



## DIRECTORS' REPORT

### To the Members,

Your Directors present their Tenth Annual Report on the business and operations of the Company together with the audited Statement of Accounts for the year ended 31st March 2005.

### Financial Results:

	Year ended 31st March, 2005 (Rs.)	Year ended 31st March, 2004 (Rs.)
Gross Income	50,23,11,416	35,21,12,458
Gross Profit	18,93,58,977	11,78,99,918
Depreciation	78,17,493	24,49,765
Profit before tax	18,15,41,484	11,54,50,153
Provision for taxation	5,90,00,000	2,67,00,000
Provision for Deferred Tax Liability	(29,62,911)	1,41,17,276
Excess provision for tax in the previous year	44,01,296	NIL
Profit After Tax	12,55,04,395	7,46,32,877
Balance carried to Balance Sheet	22,49,27,029	10,38,23,930

The Gross Income for the year was Rs.50.23 crores compared to Rs.35.21 crores in the previous financial year. The Net Profit increased from Rs.7.46 crores to Rs.12.55 crores for the year 2004-05.

### Dividend:

The Company has decided to plough back its profits for future developments. Hence no dividend is recommended for the year under review.

### Operations:

The Company is the Investment Manager to Reliance Mutual Fund (RMF) formerly Reliance Capital Mutual Fund (RCMF). RMF currently has four open-ended Equity Schemes (Reliance Vision Fund, Reliance Growth Fund, Reliance NRI Equity Fund and Reliance Equity Opportunities Fund); six open-ended Debt Schemes (Reliance Income Fund, Reliance Short Term Fund, Reliance Medium Term Fund, Reliance Monthly Income Plan, Reliance Floating Rate Fund and Reliance NRI Income Fund); an open-ended Liquid Scheme (Reliance Liquid Fund); two close-ended debt Schemes (Reliance Fixed Term Scheme and Reliance Fixed Maturity Fund – Series I); four sector specific schemes (Reliance Banking Fund, Reliance Diversified Power Sector Fund, Reliance Pharma Fund and Reliance Media & Entertainment Fund); a government securities scheme (Reliance Gilt Securities Fund); and an open-ended index linked scheme (Reliance Index Fund).

During the year, the Mutual Fund Industry has witnessed a rise of Rs. 9,984 crores in the total assets under management from Rs. 1,39,616 crores to Rs. 1,49,600 crores between April 2004 and March 2005 (Source: AMFI Update).

The Company is also a SEBI registered Portfolio Manager and has commenced its Portfolio Management Services during the period under review. Portfolio Management Services is a format that is focussed on managing individual accounts separately. The Portfolio Manager broadly offers services under the following categories: Discretionary services, Non-discretionary services, Investment Advisory Services and Structured Products. It is proposed to scale this business in the next year.

### New Launches:

During the period under review, RMF launched eight schemes. On May 10, 2004 RMF launched the "Reliance Pharma Fund", an open-ended Pharma sector scheme; on September 16, 2004 the "Reliance Media & Entertainment Fund", an open-ended media & entertainment sector scheme; on August 23, 2004 the "Reliance Floating Rate Fund", an open-ended income scheme; on October 16, 2004 the "Reliance

NRI Income Fund", an open-ended Income Scheme and the "Reliance NRI Equity Fund", an open-ended diversified equity scheme; on January 29, 2005 the "Reliance Index Fund", an open-ended index-linked scheme; on February 14, 2005 the "Reliance Equity Opportunities Fund", an open-ended diversified equity scheme and on March 29, 2005 the "Reliance Fixed Maturity Fund – Series I", a closed ended income scheme. A series of Monthly Plan (Series VII - XVIII), Quarterly Plan (Series V - VIII) and Annual Plan (Series –IV) was launched under Reliance Fixed Term Scheme.

The Fund introduced the Institutional Option under Reliance Short Term Fund. The Monthly Dividend Pay-out Option and Monthly Dividend Re-investment Option were introduced in Reliance Liquid Fund – Treasury Plan. The Monthly Dividend Pay-out Option, Daily Dividend Re-investment Option, Weekly Dividend Re-investment Option and Monthly Dividend Re-investment Option were introduced under the Dividend Plan of Reliance Floating Rate Fund. The Fund also introduced the facility of Systematic Transfer Plan and Dividend Transfer Plan in the schemes of RMF.

The assets under management of RMF during the financial year 2004-2005 have gone up from Rs.7,240 crores to Rs. 9,542 crores showing an increase of Rs. 2,302 crores.

### Awards and Recognitions:

#### Reliance Mutual Fund declared biggest gainer in terms of AUM

According to the ICRA Online Mutual Fund Rankings for the First Quarter, FY 2004-05 (June 30, 2004): "Reliance Mutual Fund has been the biggest gainer over the last one year with increase in Total AUM of Rs. 6884 crores reflecting a growth of 159%. In the past 3 months itself, the Fund has added over Rs. 3900 crores in its assets. The phenomenal growth has helped the fund find a place in the top 5 list on the basis of assets managed. The fund manages assets in excess of 11200 crores (as on 30th June 2004)"

- **Reliance Growth Fund moved up one notch to ICRA MFR1** entering the Top 10% bracket faring well on the return score parameter.
- **Reliance Growth Fund and Reliance Vision Fund retained the ICRA MFR1** rankings for the Three year ranking.
- **Reliance Short Term Fund has been ranked ICRA MFR1 for the third consecutive quarter** in the Debt Short Term Funds one-year ranking.

#### Reliance Growth Fund – Growth awarded CRISIL CPR1

CRISIL has assigned a Composite Performance Rank of CRISIL~CPR 1 Open End Equity Schemes, September 2004 to Reliance Growth Fund – Growth, indicating that the composite performance of Reliance Growth Fund - Growth is "Very Good" in the Open End Equity Category, and ranks within the top 10% of the 36 schemes ranked in this category.

#### Reliance Income Fund – Growth awarded CRISIL CPR1

CRISIL has assigned a Composite Performance Rank of CRISIL~CPR 1 Open End Debt Schemes, September 2004 to Reliance Income Fund – Growth indicating that the composite performance of Reliance Income Fund - Growth is Very Good in the Open End Debt Category, and ranks within the top 10% of the 20 schemes ranked in this category.

#### Reliance Liquid Fund – Treasury Plan – Growth awarded CRISIL CPR1

CRISIL has assigned a Composite Performance Rank of CRISIL~CPR 1 Open End Liquid Schemes, September 2004 to Reliance Liquid Fund - Treasury Plan –Growth indicating the composite performance of Reliance Liquid Fund - Treasury Plan -Growth is "Very Good" in the Open End Liquid Category, and ranks within the top 10% of the 25 schemes ranked in this category.



## DIRECTORS' REPORT - CONTD...

### Reliance Short Term Fund – Growth awarded CRISIL CPR2

CRISIL has assigned a Composite Performance Rank of CRISIL~CPR 2 Open End Debt Short Term Schemes, September 2004 to Reliance Short Term Fund – Growth indicating the composite performance of Reliance Short Term Fund - Growth is "Good" performance in the Open End Debt Short Term Category, and ranks within the top 30% of the 17 schemes ranked in this category.

### Reliance Vision Fund - Growth awarded CRISIL CPR3

CRISIL has assigned a composite performance Rank of CRISIL~CPR 3 Open End Equity Schemes, September 2004 to Reliance Vision Fund.

**Reliance Income Fund - Retail-GP-Growth has been ranked ICRA MFR 1 by ICRA Online** in the category Debt Long Term for its 1 year performance till December 31, 2004.

**Reliance Growth Fund- Growth has been ranked ICRA MFR 1 by ICRA Online** in the category Equity Diversified Defensive for its 1 year performance till December 31, 2004.

**Reliance G Sec Fund - LTP-Retail- Growth has been ranked ICRA MFR 1 by ICRA Online** in the category Gilt Long Term Plan for its 1 year performance till December 31, 2004.

**Reliance Growth Fund- Growth has been ranked ICRA MFR 1 by ICRA Online** in the category Equity Diversified Defensive for its 3 year performance till December 31, 2004.

**Reliance Vision Fund- Growth has been ranked ICRA MFR 1 by ICRA Online** in the category Equity Diversified Defensive for its 3 year performance till December 31, 2004.

Shri Madhusan Kela, Head – Equities, was adjudged the Equity Fund Manager of the year by Business Standard – Fund Manager. He was presented the same at the hands of Dr. Manmohan Singh, honorable Prime Minister of India at the award ceremony held in Delhi.

### New Initiatives:

In our effort to strengthen investor services, the Fund has initiated the Reliance Mutual Fund Knowledge Series– a knowledge sharing platform for our distributors and investors. Since its launch, the Reliance Mutual Fund Knowledge Series has organized investor and distributor meets in various small cities across the country.

### Returns Delivered:

During the financial year 2004-2005, RMF has declared dividend three times in Reliance Growth Fund i.e Rs. 3.00, Rs.2.50 and Rs.5.00 each on the face value of Rs. 10.00; three times in Reliance Vision Fund i.e Rs. 3.00, Rs.2.50 and Rs. 5.00 each on the face value of Rs. 10.00; in Reliance Banking Fund, Rs. 3.00 on the face value of Rs. 10.00; two times in Reliance Floating Rate Fund i.e. Rs.0.0241 and Rs. 0.0233 each on the face value of Rs. 10.00; and in Reliance Fixed Term Scheme – Quarterly Plan – VII & VIII, i.e. Rs. 0.0903 and Rs. 0.0128 each on the face value of Rs. 10.00. Further, a bonus of 2:5 in Reliance Medium Term Fund was declared.

In continuation to our efforts in reaching out to new investors, new branches were opened at Chandigarh, Goa, Indore, Kanpur, Lucknow, Ludhiana and Surat taking the total number of branches to Twenty-Three all over India.

Besides the branches, Karvy's branches at Ahmedabad, Agra, Ajmer, Amritsar, Allahabad, Asansol, Anand, Baroda, Bhubaneswar, Bharuch, Bangalore, Bhavnagar, Chandigarh, Chennai, Cochin, Coimbatore, Dharwad, Dehradun, Durgapur, Erode, Goa, Guwahati, Guntur, Hubli, Hyderabad, Indore, Jalandhar, Jamshedpur, Jalgaon, Jaipur, Kanpur, Karaikudi, Kolkata, Kota, Kottayam, Lucknow, Ludhiana, Mumbai, Mangalore, Meerut, Moradabad, Mysore, Nashik, Nagpur, New Delhi, Patna, Pondicherry, Pune, Raipur, Rajahmundry, Rajkot, Ranchi, Surat, Siliguri, Salem, Trichy, Tirupur, Tirunelveli, Varanasi & Vijayawada were started as Official Collection Points and Investor Service Centres for RMF taking the no of Investor Service Centres from 22 to 85.

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

The company has issued no further shares during the year.

### Fixed Deposits:

The Company has not accepted any Fixed Deposits from the public.

### Directors:

Shri Shailesh Vaidya, Director of the Company retired by rotation and being eligible, offered himself for re-appointment.

### Directors' Responsibility Statement:

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- In the preparation of the annual accounts for the financial year ended March 31, 2005, the applicable accounting standards have been followed and that there are no material departures.
- The Directors have selected such accounting policies in consultation with the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- 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.
- The Directors have prepared the annual accounts for the financial year ended March 31, 2005 on a 'going concern' basis.

### Auditors & Auditors' Report:

M/s. C. C. Chokshi & Co., Chartered Accountant, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The Company has received a letter from M/s. C. C. Chokshi & Co., Chartered Accountant, 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. Members are requested to consider the appointment of the Auditors and fix their remuneration.

The notes to the accounts referred to in the Auditor's Report are self explanatory and therefore, do not call for any further comments.

### Personnel:

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.

### Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:

Particulars required to be furnished in this report under the section 217(1)(e) of the Companies Act, 1956, read with the companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 relating to the conservation of the energy and technology absorption are not applicable for the year under review, and hence not furnished. There was no foreign exchange earnings or outgo during the year.

### Acknowledgements:

Your Directors place on record their deep appreciation for the co-operation and assistance received from SEBI, RBI, custodian, bankers, registrars, shareholders, staff of the Company and other business constituents associated with your Company.

For and on behalf of the Board of Directors

**D. J. Kapadia**      **Amitabh Jhunjhunwala**  
Director                      Director

Place :Mumbai  
Dated : April 25, 2005

**STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE YEAR ENDED 31ST MARCH 2005, FORMING PART OF THE DIRECTORS' REPORT**

Particulars		Employees						
1.	Name	Mr. Amitabh Chaturvedi	Mr. K. Rajagopal	Mr. Madhusudan Kela	Mr. Srinath Srinivasan*	Mr. Amit Goela*	Mr. Rajesh Bhatia*	Mr. Rajesh Agarwal*
2.	Designation & Nature of Duty	CEO	CIO	Head – Equity	Head – Private Equity	Vice President - Private Equity	Head - PMS	Vice President - Private Equity
3.	Nature of employment	Regular / Permanent	Regular / Permanent	Regular / Permanent	Regular / Permanent	Regular / Permanent	Regular / Permanent	Regular / Permanent
4.	Gross Remuneration received (Rs.)	59,04,000	65,00,000	52,42,200	58,66,667	20,00,000	12,50,000	13,33,333
5.	Qualification	B.Com, FCA	MA, CAIIB	B.Com, MMS	B.E., MBA	MBA	B.Com, CFA, ICWA	B.E., MBA
6.	Age	37 years	57 years	36 years	38 years	40 years	35 years	35 years
7.	Experience	15 years	34 years	14 years	15 years	16 years	15 years	11 years
8.	Date of commencement of employment	1.09.2003	12.03.2001	1.12.2003	6.05.2004	2.08.2004	1.11.2004	1.12.2004
9.	Last employment held & Designation	G.M. – ICICI Bank	G.M. & Head of Treasury (Rupee) – State Bank Of India	V.P. – Reliance Capital Limited	Assistant Director - Emerging Markets Partnerships	CEO - Alchemy Shares and Stock Brokers Ltd.	Vice President - IL & FS Ltd.	Vice President (Private Equity) - ICICI Venture Funds Management Company

\*Persons employed for part of the financial year under report and were in receipt of remuneration which in the aggregate was not less than Rs. 2 lakhs per month.

**Note:**

1. Remuneration comprises salary, commission, monetary value of perquisites and contribution to Provident Fund.
2. None of the employees mentioned above is a relative of any Director of the Company.

For and on behalf of the Board of Directors

**D. J. Kapadia**  
Director

**Amitabh Jhunjhunwala**  
Director

Place : Mumbai  
Dated : 25th April, 2005



## AUDITORS' REPORT

To the Members,

**Reliance Capital Asset Management Limited.**

1. We have audited the attached Balance Sheet of Reliance Capital Asset Management Limited as on 31st March 2005 and also the Profit and Loss Account and 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.
2. We conducted our audit in accordance with the 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004, 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.
4. Further to our comments in the Annexure referred to above, 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 purposes 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, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from directors as on 31st March 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director is in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon 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:
  - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2005;
  - (ii) In the case of the Profit and Loss Account, of the profit for the year ended 31st March 2005; and
  - (iii) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For **C. C. Chokshi & Co.**  
Chartered Accountants  
**R. Salivati**  
Partner  
Membership No. 34004

Place: Mumbai  
Date: 25th April, 2005

## ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts of Reliance Capital Asset Management Limited for the year ended 31<sup>st</sup> March, 2005.

- (i.)
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, 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) The company has not disposed off a substantial part of fixed assets, therefore clause 4(i) (c) of Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (ii.) The Company has no inventory, therefore clause 4(ii) of Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (iii.) The Company has neither granted nor taken loan to/from companies covered in the register maintained under section 301 of the Companies Act, 1956, therefore clause 4(iii) of Companies (Auditor's Report) order, 2003 is not applicable to the company.
- (iv.) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for the sale of services. There are no purchases of inventory and sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- (v.) According to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956. Accordingly clause 4(v) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (vi.) According to the information and explanations given to us, we are of the opinion that the Company has not accepted any deposits from the public; hence clause 4 (vi) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (vii.) The Company does not have any internal audit system.
- (viii.) The Central government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of activities carried on by the company. Hence, the provisions of clause 4(viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (ix.)
  - (a) According to the information and explanations given to us, the company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth-Tax, Customs duty, Excise Duty, Cess, Service Tax and other material statutory dues with the appropriate authorities during the year.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, customs duty, wealth tax, excise duty, cess and service tax were in arrears, as at 31st March 2005 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 income tax, sales tax, customs duty, wealth tax, excise duty, cess and service tax which have not been deposited on account of any dispute.

- (x.) The company does not have accumulated losses as at the end of the year. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi.) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the financial institutions or banks.
- (xii.) 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. Therefore the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- (xiii.) In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- (xiv.) Based on our examination of the records and evaluation of the related internal controls, the company has maintained proper records of transactions and contracts in respect of dealing in shares, securities, debentures and other investments and timely entries have been made therein. The aforesaid securities have been held by the company in its own name, except to the extent of the exemption granted under section 49 of the Companies Act, 1956.
- (xv.) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- (xvi.) According to the information and explanations given to us, the company has not received any term loans. Accordingly, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- (xvii.) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii.) The company has not made any preferential allotment of shares during the year, therefore the provisions of clause 4 (xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xix.) The company has not issued any debentures during the year, nor was any debentures outstanding at the beginning of the year, therefore the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xx.) The company has not raised any money by public issues, therefore the provisions of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- (xxi.) 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 **C. C. Chokshi & Co.**  
Chartered Accountants  
**R. Salivati**  
Partner  
Membership No. 34004

Place: Mumbai  
Date: 25th April, 2005



## Reliance Capital Asset Management Limited

### BALANCE SHEET AS AT 31ST MARCH, 2005

SOURCES OF FUNDS	Schedule	As at		As at	
		Rs.	31st March, 2005 Rs.	Rs.	31st March, 2004 Rs.
<b>Shareholders' Funds</b>					
(a) Share Capital	A	110,007,000		110,007,000	
(b) Reserves & Surplus (Surplus in Profit and loss Account)		<u>224,927,029</u>	<u>334,934,029</u>	<u>103,823,930</u>	<u>213,830,930</u>
Deferred tax liability (net)			<u>14,421,392</u>		<u>17,384,302</u>
<b>TOTAL</b>			<u><u>349,355,421</u></u>		<u><u>231,215,232</u></u>
<b>Application of Funds :</b>					
<b>Fixed Assets</b>					
(a) Gross Block	B	56,538,786		27,223,595	
(b) Less : Depreciation		<u>17,882,646</u>		<u>10,166,483</u>	
(c) Net Block			<u>38,656,140</u>		<u>17,057,112</u>
<b>Investments</b>	C		<u>227,966,988</u>		<u>154,330,580</u>
<b>Current Assets, Loans &amp; Advances</b>	D				
(a) Cash and Bank Balance		4,490,759		4,427,369	
(b) Debtors		<u>12,845,902</u>		<u>82,611,085</u>	
(c) Loans and Advances		<u>110,197,573</u>		<u>40,615,247</u>	
(d) Other Current Assets		<u>31,770,959</u>		<u>21,369,121</u>	
		<u>159,305,193</u>		<u>149,022,822</u>	
<b>Less : Current liabilities &amp; Provisions</b>	E				
(a) Current Liabilities		13,377,197		101,120,253	
(b) Provisions		<u>96,739,696</u>		<u>33,551,280</u>	
		<u>110,116,893</u>		<u>134,671,533</u>	
<b>Net Current Assets</b>			<u>49,188,300</u>		<u>14,351,289</u>
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	F		<u>33,543,992</u>		<u>45,476,251</u>
<b>TOTAL</b>			<u><u>349,355,421</u></u>		<u><u>231,215,232</u></u>

#### Significant Accounting Policies and Notes to Accounts

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As per our attached report of even date

For and on behalf of the Board of Directors

For **C. C. Chokshi & Co.**  
Chartered Accountants

**Amitabh Jhunjhunwala**  
Director

**D.J.Kapadia**  
Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**Amit Bapna**  
Financial Controller

**R. Salivati**  
Partner

**Ravi O.V**  
Company Secretary

**V. Ananthkrishnan**  
Manager

Mumbai  
Dated: 25th April, 2005

Mumbai  
Dated: 25th April, 2005



# Reliance Capital Asset Management Limited

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

		(Rupees)	(Rupees)
	Schedule	31st March, 2005	31st March, 2004
<b>INCOME</b>			
Investment Management and Advisory fees		437,442,163	320,541,312
Portfolio Management Fees		5,275,879	-
Interest	G	1,990,863	3,759,307
Dividend on long term investments		23,903,358	20,091,842
Profit on Sale/Redemption of long term Investment (Net)		14,699,879	7,493,799
Provision no longer required written back		18,494,472	-
Interest on Income Tax Refund		142,247	-
Other Income		362,555	226,198
		<u>502,311,416</u>	<u>352,112,458</u>
<b>Expenditure</b>			
Salaries and benefits to employees	H	128,670,176	49,079,664
Administrative and other expenses	I	99,192,090	48,105,567
Marketing and Publicity Exps.	J	72,948,678	131,010,570
Depreciation		7,817,493	2,449,766
Loss on Sale of Fixed Assets (Net)		209,236	-
Preliminary Expenses Written Off		34,026	34,026
Deferred Revenue expenditure written off		11,898,233	5,982,713
		<u>320,769,932</u>	<u>236,662,306</u>
<b>Profit Before Tax</b>		<b>181,541,484</b>	<b>115,450,152</b>
<b>Provision for tax</b>			
Current tax		(59,000,000)	(26,700,000)
Deferred tax		2,962,911	(14,117,276)
<b>Profit After Tax</b>		<b>125,504,395</b>	<b>74,632,877</b>
Less: Short Provision for Tax		(4,401,296)	-
<b>Net Profit</b>		<b>121,103,099</b>	<b>74,632,877</b>
Add: Balance brought forward		103,823,930	29,191,053
<b>Balance Carried to Balance Sheet</b>		<b><u>224,927,029</u></b>	<b><u>103,823,930</u></b>
<b>Basic and Diluted Earning per share of Rs. 10 each</b>		<b>15.91</b>	<b>9.72</b>

### Significant Accounting Policies and Notes to Accounts

K

As per our attached report of even date

For **C. C. Chokshi & Co.**  
Chartered Accountants

**R. Salivati**  
Partner

Mumbai  
Dated: 25th April, 2005

For and on behalf of the Board of Directors

**Amitabh Jhunjhunwala**  
Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**Ravi O.V**  
Company Secretary

Mumbai  
Dated: 25th April, 2005

**D.J.Kapadia**  
Director

**Amit Bapna**  
Financial Controller

**V. Ananthkrishnan**  
Manager



# Reliance Capital Asset Management Limited

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	(Rupees) As at 31st March, 2005	(Rupees) As at 31st March, 2004
<b>SCHEDULE "A"</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
10,000,000 Equity shares of Rs.10/- each	100,000,000	100,000,000
350,000 5% Cumulative Redeemable Preference shares of Rs.100/- each	35,000,000	35,000,000
1,500,000 Unclassified shares of Rs.10/- each	15,000,000	15,000,000
	<u>150,000,000</u>	<u>150,000,000</u>
<b>Issued, subscribed and paid up</b>		
7,500,700 Equity shares of Rs.10/- each, fully paid up	75,007,000	75,007,000
350,000 5% Cumulative Redeemable Preference shares of Rs.100/- each, fully paid up (redeemable at par on 27.11.2007) (All the shares are held by the holding company Reliance Capital Limited and its nominees)	35,000,000	35,000,000
	<u>110,007,000</u>	<u>110,007,000</u>

### SCHEDULE "B"

#### Fixed Assets

(Rupees)

Assets	Gross Block				Depreciation				Net Block	
	As at 01.04.2004	Additions	Deductions	As at 31.3.2005	Up to 1.4.2004	During the Year	Deductions	Up to 31.3.2005	As at 31.3.2005	As at 31.03.2004
Computer	16,874,181	6,512,846	92,716	23,294,311	8,008,472	4,602,228	39,659	12,571,042	10,723,269	8,865,710
Motor Car	3,452,567	3,353,952	-	6,806,519	940,769	1,195,471	-	2,136,240	4,670,279	2,511,798
Office Equipment	2,344,299	16,188,096	-	18,532,395	368,471	1,114,585	-	1,483,056	17,049,339	1,975,828
Furniture	4,552,548	3,755,694	402,680	7,905,562	848,772	905,209	61,672	1,692,309	6,213,253	3,703,776
<b>Total</b>	<b>27,223,595</b>	<b>29,810,587</b>	<b>495,396</b>	<b>56,538,786</b>	<b>10,166,483</b>	<b>7,817,493</b>	<b>101,331</b>	<b>17,882,646</b>	<b>38,656,139</b>	<b>17,057,112</b>
Previous year	11,378,966	15,844,629	-	27,223,595	7,716,717	2,449,766	-	10,166,483	17,057,112	3,662,249

Assets	Face Value	Quantity As at 31.3.2005	(Rupees) Cost		Quantity As at 31.3.2004	(Rupees) Cost	
			As at 31.3.2005	As at 31.3.2005		As at 31.3.2004	As at 31.3.2004
<b>SCHEDULE "C"</b>							
<b>Long term Investments - Non Trade</b>							
<b>(a) Government and other securities (Unquoted)</b>							
6.75% Tax free US 64 Bonds	100	22	2011	2011	22	2011	2011
			<u>2011</u>	<u>2011</u>		<u>2011</u>	<u>2011</u>
<b>(b) Fully paid Debentures (Unquoted)</b>							
10.50% Secured Reedemable Debentures Of Reliance Telecom Limited	210,000	70	10,500,000	10,500,000	70	22,750,000	22,750,000
(Previous Year 3,25,000)			<u>10,500,000</u>	<u>10,500,000</u>		<u>22,750,000</u>	<u>22,750,000</u>
<b>(c) Fully Paid Shares (Quoted)</b>							
Reliance Industries Limited	10	25,000	1 37 77 803	1 37 77 803	25,008	4,298,321	4,298,321
Glenmark Pharma Limited	10	-	0	0	50	10,000	10,000
ISIBARS Limited	10	-	0	0	193	2,171	2,171
			<u>13,777,803</u>	<u>13,777,803</u>		<u>4,310,492</u>	<u>4,310,492</u>



# Reliance Capital Asset Management Limited

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	Face Value	Quantity As at 31.3.2005	(Rupees) Cost As at 31.3.2005	Quantity As at 31.3.2004	(Rupees) Cost As at 31.3.2004
<b>(d) Other Investments - Mutual Funds (Quoted)</b>					
<b>fully paid units of Rs.10 each</b>					
Anagram Income Scheme'97	10	-	-	100	1,000
Apple Platinum Share	10	-	-	147	1,337
Birla Advantage Fund	10	-	-	146	3,060
Birla Balance	10	-	-	339	3,450
Birla Income Plus	10	-	-	261	3,000
Centurion Open End Fund	10	-	-	139	1,006
Chola Triple Ace	10	-	-	200	2,000
DSP Merrill Lynch Bond Fund-Growth-Regular	10	-	-	500	8,462
DSP Merrill Lynch Equity Fund					
- Regular Dividend	10	-	-	914	14,156
GIC Fortune - 94	10	-	-	106	1,000
HDFC Balanced Fund	10	-	-	327	3,300
Kothari Pioneer Prima PlusDividend plan	10	-	-	204	2,120
Reliance Income Fund - Growth Plan	10	162,823	2,000,000	1,539,497	29,588,962
Reliance Liquid Fund-Treasury Plan (Retail)	10	-	-	2,491	36,651
Reliance Growth Fund Dividend Plan	10	553,973	17,500,000	553,973	17,500,000
Reliance Vision Fund Dividend Plan	10	2,401,851	100,000,000	1,080,847	50,000,000
Reliance Short Term Fund	10	-	-	966,281	10,088,038
Reliance Monthly Income Plan	10	-	-	2,000,000	20,000,000
Reliance Banking Fund	10	60,362	1,500,000	-	-
Reliance Liquid Fund - Treasury Plan (Institutional)	10	406,731	6,506,682	-	-
Reliance fixed term AP 4 - Growth Option	10	4,545,445	45,454,447	-	-
Reliance fixed term QP 8 - Growth Option	10	500,000	5,000,000	-	-
Reliance Floating Rate Fund Growth Option	10	856,782	8,716,045	-	-
Reliance Index Fund - Nifty - Growth Option	10	200,000	2,000,000	-	-
Reliance Equity Oppurtunities Fund					
- Growth Option	10	1,500,000	15,000,000	-	-
Reliance Gilt Long Term Plan Growth Option	10	-	-	-	-
Reliance Gilt Long Term Plan Dividend Option	10	-	-	-	-
Prudential ICICI Emerging STAR-Growth	10	435	5,000	-	-
Kotak 30 - Growth	10	162	5,000	-	-
Templeton India Growth Fund					
- Div Reinv. Option	10	-	-	254	3,358
Templeton India Income Fund - Growth Plan	10	-	-	200	2,000
US 2002(Growth)	10	-	-	30	255
HDFC Equity Fund - Dividend Plan	10	-	-	139	1,921
HDFC Top 200 Fund - Dividend Plan	10	-	-	259	3,000
			<b>203,687,173</b>		<b>127,268,077</b>
<b>TOTAL</b>			<b>227,966,988</b>		<b>154,330,580</b>

### Notes:

1. Quoted investments			
Aggregate of Book value		217,464,976	131,578,568
Aggregate of Market value		199,391,290	131,908,286
Unquoted investments			
Aggregate of Book value		10,502,011	22,752,011

2. The Market Value in the case of Units of Mutual Funds is the repurchase price.

3. No provision is made for the diminution of Rs. 1,80,73,686 (Previous Year Rs. Nil) in the value of Quoted investments as the same is expected to be temporary in the nature.



# Reliance Capital Asset Management Limited

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	(Rupees) As at 31st March, 2005		(Rupees) As at 31st March, 2004	
<b>SCHEDULE "D"</b>				
<b>Current Assets, Loans &amp; Advances</b>				
<b>A. Current Assets :</b>				
Cash on Hand	813,643		171,378	
Balance with current accounts with Scheduled banks	<u>3,677,116</u>	<u>4,490,759</u>	<u>4,255,991</u>	<u>4,427,369</u>
		<u>4,490,759</u>		<u>4,427,369</u>
<b>B. Sundry Debtors : (Unsecured considered good)</b>				
Outstanding for more than six months	-		31,200	
Other debtors	<u>12,845,902</u>	<u>12,845,902</u>	<u>82,579,885</u>	<u>82,611,085</u>
		<u>12,845,902</u>		<u>82,611,085</u>
<b>C. Loans and Advances : (Unsecured considered good)</b>				
<b>Advances recoverable in cash or in kind or for value to be received</b>				
Loans to employees	638,882		6,86,951	
Tax Deducted at Source	44,404,358		28,304,775	
Advance Tax Paid	37,794,000		7,094,000	
Other receivables	<u>27,360,333</u>	<u>110,197,573</u>	<u>4,529,521</u>	<u>40,615,247</u>
		<u>110,197,573</u>		<u>40,615,247</u>
<b>D. Other Current Assets</b>				
Accrued Interest	265,305		589,008	
Prepaid exp.	800,602		1,750,005	
Deposits	<u>30,705,052</u>	<u>31,770,959</u>	<u>19,030,109</u>	<u>21,369,121</u>
		<u>31,770,959</u>		<u>21,369,121</u>
<b>SCHEDULE "E"</b>				
<b>A. Current Liabilities and Provisions</b>				
TDS Payable	2,838,952		2,009,446	
Professional tax payable	42,050		23,075	
E.P.F. Payable	1,291,418		878,392	
Sundry auditors (other than Small Scale Industry)	<u>9,204,776</u>	<u>13,377,196</u>	<u>98,209,340</u>	<u>101,120,253</u>
		<u>13,377,196</u>		<u>101,120,253</u>
<b>B. Provisions</b>				
Provision for Taxation	85,700,000		29,700,000	
Provision for Gratuity	1,443,000		-	
Provision for Leave encashment	<u>9,596,696</u>	<u>96,739,696</u>	<u>3,851,280</u>	<u>33,551,280</u>
		<u>96,739,696</u>		<u>33,551,280</u>
<b>SCHEDULE "F"</b>				
<b>Miscellaneous Expenditure</b>				
(To the extent not written off or adjusted)				
Preliminary Expenses	34,026		68,052	
Less: Written off during the year	<u>34,026</u>	-	<u>34,026</u>	<u>34,026</u>
Deferred Revenue Expenditure (Promotional Expenditure on launch of the Mutual Fund Schemes)	45,442,225		51,424,938	
Less: Written off during the year	<u>11,898,233</u>	<u>33,543,992</u>	<u>5,982,713</u>	<u>45,442,225</u>
		<u>33,543,992</u>		<u>45,476,251</u>



# Reliance Capital Asset Management Limited

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	(Rupees) As at 31st March, 2005	(Rupees) As at 31st March, 2004
<b>Schedule "G"</b>		
<b>Interest Income</b>		
Interest on long term Investments (Gross)	1,990,863	3,759,307
(Tax deducted at source Rs. 4,08,127/- (Previous year Rs. 12,38,287))	<u>1,990,863</u>	<u>3,759,307</u>
<b>SCHEDULE "H"</b>		
<b>Salaries and Benefits to Employees</b>		
Salaries, Allowances and Bonus	107,554,825	40,530,599
Contribution to Provident and other funds	7,559,531	2,949,770
Group gratuity and Superannuation premium	2,307,211	1,920,729
Provision for gratuity	1,443,000	-
Leave encashment	6,165,459	2,256,257
Staff welfare expenses	3,640,149	14,22,309
	<u>128,670,176</u>	<u>49,079,664</u>
	<u>128,670,176</u>	<u>49,079,664</u>
<b>SCHEDULE "I"</b>		
<b>Administrative and Other Expenses</b>		
Audit fees	157,392	86,400
Software repair & maintenance	3,800,816	155,890
Conveyance & Travelling	16,963,639	6,023,611
Conference meet expenses	780,723	-
Courier charges	307,447	3,062,521
Director sitting fees	145,000	48,000
Entertainment	1,505,345	2,863,803
Filing fees & Stamp duty	1,932,790	239,089
Hire Charges	-	226,547
Lease rent	510,532	1,285,674
Insurance	899,088	247,025
Legal & Professional Charges	20,333,896	8,820,143
Membership & Subscription	5,308,936	3,139,976
Newspapers, Magazines & periodicals	280,809	111,747
Office Administration	4,733,240	2,201,929
Petrol and car maintenance	2,960,137	2,351,471
Printing & Stationary	3,360,705	2,150,157
Rent	12,653,350	8,960,109
Electricity	2,135,165	278,584
Repairs & Maintenance	6,745,289	292,618
Seminar & training	2,854,620	962,256
Telephone	9,001,281	3,558,530
Donation	600,000	-
Miscellaneous Expenses (including Bank charges, profession Tax etc.)	1,221,890	1,039,488
	<u>99,192,090</u>	<u>48,105,567</u>
	<u>99,192,090</u>	<u>48,105,567</u>
<b>SCHEDULE "J"</b>		
<b>Marketing &amp; Publicity Expenses</b>		
Advertisement	26,031	2,404,214
Marketing Expenses	63,299,857	3,670,508
Postage	7,164	15,129
Brokerage and Incentives	9,103,818	124,179,995
Branch Meet Expenses	511,807	740,724
	<u>72,948,678</u>	<u>131,010,570</u>
	<u>72,948,678</u>	<u>131,010,570</u>



## NOTES ON ACCOUNTS

### Schedule "K"

#### Notes on Accounts and Significant Accounting Policies

##### A. Significant Accounting Policies

1. Basis of preparation of Financial Statements

The financial statements 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.

2. Use of Estimates:

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/ materialised.

3. Fixed Assets:

Fixed Assets are recorded at cost of acquisition. They are stated at historical cost.

4. Depreciation:

Depreciation of Fixed Assets is provided on written down value method in accordance with Section 205 (2) (a) of the Companies Act, 1956 as per rates specified in Schedule XIV to the Companies Act, 1956.

5. Investment:

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 carried at lower of cost and fair value.

6. Initial Issue expenses of schemes:

Initial issue expenses of the schemes of Reliance Mutual Fund incurred upto 31<sup>st</sup> March,2004 were treated as Deferred Revenue Expenditure and written off over five years in equal installments. However the same incurred on or after 1<sup>st</sup> April 2004 are charged to Profit and loss account in compliance with Accounting Standard 26 issued by the Institute of Chartered Accountants of India.

7. Revenue Recognition :

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

(I) Investment Management Fees:

Investment Management fees are computed in accordance with Investment Management Agreement and SEBI Regulations based on Net Asset Value confirmed by Reliance Mutual Fund schemes.

(II) Profit on Sale of Investments:

Profit on sale of Investments is accounted reckoning the average cost of the Investments.

(III) Other Income:

Other Income is accounted on accrual basis.

8. Retirement benefits :

The Company contributes to a Recognised Provident Fund. Gratuity and Superannuation schemes are administered through policies taken from an Insurance Company. Provision is also made for the shortfall for gratuity liability as certified by the insurance Company.

9. Leave Encashment:

Leave encashment provision is made on the basis of the leave outstanding of all the employees entitled to be carried forward.

10. Comparatives:

Comparative financial information is presented in accordance with the 'Corresponding Figure' financial reporting framework set out in Auditing and Assurance Standard 25 on Comparatives. Accordingly, amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year. Figures of the previous year are regrouped and reclassified wherever necessary to correspond to the figures of the current financial year

11. Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet Date.



**NOTES ON ACCOUNTS**

<b>B. Notes on Accounts</b>	(Rupees)	
	2004 – 2005	2003 – 2004
<b>1. Unpaid Preference Shares Dividend:</b>		
5% dividend on preference shares in arrears for the years 2000-01 to 2004-05 (previous year 2000-01 to 2003-04)	<b>87,50,000</b>	70,00,000
<b>2. Payment to Auditor</b>		
Audit Fees	1,10,200	64,800
Tax Audit Fees	44,080	21,600
Out of Pocket Expenses	3112	-
<b>3. Information regarding Managerial Remuneration:</b>		
Remuneration to Manager		
Salaries	12,82,188	10,50,372
Perquisites & Other Allowances	5,18,992	2,11,800
Contribution to Provident & Superannuation Fund	98,820	84,240
Contribution/ provision for gratuity is not considered.		
<b>4. Future liability in respect of car taken on operating lease after 1<sup>st</sup> April, 2001:</b>		
a) Not later than one year	14,95,008	6,96,564
b) Later than one year and not later than five years	34,15,773	11,35,309
c) Later than five years	NIL	NIL
<b>5. Deferred Tax Liabilities:</b>		
Depreciation	21,46,807	10,81,904
Deferred Revenue expenditure (promotional expenditure on launch of the mutual fund schemes)	<u>1,22,74,585</u>	<u>1,63,02,398</u>
Total	<u>1,44,21,392</u>	<u>1,73,84,302</u>
<b>6. Earning per share (AS – 20):</b>		
Net Profit as per Profit and loss account	12,11,03,099	7,46,32,877
Less:- Preference dividend	17,50,000	17,50,000
Net Profit attributable to equity shareholders	11,93,53,099	7,28,82,877
Weighted average number of equity shares outstanding	75,00,700	75,00,700
Basic and Diluted earning per share	15.91	9.72
<b>7. Expenditure in foreign currency:</b>		
Travelling	10,75,644	-
<b>8.</b> Hitherto, initial issue expenses of schemes of Reliance Mutual Fund were treated as deferred revenue Expenses and written off over a period of 5 years in equal annual installments. From this year, such expenditure incurred on or after 1 <sup>st</sup> April 2004 is charged to Profit and Loss Account to be in compliance with Accounting Standard 26 on “Intangible Assets” issued by the Institute of Chartered Accountants of India. As a result profit is lowered by Rs. 4,88,55,677.		



## Reliance Capital Asset Management Limited

### NOTES ON ACCOUNTS

#### 9. 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	Reliance Capital Limited	Holding Company
2	Reliance General Insurance Co. Ltd.	Fellow Subsidiary
3	Reliance Mutual Fund	Associate

(Rupees)					
(ii) Sr. No.	Nature of Transaction	Holding Company	Fellow Subsidiaries	Associates	Total
A)	Share Capital	11,00,07,000 (11,00,07,000)			11,00,07,000 (11,00,07,000)
B)	Investments				
	Opening Balance			12,72,13,651	12,72,13,651
				(8,34,00,882)	(8,34,00,882)
	Add: Purchases			43,84,13,010	43,84,13,010
				(33,83,69,149)	(33,83,69,149)
	Less: Sales			36,19,49,488	36,19,49,488
				(29,45,56,380)	(29,45,56,380)
	Closing Balance			20,36,77,173	20,36,77,173
				(12,72,13,651)	(12,72,13,651)
C)	Sundry Debtors			96,23,598	96,23,598
				(8,25,79,885)	(8,25,79,885)
D)	Other Liabilities	- (76,20,000)			- (76,20,000)
E)	Investment Management & Advisory Fees			43,74,42,163 (32,05,41,312)	43,74,42,163 (32,05,41,312)
F)	Other Income				
	Dividend			2,37,70,631	2,37,70,631
				(1,99,49,025)	(1,99,49,025)
G)	Expenditure				
	Rent	76,20,000 (76,20,000)			76,20,000 (76,20,000)
	Repairs & Maintenance	1,45,496			1,45,496
		-			-
	Electricity	7,17,099			7,17,099
		-			-
H)	Insurance Premium (including prepaid)		10,10,753 (11,21,873)		10,10,753 (11,21,873)

The figures in brackets indicate previous year (2003-2004)

10. In the opinion of the management, the company is mainly in the business of Asset Management Services. As such, there is only one reportable segment.



**NOTES ON ACCOUNTS**

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

**Balance Sheet Abstract and Company's General Business Profile:**

**1. Registration Details**

Registration No.				2	4	7	8	0	State Code							0	4
Balance Sheet Date	3	1	0	3	2	0	0	5									

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

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

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

Total Liabilities			3	4	9	3	5	5	Total Assets			3	4	9	3	5	5	
<b>Sources of Funds</b>									<b>Applications of Funds</b>									
Paid up Capital			1	1	0	0	0	7	Net Fixed Assets			3	8	6	5	6		
Reserves & Surplus			2	2	4	9	2	7	Investments			2	2	7	9	6	7	
Secured Loans						N	I	L	Net Current Assets			4	9	1	8	8		
Unsecured Loans						N	I	L	Miscellaneous Expenditure			3	3	5	4	3		
									Deferred Tax Liability (Net)			1	4	4	2	1		

**IV. Performance of Company (Amount in Rs. thousand)**

Turnover			5	0	2	3	1	1	Total Expenditure			3	2	0	7	7	0
Profit/ Loss Before Tax			1	8	1	5	4	1	Profit/ Loss After Tax			1	2	5	5	0	4
Earning Per Share (Rs.)			1	5	.	9	1	Dividend Rate %						N	I	L	

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

Not Applicable

**12. Corresponding figures of the previous year have been regrouped to conform with this year's grouping wherever necessary.**

As per our attached report of even date

For **C. C. Chokshi & Co.**  
Chartered Accountants

**R. Salivati**  
Partner

Mumbai  
Dated: 25th April, 2005

For and on behalf of the Board of Directors

**Amitabh Jhunjhunwala**  
Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**Ravi O.V**  
Company Secretary

Mumbai  
Dated: 25th April, 2005

**D.J.Kapadia**  
Director

**Amit Bapna**  
Financial Controller

**V. Ananthkrishnan**  
Manager



## Reliance Capital Asset Management Limited

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

Particulars	Rs.	Rs.
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before tax as per P&L Account		181,541,484
Adjusted for		
Depreciation	7,817,493	
Preliminary expenses written off	34,026	
Deferred revenue expenditure written off	11,898,233	
Provision for leave encashment	5,745,416	
Provision for Gratuity	1,443,000	
Investments		
Interest / Dividend Income	(25,894,221)	
(Profit) / Loss on sale of Investment (Net)	(14,699,879)	
Interest on income tax refund	(142,247)	
Loss / (Profit) on sale of Fixed Assets	209,236	(13,588,943)
<b>Operating Profit before Working Capital changes</b>		<b>167,952,541</b>
Adjusted for		
Trade and Other Receivables	36,256,899	
Trade Payables	(87,743,057)	(51,486,158)
<b>Cash generated from Operations</b>		<b>116,466,383</b>
Taxes Paid	(56,107,649)	
Refund received	2,049,019	(54,058,630)
<b>Net Cash from Operating Activities</b>		<b>62,407,753</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(29,810,587)	
Sale of Fixed Assets	184,830	
Purchase of Investments	(452,201,923)	
Sale of Investments	393,265,393	
Interest Received	2,314,566	
Dividend Received	23,903,358	
<b>Net Cash used in Investing Activities</b>		<b>(62,344,363)</b>
<b>C. Cash Flow from Financing Activities</b>		-
<b>Net increase in cash and cash Equivalents (A+B+C)</b>		<b>63,390</b>
<b>Opening Balance of Cash and Cash Equivalents</b>		<b>4,427,369</b>
<b>Closing Balance of Cash and Cash Equivalents</b>		<b>4,490,759</b>

Corresponding figures of the previous year are not disclosed in terms of modifications to Accounting Standard 3 made by The Institute of Chartered Accountants of India in September 2003.

Cash and cash equivalents represents cash and balance with the scheduled banks in current account.

As per our attached report of even date

For and on behalf of the Board of Directors

For **C. C. Chokshi & Co.**  
Chartered Accountants

**Amitabh Jhunjunwala**  
Director

**D.J.Kapadia**  
Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**Amit Bapna**  
Financial Controller

**R. Salivati**  
Partner

**Ravi O.V**  
Company Secretary

**V. Ananthkrishnan**  
Manager

Mumbai  
Dated: 25th April, 2005

Mumbai  
Dated: 25th April, 2005