

**RELIANCE CAPITAL
ASSET MANAGEMENT LIMITED**

ANNUAL REPORT

2008-09

Directors' Report

To the Members,

Your Directors take pleasure in presenting their Fourteenth Annual Report on the business and operations of the Company together with the audited Statement of Accounts for the year ended March 31, 2009.

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

Your Company's vision is to be a globally respected wealth creator with an emphasis on customer care and a culture of good corporate governance. In furtherance thereof, your Company aspires to remain the leading player in the Asset Management business in India.

FINANCIALS

The standalone and consolidated financial statements of the Company, as at 31st March, 2009, have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956. The financial highlights (on a consolidated and standalone basis) for the year ended 31st March, 2009 are as follows:

(in Rupees)

<i>Description</i>	<i>Consolidated</i>		<i>Standalone</i>	
	<i>Year ended March 31, 2009</i>	<i>Year ended March 31, 2008</i>	<i>Year ended March 31, 2009</i>	<i>Year ended March 31, 2008</i>
Gross Income	454,69,12,783	474,12,78,222	444,35,36,537	377,64,58,607
Profit before tax	168,57,98,105	205,43,26,873	176,85,94,455	142,75,63,903
Provision for taxation	43,89,65,471	57,60,29,673	44,93,43,954	48,43,40,006
Provision for Deferred Tax Asset/ (Liability)	1,02,04,048	1,85,84,379	1,02,04,048	1,85,84,379
Net Profit	125,70,36,682	149,68,81,579	132,94,54,549	96,18,08,276
Balance carried to Balance Sheet	373,72,92,658	248,02,55,976	330,32,99,270	197,38,44,721
Basic and Diluted EPS of Rs. 10 each	119.60	167.39	126.49	107.55
Diluted EPS of Rs. 10 each	119.60	166.76	126.49	107.15

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts of all the subsidiaries (as applicable) for the year ended 31st March 2009 are annexed to the Annual

Accounts of your Company, together with the statement relating to your Company's interest in the subsidiary companies.

DIVIDEND

Your Company has decided to plough back its entire profits for future plans and hence no dividend is being recommended for payment for the year under review.

AMOUNT TO BE CARRIED TO RESERVES

Since it is not proposed to declare any dividend, the entire amount of profits of the Company i.e. Rs. 132,94,54,549, is proposed to be transferred to the Reserves of the Company.

OPERATIONAL HIGHLIGHTS

Your Company is registered with the Securities and Exchange Board of India ('SEBI') to act as:

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

ASSET MANAGEMENT:

In terms of the authorizations from SEBI, your Company is the asset manager to Reliance Mutual Fund ('RMF'). RMF is the largest Mutual Fund in India (as on March 31, 2009) on average assets under management ('AAUM') basis.

The AAUM of RMF, as on March 31, 2009, was approx. Rs. 80,963 crores comprising of Rs. 19,745 crores under Equity, Rs. 40,705 crores under Debt and Rs. 20,513 crores under Liquid asset classes. The AAUM, as on March 31, 2008, was approx. Rs. 90,938 crores comprising of Rs. 32,596 crores under Equity, Rs. 39,987 crores under Debt and Rs. 18,355 crores under Liquid asset classes. While there has been a decrease in the overall AAUM by 10.97% in the current financial year, primarily due to adverse global market conditions, the aggregate Debt corpus under management has however increased by 5.23%.

During the year under review, the Indian Mutual Fund Industry also witnessed a fall of approx 6.5% in terms of AAUM, from an amount of approx. Rs. 5,27,706 crores to an amount of approx. Rs. 4,93,287 crores between April 2008 and March 2009. (Source: AMFI Monthly Update, released on 03/04/2009)

As on 31st March 2009, RMF has a well rounded portfolio of 38 schemes under various categories such as Equity, Debt, Exchange Traded Fund, and Interval Funds & Liquid. During the financial year 2008-09, RMF have launched 6 new schemes. Following is the list of schemes launched in financial year 2008-09.

- Reliance Banking Exchange Traded Fund
- Reliance Fixed Horizon Fund VIII Series 2-12
- Reliance Fixed Horizon Fund IX Series 2,6,9,10
- Reliance Fixed Horizon Fund X Series 1,2,3,4,5,7,8,13,14,15
- Reliance Fixed Horizon Fund XI Series 1,2
- Reliance Fixed Horizon Fund XII Series 2,13,14

PORTFOLIO MANAGEMENT:

In terms of the authorizations from SEBI, your Company has been rendering the Portfolio Management Services ('PMS') since August 2004. It currently offers Discretionary and Advisory Portfolio Management Services to various categories of clients.

The Portfolio management business of your Company continued its positive performance through challenging times faced during the year under review. Your Company emerged as one of the very few portfolio management businesses that continued to attract new clients and assets and successfully completed two exclusive offerings through leading bank distributors.

Your Company's Portfolio Management Business is now focused on increasing our direct reach to ultra high net-worth individuals through customized offerings, apart from the continued association with leading private banking distributors.

PROVIDENT FUND MANAGEMENT (EPFO MANDATE):

Employees' Provident Fund Organization ('EPFO') is one of the largest provident fund institutions in the world in terms of members and volume of financial transactions. EPFO manages a corpus of over 1.55 Lakh crores and has above 40 million members. It collect nearly Rs.10,000 crores for its pension fund and another Rs.21,000 crores in the provident fund through yearly subscriber deposits.

Your Company is one of the four fund houses who have been given the mandate to manage the funds on behalf of EPFO. Your Company was selected after a rigorous selection procedure and now manages funds amounting to approx. Rs. 22,569 Crores on behalf of EPFO. The final selection of your Company by EPFO is indicative of its efficiency and rigorous standards followed by it and is also an indication of the trust your Company enjoys amongst the public and the authorities. The mandate

from EPFO clearly outlines the prowess of your Company in Advisory and Discretionary cash management for Provident fund Trusts.

INTERNATIONAL BUSINESS:

Your Company has its presence in Singapore through its wholly owned subsidiary namely 'Reliance Asset Management (Singapore) Pte. Limited' ('RAMS'). RAMS is engaged in rendering advisory services with respect to Indian focused equity and fixed income products. Going forward, it is proposed to restructure the operations of RAMS in order to expand its scope of operations to manage funds, focused on the emerging markets (excluding Japan).

During the year, your Company has also obtained approval from SEBI and Securities Commission in Malaysia to set up Islamic Fund Management Company namely 'Reliance Asset Management (Malaysia) Sdn Bhd.' ("RAMMSB") The permission from Securities Commission in Malaysia allows raising 100% of investments from investors globally and permits investment of complete funds in to overseas markets. RAMMSB is currently in the process of setting up back-end operations, systems and business infrastructure. RAMMSB proposes to start its business by launching two products, an India dedicated equity product which will raise investments from investors based in GCC, Indonesia, Malaysia and Singapore, and a Shariah-compliant fixed income product targeted towards institutional investors globally.

The wholly owned subsidiary of your Company in United Kingdom, namely Reliance Capital Asset Management (UK) Plc. ('RCAMUP') has already applied for appropriate license in order to set up its branch in Dubai International Financial Centre ("DIFC"), Dubai. The Dubai branch of RCAMUP will conduct financial advisory business which will cater to investment needs of the high net worth individuals, corporate and family offices based in UAE.

NEW PENSION SYSTEM:

Pension Fund Regulatory and Development Authority ('PFRDA') is in the process of extending the benefits under the New Pension System ["NPS"] to all the citizens of India (other than the Government employees already covered under the NPS).

Your Company is one of the six companies, who have been appointed by PFRDA for managing the Pension assets with respect to the NPS. In terms of the PFRDA requirements, your Company has already incorporated a wholly owned subsidiary by the name and style of "Reliance Capital Pension Fund Limited" for this purpose.

AWARDS AND RECOGNITION

Continuing its glorious performance from the past year, during the year under review also, various awards and accolades were awarded by agencies of repute. A few of such prominent awards are as under:

QUALITY AWARDS

- ❑ RMF has won the D L Shah National Awards on Economics of Quality on the project of "Reactivation of Inactive Distributors" at the Quality Council of India.

INTERNATIONAL AWARDS

- ❑ Your Company has won the India Onshore Fund House 2008 award by the Asian Investor magazine. It has also won the award in the India Equities Five-year performance category.
- ❑ RMF has been conferred upon the Certificate of Finalist Recognition in "Sales category – Best Sales Team" in the International Business Awards 2008. RMF is the only financial services company in Asia being recognized as a finalist in the "Best Sales Team" category.
- ❑ RMF also qualified as a Finalist in "Website Category – Overall Design" at International Business Awards 2008.
- ❑ Mr. Vikrant Gugnani, Ex-CEO of your Company, has been awarded the CEO of the Year 2008 by Asia Asset Management.
- ❑ Your Company has won the Best Fund House of the Year 2008 - India category by Asia Asset Management
- ❑ Mr. Amitabh Mohanty has been ranked No 1 in The Asset Benchmark Research's Most Astute Local Currency Bond Investors Survey 2008 at Singapore.
- ❑ RMF has been accorded the Superbrand status in the 2nd edition of the Business Superbrands for the year 2008.

MORNING STAR AWARDS

- ❑ RMF was awarded the Best Equity Fund House in India by Morning Star for delivering sustained out performance on a risk-adjusted basis across their fund line-ups in the equity category for period ending December 31, 2008
- ❑ Reliance Growth Fund has been awarded the best performing schemes in the India Open-Ended Small/Mid Cap category
- ❑ Reliance Monthly Income Plan has been awarded the best performing schemes in the India Conservative Allocation category.

ICRA AWARDS

ICRA Ltd. hosted its 5th annual awards program this year on February 05, 2008 in Mumbai. Five schemes of Reliance Mutual Fund were winners and overall we have received 6 scheme awards at the ceremony in their respective category. The details are:

- Reliance Diversified Power Sector Scheme . . . - 7 star
- Reliance Monthly Income Plan (3 years) - 7 star
- Reliance Liquid Plus Fund - 7 star
- Reliance Monthly Income Plan (1 year) - 5 star
- Reliance Equity Fund - 5 star
- Reliance Liquidity Fund - 5 star

CNBC-TV-18 – CRISIL MUTUAL FUND AWARDS

CNBC-TV-18 – CRISIL Mutual fund hosted their 9th annual awards program this year on 31st March 2009. Following are the schemes who won the awards at the award ceremony:

- Reliance Growth Fund won the award as the most Consistent Equity Fund under CRISIL-CPR
- Reliance Liquidity Fund won the award as the best performing scheme in the Liquid – Super Institutional category.
- Reliance Floating Rate Fund won the award as the best performing scheme in the Liquid – Retail category.

CRISIL RANKINGS

Following are the ranking assigned by CRISIL to the schemes of Reliance Mutual Fund:

RELIANCE GROWTH FUND: CRISIL has assigned a Composite Performance Rank of “CRISIL~CPR 2” * Open End Diversified Equity Schemes, December 2008” to Reliance Growth Fund - Growth

RELIANCE INCOME FUND: CRISIL has assigned a Composite Performance Rank of “CRISIL~CPR 2* Open End Debt Schemes, December 2008” to Reliance Income Fund

RELIANCE LIQUIDITY FUND: CRISIL has assigned a Composite Performance Rank of “CRISIL~CPR 1* in the Open End Liquid Schemes Category, December 2008” to Reliance Liquidity Fund

RELIANCE TAX SAVER FUND: CRISIL has assigned a Composite Performance Rank of “CRISIL~CPR 2*in the Equity Linked Savings Schemes (ELSS) Category, December 2008” to Reliance Tax Saver Fund.

FUTURE OUTLOOK

The Indian Mutual Fund industry is one of the fastest growing industries in the financial services sector with 35 AMCs currently operating in the country. The industry has grown at a CAGR of 22% since 1965 and the AUM has grown at a CAGR of 29% in the last three years, with Rs. 4,93,287 crores of average assets as on March '09.

Your Company intends to actively and aggressively pursue growth opportunities in the fast growing mutual fund industry so as to retain Reliance Mutual Fund as the most preferred investment choice for investors. Your Company believes that the asset management industry is still at a nascent stage, and as a market leader your Company will be investing in growing the market size and its market share with innovative products and service initiatives coupled with aggressive expansion strategies.

SUBSIDIARIES

During the period under review, your Company established a wholly owned subsidiary in Malaysia under the name and style of Reliance Asset Management (Malaysia) Sdn. Bhd., for the purposes of carrying on investment management and advisory activities.

In addition to the above, your Company has also incorporated a wholly owned subsidiary in India, under the name and style of 'Reliance Capital Pension Fund Limited', which will manage pension fund(s) under the New Pension System, being introduced by Pension Fund Regulatory Authority of India, for all the citizens of India (other than the Government employees already covered under the NPS).

ISSUE & BUY BACK OF SHARES BY THE COMPANY

During the year under review, your Company has neither issued any Shares nor carried out any buy-back of any of its outstanding Shares.

FIXED DEPOSITS

Your Company has not accepted fixed deposits from the public.

DIRECTORS

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

Mr. Vikrant Gugnani has been appointed as an Additional Director of the Company, at the Board Meeting held on April 20, 2009, in accordance with the provisions of Section 260 of the Companies Act, 1956, and shall hold office as such till the date of the ensuing Annual General Meeting. In terms of the provisions of Section 257 of the Companies Act, 1956, the Company has received notice from a member of the Company proposing the candidature of Mr. Vikrant Gugnani for the office of Director of the Company. The Board recommends the appointment of Mr. Vikrant Gugnani as a Director of the Company.

With effect from January 1, 2009, the Chief Executive Officer of your Company, Mr. Vikrant Gugnani moved on to take care of the international business operations and the then Deputy Chief Executive Officer of your Company, Mr. Sundeep Sikka assumed the position of Chief Executive Officer.

Mr. Soumen Ghosh, Director, has resigned from the office of the Director of the Company, with effect from April 20, 2009, due to his other pre-occupations. Your Board places on record their deep appreciation for the invaluable contributions made by Mr. Ghosh during his association with the Company.

BOARD MEETING

During the year under review, six meetings of the Board of Directors of the Company were held.

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

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

Each of the Committees has been constituted with clearly defined scope of operations, powers, roles and responsibilities. The minutes of the meeting of each of the Committees is placed before the Board for its approval and ratification of the actions of the Committees.

AUDIT COMMITTEE

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

During the year, five meetings of the Audit Committee were held.

AUDITORS – STATUTORY AND INTERNAL

In accordance with the applicable provisions and as a matter of good corporate governance, the Company has appointed various auditors namely auditor for the various mutual fund schemes of Reliance Mutual Fund, statutory auditor and internal auditor, all being agencies of repute and good standing. These auditing agencies periodically submit their report, which are placed before the audit committee for discussion, review and implementation of recommendations. These auditors are appointed by the Board of directors of the Company, in consultation with the Audit Committee.

STATUTORY AUDITORS'

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

INTERNAL AUDITORS'

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

AUDITORS' REPORT

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

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

In furtherance of its business objectives and with a focus on the South East Asian region, your Company has incorporated and set up a wholly owned subsidiary in Malaysia under the name and style of Reliance Asset Management (Malaysia) Sdn. Bhd.

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

Conservation of Energy

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

Technology Absorption, Adaptation and Innovation

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

Research and Development

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

Foreign Exchange Earnings and Outgo

During the year, the effected exports worth Rs. NIL.

During the year under review, the Company earned foreign exchange equivalent to Rs. 15,69,330. The Company spent foreign exchange equivalent to Rs. 8,83,41,274.

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, 2009, 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, 2009 and of the profit or loss of the Company for the year under review.

- (iii) The Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Directors have prepared the annual accounts of the Company on a 'going concern' basis.

OUR PEOPLE

Your Company as an organization is committed to creation of knowledge for the benefit of all the stakeholders. It is our firm belief that the growth of the organization is dependent on the growth of its individuals. All the policies in your Company are employee oriented and devised with our "People First" philosophy in mind. Your Company had 1144 employees as at the 31st March 2009.

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 of the Director's Report.

ACKNOWLEDGEMENTS

Your Directors place on record their sincere appreciation for the co-operation received from various regulatory and government authorities including SEBI, RBI, Registrar of Companies, PFRDA, EPFO, Custodians, Bankers, Registrars, Shareholders, Investors and other business constituents during the year under review.

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

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

Place: Mumbai

Dated: April 20, 2009

Vikrant Gugnani

Director

Kanu Doshi

Director

Auditors' Report

To the Members of Reliance Capital Asset Management Limited

We have audited the attached balance sheet of Reliance Capital Asset Management Limited ('the Company') as at 31 March 2009, and the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003 ('Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) the balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from the Directors, as on 31 March 2009, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31 March 2009 from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

Auditors' Report (*Continued*)
Reliance Capital Asset Management Limited

- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2009;
 - b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
 - c) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

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

Mumbai
20 April 2009

Akeel Master
Partner
Membership No: 046768

Reliance Capital Asset Management Limited

Annexure to Auditors' Report – 31 March 2009

(Referred to in our report of even date)

- 1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a programme of physical verification of its fixed assets by which all fixed assets are verified once in 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.
2. The Company is a service company, primarily rendering asset management services to Reliance Mutual Fund and Portfolio Management Services to its customers. Thus, paragraph 4(ii) of the Order is not applicable.
3. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to or from, any companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regards to purchase of fixed assets and with 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 weaknesses in the internal control system during the course of the audit.
5. In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
6. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India, the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 are not applicable.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 for any of the services rendered by the Company.
9. (a) According to the information and explanations given to us and on the basis of our examination of the Company's records, the Company has been regular in depositing amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Wealth tax, Service tax and other material statutory dues applicable to it with the appropriate authorities. As explained to us the Company did not have any dues on account of Investor Education and Protection Fund.

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

Reliance Capital Asset Management Limited

Annexure to Auditors' Report – 31 March 2009 (*Continued*)

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service tax, Wealth tax, Cess and other material statutory dues were in arrears as at 31 March 2009 for a period of more than six months from the date they became applicable.

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

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

Mumbai
20 April 2009

Akeel Master
Partner
Membership No: 046768

Reliance Capital Asset Management Limited

Balance Sheet

as at 31 March 2009

(Currency: Indian rupees)

	Schedule	As at 31st March, 2009	As at 31st March, 2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	3	105,100,000	105,100,000
Reserves & Surplus	4	8,318,206,570	6,988,752,021
TOTAL		8,423,306,570	7,093,852,021
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	463,043,689	271,756,662
Accumulated Depreciation		(179,621,790)	(90,470,475)
Net Block		283,421,899	181,286,187
Capital Work In Progress		1,514,002	6,956,785
		284,935,901	188,242,972
Investments	6	8,189,844,215	6,825,863,718
Deferred Tax Asset (Net)	7	41,689,787	31,485,739
Current Assets, Loans & Advances			
Cash and Bank Balance	8	2,491,015	3,043,875
Debtors	9	39,435,211	35,349,122
Loans and Advances	10	390,033,073	746,055,692
Interest accrued	11	6,842,035	13,725,710
		438,801,334	798,174,399
Current Liabilities & Provisions			
Current Liabilities	12	449,139,427	659,273,787
Provisions	13	82,825,240	90,641,020
		531,964,667	749,914,807
Net Current Assets		(93,163,333)	48,259,592
TOTAL		8,423,306,570	7,093,852,021
Significant Accounting Policies	2		
Notes to Accounts	22-35		

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

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

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

Akeel Master
Partner
Membership No. 046768

Vikrant Gugnani
Director

Kanu Doshi
Director

Sundeep Sikka
Chief Executive Officer

Sanjay Wadhwa
Chief Financial Officer

Geeta Chandran
Manager

Mumbai, 20th April 2009

Reliance Capital Asset Management Limited

Profit and Loss account

for the year ended 31 March 2009

(Currency: Indian rupees)

	Schedule	As at 31st March, 2009	As at 31st March, 2008
Income			
Management Fees	14	3,768,049,179	3,568,248,449
Dividend	15	511,072,600	83,346,239
Profit on Sale of Investments (Net)	16	117,068,389	100,069,699
Miscellaneous Income	17	47,346,369	24,794,220
		4,443,536,537	3,776,458,607
Expenditure			
Employee Costs	18	1,040,456,933	795,797,166
Administrative and Other Expenses	19	786,972,996	554,430,363
Marketing and Publicity Expenses	20	748,459,645	943,218,879
Depreciation	5	91,313,648	45,517,085
Loss on valuation of Investments	21	7,738,860	183,685
Deferred Revenue expenditure written off		-	9,747,526
		2,674,942,082	2,348,894,704
Profit Before Tax		1,768,594,455	1,427,563,903
Current tax		(432,471,418)	(470,000,000)
Deferred tax (charge) / credit		10,204,048	18,584,379
Fringe Benefit Tax		(16,859,346)	(14,300,000)
Wealth Tax		(13,190)	(40,006)
Excess Provision for Tax in respect of earlier years		-	-
Profit After Tax		1,329,454,549	961,808,276
Add : Accumulated balance brought forward		1,973,844,721	1,035,699,806
Amount Available for appropriation		3,303,299,270	1,997,508,082
Appropriations			
Transferred to Capital Redemption Reserve		-	10,007,000
Employee Benefit Transitional Liability		-	13,656,361
Balance Carried to Balance Sheet		3,303,299,270	1,973,844,721
Basic Earning per share of Rs. 10 each			
	27	126.49	107.55
Diluted Earning per share of Rs. 10 each			
	27	126.49	107.15

Significant Accounting Policies 2

Notes to Accounts 22-35

The Schedules referred to above form an integral part of this Profit & Loss account

As per our report attached

For **B S R & Co.**

Chartered Accountants

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

Akeel Master

Partner

Membership No. 046768

Vikrant Gugnani

Director

Kanu Doshi

Director

Sundeep Sikka

Chief Executive Officer

Sanjay Wadhwa

Chief Financial Officer

Geeta Chandran

Manager

Mumbai, 20th April 2009

Reliance Capital Asset Management Limited

Cash Flow Statement

for the year ended 31 March 2009

(Currency: Indian rupees)

Particulars	2009	2008
A. Cash Flow from Operating Activities		
Net Profit before tax as per P&L Account	1,768,594,455	1,427,563,903
Adjusted for		
Depreciation	91,313,648	45,517,085
Deferred revenue expenditure written off	-	9,747,526
Provision for Employee Benefit	(7,815,780)	32,592,900
Interest / Dividend Income	(551,371,561)	(108,140,459)
(Profit) / Loss on sale of Investment (Net)	(117,068,388)	(100,069,699)
Add : Revaluation Loss/ (Gain) on Variation in Foreign Exchange Rates	(5,929,359)	402,786
Add : Provision for Diminution in value of Investment	7,555,174	183,685
Loss / (Profit) on sale of Fixed Assets	1,064,180	98,127
	<u>(582,252,086)</u>	<u>(119,668,049)</u>
Operating Profit before Working Capital changes	1,186,342,369	1,307,895,854
(Increase) / Decrease in Sundry Debtors	218,906,428	(153,775,780)
Increase / (Decrease) in Sundry Creditors	(210,134,360)	409,665,490
	<u>8,772,068</u>	<u>255,889,710</u>
Cash generated from Operations	1,195,114,437	1,563,785,564
Taxes Paid	(540,733,721)	-
	<u>(540,733,721)</u>	<u>(529,624,298)</u>
Net Cash from Operating Activities	654,380,716	1,034,161,266
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(196,293,802)	(129,363,396)
Sale of Fixed Assets	1,780,262	646,818
Inter Corporate Deposit Given	270,000,000	(10,000,000)
Loans to Subsidiaries	(21,463,750)	(1,312,275)
Purchase of Investments	(32,719,353,319)	(22,297,495,040)
Investment in Subsidiaries	-	(23,538,390)
Sale of Investments	31,464,886,036	16,301,231,535
Interest Received	34,438,397	24,533,130
Dividend Received	511,072,600	83,346,239
	<u>511,072,600</u>	<u>83,346,239</u>
Net Cash used in Investing Activities	(654,933,576)	(6,051,951,379)
C. Cash Flow from Financing Activities		
Fresh Issue of Share Capital	-	5,034,993,300
Redemption of Preference Shares	-	(35,000,000)
	<u>-</u>	<u>(35,000,000)</u>
Net Cash from Financing Activities	-	4,999,993,300
Net increase/(decrease) in cash and cash Equivalents (A+B+C)	(552,860)	(17,796,813)
Opening Balance of Cash and Cash Equivalents	3,043,875	20,840,688
Closing Balance of Cash and Cash Equivalents	2,491,015	3,043,875
Cash and cash equivalents represent cash and balance with scheduled banks in current account		

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

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

Akeel Master
Partner
Membership No. 046768

Vikrant Gugnani
Director

Kanu Doshi
Director

Sundeep Sikka
Chief Executive Officer

Sanjay Wadhwa
Chief Financial Officer

Geeta Chandran
Manager

Mumbai, 20th April 2009

Reliance Capital Asset Management Limited

Schedule to Financial Statements

for the year ended 31 March 2009

(Currency: Indian rupees)

1 Background

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

The principal shareholder of the Company as at March 31, 2009 is Reliance Capital Limited.

The Company's principal activity is to act as an investment manager to Reliance Mutual Fund ('the Fund'), to provide Portfolio Management Services ('PMS') to clients under Securities and Exchange Board of India (SEBI) (Portfolio Managers) Regulations, 1993. The Company is registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996. The Company manages the investment portfolios of the Fund and provides various administrative services to the Fund as laid down in the Investment Management Agreement dated 12th August 1997.

2 Significant accounting policies

2.1 Basis of preparation

The accompanying financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006. The financial statements are presented in Indian Rupees.

2.2 Use of Estimates

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

2.3 Fixed assets and depreciation

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

Depreciation of Fixed Assets is provided on written down value method in accordance with rates specified in Schedule XIV to the Companies Act, 1956.

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

Intangible assets comprising of software purchased / developed and licensing costs are depreciated on straight line basis over the useful life of the software up to a maximum of three years commencing from the month in which such software is first utilised.

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

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

2.4 Impairment of assets

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

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2009

(Currency: Indian rupees)

2.5 Investments

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

Investments are classified as long term or current based on intention of the management at the time of purchase.

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

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

2.6 Revenue recognition

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

Investment Management Fees

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

Portfolio Management Fees

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

Profit on Sale of Investments

Profit earned from sale of investments is recognized on a settlement date basis.

Other Income

Interest income is accounted on an accrual basis.

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

2.7 Transactions in foreign currency

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

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

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2009

(Currency: Indian rupees)

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 plus leave encashment of each employee.

Gratuity

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

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

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

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

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

Leave Encashment

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

Compensated absences

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

2.9 Initial Issue expenses of schemes

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

2.10 Fund expenses

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

2.11 Operating leases

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

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2009

(Currency: Indian rupees)

2.12 Tax

Current tax

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

Deferred tax

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

Fringe benefit tax (FBT)

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

2.13 Earnings per share

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

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

2.14 Contingencies and provisions

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

Reliance Capital Asset Management Limited

Schedule to Financial Statements

for the year ended 31 March 2009

(Currency: Indian rupees)

	As at 31st March, 2009	As at 31st March, 2008
3 Share Capital		
Authorised Share Capital		
11,500,000 Equity shares of Rs.10/- each	115,000,000	115,000,000
350,000 Cumulative Redeemable Preference shares of Rs.100/- each	35,000,000	35,000,000
	<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid up		
10,710,000 Equity shares of Rs.10/- each, fully paid up	107,100,000	107,100,000
Less : Amount recoverable from Reliance Capital Asset Management Employee Benefit Trust (ESOP Trust) (Face value of 2,00,000 Equity Shares of Rs.10/- each allotted to the Trust during the year 2007-08 at a premium of Rs.1990 per share)	2,000,000	2,000,000
-Of the above 10,000,000 shares held by Reliance Capital Limited, the holding company (including 24,99,300 shares allotted during the year 2007-08 at par.)		
	<u>105,100,000</u>	<u>105,100,000</u>
4 Reserves and Surplus		
Securities Premium Account		
Balance at the beginning of the Year	5,004,900,300	-
Add: Received during the Year	-	5,402,900,300
Less : Amount recoverable from Reliance Capital Asset Management Employee Benefit Trust (ESOP Trust) (Premium on 2,00,000 Equity Shares of Rs.10/- each allotted to the Trust during the year 2007-08)	-	398,000,000
Balance at the end of the Year	<u>5,004,900,300</u>	<u>5,004,900,300</u>
Capital Redemption Reserve		
Balance at the beginning of the Year	10,007,000	-
Transferred from Profit & Loss Account	-	10,007,000
Balance at the end of the Year	<u>10,007,000</u>	<u>10,007,000</u>
Surplus in Profit & Loss Account		
Balance at the end of the Year	3,303,299,270	1,973,844,721
Total Reserves & Surplus	<u>8,318,206,570</u>	<u>6,988,752,021</u>

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2009

(Currency: Indian rupees)

5. Fixed Assets

Assets	Gross Block (At Cost)				Depreciation				Net Block	
	As at 1.4.2008	Additions	Deductions	As at 31.03.2009	Up to 1.4.2008	During the Year	Deductions	Up to 31.03.2009	As at 31.03.2009	As at 31.3.2008
Tangible assets										
Computer	66,785,843	25,474,873	-	92,260,716	37,356,411	17,960,936	-	55,317,347	36,943,369	29,429,432
Motor Car	10,037,407	394,554	4,866,224	5,565,737	4,536,844	1,026,269	2,076,901	3,486,212	2,079,525	5,500,563
Office Equipment	68,457,280	46,879,742	36,218	115,300,804	15,454,442	11,906,969	19,589	27,341,822	87,958,982	53,002,838
Furniture	32,563,956	20,420,168	104,333	52,879,791	8,593,865	8,399,578	65,843	16,927,600	35,952,191	23,970,091
Leasehold Improvements	84,542,422	98,756,465	-	183,298,887	22,426,076	48,319,032	-	70,745,108	112,553,779	62,116,346
Intangible assets										
Software	9,369,754	4,368,000	-	13,737,754	2,102,837	3,700,864	-	5,803,701	7,934,053	7,266,917
Total	271,756,662	196,293,802	5,006,775	463,043,689	90,470,475	91,313,648	2,162,333	179,621,790	283,421,899	181,286,187
Previous year	144,782,556	129,363,396	2,389,290	271,756,662	46,597,735	45,517,085	1,644,345	90,470,475	181,286,187	

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2009

(Currency: Indian rupees)

	Face Value	Quantity As at 31.03.2009	Cost / Fair Value As at 31.03.2009	Quantity As at 31.03.2008	Cost / Fair Value As at 31.03.2008
6 Investments					
(A) Long term Investments (At Cost)					
(I) Non Trade					
Government and Trust Securities (Quoted)					
6.75% Tax free US 64 Bonds	100	-	-	22	2011
			<u>-</u>		<u>2011</u>
(II) Subsidiary Companies (Unquoted,fully paid up equity shares)					
Reliance Asset Management (Mauritius) Limited	USD 10	11,000	4,922,600	11,000	4,922,600
Reliance Asset Management Singapore Pte Limited	SGD 1	2,000,003	57,859,056	2,000,003	57,859,056
Reliance Asset Management (U.K) PLC	GBP 1	300,000	23,538,390	300,000	23,538,390
			<u>86,320,046</u>		<u>86,320,046</u>
(III) Investments in Other Body Corporates					
1. Quoted fully paid up equity shares					
Reliance Industries Limited	10	24,982	34,254,772	24,982	34,254,772
Reliance Communications Limited	5	24,923	10,518,365	24,923	10,518,365
ICICI Bank Limited	10	4,150	4,726,570	4,150	5,005,234
Kotak Mahindra Bank Limited	10	4,620	4,715,180	4,620	5,004,125
			<u>54,214,887</u>		<u>54,782,496</u>
2. Unquoted Fully Paid					
Citicorp Financial Ltd - Non -Convertible Debentures			-	20	20,000,000
Clearing Corporation of India Ltd - 8% Cumulative Preference Shares	10	5,000,000	50,000,000	5,000,000	50,000,000
			<u>50,000,000</u>		<u>70,000,000</u>
(IV) Investments in Mutual Funds (UnQuoted)					
fully paid units of Rs.10 each					
Reliance Income Fund - Retail Plan - Growth Plan-Growth Option	10	-	-	7,692,219	200,000,000
Reliance Growth Fund- Retail plan - Dividend Plan	10	1,478,358	67,500,000	1,478,358	67,500,000
Reliance Vision Fund - Retail Plan -Dividend Plan	10	2,401,851	100,000,000	2,401,851	100,000,000
Reliance Short Term Fund -Retail Plan Growth Plan	10	-	-	38,484,128	540,268,116
Reliance Tax Saver (ELSS) Fund -Growth Option	10	2,200,000	22,000,000	2,200,000	22,000,000
Reliance Equity Fund -Retail Plan- Growth Plan	10	2,322,458	23,224,581	2,954,633	29,546,330
Reliance Equity Opportunities Fund-Retail Plan- Growth Option	10	930,445	9,304,450	1,138,605	11,386,050
Reliance Equity Advantage Fund -Retail Plan -Growth Plan	10	4,889,976	50,000,000	4,889,976	50,000,000
Reliance Natural Resource Fund - Institutional Plan - Growth Option	10	12,000,000	120,000,000	12,000,000	120,000,000
Reliance Fixed Horizon Fund - VII Sr. 1 - Institutional Growth	10	10,000,000	100,000,000	10,000,000	100,000,000
Reliance Fixed Horizon Fund - VII Sr. 3 - Institutional Growth	10	1,000,000	10,000,000	1,000,000	10,000,000
Reliance Fixed Horizon Fund - VII Sr. 6 - Institutional Growth	10	20,000,000	200,000,000	20,000,000	200,000,000
Reliance Fixed Horizon Fund - VIII Sr. 2 - Institutional Dividend Plan	10	30,000,000	300,000,000	-	-
Reliance Fixed Horizon Fund - IX Series 2 - Institutional Dividend Plan	10	20,000,000	200,000,000	-	-
Reliance Fixed Horizon Fund - IX Series 10 - Institutional Dividend Plan	10	5,000,000	50,000,000	-	-
Reliance Fixed Horizon Fund - X Series 2 Super Institutional Dividend Plan	10	15,000,000	150,000,000	-	-
Reliance Fixed Horizon Fund - X Series 3 Super Institutional Dividend Plan	10	7,000,000	70,000,000	-	-
Reliance Fixed Horizon Fund - XII Series 2 Super Institutional Dividend Plan	10	18,000,000	180,000,000	-	-
Reliance Fixed Horizon Fund - XII Series 4 Super Institutional Growth	10	50,000,000	500,000,000	-	-
Reliance Income Fund - Retail Plan - Monthly Dividend Plan	10	89,658,237	985,279,179	-	-
Reliance Gilt Securities Fund - Institutional Plan - Dividend Plan	10	8,382,273	98,227,829	-	-
			<u>3,235,536,039</u>		<u>1,450,700,496</u>
Total Long Term			<u>3,426,070,972</u>		<u>1,661,805,049</u>

Reliance Capital Asset Management Limited

Schedule to Financial Statements

for the year ended March 31, 2009

(Currency: Indian rupees)

	Face Value	(Rupees)		(Rupees)	
		Quantity As at 31.03.2009	Cost / Fair Value As at 31.03.2009	Quantity As at 31.03.2008	Cost / Fair Value As at 31.03.2008
(B) Current Investments - Non trade (At Lower of Cost and Fair Value)					
1. Quoted Fully Paid					
8.55% Indian Railway Finance Corporation Bonds	1,000,000	50	48,264,600	-	-
8.65% Rural Electrification Corporation Bonds	1,000,000	250	242,828,750	-	-
			291,093,350		-
2. Mutual Funds (UnQuoted) fully paid units					
Reliance Fixed Horizon Fund QP VI Sr 2 - Institutional Dividend Payout	10	-	-	200,000,000	2,000,000,000
Reliance Liquid Plus Fund - Institutional - Monthly Dividend Reinvestment	1,000	-	-	1,560,531	1,571,351,578
Reliance Monthly Interval Fund Sr II - Institutional - Dividend Reinvestment Plan	10	-	-	100,643,500	1,006,888,307
Reliance Fixed Horizon Fund VI Sr 3 Institutional - Dividend Payout	10	-	-	50,000,000	500,000,000
Reliance Liquid Plus Fund - Institutional Plan - Growth Plan	1,000	-	-	79,458	85,818,784
Reliance Interval Fund - Quarterly Plan - Series 1 - Institutional - Dividend Plan	10	60,056,258	600,849,246	-	-
Reliance Short Term Fund - Monthly Dividend Plan	10	103,271,648	1,100,000,000	-	-
Reliance Money Manager Fund - Institutional Growth	1,000	1,414,050	1,686,846,513	-	-
Reliance Medium Term Fund - Institutional Growth	10	59,728,719	1,084,984,134	-	-
			4,472,679,893		5,164,058,669
Total Current			4,763,773,243		5,164,058,669
GRAND TOTAL			8,189,844,215		6,825,863,719

Notes:

1. Quoted investments

Aggregate of Book value	345,308,237	54,784,507
Aggregate of Market value	336,656,057	44,651,780
Unquoted investments		
Aggregate of Book value	7,844,535,978	6,771,079,211

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2009

(Numbers in Units)

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

Scheme	2009		2008	
	Purchase	Redeemed	Purchase	Redeemed
(A) Long term Investments				
1. Reliance Income Fund - Retail Plan - Growth Plan-Growth Option	4,796,113	12,488,332	7,692,219	-
2. Reliance Banking Fund - Bonus Plan	-	-	-	60,362
3. Reliance Income Fund - Retail Plan - Bonus Plan	-	-	-	162,823
4. Reliance Index Fund - Nifty Plan - Growth Plan - Growth Option	-	-	-	164,918
5. Reliance Short Term Fund -Retail Plan Growth Plan	-	38,484,128	35,142,468	-
6. Reliance Equity Fund -Retail Plan- Growth Plan	-	632,175	2,954,633	-
7. Reliance Equity Oppurtunities Fund-Retail Plan- Growth Option	-	208,160	1,138,605	-
8. Reliance Equity Advantage Fund -Retail Plan -Growth Plan	-	-	4,889,976	-
9. Reliance Natural Resource Fund - Institutional Plan - Growth Option	-	-	12,000,000	-
10. Reliance Fixed Horizon Fund - VII Sr. 1 - Institutional Growth	-	-	10,000,000	-
11. Reliance Fixed Horizon Fund - VII Sr. 3 - Institutional Growth	-	-	1,000,000	-
12. Reliance Fixed Horizon Fund - VII Sr. 6 - Institutional Growth	-	-	20,000,000	-
13. Reliance Fixed Horizon Fund - VIII Sr. 2 - Institutional Dividend Plan	30,000,000	-	-	-
14. Reliance Fixed Horizon Fund - IX Series 2 - Institutional Dividend Plan	20,000,000	-	-	-
15. Reliance Fixed Horizon Fund - IX Series 10 - Institutional Dividend Plan	5,000,000	-	-	-
16. Reliance Fixed Horizon Fund - X Series 2 Super Institutional Dividend Plan	15,000,000	-	-	-
17. Reliance Fixed Horizon Fund - X Series 3 Super Institutional Dividend Plan	7,000,000	-	-	-
18. Reliance Medium Term Fund - Weekly Dividend Reinvestment Plan	133,222,906	133,222,906	-	-
19. Reliance Fixed Horizon Fund - XII Series 2 Super Institutional Dividend Plan	18,000,000	-	-	-
20. Reliance Fixed Horizon Fund - XII Series 4 Super Institutional Growth	50,000,000	-	-	-
21. Reliance Income Fund - Retail Plan - Monthly Dividend Plan	89,658,237	-	-	-
22. Reliance Gilt Securities Fund - Institutional Plan - Dividend Plan	21,333,754	12,951,481	-	-
(B) Current Investments				
1. Reliance Fixed Horizon Fund QP VI Sr 2 - Institutional Dividend Payout	-	200,000,000	200,000,000	-
2. Reliance Liquid Plus Fund - Institutional - Monthly Dividend Reinvestment	275,429	1,835,960	2,057,733	497,202
3. Reliance Monthly Interval Fund Sr II - Institutional - Dividend Reinvestment Plan	3,980,825	104,624,325	100,643,500	-
4. Reliance Fixed Horizon Fund VI Sr 3 Institutional - Dividend Payout	-	50,000,000	50,000,000	-
5. Reliance Fixed Horizon fund X Sr. 15 - Super Institutional - Dividend Plan	2,000,000	2,000,000	-	-
6. Reliance Fixed Horizon fund VIII Sr. 10 - Institutional - Dividend	35,000,000	35,000,000	-	-
7. Reliance Fixed Horizon fund VIII Sr. 11 - Institutional - Dividend	175,000,000	175,000,000	-	-
8. Reliance Fixed Horizon fund X Sr. 13 - Super Institutional - Dividend Plan	196,500,000	196,500,000	-	-
9. Reliance Fixed Horizon fund VIII Sr. 12 - Institutional - Dividend Payout	150,000,000	150,000,000	-	-
10. Reliance Interval Fund - Quarterly Plan - Series 1 - Institutional - Dividend Plan	155,025,496	94,969,238	-	-
11. Reliance Interval Fund - Monthly Plan - Sr. 1- Institutional - Dividend Plan	41,403,400	41,403,400	186,214,538	186,214,538
12. Reliance Fixed Horizon Fund X Series 14 - Super Institutional - Dividend Plan	18,000,000	18,000,000	-	-
13. Reliance Interval Fund - Quarterly Plan - Series 3 - Institutional - Dividend Plan	85,034,784	85,034,784	-	-
14. Reliance Interval Fund - Quarterly Plan - Series 2 - Institutional - Dividend Plan	14,416,337	14,416,337	-	-
15. Reliance Fixed Horizon Fund - X Series 4 - Institutional - Dividend Plan	50,000,000	50,000,000	-	-
16. Reliance Medium Term Fund - Weekly Dividend Reinvestment Plan	133,222,906	133,222,906	-	-
17. Reliance Fixed Horizon Fund - XI Series 2 - Super Institutional - Dividend Plan	104,000,000	104,000,000	-	-
18. Reliance Medium Term Fund - Daily Dividend Reinvestment Plan	90,514,864	90,514,864	-	-
19. Reliance Fixed Horizon fund XII Sr. 13	53,211,308	53,211,308	-	-
20. Reliance Fixed Horizon Fund - XII Series 14 - Super Institutional - Dividend Plan	70,000,000	70,000,000	-	-
21. Reliance Liquidity Fund - Daily Dividend Reinvestment	319,770,983	319,770,983	-	-
22. Reliance Short Term Fund - Monthly Dividend Plan	103,271,648	-	-	-
23. Reliance Money Manager Fund - Institutional Growth	1,414,050	79,458	3,000,479	2,921,022
24. Reliance Money Manager Fund - Institutional - Daily Dividend	4,651,022	4,651,022	2,317,075	2,317,075
25. Reliance Medium Term Fund - Institutional Growth	59,728,719	-	-	-
26. Reliance Liquidity Fund - Growth Plan - Growth Option	-	-	666,154,350	692,884,363

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2009

(Currency: Indian rupees)

	As at 31st March, 2009	As at 31st March, 2008
7 Deferred Tax Asset		
<i>Deferred tax asset arising on account of timing differences in:</i>		
Depreciation on fixed assets	9,961,461	676,857
Employee compensation	28,152,299	30,808,882
Straightlining of lease rentals	3,576,027	-
	41,689,787	31,485,739
8 Cash / Bank Balance		
Cash on Hand	21,356	36,652
Balance in current accounts with Scheduled banks	2,469,659	3,007,223
	2,491,015	3,043,875
9 Sundry Debtors (Unsecured considered good)		
Outstanding for more than six months	-	-
Other debtors	39,435,211	35,349,122
	39,435,211	35,349,122
10 Loans and Advances (Unsecured considered good)		
Loans to Subsidiaries	32,551,296	5,603,080
Inter Corporate Deposit	-	270,000,000
Loans to Employees	9,254,269	5,440,102
Advances recoverable in cash or in kind or for value to be received	143,440,227	351,614,996
Advance Tax Paid / Tax Deducted at Source (net of provisions)	204,787,281	113,397,514
	390,033,073	746,055,692
11 Other current assets		
<i>Interest accrued on :</i>		
Loans to Subsidiaries	2,550,801	536,579
Inter Corporate Deposits	-	13,189,131
Bonds	4,291,234	-
	6,842,035	13,725,710
12 Current Liabilities		
Sundry creditors (other than micro & small scale enterprises)	409,323,323	361,566,150
Overdrawn Bank Balances as per books of accounts	7,209,275	263,654,303
Other liabilities	32,606,829	34,053,334
	449,139,427	659,273,787
The Company does not have any outstanding dues towards small scale industrial undertakings as at 31 March 2009. The Company did not have any outstanding dues to any micro or small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 at any point during the year that were outstanding for a period of more than 45 days from the date of acceptance (as certified by the Management).		
13 Provisions		
Provision for Employees' benefit	82,825,240	90,641,020
	82,825,240	90,641,020
14 Management Fees		
Investment Management Fees	3,561,779,505	3,281,764,413
(Tax Deducted at Source Rs. 461,610,526/- (Previous year Rs.392,506,071/-))		
Portfolio Management Fees	206,269,674	286,484,036
(Tax Deducted at Source Rs.8,177,806/- (Previous year Rs.10,923,930/-))		
	3,768,049,179	3,568,248,449
15 Dividend Income		
Dividend on Long term Investments	85,792,454	38,814,556
Dividend on Current Investments	425,280,146	44,531,683
	511,072,600	83,346,239

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2009

(Currency: Indian rupees)

	As at 31st March, 2009	As at 31st March, 2008
16 Profit on Sale of Investments		
Profit on Sale of Long term Investments	36,971,980	7,362,551
Profit on Sale of Current Investments (net)	80,096,409	92,707,148
	117,068,389	100,069,699
17 Miscellaneous Income		
Interest Income	40,298,961	24,794,220
Revaluation Gain on Variation in Foreign Exchange Rates	5,947,441	-
Provision no longer required written back	183,685	-
Others	916,282	-
	47,346,369	24,794,220
18 Employee Costs		
Salaries, Allowances and Bonus	949,769,195	729,150,419
Contribution to Provident and other funds	49,829,001	37,088,493
Staff welfare expenses	40,858,737	29,558,254
	1,040,456,933	795,797,166
19 Administrative and Other Expenses		
Legal & Professional Charges	180,271,238	86,376,976
Rent	155,845,242	69,437,945
Conveyance & Travelling	94,074,313	58,299,372
Telephone	77,881,524	71,058,745
Filing fees & Stamp duty	49,426,541	84,255,576
Office Administration	50,352,423	30,800,711
Membership & Subscription	34,357,140	19,790,328
Electricity	26,913,247	12,450,378
Seminar & training	22,465,626	20,869,407
Repairs & Maintenance	19,613,903	16,633,061
Printing & Stationary	18,770,995	32,818,079
Entertainment	17,477,277	8,847,277
Software repair & Maintenance	6,571,123	4,461,745
Courier charges	5,345,843	12,149,602
Insurance	2,031,531	1,999,633
Auditors Remuneration	1,057,282	750,233
Director sitting fees	310,000	1,020,000
Loss on Variation in Foreign Exchange rates	13,915	31,075
Donation	9,600	45,000
Revaluation Loss on Variation in Foreign Exchange Rates	-	417,369
Miscellaneous Expenses (including Bank charges, profession Tax etc.)	23,120,053	21,819,724
Loss on sale of fixed assets (Net)	1,064,180	98,127
	786,972,996	554,430,363
20 Marketing & Publicity Expenses		
Brokerage and Incentives	663,425,973	771,795,116
Marketing Expenses	574,896	101,325,983
Advertisement	84,458,776	70,097,780
	748,459,645	943,218,879
21 Loss on valuation of Investments		
Diminution on Long term Investment	567,610	-
Valuation loss on Current Investment	7,171,250	183,685
	7,738,860	183,685

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2009

(Currency: Indian rupees)

22 Capital commitments

	2009	2008
Estimated amount of contracts remaining to be executed on capital account and	4,975,286	10,060,686

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

	2009	2008
a) Not later than one year	5,701,120	6,773,794
b) Later than one year and not later than five years	7,063,503	8,147,583
c) Later than five years	-	-
	12,766,632	14,923,385

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

	2009	2008
a) Not later than one year	115,685,137	48,523,607
b) Later than one year and not later than five years	381,490,407	170,178,951
c) Later than five years	139,299,166	81,477,871
	636,476,719	300,182,437

25 Auditor's Remuneration:

	2009	2008
Audit Fees	900,000	325,000
Tax Audit Fees	100,000	75,000
Certification Matters	50,000	345,000
Out of Pocket Expenses	7,282	5,233
	1,057,282	750,233

26 Managerial Remuneration:

	2009	2008
Salaries	2,834,532	2,079,276
Perquisites & Other Allowances	1,500,000	950,000
Contribution to Provident Fund	183,974	161,472
Total	4,518,506	3,190,748

Note:

- a. Contribution /provision for gratuity are not considered as employee wise details are not available.
- b. Reimbursement of expenses incurred in the normal course of business is not considered.

27 Earning Per Share (EPS)

	2009	2008
Net Profit as per Profit and Loss Account	1,329,454,549	961,808,276
Weighted average number of equity shares outstanding	10,510,000	8,942,515
Basic Earnings Per Share	126.49	107.55
Weighted average number of equity shares outstanding	10,510,000	8,976,439
Diluted Earnings Per Share	126.49	107.15

The equity shares issued to the ESOP Trust under the Company's ESOP are not considered for calculation of EPS as the employees have not exercised their right to subscribe the shares. The outstanding options to the extent granted, as at reporting date have been considered for computing diluted EPS by comparing the exercise price with the Fair Value. However, the exercise price of the option to be granted in the future, will be determined at such time, and hence their dilutive potential cannot be ascertained at present.

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2009

(Currency: Indian rupees)

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

Salary and Benefits	21,006,041	11,127,226
Traveling	34,429,845	4,983,054
Seminar & Training	1,386,678	3,150,481
Professional & Consultancy	8,582,826	3,111,397
Other Expenses	22,935,884	11,014,718

29 Earnings in foreign currency:

	2009	2008
Interest	1,569,330	363,956

30 Segment Reporting

The Company is in the business of providing asset management services to the fund and PMS to clients. Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment. Pursuant to the Accounting Standard Interpretation (ASI) 20 (Revised) – Disclosure of Segment Information issued by the Institute of Chartered Accountants of India (ICAI), no segment disclosure has been made in these financial statements, as the Company has only one geographical segment and no other separate reportable business segment.

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2009

(Currency: Indian rupees)

31 Related Party Disclosures:

(i) List of Related Parties with whom transactions have taken place and relationships:

Sr. No.	Name of the Related Party	Relationship
1	AAA Enterprises Private Limited	Ultimate Holding Company
2	Reliance Capital Limited	Holding Company
3	Reliance Asset Management (Mauritius) Ltd	Wholly Owned Subsidiary
4	Reliance Asset Management (Singapore) Pte Ltd	Wholly Owned Subsidiary
5	Reliance Capital Asset Management (UK) Plc.	Wholly Owned Subsidiary
6	Reliance Capital Pension Fund Limited	Wholly Owned Subsidiary
7	Reliance General Insurance Company Ltd.	Fellow Subsidiary
8	Reliance Money Express Pvt.Ltd.	Fellow Subsidiary
9	Reliance Gilts Ltd.	Fellow Subsidiary
10	Reliance Capital Trustee Co Ltd	Fellow Subsidiary
11	Medybiz Pvt Ltd	Fellow Subsidiary
12	Net Logistic Pvt Ltd	Fellow Subsidiary
13	Reliance Venture Asset Management Pvt Ltd	Fellow Subsidiary
14	Reliance Capital Research Pvt. Ltd.	Fellow Subsidiary
15	Reliance Technology Ventures Pvt. Ltd.	Fellow Subsidiary
16	Reliance Capital Markets Pvt Ltd	Fellow Subsidiary
17	Reliance Communications Ltd.	Fellow Subsidiary - Holding Company
18	Reliance Communication Infrastructure Ltd.	Fellow Subsidiary - Holding Company
19	Reliance Telecom Ltd.	Fellow Subsidiary - Holding Company
20	Matrix Innovations Ltd.	Fellow Subsidiary - Holding Company
21	Gateway Systems (India) Ltd	Fellow Subsidiary - Holding Company
22	Reliance Natural Resources Ltd.	Fellow Subsidiary - Holding Company
23	Reliance Webstore Ltd.	Fellow Subsidiary - Holding Company
24	Ms.Geeta Chandran	Manager

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2009

(Currency: Indian rupees)

Sr. No.	Nature of Transaction	Holding Company	Wholly Owned Subsidiaries	Fellow Subsidiaries	Fellow Subsidiary - Holding Company	Whole Time Director / Manager	Total
A	Investments						
	Purchases		-		243,441,682		243,441,682
			(23,538,390)		-		(23,538,390)
B	Sundry Creditors			184,072	11,898,817		12,082,889
				-	-		-
C	Advance recoverable in cash or in kind or for value to be received			9,245,980	-		9,245,980
		-		(9,155,064)	(1,950,112)		(11,105,176)
							-
D	Loans to Subsidiaries						
	Balance as on 01.04.2008		5,603,080				5,603,080
	Add: Given during the year		21,463,750				21,463,750
	Less: Received Back during the Year		-				-
	Balance as on 31.03.2009	*	32,551,296				32,551,296
E	Interest Accrued		* 2,550,801				2,550,801
			(536,579)				(536,579)
F	Issue of Equity shares	-					-
		(24,993,000)					(24,993,000)
G	Redemption of Preference Shares	-					-
		(35,000,000)					(35,000,000)
H	Portfolio Management Fees			700,000			700,000
				(1,200,000)			(1,200,000)
I	Interest income		1,569,330				1,569,330
			(363,956)				(363,956)
J	Salaries & Benefits to Employees					4,518,506	4,518,506
						(3,190,748)	(3,190,748)
K	Staff Welfare Expenses			866,296			866,296
				(273,750)			(273,750)
L	Rent Expense	15,627,600			106,524		15,734,124
		(7,728,000)			(72,000)		(7,800,000)
M	Marketing Expenses				-		-
					(1,149,660)		(1,149,660)
N	Insurance Charges			8,087,341			8,087,341
				(6,791,044)			(6,791,044)
O	Telephone / Internet				99,132,750		99,132,750
					(59,250,882)		(59,250,882)
P	Travelling expenses			2,498,647			2,498,647
				(3,429,132)			(3,429,132)

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

(Previous year figures are in brackets)

* Adjusted for Revaluation gain:

Loan to subsidiary Rs. 5,484,466

Interest accrued Rs. 444,892

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2009

(Currency: Indian rupees)

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

A Defined Contribution Plans:

Amount of Rs.34,226,415 (previous year: Rs.26,059,197) is recognised as expense and included in "Employee Costs" - Schedule "19" in the Profit and Loss Account.

B Defined Benefit Plans:

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

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2009	2008	2009	2008
a.	Present value of Defined Benefit Obligation at the beginning of the year	17,624,077	11,915,581	90,641,020	58,048,120
b.	Interest cost	1,409,926	983,035	5,697,610	4,238,523
c.	Current service cost	7,432,650	5,368,463	41,292,400	46,862,970
d.	Actuarial Losses / (Gains)	(5,859,836)	(643,002)	(35,460,017)	(15,439,639)
e.	Benefits paid	(1,516,685)	-	(29,345,773)	(3,068,954)
f.	Present value of Defined Benefit Obligation at the close of the year	19,090,132	17,624,077	72,825,240	90,641,020

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

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2009	2008	2009	2008
a.	Fair value of Plan Assets at the beginning of the year	24,451,813	5,139,958	-	-
b.	Add :Expected return on Plan Assets	1,956,145	411,197	-	-
c.	Add / (Less) : Actuarial (Losses) / Gains	(1,747,147)	(333,260)	-	-
d.	Add : Contributions	4,004,048	18,567,398	-	-
e.	Less: Benefits Paid	(1,516,685)	-	-	-
f.	Fair value of Plan Assets at the close of the year	27,148,175	24,451,813	-	-

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

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2009	2008	2009	2008
a.	Present value of Defined Benefit obligation	19,090,132	17,624,077	72,825,240	90,641,020
b.	Less: Fair value of Plan Assets	27,148,175	24,451,813	-	-
c.	Present value of unfunded obligation	(8,058,043)	(6,827,736)	72,825,240	90,641,020
d.	Net Liability/(Asset) recognised in the Balancesheet	(8,058,043)	(6,827,736)	72,825,240	90,641,020

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2009

(Currency: Indian rupees)

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

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2009	2008	2009	2008
a.	Current Service Cost	7,432,650	5,368,463	41,292,400	46,862,970
b.	Interest Cost	1,409,926	983,035	5,697,610	4,238,523
c.	Expected return on Plan Assets	(1,956,145)	(411,197)	-	-
d.	Actuarial Losses / (Gains)	(4,112,689)	(976,262)	(35,460,017)	(15,439,639)
e.	Past service costs	-	-	-	-
f.	Effect of curtailment / settlement	-	-	-	-
g.	Adjustments for earlier years Recognised in the Profit and Loss Account	-	-	-	-

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

		Gratuity Benefit - Funded		Leave Benefit - Unfunded	
		2009	2008	2009	2008
a.	Government of India Securities	14.39%	19.08%	UNFUNDED	UNFUNDED
b.	State Government Securities	-	-		
c.	Corporate Bonds	59.46%	37.64%		
d.	Fixed Deposit under Special Deposit Scheme	-	-		
e.	Equity Shares	15.94%	18.85%		
f.	Bank Deposits / Mutual Funds	10.21%	24.43%		
g.	Public Sector Bonds	-	-		
		100.00%	100.00%		

vi. Actuarial Assumptions as the Balancesheet date:

		Gratuity		Leave Benefit	
		2009	2008	2009	2008
a.	Discount Rate	7.50%	8.00%	7%	7.50%
b.	Expected rate of return on Plan Assets	7.50%	8.00%	-	-
c.	Salary Escalation rate -- Management Staff	5%	6.00%	5%	9.00%
d.	Salary Escalation rate -- Non -Management Staff	-	-	-	-
e.	Annual increase in Healthcare costs	-	-	-	-
f.	Attrition rate	1% at each age	1% at each age	1% throughout	1% throughout

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

vii. General Descriptions of significant Defined plans:

a. **Gratuity Plan :**

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

b. **Leave Plan :**

Encashment of leave in the earned account can be opted by an employee on the accumulation crossing 30 days subject to a retention of minimum 15days in the Earned Leave account. However the employee will have the option to accumulate up to 60 days beyond which the leave will be mandatorily encashed.

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2009

(Currency: Indian rupees)

33 Employees Stock Option Plan (ESOP) :

(i) Pursuant to the shareholder's, resolution dated September 20, 2007, the Company introduced the Employee Stock Option Plan under which the Company decided to grant, from time to time, options to the employees of the Company. The grant of options to the

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

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

a) 2007 Plan

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

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

b) 2008 Plan

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

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

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

Shares in Thousands	As of March 31, 2009		As of March 31, 2008	
	Number of stock options	Weighted average exercise price (Rs.)	Number of stock options	Weighted average exercise price (Rs.)
Number of shares under option:				
2007 Plan				
Outstanding at beginning of year	66,575	2,000	NIL	NIL
Granted	-	-	77,125	2,000
Exercised	NIL	NIL	NIL	NIL
Cancelled or expired	3,050	NIL	5,150	NIL
Outstanding at the year end	63,525	2,000	66,575	2,000
Exercisable at end of year	63,525	2,000	66,575	2,000
2008 Plan				
Outstanding at beginning of year	-	-	NIL	NIL
Granted	38,706	8,000	NIL	NIL
Exercised	NIL	NIL	NIL	NIL
Cancelled or expired	-	-	NIL	NIL
Outstanding at the year end	38,706	8,000	NIL	NIL
Exercisable at end of year	38,706	8,000	NIL	NIL

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

	Year ended March 31,2009	Year ended March 31,2008
Risk free interest rate	8%	8%
Expected life	7 years	7 years
Dividend yield	0.00%	0.00%

(vi) The Company has chosen to account for the Plan by the Intrinsic Value Method. The total expense recognised for the period arising from stock option plan as per intrinsic value method is Rs. Nil (previous year Rs. Nil). The net results for the period, had the Company adopted the fair value method, would have been lower by Rs 47,910,740 (net of tax saving Rs.31,625,880) and accordingly the EPS (both basic and diluted) would have been lower by Rs.1.12.

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2009

(Currency: Indian rupees)

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

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

35 Prior year comparatives

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

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

Vikrant Gugnani
Director

Kanu Doshi
Director

Sundeep Sikka
Chief Executive Officer

Sanjay Wadhwa
Chief Financial Officer

Geeta Chandran
Manager

Mumbai
Date: 20th April 2009

Reliance Capital Asset Management Limited

Schedule to Financial Statements (continued)

for the year ended 31 March 2009

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

Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details

Registration No. State Code

Balance Sheet Date

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

Public Issue Rights Issue

Bonus Issue Private Placement

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

Total Liabilities Total Assets

Sources of Funds Applications of Funds

Paid up Capital Net Fixed Assets

Reserves & Surplus Investments

Secured Loans Net Current Assets

Unsecured Loans Miscellaneous

Deferred Tax Asset (Net)

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

Turnover Total Expenditure

Profit/ Loss Before Tax Profit/ Loss After Tax

Earning Per Share (Rs.) Dividend Rate %

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

Not Applicable

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

Vikrant Gugnani
Director

Kanu Doshi
Director

Sundeep Sikka
Chief Executive Officer

Sanjay Wadhwa
Chief Financial Officer

Geeta Chandran
Manager

Mumbai, 20th April 2009

Reliance Capital Asset Management Limited

(Currency: Indian rupees)

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

Name of Subsidiary Company	Reliance Asset Management (Mauritius) Ltd	Reliance Asset Management (Singapore) Pte Ltd	Reliance Capital Asset Management (UK) Plc.	Reliance Capital Pension Fund Limited
1.The Financial year of the Subsidiaries Companies ended on	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009
2. Date from which they became Subsidiary Companies	11th October, 2005	22nd August, 2005	28th February, 2008	31st March, 2009
3. (a) Number of Shares held by Reliance Capital Asset management Ltd with its nominees in the Subsidiaries as at 31st March,2009	11,000 Shares	2,000,003 Shares	300,000 Shares	-
(b) Extent of Interest of Holding Company as at 31st March,2009	100%	100%	100%	-
4. The net aggregate amount of the Profit /(loss) so far as it concerns the members of the holding company				
(a) Not Dealt with in the Holding Company's Accounts				
(i) For the Financial year ended 31st March,2009	(8,763,785)	(52,983,846)	(10,670,235)	-
(ii) For the previous financial years of the Subsidiaries since they became the holding companies subsidiaries	(2,724,832)	508,741,447	-	-
5. The net aggregate amount of the Profit /(loss) so far as it concerns the members of the holding company				
(a) Dealt with in the Holding Company's Accounts				
(i) For the Financial year ended 31st March,2009	NA	NA	NA	NA
(ii) For the previous financial years of the Subsidiaries since they became the holding companies subsidiaries	NA	NA	NA	NA

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

Vikrant Gugnani
Director

Kanu Doshi
Director

Sundeep Sikka
Chief Executive Officer

Sanjay Wadhwa
Chief Financial Officer

Geeta Chandran
Manager

Mumbai, 20th April 2009