3.12	87,515,490	121,525,379
Cash and bank balance	3.13	309,598,416	403,395,136
Short - term loans and advances	3.14	7,042,156,532	558,505,997
Other current assets	3.15	132,729,228	45,990,221
		11,869,221,467	3,727,533,172
TOTAL		16,431,369,105	15,002,130,939

As per our report of even date attached

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W

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

Milind Ranade
Partner
Membership No. 100564

Soumen Ghosh
Director

Kanu Doshi
Director

Sundeep Sikka
Chief Executive Officer

Prateek Jain
Chief Financial Officer

Mumbai, 28 April 2014

Ajay Patel
Manager

Reliance Capital Asset Management Limited

Statement of Profit and Loss

for the year ended 31 March 2014

(Currency: Indian rupees)

	Note	For the period ended 31 March 2014	For the year ended 31 March 2013
Income			
Revenue from operations - management fees	3.16	6,618,042,633	5,899,816,525
Other income	3.17	1,183,717,598	1,226,924,127
Total revenue		7,801,760,231	7,126,740,652
Expenditure			
Employee benefits expense	3.18	1,365,573,911	1,325,231,804
Administrative and other expenses	3.21	1,530,660,681	1,176,233,865
Marketing and publicity expenses	3.22	940,073,456	1,403,693,127
Depreciation	3.7	71,734,396	78,417,643
Diminution in value of long term investments		-	6,325,073
Total expenses		3,908,042,444	3,989,901,512
Profit before exceptional items and tax		3,893,717,787	3,136,839,140
Exceptional items (refer note 3.33)		57,565,191	556,411,399
Profit before tax		3,836,152,596	2,580,427,741
Income tax expense			
Current tax (Net of MAT credit entitlement)		(797,000,000)	(605,744,875)
Reversal of previous year provision		(910,196)	3,563,719
MAT credit asset		398,576,034	304,407,718
MAT credit utilised		(398,576,034)	(304,407,718)
Deferred tax credit		1,181,487	(2,864,663)
Profit After Tax		3,039,423,887	1,975,381,922
Basic earning per share of Rs. 10 each	3.26	275.28	177.93
Diluted earning per share of Rs. 10 each	3.26	274.03	177.00

As per our report of even date attached

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

Chartered Accountants

Firm's Registration No. 101248W

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

Milind Ranade

Partner

Membership No. 100564

Soumen Ghosh

Director

Kanu Doshi

Director

Sundeep Sikka

Chief Executive Officer

Prateek Jain

Chief Financial Officer

Mumbai, 28 April 2014

Ajay Patel

Manager

Reliance Capital Asset Management Limited

Cash Flow Statement

for the year ended 31 March 2014

(Currency: Indian rupees)

Particulars	For the period ended 31 March 2014 (Audited)	For the year ended 31 March 2013 (Audited)
A. Cash flow from operating activities		
Profit before tax as per statement of profit and loss	3,836,152,596	2,580,427,741
Adjusted for		
Depreciation	71,734,396	78,417,643
Provision for Wealth Tax	15,849	33,075
Dividend Income	(216,374,229)	(101,902,560)
Interest Income	(718,264,441)	(856,716,649)
(Profit) / Loss on sale of Investment (Net)	(247,425,475)	(267,455,600)
Net (gain) or Loss on Foreign Currency Transactions & Translations	2,567,736	1,326,388
Diminution in Value of Investments	57,565,191	562,736,472
Loss on sale of Fixed Assets	9,905,759	3,724,855
	<u>(1,040,275,216)</u>	<u>(579,836,376)</u>
Operating Profit before Working Capital changes	2,795,877,380	2,000,591,365
(Increase) / Decrease in Long Term Loans & Advances	(218,595,855)	(162,446,490)
(Increase) / Decrease in Other Non Current Assets	(2,445,514)	(2,316,200)
(Increase) / Decrease in Trade Receivable	34,009,889	(31,549,261)
(Increase) / Decrease in Short Term Loans & Advances	(214,950,524)	(335,119,452)
Increase / (Decrease) in Long term provisions	(4,734,514)	(3,893,136)
Increase / (Decrease) in Short term provisions	429,668	(195,838)
Increase / (Decrease) in Trade payables	227,738,616	(316,030,810)
Increase / (Decrease) in Other Current Liabilities	(17,268,570)	78,373,958
	<u>(195,816,806)</u>	<u>(773,177,229)</u>
Cash generated from Operations	2,600,060,574	1,227,414,136
Taxes Paid	(804,504,943)	(732,770,519)
Refund received (including interest)	13,365,358	148,756,982
Net Cash from Operating Activities	1,808,920,988	643,400,599
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(27,642,026)	(82,965,869)
Sale of Fixed Assets	3,101,577	2,156,571
Inter Corporate Deposit received	4,500,000,000	800,000,000
Inter Corporate Deposit given	(3,750,000,000)	-
Loan to ESOP Trust (net of repayment)	26,452,605	(99,695,705)
Purchase of Investments	(16,931,709,047)	(14,027,345,063)
Investment in Subsidiaries	(67,363,921)	(381,102,688)
Sale of Investments	15,385,462,099	14,350,800,116
Sale of Investments in Subsidiaries	-	38,775,000
Interest Received	607,286,684	831,895,983
Dividend Received	240,612,979	81,921,272
	<u>240,612,979</u>	<u>81,921,272</u>
Net Cash from / (used in) Investing Activities	(13,799,050)	1,514,439,617
C. Cash Flow from Financing Activities		
Redemption of Preference Share Capital	(1,999,900)	-
Dividend paid including DDT	(1,886,918,758)	(1,874,459,723)
	<u>(1,886,918,758)</u>	<u>(1,874,459,723)</u>
Net Cash from / (used in) Financing Activities	(1,888,918,658)	(1,874,459,723)
Net increase/(decrease) in cash and cash Equivalents (A+B+C)	(93,796,720)	283,380,493
Opening Balance of Cash and Cash Equivalents	403,395,136	120,014,643
Closing Balance of Cash and Cash Equivalents	309,598,416	403,395,136
Cash and cash equivalents comprising of :		
Cash on Hand	85,775	13,775
Balance with banks in Current Accounts	309,205,842	403,133,439
Effect of exchange differences on balances with banks in foreign currency	306,799	247,922
	<u>306,799</u>	<u>247,922</u>
Total	309,598,416	403,395,136

As per our report of even date attached

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

Chartered Accountants

Firm's Registration No. 101248W

For and on behalf of the Board of Directors

Reliance Capital Asset Management Limited

Milind Ranade
Partner
Membership No. 100564

Soumen Ghosh
Director

Kanu Doshi
Director

Sundeep Sikka
Chief Executive Officer

Prateek Jain
Chief Financial Officer

Mumbai, 28 April 2014

Ajay Patel
Manager

Reliance Capital Asset Management Limited

Significant accounting policies and notes to the accounts

for the year ended 31 March 2014

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 2014 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 2014

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 2014

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. 195,720,799 (P.Y. Rs. 594,296,833) as at 31 March 2014.

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 2014

(Currency: Indian rupees)

3.1 Share Capital

Particulars	As at	
	31 March 2014	31 March 2013
Authorised		
Equity shares, Rs.10 par value		
12,000,000 (12,000,000) equity shares	120,000,000	120,000,000
Preference shares, Rs.100 par value		
350,000 (350,000) preference shares	35,000,000	35,000,000
	155,000,000	155,000,000
Issued, subscribed and paid up		
Equity Shares, Rs.10 par value		
11,520,000 (11,520,000 shares) equity shares fully paid up	115,200,000	115,200,000
Less : Amount recoverable from Reliance Capital Asset Management Employee Benefits Trust ("ESOP Trust"), (2,00,000 Equity Shares of Rs.10 each allotted to the Trust during the year 2007-08)	2,000,000	2,000,000
Less : Amount recoverable from ESOP Trust (50,000 equity shares of Rs.10 each allotted to ESOP Trust during the year 2010-11)	500,000	500,000
	112,700,000	112,700,000
Preference shares, Rs.100 par value		
NIL (19,999 shares) 1% Non-Cumulative Redeemable Preference shares of Rs.100 each	-	1,999,900
	-	1,999,900
Total Share Capital	112,700,000	114,699,900

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2014

(Currency: Indian rupees)

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

Name of the shareholder	As at			
	31 March 2014		31 March 2013	
	No. of shares	% held	No. of shares	% held
Reliance Capital Limited ('Holding Company')	7,514,800	65.233%	7,514,800	65.233%
Nippon Life Insurance Company	2,995,200	26.000%	2,995,200	26.000%

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

Particulars	As at			
	31 March 2014		31 March 2013	
	No. of shares	Amount	No. of shares	Amount
Equity shares at the beginning	11,520,000	115,200,000	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	11,520,000	115,200,000

Particulars	As at			
	31 March 2014		31 March 2013	
	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	(19,999)	(1,999,900)	-	-
Preference shares at the end	-	-	19,999	1,999,900

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

Name of the shareholder	As at			
	31 March 2014		31 March 2013	
	No. of shares	% held	No. of shares	% held
Reliance Securities Limited	-	-	1,899	9.50%
Reliance CWT India Limited	-	-	1,900	9.50%
Emerging Money Mall Limited	-	-	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.

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

1. 19,999 1% Non-Cumulative Redeemable Preference shares of Rs.100 each have been redeemed in the current financial year as per the terms of the agreement at the face value.

2. 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.

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2014

(Currency: Indian rupees)

Particulars	As at	
	31 March 2014	31 March 2013
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 ESOP Trust during the year 2007-08)	256,160,000	312,160,000
Less : Amount recoverable from ESOP Trust (50,000 equity shares of Rs.10 each allotted to ESOP Trust during the year 2010-11)	114,490,000	128,490,000
Balance at the end of the year	<u>5,182,200,300</u>	<u>5,112,200,300</u>
Capital redemption reserve		
Balance at the beginning of the year	2,407,000	10,007,000
Less : Amount utilised towards issue of fully paid equity shares	-	7,600,000
Add: Amount transferred from General Reserve for redemption of preference shares	1,999,900	-
Balance at the end of the year	<u>4,406,900</u>	<u>2,407,000</u>
General reserve		
Balance at the beginning of the year	734,920,592	537,382,400
Add: Amount transferred from surplus	303,942,389	197,538,192
Less: Amount transferred to Capital Redemption Reserve for redemption of preference shares	1,999,900	-
Balance at the end of the year	<u>1,036,863,081</u>	<u>734,920,592</u>
Surplus		
Balance at the beginning of the year	6,241,173,943	6,350,248,970
Add : Profit after tax for the year	3,039,423,887	1,975,381,922
Profit available for appropriations	<u>9,280,597,830</u>	<u>8,325,630,893</u>
Proposed dividend on equity shares	(1,728,000,000)	(1,612,800,000)
Proposed dividend on preference share	-	(19,999)
Tax on proposed dividend	(293,673,600)	(274,098,758)
Transfer to general reserve	(303,942,389)	(197,538,192)
Balance at the end of the year	<u>6,954,981,841</u>	<u>6,241,173,943</u>
Total Reserves and surplus	<u><u>13,178,452,122</u></u>	<u><u>12,090,701,835</u></u>

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2014

(Currency: Indian rupees)

Particulars	As at	
	31 March 2014	31 March 2013
3.3 Long - term Provisions		
Provision for Employee benefits:		
Provision for leave encashment	23,506,128	28,240,641
	<u>23,506,128</u>	<u>28,240,641</u>
3.4 Trade Payables		
Trade payables*	730,429,292	502,690,676
	<u>730,429,292</u>	<u>502,690,676</u>
3.5 Other current liabilities		
Statutory liabilities	29,867,851	62,045,072
Outstanding liabilities against expenses*	302,638,465	285,162,078
	<u>332,506,316</u>	<u>347,207,150</u>
<p>(*) The Company does not have any outstanding dues towards small scale industrial undertakings as at 31 March 2014. 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 Management).</p>		
3.6 Short - term Provisions		
Provision for Employees' benefit:		
Provision for leave encashment	635,073	45,090
Provision for compensated absence cost	26,084,400	26,244,715
Proposed Dividend on equity shares (including DDT thereon)	2,021,673,600	1,886,895,360
Proposed Dividend on preference shares (including DDT thereon)	-	23,398
Provision for income tax (net of advance tax Rs. 851,945,284 (Previous year Rs. 851,945,284))	5,382,174	5,382,174
	<u>2,053,775,247</u>	<u>1,918,590,736</u>

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2014

(Currency: Indian rupees)

3.7 Fixed Assets

As at 31 March 2014

Assets	Gross Block (At Cost)			Depreciation				Net Block	
	As at 1.4.2013	Additions	Deductions	As at 31.03.2014	Up to 1.4.2013	During the Year	Deductions	Up to 31.03.2014	As at 31.03.2014
Tangible assets									
Computer	180,954,126	11,411,946	16,105,203	176,260,869	134,859,571	20,561,770	14,409,871	141,011,470	35,249,400
Vehicle	15,028,988	-	3,594,172	11,434,816	8,721,465	1,627,061	3,365,912	6,982,614	4,452,202
Office Equipment	133,938,120	1,340,167	19,909,632	115,368,654	76,063,614	8,080,692	13,253,579	70,890,727	44,477,927
Furniture	56,127,190	152,905	9,384,684	46,895,411	42,044,281	2,445,995	7,005,610	37,484,666	9,410,745
Leasehold Improvements	236,184,469	7,189,803	71,461,477	171,912,795	203,442,619	20,543,698	69,412,860	154,573,458	17,339,337
Sub Total	622,232,892	20,094,820	120,455,168	521,872,546	465,131,550	53,259,217	107,447,832	410,942,935	110,929,611
Intangible assets									
Software	67,935,509	7,547,207	-	75,482,716	31,433,129	18,475,180	-	49,908,308	25,574,407
Sub Total	67,935,509	7,547,207	-	75,482,716	31,433,129	18,475,180	-	49,908,308	25,574,407
Grand Total	690,168,402	27,642,026	120,455,168	597,355,260	496,564,679	71,734,396	107,447,832	460,851,243	136,504,018

As at 31 March 2013

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
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
Vehicle	16,092,804	-	1,063,816	15,028,988	7,412,815	2,230,703	922,053	8,721,465	6,307,523
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
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
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
Sub Total	631,970,243	45,136,883	54,874,234	622,232,892	447,690,177	66,434,180	48,992,808	465,131,550	157,101,343
Intangible assets									
Software	30,106,523	37,828,986	-	67,935,509	19,449,667	11,983,463	-	31,433,129	36,502,380
Sub Total	30,106,523	37,828,986	-	67,935,509	19,449,667	11,983,463	-	31,433,129	36,502,380
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

Reliance Capital Asset Management Limited
Notes to the accounts

as at 31 March 2014

(Currency: Indian rupees)

Particulars	Face Value	Quantity Cost / Fair Value		Quantity Cost / Fair Value	
		As at 31.03.2014	As at 31.03.2014	As at 31.03.2013	As at 31.03.2013
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	5,742,533	220,189,388	3,896,503	138,938,224
Reliance Asset Management (U.K) PLC	GBP 1	3,240,000	250,310,980	3,240,000	250,310,980
Reliance Asset Management (Malaysia) SDN. BHD.	RM 1	15,816,962	369,369,332	15,816,962	388,356,575
Reliance Capital Pension Fund Limited	INR 10	21,250,000	212,500,000	21,250,000	212,500,000
Reliance AIF Management Company Ltd.	INR 10	510,000	5,100,000	-	-
			1,145,131,925		1,077,768,004
Less: Provision for diminution in value of investments			613,976,590		556,411,399
			531,155,335		521,356,605
B. Non - Trade investment (valued at cost less provision for diminution)					
(I) Investments in equity shares (Quoted)					
Reliance Industries Limited	INR 10	49,964	34,254,771	49,964	34,254,771
Reliance Communications Limited	INR 5	24,923	10,518,365	24,923	10,518,365
ICICI Bank Limited	INR 10	4,150	5,005,234	4,150	5,005,234
Kotak Mahindra Bank Limited	INR 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		8,414,692
			46,367,804		46,367,804
(II) A. Investments in mutual fund (Unquoted)					
Reliance Growth Fund- Retail plan - Dividend Plan	INR 10	1,478,358	67,500,000	1,478,358	67,500,000
Reliance Growth Fund- Institutional plan - Dividend Plan	INR 10	219,123	110,000,000	219,123	110,000,000
Reliance Vision Fund - Retail Plan -Dividend Plan	INR 10	2,401,851	100,000,000	2,401,851	100,000,000
Reliance Vision Fund - Direct -Growth Option	INR 10	83,008	18,575,049	-	-
Reliance Tax Saver (ELSS) Fund -Growth Option	INR 10	-	-	2,200,000	22,000,000
Reliance Focused Large Cap Fund -Retail Plan- Growth Plan	INR 10	29,887	298,871	29,887	298,871
Reliance Focused Large Cap Fund - Direct - Growth Plan	INR 10	3,184,592	50,000,000	-	-
Reliance Equity Opportunities Fund-Retail Plan- Growth Option	INR 10	-	-	930,445	9,304,450
Reliance Equity Opportunities Fund - Direct - Growth Option	INR 10	1,214,903	50,000,000	-	-
Reliance Equity Opportunities Fund-Institutional Plan - Dividend Plan	INR 10	2,838,308	110,000,000	2,838,308	110,000,000
Reliance Top 200 Fund- Growth Plan - Growth Plan	INR 10	-	-	4,889,976	50,000,000
Reliance Top 200 Fund- Direct - Growth Plan	INR 10	3,606,879	50,000,000	-	-
Reliance Natural Resource Fund - Growth Option	INR 10	-	-	2,268,542	22,685,420
Reliance Infrastructure Fund - Institutional Plan - Growth Option	INR 10	-	-	7,500,000	75,000,000
Reliance Small Cap Fund - Dividend Option	INR 10	-	-	10,000,000	100,000,000
Reliance Small Cap Fund - Direct - Growth Plan	INR 10	9,945,091	112,496,875	-	-
Reliance Regular Savings Fund - Equity Plan - Dividend Plan	INR 10	4,188,766	110,000,000	4,188,766	110,000,000
Reliance Banking Fund - Direct - Growth Plan	INR 10	85,181	10,000,000	-	-
Reliance Long Term Equity Fund - Direct - Growth Plan	INR 10	533,518	10,000,000	-	-
Reliance Media & Entertainment Fund - Direct - Growth Plan	INR 10	247,238	10,000,000	-	-
Reliance Pharma Fund - Direct - Growth Plan	INR 10	113,726	10,000,000	-	-
Reliance Diversified Power Sector Fund - Direct - Growth Plan	INR 10	185,632	10,000,000	-	-
Reliance Regular Savings Fund - Balanced Plan - Growth Plan	INR 10	352,766	10,000,000	-	-
Reliance Dual Advantage Fixed Tenure Fund I - Plan K-Growth Plan	INR 10	5,000,000	50,000,000	5,000,000	50,000,000
			888,870,795		826,788,741
(II) B. Investments in mutual fund (Quoted)					
R* Shares CNX 100 Fund - Dividend Plan	INR 10	360,723	20,000,000	360,723	20,000,000
Reliance Close Ended Equity Fund - Series A - Direct - Dividend Plan	INR 10	10,000,000	100,000,000	-	-
Reliance Gold savings Fund-Growth Plan	INR 10	-	-	5,000,000	50,000,000
Reliance Gold savings Fund - Direct - Growth Plan	INR 10	4,764,498	70,000,000	-	-
Reliance Fixed Horizon Fund - XXII Series 32 - Dividend Plan	INR 10	5,000,000	50,000,000	5,000,000	50,000,000
Reliance Fixed Horizon Fund - XXII Series 34 - Dividend Plan	INR 10	6,250,000	62,500,000	6,250,000	62,500,000
Reliance Fixed Horizon Fund - XXII Series 21 - Growth Plan	INR 10	-	-	5,000,000	50,000,000
Reliance Fixed Horizon Fund - XXII Series 28 - Growth Plan	INR 10	-	-	5,000,000	50,000,000
Reliance Fixed Horizon Fund - XXII Series 38 - Direct - Growth Plan	INR 10	-	-	5,000,000	50,000,000
Reliance Fixed Horizon Fund - XXII Series 39 - Direct - Growth Plan	INR 10	-	-	30,000,000	300,000,000
Reliance Fixed Horizon Fund - XXIII Series 1 - Dividend Plan	INR 10	-	-	16,000,000	160,000,000
Reliance Fixed Horizon Fund - XXIII Series 3 - Direct - Growth Plan	INR 10	-	-	10,000,000	100,000,000
Reliance Fixed Horizon Fund - XXIII Series 9 - Direct - Growth Plan	INR 10	-	-	10,000,000	100,000,000
Reliance Fixed Horizon Fund - XXV Series 12 - Direct - Growth Plan	INR 10	5,000,000	50,000,000	-	-
Reliance Fixed Horizon Fund - XXV Series 19 - Direct - Growth Plan	INR 10	10,000,000	100,000,000	-	-
Reliance Fixed Horizon Fund - XXV Series 21 - Direct - Growth Plan	INR 10	3,000,000	30,000,000	-	-
Reliance Fixed Horizon Fund - XXV Series 22 - Direct - Growth Plan	INR 10	5,500,000	55,000,000	-	-
Reliance Fixed Horizon Fund - XXV Series 35 - Direct - Growth Plan	INR 10	1,200,000	12,000,000	-	-
			549,500,000		992,500,000
(III) Investments in debentures or bonds (Quoted)					
6.72% IRFC Tax Free Bonds 20-Dec-2020	INR 100000	2,500	250,000,000	2,500	250,000,000
8.30% National Highways Authority Of India Bonds 25-Jan-2027	INR 1000	61,809	61,809,000	61,809	61,809,000
8.30% PFC Tax Free Bonds 01-Feb-2027	INR 1000	300,000	322,748,400	300,000	322,748,400
8.66% NTPC Tax Free Bonds 16-Dec-2033	INR 1000	94,995	94,995,000	-	-
8.76% NHB Tax Free Bonds 13-Jan-2034	INR 5000	36,098	180,490,000	-	-
8.50% NHAI Tax Free Bonds 05-Feb-2029	INR 1000	200,000	200,000,000	-	-
			1,110,042,400		634,557,400
(IV) Investment in Preference Shares (Unquoted, Fully Paid Up)					
L&T Finance Holdings Limited - 8.75% Cumulative Preference Shares	INR 100	1,141,136	114,113,600	1,141,136	114,113,600
			114,113,600		114,113,600
Total Non Current Investment			3,240,049,934		3,135,684,150

Notes:

1. Quoted investments					
Aggregate of Book value			1,705,910,204		1,673,425,204
Aggregate of Market value			1,726,455,422		1,710,084,403
2. Unquoted investments					
Aggregate of Book value			1,534,139,730		1,462,258,946
3. Provision for diminution in value of investments			622,391,282		564,826,091

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2014

(Currency: Indian rupees)

Particulars	Face Value	Quantity / Fair Value		Quantity / Fair Value	
		As at 31.03.2014	As at 31.03.2014	As at 31.03.2013	As at 31.03.2013
3.8B Current investments					
A. Current Portion of Long Term Investment (Quoted) at cost					
(I) Investment in Mutual Fund (Quoted)					
Reliance Fixed Horizon Fund - XXII Series 21 - Growth Plan	INR 10	5,000,000	50,000,000	-	-
Reliance Fixed Horizon Fund - XXII Series 28 - Growth Plan	INR 10	5,000,000	50,000,000	-	-
Reliance Fixed Horizon Fund - XXII Series 38 - Direct - Growth Plan	INR 10	5,000,000	50,000,000	-	-
Reliance Fixed Horizon Fund - XXII Series 39 - Direct - Growth Plan	INR 10	30,000,000	300,000,000	-	-
Reliance Fixed Horizon Fund - XXIII Series 1 - Dividend Plan	INR 10	16,000,000	160,000,000	-	-
Reliance Fixed Horizon Fund - XXIII Series 3 - Direct - Growth Plan	INR 10	10,000,000	100,000,000	-	-
Reliance Fixed Horizon Fund - XXIII Series 9 - Direct - Growth Plan	INR 10	10,000,000	100,000,000	-	-
			810,000,000		-
B. Current investments (At cost or market value whichever is less)					
(I) Investment in Mutual Fund (Unquoted)					
Reliance Liquid Fund - Treasury Plan - Direct - Growth Option	INR 1000	-	-	171,775	490,137,046
Reliance Liquidity Fund - Direct - Growth Option	INR 1000	161,189	309,499,570	-	-
Reliance Medium Term Fund - Direct - Growth	INR 10	12,824,120	340,000,000	-	-
Reliance Short Term Fund - Growth Plan - Growth Option	INR 10	23,346,704	475,241,555	42,026,257	855,479,393
Reliance Income Fund - Growth Plan - Growth Option	INR 10	5,279,636	200,000,000	5,279,636	200,000,000
Reliance Dynamic Bond Fund - Direct Plan - Growth Plan	INR 10	74,192,960	1,207,480,676	19,118,509	300,000,000
			2,532,221,801		1,845,616,439
(II) Investment in mutual fund (Quoted)					
Reliance Fixed Horizon Fund - XXV Series 32 - Direct - Growth Plan	INR 10	10,000,000	100,000,000	-	-
Reliance Fixed Horizon Fund - XXI Series 21 - Dividend Plan	INR 10	-	-	5,000,000	50,000,000
Reliance Fixed Horizon Fund - XXII Series 15 - Growth Plan	INR 10	-	-	10,000,000	100,000,000
Reliance Fixed Horizon Fund - XXII Series 17 - Growth Plan	INR 10	-	-	3,000,000	30,000,000
Reliance Fixed Horizon Fund - XXII Series 36 - Growth Plan	INR 10	-	-	7,250,000	72,500,000
Reliance Interval Fund - Quarterly Plan - Series I-Growth Plan	INR 10	-	-	-	-
Reliance Yearly Interval Fund - Series 1 - Direct Plan - Growth Plan	INR 10	18,380,495	200,000,000	30,000,000	300,000,000
Reliance Yearly Interval Fund - Series 2 - Direct Plan - Growth Plan	INR 10	9,164,055	100,000,000	10,000,000	100,000,000
Reliance Yearly Interval Fund - Series 3 - Direct Plan - Growth Plan	INR 10	10,000,000	100,000,000	10,000,000	100,000,000
Reliance Yearly Interval Fund - Series 7 - Direct Plan - Growth Plan	INR 10	4,000,000	40,000,000	-	-
Reliance Yearly Interval Fund - Series 9 - Direct Plan - Growth Plan	INR 10	7,500,000	75,000,000	-	-
Reliance Annual Interval Fund - Series I - Direct Plan - Growth Plan	INR 10	8,248,579	100,000,000	-	-
Reliance Interval Fund - II - Series 4 - Direct Plan - Growth Plan	INR 10	12,000,000	120,000,000	-	-
Reliance Interval Fund - I - Half Yearly Interval Fund - Series 2 - Direct Plan - Growth Plan	INR 10	1,906,378	20,000,000	-	-
Reliance Monthly Interval Fund - Series I - Direct Plan - Growth Plan	INR 10	5,861,940	100,000,000	-	-
			955,000,000		752,500,000
			4,297,221,801		2,598,116,439
Total Current Investment					
Notes:					
1. Quoted investments					
Aggregate of Book value			1,765,000,000		752,500,000
Aggregate of Market value			1,887,996,469		774,456,350
2. Unquoted investments					
Aggregate of Book value			2,532,221,801		1,845,616,439

Reliance Capital Asset Management Limited

Notes to the accounts

as at 31 March 2014

(Currency: Indian rupees)

Particulars	As at	
	31 March 2014	31 March 2013
3.9 Deferred tax assets		
<i>Deferred tax asset arising on account of timing differences in:</i>		
Depreciation on fixed assets	50,671,754	43,507,914
Employee compensation	17,071,681	18,534,898
Straightlining of lease rentals	14,178,994	18,698,131
	<u>81,922,429</u>	<u>80,740,943</u>
3.10 Long - term loans and advances		
Loans and advances to related parties (Unsecured, considered good)	-	-
Intercompany deposits to related parties	-	7,000,000,000
Parties other than related parties (Unsecured, considered good)		
Capital advances	5,445,497	1,532,919
Loan to ESOP trust	250,543,100	206,995,705
Loans to employees	2,200,000	2,050,000
Security deposits	137,447,551	153,855,168
Advances recoverable in cash or in kind or for value to be received	2,111,987	42,310,833
Prepaid expenses	522,770,226	251,630,486
Advance tax paid	146,517,556	172,004,014
(net of provision of income tax Rs. 1,419,350,432 (Previous year Rs. 2,102,308,846))		
	<u>1,067,035,917</u>	<u>7,830,379,125</u>
3.11 Other non - current assets		
Other bank balances		
Fixed Deposits with residual maturity of more than 12 months (including accrued interest)	36,635,340	34,189,826
	<u>36,635,340</u>	<u>34,189,826</u>
The above deposits have been liened for business purpose (Refer Note 3.24)	36,635,340	34,189,826
3.12 Trade receivables		
Unsecured, Considered Good		
Outstanding for more than six months	-	-
Others	87,515,490	121,525,379
	<u>87,515,490</u>	<u>121,525,379</u>
3.13 Cash and bank balance		
Cash and cash equivalents		
Cash on hand	85,775	13,775
Balance with banks in current accounts	309,512,641	403,381,361
	<u>309,598,416</u>	<u>403,395,136</u>
3.14 Short - term loans and advances		
Loans and advances to related parties (Unsecured, considered good)	10,775,734	341,508
Intercompany deposits to related parties	4,500,000,000	-
Parties other than related parties (Unsecured, considered good)		
Intercompany deposits	1,750,000,000	-
Loans to Employees	8,620,890	11,573,550
Prepaid Expenses	506,514,631	217,542,601
Service Tax Credit-Unutilised	160,480,662	23,862,759
Advances recoverable in cash or in kind or for value to be received	105,764,615	305,185,579
	<u>7,042,156,532</u>	<u>558,505,997</u>
3.15 Other current assets		
Dividend receivable	-	24,238,750
Fixed Deposits with residual maturity of less than 12 months (including accrued interest)	126,338	-
Interest accrued on bonds	132,602,890	21,751,471
	<u>132,729,228</u>	<u>45,990,221</u>
The above deposits have been liened for business purpose (Refer Note 3.24)	126,338	

Reliance Capital Asset Management Limited

Notes to the accounts

for the year ended 31 March 2014

(Currency: Indian rupees)

Particulars	Year ended	
	31 March 2014	31 March 2013
3.16 Revenue from operations - Management fees		
Investment Management Fees (net of service tax)	6,417,445,694	5,702,245,831
Portfolio Management Fees (including advisory fees net of service tax)	200,596,939	197,570,694
	6,618,042,633	5,899,816,525
3.17 Other income		
Dividend on:		
Long term investment	49,704,229	101,902,560
Subsidiary	166,670,000	-
Profit on Sale of Investments (Net)		
Long term investment	161,184,904	142,779,868
Current investment	86,240,570	124,675,732
Interest Income		
Long term investment	57,670,087	24,971,318
Interest on Inter Corporate Deposit	657,739,725	817,304,109
Interest on income tax refund	-	11,789,523
Interest on Fixed Deposits	2,854,629	2,651,699
Others	1,653,454	849,318
	1,183,717,598	1,226,924,127
3.18 Employee benefit expense		
Salaries, allowances and bonus	1,279,587,035	1,227,510,503
Contribution to provident and other funds	57,354,572	54,953,189
Staff welfare expenses	28,632,304	42,768,112
	1,365,573,911	1,325,231,804

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 2014

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 2014		As of 31 March 2013	
	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	4,250	2,000	63,800	2,000
Granted	-	-	-	-
Exercised	400	2,000	59,550	2,000
Cancelled or expired	2,750	-	-	-
Outstanding at the year end	1,100	2,000	4,250	2,000
Exercisable at end of year	1,100	2,000	4,250	2,000
b) Year 2011				
Outstanding at beginning of year	23,795	3,009	34,050	3,009
Granted	-	-	-	-
Exercised	8,940	-	9,765	3,009
Cancelled or expired	680	-	490	3,009
Outstanding at the year end	14,175	3,009	23,795	3,009
Exercisable at end of year	14,175	-	10,455	3,009
c) Year 2011				
Outstanding at beginning of year	114,785	3,009	132,075	3,009
Granted	-	-	-	-
Exercised	11,675	3,009	12,340	3,009
Cancelled or expired	5,515	3,009	4,950	3,009
Outstanding at the year end	97,595	3,009	114,785	3,009
Exercisable at end of year	24,445	3,009	13,528	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 2014	Year ended 31 March 2013
Risk free interest rate	8%	8%
Expected life	7 years	7 years
Dividend yield	0.00%	0.00%

Reliance Capital Asset Management Limited

Notes to accounts

for the year ended 31 March 2014

(Currency: Indian rupees)

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

A Defined Contribution Plans:

Amount of Rs. 46,074,997 (previous year: Rs. 43,615,884) 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	
		2014	2013	2014	2013
a.	Present value of Defined Benefit Obligation at the beginning of the year	53,298,873	41,578,818	28,285,731	33,400,236
b.	Interest cost	4,263,910	3,534,200	2,008,601	2,414,971
c.	Current service cost	9,776,432	8,992,104	19,108,128	18,101,842
d.	Actuarial Losses / (Gains)	(5,573,878)	10,627,455	(18,904,831)	(19,205,128)
e.	Benefits paid	(9,028,231)	(11,433,704)	(6,356,429)	(6,426,190)
f.	Present value of Defined Benefit Obligation at the close of the year	52,737,106	53,298,873	24,141,200	28,285,731

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

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2014	2013	2014	2013
a.	Fair value of Plan Assets at the beginning of the year	63,305,699	50,322,116	-	-
b.	Add: Expected return on Plan Assets	5,064,456	4,277,380	-	-
c.	Add / (Less) : Actuarial (Losses) / Gains	(565,854)	103,975	-	-
d.	Add: Contributions	377,576	20,035,932	6,356,429	6,426,190
e.	Less: Benefits Paid	(9,028,231)	(11,433,704)	(6,356,429)	(6,426,190)
f.	Fair value of Plan Assets at the close of the year	59,153,647	63,305,699	-	-

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	
		2014	2013	2014	2013
a.	Present value of Defined Benefit obligation	52,737,106	53,298,873	24,141,200	28,285,731
b.	Less: Fair value of Plan Assets	59,153,647	63,305,699	-	-
c.	Present value of unfunded obligation	(6,416,541)	(10,006,826)	24,141,200	28,285,731
d.	Net Liability/(Asset) recognised in the Balance sheet	NIL	NIL	24,141,200	28,285,731

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

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2014	2013	2014	2013
a.	Current Service Cost	9,776,432	8,992,104	19,108,128	18,101,842
b.	Interest Cost	4,263,910	3,534,200	2,008,601	2,414,971
c.	Expected return on Plan Assets	(5,064,456)	(4,277,380)	-	-
d.	Actuarial Losses / (Gains)	(5,008,024)	10,523,480	(18,904,831)	(19,205,128)
e.	Past service costs	-	-	-	-
f.	Effect of curtailment / settlement	-	-	-	-
g.	Adjustments for earlier years Recognised in the Statement of Profit and Loss	-	-	-	-
h.	Total	3,967,862	18,772,404	2,211,898	1,311,685

Reliance Capital Asset Management Limited

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for the year ended 31 March 2014

(Currency: Indian rupees)

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

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2014	2013	2014	2013
a.	Government of India Securities	28.09%	33.74%	UNFUNDED	UNFUNDED
b.	State Government Securities	-	-		
c.	Corporate Bonds	35.46%	37.94%		
d.	Fixed Deposit under Special Deposit Scheme	-	-		
e.	Equity Shares	19.35%	19.14%		
f.	Money market instruments	17.10%	9.18%		
g.	Public Sector Bonds	-	-		
i.	Property	-	-		
		100.00%	100.00%		

vi. Actuarial Assumptions as the Balance sheet date:

		Gratuity		Leave Benefit	
		2014	2013	2014	2013
a.	Discount Rate	9.33%	8.00%	8.00%	8.00%
b.	Expected rate of return on Plan Assets	9.33%	8.00%	-	-
c.	Salary Escalation rate -- Management Staff	5.00%	5.00%	5.00%	5.00%
d.	Attrition rate	For Service 4 yrs & below 25% p.a. & 2% thereafter	2% 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 availment but not encashment. Leave can be encashed subject to available balance of more than 15 days.

viii. Five-year information

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

	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Gratuity					
Defined benefit obligation	52,737,106	53,298,873	41,578,818	30,902,188	27,036,202
Fair value of plan assets	59,153,647	63,305,699	50,322,116	36,840,578	35,258,519
(Surplus) / deficit in the plan	(6,416,541)	(10,006,826)	(8,743,298)	(5,938,390)	(8,222,317)

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for the year ended 31 March 2014

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Particulars	Year ended	
	31 March 2014	31 March 2013
3.21 Administrative and other expenses		
Legal and Professional Charges	246,224,499	212,873,101
Rent	163,848,213	180,993,632
Conveyance and Travelling	63,290,678	64,342,670
Communication	54,806,042	67,396,999
Filing fees and Stamp duty	16,249,799	12,001,193
Office Administration	78,025,599	73,154,027
Membership and Subscription	29,350,533	30,501,632
Electricity	30,635,985	34,317,995
Seminar and Training	26,339,394	19,384,635
Repairs and Maintenance	23,083,512	17,497,985
Printing and Stationary	46,315,301	31,930,678
Software Repair and Maintenance	39,019,937	27,417,337
Courier charges	63,182,228	63,865,516
Insurance	37,833,789	19,527,263
Auditors Remuneration:		
Audit fees	1,300,000	1,300,000
Interim audit fees	-	500,000
Certification matters	-	28,382
Out of pocket expenses	50,810	-
Director Sitting Fees	690,000	861,091
Donation	349,720	25,000
Net loss on foreign currency transactions and translations	2,578,687	1,326,388
Outsourced business service (Refer note 2.10)	558,232,195	291,326,225
Miscellaneous Expenses	32,516,637	12,428,602
Loss on sale of fixed assets (Net)	9,905,759	3,724,855
Rates and Taxes	6,831,364	9,508,659
	<u>1,530,660,681</u>	<u>1,176,233,863</u>
3.22 Marketing and publicity expenses		
Marketing expenses	233,580,123	212,942,475
Advertisement	87,252,881	88,238,542
Brokerage and Incentives (refer note 3.34)	619,240,452	1,102,512,110
	<u>940,073,456</u>	<u>1,403,693,127</u>
3.23 Future minimum lease payments in respect of non-cancellable operating lease for premises:		
	2014	2013
a) Not later than one year	1,620,000	1,640,976
b) Later than one year and not later than five years	-	199,500
c) Later than five years	-	-
	<u>1,620,000</u>	<u>1,840,476</u>
3.24 Contingent liability and commitments:		
	2014	2013
a) Contingent liability		
Guarantees to Banks and Financials Institutions (against FD)	101,817,500	101,739,034
Claims against the Company not acknowledged as debts	22,035,961	24,406,126
Income tax demand not acknowledged as debts	10,682,389	10,682,389
	<u>134,535,850</u>	<u>136,827,549</u>
b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided.	2,705,774	1,225,061

Reliance Capital Asset Management Limited

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(Currency: Indian rupees)

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 AIF Management Company Limited	
6	Reliance Capital Asset Management (UK) Plc.	
7	Reliance Asset Management (Malaysia) SDN BHD	
8	Reliance Capital Pension Fund Limited	Subsidiary
9	Reliance General Insurance Company Ltd.	Fellow Subsidiary
10	Reliance Capital AIF Trustee Company Limited	
11	Reliance Money Express Ltd.	
12	Reliance Gilts Ltd.	
13	Reliance Capital Trustee Co Ltd	
14	Reliance Composite Insurance Broking Limited	
15	Reliance Venture Asset Management Private Ltd (formerly Reliance Technology Ventures Pvt. Ltd.)	
16	Reliance Money Precious Metals Private Limited (formerly Reliance Capital Research Pvt. Ltd.)	
17	Reliance Equity Advisors (India) Ltd	
18	Reliance Consultants (Mauritius) Ltd	
19	Quant Capital Securities Private Limited	
20	Reliance Home Finance Limited (formerly Reliance Home Finance Pvt Ltd)	
21	Reliance Capital (Singapore) Pte Ltd	
22	Quant Investments Services Private Limited	
23	Reliance Securities Ltd	
24	Reliance Commodities Ltd	
25	Reliance Financial Ltd	
26	Reliance Alternative Investments Services Pvt Ltd	
27	Quant Broking Private Limited	
28	Quant Capital Advisors Private Limited	
29	Quant Capital Finance and Investments Private Limited	
30	Quant Capital Private Limited	
31	Quant Commodities Private Limited	
32	Quant Commodity Broking Private Limited	
33	Quant Securities Private Limited	
34	Reliance Exchangenext Limited	
35	Indian Agri Services Private Limited	
36	Reliance Money Solutions Private Limited	
37	Reliance Spot Exchange Infrastructure Limited	
38	Reliance Wealth Management Limited	
39	Reliance Investment Banking Services Limited	
40	QOPPA Trading Private Limited	
41	QCAP Trade Private Limited (Formerly Valankulam Investments and Trading Private Limited)	
42	Quant Alternative Asset Management Private Limited	

Reliance Capital Asset Management Limited

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for the year ended 31 March 2014

(Currency: Indian rupees)

(ii) Transaction during the year with related parties:

Sr. No.	Nature of Transaction	Holding Company	Subsidiaries	Fellow Subsidiary	Associate	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	-	81,251,164	-	-	81,251,164
		-	(81,079,168)	-	-	(81,079,168)
		-	(108,883,300)	-	-	(108,883,300)
	Reliance AIF Management Company Pvt. Ltd.	-	5,000,000	-	-	5,000,000
		-	-	-	-	-
B	Inter corporate deposit given					
	Reliance Capital Limited	2,000,000,000	-	-	-	2,000,000,000
		-	-	-	-	-
C	Repayment of inter corporate deposit					
	Reliance Capital Limited	4,500,000,000	-	-	-	4,500,000,000
		(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	Repayment of Share Capital on Liquidation					
	Reliance Asset Management (Malaysia) SDN.BHD.	-	18,987,243	-	-	18,987,243
		-	-	-	-	-
F	Interest income					
	Reliance Capital Limited	541,808,218	-	-	-	541,808,218
		(817,304,109)	-	-	-	(817,304,109)
G	Dividend Income					
	Reliance Asset Management (Singapore) Pte Ltd	-	166,670,000	-	-	166,670,000
		-	-	-	-	-

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	Associate	Total
H	Rent and Other Expenses Reliance General Insurance Company Ltd.	- -	- -	1,175,210 (5,999,836)	- -	1,175,210 (5,999,836)
I	Insurance Charges (net of claims received) Reliance General Insurance Company Ltd.	- -	- -	41,300,349 (9,172,671)	- -	41,300,349 (9,172,671)
J	Travelling expenses Reliance Money Express Ltd.	- -	- -	936,828 (2,911,900)	- -	936,828 (2,911,900)
K	Brokerage Reliance Home Finance Limited Quant Broking Private Limited Reliance Wealth Management Limited	- - - -	- - - -	38,500 - (98,811) 739,660 -	- - - - -	38,500 - (98,811) 739,660 -
L	Reimbursement of Expenses charged Reliance Capital Limited Reliance Capital Pension Fund Limited	729,098 (589,764) - -	- - 1,343,552 (3,351,788)	- - - -	- - - -	729,098 (589,764) 1,343,552 (3,351,788)
M	Reimbursement of Expenses paid Reliance Capital Limited Reliance General Insurance Company Ltd.	18,155,310 (16,294,788) - -	- - - -	- - 49,320 (156,704)	- - - -	18,155,310 (16,294,788) 49,320 (156,704)
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)
II	Balances outstanding at the end of the year					
A	Loans and advances to Related Parties Reliance Capital Limited Reliance General Insurance Company Ltd.	4,500,000,000 (7,000,000,000) - -	- - - -	- - 10,775,734 (341,508)	- - - -	4,500,000,000 (7,000,000,000) 10,775,734 (341,508)

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

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for the year ended 31 March 2014

(Currency: Indian rupees)

3.26 Earning Per Share (EPS)

	2014	2013
Net profit attributable to equity shareholders (after preference dividend)	3,039,423,887	1,975,358,524
Weighted average number of equity shares outstanding	11,041,015	11,101,655
Basic EPS	275.28	177.93
Effect of potential equity shares on exercise of employee stock	50,723	58,775
Weighted average number of equity shares outstanding	11,091,738	11,160,430
Diluted EPS	274.03	177.00

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):

	2014	2013
Salary and Benefits	31,725,328	26,796,589
Travelling	5,291,698	5,028,446
Professional Fees and Consultancy	8,485,697	33,592,477
Other Expenses	3,061,943	6,051,752
	48,564,666	71,469,264

3.28 Earnings in foreign currency:

	2014	2013
PMS Advisory Fees	5,057,131	7,343,125
Dividend from Foreign Subsidiary	166,670,000	-
	171,727,131	7,343,125

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 The Company has proposed final dividend of Rs. 150 (P.Y. Rs. 140) per equity share for the year ended 31 March 2014.

3.31 Dividend remittances in foreign currency:

	2014	2013
Year to which dividend relates	FY 2012-13	FY 2011-12
Amount remitted during the year (Rs.)*	490,728,000	490,728,000
Number of non-resident shareholders	2	2
Number of shares on which dividend was due	3,505,200	3,505,200

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

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

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for the year ended 31 March 2014

(Currency: Indian rupees)

3.33 Exceptional items disclosed in the statement of profit and loss amounting to Rs. 57,565,190 pertaining to provision for diminution of investments in offshore subsidiaries pursuant to discontinuance of operations.

3.34 Prior period items:

Brokerage expenses in FY 2013-14 is net of writeback of Rs. 134,551,144 pertaining to prior period on account of recognition of unclaimed input service tax credit on brokerage paid in earlier periods.

3.35 Demerger:

The Board of Directors at its meeting held on March 21, 2014 have approved the demerger of Azalia Distribution Private Limited with the company which would be carried out through a scheme of arrangement under Sec 391 to Sec 394 of the Companies Act, 1956. As per the scheme, appointed date is April 1, 2013. The scheme has been filed with Bombay High Court & is pending for approval of the court. In view of the above, no effect of the scheme has been recognized in the Financial Statements of this year.

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

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

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

Milind Ranade
Partner
Membership No. 100564

Soumen Ghosh
Director

Kanu Doshi
Director

Sundeep Sikka
Chief Executive Officer

Prateek Jain
Chief Financial Officer

Mumbai, 28 April 2014

Ajay Patel
Manager