



# Annual Report 2008-2009

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Religare Securities Limited  
19, Nehru Place, New Delhi - 110 019.

**ASSET MANAGEMENT COMPANY**

Religare Asset Management Company Limited  
Regd. Office: 3rd Floor, GYS Infinity,  
Paranjpe 'B' Scheme, Subhash Road,  
Vile Parle (East), Mumbai-400057.

**TRUSTEE COMPANY**

Religare Trustee Company Private Limited  
Regd. Office: 3rd Floor, GYS Infinity,  
Paranjpe 'B' Scheme, Subhash Road,  
Vile Parle (East), Mumbai-400057.

**RELIGARE MUTUAL FUND**

3rd Floor, GYS Infinity,  
Paranjpe 'B' Scheme, Subhash Road,  
Vile Parle (East), Mumbai - 400 057.  
Website: [www.religaremf.com](http://www.religaremf.com)

**AUDITORS**

Price Waterhouse  
Chartered Accountants

**REGISTRAR**

Karvy Computershare Pvt. Ltd.  
Unit - Religare Mutual Fund,  
KARVY Plaza, H. No. 8-2-596,  
Street No. 1, Banjara Hills,  
Hyderabad - 500 034.

**Custodian**

Deutsche Bank AG  
Domestic Custody Services, Mumbai  
Kodak House, 222, Dr D N Road,  
Fort, Mumbai - 400 001.

**BOARD OF DIRECTORS**

Religare Trustee Company Private Limited  
(Trustee to Religare Mutual Fund)

Sunil Godhwani - Chairman

R. N. Bhardwaj

S. S. Mehta

R. V. Shastri

**BOARD OF DIRECTORS**

Religare Asset Management Company Limited  
(Investment Manager to Religare Mutual Fund)

Shachindra Nath - Chairman

Anil Saxena

V. K. Chopra

P. G. Muralidharan

Mihir Kumar Moitra

## Report from Religare Trustee Company Private Limited to the unit holders of the schemes of Religare Mutual Fund

Religare Trustee Company Pvt. Ltd. (the Trustees) presents its third report on the schemes of Religare Mutual Fund (the Fund) along with the audited financial statements for the schemes for the year ended March 31, 2009.

The asset under management of the schemes of the Fund as at March 31, 2009 were Rs. 3,402.50 crores as against Rs. 6,961.28 crores as at March 31, 2008. The total number of investors under the schemes of the Fund as at March 31, 2009 were 183,642 as against 158,114 as at March 31, 2008.

During the financial year ended March 31, 2009, the Fund launched 1 equity scheme, 23 close ended debt schemes viz. fixed maturity plans and 7 interval income schemes.

As of March 31, 2009, Religare Asset Management Company Limited (Religare AMC) managed 43 schemes of Religare Mutual Fund which includes 5 open ended equity schemes, 3 close ended equity schemes, 1 equity oriented interval scheme, 1 open ended equity linked savings scheme (ELSS), 1 close ended ELSS, 2 open ended liquid schemes, 2 open ended dedicated gilt schemes, 1 open ended debt scheme, 2 open ended income schemes, 20 close ended debt schemes and 5 debt oriented interval schemes.

### 1. Scheme Performance, Future Outlook and Operations of the Schemes

#### A. Scheme Performance and Operations of the Schemes

##### EQUITY

Scheme Name	Inception / Allotment Date	Performance		
		Period	Scheme Returns ^* \$	Benchmark Returns @
Religare Tax Plan	December 29, 2006	1 year	-35.18%	-39.97%
		Since Inception	-9.71%	-14.19%
Religare Contra Fund	April 11, 2007	1 year	-30.30%	-42.77%
		Since Inception	-14.91%	-16.48%
Religare Midcap Fund	April 19, 2007	1 year	-51.52%	-45.40%
		Since Inception	-26.85%	-18.76%
Religare Arbitrage Fund	April 30, 2007	1 year	6.77%	8.81%
		Since Inception	8.20%	7.91%
Religare Growth Fund	August 09, 2007	1 year	-34.22%	-39.97%
		Since Inception	-21.80%	-24.08%
Religare Equity Fund	October 04, 2007	1 year	-31.22%	-39.97%
		Since Inception	-24.21%	-34.25%
Religare Infrastructure Fund	November 21, 2007	1 year	-40.25%	-40.02%
		Since Inception	-42.12%	-40.62%
Religare AGILE Fund	December 19, 2007	1 year	-38.71%	-36.19%
		Since Inception	-46.75%	-39.41%
Religare AGILE Tax Fund	March 10, 2008	1 year	-36.68%	-36.19%
		Since Inception	-45.05%	-35.39%
Religare Mid N Small Cap Fund	March 17, 2008	1 year	-46.66%	-45.40%
		Since Inception	-45.95%	-41.06%
Religare Banking Fund	July 14, 2008	1 year	-21.50%	-20.63%
		Since Inception	-21.50%	-20.63%

^ Past performance may or not be sustained in future.

@ Benchmark for the above schemes

BSE 100 : Religare Tax Plan, Religare Growth Fund, Religare Equity Fund; BSE 500 : Religare Contra Fund; CNX Midcap Index : Religare Midcap Fund, Religare Mid N Small Cap Fund; CRISIL Liquid Fund Index : Religare Arbitrage Fund; S&P CNX 500 : Religare Infrastructure Fund; S&P CNX Nifty : Religare AGILE Fund, Religare AGILE Tax Fund; CNX Bank Index : Religare Banking Fund

\* Returns of Growth Option

\$ Compounded Annualised Returns except for Banking Fund which has not completed one year since inception and hence absolute returns are shown

##### FIXED INCOME

Scheme Name	Inception / Allotment Date	Performance		
		Period	Scheme Returns ^* \$	Benchmark Returns @
Religare Liquid Fund	November 17, 2006	1 year	Regular: 8.41% Institutional: 8.70% Super Institutional: 8.76%	8.81%
		Since Inception	Regular: 7.94% Institutional: 8.25% Super Institutional: 8.32%	7.94%
Religare Ultra Short Term Fund**	January 18, 2007	1 year	Regular: 8.56% Institutional: 9.03%	8.81%
		Since Inception	Regular: 8.40% Institutional: 8.85%	8.05%
Religare Short Term Plan	March 24, 2007	1 year	Regular: 7.53% Institutional: 7.84%	9.79%
		Since Inception	Regular: 8.91% Institutional: 9.19%	9.25%
Religare Active Income Fund	August 02, 2007	1 year	Regular: 3.70% Institutional: N.A.	7.35%
		Since Inception	Regular: 4.09% Institutional: N.A.	6.94%

Scheme Name	Inception / Allotment Date	Performance		
		Period	Scheme Returns ^* \$	Benchmark Returns @
Religare Overnight Fund	September 14, 2007	1 year	5.43%	8.81%
		Since Inception	6.07%	8.15%
Religare Gilt Fund - Long Duration Plan	February 09, 2008	1 year	Regular: -1.79% Institutional: N.A.	14.99%
		Since Inception	Regular: -5.05% Institutional: N.A.	10.65%
Religare Gilt Fund - Short Duration Plan	February 09, 2008	1 year	Regular: 4.34%	12.29%
		Since Inception	Regular: 3.49%	11.55%

^ Past performance may or not be sustained in future.

@ Benchmark for the above schemes

CRISIL Liquid Fund Index : Religare Liquid Fund, Religare Ultra Short Term Fund, Religare Overnight Fund; CRISIL Short Term Bond Fund Index : Religare Short Term Plan; CRISIL Composite Bond Fund Index : Religare Active Income Fund; I - Sec LI-Bex : Religare Gilt Fund - Long Duration Plan; I - Sec SI - Bex : Religare Gilt Fund - Short Duration Plan

\* Returns Of Growth Option

\$ Compounded Annualised Returns

\*\* Earlier known as Religare Liquid Plus Fund. Name change is effective from Feb. 6, 2009.

##### QUARTERLY INTERVAL FUNDS

Scheme Name	Inception / Allotment Date	Performance		
		Period	Scheme Returns ^* \$	Benchmark Returns @
Religare Quarterly Interval Fund - Plan B	December 08, 2007	1 year \$	10.81%	8.81%
		Since Inception \$	10.51%	8.42%
Religare Quarterly Interval Fund - Plan F	December 28, 2007	1 year \$	10.43%	8.81%
		Since Inception \$	10.34%	8.45%
Religare Quarterly Interval Fund - Plan I	October 13, 2008	Since Inception \$\$	Regular: 4.35% Institutional: 4.42%	4.38%
		Since Inception \$\$	Regular: 4.11% Institutional: 4.18%	3.91%
Religare Half Yearly Interval Fund - Plan A	September 02, 2008	Since Inception \$\$	Regular: 5.96% Institutional: N.A.	5.37%

^ Past performance may or not be sustained in future.

@ Benchmark for the above Schemes : CRISIL Liquid Fund Index

\* Returns Of Growth Option

\$ Compounded Annualised Returns

\$\$ Absolute Returns

##### FIXED MATURITY PLANS

Scheme Name	Date of Allotment/ Inception	AUM (Rs. in Crores)	Performance		
			Period	Scheme Returns ^* \$	Benchmark Returns @
Religare Fixed Maturity Plan - 15 Months Series-II	January 24, 2008	41.12	1 year	Retail: 7.84% Institutional: 8.38%	9.79%
			Since Inception	Retail: 8.53% Institutional: 9.07%	9.07%
Religare Fixed Maturity Plan -15 Months - Series-III	February 7, 2008	145.25	1 year	Retail: 7.52% Institutional: N.A.	9.79%
			Since Inception	Retail: 7.94% Institutional: N.A.	9.20%
Religare Fixed Maturity Plan -13 Months - Series-IV	March 7, 2008	28.16	1 year	Retail: 8.29% Institutional: 8.88%	9.79%
			Since Inception	Retail: 8.45% Institutional: 9.00%	9.73%
Religare Fixed Maturity Plan -13 Months - Series-V	March 20, 2008	20.23	1 year	Retail: 8.88% Institutional: 9.43%	9.79%
			Since Inception	Retail: 9.13% Institutional: 9.66%	9.90%
Religare Fixed Maturity Plan -14 Months - Series-II	February 20, 2008	49.63	1 year	Retail: 7.84% Institutional: 8.43%	9.79%
			Since Inception	Retail: 8.35% Institutional: 8.88%	9.63%
Religare Fixed Maturity Plan -14 Months - Series-III	February 25, 2008	50.63	1 year	Retail: 7.78% Institutional: 8.37%	9.79%
			Since Inception	Retail: 8.53% Institutional: 9.07%	9.68%

Scheme Name	Date of Allotment/Inception	AUM (Rs. in Crores)	Performance		
			Period	Scheme Returns*\$\$	Benchmark Returns@
Religare Fixed Maturity Plan -375 Days - Series-VII	March 26, 2008	71.92	1 year	Retail:6.22% Institutional:7.81%	9.79%
			Since Inception	Retail:6.29% Institutional:7.86%	9.90%
Religare Fixed Maturity Plan -375 Days - Series-VIII	March 31, 2008	3.47	1 year	Retail:N.A. Institutional:N.A.	N.A.
			Since Inception	Retail:6.00% Institutional:6.15%	9.76%
Religare Fixed Maturity Plan -375 Days - Series-IX	May 29, 2008	20.48	1 year	Regular:N.A. Institutional:N.A.	N.A.
			Since Inception	Regular:6.52% Institutional:6.96%	8.42%
Religare Fixed Maturity Plan -375 Days - Series-X	June 16, 2008	29.60	1 year	Regular:N.A. Institutional:N.A.	N.A.
			Since Inception	Regular:6.50% Institutional:6.94%	8.35%
Religare Fixed Maturity Plan -375 Days - Series-XI	June 30, 2008	22.16	1 year	Regular:N.A. Institutional:N.A.	N.A.
			Since Inception	Regular:6.11% Institutional:6.69%	8.73%
Religare Fixed Maturity Plan -375 Days - Series-XII	July 5, 2008	7.53	1 year	Regular:N.A. Institutional:N.A.	N.A.
			Since Inception	Regular:7.63% Institutional:8.04%	8.72%
Religare Fixed Maturity Plan -375 Days - Series-XIII	July 18, 2008	22.75	1 year	Regular:N.A. Institutional:N.A.	N.A.
			Since Inception	Regular:5.11% Institutional:5.66%	8.58%
Religare Fixed Maturity Plan - 375 Days - Series-XIV	August 5, 2008	17.38	1 year	Regular:N.A. Institutional:N.A.	N.A.
			Since Inception	Regular:7.28% Institutional:7.70%	8.24%
Religare Fixed Maturity Plan -375 Days - Series-XV	August 25, 2008	36.89	1 year	Regular:N.A. Institutional:N.A.	N.A.
			Since Inception	Regular:7.07% Institutional:7.48%	7.81%
Religare Fixed Maturity Plan - 375 Days - Series-XVI	September 11, 2008	25.71	1 year	Regular:N.A. Institutional:N.A.	N.A.
			Since Inception	Regular:3.72% Institutional:4.06%	7.32%
Religare Fixed Maturity Plan - 375 Days - Series-XVII	September 24, 2008	24.63	1 year	Regular:N.A. Institutional:N.A.	N.A.
			Since Inception	Regular:0.96% Institutional:1.29%	7.12%
Religare Fixed Maturity Plan -18 Months - Series-I	November 23, 2007	11.60	1 year	Retail:8.08% Institutional:8.64%	9.79%
			Since Inception	Retail:8.57% Institutional:9.11%	9.14%
Religare Long Term Fixed Maturity Plan - Series I - Plan A	September 4, 2008	4.99	1 year	Regular:N.A. Institutional:N.A.	N.A.
			Since Inception	Regular:9.19% Institutional:9.78%	7.53%
Religare Yearly Fixed Maturity Plan - Series I - Plan A	March 30, 2009	55.73	1 year	Regular:N.A. Institutional:N.A.	N.A.
			Since Inception	Regular:0.05% Institutional:0.05%	0.11%

^ Past performance may or may not be sustained in future.

@ Benchmark for the above schemes : CRISIL Short Term Bond Fund Index

N.A. Not Applicable \* Returns of Growth Option

§ Returns less than 1 year are Absolute and more than 1 year are Compound Annualised.

## Equity Schemes

### Religare Tax Plan

The Scheme outperformed the benchmark in FY 2008-09 and since inception mainly due to overweight positions in financial and petroleum products and underweight positions in materials and information technology. As at March 31, 2009, 89.68% of the net assets were invested in equity and equity related instruments and 10.32% in cash and cash equivalent.

The net assets of the Scheme amounted to Rs. 55.57 crores as at March 31, 2009 as against Rs. 71.40 crores as at March 31, 2008.

### Religare Contra Fund

The Scheme outperformed the benchmark in FY 2008-09 and since inception mainly due to overweight positions in financial and petroleum products and underweight positions in materials and information technology. As at March 31, 2009, 93.12% of the net assets were invested in equity and equity related instruments and 6.88% in cash and cash equivalent.

The net assets of the Scheme amounted to Rs. 28.27 crores as at March 31, 2009 as against Rs. 57.69 crores as at March 31, 2008.

### Religare Midcap Fund

The Scheme underperformed the benchmark in FY 2008-09 and since inception mainly due to increased risk aversion. The stocks in the portfolio have been chosen on a bottom up basis with a focus on companies which we feel are small today and can transit into becoming large companies tomorrow. Some of the chosen midcap companies fell more than the market due to increased risk aversion by investors in the previous year. As at March 31, 2009, 85.24% of the net assets were invested in equity and equity related instruments and 14.76% in cash and cash equivalent.

The net assets of the Scheme amounted to Rs. 17.52 crores as at March 31, 2009 as against Rs. 39.46 crores as at March 31, 2008.

### Religare Arbitrage Fund

The Scheme underperformed the benchmark in FY 2008-09 as a high proportion of assets were deployed in arbitrage opportunities, which yielded lower returns than the short term papers in money market. However since inception, the Scheme has outperformed the benchmark as the Scheme was able to capture arbitrage opportunities which yielded return higher than the short term papers in money market. As at March 31, 2009, 65.45% of the net assets were invested in equity and equity related instruments and 34.55% in other current assets including margins paid for derivatives.

The net assets of the Scheme amounted to Rs. 44.37 crores as at March 31, 2009 as against Rs. 99.83 crores as at March 31, 2008.

### Religare Growth Fund

The Scheme outperformed the benchmark in FY 2008-09 and since inception mainly due to overweight positions in consumer staples, financial and petroleum products and underweight positions in materials and industrial capital goods. As at March 31, 2009, 87.08% of the net assets were invested in equity and equity related instruments and 12.92% in cash and cash equivalent.

The net assets of the Scheme amounted to Rs. 73.65 crores as at March 31, 2009 as against Rs. 133.53 crores as at March 31, 2008.

### Religare Equity Fund

The Scheme outperformed the benchmark in FY 2008-09 and since inception mainly due to overweight positions in financial and petroleum products and underweight positions in materials and information technology. As at March 31, 2009, 91.46% of the net assets were invested in equity and equity related instruments and 8.54% in cash and cash equivalent.

The net assets of the Scheme amounted to Rs. 35.22 crores as at March 31, 2009 as against Rs. 84.44 crores as at March 31, 2008.

### Religare Infrastructure Fund

The Scheme marginally underperformed the benchmark in FY 2008-09 and since inception mainly due to overweight positions in industrial and infrastructure stocks and underweight positions in consumer staples as fund can't hold stocks from this sector and this sector is part of benchmark of the fund. As at March 31, 2009, 77.61% of the net assets were invested in equity and equity related instruments and 22.39% in cash and cash equivalent.

The net assets of the Scheme amounted to Rs. 66.00 crores as at March 31, 2009 as against Rs. 126.69 crores as at March 31, 2008.

### Religare AGILE Fund

The Scheme underperformed the benchmark in FY 2008-09 and since inception mainly due to high volatility in the market. The Scheme is based on a mathematical model and invests in a passive portfolio of stocks selected by the model. As at March 31, 2009, entire net assets were invested in equity and equity related instruments.

The net assets of the Scheme amounted to Rs. 118.39 crores as at March 31, 2009 as against Rs. 207.05 crores as at March 31, 2008.

### Religare AGILE Tax Fund

The Scheme underperformed the benchmark in FY 2008-09 marginally and since inception mainly due to high volatility in the market. This Scheme is based on a mathematical model and invest in a passive portfolio of stocks selected by the model. As at March 31, 2009, 90.16% of the net assets were invested in equity and equity related instruments and 9.84% in cash and cash equivalent.

The net assets of the Scheme amounted to Rs. 7.65 crores as at March 31, 2009 as against Rs. 12.09 crores as at March 31, 2008.

### Religare Mid N Small Cap Fund

The Scheme underperformed the benchmark in FY 2008-09 marginally and since inception mainly due to increased risk aversion. The stocks in the portfolio have been chosen on a bottom up basis with a focus on companies which we feel are small today and can transit into becoming large companies tomorrow. Some of the chosen midcap companies fell more than the market due to increased risk aversion by investors in the previous year. As at March 31, 2009, 80.92% of the net assets were invested in equity and equity related instruments and 19.08% in cash and cash equivalent.

The net assets of the Scheme amounted to Rs. 17.25 crores as at March 31, 2009 as against Rs. 38.79 crores as at March 31, 2008.

### Religare Banking Fund

The Scheme underperformed the benchmark since inception mainly due to underweight positions in HDFC bank and SBI and overweight positions in Axis bank. As at March 31, 2009, 81.62% of the net assets were invested in equity and equity related instruments of constituents of CNX Bank Index and of banking & financial services companies other than the constituents of CNX Bank Index and 18.38% in cash and cash equivalent.

The net assets of the Scheme amounted to Rs. 11.14 crores as at March 31, 2009.

## FIXED INCOME :

### Religare Liquid Fund

The Scheme underperformed the benchmark in FY 2008-09 mainly due to sharp increase in interest rates during the latter half of the financial year. However since inception, the Scheme has outperformed its benchmark mainly due to higher average maturity and higher turnover as compared to the benchmark. As at March 31, 2009, 96.64% of the net assets were invested in debt / money market instruments and 3.36% in cash and cash equivalent.

The net assets of the Scheme amounted to Rs. 705.29 crores as at March 31, 2009 as against Rs. 1,691.92 crores as at March 31, 2008.

### Religare Ultra Short Term Fund\*

The Scheme outperformed the benchmark in FY 2008-09 and since inception mainly due to higher average maturity and higher turnover as compared to benchmark. As at March 31, 2009, entire net assets were invested in debt / money market instruments.

The net assets of the Scheme amounted to Rs. 845.57 crores as at March 31, 2009 as against Rs. 1,220.30 crores as at March 31, 2008.

\*Earlier known as Religare Liquid Plus Fund. Name changed effective from February 6, 2009.

### Religare Short Term Plan

The Scheme underperformed the benchmark in FY 2008-09 and since inception mainly due to conservative investment strategy wherein duration of the scheme was lower than that of the benchmark. As at March 31, 2009, 96.41% of the net assets were invested in debt / money market instruments, 1% in mutual fund units and 2.59% in cash and cash equivalent.

The net assets of the Scheme amounted to Rs. 499.92 crores as at March 31, 2009 as against Rs. 314.48 crores as at March 31, 2008.

### Religare Active Income Fund

The Scheme underperformed the benchmark in FY 2008-09 and since inception mainly due to lower average maturity and low corpus of the scheme during the period when interest rates fell sharply. Higher exposure to corporate bonds also hurt the performance of the scheme as the spreads over sovereign bonds did not compress as expected. As at March 31, 2009, 75.54% of the net assets were invested in debt / government securities and 24.46% in cash and cash equivalent.

The net assets of the Scheme amounted to Rs. 86.30 crores as at March 31, 2009 as against Rs. 54.76 crores as at March 31, 2008.

### Religare Overnight Fund

The Scheme underperformed the benchmark in FY 2008-09 and since inception mainly due to its conservative investment strategy wherein all assets are deployed in overnight instruments and due to ample liquidity in the system, overnight rates have been below RBI reverse repo rates. As at March 31, 2009, entire net assets were invested in cash and cash equivalent.

The net assets of the Scheme amounted to Rs. 0.02 crores as at March 31, 2009 as against Rs. 0.26 crores as at March 31, 2008.

### Religare Gilt Fund – Long Duration Plan

The Scheme underperformed the benchmark in FY 2008-09 and since inception mainly due to the fact that the duration of the scheme was kept high in anticipation of expected monetary measures and easing interest rates. The strategy did not pay-off as RBI increased the notified auction amounts which increased the gilt supply in the market and turned the market sentiments negative. As at March 31, 2009, 98.77% of the net assets were invested in government securities and 1.23% in cash and cash equivalent.

The net assets of the Scheme amounted to Rs. 2.33 crores as at March 31, 2009 as against Rs. 18.52 crores as at March 31, 2008.

### Religare Gilt Fund – Short Duration Plan

The Scheme underperformed the benchmark in FY 2008-09 and since inception mainly due to lower average maturity than the benchmark and a low corpus. As at March 31, 2009, entire net assets were invested in cash and cash equivalent.

The net assets of the Scheme amounted to Rs. 0.18 crores as at March 31, 2009 as against Rs. 17.27 crores as at March 31, 2008.

## QUARTERLY INTERVAL FUNDS

### Religare Quarterly Interval Fund – Plan B

The Scheme outperformed the benchmark in FY 2008-09 and since inception mainly due to higher average maturity and lower exposure to overnight rate linked securities compared to the benchmark. As at March 31, 2009, 9.07% of the net assets were invested in money market instruments and 90.93% in cash and cash equivalent.

The net assets of the Scheme amounted to Rs. 0.55 crores as at March 31, 2009 as against Rs. 123.87 crores as at March 31, 2008.

### Religare Quarterly Interval Fund – Plan F

The Scheme outperformed the benchmark in FY 2008-09 and since inception mainly due to higher average maturity and lower exposure to overnight rate linked securities compared to the benchmark. As at March 31, 2009, 99.71% of the net assets were invested in money market instruments and 0.29% in cash and cash equivalent.

The net assets of the Scheme amounted to Rs. 100.29 crores as at March 31, 2009 as against Rs. 42.90 crores as at March 31, 2008.

### Religare Quarterly Interval Fund – Plan I

The Scheme outperformed the benchmark since inception mainly due to higher average maturity and

lower exposure to overnight rate linked securities compared to the benchmark. As at March 31, 2009, entire net assets were invested in cash and cash equivalent.

The net assets of the Scheme amounted to Rs. 1.54 crores as at March 31, 2009.

### Religare Quarterly Interval Fund – Plan J

The Scheme outperformed the benchmark since inception mainly due to higher average maturity and lower exposure to overnight rate linked securities compared to the benchmark. As at March 31, 2009, 71.52% of the net assets were invested in money market instruments and 28.48% in cash and cash equivalent.

The net assets of the Scheme amounted to Rs. 0.49 crores as at March 31, 2009.

### Religare Half Yearly Interval Fund – Plan A

The Scheme outperformed the benchmark since inception mainly due to higher average maturity and lower exposure to overnight rate linked securities compared to the benchmark. As at March 31, 2009, entire net assets were invested in cash and cash equivalent.

The net assets of the Scheme amounted to Rs. 0.11 crores as at March 31, 2009.

## FIXED MATURITY PLANS

Religare Mutual Fund has launched a series of Fixed Maturity Plans, viz. Lotus India Fixed Maturity Plan - 3 Months - Series XXVII to XXXV, Religare Fixed Maturity Plan - 375 Days - Series IX to XVII, Lotus India Fixed Maturity Plan - 1 Month – Series IX to XI, Religare Long Term Fixed Maturity Plan – Series I – Plan A and Religare Yearly Fixed Maturity Plan - Series I - Plan A. These are closed ended debt schemes that seek to generate income by investing in debt and money market instruments maturing in line with the maturity of the scheme.

The Trustees declared 100% of distributable surplus available on the record date as dividend on the maturity of the respective scheme during the last financial year.

## Future Outlook

### I. Equity Market outlook

The fiscal year 2009 saw the markets break a 5-year winning streak with the Sensex losing a record 38% and the BSE 100 dropping 39%. The current financial year has started on a good note with the Sensex rallying 49% in the first quarter of the year for its best quarterly performance in 17 years.

The global environment remains challenging. The World Bank in its latest Global Development Finance 2009 report forecasts that the world's gross domestic product (GDP) may shrink by 2.9% and global trade is expected to plunge by 9.7% in 2009. Global growth is expected to return in 2010 at 2%, less than the 2.3% forecast about three months ago. India remains among the few bright spots around the world with likely GDP growth of 6-6.5% in FY 2010. Recent improvements in indicators such as sales of cement, commercial vehicle and consumer goods indicate a recovery in growth. Core IIP data also indicates a recovery from the decline in production witnessed in the latter part of FY 2009. Exports however are very weak and credit growth remains subdued.

Volatility in global markets and in India has eased from the levels seen late in second half of last year. But correlation remains high with risky assets (equities & commodities) moving in lockstep and inversely to the US dollar and US treasuries. In the short term it is likely that these correlations will remain a key determinant for our market.

The clear mandate for the Government in the elections in May gives them the far more flexibility to pursue reforms that could enable higher capital inflows into the country and stimulate investments in the infrastructure arena through public-private participation. A pick up in infrastructure investment can offset the sluggishness in the corporate capital expenditure cycle. The most important challenge facing the government is to balance the fiscal situation with growth. Further, deterioration in the fiscal situation could pressure the currency and threaten the current softness in interest rates. With inflation likely to climb to above 5% by the end of this fiscal, the government and RBI will have to manage fiscal and monetary policy judiciously.

The outlook for corporate earnings growth in the current year is muted given the current economic environment. However, given the recent signs of recovery in the economy there is every reason to expect a return to a higher growth trajectory from FY 2011. Unlike the developed world, the Indian consumer remains under leveraged and infrastructure investments can provide a significant supply side stimulus to the economy. The longer structural growth story is intact and with due strengthening, there is every reason to be optimistic about the longer term prospects for the Indian economy and equities.

### II. Debt market outlook

The first quarter for this financial year saw volatility reign supreme in the debt market as "green shoots" emerged in the form of improvement in the various global as well as domestic economic indicators. U.S. yields have climbed more than 100 basis points as markets began to factor in a huge government borrowing program and expectation of inflationary pressures down the road as a result of excessive systemic liquidity.

The Central Banks all over the world have pumped in massive dosage of liquidity in order to counter the deflationary threats. It is not clear what sort of "exit strategy" would be employed once there are clear signs of an economic recovery in place. We believe that the U.S. Fed is likely to continue with its accommodative policy for the foreseeable future as economic recovery, if any, is likely to be a long drawn out process while inflation is likely to be under control.

Domestically, RBI surprisingly cut rates in its April policy by 25 basis points in order to cajole the banking system to increase lending. Since then, however, conditions in the global economic environment have improved. Commodity prices have climbed as China returned as a big consumer following its large fiscal stimulus program and as investors bought commodities as a hedge against future inflationary pressures. RBI continued its concerted efforts of maintaining ample liquidity with a view to ensuring smooth functioning of the government bond auctions on one hand while also persuading banks to increase lending in the system on the other.

The borrowing plan of the new government remains the worry for the medium term. While apprehension over government stability is now passé, fear that the borrowing program would be raised from the original targeted Rs.3.62 trillion in FY10 still linger. Sentiment has been further affected after the Government revised the calendar and has increased the auction size by Rs. 3,000 Cr in each of last 6 auctions. In other macro developments, industrial production numbers have been somewhat encouraging as growth returned to the positive territory. Exports, though, continued to disappoint on a complete collapse in global trade. Inflation has entered negative territory for the first time in three decades largely on account of a huge positive base effect. Credit off-take has been sluggish so far.

Our forecasts for the current financial year end (Mar-10) are as follows:

- Headline WPI inflation: 6.5%-7.0%
- Non-food credit growth: 16%-18%
- GDP growth: 6.5%-7.0%

Going forward, we believe that interest rates would start increasing from the October-December quarter:

- Oil prices have increased from a low of USD 35 to USD 65 per barrel leading to under-recoveries once again for the oil marketing companies. This is likely to either add to the off-balance sheet expenditure for the government in case fuel prices are not revised or to inflation in case fuel price revisions are allowed.
- Base effects for inflation would wither out in the next couple of months and turn negative thereafter leading to a spurt in Headline WPI inflation in the last couple of quarters of this fiscal.
- Domestic demand remains resilient and credit growth may pick-up from the busy season starting October.
- Fiscal situation would also add to upward pressure on interest rates.

The RBI may choose to stay put for the time being as global economic recovery is likely to be a slow process. We believe that it would start planning an "exit strategy" from the last calendar quarter and may deliver a rate hike in the first quarter of next calendar.

## 2. Brief background of Sponsor, Trust, Trustee Company and AMC

### A. Religare Mutual Fund

Religare Mutual Fund (earlier known as Lotus India Mutual Fund) ("the Mutual Fund") has been set up by the original settlors, Alexandra Fund Management Pte. Ltd. vide Deed of Trust executed on April 27, 2006 with Religare Trustee Company Pvt. Ltd. (earlier known as Lotus India Trustee Company Pvt. Ltd.) as a Trustee in accordance with the provisions of Indian Trusts Act, 1882 and is registered under the Indian Registration Act, 1908. The Trustee has entered into an Investment Management Agreement on April 27, 2006 with Religare Asset Management Company Ltd. (earlier known as Lotus India Asset Management Company Pvt. Ltd.) to function as the Investment Manager for Schemes of the Mutual Fund. Religare Mutual Fund is registered with SEBI vide Registration No. MF/052/06/01 on July 24, 2006.

#### Change in Sponsor and name of the Fund

During the year, Alexandra Fund Management Pte. Ltd. (the erstwhile sponsor of the Mutual Fund) and other shareholders of Religare Asset Management Company Ltd. ("Religare AMC") and Religare Trustee Company Pvt. Ltd. ("Religare Trustee") transferred their entire shareholding in Religare AMC and Religare Trustee to Religare Securities Ltd. on December 4, 2008. Consequently, Alexandra Fund Management Pte. Ltd. ceased to be the sponsor of the Mutual Fund and Religare Securities Ltd. became the new sponsor.

A Deed of Variation to Deed of Trust constituting the Fund has been executed on January 16, 2009 to reflect Religare Securities Ltd. as the new Sponsor/ Settlor of the Mutual Fund and change of name of "Lotus India Mutual Fund" to "Religare Mutual Fund". Religare Securities Ltd. has contributed Rs. 50,000/- to the corpus of the Fund in addition to Rs. 1,00,000/- contributed by erstwhile sponsor of the Fund.

#### Change of name of the Schemes

To reflect change in sponsors of the Fund, name of Schemes of the Fund has been changed to replace the word "Lotus India" with the word "Religare", e.g. "Lotus India Equity Fund" was renamed as "Religare Equity Fund" with effect from February 4, 2009.

#### Change in Registrar & Transfer Agent (R&T)

Religare Asset Management Company Ltd. has appointed Karvy Computershare Private Limited as the Registrar and Transfer Agents for the Schemes of Religare Mutual Fund in place of M/s. Computer Age Management Services Private Limited with effect from May 16, 2009.

### B. Religare Trustee Company Private Limited

Religare Trustee Company Private Limited (earlier known as Lotus India Trustee Company Private Limited) ("the Trustee" or "Trustee Company"), through its Board of Directors, discharges its obligations as trustee of Religare Mutual Fund. The Trustee is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustee has been discharging its duties and carrying out the responsibilities as provided in the Regulations and the Deed of Trust. The Trustee seeks to ensure that the Fund and the Schemes floated there under are managed by the Asset Management Company in accordance with the Deed of Trust, the Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

### Change in Shareholding and Name

Pursuant to acquisition of entire shareholding of the Trustee Company by Religare Securities Limited on December 4, 2008, the Trustee Company became a wholly owned subsidiary of Religare Securities Ltd. and a step down subsidiary of Religare Enterprises Ltd. Consequently, name of the Trustee Company was changed from "Lotus India Trustee Company Pvt. Ltd." to "Religare Trustee Company Pvt. Ltd." with effect from January 13, 2009.

#### Composition of Board Members

During the year, the Board of Trustee Company was reconstituted whereby all the existing directors resigned and following new directors were appointed on the Board of Trustee Company:

Sr. No.	Name of Director	Status	Date of Appointment
1.	Mr. Sunil Godhwani	Associate	January 12, 2009
2.	Mr. Raj Narain Bhardwaj	Independent	December 4, 2008
3.	Lt. Gen. (Retd.) S.S. Mehta	Independent	December 4, 2008
4.	Mr. R. V. Shastri	Independent	December 4, 2008

### C. Sponsor

Religare Mutual Fund is sponsored by Religare Securities Ltd. Religare Securities Limited ("RSL") is a wholly owned subsidiary of Religare Enterprises Limited ("Religare"). Religare is one of the leading integrated financial services groups in the country today. Religare businesses are broadly clubbed across three key verticals viz. Retail, Institutional and Wealth Spectrum, catering to a diverse and wide base of clients. The company, through its subsidiaries, offers a diverse bouquet of services ranging from equities, commodities and insurance broking to wealth management, portfolio management services, personal financial services, investment banking and institutional broking services. Religare's retail network spreads across the length and breadth of the country with its presence in more than 1837 locations across more than 498 cities and towns.

RSL is a leading equity and securities firm in India. The company currently handles sizeable volumes traded on NSE and in the realm of online trading and investments it currently holds a reasonable share of the market. The major activities and offerings of RSL today are Equity Broking, Depository Participant Services, Portfolio Management Services, Institutional Brokerage & Research. RSL is a member of the National Stock Exchange and Bombay Stock Exchange, a Depository Participant with National Securities Depository Limited and Central Depository Services (India) Limited and a SEBI approved Portfolio Manager.

### D. Religare Asset Management Company Limited

Religare Asset Management Company Limited (earlier known as Lotus India Asset Management Company Private Limited) ("Religare AMC") was incorporated under the Companies Act, 1956 on May 20, 2005. Religare AMC has been appointed as the Asset Management Company of Religare Mutual Fund by the Trustees vide Investment Management Agreement (IMA) dated April 27, 2006 executed between the Trustees and Religare AMC. Religare AMC also provides non-binding, non-discretionary and non-exclusive advisory services to offshore funds.

#### Change in Shareholding pattern and Name

Pursuant to acquisition of entire shareholding of Religare AMC by Religare Securities Limited on December 4, 2008, Religare AMC became a wholly owned subsidiary of Religare Securities Ltd. and a step down subsidiary of Religare Enterprises Ltd. Consequently, name of the Religare AMC was changed from "Lotus India Asset Management Company Pvt. Ltd." to "Religare Asset Management Company Pvt. Ltd." with effect from December 16, 2008. Further, the Company was converted to "Public Limited" with effect from June 25, 2009.

#### Composition of Board Members

During the year, the Board of Religare AMC was reconstituted whereby all the existing directors resigned and following new directors were appointed on the Board of Religare AMC:

Sr. No.	Name of Director	Status	Date of Appointment
1.	Mr. Shachindra Nath	Associate	December 10, 2008
2.	Mr. Anil Saxena	Associate	January 30, 2009
3.	Mr. V.K. Chopra	Independent	December 4, 2008
4.	Mr. P. G. Muralidharan	Independent	December 4, 2008
5.	Mr. Mihir Kumar Moitra	Independent	February 5, 2009

### 3. Investment Objectives of the Schemes

Sr. No.	Name of the Scheme	Investment Objective
1.	Religare Equity Fund, An open-ended equity scheme	To generate long-term capital growth from a focused portfolio of predominantly equity and equity-related securities.
2.	Religare Contra Fund, An open-ended equity scheme	To generate capital appreciation through investment in equity and equity related instruments. The Scheme will seek to generate capital appreciation through means of contrarian investing.

Sr. No.	Name of the Scheme	Investment Objective
3.	Religare Growth Fund, An open-ended diversified equity scheme	To generate long-term capital growth from a diversified portfolio of predominantly equity and equity-related securities.
4.	Religare Banking Fund, An open-ended banking sector scheme	To generate long-term capital growth from a portfolio of equity and equity-related securities of companies engaged in the business of banking and financial services.
5.	Religare Tax Plan, An open-ended equity linked savings scheme with a lock-in period of 3 years	To generate long-term capital growth from a diversified portfolio of predominantly equity and equity-related securities.
6.	Religare AGILE Fund, An open-ended equity scheme	To generate capital appreciation through investment in equity and equity related instruments. The scheme will seek to generate capital appreciation by investing in a passive portfolio of stocks selected from the industry leaders on the basis of a mathematical model.
7.	Religare Arbitrage Fund, An equity oriented interval scheme	To generate income through arbitrage opportunities emerging out of mis-pricing between the cash market and the derivatives market and through deployment of surplus cash in fixed income instruments.
8.	Religare AGILE Tax Fund, A closed-ended equity linked savings scheme with a maturity of 10 years	To generate capital appreciation through investment in equity shares. The Scheme will seek to generate capital appreciation by investing in a passive portfolio of stocks selected from the industry leaders on the basis of a mathematical model.
9.	Religare Infrastructure Fund, A close-ended equity scheme with a maturity of 3 years	To provide long term capital appreciation by investing in a portfolio that is predominantly constituted of equity and equity related instruments of infrastructure companies.
10.	Religare Mid Cap Fund, A closed-ended equity scheme with a maturity of 3 years	To provide long term capital appreciation by investing in a portfolio that is predominantly constituted of equity and equity related instruments of mid cap companies.
11.	Religare Mid N Small Cap Fund, A 3 years closed-ended equity scheme	To provide long term capital appreciation by investing in a portfolio that is predominantly constituted of equity and equity related instruments of mid and small cap companies.
12.	Religare Short Term Plan, An open-ended income scheme	To generate steady returns with moderate risks for investors by investing in a portfolio of short-medium term debt and money market instruments.
13.	Religare Active Income Fund, An open-ended income scheme	To generate optimal returns while maintaining liquidity through active management of the portfolio by investing in debt and money market instruments. As the portfolio of the scheme will be actively managed, the Scheme may have a high turnover in order to achieve the investment objective.
14.	Religare Gilt Fund, An open-ended dedicated gilt fund	To generate optimal returns by investing in a portfolio of securities issued and guaranteed by Central and State Government.
15.	Religare Ultra Short Term Fund, An open-ended debt scheme	To provide liquidity and optimal returns to the investors by investing in a mix of short term debt and money market instruments which results in a portfolio having marginally higher maturity and moderately higher credit risk as compared to a liquid fund at the same time maintaining a balance between safety and liquidity.

Sr. No.	Name of the Scheme	Investment Objective
16.	Religare Liquid Fund, An open-ended liquid scheme	To provide reasonable returns, commensurate with the lower risk while providing a high level of liquidity, through a portfolio of money market and debt securities.
17.	Religare Overnight Fund, An open-ended liquid scheme	To provide liquidity to the investors while mirroring overnight returns.
18.	Religare Fixed Maturity Plans, Closed-ended debt scheme(s)	To generate income by investing in a portfolio of debt and money market instruments normally maturing in line with the duration of the Scheme(s).
19.	Religare Quarterly Interval Fund, Debt oriented interval scheme(s)	To generate income by investing in a portfolio of debt and money market instruments.

#### 4. Significant Accounting Policies

Accounting policies are in accordance with Securities and Exchange Board of India (Mutual Fund) Regulations 1996.

#### 5. Unclaimed Dividends & Redemptions

Summary of no. of investors and corresponding amount as at March 31, 2009:

Name of Scheme	Unclaimed Redemptions		Unclaimed Dividend	
	Amount (Rs.)	No. of Investors	Amount (Rs.)	No. of Investors
Religare AGILE Fund	425,34	1	-	-
Religare Contra Fund	9,241,28	4	-	-
Religare Equity Fund	1,197,00	1	-	-
Religare Growth Fund	2,444,96	1	-	-
Religare Tax Plan	-	-	22,394	15

#### 6. Statutory Information

- The Sponsor is not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond their initial contribution (to the extent contributed) of Rs. 150,000/- for setting up the Fund, and such other accretions/additions to the same.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report shall be disclosed on the website ([www.religaremf.com](http://www.religaremf.com)) and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unit holder can obtain copy of the trust deed, the full Annual Report of the Fund/AMC at a price.

#### ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their overwhelming response throughout the year and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the service provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the Auditors and legal advisors, sincerity and dedication of the employees of Religare Asset Management Company Limited is also appreciated.

For Religare Trustee Company Private Limited

Place: Noida

Date: July 17, 2009

Sd/  
Director