

EIGHTEENTH ANNUAL REPORT 2003 - 2004



Reliance Capital Limited



Reliance Capital Limited

EIGHTEENTH ANNUAL GENERAL MEETING

on Saturday, the 10th July, 2004, at 11:00 a.m., at Village Meghpar / Padana, Taluka Lalpur, Dist. Jamnagar - 361 280, Gujarat.

CONTENTS	Page No. (s)
Index and Company Information	2
Notice of Annual General Meeting	3 - 4
Directors' Report	5 - 7
Corporate Governance	8 - 12
Auditors' Certificate on Corporate Governance	12
Auditors' Report	13
Balance Sheet	14
Profit and Loss Account	15
Schedules forming part of Balance Sheet and Profit and Loss Account	16 - 23
Notes on Accounts	24 - 32
Cashflow Statement	33
Statement of Interest in Subsidiaries	34
Particulars as to Company's Subsidiaries	35 - 76
Auditors' Report on Consolidated Financial Statements	77
Consolidated Balance Sheet	78
Consolidated Profit and Loss Account	79
Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account	80 - 85
Notes on Consolidated Accounts	86 - 91
Consolidated Cash Flow Statement	92
List of Karvy Service Centres	93
ECS Mandate Format	94
Attendance Slip and Proxy Form	95

REGISTERED OFFICE

Village Meghpar / Padana,
Taluka Lalpur,
Dist. Jamnagar - 361 280, Gujarat.
Tel.: 91-288-3011556.
Fax: 91-288-3011598.

CORPORATE OFFICE

Fosbery Road,
off Reay Road Station (East),
Mumbai - 400 033.
Tel.: 91-22-30411000.
Fax : 91-22-30411067.

BOARD OF DIRECTORS

Shri D. Chaturvedi	Chairman
Shri Anand Jain	Vice Chairman
Shri D. J. Kapadia	
Shri S. S. Thakur	
Shri Sandeep H. Junnarkar	
Shri Amitabh Jhunjhunwala	
Shri Alok Agarwal	

COMPANY SECRETARY & MANAGER

Shri V. R. Mohan

SOLICITORS & ADVOCATES

Bhasin & Co.

AUDITORS

Pathak H. D. & Associates

BANKERS

Allahabad Bank	Syndicate Bank
Canara Bank	Union Bank of India
HDFC Bank Limited	UTI Bank Limited
ICICI Bank Limited	
IDBI Bank Limited	
Punjab National Bank	

SUBSIDIARIES

Reliance Capital Asset Management Limited
Reliance Capital Trustee Co. Limited
Reliance General Insurance Company Limited
Reliance Life Insurance Company Limited

REGISTRARS & TRANSFER AGENTS

Karvy Computershare Private Ltd.

Hyderabad : 46, Avenue 4, Street No. 1, Banjara Hills,
Hyderabad - 500 034.
☎ 91-40-23320666, 23320711, 23323037
☎ 91-40-23323058
Email: rclinvestor@karvy.com
Website: www.karvy.com

Mumbai : Tulsiani Chambers
10th Floor, Nariman Point
Mumbai 400 021.
☎ 91-22-30325645, 30325624
☎ 91-22-22855731

Jamnagar : 241, City Arcade,
Near DSP Building,
Jamnagar - 361 001
☎ 91-288-2557862-65
☎ 91-288-2553106



NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of Reliance Capital Limited will be held on Saturday, the 10th July, 2004 at 11:00 a.m., at the Registered Office of the Company, at Village Meghpar / Padana, Taluka Lalpur, Dist. Jamnagar - 361 280, Gujarat, to transact the following business:

Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at 31st March, 2004, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Shares.
3. To appoint a Director in place of Shri S. S. Thakur, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Sandeep H. Junnarkar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s Pathak H. D. & Associates, Chartered Accountants, the retiring Auditors, as the Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of Directors.

Special Business:

6. To consider and if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**.

"RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003, (hereinafter referred to as the "Delisting Guidelines") (including any statutory modifications(s) or re-enactments thereof for the time being in force), the Companies Act, 1956, Securities

Contracts (Regulation) Act, 1956 and the rules framed thereunder, Listing Agreement(s), and all other applicable laws, rules, regulations, and guidelines and subject to approval(s), consent(s), permission(s) or sanction(s), of the Securities and Exchange Board of India, Stock Exchange(s) where the shares of the Company are listed and other appropriate authorities, institutions, or regulators as may be necessary and subject to such conditions and modifications, as may be prescribed or imposed by any authority while granting such approval(s), permission(s) and sanction(s), which may be agreed to by the Board of Directors of the Company, the consent of the Company be and is hereby accorded to the Board of Directors to delist the equity shares of the Company from the Stock Exchange, Ahmedabad.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to sign and submit all applications, forms, papers and other documents and to comply with all other formalities / procedures and to do all such acts, deeds and things as may be required by the above Stock Exchange, SEBI, and / or by any other statutory / regulatory authorit(ies), in connection with delisting of the equity shares of the Company from the Stock Exchange, Ahmedabad."

By order of the Board of Directors

V. R. Mohan

Company Secretary & Manager

Mumbai

Dated: 27th April, 2004

Registered Office

Village Meghpar / Padana

Taluka Lalpur, Dist. Jamnagar - 361 280

NOTES

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. Shareholders are requested to bring their copy of Annual Report to the Meeting.
4. Members/Proxies should fill the Attendance Slip for attending the meeting.
5. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
7. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.
8. (a) The Company has already notified closure of Register of Members and Transfer Books thereof from Saturday, the 26th June, 2004 to Saturday, the 3rd July, 2004 (both days inclusive) for determining the names of members eligible for dividend, if approved, on equity shares for the year ended 31st March, 2004. In respect of shares held in electronic form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories for this purpose.
(b) The dividend on Equity Shares, as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after 12th July, 2004.
(c) Members may please note that the Dividend Warrants are payable at par at the designated branches of the Bank printed on reverse of the Dividend Warrant for an initial period of three months only. Thereafter, the Dividend Warrant on revalidation is payable only at limited centres/branches of the said Bank. The members are therefore, advised to encash Dividend Warrants within the initial validity period.
9. (a) In order to provide protection against fraudulent encashment of the warrants, shareholders holding shares in physical form are requested to intimate the Company under the signature of the Sole/First joint holder, the following information to be incorporated on the Dividend Warrants:
(i) Name of the Sole/First joint holder and the Folio Number.
(ii) Particulars of Bank Account, viz.: (a) Name of the Bank (b) Name of Branch (c) Complete address of the Bank with Pin Code Number (d) Account type, whether Savings (SB) or Current Account (CA) (e) Bank Account number allotted by the Bank
(b) Shareholders holding shares in electronic form may kindly note that their Bank account details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion of/change in such Bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. **Shareholders who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change, with complete details of Bank Account.**
10. Shareholders are requested to note that pursuant to the approval granted by the Securities and Exchange Board of India, the license of the Registrars and Share Transfer Agents of the Company has been changed from Karvy Consultants Limited to Karvy Computershare Private Limited. Accordingly Karvy Computershare Private Limited, having their address at : 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad – 500034, are the Registrars & Transfer Agents of the Company.



11. Electronic Clearing Service (ECS) Facility

With respect to payment of dividend, the Company provides the facility of ECS to all shareholders, holding shares in electronic and physical forms, residing in the following cities:

Ahmedabad, Bangalore, Bhubhaneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram.

Shareholders holding shares in the physical form who wish to avail ECS facility, may authorise the Company with their ECS mandate in the prescribed form which can be obtained from the Registrars and Transfer Agents, Karvy Computershare Private Limited. The requests for payment of dividend through ECS for the year 2003-2004 should be lodged with Karvy Computershare Private Limited on or before 5th July, 2004.

12. The Company has already transferred all unclaimed dividends declared upto the financial year ended 31st March, 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Shareholders who have so far not claimed or collected their dividends up to the aforesaid financial year are requested to claim their dividend from the Registrar of Companies, Gujarat, Jivabhai Chambers, ROC Bhavan, Opp. Rupal Park, Behind Ankur Bus Stop, Ahmedabad – 380009, Tel. No. 27437597 / 27438531, Fax No. 27428785 in the prescribed form, which will be furnished on receipt of request by the Registrars and Transfer Agents, Karvy Computershare Private Limited.
13. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 1997 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the **Investor Education and Protection Fund (IEPF)** established by the Central Government pursuant to Section 205C of the Companies Act, 1956. The Company has already transferred the unclaimed dividend for the year ended 31st March, 1996 to the IEPF.

Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below:-

Financial year ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend	Due date for transfer to IEP Fund
31.03.1997	15.09.1997	14.09.2004	01.11.2004
31.03.1998	30.09.1998	29.09.2005	16.11.2005
31.03.1999	21.09.1999	20.09.2006	07.11.2006
31.03.2000	24.06.2000	23.06.2007	10.08.2007
31.03.2001	16.06.2001	15.06.2008	22.07.2008
31.03.2002	06.07.2002	05.07.2009	05.08.2009
31.03.2003	28.06.2003	27.06.2010	28.07.2010

Shareholders who have not encashed the dividend warrant(s) so far, are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrars and Transfer Agents, Karvy Computershare Private Limited immediately. **Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.**

14. Non-Resident Indian Shareholders are requested to inform Karvy Computershare Private Limited immediately:
- The change in the Residential status on return to India for permanent settlement.
 - The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.
15. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting are requested to send a

duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Meeting.

16. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrars and Transfer Agents, Karvy Computershare Private Limited.

17. Re-appointment of Directors:

At the ensuing Annual General Meeting, Shri S.S.Thakur and Shri Sandeep H Junnarkar, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. The information or details pertaining to these Directors, to be provided in terms of Clause 49 of the Listing Agreement are furnished in the Statement on Corporate Governance published elsewhere in this Annual Report.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out all material facts relating to the special business.

Item No. 6

The Company's equity shares are listed on three Stock Exchanges in India, namely, at Ahmedabad, Mumbai and the National Stock Exchange. With the extensive networking of The Stock Exchange, Mumbai (BSE) and The National Stock Exchange of India Limited (NSE), and the extension of the BSE/NSE terminals to other cities as well, investors have access to online dealings in the Company's equity shares across the country. The bulk of the trading in the Company's equity shares in any case takes place on the BSE and the NSE, and the depth and liquidity of trading in the Company's equity shares on the other Stock Exchanges are lower.

The Company's equity shares are one of the scrips which the Securities and Exchange Board of India (SEBI) has specified for settlement only in dematerialised form by all investors, since April 5,1999. It is observed that the listing fees paid to the Stock Exchange, Ahmedabad (ASE) is disproportionately higher compared to the extremely low trading volumes of the Company's shares with the said Stock Exchange of the company's equity shares.

During the financial year 2003-2004, the average daily trading volume on the Stock Exchanges were as follows:-

	ASE	BSE	NSE
Shares (in lakhs)	0.188	10.98	16.68
Shares (Rs. in crores)	0.118	11.53	17.42

Further, there has been no trading of company's equity shares on the Stock Exchange, Ahmedabad for the period January - March, 2004.

From the above, it would be clear that trading volume does not justify the listing fees paid to the Stock Exchange, Ahmedabad and it is therefore proposed to get the shares delisted from the Stock Exchange, Ahmedabad.

The Company also satisfies the requirement / criteria for delisting the equity shares, pursuant to Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and therefore it is proposed to get the equity shares delisted from the Stock Exchange, Ahmedabad.

Your Directors, therefore, recommend the Special Resolution for the approval of members.

None of the Directors are, in any way, concerned or interested in the resolution.

By order of the Board of Directors

V. R. Mohan
Company Secretary & Manager

Mumbai
Dated: 27th April, 2004

Registered Office
Village Meghpar / Padana
Taluka Lalpur, Dist. Jamnagar - 361 280



DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 18th Annual Report, together with the audited statement of accounts of the Company for the year ended 31st March 2004.

Financial Results:

	(Rs in crore)	
	Year ended 31-3-2004	Year ended 31-3-2003
Gross Income	356.79	458.78
Gross Profit	147.88	194.28
Less: Depreciation	42.09	91.65
Profit Before Tax	105.79	102.63
Provision for Taxation	-	-
Net Profit	105.79	102.63
Add: Profit brought forward from the previous year	166.81	136.73
Profit available for Appropriation	272.60	239.36
Dividend including Dividend Tax	41.65	41.65
Transfer to General Reserve	21.31	10.30
Transfer to Statutory Reserve Fund	21.15	20.60
Balance carried forward	188.49	166.81

Dividend:

Your Directors have recommended a dividend of Rs 2.90 per Equity Share on 12,73,06,244 equity shares of Rs 10 each aggregating to Rs 36.92 crore for the financial year ended March 31, 2004 which if approved at the ensuing Annual General Meeting, will be paid to (i) all those Equity Shareholders whose names appear in the Register of Members as on June 26, 2004 and (ii) to those whose names as beneficial owners, are furnished by the National Securities Depository Limited and Central Depository Services (India) Limited.

Your Directors have also recommended a pro-rata dividend of Rs 5 per Preference Share on 12,500 Preference Shares of Rs 100 each aggregating to Rs 42,179 for the financial year ended March 31, 2004.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review:

Reliance Capital Ltd.'s (RCL) gross income for the financial year ended March 31, 2004 was Rs 356.79 crore, compared to Rs 458.78 crore in the previous year. The decline was on account of one-time receipt of arrears of dividend on preference shares aggregating Rs. 90.22 crore in the previous year.

As a result, operating profit (PBDIT) during the year was also lower at Rs 348.27 crore, compared to Rs 447.09 crore in the previous year.

Interest expenses for the year under review declined to Rs 200.39 crore, compared to Rs 252.81 crore in the previous year, primarily on account of substitution of higher cost borrowings with lower cost debt.

Depreciation during the year was lower at Rs 42.09 crore compared to Rs 91.65 crore in the previous year. This difference is primarily on account of a one-time additional charge of Rs. 37.38 crore last year, towards depreciation on assets for own use.

Provision for taxation during the year continued to be nil.

Net profit increased to Rs 105.79 crore from Rs 102.63 crore in the previous year.

An amount of Rs 21.15 crore was transferred to Statutory Reserve Fund pursuant to Section 45IC of the Reserve Bank of India Act, 1934, and an amount of Rs 21.31 crore has been transferred to General Reserve during the year under review.

The Company's Net worth as on March 31, 2004 stood at Rs 1,399.81 crore, as against Rs 1,336.33 crore last year, an increase of 5%. This ranks RCL as the largest private sector Non Banking Financial Company (NBFC) in India, in terms of net worth.

Resources and Liquidity:

RCL's long-term debt equity ratio as on March 31, 2004 was 0.42:1, which is well below comparable levels in the industry. Credit Analysis and Research Ltd. (CARE) had rated RCLs' outstanding long term borrowings at AA+, indicating that the instruments carrying this rating are of high quality by all standards, and are of high investment grade. Consequent upon the rated debt being repaid in full, no ratings were obtained during the year.

RCL did not accept any fixed deposits from the public during the year 2003-2004.

Industry Structure and Developments:

The NBFC sector in India is represented by a mix of a few large companies with nationwide presence and a large number of small and medium sized companies with regional focus. The Reserve Bank of India regulates the operations of NBFCs.

In recent years, NBFCs are witnessing strong competition in their traditional areas of retail lending from Banks and Financial Institutions. Banks, which have innate advantage of lower cost of funds, are taking an increasing share in retail financing and providing strong competition to NBFCs.

In this scenario, NBFCs are now under pressure to cut costs and to develop a focussed marketing approach on selected customer segments by offering more personalized services. The entry of strong NBFCs in insurance and banking have been some of the major developments in this sector.

Business Review:

RCL's operations continue to be mainly focused on the areas of funding of projects in the infrastructure sector, contributing to the country's overall economic growth and development. The investment portfolio of the Company is structured in a manner to realize the highest post tax returns on investments. As on March 31, 2004, your company's investment in infrastructure projects stood at Rs 954 crore.

Opportunities:

The economy is expected to achieve a 6% - 7% GDP growth rate this year. The increased thrust on the infrastructure sector, including power, roads, ports, telecom and other urban infrastructure projects, will continue to provide excellent investment opportunities in the future.

In addition, the growth of the services sector presents new opportunities for the financial services industry in India.



NBFCs registered with Reserve Bank of India have also now been allowed to take up insurance agency business on fee basis and without risk participation, without the approval of Reserve Bank of India.

Challenges:

The NBFC sector continues to face competitive pressures from the banking sector and financial institutions, due to their increased penetration in the consumer financing market, with comparatively low cost of funds at their disposal. The spreads in the lending business have also narrowed considerably, bringing risk-adjusted margins to generally unviable levels.

RCL's strong financial position, reflected by its low debt:equity ratio and adoption of prudent business strategies, have enabled it to consistently post satisfactory performance despite these difficult conditions.

Outlook:

RCL intends to maintain its focus on investments in the infrastructure sector, while supporting the growth of its subsidiary companies in the areas of insurance, asset management, etc.

Risks and Concerns:

RCL is exposed to specific risks that are particular to its businesses and the environment within which it operates, including interest rate volatility, economic cycle, market risk, and credit risk. RCL manages these risks by maintaining a conservative financial profile and by following prudent business and risk management practices.

Adequacy of Internal Control:

An extensive system of internal controls is practiced by RCL to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition of assets and that the transactions are authorised, recorded and reported correctly.

RCL ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines.

The Audit Committee of Directors reviews the adequacy of internal control.

Human Resource Development :

RCL has a team of able and experienced professionals. The number of employees as on March 31, 2004 stood at 27, comprising of an adequate number of professionals from all levels.

Subsidiaries:

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts, along with the report of the Board of Directors and the respective Auditors' Report thereon of all the subsidiaries for the year ended March 31, 2004 are annexed together with the statement relating to Company's Interest in the Subsidiary Companies.

During the year under review, Reliance General Insurance Company Ltd. (RGICL) has booked gross direct premium of Rs 161.05 crore, as against Rs 185.67 crore in the previous year. RGICL has earned a net profit after tax of Rs 8.99 crore as against Rs 14.34 crore during the previous year.

Reliance Capital Asset Management Ltd. (RCAM) had total assets under management of Rs 7,240 crore as on March 31, 2004 an increase of more than 200% compared to Rs 2,419 crore in the previous year. RCAM earned a profit after tax of Rs 7.46 crore for the year under review, compared to Rs 1.47 crore in the previous year.

Fixed Deposits:

During the year, RCL has not accepted or renewed any fixed deposits.

At the end of the financial year, 103 deposits aggregating Rs 0.16 crore remained unclaimed on the due dates.

RCL has intimated the deposit holders individually of their unclaimed amount with a request to return the Fixed Deposit Receipts duly discharged to enable the Company to repay the amount.

RCL has complied with various requirements in terms of capital adequacy under the guidelines issued by the Reserve Bank of India for Non Banking Financial Companies.

Directors:

Shri S.S.Thakur and Shri Sandeep H. Junnarkar - Directors of the Company are retiring by rotation and being eligible offer themselves for re-appointment. The Board of Directors recommends their re-appointment as Directors.

A brief resume of the Directors retiring by rotation at the ensuing Annual General Meeting, nature of their expertise in specific functional areas, and names of companies in which they hold the directorship and the membership/chairmanship of Committees of the Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are given in the section on Corporate Governance elsewhere in the Annual Report.

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:

- (i) in the preparation of the accounts for the financial year ended March 31, 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2004 and of the profit of the Company for the year under review;
- (iii) the Directors have taken proper and sufficient care 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; and
- (iv) the Directors have prepared the annual accounts of the company on a 'going concern' basis.

**DIRECTORS' REPORT - CONTD...****Consolidated Financial Statements:**

In accordance with Accounting Standard -21 (AS 21) on Consolidated Financial Statements read with Accounting Standard -23 (AS-23) on Accounting for Investments in Associates, your Directors have pleasure in attaching the Consolidated Financial Statements, which form part of this Report and Accounts. These statements have been prepared on the basis of audited financial statements received from subsidiary companies, as approved by their respective Boards.

Auditors & Auditor's Report:

M/s Pathak H. D. & Associates, Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956. They are not otherwise disqualified within the meaning of sub-section (3) of Section 226 of the Companies Act, 1956, for such appointment.

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 the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act 1956, the report and the accounts are being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company at its Registered Office.

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

Particulars required to be furnished under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as under: -

- (1) Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company.
- (2) Foreign Exchange earnings and outgo:

Earnings	-	Nil
Outgo	-	Rs 0.37 crore

Corporate Governance:

A separate section on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of the Annual Report.

Acknowledgements:

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, bankers, regulatory bodies and other business constituents during the year under review.

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

For and on behalf of the Board of Directors

D. Chaturvedi
Chairman

Mumbai

Dated : 27th April, 2004



The Company pursuant to Clause 49 of the listing agreement with the Stock Exchanges furnishes its report on the code on Corporate Governance.

1. Company's Philosophy on Code of Governance

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the government and lenders.

The Company is committed to achieve the highest international standards of Corporate Governance.

The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

2. Board of Directors

The Board consists of seven Directors, all Non-Executive, of which three are Independent Directors.

(a) Attendance of each Director at the Board meetings, last Annual General Meeting and Number of other Directorship and Chairmanship/Membership of Committee of each Director in various companies

Name of the Director	Attendance Particulars		No. of other directorships and committee member/chairmanship		
	Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Shri D. Chaturvedi - (C) - I	6	Y	1	2	2
Shri Anand Jain - (VC)	5	N	10	4	1
Shri D. J. Kapadia	6	Y	1	3	1
Shri S. S. Thakur - I	6	Y	10	10	2
Shri S. H. Junnarkar - I	5	Y	14	10	1
Shri Amitabh Jhunjhunwala	4	N	5	8	5
Shri Alok Agarwal	5	N	4	3	1
Shri U.Mahesh Rao*	1	-	-	-	-

C - Chairman, VC - Vice Chairman, I - Independent

* resigned from the directorship w.e.f. 28th April, 2003

(b) Information on Directors Re-appointment

Brief resume of Directors being re-appointed at the ensuing Annual General Meeting, nature of their expertise in specific functional areas and names of the companies in which they hold directorship and the membership of committees of the Board are furnished hereunder :

(i) **Shri S.S.Thakur**, aged 75 years, has a wide and varied experience in the field of foreign exchange, finance, banking, infrastructure and capital market. He was controller in the Exchange Control Department of Reserve Bank of India. He was advisor to the Zambian Government on behalf of United Nations. He was till recently Chairman of HDFC Bank. He is a member of Audit and Remuneration Committee of Directors of the Company.

Currently, Shri Thakur is Director on the Board of Lafarge India Pvt. Ltd., Shrenuj & Co. Ltd., DSP Merrill Lynch Trustee Co. (Pvt.) Ltd., Quantum Information Services Ltd., OM Kotak Mahindra Life Insurance Co. Ltd, KEC International Ltd., IBS Forex Private Limited, Central Depository Services (India) Ltd., HDFC Securities Ltd., and Kamat Hotels (India) Ltd. He is the Chairman of Audit Committee of Shrenuj & Co. Ltd., and of Remuneration Committee of Central Depository Services (India) Ltd. He is also a member of Audit Committee of Om Kotak Mahindra Life Insurance Co. Ltd., HDFC Securities Ltd., and Kamat Hotels Ltd., and of Remuneration Committee of Shrenuj & Co. Ltd., HDFC Securities Ltd., and Kamat Hotels (India) Ltd.

(ii) **Shri Sandeep H. Junnarkar**, aged 53 years is a science graduate with a degree in Law. He qualified as a Solicitor in the year 1977. Shri Junnarkar has had a brilliant academic career and is Partner in the law firm M/s. Junnarkar & Associates. He is the member of the Audit Committee and the Finance Committee of Directors of the Company. He is also on the Board of Ambuja Cement India Limited, Ambuja Cement Rajasthan Ltd., Excel Crop Care Ltd., Sunshield Chemicals Ltd., IL & FS Infrastructure Development Corporation Ltd., Indian Petrochemicals Corporation Ltd., Jai Corp Ltd., Reliance Ports & Terminals Limited, Reliance Life Insurance Company Ltd., Reliance Industrial Infrastructure Limited, Reliance Industrial Investments & Holdings Ltd., Sterlite Industries (India) Ltd., Tilaknagar Industries Ltd., and Bombay Incorporated Law Society (Sec. 25 Co.). He is the Chairman of Shareholders' / Investors' Grievances Committee of Sterlite Industries (India) Ltd., and member of Shareholders' / Investors' Grievances Committee of Reliance Industrial Infrastructure Limited. He is a member of Audit Committee of Reliance Industrial Infrastructure Limited, Sterlite Industries (India) Ltd., Indian Petrochemicals Corporation Ltd., Ambuja Cement Rajasthan Ltd., and Tilaknagar Industries Ltd., and a member of Remuneration Committee of Reliance Industrial Infrastructure Limited and Excel Crop Care Ltd.

(c) Number of Board Meetings held and the dates on which held

During the year ended 31st March, 2004, Six Board Meetings were held as against the minimum requirement of four meetings. The meetings were held on April 21, 2003, April 28, 2003, June 28, 2003, July 29, 2003, October 15, 2003, and January 28, 2004.

The Company has held at least one meeting in every three months and the maximum time gap between any two Board Meetings was not more than four months. None of the Directors of the Company was a member of more than ten committees nor was the Chairman of more than five committees across all public limited companies in which he was a Director.

For the purpose of considering the limit of the Committees as stated above, only Audit Committee, Shareholders' / Investors' Grievances Committee and the Remuneration Committee across all public limited companies has been considered in accordance with Clause 49 of the Listing Agreement.

3. Board Committees

A. Audit Committee

The Board of Directors of the Company has constituted an Audit Committee, comprising of four non-executive Directors, majority being independent viz. Shri D.Chaturvedi, Chairman, (having financial and accounting knowledge), Shri D.J.Kapadia, Shri S. S. Thakur and Shri Sandeep H. Junnarkar. The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956 and para 9A of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

The terms of reference of the Audit Committee, as contained under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, are as follows:

- Oversight of the Company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.



CORPORATE GOVERNANCE - CONTD...

- c. Reviewing with management the annual financial statements before submission to the board, focusing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgment by management, (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with Stock Exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
 - d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
 - e. Reviewing the adequacy of internal audit functions.
 - f. Discussion with internal auditors any significant findings and follow up there on.
 - g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - h. Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
 - i. Reviewing the Company's financial and risk management policies.
 - j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- During the year ended 31st March, 2004, the Committee has met four times as against the minimum requirement of three meetings. The meetings were held on 21st April, 2003, 29th July, 2003, 15th October, 2003 and 28th January, 2004. All the committee members were present at all the above meetings except Shri Sandeep H. Junnarkar who was granted leave of absence from attending the Audit Committee Meeting dated 28th January, 2004. Representatives of Internal Auditors and Statutory Auditors were invited to be present at the Audit Committee meetings.

B. Remuneration Committee

The Board of the Company has constituted a Remuneration Committee comprising of three Non-Executive Directors, majority being independent viz. Shri D. Chaturvedi -Chairman, Shri Anand Jain, Vice Chairman and Shri S. S. Thakur, to determine the remuneration package of Directors and other managerial personnel of the company.

The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing Industry practice.

a. Details of remuneration paid to Manager for the year

The Company has appointed Shri V. R. Mohan as Manager designated as Company Secretary and Manager under the Companies Act, 1956 w.e.f. 7th March 2003 for a period of 3 years. The aggregate value of salary, allowances and perquisites paid to Shri V.R.Mohan, Manager for the year ended 31st March, 2004 was Rs. 9,28,476/-.

The above amount is inclusive of Company's contribution to Provident Fund, Superannuation and Gratuity at the end of tenure, as per the rules of the Company.

b. Sitting fees paid to Directors

The Company paid sitting fees to all the Non-Executive Directors at the rate of Rs. 1000 upto 30th September, 2003 and at the rate of Rs. 10,000 from 1st October, 2003 for attending each meeting of the Board and / or Committee thereof. The sitting fees paid to the Non-Executive Directors for the year ended 31st March, 2004 were as follows:- Shri D. Chaturvedi - Rs.46,000/-; Shri Anand Jain-Rs.57,000/-; Shri D.J.Kapadia - Rs.81,000/-; Shri S.S.Thakur-Rs.46,000/-; Shri Sandeep H. Junnarkar - Rs.39,000/-; Shri U.Mahesh Rao** - Rs.1000/-; Shri Amitabh Jhunjhunwala - Rs. 43,000/-; Shri Alok Agarwal Rs. 23,000/-.

During the year ended 31st March, 2004, the Company has paid Rs. 21,000/- as professional fees to M/s Junnarkar & Associates, a firm in which Shri Sandeep H. Junnarkar, Director of the Company is a partner.

No stock options were granted to the directors during the year.

*** resigned from the directorship w.e.f. 28th April, 2003*

C. Shareholders' / Investors' Grievance Committee

The Board of the Company has constituted a Shareholders' / Investors' Grievance Committee comprising of three non-executive directors viz. Shri D.J.Kapadia, Shri Anand Jain and Shri Amitabh Jhunjhunwala.

The Committee oversees the performance of the Registrars and Transfer Agents and recommends measures to improve the level of investor services.

The Company has authorised Directors and Shri V.R.Mohan - Company Secretary & Manager, severally to approve the share transfers.

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (duly amended), the Board has approved the "Code of Conduct for Prevention of Insider Trading" and authorised the Committee to implement and monitor the various requirements as set out in the Code.

The Board has designated Shri V.R.Mohan, Company Secretary & Manager, as the compliance officer.

The total number of complaints received and replied to the satisfaction of the shareholders during the year under review was 1886. Outstanding complaints as on 31st March, 2004 were nil.

69 requests for transfer and 172 requests for dematerialisation were pending for approval as on 31st March, 2004 which were approved, processed and dispatched on or before 2nd April, 2004 & 3rd April, 2004 respectively.

D. Finance Committee

A Finance Committee of Directors has been constituted by the Board of the Company, comprising of Shri Anand Jain, Shri D.J.Kapadia, and Shri Sandeep H. Junnarkar, Directors as its members. The terms of reference of the Finance Committee includes borrowing monies, investment of funds, making of loans/ advances/ guarantee, purchase of capital goods / properties etc., and other financial transaction for the Company's business.



4. General Body Meetings

Location and time for the last three Annual General Meetings were as follows:-

Year	Location	Date	Time
2000-2001	Thakorebhai Desai Hall, Ahmedabad	16 th June, 2001	11.30 a.m.
2001-2002	Thakorebhai Desai Hall, Ahmedabad	6 th July, 2002	12:15 p.m.
2002-2003	Thakorebhai Desai Hall, Ahmedabad	28 th June, 2003	2:30 p.m.

POSTAL BALLOT

During the year ended 31st March, 2004, the Company passed one resolution through Postal Ballot as required under Companies (passing of resolution by Postal Ballot) Rules, 2001 for shifting of the Registered Office of the Company from Avdesh House, 2nd Floor, Pritam Nagar, 1st Slope, Ellisbridge, Ahmedabad - 380006 to Village Meghpar / Padana, Taluka Lalpur, Distt. Jamnagar-361280. Shri Anil Lohia, Chartered Accountant was appointed as the scrutinizer to conduct the postal ballot. The resolution through postal Ballot was passed by the requisite majority with 99.02% of the total paid up equity capital polled were in favour of the resolution. The results of the postal ballot were announced on 21st October, 2003.

At the ensuing Annual General Meeting there is no resolution proposed to be passed by postal ballot.

5 (a). Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management,

their subsidiaries or relatives, etc. that may have potential conflict with the interests of the company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company.

5 (b). Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

None

6. Means of Communication

- a. Half yearly report sent to each household of shareholders. Half yearly report for the half year ended 30th September, 2003 were duly sent to the shareholders.
- b. Quarterly results: Quarterly results were published in "The Business Standard" (English) and "Jai Hind" (Vernacular), at Ahmedabad and in "The Times of India" (English) and "Naubat" (Vernacular) at Jamnagar.
- c. The Company does not have a website. The Company however posts its financial results on SEBI website sebidifar.nic.in for all the quarters.
- d. Management Discussion and Analysis forms part of the Directors' Report which is posted to the shareholders of the Company.

7. General Shareholder Information

1. Annual General Meeting

- Date and Time : Saturday, the 10th July, 2004 at 11:00 A.M.
- Venue : Registered Office of the Company at Village Meghpar /Padana Taluka Lalpur, Dist. Jamnagar – 361280, Gujarat.

2. Financial Calendar 2004-05 (tentative)

- Results for the quarter ending 30th June, 2004 : Last week of July 2004.
- Results for the quarter ending 30th September, 2004 : Last week of October 2004.
- Results for the quarter ending 31st December, 2004. : Last week of January 2005.
- Results for the year ending 31st March, 2005. : Last week of April 2005.
- Annual General Meeting : June / July, 2005.

3. Book closure date

- : Saturday, 26th June, 2004 to Saturday, 3rd July, 2004 (both days inclusive) for payment of dividend.

4. Dividend payment date

- : On or after 12th July, 2004

5. (a) Listing of Equity Shares on Stock Exchanges at

- : 1. The Stock Exchange, Ahmedabad, (ASE)
Kamdheni Complex, near Polytechnic, Ambawadi, Ahmedabad 380015
- 2. The Stock Exchange, Mumbai (BSE)
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400001
- 3. National Stock Exchange of India Limited (NSE)
"Exchange Plaza"
Bandra – Kurla Complex
Bandra (E), Mumbai – 400051.

5. (b) Annual listing fees

- : Duly paid to all the above Stock Exchanges for the year 2004-05



CORPORATE GOVERNANCE - CONTD...

6. (a) Stock Code : The Stock Exchange, Ahmedabad, Scrip Code '49040 RELIANCAPT'
The Stock Exchange, Mumbai, Scrip Code '500111'
National Stock Exchange, Trading symbol 'RELCAPITAL'
- (b) Demat ISIN Numbers in NSDL & CDSL : **INE013A01015**
for Equity Shares

7. Stock Market Data: (in Rs./per share)

Month	The Stock Exchange Ahmedabad		The Stock Exchange Mumbai		National Stock Exchange of India Ltd.	
	High	Low	High	Low	High	Low
April 2003	54.75	49.00	54.80	48.50	54.90	48.30
May 2003	59.45	52.00	59.95	52.25	60.20	52.10
June 2003	73.40	57.00	73.60	57.05	73.65	56.90
July 2003	76.00	67.20	76.35	62.60	76.30	60.80
August 2003	81.00	71.50	81.60	70.60	81.75	70.70
September 2003	83.00	71.25	83.25	70.50	83.40	70.25
October 2003	89.00	77.00	89.60	73.50	89.70	73.60
November 2003	100.50	81.00	109.35	76.90	109.40	76.80
December 2003	123.15	116.25	135.75	106.55	135.95	106.70
January 2004	-	-	153.65	123.45	153.70	123.00
February 2004	-	-	143.00	121.00	142.80	121.20
March 2004	-	-	146.75	115.00	146.65	115.00

8. Share price performance in comparison to broad based indices - BSE Sensex and NSE Nifty

During the financial year 2003-2004, RCL's share price outperformed the benchmark indices both on BSE and NSE. On BSE, RCL's share price increased by 170% as compared to an increase of 83% of BSE Sensex. Similarly, On NSE, RCL's share price increased by 171% against an increase of 81% of NSE Nifty.

9. Registrars & Transfer Agents : Karvy Computershare Pvt. Limited
(Share transfer and communication regarding share certificates, dividends and change of address) : 46, Avenue 4, Street No.1
Banjara Hills, Hyderabad 500 034
E-mail: rclinvestor@karvy.com

10. Share Transfer System : Presently, the share transfers in physical form are processed and the share certificates are returned within a period of 10 to 15 days from the date of receipt, subject to the documents being clear in all respects. The Company has, as per SEBI guidelines with effect from 24th March 2000, offered the facility of transfer cum demat. Under the said system, after the share transfer is effected, an option letter is sent to the transferee indicating the details of the transferred shares and in case the transferee wishes to demat the shares he can approach a Depository Participant (DP) with the option letter. The DP based on the option letter, generates a demat request and sends the same to the Company along with the option letter issued by the Company. On receipt of the same, the Company will dematerialise the shares. In case the transferee does not wish to dematerialise the shares, he need not exercise the option and the Company will despatch the share certificates after 15 days.
However, in terms of SEBI circular No. SEBI/MRD/Cir-10/2004 dated 10th February, 2004 the above practice of sending option letter for dematerialization has been discontinued.

11. Distribution of Shareholding as on 31st March, 2004.

Category	%
Promoters/PACs	48.16
Financial Institutions/Banks/Mutual Funds	1.16
FII's/NRI/OCBs	4.86
Bodies Corporate	5.19
Others	40.63
Total	100.00



CORPORATE GOVERNANCE - CONTD...

12. Dematerialisation of Shares : Approximately 91.04% of the company's paid up equity shares has been dematerialised upto 31st March 2004. Trading in Equity Shares of the Company is permitted only in dematerialized form w.e.f. April 5, 1999 as per notification issued by the Securities and Exchange Board of India (SEBI).
- Liquidity : Relevant data for the average daily turnover for the financial year 2003-2004 is given below:
- | | The Stock Exchange,
Mumbai (BSE) | National Stock Exchange
(NSE) | BSE + NSE |
|--------------------------|-------------------------------------|----------------------------------|-----------|
| No. of Shares (in lakhs) | 10.98 | 16.68 | 27.66 |
| Value (in Rs. crs) | 11.53 | 17.42 | 28.95 |
13. Address for Correspondence
- I. Investor Correspondence : *For Shares held in Physical form* *For Shares held in Demat form*
 For transfer / dematerialisation of shares, payment of dividend on shares, interest and redemption of debentures, and any other query relating to the shares and debentures of the Company. Karvy Computershare Private Ltd. To the Depository Participant
 46, Avenue 4, Street No. 1
 Banjara Hills
 Hyderabad 500 034.
 E-Mail: rclinvestor@karvy.com
- II. Any query on Annual Report : Reliance Capital Limited,
 Fosbery Road,
 off Reay Road Station (East),
 Mumbai - 400 033
14. Transfer of unclaimed amount to Investor Education and Protection Fund : The investors are advised to claim the unencashed dividends for the year 1996-97 onwards lying in the unpaid dividend accounts of the Company before the due dates (as indicated in para 13 of Notes to the Notice) for crediting the same to the Investor Education and Protection Fund. During the year under review the Company has credited a sum of Rs. Rs.36,27,416/- to the Investor Education and Protection Fund pursuant to Section 205C of the Companies Act, 1956 and the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules, 2001.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
Reliance Capital Limited

We have examined the compliance of Corporate Governance by Reliance Capital Limited for the year ended 31st March 2004, as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges (hereinafter referred to as Clause 49).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the company has, by 31st March, 2004, complied in all material respects with the conditions of Corporate Governance stipulated in Clause 49.

As required by the Guidance Note on certification of Corporate Governance issued by the Institute of Chartered Accountants of India, we state that, the registrars of the company have certified that as on 31st March, 2004, there were no investor grievances

remaining pending for a period exceeding one month, and as explained to us by the management, the registrars have reported to the Shareholders/ Investors' Grievance Committee regularly on the status of such grievances.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management had conducted the affairs of the company.

For **Pathak H. D. & Associates**
 Chartered Accountants

R. S. Vahia
 Partner
 Membership No. 30658

Mumbai
 Dated : 27th April, 2004



AUDITORS' REPORT

To the Members,

Reliance Capital Limited

We have audited the attached Balance Sheet of 'Reliance Capital Limited', as at 31st March, 2004 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.

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

1. As required by the Companies (Auditor's Report) Order, 2003 issued by Central Government of India in terms of Section 227 (4A) of the Companies Act 1956, we give in the Annexure hereto a statement on the matters specified in the paragraphs 4 and 5 of the said order, to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we state 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

- referred to in this report are in agreement with the books of account;
- d) In our opinion the Balance Sheet, the Profit and Loss Account and Cash Flow Statement complies with the mandatory Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - e) On the basis of written representations received from the Directors as at 31st March 2004 and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as on 31st March, 2004 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to explanations given to us, the said accounts together with the 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, 2004;
 - (ii) in the case of the Profit and Loss Account, of the Profit, of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

R. S. Vahia
Partner
Membership No.: 30658

Mumbai
Dated: 27th April, 2004

ANNEXURE TO AUDITORS' REPORT

Re. Reliance Capital Limited

(Referred to in paragraph 1 of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Most of the fixed assets of the Company have been leased. The assets on lease have been certified by the respective lessees as to their physical existence and good working conditions. As explained to us, the fixed assets other than the assets on lease, have been physically verified by the management in accordance with a phased programme of verification, which in our opinion, is reasonable, considering the size and the nature of its business. No material discrepancies were noticed on such verifications.
- (c) As per the information and explanations given to us, during the year, the Company has not disposed off any substantial part of fixed assets that would affect the going concern.
- ii. (a) As explained to us, inventories (Investments) have been physically verified by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of inventory records, we are of the opinion that the Company is maintaining proper records of inventory. As explained to us, no material discrepancies have been noticed on physical verification of inventories as compared to book records.
- iii. (a) The Company had taken loan from six companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1731.08 crores and the year end balance of loans taken from such parties was Rs. 1471.05 crores. There are eight companies covered in the register maintained under Section 301 of the Companies Act, 1956, to which the Company has granted loans. The maximum amount involved during the year was Rs. 1202.71 crores and the year-end balance of loans granted to such parties was Rs. 883.09 crores.
- (b) In our opinion the rate of interest and other terms and conditions on which loans have been taken from or granted to companies listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (c) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest. The parties have repaid the principal amounts as stipulated and have been regular in the payment of interest.
- (d) There is no overdue amount of loan taken from or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) According to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and sale of goods. We have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to information and explanations given to us, we are of the opinion that transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods & material and sale of goods, materials & services made in pursuance of contracts or arrangement required to be entered in the register maintained under section 301 of the Companies Act, 1956, aggregating during the year to Rs. 5,00,000/- or more in respect of each party.
- (vi) The Company has not accepted deposits from public and hence directives issued by the Reserve Bank of India and the provisions of Section 58A and 58 AA of the Companies Act, 1956 and rules framed there under are not applicable for the year under audit.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

- (viii) (a) According to the records of the Company, the Company has been regular in depositing, with appropriate authorities, undisputed statutory dues including Provident Fund, Employees State Insurance, Investor Education Protection Fund, Income-tax, Sales-tax, Wealth tax, Custom Duty, Excise Duty, Cess and other statutory dues.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2004 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 such statutory dues which have not been deposited on account of any dispute, except in respect of sales tax under Gujarat Sales Tax Act, 1969 of Rs. 4,76,730 for the period 2001-02 which is pending before the Gujarat Sales Tax Tribunal, Ahmedabad.
- (ix) The Company neither has accumulated losses nor it has incurred any cash losses during the current financial year and the immediately preceding financial year.
- (x) Based on our audit procedures and the information and explanations given by management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xi) In our opinion and according to the information and explanations given to us, adequate documents and records have been maintained by the Company in respect of loans and advances granted on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) In our opinion, the Company is not a chit fund, a nidhi or a mutual benefit society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiii) The Company has maintained proper records of transactions and contracts in respect of trading in shares, debentures, and other securities and timely entries have been made therein. The investments are held by the Company in its own name except for certain shares which are lodged for transfer or are pending for rectification of bad deliveries or are pledged with banks and financial institutions on behalf of third parties.
- (xiv) According to the information and explanations given by the management, in our opinion the terms and conditions of the guarantee given by the Company for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- (xv) According to the information and explanations given to us the Company has not obtained any term loans.
- (xvi) On the basis of review of utilisation of funds, which is based on overall examination of the Balance Sheet of the Company as at 31st March, 2004 we find that the Company's long term source of funds amounted to Rs. 1982.94 crores, of which the long term application of funds were Rs. 1828.27 crores. During the accounting year covered by our report, the Company generated Rs. 1544.47 crores from long term sources and applied Rs. 987.49 crores towards long term applications and the balance of Rs. 556.98 crores were utilised for short term applications.
- (xvii) During the year the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xviii) The Company has not issued any debentures and hence clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (xix) During the year covered by our report the Company has not raised any money by way of public issue.
- (xx) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

R. S. Vahia
Partner
Membership No.: 30658

Mumbai
Dated: 27th April, 2004



Reliance Capital Limited

BALANCE SHEET AS AT 31ST MARCH, 2004

(Rs. in crore)

SOURCES OF FUNDS	SCHEDULE	As at 31st March, 2004		As at 31st March, 2003	
		Rs.	Rs.	Rs.	Rs.
Shareholders' Funds					
(a) Share Capital	A	127.97		127.83	
(b) Reserves & Surplus	B	<u>1,271.84</u>		<u>1,208.50</u>	
			1,399.81		1,336.33
Loan Funds					
(a) Secured Loans	C	-		10.00	
(b) Unsecured Loans	D	<u>1,633.47</u>		<u>1,760.45</u>	
			1,633.47		1,770.45
TOTAL			<u><u>3,033.28</u></u>		<u><u>3,106.78</u></u>
APPLICATION OF FUNDS					
Fixed Assets	E				
(a) Gross Block		541.45		862.14	
(b) Less: Depreciation		279.75		374.98	
(c) Lease Adjustment A/c		(4.60)		(62.30)	
(d) Net Block		<u>257.10</u>		<u>424.86</u>	
(e) Capital Work-in-Progress		<u>18.97</u>		<u>19.90</u>	
			276.07		444.76
Investments	F		1,541.41		1,730.36
Current Assets, Loans & Advances	G				
(a) Stock-in-Trade		402.83		356.63	
(b) Sundry Debtors		42.84		11.46	
(c) Bank Balances		25.36		10.42	
(d) Other Current Assets		376.97		319.78	
(e) Loans & Advances		<u>837.49</u>		<u>389.07</u>	
		<u>1,685.49</u>		<u>1,087.36</u>	
Less: Current Liabilities & Provisions	H				
(a) Current Liabilities		417.96		94.02	
(b) Provisions		<u>51.73</u>		<u>61.68</u>	
		<u>469.69</u>		<u>155.70</u>	
Net Current Assets			1,215.80		931.66
TOTAL			<u><u>3,033.28</u></u>		<u><u>3,106.78</u></u>
Accounting Policies	M				
Notes to the Accounts	N				

As per our report of even date

For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

R. S. Vahia
Partner

Mumbai
Dated: 27th April, 2004

For and on behalf of the Board

Chairman
Vice Chairman

Directors

Company Secretary & Manager

Mumbai
Dated: 27th April, 2004

D. Chaturvedi
Anand Jain
D. J. Kapadia
S. S. Thakur
Sandeep H. Junnarkar
Amitabh Jhunjunwala
Alok Agarwal
V. R. Mohan



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

(Rs. in crore)

	SCHEDULE	2003-2004		2002-2003	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Lease Income	I	48.14		54.94	
Other Income	J	<u>308.65</u>		<u>403.84</u>	
			356.79		458.78
EXPENDITURE					
Interest and Finance Charges	K	200.39		252.81	
Administrative and Other Expenses	L	8.52		11.69	
Depreciation		42.09		91.65	
Bad Debts Written Off	10.73			-	
Less: Transferred from General Reserve	(10.73)	-		-	
			<u>251.00</u>		<u>356.15</u>
PROFIT BEFORE TAX			105.79		102.63
Provision for Taxation			-		-
PROFIT AFTER TAX			105.79		102.63
Balance Brought Forward			166.81		136.73
Excess Provision for Dividend of earlier years (Rs. 19,425, Previous Year Rs. 26,923)			-		-
Profit available for appropriations			<u>272.60</u>		<u>239.36</u>
APPROPRIATIONS					
Proposed Dividend - Equity Shares		36.92		36.92	
Proposed Dividend - Preference Shares (Rs. 42,179)		-		-	
Dividend Tax		4.73		4.73	
Transfer to Statutory Reserve Fund		21.15		20.60	
Transfer to General Reserve		21.31		10.30	
Balance Carried to Balance Sheet		<u>188.49</u>		<u>166.81</u>	
			<u>272.60</u>		<u>239.36</u>
Basic and diluted earning per equity share of Rs. 10 each (in Rupees)			8.31		8.06

(Refer note no. 11 of Schedule 'N')

Accounting Policies

M

Notes to the Accounts

N

As per our report of even date
For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

R. S. Vahia
Partner

For and on behalf of the Board

Chairman
Vice Chairman

Directors

Company Secretary & Manager
Mumbai
Dated: 27th April, 2004

D. Chaturvedi
Anand Jain
D. J. Kapadia
S. S. Thakur
Sandeep H. Junnarkar
Amitabh Jhunjunwala
Alok Agarwal
V. R. Mohan

Mumbai
Dated: 27th April, 2004



SCHEDULES FORMING PART OF THE BALANCE SHEET

		As at 31st March, 2004		(Rs. in crore) As at 31st March, 2003	
		Rs.	Rs.	Rs.	Rs.
SCHEDULE "A"					
SHARE CAPITAL					
Authorised:					
20,00,00,000	Equity Shares of Rs. 10 each	200.00		200.00	
1,00,00,000	Preference Shares of Rs. 100 each	100.00		100.00	
10,00,00,000	Unclassified Shares of Rs. 10 each	<u>100.00</u>		<u>100.00</u>	
			<u>400.00</u>		<u>400.00</u>
Issued and Subscribed					
12,86,50,450	Equity Shares of Rs. 10 each	128.65		128.65	
12,500	5% Cumulative Redeemable Preference				
(Nil)	Shares of Rs. 100 each	<u>0.13</u>		-	
			<u>128.78</u>		<u>128.65</u>
Paid up					
12,73,06,244	Equity Shares of Rs. 10 each				
(12,73,03,261)		127.31		127.30	
Add :	Forfeited Shares (Amount originally paid up on 13,44,206 Equity Shares (Previous Year 13,47,189))	<u>0.53</u>		<u>0.53</u>	
12,500	5% Cumulative Redeemable Preference				
(Nil)	Shares of Rs. 100 each				
			<u>0.13</u>		-
			<u>127.97</u>		<u>127.83</u>

NOTES:

- Of the above Equity Shares:
 - 18,70,000 shares were allotted as fully paid-up pursuant to the Scheme of Amalgamation without payment being received in cash.
 - Forfeiture of 2,983 shares was annulled during the year.
- The above preference shares of Rs. 100 each are redeemable at a premium of Rs. 7,900 per share on 1st August, 2013, with the option for an early redemption at any time.

SCHEDULE "B"

RESERVES AND SURPLUS

Capital Reserve

As per last Balance Sheet	6.36		6.37
Add: Amount received on forfeited shares	<u>0.03</u>		-
	6.39		6.37
Less: On Annulment of shares	<u>0.02</u>		<u>0.01</u>
		6.37	6.36

Capital Redemption Reserve

As per last Balance Sheet	<u>10.00</u>		<u>10.00</u>
		10.00	10.00

Securities Premium Account

As per last Balance Sheet	734.66		735.12
Add: On Issue of Preference Shares	9.88		-
Add: On Annulment of Shares	<u>0.04</u>		<u>0.03</u>
	744.58		735.15
Less: Premium on Redemption of NCD / DDB	-		<u>0.49</u>
		744.58	734.66

Statutory Reserve Fund *

As per last Balance Sheet	137.37		116.77
Add: Amount transferred from Profit & Loss Account	<u>21.15</u>		<u>20.60</u>
		158.52	137.37

General Reserve

As per last Balance Sheet	153.30		143.00
Add: Amount transferred from Profit & Loss Account	<u>21.31</u>		<u>10.30</u>
	174.61		153.30
Less: Amount transferred to Profit & Loss Account	<u>10.73</u>		-
		163.88	153.30

Profit & Loss Account

		<u>188.49</u>	<u>166.81</u>
		<u>1,271.84</u>	<u>1,208.50</u>

* Created pursuant to Reserve Bank of India (Amendment) Act, 1997.

SCHEDULE "C"

SECURED LOANS

Secured Redeemable Non Convertible Debentures	-	10.00
	-	10.00



SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in crore)

	As at 31st March, 2004	As at 31st March, 2003
	Rs.	Rs.
SCHEDULE "D"		
UNSECURED LOANS		
Other Loans and Advances from Others	1,550.34	1,335.84
Security Deposit Received - Lease	83.13	223.09
Assigned Liabilities	-	201.52
	<u>1,633.47</u>	<u>1,760.45</u>

NOTES :

Amount payable within one year is Rs. 1,059.92 crores (Previous Year Rs. 1,487.73 crores).

SCHEDULE "E"

FIXED ASSETS

(Rs. in crore)

DESCRIPTION	Gross Block			Depreciation		Lease Adjustment 31-3-2004 Rs.	Net Block		
	As at 1-4-2003 Rs.	Additions/ Adj. Rs.	Deductions/ Adj. Rs.	As at 31-3-2004 Rs.	For the year Rs.		Up to 31-3-2004 Rs.	As at 31-3-04 Rs.	As at 31-3-03 Rs.
ASSETS ON LEASE									
Plant & Machinery	586.52	-	320.00	266.52	29.17	185.99	(0.53)	80.00	233.90
Furniture & Fittings	0.86	-	0.66	0.20	0.05	0.11	(0.09)	-	0.18
Ships	39.60	-	-	39.60	2.78	12.33	(19.15)	8.12	16.36
Aircraft	105.79	-	-	105.79	5.92	21.22	15.17	99.74	101.34
Office & Other Equipments	0.45	-	0.44	0.01	0.07	0.01	-	-	0.21
Sub - total	733.22	-	321.10	412.12	37.99	219.66	(4.60)	187.86	351.99
ASSETS FOR OWN USE									
Buildings	119.74	-	-	119.74	3.43	54.53	-	65.21	68.64
Furniture & Fittings	3.83	0.01	0.02	3.82	0.09	2.24	-	1.58	1.67
Office & Other Equipments	5.15	0.10	-	5.25	0.53	3.16	-	2.09	2.52
Motor Vehicles	0.20	0.38	0.06	0.52	0.05	0.16	-	0.36	0.04
Sub - total	128.92	0.49	0.08	129.33	4.10	60.09	-	69.24	72.87
Grand Total	862.14	0.49	321.18	541.45	42.09	279.75	(4.60)	257.10	424.86
Previous Year	861.01	1.70	0.57	862.14	91.65	374.98	(62.30)	424.86	
CAPITAL WORK-IN-PROGRESS									
Assets to be Leased								-	0.93
Assets For Own use								18.97	18.97
Total								18.97	19.90

Notes :

- Buildings include :
 - cost of shares in Co-operative Societies Rs. 2,500 (Previous Year Rs.2,500).
 - Rs. 92.94 crores (Previous Year Rs. 92.94 crores) incurred towards purchase / acquisition of 1,31,881 Equity Shares of Re. 1 each of Mature Trading & Investments Pvt. Ltd. with a right of occupancy of certain area of commercial premises.
- Capital Work-in-progress includes:
 - Advance for Capital Expenditure for assets to be leased Rs.Nil (Previous Year Rs. 0.93 crore) and
 - Amount of Rs. 18.97 crores (Previous Year Rs. 18.97 crores) incurred towards purchase / acquisition of 50,000 Equity Shares of Rs.10 each of Legend Housing Pvt. Ltd. with a right of occupancy of certain area in a commercial / residential premise under construction.



SCHEDULES FORMING PART OF THE BALANCE SHEET

	Face Value / Issue Price Rs.	Quantity		(Rs. in crore)	
		As at 31-3-2004	As at 31-3-2003	As at 31-3-2004	As at 31-3-2003
				Rs.	Rs.
SCHEDULE "F"					
INVESTMENTS					
LONG TERM INVESTMENTS					
Government and Other Securities					
Unquoted					
National Saving Certificates (Rs. 45,000, Previous Year Rs. 45,000) (Deposited with Sales Tax Department)				-	-
PSU Bonds - Unquoted (Government Guaranteed)					
13% Gujarat State Road Transport Corporation Ltd.	100	1 00 000	2 85 000	1.00	2.85
				<u>1.00</u>	<u>2.85</u>
Trade Investments					
Equity Shares - Quoted, Fully Paid Up					
Reliance Industries Ltd.	10	36 67 477	36 67 477	109.70	109.70
Reliance Energy Ltd. (formerly known as BSES Ltd.)	10	1 19 95 089	78 00 000	294.92	179.40
				<u>404.62</u>	<u>289.10</u>
Equity Shares - Unquoted, Fully Paid Up					
Reliance Europe Ltd. (company under same management)	£1	5 54 250	5 54 250	1.97	1.97
Reliance Enterprises Ltd. (company under same management)	10	11 279	11 279	-	-
Reliance Land Pvt. Ltd.	10	50 00 000	50 00 000	5.00	5.00
Reliance Share & Stock Brokers Pvt. Ltd.	10	50 00 000	50 00 000	5.00	5.00
Reliance Net Ltd.	10	3 55 000	3 55 000	0.36	0.36
Reliance Petroinvestments Ltd.	10	44 38 777	44 38 777	4.44	4.44
WorldTel Holding Ltd.	\$0.05	8 14 295	-	22.65	-
Preference Shares - Unquoted, Fully Paid Up					
12% Cumulative Redeemable Preference Shares- Reliance Share & Stock Brokers Pvt. Ltd.	100	4 00 000	4 00 000	4.00	4.00
				<u>43.42</u>	<u>20.77</u>
Subsidiary Companies -					
Equity Shares - Unquoted, Fully Paid Up					
Reliance Capital Asset Management Ltd.	10	75 00 700	75 00 700	7.50	7.50
Reliance Capital Trustee Co. Ltd.	10	50 700	50 700	0.05	0.05
Reliance General Insurance Company Ltd.	10	7 65 00 525	7 65 00 525	76.50	76.50
Reliance Life Insurance Company Ltd.	10	15 00 525	15 00 525	1.50	1.50
Preference Shares - Unquoted, Fully Paid Up					
5% Cumulative Redeemable Preference Shares- Reliance Capital Asset Management Ltd.	100	3 50 000	3 50 000	3.50	3.50
				<u>89.05</u>	<u>89.05</u>
Non Trade Investments					
Equity Shares - Unquoted, Fully Paid Up					
Observer (India) Ltd.	10	23 200	23 200	0.02	0.02
Reliance Telecom Ltd.	10	39 860	39 860	0.04	0.04
Reliable Internet Ltd.	10	10 00 000	10 00 000	1.00	1.00
				<u>1.06</u>	<u>1.06</u>



SCHEDULES FORMING PART OF THE BALANCE SHEET

	Face Value / Issue Price Rs.	Quantity		(Rs. in crore)	
		As at 31-3-2004	As at 31-3-2003	As at 31-3-2004 Rs.	As at 31-3-2003 Rs.
SCHEDULE "F" (Contd.)					
Preference Shares - Unquoted, Fully Paid Up					
8% Cumulative Redeemable Preference Shares- Reliance Infocomm Ltd. (company under same management)	1	50,145	-	-	-
Equity Shares - Quoted , Fully Paid Up					
Financial Technologies (India) Ltd.	2	36,00,000	-	22.68	-
				<u>22.68</u>	<u>-</u>
Mutual Funds - Unquoted, Fully Paid Up					
ING Vysya Mutual Fund - Institutional Bonus Plan	10	2,59,27,249	-	26.08	-
				<u>26.08</u>	<u>-</u>
Debentures - Unquoted, Fully Paid Up					
Zero Coupon Optionally Convertible Unsecured Debentures of Reliance Petro Products Pvt. Ltd.	100	-	10,00,000	-	11.50
Zero Coupon Optionally Convertible Secured Debentures of Reliance Power Ltd.	1,000	14,95,600	14,95,600	149.56	149.56
Deep Discount Bonds - Secured, Unquoted, Fully Paid Up					
Reliance Utilities & Power Ltd.	10,00,000	-	554	-	51.92
Reliance Utilities & Power Ltd.	8,85,000	-	164	-	13.45
Reliance Utilities & Power Ltd.	20,200	-	46,028	-	82.33
Reliance Utilities & Power Ltd.	1,965	-	10,650	-	1.75
Reliance Communications Infrastructure Ltd. (company under same management)	1,00,000	3,21,190	3,21,190	803.94	803.94
Reliance Ports & Terminals Ltd.	8,85,000	-	1,889	-	154.82
Reliance Ports & Terminals Ltd.	20,200	-	7,630	-	13.71
Deep Discount Bonds - Unsecured, Unquoted, Fully Paid Up					
Reliance Alkalies Pvt. Ltd.	1,00,000	-	552	-	5.52
				<u>953.50</u>	<u>1,288.50</u>
Premium Notes - Unquoted, Fully Paid Up					
Reliance Elastomers Pvt. Ltd.	1,000	-	17,951	-	1.80
Reliance Petrosynth Pvt. Ltd.	1,000	-	25,360	-	2.54
Reliance Industrial Enterprises Pvt. Ltd.	1,00,000	-	3,469	-	34.69
				<u>-</u>	<u>39.03</u>
TOTAL LONG TERM INVESTMENTS				<u>1,541.41</u>	<u>1,730.36</u>

NOTES:

	As at 31st March, 2004		As at 31st March, 2003	
	Book Value Rs.	Market Value Rs.	Book Value Rs.	Market Value Rs.
The aggregate value of investments:				
Quoted	427.30	1,140.77	289.10	269.40
Unquoted	1,114.11	-	1,441.26	-



SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in crore)

	As at 31st March, 2004		As at 31st March, 2003	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE "G"				
CURRENT ASSETS, LOANS AND ADVANCES				
CURRENT ASSETS				
Stock-in-Trade		402.83		356.63
Sundry Debtors (Unsecured)				
Debts outstanding for a period exceeding six months		-		-
Other Debts, considered good	42.84		11.46	
		42.84		11.46
Balances with the Scheduled Banks				
In Current Accounts	5.65		10.41	
In Fixed Deposit Accounts	19.70		-	
In Margin Money Account	0.01		0.01	
		25.36		10.42
Other Current Assets				
Interest Accrued on Investments	366.18		304.84	
Receivables for Assets on Lease	10.79		14.94	
		376.97		319.78
		848.00		698.29
LOANS & ADVANCES				
Loan to Others				
- Considered Doubtful	1.86		10.30	
- Considered Good	740.92		290.57	
		742.78		300.87
Advances recoverable in Cash or in kind or for value to be received.				
- Considered Doubtful	7.96		8.16	
- Considered Good	4.22		1.98	
		12.18		10.14
Deposits	6.83		17.15	
TDS (Net)	75.70		60.91	
		82.53		78.06
		837.49		389.07

NOTES :

- Sundry Debtors include Rs. Nil (Previous Year Rs. 0.03 crore) due from Reliance Communications Infrastructure Ltd., and Rs. Nil (Previous Year Rs. 0.28 crore) from Reliance Infocomm Ltd. companies under the same management.
- Fixed Deposits with Schedule Banks includes Rs. 11.09 crores pledged towards security on behalf of third party.
- Loan to Others include Rs. 2.00 crores (Previous Year Rs. 2.00 crores) due from subsidiary company.
- Loan to Others includes Rs. 49.19 crores due from Reliance Enterprises Ltd. (Maximum Balance outstanding during the year Rs. 65.55 crores) and Rs. 0.15 crore from Reliance Industrial Investments & Holdings Ltd. (Maximum Balance outstanding during the year Rs. 0.15 crore) companies under the same management.
- Advances Recoverable in cash or in kind includes Rs. 0.05 crore due from the Manager / Officer (Previous Year Rs. 0.05 crore) (Maximum balance outstanding at any time during the year Rs. 0.05 crore (Previous Year Rs. 0.05 crore)).
- Advances recoverable in cash or in kind includes Rs. Nil (Previous Year Rs. 0.05 crore) paid towards share / debenture application money pending allotment.
- In the opinion of the Management, Loans and Advances, other than doubtful, have been considered as good and fully recoverable. However, a provision for sub-standard / doubtful advances of Rs. 9.81 crores (Previous Year Rs. 19.77 crores) (including Rs. 9.81 crores for doubtful advances) (Previous Year Rs. 18.46 crores for doubtful advances) is made in accounts in accordance with Prudential Norms prescribed by the Reserve Bank of India for Non-Banking Financial Companies.



SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in crore)

	As at 31st March, 2004		As at 31st March, 2003	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE "H"				
CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Acceptances	228.65		-	
Sundry Creditors (Other than SSI)	0.59		1.55	
Other Liabilities	30.38		25.44	
Interest accrued but not due	152.55		61.51	
Investor Education and Protection Fund				
Unclaimed Dividend	5.44		5.08	
Unclaimed Fixed Deposit	0.35		0.44	
		<u>417.96</u>		<u>94.02</u>
PROVISIONS				
Provision for Wealth Tax (Net) (Rs. 49,028)	-		0.04	
Provision for Sub - Standard and Doubtful Assets	9.81		19.77	
Provision for Leave Encashment	0.27		0.22	
Proposed Dividend on Shares	36.92		36.92	
Provision for Dividend Tax	4.73		4.73	
		<u>51.73</u>		<u>61.68</u>
		<u>469.69</u>		<u>155.70</u>

NOTES:

Investor Education and Protection Fund does not include any amounts, due and outstanding, to be credited to said fund.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(Rs. in crore)

	2003-2004		2002-2003	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE "I"				
LEASE INCOME				
Lease Rentals	45.46		47.31	
Less: Lease Equalisation (Net)	(1.89)		(6.58)	
		<u>47.35</u>		<u>53.89</u>
Lease Finance Charges		0.79		1.02
Lease - Other Income		-		0.03
		<u>48.14</u>		<u>54.94</u>



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(Rs. in crore)

SCHEDULE "J"	2003-2004		2002-2003	
	Rs.	Rs.	Rs.	Rs.
OTHER INCOME				
Dividends on :				
Long Term Investments	8.86		92.09	
(Tax Deducted at Source Rs. Nil, Previous Year Rs. 4.93 crores)				
Stock-in-Trade	6.47		7.34	
(Tax Deducted at Source Rs. Nil, Previous Year Rs. 0.77 crore)	15.33		99.43	
Interest on :				
Long Term Investments	148.44		262.87	
(Tax Deducted at Source Rs. 3.94 crores, Previous Year Rs. 9.45 crores.)				
Others	121.82		26.92	
(Tax Deducted at Source Rs. 22.09 crores, Previous Year Rs. 4.55 crores)		270.26		289.79
Profit on sale of (Net):				
Long Term Investments	0.71		-	
Stock-in-Trade	1.21		2.88	
		1.92		2.88
Profit on Sale of Mobile Hansets		2.01		0.47
Credit Balances written back		0.30		-
Bad Debts Recovered		-		0.80
Provision for Sub Standard and Doubtful Assets Reversed		9.96		1.13
Income on Securities Lending (Net)		-		0.10
Rent		8.02		7.24
Miscellaneous Income		0.85		2.00
		<u>308.65</u>		<u>403.84</u>
SCHEDULE "K"				
INTEREST & FINANCE CHARGES				
Interest				
On Debentures	1.05		2.38	
On Others	173.98		77.48	
		175.03		79.86
Discount on Assigned liability (Refer Note No. 2 of Schedule 'N')	25.36		123.01	
Discount on Bonds		-		49.94
		<u>200.39</u>		<u>252.81</u>
SCHEDULE "L"				
ADMINISTRATIVE AND OTHER EXPENSES				
Payments to and provisions for employees -				
Salary, Bonus etc.	1.13		1.52	
Contribution to Provident Fund & other funds	0.21		0.32	
Staff Welfare & Other Amenities	0.47		0.59	
		1.81		2.43
Rent	0.16		0.33	
Rates and Taxes	0.03		0.06	
Repairs and Maintenance	1.58		1.18	
Electricity	0.42		0.51	
Insurance (Rs. 46,482)	-		0.01	
Travelling and Conveyance	0.50		0.60	
Postage, Telegram and Telephones	0.77		0.71	
Loss (Net) on Sale of Fixed Assets	0.02		0.03	
Loss (Net) on Sale of Long Term Investments	-		1.33	
Auditor's Remuneration	0.23		0.23	
Donation (Rs. Nil, Previous Year Rs. 25,000)	-		-	
Directors' Fees	0.04		0.01	
Balances Written Off (Net)	-		0.48	
Miscellaneous Expenses	2.96		3.78	
		6.71		9.26
		<u>8.52</u>		<u>11.69</u>



ACCOUNTING POLICIES

SCHEDULE "M"

A. Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention method in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956, as adopted consistently by the Company.

B. Revenue Recognition

- i) Lease Finance:
Income from leased assets is accounted for in the year in which lease rentals fall due, by applying the interest rate implicit in the lease to the net investment in the lease during the period.
Front-ended lease management / syndication fees are treated as income of the period in which they accrue.
- ii) Income from Bill Discounting:
Income from bill discounting is net of rediscounting charges paid.

C. Fixed Assets

All Fixed Assets are stated at cost less accumulated depreciation after considering Lease Adjustment account. All costs including financing cost attributable to fixed assets till assets are ready for intended use are capitalised.

D. Assets given on Finance Lease

- i) All assets given on finance lease on or before 31st March, 2001 are capitalised as Fixed Assets.
All assets given on finance lease on or after 1st April, 2001 are shown as receivables at an amount equal to net investment in the lease.
- ii) Initial direct costs in respect of leases are expensed in the year in which such costs are incurred.

E. Depreciation

Depreciation is provided as under:

- i) Assets for own use:
On Written Down Value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 and Additional depreciation is provided to the extent of difference between the market value and the written down value of the asset.
- ii) Leased Assets:
On Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

F. Preliminary and Share Issue Expenses

Preliminary and issue expenses are adjusted against the securities premium account.

G. Investments

Investments are classified into current investments and long-term investments.

Current investments are valued, scrip wise, at cost or market price, whichever is lower.

Long-term investments are valued at cost. Provision for diminution is made scrip wise to recognise a decline, other than temporary.

H. Stock-in-trade

Stock-in-Trade is valued scrip wise at book value or market price whichever is lower.

I. Employee Retirement Benefits

Company's contribution to Provident Fund and Superannuation Fund are charged to Profit and Loss Account. Gratuity and Leave Encashment benefits are charged to Profit and Loss Account on the basis of actuarial valuation.

J. Expenditure / Discount on Bond Issue

Expenses relating to issue of bonds and discount on the issue are amortised proportionately over the tenor of the bonds based on the implicit rate of return.

K. Assigned Liabilities and Discount on Assigned Liabilities

The assigned liabilities are accounted at discounted value. The difference between the assigned liability and the discounted value is charged to the Profit & Loss account proportionately on time period basis as discount on assigned liability.

L. Foreign Currency Transactions

- i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- ii) Monetary items denominated in foreign currency remaining unsettled at the end of the year are translated at year end rates.
- iii) Non monetary foreign currency items are carried at cost.
- iv) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss account except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

M. Borrowing Costs

Borrowing costs, which are directly attributable to the acquisition/construction of fixed assets, till the time such assets are ready for intended use, are capitalised as part of the cost of the assets. Other borrowing costs are recognised as an expense in the year in which they are incurred.

N. Securities Lending

Income and expenses on securities lending activities are accounted for on accrual basis and are netted off.



NOTES ON ACCOUNTS

SCHEDULE 'N'

Notes to the Accounts

(Rs. in crore)

1.	As at 31st March, 2004	As at 31 st March, 2003
i) Contingent Liabilities:		
Guarantees to Banks and Financial Institutions on behalf of third parties	223.27	491.93
ii) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	0.75
iii) Uncalled liability on partly paid shares / debentures	-	250.69
iv) Claims against the Company not acknowledged as debt	0.06	-
v) Unexpired Letter of Credit	27.73	-

2. Discount on Assigned Liabilities include additional discount of Rs. 18.35 crores (Previous Year Rs. 50.26 crores) on transfer of Assigned Liability.
3. During the year Company has traded in Mobile Handsets, which has resulted in exchange difference of Rs. 7.41 crores (Previous Year Rs. 0.17 crore).
4. During the year bad debts and advances amounting to Rs. 10.73 crores have been charged to Profit & Loss Account and has been adjusted against withdrawal from General Reserves.
5. Assets given on lease on or after 1st April, 2001

i)

(Rs. in crore)

Particulars	Total	Not later than one year	Later than one year and not later than five years	Later than five years
Future lease rentals receivables	10.48 (15.42)	4.94 (4.94)	5.54 (10.48)	- (-)
Add: Unguaranteed residual value	1.10 (1.10)	- (-)	1.10 (1.10)	- (-)
Gross Investments in lease	11.58 (16.52)	4.94 (4.94)	6.64 (11.58)	- (-)
Less: Unearned finance income	0.79 (1.58)	0.53 (0.79)	0.26 (0.79)	- (-)
Present value of the minimum Lease Rental receivable	10.79 (14.94)	4.41 (4.15)	6.38 (10.79)	- (-)

Figures in bracket represent previous year figures.

ii) General description of lease arrangements:

- a) Assets are generally given on lease for a period of five years.
- b) Lease rentals are charged on the basis of agreed rate of interest.

6. The income tax assessments of the Company have been completed up to Assessment Year 2001-02. The total demand raised by the Income-Tax Department up to the said Assessment Year is Rs. 35.04 crores, which is disputed. Based on the decisions of the Appellate authorities and the interpretation of other relevant provisions, the Company has been advised that no provision for tax is required.
7. The company has been advised that as there is no tax effect of timing difference based on the estimated computation for a reasonable period, there is no provision for deferred tax in terms of Accounting Standard (AS 22) "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.
8. Managerial Remuneration
 - i) The Company has been advised that the computation of net profits for the purpose of managerial remuneration under Section 349 of the Companies Act, 1956 need not be enumerated, since no commission by way of percentage of profit is payable for the year to any of the Directors / Manager of the Company.
 - ii) Payment to and provision for employees include Managerial Remuneration by way of:



NOTES ON ACCOUNTS

(Rs. in crore)

	Particulars	2003-2004	2002-2003 (for part of the year)
i)	Salaries	0.08	0.01
ii)	Perquisites (Rs. 41,400, Previous Year Rs. 3,450)	-	-
iii)	Contribution to Provident Fund and Superannuation Fund (Previous Year Rs. 9,069)	0.01	-
	Total	0.09	0.01

- a) The above remuneration excludes provision for gratuity since these are based on actuarial valuation done on an overall company basis.
b) The remuneration committee, the Board of Directors and the Shareholders at the 17th Annual General Meeting duly approved the above managerial remuneration.

9. Auditors' Remuneration includes:

(Rs. in crore)

	Particulars	2003-2004	2002-2003
i)	Audit Fees	0.16	0.16
ii)	Tax Audit Fees	0.05	0.05
iii)	Out of Pocket Expenses	0.01	0.01

10. Miscellaneous Expenses referred to in Schedule 'L' include:

- i) Net Prior Period items Rs. 0.02 crore (net credit) (Previous year Rs. 0.15 crore (net credit))
ii) Sales tax paid / (refund) (net) Rs. 30,130 (Previous Year (Rs. 0.46 crore))

11. Basic and Diluted Earning Per Share

For the purpose of calculation of Basic and Diluted Earning Per Share the following amounts are considered:

(Rs. in crore)

	Particulars	2003-04	2002-03
a)	Amounts used as the numerators		
	Net Profit after tax	105.79	102.63
	Less: Preference dividend and tax thereon	0.01	-
	Net Profit available for equity shareholders	105.78	102.63
b)	Weighted average number of equity shares (Nos.)	12,73,06,244	12,73,03,261
c)	Basic and Diluted Earning Per Share (Rs.)	8.31	8.06

12. Related Party Disclosures

List of related parties

i)	Subsidiaries:
	a) Reliance Capital Asset Management Ltd.
	b) Reliance Capital Trustee Co. Ltd.
	c) Reliance General Insurance Company Ltd.
	d) Reliance Life Insurance Company Ltd.
ii)	Associates:
	a) Reliance Industries Ltd.
	b) Reliance Energy Ltd.
	c) Reliance Land Pvt. Ltd.
	d) Reliance Share & Stock Brokers Pvt. Ltd.
	e) Reliance Petroinvestments Ltd.
	f) Reliance Europe Ltd.
	g) Indian Petrochemicals Corporation Ltd.
	h) WorldTel Holding Ltd.
iii)	Key Managerial Personnel:
	Shri V. R. Mohan – Company Secretary & Manager



NOTES ON ACCOUNTS

iv) Transactions during the year with related parties:

(Rs. in crore)

Particulars	Subsidiaries	Associates	Key Management Personnel	Total
Secured Redeemable Non Convertible Debentures				
a) Issued during the year	-	-	-	-
	(-)	(-)	(-)	(-)
b) Redeemed during the year	10.00	-	-	10.00
	(-)	(-)	(-)	(-)
c) Balance as at 31st March, 2004	-	-	-	-
	(10.00)	(-)	(-)	(10.00)
Unsecured Loans and Advances from Others				
a) Taken during the year	-	6,872.37	-	6,872.37
	(-)	(3,690.89)	(-)	(3,690.89)
b) Repaid during the year	-	6,872.27	-	6,872.27
	(-)	(4,639.64)	(-)	(4,639.64)
c) Balance as at 31st March, 2004	-	0.10	-	0.10
	(-)	(-)	(-)	(-)
Security Deposit				
a) Repaid during the year	-	10.16	-	10.16
	(-)	(14.58)	(-)	(14.58)
b) Balance as at 31st March, 2004	-	12.43	-	12.43
	(-)	(22.59)	(-)	(22.59)
Assigned Liabilities				
Accepted during the year	-	147.03	-	147.03
	(-)	(404.53)	(-)	(404.53)
Fixed Assets				
a) Assets on Lease as at 31st March, 2004	-	80.03	-	80.03
	(-)	(80.03)	(-)	(80.03)
Investments				
a) Purchased during the year	-	22.65	-	22.65
	(-)	(-)	(-)	(-)
b) Sold during the year	-	-	-	-
	(-)	(-)	(-)	(-)
c) Brokerage paid during the year	-	0.12	-	0.12
	(-)	(-)	(-)	(-)
d) Balance as at 31st March, 2004	89.05	447.68	-	536.73
	(89.05)	(130.11)	(-)	(219.16)
Stock-in-Trade				
a) Subscribed / Purchased during the year	0.71	2,162.13	-	2,162.84
	(-)	(1,137.38)	(-)	(1,137.38)
b) Redeemed / Sold during the year	-	206.83	-	206.83
	(-)	(217.77)	(-)	(217.77)
c) Brokerage paid during the year	-	0.01	-	0.01
	(-)	(0.01)	(-)	(0.01)
d) Balance as at 31st March, 2004	-	280.62	-	280.62
	(-)	(348.65)	(-)	(348.65)
Sundry Debtors Balance as at 31st March, 2004	-	42.69	-	42.69
	(-)	(10.91)	(-)	(10.91)
Receivables for Assets on Lease				
a) Repaid during the year	-	1.92	-	1.92
	(-)	(1.92)	(-)	(1.92)
b) Balance as at 31st March, 2004	-	4.34	-	4.34
	(-)	(6.27)	(-)	(6.27)
Loans to Others				
a) Given during the year	-	3,913.35	-	3,913.35
	(-)	(161.06)	(-)	(161.06)
b) Returned during the year	-	4,063.69	-	4,063.69
	(-)	(5.00)	(-)	(5.00)
c) Balance as at 31st March, 2004	2.00	5.66	-	7.66
	(2.00)	(156.00)	(-)	(158.00)
d) Interest receivable as at 31st March, 2004	-	25.87	-	25.87
	(-)	(0.05)	(-)	(0.05)



NOTES ON ACCOUNTS

Advances recoverable in cash or in kind				
a) Given during the year	-	-	-	-
	(-)	(5.00)	(-)	(5.00)
b) Returned during the year	-	-	-	-
	(-)	(-)	(-)	(-)
c) Balance as at 31st March, 2004	-	-	0.05	0.05
	(-)	(-)	(0.05)	(0.05)
d) Interest receivable as at 31st March 2004	-	-	0.01	0.01
	(-)	(0.05)	(0.01)	(0.06)
Current Liabilities				
a) Sundry Creditors as at 31st March, 2004	-	0.30	-	0.30
	(-)	(-)	(-)	(-)
b) Other liabilities balance as at 31st March, 2004	-	5.66	-	5.66
	(-)	(5.66)	(-)	(5.66)
c) Interest accrued but not due balance as at 31st March, 2004	-	60.86	-	60.86
	(1.04)	(52.39)	(-)	(53.43)
Income				
a) Lease Rentals	-	8.41	-	8.41
	(-)	(9.62)	(-)	(9.62)
b) Dividend	-	15.26	-	15.26
	(-)	(7.55)	(-)	(7.55)
c) Interest on others	-	33.65	-	33.65
	(-)	(1.59)	(-)	(1.59)
d) Sale of Mobile Handsets	-	230.66	-	230.66
	(-)	(17.66)	(-)	(17.66)
e) Rent	0.76	7.18	-	7.94
	(-)	(-)	(-)	(-)
f) Miscellaneous Income	-	0.10	-	0.10
	(1.14)	(2.21)	(-)	(2.59)
Expenditure				
a) Interest on Others	-	76.55	-	76.55
	(-)	(66.32)	(-)	(66.32)
b) Interest on Debentures	1.05	-	-	1.05
	(1.07)	(-)	(-)	(1.07)
c) Rent	-	-	-	-
	(-)	(0.07)	(-)	(0.07)
d) Insurance*(Rs. 15,377)	*	-	-	*
	(-)	(-)	(-)	(-)
d) Payments to and provisions for employees	-	-	0.09	0.09
	(-)	(-)	(0.43)	(0.43)
Contingent Liability				
a) Guarantees to Banks and Financial Institutions on behalf of third parties	-	15.00	-	15.00
	(-)	(0.04)	(-)	(0.04)

Figures in bracket indicate previous year figures

13. In the opinion of the management, the Company is mainly engaged in the business of providing Finance. All other activities of the Company revolve around the main business. As such, there are no separate reportable segments.
14. Disclosure of loans / advances and investments in its own shares by the listed companies, their subsidiaries, associates etc. (as certified by the management)

Particulars	(Rs. in crore)	
	Outstanding Balance as on 31st March, 2004	Maximum Balance outstanding during the year
i) Loans and advances in the nature of loans to subsidiaries		
a) Reliance Life Insurance Company Ltd.	2.00 (2.00)	2.00 (2.00)
ii) Loans and advances in the nature of loans to associates		
a) Reliance Share & Stock Brokers Pvt. Ltd.	5.66 (6.00)	18.25 (6.00)
b) Reliance Industries Ltd.	- (150.00)	2,386.15 (150.00)
iii) Loans and advances in the nature of loans where there is no repayment schedule or repayment beyond seven years		
1) Loans to employees (in ordinary course of business)	0.72 (0.80)	0.80 (0.80)
b) no interest or interest below section 372A of the Companies Act		
1) Reliance Life Insurance Company Ltd.	2.00 (2.00)	2.00 (2.00)
2) Loans to employees (in ordinary course of business)	0.72 (0.80)	0.80 (0.80)
iv) Loans and advances in nature of loans to firms / companies in which directors are interested	-	-



NOTES ON ACCOUNTS

v) Investments by loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan	No. of shares	Amount (Rs. in crore)
a) Reliance Industries Ltd.	6,00,89,966	485.80
	(6,00,89,966)	(485.80)

Figures in bracket indicate previous year figures

15. Disclosure of details as required by Para 9BB of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998

(Rs. in crore)

Particulars	Amount Outstanding	Amount Overdue
i) Loans and advances availed by NBFC inclusive of interest thereon but not paid		
a) Debentures		
Secured	-	-
	(11.04)	(-)
b) Inter-corporate loans and borrowings	1,702.89	-
	(1,396.27)	(-)
c) Other Public Deposits	-	-
	(-)	(-)
d) Security Deposit – Lease	83.13	-
	(223.09)	(-)
e) Assigned Liabilities	-	-
	(201.52)	(-)
ii) Break up of Loans and Advances including bills receivable (other than those included in (iii) below)		
a) Secured	-	
	(-)	
b) Unsecured	837.49	
	(389.07)	
iii) Break up of Leased Assets and stock on hire and hypothecation loans towards Equipment Leasing / Hire Purchase activities		
a) Lease assets (including Receivables for Assets on Lease) including lease rentals under sundry debtors		
1) Financial Lease (Net of depreciation and lease adjustment)	198.65	
	(366.93)	
2) Operating Lease	-	
	(-)	
iv) Break up of Investments		
a) Current Investments (Stock in Trade)		
1) Quoted		
• Shares	332.89	
- Equity	(284.28)	
• Debentures and Bonds	-	
	(1.45)	
• GOI Securities and PSU Bonds	67.49	
	(0.21)	
2) Unquoted		
• Shares	0.45	
- Equity	(0.45)	
• Debentures and Bonds	2.00	
	(70.24)	
b) Long Term Investments		
1) Quoted		
• Shares	427.30	
- Equity	(289.10)	
2) Unquoted		
• Shares	126.03	
- Equity	(103.37)	
- Preference	7.50	
	(7.50)	
• Debentures and Bonds	953.50	
	(1,327.54)	
• Mutual Fund Units	26.08	
	(-)	
• PSU Bonds	1.00	
	(2.85)	



NOTES ON ACCOUNTS

v) Borrower group-wise classification of all leased assets (including Receivables for Assets on Lease), stock on hire and loans and advances	Amount Net of Provisions		
	Secured	Unsecured	Total
a) Related Parties			
1) Subsidiaries	-	2.00	2.00
	(-)	(2.00)	(2.00)
2) Companies in the same group	-	60.91	60.91
	(-)	(81.75)	(81.75)
3) Other related parties	-	18.12	18.12
	(-)	(178.43)	(178.43)
b) Other than related parties	-	955.11	955.11
	(-)	(493.82)	(493.82)
Total	-	1036.14	1036.14
	(-)	(667.94)	(667.94)
vi) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)	Market Value / Break up Value or Fair Value or NAV	Book Value (net of provisions)	
a) Related Parties			
1) Subsidiaries	122.51		89.05
	(104.26)		(89.05)
2) Companies in the same group	812.93		806.41
	(816.21)		(806.41)
3) Other related parties	1829.84		721.89
	(540.18)		(472.35)
b) Other than related parties	337.52		326.89
	(705.46)		(719.18)
Total	3102.80		1944.24
	(2166.11)		(2086.99)
vii) Other Information	Amount		
a) Gross Non Performing Assets			
1) Related Parties	-		
	(-)		
2) Other than related parties	9.81		
	(23.37)		
b) Net Non Performing Assets			
1) Related Parties	-		
	(-)		
2) Other than related parties	-		
	(3.59)		
c) Assets acquired in satisfaction of debt	-		
	(-)		

Companies in the same group means companies under the same management as per Sec 370(1B) of the Companies Act. 1956.
Figures in bracket indicate previous year figures



NOTES ON ACCOUNTS

16. Stock-in-Trade

(Rs. in crore)

	Quantity		Value	
	As at 31st March, 2004	As at 31st March, 2003	As at 31st March, 2004	As at 31st March, 2003
Shares				
Equity Shares				
Adlabs Films Ltd.	11,24,230	-	11.14	-
Bag Films Ltd.	3,94,400	-	0.25	-
Central India Polyesters Ltd. (Rs. 2,860, Previous Year Rs. 2,860)	1,100	1,100	-	-
CMC Ltd.	3,89,136	-	18.88	-
Gas Authority of India Ltd.	9,40,695	-	18.34	-
Digitron Computers Pvt. Ltd.	69,500	69,500	0.45	0.45
JL Morrison Ltd.	65,000	65,000	0.38	0.38
Kothari Industrial Corporation Ltd.	3,93,880	3,93,880	0.04	0.04
Kothari Sugars & Chem. Ltd.	6,82,470	6,82,470	0.08	0.08
Rallis India Ltd.	10,18,800	10,18,800	3.74	3.74
Reliance Industries Ltd.	1,28,03,818	1,28,03,818	278.62	278.62
Reliance Industrial Infrastructure Ltd. (company under same management)	1,60,100	1,60,100	0.50	0.50
Recron Synthetics Ltd.	23,05,425	23,05,425	0.92	0.92
Total Equity Shares	2,03,48,554	1,75,00,093	333.34	284.73
Debentures				
0% Appollo Fibres Ltd.	-	1,05,500	-	0.21
0% Reliance Land Pvt. Ltd.	2,00,000	2,00,000	2.00	2.00
10.5% Reliance Telecom Ltd.	-	29	-	1.45
Reliance Industries Ltd. (PPD 165)	-	655	-	65.55
Reliance Industries Ltd. (PPD 166) (partly paid up)	-	2,500	-	1.30
Reliance Industries Ltd. (PPD 167) (partly paid up)	-	5,000	-	1.23
Total Debentures	2,00,000	3,13,684	2.00	71.69
Government Securities				
8% Kerala SDL 2012	2,860	-	0.03	-
12.60% GOI 2018	6,42,640	-	10.54	-
10.71% GOI 2016	25,00,000	-	36.10	-
11.83% GOI 2014	10,00,000	-	15.09	-
Total Government Securities	41,45,500	-	61.77	-
PSU BONDS				
14% IDBI 2006	-	20	-	0.21
7.63% IRFC 2010	28	-	3.05	-
8.05% IRFC 2007	25	-	2.67	-
Total PSU Bonds	53	20	5.72	0.21
Grand Total			402.83	356.63

Note: Above includes;

- i) 3,93,880 Equity Shares of Kothari Industrial Corporation Ltd. delivered to the Escrow Agency namely UTI Bank Ltd. pursuant to the Settlement Order of the Honorable Supreme Court of India. The settlement proceeds will be received upon due completion of the process of the Order;
- ii) Rs. 33.62 crores of shares pledged towards security on behalf of third parties;
- iii) Rs. 0.31 crore of bad deliveries pending for rectification.



NOTES ON ACCOUNTS

17. Particulars in respect of Opening Stock, Purchase, Sales and Closing Stock for Stock-in-Trade.

(Rs. in crore)

	Quantity		Value	
	As at 31st March, 2004	As at 31st March, 2003	As at 31st March, 2004	As at 31st March, 2003
Opening Stock				
Equity Shares	1,75,00,093	7,81,59,446	284.73	277.32
Debentures	3,13,684	4,02,401	71.69	4.41
Units	-	22,66,926	-	2.37
Government Securities	-	2,22,550	-	2.89
PSU Bonds	20	3	0.21	0.03
Mobile Handsets	-	-	-	-
			356.63	287.02
Purchases / Transfers				
Equity Shares	28,48,461	94,26,559	48.94	176.53
Debentures	6,88,433	3,51,750	2,442.88	1,311.49
Units	-	-	-	-
Government Securities	99,83,490	2,63,855	143.23	3.47
PSU Bonds	1,521	2,976	80.36	31.33
Mobile Handsets	6,58,640	44,840	228.65	17.20
			2,944.06	1,540.02
Sales / Transfers				
Equity Shares	-	7,00,85,912	-	169.87
Debentures	8,02,117	4,40,467	2,513.80	1,245.90
Units	-	22,66,926	-	2.80
Government Securities	58,37,990	4,86,405	81.57	6.36
PSU Bonds	1,488	2,959	75.05	31.17
Mobile Handsets	6,58,640	44,840	230.66	17.66
			2,901.08	1,473.76
Closing Stock				
Equity Shares	2,03,48,554	1,75,00,093	333.34	284.73
Debentures	2,00,000	3,13,684	2.00	71.69
Units	-	-	-	-
Government Securities	41,45,500	-	61.77	-
PSU Bonds	53	20	5.72	0.21
Mobile Handsets	-	-	-	-
			402.83	356.63

18. Value of imports on CIF basis

(Rs. in crore)

Particulars	2003-2004	2002-2003
i) Mobile Handsets	236.06	17.37

19. Expenditure in foreign currency

(Rs. in crore)

Particulars	2003-2004	2002-2003
i) Travelling Expenses	0.15	0.17
ii) Others	0.22	0.18



NOTES ON ACCOUNTS

20. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. :

				8	5	2	6
--	--	--	--	---	---	---	---

 State Code :

						0	4
--	--	--	--	--	--	---	---

Balance Sheet Date :

3	1	0	3	2	0	0	4
---	---	---	---	---	---	---	---

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

Public Issue :

				N	I	L
--	--	--	--	---	---	---

 Rights Issue :

				N	I	L
--	--	--	--	---	---	---

Bonus Issue :

				N	I	L
--	--	--	--	---	---	---

 Private Placement :

		1	0	.	0	0
--	--	---	---	---	---	---

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

Total Liabilities :

	3	0	3	3	.	2	8
--	---	---	---	---	---	---	---

 Total Assets :

	3	0	3	3	.	2	8
--	---	---	---	---	---	---	---

Sources of Funds :

		1	2	7	.	9	7
--	--	---	---	---	---	---	---

Application of Funds

Paid-up Capital :

		1	2	7	.	9	7
--	--	---	---	---	---	---	---

 Net Fixed Assets :

		2	7	6	.	0	7
--	--	---	---	---	---	---	---

Reserves & Surplus :

	1	2	7	1	.	8	4
--	---	---	---	---	---	---	---

 Investments :

	1	5	4	1	.	4	1
--	---	---	---	---	---	---	---

Secured Loans :

						-
--	--	--	--	--	--	---

 Net Current Assets :

	1	2	1	5	.	8	0
--	---	---	---	---	---	---	---

Unsecured Loans :

	1	6	3	3	.	4	7
--	---	---	---	---	---	---	---

 Miscellaneous Expenditure:

				N	I	L
--	--	--	--	---	---	---

Accumulated Losses :

				N	I	L
--	--	--	--	---	---	---

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

Turnover :

		3	5	6	.	7	9
--	--	---	---	---	---	---	---

 Total Expenditure :

		2	5	1	.	0	0
--	--	---	---	---	---	---	---

Profit before Tax :

		1	0	5	.	7	9
--	--	---	---	---	---	---	---

 Profit after Tax :

		1	0	5	.	7	9
--	--	---	---	---	---	---	---

Earning per Share (Rs.) {Basic & Diluted} :

			8	.	3	1
--	--	--	---	---	---	---

 Dividend Rate :

				2	9	%
--	--	--	--	---	---	---

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

Item Code :

--	--	--	--	--	--	--	--

Product Description

I. ASSET FINANCING
II. LENDING
III. INVESTMENTS

21. (a) The previous year's figures have been reworked, regrouped and reclassified wherever necessary

(b) Figures have been presented in 'crore' of rupees with two decimals in accordance with the approval received from the Company Law Board. Figures less than Rs. 50,000 have been shown at actual in brackets.

As per our report of even date
For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

R. S. Vahia
Partner

For and on behalf of the Board

Chairman
Vice Chairman

Directors

Company Secretary & Manager

Mumbai
Dated: 27th April, 2004

D. Chaturvedi
Anand Jain
D. J. Kapadia
S. S. Thakur
Sandeep H. Junnarkar
Amitabh Jhunjhunwala
Alok Agarwal
V. R. Mohan

Mumbai
Dated: 27th April, 2004



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2004

(Rs. in crore)

Particulars	2003-2004		2002-2003	
	Rs	Rs	Rs	Rs
A. Cash Flow from Operating Activities				
Net profit before tax as per P & L Account		105.79		102.63
Adjusted for				
Extraordinary items		(0.02)		(0.15)
Net profit before tax and extraordinary items		105.77		102.48
Adjusted for				
Depreciation	42.09		91.65	
Lease Equalisation	(1.89)		(6.58)	
Provision for Sub Standard Assets Reversed	(9.96)		(1.13)	
Investments				
Interest / Dividend Income	(157.30)		(354.96)	
(Profit) / Loss on sale of Investment (Net)	(0.71)		1.33	
Interest Expenses	200.43		252.81	
Loss / (Profit) on sale of Fixed Assets (Net)	0.02	72.68	0.03	(16.85)
Operating Profit before working Capital Changes	178.45		85.63	
Adjusted for				
Trade and Other Receivables	(481.50)		(5.03)	
Inventories	(46.20)		(69.61)	
Trade Payables	232.58	(295.12)	(16.67)	(91.31)
Cash generated from operations		(116.67)		(5.68)
Interest Paid	(84.03)		(112.96)	
Taxes Paid	-	(84.03)	-	(112.96)
Cash Flow before extraordinary items		(200.70)		(118.64)
Extraordinary Items		0.02		0.15
Net Cash from Operating Activities		(200.68)		(118.49)
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets		(0.49)		(1.70)
Sale of Fixed Assets		128.03		0.29
Purchase of Investments		(421.87)		(537.68)
Sale of Investments		611.53		900.64
Interest Received		83.16		545.64
Dividend Received		8.86		87.16
Net Cash used in Investing Activities		409.22		994.35
C. Cash Flow from Financing Activities				
Issue of Preference Share Capital		10.00		-
Proceeds from Long Term Borrowings		647.03		404.53
Repayment of Long Term Borrowings		(523.87)		(1,551.69)
Proceeds from Short Term Borrowings		(285.50)		309.29
Dividends Paid		(41.26)		(36.15)
Net Cash used in Financing Activities		(193.60)		(874.02)
Net increase in Cash and Cash Equivalents (A + B + C)		14.94		1.84
Opening Balance of Cash and Cash Equivalents		10.42		8.58
Closing Balance of Cash and Cash Equivalents		25.36		10.42

The previous year's figures have been regrouped and reclassified wherever necessary

As per our report of even date

For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

R. S. Vahia
Partner

Mumbai
Dated: 27th April, 2004

For and on behalf of the Board

Chairman
Vice Chairman

Directors

Company Secretary & Manager

Mumbai
Dated: 27th April, 2004

D. Chaturvedi
Anand Jain

D. J. Kapadia
S. S. Thakur
Sandeep H. Junnarkar
Amitabh Jhunjunwala
Alok Agarwal
V. R. Mohan



Reliance Capital Limited

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN THE SUBSIDIARY COMPANIES

Name of the Subsidiary Company	Reliance Capital Asset Management Limited	Reliance Capital Trustee Co. Limited	Reliance General Insurance Company Limited	Reliance Life Insurance Company Limited
1 The financial year of the Subsidiary Companies ended on	31st March, 2004	31st March, 2004	31st March, 2004	31st March, 2004
2 Date from which they became Subsidiary Companies	12th May, 1995	12th May, 1995	15th January, 2002	15th January, 2002
3 (a) Number of shares held by Reliance Capital Limited with its nominees in the Subsidiaries as at 31st March, 2004	75,00,700 Equity Shares of the face value of Rs. 10/- each fully paid-up and 3,50,000 Preference Shares of Rs. 100/- each fully paid-up	50,700 Equity Shares of the face value of Rs. 10/- each fully paid-up	7,65,00,525 Equity Shares of the face value of Rs. 10/- each fully paid-up.	15,00,525 Equity Shares of the face value of Rs. 10/- each fully paid-up
(b) Extent of interest of Holding Company as at 31st March, 2004	100%	100%	75%	75%
4 The net aggregate amount of the Profit / (Loss) so far at it concerns the members of the Holding Company				
(a) Not dealt with in the Holding Company's Accounts				
(i) For the financial year ended 31st March, 2004 (Rs. in crore)	7.46	0.03	6.74	Nil
(ii) For the previous financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries (Rs. in crore)	2.92	0.12	11.35	Nil
(b) Dealt with in the Holding Company's Accounts				
(i) For the financial year ended 31st March, 2004	Nil	Nil	Nil	Nil
(ii) For the previous financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries (Rs. in crore)	0.78	Nil	Nil	Nil

As per our report of even date

For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

R. S. Vahia
Partner

Mumbai
Dated: 27th April, 2004

For and on behalf of the Board

Chairman
Vice Chairman

Directors

Company Secretary & Manager
Mumbai
Dated: 27th April, 2004

D. Chaturvedi
Anand Jain
D. J. Kapadia
S. S. Thakur
Sandeep H. Junnarkar
Amitabh Jhunjhunwala
Alok Agarwal
V. R. Mohan



DIRECTORS' REPORT

To the Members,

Your Directors present their Ninth Annual Report on the business and operations of the Company together with the audited Statement of Accounts for the year ended 31st March 2004.

Financial Results:

(Rupees)

	Year ended 31st March, 2004	Year ended 31st March, 2003
Gross Income	35,21,12,459	15,39,54,598
Gross Profit	11,78,99,919	2,09,57,195
Depreciation	24,49,766	10,24,801
Profit Before Tax	11,54,50,153	1,99,32,394
Provision for Taxation	2,67,00,000	30,00,000
Provision for Deferred Tax		
Liability	1,41,17,276	22,14,382
Excess provision for tax in the previous year	-	9,41,616
Profit After Tax	7,46,32,877	1,56,59,627
Balance carried to		
Balance Sheet	10,38,23,930	2,91,91,053

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 two open-ended Equity Schemes (Reliance Vision Fund and Reliance Growth Fund); four open-ended Debt Schemes (Reliance Income Fund, Reliance Short Term Fund, Reliance Medium Term Fund and Reliance Monthly Income Plan); an open-ended Liquid Scheme (Reliance Liquid Fund); a close-ended Debt Scheme (Reliance Fixed Term Scheme); a Sector-specific Scheme (Reliance Banking Fund); and a Government Securities Scheme (Reliance Gilt Securities Fund).

During the year, the Mutual Fund Industry has witnessed a rise of Rs. 60,152 crores in the total assets under management from Rs.79,464 crores to Rs.1,39,616 crores, between April 2003 and March 2004 (Source: AMFI Update).

New Launches:

During the period under review, RMF launched four schemes. On May 8, 2003, RMF introduced the 'Reliance Banking Fund', a sector-specific fund, on June 27, 2003, the 'Reliance Gilt Securities Fund', an open-ended Government Securities Scheme, on December 10, 2003, the 'Reliance Monthly Income Plan', an open-ended Income Scheme and on March 29, 2004, the 'Reliance Diversified Power Sector Fund', an open-ended Power Sector Scheme. A series of Monthly (Series I - VI), Quarterly (Series I - III) and Annual Plans (Series -III) were launched under Reliance Fixed Term Scheme, a close-ended scheme.

The Fund also introduced Institutional Plans under the Schemes viz. Reliance Medium Term Fund, Reliance Income Fund, Reliance Gilt Securities Fund and Reliance Liquid Fund-Treasury Plan to cater to the needs of high-networth individuals and corporates. Again, a PF Option was introduced in the Long Term Gilt Plan of Reliance Gilt Securities Fund, which is tailor-made for Provident Funds, Superannuation and Gratuity Trusts.

The assets under management of RMF during the financial year 2003-2004 have gone up from Rs.2,419 crores to Rs.7,240 crores showing an increase of Rs.4,821 crores (200 per cent).

Awards and Recognition:

Reliance Vision Fund received the BNP Paribas Annual CNBC award 2004, rated by Moody's Investors Service as the best performing Mutual Fund in the

one-year period and three-year period ending December 31, 2003 in the Open Ended Equity Diversified Fund Category. During the year, Reliance Vision Fund- Growth Plan took CRISIL CPR Rank 1, which reaffirms its position among the top 10% of the universe. The Scheme rankings were calculated based on the consistency of the Fund's risk-adjusted performance relative to its categorisation based on Moody's/ICRA approach. Further, CRISIL named Reliance Vision Fund as the 'Best Performing Fund' in open-ended diversified equity scheme in the one-year and three-year category for the period ended December 31, 2003.

CRISIL has reaffirmed the rating "AAA" to Reliance Income Fund (Growth Plan), indicating that the Fund's portfolio holdings provide very strong protection against losses from credit defaults.

Reliance Short Term Fund received the ICRA Gold Award as the 'Best Performing Fund' in the one-year category for the period ended December 31, 2003.

Reliance Growth Fund, Reliance Income Fund, Reliance Short Term Fund and Reliance Liquid Fund – Treasury Plan attained CRISIL CPR Rank 2 in their growth plans, putting them among the next 20% of funds in the universe.

New Initiatives:

In our effort to strengthen the investor services, the Fund launched its website www.reliancemutual.com and the 24 x 7 Touchbase call centre, which has brought the investors closer to us. In line with the above, the Fund has also initiated the process of consolidation of accounts of the unitholders in various schemes of RMF into one master folio. The investors also enjoy the facility to view their account statement online.

Returns Delivered:

During the financial year 2003-2004, RMF has declared dividend four times in Reliance Growth Fund i.e. Rs.3.00, Rs.3.00, Rs.6.00 and Rs.7.50 each on the face value of Rs. 10.00; four times in Reliance Vision Fund i.e. Rs. 2.50, Rs.2.50, Rs. 4.50 and Rs. 10.00 on the face value of Rs. 10.00; and in Reliance Banking Fund, Re.1.00 on the face value of Rs. 10.00. Further, a bonus of 1:1 and 2:1 in Reliance Vision Fund and 2:1 and 3:1 in Reliance Growth Fund was declared.

In continuation of our efforts in reaching out to new investors, new branches were opened in Ahmedabad, Baroda, Coimbatore, Jaipur, Kanpur, Kochi, Mumbai, Nagpur and Nasik, taking the total number of branches to 16 all over India.

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 D. J. Kapadia and Shri P. S. Gopalakrishnan Directors of the Company retire by rotation and being eligible, offer themselves for reappointment.

Constitution of Audit Committee:

As required by the provisions of Section 292A of the Companies Act, 1956, the Board of Directors has constituted the Audit Committee comprising of five directors i.e. Shri D. J. Kapadia, Shri V. H. Pandya, Shri Shailesh Vaidya, Shri Alok Agarwal and Shri Amitabh Jhunjhunwala. During the year, two meetings of the Audit Committee were held.

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:

- i) In the preparation of the annual accounts for the financial year ended March 31, 2004, the applicable accounting standards have been followed and that there are no material departures.
- ii) The Directors have selected such accounting policies in consultation with the Statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give



DIRECTORS' REPORT - CONTD...

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.

- iii) The Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the annual accounts for the financial year ended March 31, 2004 on a 'going concern' basis.

Auditors & Auditor's 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 reappointment 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 Directors' Report.

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

Particulars required to be furnished in this report under 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 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, custodians, bankers, registrars, shareholders, staff of Reliance Capital Asset Management Limited and other business constituents associated with your Company.

For and on behalf of the Board of Directors

Alok Agarwal **D. J. Kapadia**
Director Director

Place : Mumbai
Dated : 27th April, 2004

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 2004, FORMING PART OF THE DIRECTORS' REPORT

Sr. No.	Particulars	Employees		
		Mr. Amitabh Chaturvedi*	Mr. K. Rajagopal	Mr. Madhusudan Kela*
1.	Name	Mr. Amitabh Chaturvedi*	Mr. K. Rajagopal	Mr. Madhusudan Kela*
2.	Designation & Nature of Duty	CEO	CIO	Head – Equity
3.	Nature of employment	Regular / Permanent	Regular / Permanent	Regular / Permanent
4.	Gross Remuneration received (Rs.)	31,50,000	65,00,000	18,00,000
5.	Qualification	B.Com, FCA	MA, CAIIB	B.Com, MMS
6.	Age	36 years	56 years	35 years
7.	Experience	14 years	33 years	13 years
8.	Date of commencement of employment	01.09.2003	12.03.2001	01.12.2003
9.	Last employment held & Designation	G.M. – ICICI Bank	G.M. & Head of Treasury (Rupee) – State Bank Of India	V.P. – Reliance Capital Limited

* 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

Alok Agarwal **D. J. Kapadia**
Director Director

Place : Mumbai
Dated : 27th April, 2004



AUDITORS' REPORT

To The Members,

Reliance Capital Asset Management Limited

We have audited the attached Balance Sheet of Reliance Capital Asset Management Limited, as at 31st March, 2004 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;

- iii. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the directors, as on 31st March, 2004, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004; and
 - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date.

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

R. Salivati
Partner
Membership No.: 34004

Mumbai
Dated : 27th April, 2004

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

- (i) The nature of the Company's business/activities during the year is such that clauses (ii), (v), (vi), (viii), (xi), (xii), (xiii), (xv), (xvi), (xvii), (xviii), (xix), (xx) are not applicable to the company.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) Some of the fixed assets were physically verified during the year by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification;
 - (c) None of the fixed assets have been disposed off during the year.
- (iii) According to the information and explanations given to us, the Company has not granted or taken any loan, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets. There are no purchases of inventory & sale of goods.
- (v) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.

- (vi) According to the information and explanations given to us in respect of statutory and other dues:
 - (a) 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, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities during the year;
 - (b) There are no disputed dues of income tax, Sales tax, custom tax, wealth tax, excise duty & cess.
- (vii) The Company does not have accumulated losses as at the end of the year. The Company has not incurred cash losses during the current and the immediately preceding financial year.
- (viii) 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 its 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.
- (ix) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

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

R. Salivati
Partner
Membership No.: 34004

Mumbai
Dated : 27th April, 2004



Reliance Capital Asset Management Limited

BALANCE SHEET AS AT 31ST MARCH, 2004

Schedule	(Rupees)	
	As at 31st March, 2004	As at 31st March, 2003
SOURCES OF FUNDS		
Shareholders' Funds		
(a) Share Capital	A 11,00,07,000	11,00,07,000
(b) Reserves & Surplus (Balance in Profit and loss Account)	10,38,23,930	2,91,91,053
	21,38,30,930	13,91,98,053
Deferred tax liability (net)	1,73,84,302	32,67,027
TOTAL	23,12,15,232	14,24,65,080
APPLICATION OF FUNDS		
Fixed Assets		
(a) Gross Block	B 2,72,23,595	1,13,78,966
(b) Less : Depreciation	1,01,66,483	77,16,718
(c) Net Block	1,70,57,112	36,62,248
Investments	C 15,43,30,580	14,27,62,332
Current Assets, Loans & Advances	D	
(a) Current Assets	44,27,369	96,16,801
(b) Debtors	8,26,11,085	53,55,976
(c) Loans & Advances	4,06,15,247	1,26,49,911
(d) Other Current Assets	2,13,69,121	56,26,531
	14,90,22,822	3,32,49,219
Less : Current liabilities & Provisions	E	
(a) Current Liabilities	10,11,20,253	4,06,07,977
(b) Provisions	3,35,51,280	47,03,766
	13,46,71,533	4,53,11,743
Net Current Assets	1,43,51,289	(1,20,62,524)
Miscellaneous Expenditure (to the extent not written off or adjusted)	F 4,54,76,251	81,03,024
TOTAL	23,12,15,232	14,24,65,080
Notes to Accounts	K	

As per our attached report of even date

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

R. Salivati
Partner

Mumbai
Dated: 27th April, 2004

For and on behalf of the Board of Directors

Alok Agarwal
Director

Amitabh Chaturvedi
Chief Executive Officer

Ravi O.V
Company Secretary

Mumbai
Dated: 27th April, 2004

D.J.Kapadia
Director

Amit Bapna
Financial Controller

V. Ananthkrishnan
Manager



Reliance Capital Asset Management Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2004

		(Rupees)	(Rupees)
	Schedule	31st March, 2004	31st March, 2003
INCOME			
Investment Management and Advisory fees		32,05,41,313	13,96,82,705
Interest	G	37,59,307	58,57,809
Dividend on long term investments (Tax Deducted at source Rs Nil, Previous Year Rs 13,514)		2,00,91,842	1,29,350
Profit on Sale/Redemption of long term Investment		74,93,799	76,39,168
Profit on Sale of Fixed Assets		-	49,786
Other Income		2,26,198	5,95,780
		<u>35,21,12,459</u>	<u>15,39,54,598</u>
EXPENDITURE			
Salaries and benefits to employees	H	4,90,79,664	2,13,59,406
Administrative and other Expenses	I	4,81,05,567	2,80,03,200
Marketing & Publicity Expenses	J	13,10,10,570	8,06,94,357
Depreciation		24,49,766	10,24,801
Preliminary Expenses Written Off		34,026	34,026
Deferred Revenue expenditure Written Off		59,82,713	29,06,414
		<u>23,66,62,306</u>	<u>13,40,22,204</u>
Profit Before Tax		11,54,50,153	1,99,32,394
Add: Excess provisions for tax written back		-	9,41,615
Less: Provision for Income Tax		2,67,00,000	30,00,000
Less: Provision for Deferred Tax Liability (net)		1,41,17,276	22,14,382
Profit After Tax		7,46,32,877	1,56,59,627
Add: Balance brought forward		2,91,91,053	1,35,31,426
Balance Carried to Balance Sheet		10,38,23,930	2,91,91,053
		<u><u>10,38,23,930</u></u>	<u><u>2,91,91,053</u></u>
Basic and Diluted Earning per share of Rs. 10 each		9.72	1.85

Notes to Accounts

K

As per our attached report of even date

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

R. Salivati
Partner

Mumbai
Dated: 27th April, 2004

For and on behalf of the Board of Directors

Alok Agarwal
Director

Amitabh Chaturvedi
Chief Executive Officer

Ravi O.V
Company Secretary

Mumbai
Dated: 27th April, 2004

D.J.Kapadia
Director

Amit Bapna
Financial Controller

V. Ananthkrishnan
Manager

SCHEDULES FORMING PART OF THE BALANCE SHEET

		(Rupees)		(Rupees)	
		As at 31st March, 2004		As at 31st March, 2003	
		Rs.	Rs.	Rs.	Rs.
SCHEDULE "A"					
Share Capital					
Authorised					
1,00,00,000	Equity shares of Rs.10 each	10,00,00,000		10,00,00,000	
3,50,000	5% Cumulative Redeemable Preference shares of Rs.100 each	3,50,00,000		3,50,00,000	
15,00,000	Unclassified shares of Rs.10 each	1,50,00,000		1,50,00,000	
			<u>15,00,00,000</u>		<u>15,00,00,000</u>
Issued, subscribed and paid up					
75,00,700	Equity shares of Rs.10 each, fully paid up	7,50,07,000		7,50,07,000	
3,50,000	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)	3,50,00,000		3,50,00,000	
			<u>11,00,07,000</u>		<u>11,00,07,000</u>

SCHEDULE "B"
Fixed Assets

(Rupees)

Assets	Gross Block				Depreciation				Net Block	
	As at 01.04.2003	Additions	Deductions	As at 31.3.2004	Up to 31.03.2003	During the Year	Deductions	Up to 31.3.2004	As at 31.3.2004	As at 31.03.2003
Computer	85,80,798	82,93,383	-	1,68,74,181	63,34,297	16,74,174	-	80,08,471	88,65,710	22,46,501
Motor Car	6,76,370	27,76,197	-	34,52,567	6,05,978	3,34,791	-	9,40,769	25,11,798	70,392
Office Equipment	8,92,945	14,51,354	-	23,44,299	204,142	1,64,329	-	3,68,471	19,75,828	6,88,803
Furniture	12,28,853	33,23,695	-	45,52,548	5,72,300	2,76,472	-	8,48,772	37,03,776	6,56,553
Total	1,13,78,966	1,58,44,629	-	2,72,23,595	77,16,717	24,49,766	-	1,01,66,483	1,70,57,112	36,62,249
Previous year	90,31,208	26,39,373	2,91,615	1,13,78,966	69,23,796	10,24,801	2,31,880	77,16,717	36,62,249	21,07,411

		(Rupees)		(Rupees)		
		Face Value	Quantity As at 31.3.2004	Cost As at 31.3.2004	Quantity As at 31.3.2003	Cost As at 31.3.2003
SCHEDULE "C"						
Long term Investments - Non Trade						
(a) Government and other securities						
6.75 % Tax Free US 64 Bonds		100	22	2,011	-	-
				<u>2,011</u>		<u>-</u>
(b) Fully paid Debentures						
10.50% Secured Reedemable Deb. of Reliance Telecom Limited		3,25,000	70	2,27,50,000	70	3,50,00,000
		(Prev year 5,00,000)				
12.25% Tata Finance Limited		1,00,00,000	-	-	2	2,00,00,000
				<u>2,27,50,000</u>		<u>5,50,00,000</u>



SCHEDULES FORMING PART OF THE BALANCE SHEET

	Face Value	Quantity As at 31.3.2004	(Rupees) Cost As at 31.3.2004	Quantity As at 31.3.2003	(Rupees) Cost As at 31.3.2003
(c) Fully Paid Shares					
Reliance Industries Limited	10	25,008	42,98,321	25,008	42,98,319
Glenmark Pharma Limited	10	50	10,000	50	10,000
ISIBARS Limited	10	193	2,171	193	2,171
			<u>43,10,492</u>		<u>43,10,490</u>
(d) Other Investments - Mutual Funds fully paid units of Rs.10 each					
Alliance '95	10	-	-	165	2,667
Alliance Liquid Income	10	-	-	50	500
Anagram Income Scheme'97	10	100	1,000	100	1,000
Apple Platinum Share	10	147	1,337	147	1,337
Birla Advantage Fund	10	146	3,060	109	1,205
Birla Balance	10	339	3,450	300	3,000
Birla Income Plus	10	261	3,000	261	3,000
Centurion Open End Fund	10	139	1,006	139	1,006
Chola Triple Ace	10	200	2,000	200	2,000
DSP Merrill Lynch Bond Fund	10	500	8,462	500	5,000
DSP Merrill Lynch Equity Fund	10	914	14,156	628	7,960
GIC Fortune - 94	10	106	1,000	106	1,000
HDFC Balanced Fund	10	327	3,300	300	3,000
JM Balanced Fund	10	-	-	108	1,000
JM Equity Fund	10	-	-	107	1,000
JM Liquid Fund	10	-	-	106	1,000
Kothari Pioneer Prima Plus	10	204	2,120	204	2,120
Reliance Income Fund - Growth Plan	10	15,39,497	2,95,88,962	1,88,263	35,00,000
Reliance Liquid Fund - Treasury Plan	10	2,491	36,651	25,73,415	3,73,86,598
Reliance Liquid Fund - Cash Plan	-	-	-	39,75,007	4,25,14,285
Reliance Growth Fund Dividend Plan	10	5,53,973	1,75,00,000	-	-
Reliance Vision Fund Dividend Plan	10	10,80,847	5,00,00,000	-	-
Reliance Short Term Fund	10	9,66,281	1,00,88,038	-	-
Reliance Monthly Income Plan	10	20,00,000	2,00,00,000	-	-
Sundaram Growth Fund	10	-	-	200	2,000
Tata Equity Growth Fund	10	-	-	209	2,000
Templeton India Growth Fund	10	254	3,359	203	2,273
Templeton India Income Fund	10	200	2,000	200	2,000
Unit Scheme, 1964 (Income)	-	-	-	125	1,890
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	259	3,000
			<u>12,72,68,077</u>		<u>8,34,51,841</u>
TOTAL			<u>15,43,30,580</u>		<u>14,27,62,332</u>
			31.03.2004		31.03.2003
1. The Book value and the Market value of quoted Investments includes quoted shares and NAV of Units of Mutual Funds are as under :					
Book Value			13,15,78,569		8,77,62,331
Market value			13,19,08,286		9,08,85,221
2. Unquoted Investments			2,27,52,011		5,50,00,000

SCHEDULES FORMING PART OF THE BALANCE SHEET

	(Rupees)		(Rupees)	
	As at 31st March, 2004		As at 31st March, 2003	
SCHEDULE "D"				
Current Assets, Loans & Advances				
A. Current Assets :				
Cash on Hand	1,71,378		2,83,170	
Balance with current accounts with Scheduled banks	42,55,991	44,27,369	93,33,631	96,16,801
		<u>44,27,369</u>		<u>96,16,801</u>
B. Sundry Debtors : (Unsecured considered good)				
Outstanding for more than six months	31,200		31,200	
Other debtors	8,25,79,885	8,26,11,085	53,24,776	53,55,976
		<u>8,26,11,085</u>		<u>53,55,976</u>
C. Loans and Advances : (Unsecured considered good)				
Advances recoverable in cash or in kind or for value to be received				
Loans to employees	6,86,951		3,56,835	
Tax Deducted at Source	2,83,04,775		1,22,92,076	
Advance Tax Paid	70,94,000		-	
Other receivables	45,29,521	4,06,15,247	1,000	1,26,49,911
		<u>4,06,15,247</u>		<u>1,26,49,911</u>
D. Other Current Assets				
Accrued Interest	5,89,007		28,72,877	
Prepaid exp.	17,50,005		4,55,973	
Deposits	1,90,30,109	2,13,69,121	22,97,681	56,26,531
		<u>2,13,69,121</u>		<u>56,26,531</u>
SCHEDULE "E"				
A. Current Liabilities and Provisions				
TDS Payable	20,09,446		4,04,823	
Professional tax payable	23,075		9,020	
E.P.F. Payable	8,78,392		2,21,904	
Other Liabilities (other than Small Scale Industry)	9,82,09,340	10,11,20,253	3,99,72,230	4,06,07,977
		<u>10,11,20,253</u>		<u>4,06,07,977</u>
B. Provisions				
Provision for Taxation	2,97,00,000		30,00,000	
Provision for Leave encashment	38,51,280	3,35,51,280	17,03,766	47,03,766
		<u>3,35,51,280</u>		<u>47,03,766</u>
SCHEDULE "F"				
Miscellaneous Expenditure				
(To the extent not written off or adjusted)				
Preliminary Expenses	68,052		1,02,078	
Less: Written off during the year	34,026	34,026	34,026	68,052
		<u>34,026</u>		<u>68,052</u>
Deferred Revenue Expenditure (Promotional Expenditure on launch of the Mutual Fund Schemes)	5,14,24,938		1,09,41,386	
Less: Written off during the year	59,82,713	4,54,42,225	29,06,414	80,34,972
		<u>4,54,42,225</u>		<u>80,34,972</u>
		<u>4,54,76,251</u>		<u>81,03,024</u>



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	(Rupees)	(Rupees)	
	31st March, 2004	31st March, 2003	
SCHEDULE "G"			
Interest Income			
Interest on long term Investments (Gross)	37,59,307	58,57,809	
(Tax deducted at source Rs. 12,38,287 (Previous year Rs.6,80,618))	<u>37,59,307</u>	<u>58,57,809</u>	
SCHEDULE "H"			
Salaries and Benefits to Employees			
Salaries, Allowances and Bonus	4,05,30,599	1,74,14,433	
Contribution to Provident and other funds	29,49,770	20,80,536	
LIC gratuity premium and Superannuation	19,20,729	3,87,640	
Provision for Leave encashment	22,56,257	8,74,580	
Staff welfare expenses	<u>14,22,309</u>	<u>6,02,217</u>	2,13,59,406
	<u>4,90,79,664</u>		<u>2,13,59,406</u>
SCHEDULE "I"			
Administrative and Other Expenses			
Audit fees	86,400	84,000	
Bank charges	76,496	45,825	
Software repair & maintenance	1,55,890	79,924	
Conveyance & Travelling	60,23,611	17,25,232	
Courier charges	30,62,521	8,31,697	
Director sitting fees	48,000	17,750	
Entertainment	28,63,802	3,17,973	
Filing fees & Stamp duty	2,39,089	3,51,218	
Hire Charges	2,26,547	16,28,716	
Lease rent	12,85,674	10,07,294	
Insurance	2,47,025	2,54,888	
Legal & Professional Charges	88,20,143	49,96,778	
Membership & Subscription	31,39,976	17,31,444	
Miscellaneous Expenses	9,57,992	1,51,841	
Newspapers, Magazines & periodicals	1,11,747	66,436	
Office Administration	22,01,929	7,74,684	
Petrol and car maintenance	23,51,471	18,31,094	
Printing & Stationary	21,50,157	13,45,727	
Professional tax	5,000	2,500	
Rent	89,60,109	83,40,891	
Electricity	2,78,584	99,817	
Repairs & Maintenance	2,92,618	1,17,605	
Seminar & training	9,62,256	72,320	
Telephone	<u>35,58,530</u>	<u>21,27,546</u>	2,80,03,200
	<u>4,81,05,567</u>		<u>2,80,03,200</u>
SCHEDULE "J"			
Marketing & Publicity Expenses			
Initial Issue Expenses	-	-	
Advertisement	24,04,214	-	
Marketing Expenses	36,70,508	5,74,596	
Postage	15,129	57,510	
Brokerage and Incentives	12,41,79,995	7,99,31,099	
Branch Meet Expenses	7,40,724	89,959	
Publicity Expenses	-	41,193	8,06,94,357
	<u>13,10,10,570</u>		<u>8,06,94,357</u>
	<u>13,10,10,570</u>		<u>8,06,94,357</u>

NOTES ON ACCOUNTS
SCHEDULE "K"
Notes on Accounts and Significant Accounting Policies
A. Significant Accounting Policies
1. 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.

2. Fixed Assets:

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

3. 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.

4. 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.

5. Initial Issue expenses of schemes:

The company has treated initial issue expenses of the schemes of Reliance Capital Mutual Fund as Deferred Revenue Expenditure, to be written off over a period of five years in equal installments.

6. Preliminary Expenses :

Preliminary expenses are written off over a period of ten years in equal installment.

7. Revenue Recognition :

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

(I) Profit on Sale of Investments:

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

(II) 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 policy taken from Life Insurance Corporation of India.

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. Income:

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.

11. Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the period. 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.

B. Notes on Accounts

	(Rupees) 2003 - 2004	(Rupees) 2002 - 2003
1. Unpaid Preference Shares Dividend		
5% dividend on preference shares in arrears for the years 2000-01 to 2003-04 (previous year 2000-01 to 2002-03)	70,00,000	52,50,000
2. Payment to Auditors		
Audit Fees	64,800	63,000
Tax Audit Fees	21,600	21,000
In any other manner (certification work etc.)	-	4,200
3. Information regarding Managerial Remuneration		
Remuneration to Manager		
Salaries	10,50,372	8,33,158
Perquisites & Other Allowances	2,11,800	4,36,715
Contribution to Provident & Superannuation Fund	84,240	82,965



NOTES ON ACCOUNTS

	(Rupees) 2003 - 2004	(Rupees) 2002 - 2003
4. Future liability in respect of car taken on operating lease after 1st April, 2001		
a) Not later than one year	6,96,564	6,96,564
b) Later than one year and not later than five years	11,35,309	18,31,873
c) Later than five years	-	-
5. Deferred Tax Liabilities		
Depreciation	10,81,904	3,14,175
Deferred Revenue expenditure (promotional expenditure on launch of the mutual fund schemes)	1,63,02,398	29,52,852
Total	1,73,84,302	32,67,027
6. Earning per share (AS – 20)		
Net Profit as per Profit and loss account	7,46,32,877	1,56,59,627
Less:- Preference dividend	17,50,000	17,50,000
Net Profit attributable to equity shareholders	7,28,82,877	1,39,09,627
Weighted average number of equity shares outstanding	75,00,700	75,00,700
Basic and Diluted earning per share	9.72	1.85

7. 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 Balance as on 31.03.2004			12,72,13,651 (8,76,69,202)	12,72,13,651 (8,76,69,202)
C)	Sundry Debtors			8,25,79,885 (46,69,337)	8,25,79,885 (46,69,337)
D)	Other Liabilities	- (76,20,000)			- (76,20,000)
E)	Investment Management & Advisory Fees			32,05,41,312 (13,96,82,705)	32,05,41,312 (13,96,82,705)
F)	Other Income Dividend			1,99,49,025 (1,29,350)	1,99,49,025 (1,29,350)
G)	Expenditure Rent	76,20,000 (76,20,000)			76,20,000 (76,20,000)
H)	Insurance Premium (including prepaid)		12,14,848 (11,21,873)		12,14,848 (11,21,873)

The figures in bracket indicate previous year figures.



NOTES ON ACCOUNTS

8 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.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	State Code	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Balance Sheet Date	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>									

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

Public Issue	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Rights Issue	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Bonus Issue	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Private Placement	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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

Total Liabilities	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Total Assets	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Sources of Funds								Applications of Funds									
Paid up Capital	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Net Fixed Assets	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Reserves & Surplus	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Investments	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Secured Loans	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Net Current Assets	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Unsecured Loans	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Miscellaneous Expenditure	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
									Deferred Tax Liability (Net)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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

Turnover	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Total Expenditure	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Profit/ Loss Before Tax	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Profit/ Loss After Tax	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Earning Per Share (Rs.)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Dividend Rate %	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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

Not Applicable

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: 27th April, 2004

For and on behalf of the Board of Directors

Alok Agarwal
Director
Amitabh Chaturvedi
Chief Executive Officer

Ravi O.V
Company Secretary

Mumbai
Dated: 27th April, 2004

D.J.Kapadia
Director

Amit Bapna
Financial Controller

V. Ananthkrishnan
Manager

DIRECTORS' REPORT
To the Members,

Your Directors present their Ninth Annual Report on the business and operations of the Company together with the audited Statement of Accounts for the year ended 31st March 2004.

Financial Results:

(Rupees)

	Year ended 31st March, 2004	Year ended 31st March, 2003
Gross Income	5,40,784	5,04,947
Gross Profit	4,20,476	4,45,600
Depreciation	-	-
Profit Before Tax	4,20,476	4,45,600
Provision for Taxation	1,42,073	1,66,000
Provision for Deferred Tax Liability	-	-
Provision for tax for earlier year	-	6,349
Profit After Tax	2,78,403	2,73,251
Balance carried to Balance Sheet	14,72,857	11,94,454
E.P.S. (Basic and Diluted)	5.49	5.39

Dividend:

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

Operations:

The Company is a Trustee to Reliance Mutual Fund (RMF) formerly Reliance Capital Mutual Fund (RCMF). RMF currently has two open-ended Equity Schemes (Reliance Vision Fund and Reliance Growth Fund); four open-ended Debt Schemes (Reliance Income Fund, Reliance Short Term Fund, Reliance Medium Term Fund and Reliance Monthly Income Plan); an open-ended Liquid Scheme (Reliance Liquid Fund); a close-ended Debt Scheme (Reliance Fixed Term Scheme); a sector-specific scheme (Reliance Banking Fund); and a Government Securities scheme (Reliance Gilt Securities Fund).

During the year, the Mutual Fund Industry has witnessed a rise of Rs. 60,152 crores in the total assets under management from Rs. 79,464 crores to Rs. 1,39,616 crores between April 2003 and March 2004 (Source: AMFI Update).

New Launches:

During the period under review, RMF launched four schemes. On May 8, 2003, RMF introduced the 'Reliance Banking Fund', a sector-specific fund, on June 27, 2003, the 'Reliance Gilt Securities Fund', an open-ended Government Securities Scheme, on December 10, 2003, the 'Reliance Monthly Income Plan', an open-ended Income Scheme and on March 29, 2004, the 'Reliance Diversified Power Sector Fund', an open-ended Power Sector Scheme. A series of Monthly (Series I - VI), Quarterly (Series I - III) and Annual Plans (Series - III) were launched under Reliance Fixed Term Scheme, a close-ended scheme.

The Fund also introduced Institutional Plans under the Schemes viz. Reliance Medium Term Fund, Reliance Income Fund, Reliance Gilt Securities Fund and Reliance Liquid Fund-Treasury Plan to cater to the needs of high networth individuals and corporates. Again, a PF Option was introduced in the Long Term Gilt Plan of Reliance Gilt Securities Fund, which is tailor-made for Provident Funds, Superannuation and Gratuity Trusts.

The assets under management of RMF during the financial year 2003-2004 have gone up from Rs. 2,419 crores to Rs. 7,240 crores showing an increase of Rs. 4,821 crores (200 percent).

Awards and Recognition:

Reliance Vision Fund received the BNP Paribas Annual CNBC award 2004, rated by Moody's Investors Service as the best performing Mutual Fund in the one-year period and three-year period ending December 31, 2003 in the Open Ended Equity Diversified Fund Category. During the year, Reliance Vision Fund- Growth Plan took CRISIL CPR Rank 1, which reaffirms its position among the top 10% of the universe. The Scheme rankings were calculated based on the consistency of the Fund's risk-adjusted performance relative to its categorisation based on Moody's/ICRA approach. Further, CRISIL named Reliance Vision Fund as the 'Best Performing Fund' in open-ended diversified equity scheme in the one-year and three-year category for the period ended December 31, 2003.

CRISIL has reaffirmed the rating "AAAF" to Reliance Income Fund (Growth Plan), indicating that the Fund's portfolio holdings provide very strong protection against losses from credit defaults.

Reliance Short Term Fund received the ICRA Gold Award as the 'Best Performing Fund' in the one-year category for the period ended December 31, 2003.

Reliance Growth Fund, Reliance Income Fund, Reliance Short Term Fund and Reliance Liquid Fund – Treasury Plan attained CRISIL CPR Rank 2 in their growth plans, putting them among the next 20% of funds in the universe.

New Initiatives:

In our effort to strengthen the investor services, the Fund launched its website www.reliancecapital.com and the 24 x 7 Touchbase call centre, which has brought the investors closer to us. In line with the above, the Fund has also initiated the process of consolidation of accounts of the unitholders in various schemes of RMF into one master folio. The investors also enjoy the facility to view their account statement online.

Returns Delivered:

During the financial year 2003-2004, RMF has declared dividend four times in Reliance Growth Fund i.e. Rs. 3.00, Rs. 3.00, Rs. 6.00 and Rs. 7.50 each on the face value of Rs. 10.00; four times in Reliance Vision Fund i.e. Rs. 2.50, Rs. 2.50, Rs. 4.50 and Rs. 10.00 each on the face value of Rs. 10.00 and in Reliance Banking Fund, Re. 1.00 on the face value of Rs. 10.00. Further, a bonus of 1:1 and 2:1 in Reliance Vision Fund and 2:1 and 3:1 in Reliance Growth Fund was declared.

In continuation to our efforts in reaching out to new investors, new branches were opened in Ahmedabad, Baroda, Coimbatore, Jaipur, Kanpur, Kochi, Mumbai, Nagpur and Nasik, taking the total number of branches to 16 all over India.

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 Vinod M. Ambani, Director of the Company retires by rotation and being eligible, offers himself for reappointment.

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, 2004, the applicable accounting standards have been followed and that there are no material departures.

- ii) The Directors have selected such accounting policies in consultation with the Statutory Auditors and have applied them consistently and made judgements 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.
- iii) The Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the annual accounts for the financial year ended March 31, 2004 on a 'going concern' basis.

Auditors & Auditor's Report:

M/s. Malpani & Associates, 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. Malpani & Associates, Chartered Accountant, to the effect that their reappointment, 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 :

The Company has no employees on its payroll as at March 31, 2004 to whom remuneration was paid attracting the provisions of Section 217(2A) of the Companies Act, 1956. Hence, the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are consequently not applicable.

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

Particulars required to be furnished in this report under 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 conservation of the energy and technology absorption are not applicable for the year under review, and hence not furnished. There were 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, custodians, bankers, registrars, shareholders, Reliance Capital Asset Management Limited and other business constituents associated with your Company.

For and on behalf of the Board of Directors

Vinod M. Ambani
Director

Dr. A. C. Shah
Director

Place : Mumbai

Dated : 27th April, 2004



AUDITORS' REPORT

To,
The Members,
Reliance Capital Trustee Co. Limited

- 1) We have audited the attached Balance Sheet of Reliance Capital Trustee Co. Limited, as at 31st March 2004 and also the Profit and Loss Account 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 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 amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement of the matters specified in paragraph 4 and 5 of the said Order, to the extent applicable to the Company during the year.
- 4) Further to our comments in the Annexure referred to para 3 above, we report as follows:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (ii) In our opinion, proper books of account as required by law have been

kept by the Company, so far as appears from our examination of those books.

- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 to the extent applicable to the Company.
- (v) On the basis of written representations received from the directors as on 31st March 2004 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2004 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
- (vi) 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 on Accounts in Schedule-8 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India ;
 - (a) in the case of the Balance Sheet, of the "State of affairs" of the Company as at 31st March 2004, and
 - (b) in the case of the Profit and Loss Account, of the "Profit" for the year ended on that date.

For Malpani & Associates
Chartered Accountants
Shyam Malpani
Proprietor
Membership No.: 34171

Mumbai, 27th April, 2004

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

In terms of the information and explanation given to us and the books and records examined by us and on the basis of such checks as we considered appropriate, we further reports as under:

- (i) The Company has not taken unsecured loans from the parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (ii) The Company has not granted any loans to the parties listed in the Register maintained under section 301 of the Companies Act, 1956.
- (iii) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of goods/provision of services.
- (iv) In our opinion, transactions entered with the parties listed in the Register maintained under section 301 of the Companies Act, 1956 exceeding the Rs. 5 Lacs in respect of each party in the year have been entered, have been made at prices which are reasonable having regard to the prevailing market prices.
- (v) The Company has not accepted any deposits from the public within the purview of the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder.
- (vi) The Company is not required to have a formal internal audit system during the year under review.
- (vii) As explained to us, maintenance of cost records has not been prescribed by the Central Government for the Company.
- (viii) As per the records verified by us and as explained to us, the Company has been regular in depositing undisputed statutory dues involving Income tax dues with the appropriate authorities and there were no arrears under the above head which were due for more than six months from the date they became payable as at the close of the year. Keeping in view the present operations of the Company, statutes relating to Provident Fund, Employees' State Insurance, Sales-tax, Wealth Tax, Custom Duty, Investor Education and Protection Fund, Excise Duty, Cess are not applicable to the Company.
- (ix) As explained to us, no dues of Sales tax, Income tax, Customs duty, Wealth tax, Excise duty and Cess have been disputed and lying pending as at the close of the year.

- (x) As per the accounts verified by us, the Company's there is no accumulated losses as at the end of the current financial year more than fifty per cent of its net worth. Also no cash losses are incurred in the current financial year as well as in the immediately preceding financial year.
- (xi) As per the records verified by us, the Company has not defaulted in repayment of dues in respect of loans taken from banks. No amounts were borrowed by the Company from Financial Institutions or through Debentures.
- (xii) As per the records verified by us the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of special statutes applicable to Chit fund, Nidhi, Mutual Benefit Fund or Societies are not applicable to the Company.
- (xiv) In respect of Investments, proper records have been maintained by the Company for the transactions and timely entries have been made therein. The shares, securities, debentures and other securities have been held by the Company in its own name except to the extent of the exemption, if any, granted under section 49 of the Companies Act, 1956.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) There were no Term Loans obtained by the Company during the year.
- (xvii) No funds is raised by the Company on short-term basis.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any Debentures and hence no securities are required to be created in respect thereof.
- (xx) No money has been raised by way of public issue by the Company during the year under review.
- (xxi) As per the books examined by us and based on the explanations given to us no fraud on or by the Company has been noticed or reported during the year.

For Malpani & Associates
Chartered Accountants
Shyam Malpani
Proprietor
Membership No.: 34171

Mumbai, 27th April, 2004

BALANCE SHEET AS AT 31ST MARCH, 2004

	Schedule	As at		As at	
		31st March, 2004	Rs.	31st March, 2003	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
(a) Share Capital	1	5,07,000		5,07,000	
(b) Reserves & Surplus	2	14,72,857		11,94,454	
Total			19,79,857		17,01,454
APPLICATION OF FUNDS					
Investments	3		19,87,921		14,52,137
Current Assets, Loans & Advances					
Cash and Bank balances	4	16,386		3,00,456	
Loans and Advances	5	6,65,544		4,99,771	
		6,81,930		8,00,227	
Less : Current liabilities & Provisions	6	6,95,994		5,62,910	
Net Current Assets			(14,064)		2,37,317
Miscellaneous Expenditure (to the extent not written off or adjusted)	7				
			6,000		12,000
Total			19,79,857		17,01,454
Significant Accounting policies and Notes to Accounts	8				
For our attached report of even date for Malpani & Associates Chartered Accountants					for and on behalf of the Board
Shyam Malpani Proprietor Mumbai, 27th April, 2004			Vinod M. Ambani Director Mumbai, 27th April, 2004		Dr. A. C. Shah Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	Schedule	31st March, 2004		31st March, 2003	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Trustee Fees		5,00,000		5,00,000	
Profit on sale of Investments		40,784		4,947	
Total - I			5,40,784		5,04,947
EXPENDITURE					
Travelling and Conveyance Expenses		17,648		21,607	
Directors sitting fees		76,000		14,500	
Filing fees		4,625		1,500	
Professional Tax		2,500		2,500	
Auditors Remuneration		13,500		13,125	
Bank charges		35		115	
Preliminary Expenses written off		6,000		6,000	
Total - II			1,20,308		59,347
Profit for the year before Taxation (I-II)			4,20,476		4,45,600
Less: Provision for Taxation			1,42,073		166,000
Less: Provision for Taxation - Deferred			-		-
Less: Income tax for earlier years.			-		6,349
Profit for the year after Taxation			2,78,403		2,73,251
Profit brought forward			11,94,454		9,21,203
Balance carried to Balance Sheet			14,72,857		11,94,454
Earnings Per Share (Basic / Diluted)			5.49		5.39
Significant Accounting policies and Notes to Accounts	8				
For our attached report of even date for Malpani & Associates Chartered Accountants					for and on behalf of the Board
Shyam Malpani Proprietor Mumbai, 27th April, 2004			Vinod M. Ambani Director Mumbai, 27th April, 2004		Dr. A. C. Shah Director



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2004

	As at 31st March,2004 (Rs.)	As at 31st March,2003 (Rs.)
SCHEDULE "1"		
Share Capital		
Authorised 10,00,000 Equity shares of Rs.10 each	<u>1,00,00,000</u>	<u>1,00,00,000</u>
Issued, subscribed and paid up 50,700 Equity shares of Rs.10 each, fully paid up in cash	<u>5,07,000</u>	<u>5,07,000</u>
	<u>5,07,000</u>	<u>5,07,000</u>
SCHEDULE "2"		
Reserves & Surplus		
Profit and Loss Account:		
Surplus as per Annexed Account	<u>14,72,857</u>	<u>11,94,454</u>
	<u>14,72,857</u>	<u>11,94,454</u>
SCHEDULE "3"		
Investments (At cost)		
Units - unquoted		
Reliance Income fund		
a) Growth plan 133024.76 units at Rs.10 each fully paid up	<u>19,87,921</u>	<u>14,52,137</u>
	<u>19,87,921</u>	<u>14,52,137</u>
Market Value as at 31.03.2004	<u>28,05,804</u>	<u>20,08,828</u>
SCHEDULE "4"		
Cash & Bank Balances		
Cash in hand	-	7,000
Balance with Scheduled Bank in Current Account	<u>16,386</u>	<u>2,93,456</u>
	<u>16,386</u>	<u>3,00,456</u>
SCHEDULE "5"		
Loans & Advances (Unsecured, considered good)		
Advances Recoverable in cash or in kind or for Value to be received		
Advance Tax and Tax Deducted at Source	<u>6,65,544</u>	<u>4,99,771</u>
	<u>6,65,544</u>	<u>4,99,771</u>
SCHEDULE "6"		
Current Liabilities & Provisions		
Sundry Creditors for expenses	29,921	24,285
Other Liabilities	-	14,625
Provisions		
Provisions for taxation	<u>6,66,073</u>	<u>5,24,000</u>
	<u>6,95,994</u>	<u>5,62,910</u>
SCHEDULE "7"		
Miscellaneous Expenditures		
(To the extent not written off or adjusted)		
Preliminary Expenses	12,000	18,000
Less: Written off during the year	<u>6,000</u>	<u>6,000</u>
	<u>6,000</u>	<u>12,000</u>

NOTES ON ACCOUNTS
Schedule "8"
Significant Accounting Policies and Notes on Accounts:
I. Significant Accounting Policies:
1. Method of Accounting:

The Company follows accrual system of accounting and recognises Income and Expenditure on accrual basis unless otherwise stated elsewhere.

2. Basis of Accounting:

The accounts are prepared as a going concern under historical cost convention in accordance with requirements of the Companies Act, 1956 and generally accepted accounting principles.

3. Investments

Investments are treated as Current investments and are valued at cost or market value whichever is lower.

4. Trusteeship remuneration:

Trusteeship remuneration is recognised on the basis of the Unit Capital of the Mutual Fund at the beginning of the year.

5. Miscellaneous Expenditure:

Preliminary expenses are being amortised in equal instalments over a period of ten years.

II. Notes On Accounts:

1. Contingent liabilities – Nil (Previous year- Nil)

2. No provision has been made for gratuity payable since there were no employees in service of the Company at any time during the year.

3. Earnings Per Share are calculated as under:

Particulars	2003-2004	2002-2003
Profit after Taxation (Rs.)	2,78,403	2,73,251
Number of Equity Shares(Nos.)	50,700	50,700
Face value per Equity Share(Rs.)	10.00	10.00
Earnings per Share(Basic and Diluted) (Rs.)	5.49	5.39

4. As regards the requirements of the mandatory Accounting Standard - 22 "Accounting for Taxes on Income," no provision is considered necessary in the accounts in respect of Deferred Taxation, since there was no deferred tax asset/liability during the year under review.

5. In the opinion of management, current assets and loans and advances are realisable at the values represented in the financial statements in the normal course of business and adequate provision has been made for all known liabilities.

6. Amounts payable to Small Scale Industrial undertakings included under Current Liabilities, as per the information available with the Company and relied upon by the Auditors - Nil (Previous year - Nil).

7. Other information pursuant to paragraphs 3 and 4 of Part II of Schedule VI to the Companies Act, 1956 is not applicable to the Company during the year under review.



NOTES ON ACCOUNT

8. Information pursuant to Part - IV of Schedule VI to the Companies Act, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. : 2 4 8 2 6 State Code : 0 4
 Balance Sheet Date : 3 1 0 3 2 0 0 4

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 Allotment : N I L

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

Total Liabilities : 1 9 8 0 Total Assets : 1 9 8 0

Sources of Funds :

Application of Funds

Paid-up Capital : 5 0 7 Net Fixed Assets : N I L
 Reserves & Surplus: 1 4 7 3 Investments : 1 9 8 8
 Secured Loans : N I L Net Current Assets : (0 1 4)
 Unsecured Loans : N I L Miscellaneous Expenditure: 0 0 6
 Accumulated Losses: N I L Accumulated Losses : N I L

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

Turnover : 5 4 0 Total Expenditure : 1 2 0
 Profit before Tax : 4 2 0 Profit after Tax : 2 7 8
 Earning per Share (Rs.) 5 . 4 9 Dividend Rate : N I L

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

Item Code ITC Code: N . A

Product Description Trusteeship Fees

Previous year's figures have been regrouped/rearranged wherever considered necessary.

For our attached report of even date
 for **Malpani & Associates**
 Chartered Accountants
Shyam Malpani
 Proprietor
 Mumbai, 27th April 2004

for and on behalf of the Board
Vinod M. Ambani
 Director
 Mumbai, 27th April 2004

Dr. A. C. Shah
 Director

DIRECTOR'S REPORT
To the Members,

Your Directors present the Fourth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2004.

Financial results

(Rs. in Lakh)

	Year ended 31.03.2004	Year ended 31.03.2003
Gross written premium	16105.56	18567.79
Insurance Profit	30.75	78.60
Investment Income on Shareholders fund	1052.24	1497.08
Profit Before Tax	1047.97	1535.75
Provision for Taxation	148.15	104.89
Provision for Deferred Tax	1.14	(3.83)
Profit after Tax	898.68	1434.69

Dividend

The Board of Directors do not recommend any dividend on Equity Shares for the financial year 2003-2004.

Operations

During the period, the Company has booked gross direct premium of Rs. 16105.56 lakh as against Rs. 18567.79 lakh in the previous year. The Income from investments for the year under review was Rs.1622.91 lakh as against Rs. 2327.99 lakh in the previous year. Net Profit after tax stood at Rs.898.68 lakh during the period under review as against Rs. 1434.69 lakh during the previous year.

Fixed Deposits

The Company has not accepted any public deposit during the year.

Directors

Shri Sandeep Tandon, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment.

Constitution of Audit Committee

In compliance of the provisions of Section 292A of the Companies Act, 1956, the Board of Directors has constituted Audit Committee comprising of following three directors viz. Shri Sandeep Tandon, Shri S. K. Kanwar, Shri Atul Dayal.

Directors' Responsibility Statement

Pursuant to the Directors' Responsibility statement as required under Section 217(2AA) of the Companies Act, 1956, and Insurance Regulatory and Development Authority Act, 1999, it is hereby confirmed that:

- in the preparation of the accounts for the financial year ended 31st March, 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently except in case of method of valuation of Investments from first in first out basis to weighted average basis w.e.f. 01/01/2003 as per the directives of Insurance Regulatory and Development Authority and have made

judgements and estimates that were 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 of the Company for the year under review;

- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and Insurance Act, 1938 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the accounts for the financial year ended 31st March, 2004 on a 'going concern' basis.
- an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

Auditors and Auditors' Report

M/s Rajendra & Co., Chartered Accountants and M/s Pathak H.D. & Associates, Chartered Accounts, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under section 224 (1-B) of the Companies Act, 1956.

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

Personnel

No employee is receiving remuneration beyond the limit prescribed under the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended up to date.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Particulars required to be furnished by the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 are as follows:-

- Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company.
- Foreign exchange earnings and outgo:
Earnings : Rs. 31.11 Lakh
Outgo : Rs. 3351.64 Lakh

Acknowledgement

Your Directors wish to place on record their immense appreciation for the assistance and cooperation received from employees at all levels and from all statutory authorities.

For and on behalf of the Board

Directors { Sandeep Tandon
S. K. Kanwar
Atul Dayal

Mumbai

Dated: 24th April, 2004.

MANAGEMENT REPORT ATTACHED TO THE FINANCIAL STATEMENT AS ON 31ST MARCH, 2004

- We confirm that the validity of the registration granted by Insurance Regulatory and Development Authority (IRDA) has not expired;
- We certify that all the dues payable to the statutory authorities have been duly paid before the due dates;
- We confirm that shareholding pattern and the transfer of shares during the year are in accordance with the statutory and regulatory requirements;
- We declare that the management has not directly or indirectly invested outside India the funds of the holders of policies issued in India;
- We confirm that the required solvency margins have been maintained;
- We certify that the values of all the assets have been reviewed on the date of the Balance Sheet and that in the best of our belief, the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the several headings - "Investments", "Agents Balances", "Income accrued on Investments", "Balance due from other entities carrying on insurance business", "Other Advances", "Advances to Staff", "Deposits" and "Cash";
- The overall risk exposure for the risks accepted by us is limited to Rs. 5 Crores per risk and we certify that we have made adequate reinsurance arrangements to mitigate the loss arising out of any major claim;
- We have no operations in any country outside India;
- The average claim settlement in the year 2003-2004 was 25 days;
- We certify that the investments have been valued as per the Accounting Regulations of the Insurance Regulatory and Development Authority and shown in the Balance Sheet. The market value of investments has been arrived at based on quoted market price wherever available and in other cases the book value has been considered as market price. The average yield on investments after considering the profit on sale and amortization of costs of investments is 8.25%.

For and on behalf of the Board

Directors { Sandeep Tandon
S. K. Kanwar
Atul Dayal

Principal Officer & Manager
Secretary

Vijay Pawar
Shrivallabh Goyal

Mumbai

Dated: 24th April, 2004.



AUDITORS' REPORT

To,

**The Members,
Reliance General Insurance Company Limited,**

We have audited the attached Balance Sheet of Reliance General Insurance Company Limited as at 31st March 2004 and also the Revenue Accounts, Profit and Loss Account and Receipts and Payments Account of the company for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have 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 from any 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.

Further to our comments we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them satisfactory;
- b) The Balance Sheet, Revenue Accounts, Profit and Loss Account and Receipts and Payments Account referred to in this report are in agreement with the books of accounts;
- c) The actuarial valuation of claims outstanding towards incurred but not reported (IBNR) and incurred but not enough reported (IBNER) is duly certified by the appointed actuary;
- d) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31st March 2004 from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956;

On the basis of our examination we certify that:

- a) We have reviewed the Management Report attached hereto and there is no apparent mistake or material inconsistencies with the financial statements;
- b) The Company has complied with the terms and conditions of the registration stipulated by the Insurance Regulatory and Development Authority;
- c) We have verified the cash and bank balances and the investments of the company by actual inspection or by obtaining confirmation wherever necessary;
- d) No part of the policy holders' funds has been directly or indirectly applied in contravention of the provisions of Insurance Act, 1938 relating to the application and investment of the policy holders' funds;

In our opinion:

- a) Proper Books of Account as required by law, have been maintained by the company, so far as appears from our examination of the Books of the Company;
- b) Investments have been valued in accordance with the provisions of the Insurance Regulatory and Development Act, 1999 and Regulations framed there under;
- c) The accounting policies selected by the company are appropriate and the said policies, Balance Sheet, Revenue Accounts, Profit and Loss Account and Receipts and Payments Account are in compliance with the mandatory Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956 to the extent applicable and with accounting principles as prescribed in the relevant Regulations framed under the Insurance Regulatory and Development Act, 1999;

We are further of the opinion that to the best of our information and according to the explanations given to us, the said Balance Sheet, Revenue Accounts, Profit and Loss Account and Receipts and Payments Account have been drawn up in accordance with the applicable provisions of the Insurance Act 1938, the Insurance Regulatory and Development Act, 1999 and the Companies Act 1956, to the extent applicable, and in the manner so required and the financial statements read together with significant accounting policies and notes thereon present a true and fair view in conformity with the accounting principles generally accepted in India:

- i) of the state of affairs of the company in so far as it relates to the Balance Sheet as at 31st March 2004, and,
- ii) of the 'Profit' of the company in so far as it relates to Revenue Accounts, in case of Fire Revenue Account and 'Loss' of the company in the case of Marine Revenue Account and Miscellaneous Revenue Account for the financial year ended on that date,
- iii) of the 'Profit' of the company, in so far as it relates to the Profit and Loss Account for the financial year ended on that date, and
- iv) of the receipts and payments in so far as it relates to the Receipts and Payments Account of the company for the year ended on that date.

for **Rajendra & Co.**
Chartered Accountants

Apurva R Shah
Partner
Membership : 47166

Mumbai
Dated: 24th April, 2004.

for **Pathak H. D. & Associates**
Chartered Accountants

Amit Chaturvedi
Partner
Membership : 103141



Reliance General Insurance Company Limited

BALANCE SHEET AS AT 31ST MARCH, 2004

(Rupees in thousand)

	Schedule	As at 31.03.2004	As at 31.03.2003
SOURCES OF FUNDS			
Share Capital	1&1A	102 00 07	102 00 07
Reserves and Surplus	2	30 57 23	21 58 31
Deferred Tax		30	-
TOTAL		132 57 60	123 58 38
APPLICATION OF FUNDS			
Investments	3	182 10 60	181 49 05
Deferred Tax		-	84
Fixed Assets	4	2 36 23	1 63 44
Current Assets			
Cash and Bank Balances	5	5 60 99	9 79 94
Advances and Other Assets	6	26 77 31	22 05 77
Sub-Total (A)		32 38 30	31 85 71
Current Liabilities	7	65 13 06	80 90 22
Provisions	8	19 51 94	11 25 39
Sub-Total (B)		84 65 00	92 15 61
Net Current Assets (C = A - B)		(52 26 70)	(60 29 90)
Miscellaneous Expenditure	9	37 47	74 95
(To the extent not written off or adjusted)			
TOTAL		132 57 60	123 58 38

As per Report of even date attached.

For **Rajendra & Co.**
Chartered Accountants

Apurva R Shah
Partner

Mumbai
Dated: 24th April, 2004

For **Pathak H. D. & Associates**
Chartered Accountants

Amit Chaturvedi
Partner

Mumbai
Dated: 24th April, 2004

For and on behalf of the Board

Directors { **Sandeep Tandon**
S. K. Kanwar
Atul Dayal

Principal Officer & Manager
Secretary

Vijay Pawar
Shrivallabh Goyal



Reliance General Insurance Company Limited

FIRE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

(Rupees in thousand)

Particulars	Schedule	2003-2004	2002-2003
Premiums earned (Net)	10	9 00 24	2 68 06
Profit / (loss) on sale/redemption of Investments (Net)		28 51	91 49
Interest, Dividend & Rent – Gross		1 35 76	1 62 67
Commission	11	13 46 24	18 80 00
TOTAL (A)		24 10 75	24 02 22
Claims Incurred (Net)	12	6 72 11	5 43 64
Operating Expenses related to Insurance Business	13	11 39 13	9 27 07
TOTAL (B)		18 11 24	14 70 71
Operating Profit/(Loss) from Fire Business C = (A - B) transferred to Profit & Loss Account		5 99 51	9 31 51

MARINE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

Premiums earned (Net)	10	1 80 50	92 31
Profit / (loss) on sale/redemption of Investments (Net)		8 12	14 72
Interest, Dividend & Rent – Gross		38 65	26 17
Commission	11	1 49 72	59 55
TOTAL (A)		3 76 99	1 92 75
Claims Incurred (Net)	12	1 33 28	1 40 33
Operating Expenses related to Insurance Business	13	2 07 15	1 82 45
TOTAL (B)		3 40 43	3 22 78
Operating Profit/(Loss) from Marine Business C = (A - B) transferred to Profit & Loss Account		36 56	(1 30 03)

MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2004

Premiums earned (Net)	10	15 51 47	5 71 60
Profit / (loss) on sale/redemption of Investments (Net)		62 41	2 00 30
Interest, Dividend & Rent – Gross		2 97 22	3 56 18
Commission	11	10 38 73	9 22 21
Exchange Gain		1	19 04
TOTAL (A)		29 49 84	20 69 33
Claims Incurred (Net)	12	15 68 89	12 33 25
Operating Expenses related to Insurance Business	13	19 86 27	15 58 96
TOTAL (B)		35 55 16	27 92 21
Operating Profit/(Loss) from Miscellaneous Business C = (A - B) transferred to Profit & Loss Account		(6 05 32)	(7 22 88)

Note : Investment income relating to share holders' average net worth is taken to Profit and Loss Account and the balance is allocated to respective Revenue Accounts on the basis of Gross Written Premium.

As required by Section 40C(2) of the Insurance Act, 1938, we certify that, all expenses of management, wherever incurred, whether directly or indirectly, in respect of fire, marine and miscellaneous insurance business have been fully debited in the Fire Insurance Revenue Account Marine Revenue Account and Miscellaneous Revenue Account respectively as expenses.

As per Report of even date attached.

For **Rajendra & Co.**
Chartered Accountants

Apurva R Shah
Partner

Mumbai
Dated: 24th April, 2004

For **Pathak H. D. & Associates**
Chartered Accountants

Amit Chaturvedi
Partner

Mumbai
Dated: 24th April, 2004

For and on behalf of the Board

Directors { **Sandeep Tandon**
S. K. Kanwar
Atul Dayal

Principal Officer & Manager **Vijay Pawar**
Secretary **Shrivallabh Goyal**



Reliance General Insurance Company Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

(Rupees in thousand)

Particulars	Schedule	2003-2004	2002-2003
Operating Profit / (Loss) transferred from Revenue Account			
a. Fire Insurance		5 99 51	9 31 51
b. Marine Insurance		36 56	(1 30 03)
c. Miscellaneous Insurance		(6 05 32)	(7 22 88)
		30 75	78 60
Income from Investments (relating to share holders' funds)			
Interest, Dividend & Rent - Gross		8 69 63	9 58 22
Profit on sale/redemption of investments		1 98 71	5 40 41
Less: Loss on sale of investments		16 10	1 55
		10 52 24	14 97 08
Profit on Sale of Assets		1 31	6 78
Miscellaneous Income		1 14	11 38
TOTAL (A)		10 85 44	15 93 84
Provisions (Other than Taxation)			
For diminution in the value of investments		-	20 62
Other Expenses			
Preliminary Expenses written off		37 47	37 47
TOTAL (B)		37 47	58 09
Profit Before Tax		10 47 97	15 35 75
Provision for Taxation			
Current Tax		1 48 15	1 04 89
Deferred Tax		1 14	(3 83)
Net Profit After Tax		8 98 68	14 34 69
Add: Balance brought forward from last year		21 58 31	7 35 32
Add: Increase in value of investments relating to Previous year		1 35	-
Sub-total		21 59 66	7 35 32
Less: Tax relating to Previous year		1 11	11 70
		21 58 55	7 23 62
Balance carried forward to Balance Sheet		30 57 23	21 58 31
Basic and diluted earning per share of Rs 10 each (Rs.)		0.88	1.41
Significant Accounting Policies	14		
Notes on Accounts	15		

As per Report of even date attached.

For **Rajendra & Co.**
Chartered Accountants

Apurva R Shah
Partner

Mumbai
Dated: 24th April, 2004

For **Pathak H. D. & Associates**
Chartered Accountants

Amit Chaturvedi
Partner

Mumbai
Dated: 24th April, 2004

For and on behalf of the Board

Directors { **Sandeep Tandon**
S. K. Kanwar
Atul Dayal

Principal Officer & Manager
Secretary

Vijay Pawar
Shrivallabh Goyal



Reliance General Insurance Company Limited

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2004

(Rupees in thousand)

	As at 31.03.2004	As at 31.03.2003
SCHEDULE-1		
Share Capital		
Authorised Share Capital		
20,00,00,000 Equity Shares of Rs10 each	<u>200 00 00</u>	<u>200 00 00</u>
Issued ,Subscribed and Paid-up Share Capital		
10,20,00,700 Equity Shares of Rs10 each fully paid	<u>102 00 07</u>	<u>102 00 07</u>

SCHEDULE-1A

Pattern of Share Holding (As certified by the Management)

Shareholder	As at 31.3.2004		As at 31.3.2003	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Promoters- Indian	2550 01 75	25%	2550 01 75	25%
Holding company- Indian	7650 05 25	75%	7650 05 25	75%
Total	<u>10200 07 00</u>	<u>100%</u>	<u>10200 07 00</u>	<u>100%</u>

(Rupees in thousand)

SCHEDULE-2

Reserves and Surplus

	As at 31.03.2004	As at 31.03.2003
Surplus in Profit and Loss Account	<u>30 57 23</u>	<u>21 58 31</u>
Total	<u>30 57 23</u>	<u>21 58 31</u>

SCHEDULE-3

Investments

Long Term Investments

Government securities and Government guaranteed bonds including Treasury Bills	113 08 99		91 09 34	
Debentures/ Bonds	27 00 81		37 69 76	
Investments in Infrastructure and Social Sector	31 75 15		20 32 99	
Other than Approved Investments	<u>10 25 65</u>	<u>182 10 60</u>	<u>18 02 09</u>	167 14 18

Short Term Investments

Government securities and Government guaranteed bonds including Treasury Bills	-		14 34 87	
Total	<u>182 10 60</u>		<u>181 49 05</u>	

Note:

- Market value of investments as at 31.03.2004 is Rs. 187 04 17 thousand (previous year Rs. 183 28 75 thousand).
- Investments are shown net of provision for diminution in value amounting to Rs Nil (previous year Rs 20 62 thousand)
- Government securities includes Rs 15 37 55 thousand (previous year Rs 2 95 91 thousand) deposit under Section 7 of the Insurance Act, 1938.

SCHEDULE-4

Fixed Assets

(Rupees in thousand)

Description	Gross Block			Depreciation				Net Block		
	As at 1-4-03	Additions	Deductions	As at 31.03.04	Up to 1-4-03	For the year	Deductions	Up to 31.03.04	As at 31.03.04	As at 31.03.03
Furniture & Fittings	17 16	26 52	6	43 62	5 59	7 82	6	13 35	30 27	11 57
Information Technology Equipment	70 09	47 59	-	1 17 68	36 27	24 20	-	60 47	57 21	33 82
Vehicles	1 46 44	51 45	11 48	1 86 41	57 44	28 85	6 25	80 04	1 06 37	89 00
Office Equipment	38 57	20 50	98	58 09	9 52	6 55	36	15 71	42 38	29 05
Total	2 72 26	1 46 06	12 52	4 05 80	1 08 82	67 42	6 67	1 69 57	2 36 23	1 63 44
Previous Year	2 26 98	82 84	37 56	2 72 26	64 58	57 55	13 31	1 08 82	1 63 44	-



Reliance General Insurance Company Limited

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2004

	As at 31.03.2004		(Rupees in thousand) As at 31.03.2003	
SCHEDULE-5				
Cash and Bank Balances				
Cash (including cheques, drafts and stamps on hand)		88 47		7 98 87
Bank Balances				
(a) Short Term Deposit Accounts	1 15 83		66 42	
(b) Current Accounts	<u>3 56 69</u>	<u>4 72 52</u>	<u>1 14 65</u>	<u>1 81 07</u>
Total		<u><u>5 60 99</u></u>		<u><u>9 79 94</u></u>

	As at 31.03.2004		(Rupees in thousand) As at 31.03.2003	
SCHEDULE-6				
Advances and Other Assets				
Advances				
Prepayments		21 25		7 75
Advance tax paid and taxes deducted at source (net of provision for taxation)		3 12		89
Rental Deposits		46 67		26 06
Advances to Staff		15 83		6 11
Other Advances		<u>14 13</u>		<u>20 57</u>
		<u>1 01 00</u>		61 38
Other Assets				
Income accrued on investments		5 24 73		6 88 94
Agents' Balances		34		31
Due from other entities carrying on insurance business (including reinsurers)		<u>20 51 24</u>		<u>14 55 14</u>
Total		<u><u>26 77 31</u></u>		<u><u>22 05 77</u></u>

SCHEDULE-7				
Current Liabilities				
Agents' Balances		23 83		12 30
Balances due to other insurance companies		10 02 49		32 43 06
Premiums received in advance		1 52 52		3 46 08
Unallocated Premium		18 14 17		13 47 23
Unearned Commission		7 91 75		13 79 46
Sundry creditors		12 47 43		4 96 91
Claims Outstanding		13 46 78		11 76 07
Environmental Relief Fund Payable		<u>1 34 09</u>		<u>89 11</u>
Total		<u><u>65 13 06</u></u>		<u><u>80 90 22</u></u>

SCHEDULE-8				
Provisions				
Reserve for Unexpired Risk		19 32 47		11 09 80
Provision for Leave Encashment		<u>19 47</u>		<u>15 59</u>
Total		<u><u>19 51 94</u></u>		<u><u>11 25 39</u></u>

SCHEDULE-9				
Miscellaneous Expenditure				
(To the extent not written off or adjusted)				
Preliminary Expenses not written off carried forward from last year		74 94		1 12 42
Less: Written off during the year		<u>37 47</u>		<u>37 47</u>
Total		<u><u>37 47</u></u>		<u><u>74 95</u></u>



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2004

SCHEDULE -10

Premium Earned (Net)

(Rupees in thousand)

Particulars	Year	Premium from direct business written	Premium on reinsurance accepted	Premium on reinsurance ceded	Adjustment for unallocated premium	Net Premium (3+4-5-6)	Adjustment for change in reserve for unexpired risks	Net Premium Earned (7-8)
1	2	3	4	5	6	7	8	9
Fire	2003-04	46 36 07	4 32 84	37 27 58	3 06	13 38 27	4 38 03	9 00 24
	2002-03	55 41 96	3 37 58	48 70 59	3 33 75	6 75 20	4 07 14	2 68 06
Marine Cargo	2003-04	11 85 78	-	9 46 49	40 23	1 99 06	20 96	1 78 10
	2002-03	8 34 12	-	6 37 25	39 75	1 57 12	64 99	92 13
Marine Hull	2003-04	1 34 16	-	1 29 54	1 64	2 98	58	2 40
	2002-03	57 47	-	55 77	(70)	2 40	2 22	18
Marine Total	2003-04	13 19 94	-	10 76 03	41 87	2 02 04	21 54	1 80 50
	2002-03	8 91 59	-	6 93 02	39 05	1 59 52	67 21	92 31
Motor	2003-04	14 34 13	-	2 86 84	2 51 29	8 96 00	3 23 83	5 72 17
	2002-03	7 55 03	-	1 51 01	3 55 68	2 48 34	1 15 96	1 32 38
Employer's Liability	2003-04	63 72	-	12 75	4 89	46 08	10 86	35 22
	2002-03	42 27	-	8 45	11 50	22 32	8 00	14 32
Public Liability	2003-04	11 22 15	-	11 07 26	6 22	8 67	(34 15)	42 82
	2002-03	12 45 07	-	11 39 72	26 36	78 99	30 50	48 49
Engineering	2003-04	13 19 16	(20 47)	10 80 29	11 55	2 06 85	(42 37)	2 49 22
	2002-03	15 64 09	84 59	13 57 82	95 03	1 95 83	1 24 86	70 97
Aviation	2003-04	6 53 28	-	6 49 84	1 23	2 21	(7 48)	9 69
	2002-03	4 24 55	-	4 21 39	(14 00)	17 16	4 00	13 16
Personal Accident	2003-04	4 24 66	-	3 52 09	(54 46)	1 27 03	(49 03)	1 76 06
	2002-03	2 76 96	-	81 22	(29 36)	2 25 10	94 40	1 30 70
Health	2003-04	7 79 29	-	1 80 64	1 03 84	4 94 81	1 31 13	3 63 68
	2002-03	5 01 18	-	1 07 85	1 60 77	2 32 56	1 14 90	1 17 66
Other Misc.	2003-04	43 53 16	-	41 22 79	97 46	1 32 91	30 30	1 02 61
	2002-03	73 25 09	-	72 56 30	(3 52)	72 31	28 39	43 92
Misc Total	2003-04	101 49 55	(20 47)	77 92 50	4 22 02	19 14 56	3 63 09	15 51 47
	2002-03	121 34 24	84 59	105 23 76	6 02 46	10 92 61	5 21 01	5 71 60

Note: The entire net premium is arising from business in India.

SCHEDULE - 11

Commission (Net)

(Rupees in thousand)

Particulars	Year	Commission paid on direct business written	Commission paid on reinsurance accepted	Commission received from reinsurance ceded	Net commission (3 + 4 - 5)
1	2	3	4	5	6
Fire	2003-04	1 36 67	1 32	14 84 23	(13 46 24)
	2002-03	16 63	37 74	19 34 37	(18 80 00)
Marine Cargo	2003-04	46 77	-	1 83 01	(1 36 24)
	2002-03	25 21	-	76 94	(51 73)
Marine Hull	2003-04	-	-	13 48	(13 48)
	2002-03	-	-	7 82	(7 82)
Marine Total	2003-04	46 77	-	1 96 49	(1 49 72)
	2002-03	25 21	-	84 76	(59 55)
Motor	2003-04	1 44 78	-	44 96	99 82
	2002-03	53 89	-	28 67	25 22
Employer's Liability	2003-04	2 88	-	2 35	53
	2002-03	1 49	-	85	64
Public Liability	2003-04	6 83	-	1 21 92	(1 15 09)
	2002-03	81	-	66 78	(65 97)
Engineering	2003-04	11 26	-	3 99 55	(3 88 29)
	2002-03	4 15	2 56	3 66 35	(3 59 64)
Aviation	2003-04	26	-	33 15	(32 89)
	2002-03	-	-	46 35	(46 35)
Personal Accident	2003-04	30 41	-	83 12	(52 71)
	2002-03	6 23	-	15 77	(9 54)
Health	2003-04	36 74	-	41 21	(4 47)
	2002-03	15 17	-	17 98	(2 81)
Other Misc.	2003-04	54 71	-	6 00 34	(5 45 63)
	2002-03	40 72	-	5 04 48	(4 63 76)
Misc Total	2003-04	2 87 87	-	13 26 60	(10 38 73)
	2002-03	1 22 46	2 56	10 47 23	(9 22 21)

Note: Commission received from reinsurance ceded is net of Rs 19 29 thousand relating to the year 2002-03

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2004
**SCHEDULE-12
Claims Incurred (Net)**

(Rupees in thousand)

Particulars	Year	Claims paid from direct business written	Claims paid on reinsurance accepted	Claims recovered on reinsurance ceded	Net Claims Paid (3 + 4 - 5)	Outstanding claims at the year end	Outstanding claims at the year beginning	Net claims incurred (6 + 7 - 8)
1	2	3	4	5	6	7	8	9
Fire	2003-04	31 09 19	5 58	25 55 80	5 58 97	4 88 25	3 75 11	6 72 11
	2002-03	6 13 48	-	4 28 79	1 84 69	3 75 11	16 16	5 43 64
Marine Cargo	2003-04	4 27 87	-	2 82 14	1 45 73	79 30	71 26	1 53 77
	2002-03	2 51 98	-	1 82 52	69 46	71 26	24 62	1 16 10
Marine Hull	2003-04	2 70 43	-	2 68 51	1 92	1 95	24 36	(20 49)
	2002-03	-	-	-	-	24 36	13	24 23
Marine Total	2003-04	6 98 30	-	5 50 65	1 47 65	81 25	95 62	1 33 28
	2002-03	2 51 98	-	1 82 52	69 46	95 62	24 75	1 40 33
Motor	2003-04	5 38 30	-	1 07 72	4 30 58	2 56 16	67 42	6 19 32
	2002-03	1 74 78	-	34 64	1 40 14	67 42	20 52	1 87 05
Employer's Liability	2003-04	17 66	-	3 53	14 13	2 61	49	16 25
	2002-03	3 57	-	71	2 86	49	9	3 26
Public Liability	2003-04	-	-	-	-	1 18	5 17	(3 99)
	2002-03	-	-	-	-	5 17	5 52	(35)
Engineering	2003-04	4 36 97	7	3 66 48	70 56	43 76	36 45	77 87
	2002-03	1 77 19	-	1 47 40	29 79	36 45	7 26	58 98
Aviation	2003-04	2 12 77	-	2 08 97	3 80	2 53	9 36	(3 03)
	2002-03	3 02 34	-	2 95 51	6 83	9 36	2 33	13 86
Personal Accident	2003-04	2 75 71	-	1 38 80	1 36 91	2 81 91	4 76 78	(57 96)
	2002-03	2 00 64	-	68 41	1 32 23	4 76 78	9 60	5 99 41
Health	2003-04	10 09 07	-	2 02 68	8 06 39	1 51 51	49 92	9 07 98
	2002-03	3 27 62	-	63 54	2 64 08	49 92	2 37	3 11 63
Other Misc.	2003-04	1 26 17	-	91 60	34 57	37 63	59 75	12 45
	2002-03	32 94	-	19 11	13 83	59 75	14 16	59 42
Misc Total	2003-04	26 16 65	7	11 19 78	14 96 94	7 77 29	7 05 34	15 68 89
	2002-03	12 19 08	-	6 29 32	5 89 76	7 05 34	61 85	12 33 25

Note:

Claims less reinsurances paid comprises payments to claimants in India Rs 21 94 75 thousand (previous year Rs 8 32 02 thousand) and to claimants outside India Rs 8 88 thousand (previous year Rs 11 89 thousand).

Particulars	As at 31.03.2004		As at 31.03.2003	
SCHEDULE-13				
Operating Expenses related to insurance business				
Employees' remuneration & welfare benefits		5 44 32		5 05 79
Companies contribution to Provident fund and others		54 55		43 34
Staff Welfare		36 16		24 32
Travel, conveyance and vehicle running expenses		1 03 43		1 22 16
Rents, rates & taxes		9 70 93		3 36 74
Repairs		80 44		46 93
Printing & Stationery		29 52		19 01
Communication & data transfer expenses		5 83 02		7 35 28
Legal & professional charges		6 50 69		5 91 86
Auditors remuneration				
a. Audit fees	6 48		4 20	
b. Tax Audit fees	1 08		1 05	
c. Certification Fees	1 08	8 64	1 05	630
Advertisement and Publicity		16 91		2 74
Interest and Bank Charges		4 48		2 90
Entertainment expenses		5 66		5 64
Office maintenance expenses		25 42		26 17
Office management expenses		74 89		36 83
Recruitment & Training expenses		21 10		13 23
Depreciation		67 42		57 55
Subscriptions and membership fees		11 38		37 98
Coinsurance Expenses (net)		31 96		50 25
Loss minimisation expenses		8 50		-
Miscellaneous expenses		3 13		3 46
TOTAL		33 32 55		26 68 48

Note: Operating Expenses for the current year is allocated in the ratio of Net written premium to Revenue account

Fire Revenue Account	11 39 13	9 27 07
Marine Revenue Account	2 07 15	1 82 45
Miscellaneous Revenue Account	19 86 27	15 58 96
	33 32 55	26 68 48



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2004

SCHEDULE- 14

Significant Accounting Policies forming part of the financial statements as at 31st March, 2004

1 Basis of preparation of financial statements

The balance sheet, profit and loss account and revenue accounts are drawn up in accordance with the Insurance Regulatory & Development Authority Act, 1999 and the Regulations framed there under read with relevant provisions of The Insurance Act, 1938 and The Companies Act, 1956. Financial statements have been prepared under historical cost convention in accordance with the generally accepted accounting principles and confirm to the statutory provisions in regard to general insurance operations in India.

2 Revenue Recognition

a) Premium

Premium is recognised as income over the contract period.

b) Commission

Commission income on reinsurance cessions including profit commission is recognised over the policy contract period.

c) Claims Incurred

i) Claims include all expenses directly incurred in relation to their assessment and are net of salvage realised.

ii) Claims reported and outstanding are provided net of claims recoverable from reinsurance based on intimations received up to the year end, survey reports, information provided by insured, past experience and other applicable laws.

iii) Claims outstanding include provision for claims incurred but not reported (IBNR) and also for claims incurred but not enough reported (IBNER) based on actuarial valuation.

d) Reinsurance

i) Reinsurance is ceded in the year in which the risk commences and recognized over the contract period.

ii) Reinsurance inward is accounted to the extent of the returns received from the reinsurers.

3 Investments

a) Investments are carried at cost on weighted average basis.

b) Investment in debt securities including government securities is shown in the Balance sheet at cost less amortisation of premium paid over the maturity period.

4 Fixed Assets

a) Fixed assets are stated at cost less accumulated depreciation.

b) Depreciation on Fixed Assets is provided on Written Down Value basis at the rates and the manner provided in Schedule XIV to the Companies Act, 1956. Assets purchased for value not exceeding Rs. 5000 is written off during the year of purchase.

5 Employee retirement benefits

Company's contributions to Provident Fund and Superannuation Fund are charged to Profit and Loss Account. Gratuity and Leave Encashment Benefit are charged to Profit and Loss Account on the basis of actuarial valuation.

6 Reserve for unexpired risk

Reserve for unexpired risk is made at 100% on net earned premium for Fire Terrorism premium, Engineering Terrorism premium and for Marine Hull premium and at 50% of net earned premium for other premiums.

7 Miscellaneous Expenditure

Miscellaneous expenditure is amortised over a period of five years from the commencement of business.

Schedule - 15

Notes forming part of the Accounts as at 31st March 2004.

- 1) There are no encumbrances to assets of the company in and outside India.
- 2) There are no commitments made and outstanding for Loans and Investments.
- 3) Capital commitments on account of purchase of insurance software not acknowledged as debts Rs 1 25 75 thousand (previous year Rs Nil).
- 4) Out of 1170 Claims (previous year 1516 claims) reported and outstanding amounting to (Gross) Rs. 45 84 69 thousand (previous year Rs. 30 18 14 thousand), 212 Claims amounting to Rs 6 30 21 thousand (previous year 82 claims amounting to Rs. 6 28 46 thousand) are outstanding for more than six months.
- 5) Deferred tax Liability (Net) as at 31st March, 2004 comprises of the following.

	(Rs. in thousand)	
	2003-04	2002-03
a) Deferred Tax Asset		
Related to Disallowance under Income-tax Act, 1961	6 98	5 39
b) Deferred Tax Liability		
Related to Fixed Assets	7 28	4 55
c) Deferred Tax Asset / (Liability) (Net)	(30)	84

6) Value of contracts in relation to investments for:

- (i) Purchases where deliveries are pending - Nil
- (ii) Sales where payments are overdue - Nil.

7) The company has changed the method of valuation of Investments from first in first out basis to weighted average basis w.e.f. 1.1.2003 as per the directives of Insurance Regulatory and Development Authority.

Consequent to this, there has been an additional credit to the Profit & Loss Account amounting to Rs. 1 35 thousand relating to the previous year. Had there been no change in the method of valuation, the income for the year would have been higher by Rs 1 25 thousand excluding the credit relating to the previous year.

Consequently, the Investments and Reserves and Surplus are higher by Rs 2 60 thousand as at the Balance Sheet date.

8) No provision for premium deficiency is considered necessary on a global basis based on actuarial valuation.

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2004

- 9) Prior period item amounting to Rs 19 29 thousand (debit) representing reinsurance commission is adjusted against Commission income in the current year.
- 10) The company has under written during the year rural insurance premium of Rs 9 17 20 thousand (previous year Rs 5 63 08 thousand) representing 5.69% of Gross Direct Premium (previous year 3.03%) and under the social sector, the company has underwritten insurance covers to 14000 lives generating a premium of Rs 1170 thousand (previous year 8 797 lives generating a premium of Rs 26 thousand).
- 11) Managerial remuneration:
- | | |
|-------------------------------------------------------|-------------------|
| a) Salaries | Rs 17 58 thousand |
| b) Perquisites | Rs 1 96 thousand |
| c) Contribution to Provident Fund and Super annuation | Rs 1 29 thousand |
| d) Provision for Gratuity and Leave Encashment | Rs 34 thousand |

Total Rs 21 17 thousand

Computation of net profit in accordance with Section 198 read with Section 309(5) of The Companies Act, 1956 has not been given since no commission is paid.

- 12) Previous year figures have been reworked, rearranged and/or regrouped wherever necessary.
- 13) As per the requirement of Accounting Standard "AS 18" issued by the Institute of Chartered Accountants of India following are the list of related parties with the relationship.

Name of the related party	Nature of relationship	Name of the related party	Nature of relationship
Parties where control exists		Associates	
Reliance Capital Limited	Holding company	Reliance Industries Limited	Associate
Reliance Capital Asset Management Limited	Fellow subsidiary	Key Management personnel and their relatives	
Reliance Capital Trustee Co. Limited	Fellow subsidiary	Vijay Pawar	Manager and Principal Officer
Reliance Life Insurance Company Limited	Fellow subsidiary		

Related party transactions:

(Excluding reimbursements)

(Rupees in thousand)

S No.	Nature of Transaction	Holding company	Fellow Subsidiary	Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel	Total
A	Fixed Assets Sold during the year			- (5 97)			- (5 97)
B	Investments Sold during the year	10 00 00		-			10 00 00
	Balance as at 31st March 2004	(-) (10 00 00)		(10 00 00)			(10 00 00)
C	Interest accrued on investments Balance as at 31st March 2004	(1 04 26)					- (1 04 26)
E	Advances Rental Deposits					- (3 74)	- (3 74)
	Advance to staff				4 89 (-)		4 89 (-)
F	Current Liabilities Sundry Creditors (Premium Deposit)		9 (-)	29 47 (88 54)			29 56 (88 54)
G	Premium Received (Direct business)	15 (-)	12 99 (-)	63 32 04 (38 75 91)			63 45 18 (38 75 91)
H	Claims Paid (Direct business)		1 02 (-)	7 69 59 (4 75 19)			7 70 61 (4 75 19)
I	Other Income Interest Received	1 05 45 (1 07 50)		- (9 13)			1 05 45 1 16 63
J	Expenditure Rent	- (37 60)		2 55 95 (2 02 33)		- (5 30)	2 55 95 (2 45 23)
	Professional Charges			2 50 00 (5 00 00)			2 50 00 (5 00 00)
	Employee Remuneration				21 17 (-)		21 17 (-)

Note: Previous year figures are given in brackets.



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2004

14) Segment Information for the year ended on 31st March, 2004

- a) Revenue and expenses have been identified to a segment on the basis of relation ship to the operating activities of the segment. Revenue and expenses, which relate to enterprise as a whole and are not allocable to a segment on reasonable basis, have been disclosed as "Unallocable".
- b) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as " Unallocable".

(Rupees in thousand)

Particulars	Fire	Marine Cargo	Marine Hull	Motor	Employer Liability	Public Liability	Engin- eering	Aviation	Personal Accident	Health	Other Misc	Total Enterprise
Segment Revenues												
Premium	9 0024 (2 68 06)	1 78 10 (92 13)	2 40 (18)	5 72 17 (1 32 38)	35 22 (14 32)	42 82 (48 49)	2 49 22 (70 97)	9 69 (13 16)	1 76 06 (1 30 70)	3 63 68 (1 17 66)	1 02 61 (43 92)	26 32 21 (9 31 97)
Commission	13 46 24 (18 80 00)	1 36 24 (51 73)	13 48 (7 82)	- 99 82 (-25 22)	- 53 (-64)	1 15 09 (65 97)	3 88 29 (3 59 64)	32 89 (46 35)	52 71 (9 54)	4 47 (2 81)	5 45 63 (4 63 76)	25 34 69 (28 61 76)
Investment income	1 64 27 (2 54 16)	42 02 (38 25)	4 75 (2 64)	50 82 (34 63)	2 25 (1 94)	39 76 (57 10)	46 74 (71 73)	23 15 (19 47)	15 05 (12 70)	27 62 (22 98)	1 54 24 (3 35 93)	5 70 67 (8 51 53)
Exchange Gain						1 (19 04)						1 (19 04)
Total	24 10 75 (24 02 22)	3 56 36 (1 82 11)	20 63 (10 64)	5 23 17 (1 41 79)	36 94 (15 62)	1 97 68 (1 90 60)	6 84 25 (5 02 34)	65 73 (78 98)	2 43 82 (1 52 94)	3 95 77 (1 43 45)	8 02 48 (8 43 61)	57 37 58 (46 64 30)
Segment Expenses												
Claims	6 72 11 (5 43 64)	1 53 77 (1 16 10)	- 20 49 (24 23)	6 19 32 (1 87 04)	16 25 (3 26)	- 3 99 (-35)	77 87 (58 98)	- 3 03 (13 86)	- 57 96 (5 99 41)	9 07 98 (3 11 63)	12 45 (59 42)	23 74 28 (19 17 22)
Management Expenses	11 39 13 (9 27 07)	2 03 22 (1 80 89)	3 93 (1 56)	9 74 55 (5 55 11)	43 32 (32 94)	12 65 (94 95)	1 85 51 (2 67 24)	2 92 (2 91)	61 62 (1 79 85)	5 08 65 (3 61 40)	1 97 05 (64 56)	33 32 55 (26 68 48)
Total	18 11 24 (14 70 71)	3 56 99 (2 96 99)	- 16 56 (25 79)	15 93 87 (7 42 15)	59 57 (36 20)	8 66 (94 60)	2 63 38 (3 26 22)	- 11 (16 77)	3 66 (7 79 26)	14 16 63 (6 73 03)	2 09 50 (1 23 98)	57 06 83 (45 85 70)
Net profit / loss	5 99 51 (9 31 51)	- 63 (-1 14 88)	37 19 (-15 15)	-10 70 70 (-6 00 36)	- 22 63 (- 20 88)	1 89 02 (96 00)	4 20 87 (1 76 12)	65 84 (62 21)	2 40 16 (-6 26 32)	-10 20 86 (-5 29 58)	5 92 98 (7 19 63)	30 75 (78 60)
Unallocated items												
Investment income												10 52 24 (14 97 08)
Other income												2 45 (18 16)
Expenses												37 47 (58 09)
Net Profit before tax												10 47 97 (15 35 75)
Income tax												1 49 29 (1 01 06)
Net profit after tax												8 98 68 (14 34 69)
Assets												
Segment Assets												- (-)
Unallocated Assets												
Total												217 22 60 (214 99 04)
Liabilities												
Segment Liabilities	20 42 66 (19 25 95)	3 17 35 (2 50 62)	17 88 (29 27)	13 93 65 (6 03 04)	47 84 (29 35)	1 13 72 (1 56 22)	3 89 61 (4 72 76)	8 66 (20 69)	4 09 42 (4 10 31)	6 88 80 (3 47 51)	4 55 58 (7 66 84)	58 85 17 (50 12 56)
Unallocated Liabilities												158 37 50 (1648648)
Total												217 22 60 (2149904)

Note :

- Segment Reporting is made as per the modification prescribed by the Insurance Regulatory and Development Authority Regulations wherein details are to be given for fire, marine cargo, marine hull and eight classes of miscellaneous insurance
- Since the company's entire business is conducted within India, there is no reportable geographical segments for the year.
- Previous year figures are given in brackets.

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2004

15) Summary of Financial Statements:

(Rupees in thousand)

Sl. No.	Particulars	2003-04	2002-03	2001-02
OPERATING RESULTS				
1	Gross Premium Written	1610556	1856779	774629
2	Net Premium Income	392182	290259	60065
3	Income From Investment	57067	85153	9571
4	Other Income	1	1904	-
5	Total Income	449250	377316	69636
6	Commission	(266662)	(286176)	(81436)
7	Brokerage	13193	-	-
8	Operating Exps.	333255	266848	145138
9	Claims, Increase In Unexpired Risk Reserve & Other Outgoes	366389	388784	64014
10	Operating Profit/Loss	3075	7860	(58080)
NON OPERATING RESULTS				
11	Total Income under Shareholders account	105469	149462	135649
12	Profit / (Loss) before Tax	104797	153575	73822
13	Provision for tax	14929	10106	6070
14	Profit / (Loss) after Tax	89868	143469	67752
MISCELLANEOUS				
Policy holder's Account :				
15	Total Funds	499077	586562	414312
	Total Investment	499077	586562	414312
	Yield on Investment	8.25%	12.84%	12.94%
Share holders Account :				
16	Total Funds	1321983	1228343	1082297
	Total Investment	1321983	1228343	1082297
	Yield on Investment	8.25%	12.84%	12.94%
17	Paid up Equity Capital	1020007	1020007	1020007
18	Net Worth	1321983	1228343	1082297
19	Total Assets	2168513	2149904	1675188
20	Yield on total investment	8.25%	12.84%	12.94%
21	Earning Per Share	0.88	1.41	0.66
22	Book Value Per Share	12.96	12.04	10.61
23	Total Dividend	-	-	-
24	Dividend Per Share	-	-	-

16) Financial Ratios:

Segment-wise Ratios:

Particulars	Gross premium Growth Rate (Gross premium for the current year divided by the gross premium for the previous year)	Net Retention Ratio (Net premium divided by gross premium)	Net Commission Ratio (Commission net of reinsurance for class of business divided by net premium)	Underwriting Balance Ratio (Underwriting profit by net premium for the respective class of business)
Fire	-16.35% (20.87%)	28.93% (18.21%)	73.34% (186.33%)	44.70% (92.32%)
Marine Cargo	42.16% (483.49%)	20.18% (23.60%)	55.89% (26.27%)	-0.26% (-58.35%)
Marine Hull	133.46% (83.73%)	3.45% (2.96%)	481.92% (460.18%)	804.53% (-891.02%)
Motor	89.94% (858.87%)	80.00% (80.00%)	-6.37% (-4.17%)	-93.32% (-99.39%)
Employer Liability	50.75% (128.92%)	80.00% (80.00%)	0.17% (-1.89%)	-44.39% (-60.86%)
Public Liability	-9.87% (400.64%)	1.33% (8.46%)	701.63% (62.62%)	1269.09% (91.12%)
Engineering	-15.66% (155.71%)	16.56% (18.60%)	150.48% (123.65%)	192.71% (60.55%)
Aviation	53.87% (158.58%)	0.53% (0.75%)	988.09% (1464.08%)	1916.33% (1964.88%)
Personal Accident	53.33% (25.24%)	17.09% (70.67%)	103.63% (4.87%)	330.94% (-319.98%)
Health	55.49% (1638.32%)	76.82% (78.48%)	1.54% (0.72%)	-170.53% (-134.64%)
Other Miscellaneous	-40.57% (353.46%)	5.29% (0.94%)	142.70% (78.66%)	257.40% (1046.07%)
Total	-13.26% (139.70%)	24.35% (15.63%)	49.64% (112.65%)	0.78% (2.71%)

Note: Previous year figures are given in brackets.



Reliance General Insurance Company Limited

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2004

Other Ratios	Basis	Current year	Previous year
Gross Premium To Shareholder's Fund Ratio	Gross premium for the current year divided by paid up capital plus free reserves	1.22	1.51
Growth Rate of Shareholder's Fund	Shareholders' funds as at the current balance sheet date divided by shareholders' funds as at the previous balance sheet date.	7.62%	13.49%
Expenses of Management to Gross Premium	Expenses of management divided by the total gross direct premium	20.69%	14.37%
Combined Ratio	Claims paid plus expenses divided by gross premium	60.58%	25.60%
Technical Reserves to net premium ratio	Reserve for un-expired risks plus unearned premium reserve plus reserve for outstanding claims divided by net premium	129.87%	121.63%
Operating profit ratio	Underwriting profit plus investment income of policy holders funds divided by net premium	0.78%	2.71%
Liquid Assets to Liabilities ratio	Investments less IRDA deposit plus cash and bank balances divided by policy holder liabilities	2.14	2.04
Net earnings ratio	Profit after tax divided by net premium	22.91%	49.43%
Return on Net Worth ratio	Profit after tax divided by net worth	6.80%	11.68%
Reinsurance Ratio	Risk reinsured divided by gross premium	78.21%	86.64%

17) Earnings per share information:

- i) Net profit after tax available for equity shareholder is Rs 8 98 68 thousand (previous year Rs. 14 31 63 thousand).
- ii) Weighted average number of equity shares outstanding during the year is 10,20,00700.
- iii) Basic and Diluted Earning Per Share Rs 0.88 (previous year Rs. 1.41)

As per Report of even date attached.

For **Rajendra & Co.**
Chartered Accountants

Apurva R Shah
Partner

For **Pathak H. D. & Associates**
Chartered Accountants

Amit Chaturvedi
Partner

For and on behalf of the Board

Directors { **Sandeep Tandon**
S. K. Kanwar
Atul Dayal

Principal Officer & Manager
Secretary

Vijay Pawar
Shrivallabh Goyal

Mumbai
Dated: 24th April, 2004

Mumbai
Dated: 24th April, 2004

NOTES ON ACCOUNTS

18) Balance sheet Abstract of Company's General Business Profile:

Registration Details

 Registration No.

		1	2	8	3	0	0
--	--	---	---	---	---	---	---

 State Code

						1	1
--	--	--	--	--	--	---	---

 Balance Sheet Date:

3	1	0	3	2	0	0	4
---	---	---	---	---	---	---	---

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

 Public issue

					N	I	L
--	--	--	--	--	---	---	---

 Right Issue

					N	I	L
--	--	--	--	--	---	---	---

 Bonus issue

					N	I	L
--	--	--	--	--	---	---	---

 Private Placement

					N	I	L
--	--	--	--	--	---	---	---

Position of Mobilisation and Development of funds (Amount in Rs. thousand)

 Total Liabilities

		1	3	2	5	7	6	0
--	--	---	---	---	---	---	---	---

 Total Assets

		1	3	2	5	7	6	0
--	--	---	---	---	---	---	---	---

Sources of funds

 Paid-up Capital

		1	0	2	0	0	0	7
--	--	---	---	---	---	---	---	---

Application of Funds

 Net Fixed Assets

				2	3	6	2	3
--	--	--	--	---	---	---	---	---

 Reserves & Surplus

			3	0	5	7	2	3
--	--	--	---	---	---	---	---	---

 Investments

		1	8	2	1	0	6	0
--	--	---	---	---	---	---	---	---

 Secured Loans

						N	I	L
--	--	--	--	--	--	---	---	---

 Net Current Assets

		-	5	2	2	6	7	0
--	--	---	---	---	---	---	---	---

 Unsecured Loans

						N	I	L
--	--	--	--	--	--	---	---	---

 Deferred Tax

						-	3	0
--	--	--	--	--	--	---	---	---

 Misc. Expenditure

						3	7	4	7
--	--	--	--	--	--	---	---	---	---

Performance of Company: (Amount in Rs. thousand)

 Turnover

			6	3	4	1	4	3
--	--	--	---	---	---	---	---	---

 Total Expenditure

			5	2	9	3	4	6
--	--	--	---	---	---	---	---	---

 Profit Before Tax

			1	0	4	7	9	7
--	--	--	---	---	---	---	---	---

 Profit After Tax

				8	9	8	6	8
--	--	--	--	---	---	---	---	---

 Earning Per Share (Rs.)

					0	.	8	8
--	--	--	--	--	---	---	---	---

 Dividend Rate

									0
--	--	--	--	--	--	--	--	--	---

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

Item Code No. NOT APPLICABLE

Product Description GENERAL INSURANCE

As per Report of even date attached.

 For **Rajendra & Co.**
Chartered Accountants

 For **Pathak H. D. & Associates**
Chartered Accountants

 For and on behalf of the Board
 Directors { **Sandeep Tandon**
S. K. Kanwar
Atul Dayal
Apurva R Shah
Partner

Amit Chaturvedi
Partner

 Principal Officer & Manager
Secretary

Vijay Pawar
Shrivallabh Goyal

 Mumbai
Dated: 24th April, 2004

 Mumbai
Dated: 24th April, 2004



Reliance General Insurance Company Limited

RECEIPTS AND PAYMENT ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

(Rupees in thousand)

Particulars	2003-2004	2002-2003
Cash and cash equivalents at the beginning of year	9 79 94	3 37 88
Cash flows from operating activities		
Direct Premiums received	158 82 75	189 54 30
Reinsurance Accounts (Net)	-83 52 29	-124 87 24
Direct Claims Paid	-64 24 14	-20 84 56
Direct Commission Payments	-4 59 80	-1 61 65
Expenses of Management	-26 19 11	-25 87 62
Advances, Deposits, Staff loans given	- 9 71	6 33
Income tax paid	-1 50 68	- 52 98
Wealth tax paid	- 81	- 1 80
Other Receipts/payments	1 26 83	1 64 01
Net Flow	-20 06 96	17 48 79
Cash flows from investing activities		
Purchase of investments	-638 21 43	-850 16 07
Sale of investments	637 63 72	826 57 84
Purchase of fixed Assets	-1 46 06	- 82 84
Sale of Fixed Assets	7 16	31 02
Interest, Dividends received	17 84 62	13 03 32
Net Flow	15 88 01	-11 06 73
Cash flows from financing activities	-	-
Cash and cash equivalents at the end of year	5 60 99	9 79 94

As per Report of even date attached.

For **Rajendra & Co.**
Chartered Accountants

Apurva R Shah
Partner

Mumbai
Dated: 24th April, 2004

For **Pathak H. D. & Associates**
Chartered Accountants

Amit Chaturvedi
Partner

Mumbai
Dated: 24th April, 2004

For and on behalf of the Board

Directors { **Sandeep Tandon**
S. K. Kanwar
Atul Dayal

Principal Officer & Manager
Secretary

Vijay Pawar
Shrivallabh Goyal



DIRECTORS' REPORT

To the Members,

Your Directors present the Fourth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2004.

Operations

The operation of the business has not commenced during the year since the company is waiting for the completion of infrastructure development by the Reliance group. The Company has therefore sought extension of time for getting the final registration with Insurance Regulatory and Development Authority .

Since the operation of business has not commenced, Revenue Account, Profit and Loss Account for the year was not prepared. Your Directors have not recommended any dividend on Equity Shares for the year under review.

Fixed Deposits

The Company has not accepted any public deposit during the year.

Directors

Shri Sandeep Tandon, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment.

Directors' Responsibility Statement

Pursuant to the Directors' Responsibility statement as required under Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed that:-

- (i) in the preparation of the accounts for the financial year ended 31st March, 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and Insurance Act, 1938 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the accounts for the financial year ended 31st March, 2004 on a 'going concern' basis.

- (v) an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

Auditors and Auditors' Report

M/s Rajendra & Co., Chartered Accountants and M/s Pathak H.D. & Associates, Chartered Accounts, Joint Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under section 224 (1-B) of the Companies Act, 1956.

The notes to the accounts referred to in the Auditors' report are self-explanatory and, therefore do not call for any comments.

Personnel

No employee is receiving remuneration beyond the limit prescribed under the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended up to date.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

Particulars required to be furnished in this report under Section 217(1) (e) of the Companies Act, 1956, relating to conservation of 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.

Acknowledgement

Your Directors wish to place on record their immense appreciation for the assistance and cooperation received from various statutory authorities.

For and on behalf of the Board

Directors { Sandeep Tandon
S. K. Kanwar
Sandeep Junnarkar

Mumbai
Dated: 24th April, 2004

MANAGEMENT REPORT ATTACHED TO THE FINANCIAL STATEMENT AS ON 31ST MARCH 2004

- 1) We confirm that we have applied for the registration with the Insurance Regulatory & Development Authority and the same is pending; exceeding their realisable or market value under the several headings –“ Other Advances”, “Advances to Staff”, “Deposits” and “Cash”;
- 2) We certify that all the dues payable to the statutory authorities have been duly paid before the due dates;
- 3) We confirm that the shareholding pattern and the transfer of shares during the year are in accordance with the statutory and regulatory requirements;
- 4) We certify that the values of all the assets have been reviewed on the date of the Balance Sheet and that in the best of our belief, the assets set forth in the Balance-sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the several headings –“ Other Advances”, “Advances to Staff”, “Deposits” and “Cash”;
- 5) We have no operations in any country outside India.

For and on behalf of the Board

Directors { Sandeep Tandon
S. K. Kanwar
Sandeep Junnarkar

Secretary V Saravanan

Mumbai
Dated: 24th April, 2004



AUDITORS' REPORT

To,
The Members,
Reliance Life Insurance Company Limited,

We have audited the attached Balance Sheet of Reliance Life Insurance Company Limited as at 31st March 2004 and also Receipts and Payments Account of the company for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have 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 from any 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.

Further to our comments we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them satisfactory;
- a) The company has not commenced its operations and hence the Revenue account and Profit and Loss Account were not prepared for the year;
- b) The Balance Sheet and Receipts and Payments Account referred to in this report are in agreement with the books of accounts;
- c) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31st March 2004 from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956;

On the basis of our examination we certify that:

- b) We have reviewed the Management Report attached hereto and there is no apparent mistake or material inconsistencies with the financial statements;
- c) The company has not yet obtained the final registration from the Insurance Regulatory and Development Authority;
- d) We have verified the cash and bank balances of the company by actual inspection or by obtaining confirmation wherever necessary;

In our opinion:

- a) Proper Books of Account as required by law, have been maintained by the company, so far as appears from our examination of the Books of the Company;
- b) The accounting policies selected by the company are appropriate and the said policies, Balance Sheet and Receipts and Payments Account are in compliance with the mandatory Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956 to the extent applicable and with accounting principles as prescribed in the relevant Regulations framed under the Insurance Regulatory and Development Act, 1999;

We are further of the opinion that to the best of our information and according to the explanations given to us, the said Balance Sheet and Receipts and Payments Account have been drawn up in accordance with the applicable provisions of the Insurance Act 1938, the Insurance Regulatory and Development Act, 1999 and the Companies Act 1956, to the extent applicable, and in the manner so required and the financial statements read together with significant accounting policies and notes thereon present a true and fair view in conformity with the accounting principles generally accepted in India:

- i) of the state of affairs of the company in so far as it relates to the Balance Sheet as at 31st March 2004, and,
- ii) of the receipts and payments in so far as it relates to the Receipts and Payments Account of the company for the year ended on that date.

For **Rajendra & Co.**
Chartered Accountants

Apurva R Shah
Partner
Membership No.: 47166

Mumbai
Dated : 24th April, 2004.

For **Pathak H. D. & Associates**
Chartered Accountants

Amit Chaturvedi
Partner
Membership No.: 103141



Reliance Life Insurance Company Limited

BALANCE SHEET AS AT 31ST MARCH, 2004

(Rupees in thousand)

	Schedule No.	As at 31st March, 2004		As at 31st March, 2003	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1		2 00 07		2 00 07
Borrowings (unsecured)					
From Holding Company			2 00 07		2 00 07
TOTAL			4 00 14		4 00 14
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	2	16 09		22 87	
Less: Depreciation		3 25		4 47	
Net Block			12 84		18 40
Current Assets					
Cash and Bank Balances	3	1 63		1 66	
Advances and other Assets	4	39 36		33 28	
Subtotal		40 99		34 94	
Current Liabilities	5	10 87		6 05	
Net Current Assets			30 12		28 89
Miscellaneous Expenditure (to the extent not written off or adjusted)	6		3 57 18		3 52 85
TOTAL			4 00 14		4 00 14
Significant Accounting policies	7				
Notes forming part of Accounts	8				

As per Report of even date attached.

For **Rajendra & Co.**
Chartered Accountants

Apurva R Shah
Partner

For **Pathak H. D. & Associates**
Chartered Accountants

Amit Chaturvedi
Partner

For and on behalf of the Board

Directors { **Sandeep Tandon**
S. K. Kanwar
Sandeep Junnarkar

Secretary **V Saravanan**

Mumbai
Dated: 24th April, 2004

Mumbai
Dated: 24th April, 2004



Reliance Life Insurance Company Limited

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH 2004

(Rupees in thousand)

	As at 31st March, 2004		As at 31st March, 2003	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - 1				
Authorised Capital				
20,00,00,000 Equity Shares of Rs10 Each		200 00 00		200 00 00
Issued, subscribed and paidup Capital				
20,00,700 Equity Shares of Rs10 Each		2 00 07		2 00 07

SCHEDULE - 1A

PATTERN OF SHAREHOLDING

(As certified by the Management)

Promotor— Indian

Holding company- Indian

	As at 31st March, 2004		As at 31st March, 2003	
	No. of Shares	% of holding	No. of Shares	% of holding
Promotor— Indian	5 00 175	25%	5 00 175	25%
Holding company- Indian	15 00 525	75%	15 00 525	75%
	<u>20 00 700</u>	<u>100%</u>	<u>20 00 700</u>	<u>100%</u>

SCHEDULE - 2

Fixed Assets

(Rupees in thousand)

Description	Gross Block				Depreciation				Net Block	
	As at 1-4-03	Additions	Deductions	As at 31-3-04	Up to 1-4-03	For the year	Deductions	Up to 31.3.04	As at 31.3.2004	As at 31.3.2003
Furniture & Fittings	46	-	-	46	22	2	-	24	22	24
Information Technology Equipment	5	-	-	5	2	1	-	3	2	3
Vehicles	17 29	4 07	10 79	10 57	3 35	89	2 37	1 87	8 70	13 94
Office Equipment	5 07	4	11	5 00	88	24	2	1 10	3 90	4 19
Total	22 87	4 11	10 90	16 08	4 47	1 16	2 39	3 24	12 84	18 40
Previous year	34 43	93	12 49	22 87	4 26	2 24	2 03	4 47	18 40	-

(Rupees in thousand)

SCHEDULE -3

CASH AND BANK BALANCES

Cash (including cheques, drafts and stamps)

Bank Balances

In Current Accounts

	As at 31st March, 2004	As at 31st March, 2003
Cash (including cheques, drafts and stamps)		20
Bank Balances		
In Current Accounts	1 63	1 46
	<u>1 63</u>	<u>1 66</u>

SCHEDULE -4

ADVANCES AND OTHER ASSETS

ADVANCES

Rental and Telephone Deposits

Advances to Staff

Other Advances

Rental and Telephone Deposits	47	48
Advances to Staff	15	15
Other Advances	38 74	32 65
	<u>39 36</u>	<u>33 28</u>

SCHEDULE -5

CURRENT LIABILITIES

Sundry creditors

Sundry creditors	10 87	6 05
	<u>10 87</u>	<u>6 05</u>

SCHEDULE -6

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Preliminary Expenses

Balance carried forward from last year

Pre-operative Expenses during the year

Total

Balance carried forward from last year	3 52 85	3 50 69
Pre-operative Expenses during the year	4 33	2 16
Total	<u>3 57 18</u>	<u>3 52 85</u>



NOTES ON ACCOUNTS

SCHEDULE - 7

Significant accounting policies forming part of financial statements for the period ending 31st March, 2004

1. Basis of preparation of financial statements

The balance sheet is drawn up in accordance with the Insurance Regulatory & Development Authority Regulations read with relevant provisions of Insurance Act, 1938 and Companies Act, 1956. Financial statements have been prepared under historical cost convention in accordance with the generally accepted accounting principles, and conform to the statutory provisions in regard to Life Insurance operations in India

2. Fixed Assets

2.1. Fixed assets are stated at cost less accumulated depreciation.

2.2. Depreciation on fixed assets is provided on Straight Line Method at the rates and the manner provided in Schedule XIV of the Companies Act 1956. Assets purchased for value up to Rs. 5000/- is written off during the year of purchase.

3. Miscellaneous expenditure

Miscellaneous expenditure includes preliminary expenses and pre-operative expenses for amortisation over a period of five years after the commencement of business.

SCHEDULE - 8

Notes forming part of financial statements for the period ending 31st March, 2004

- 1) The company has applied for registration with the Insurance Regulatory & Development Authority and the same is pending.
- 2) Since the business of the company has not commenced, Revenue Account and Profit & Loss Account for the year are not prepared, and expenditure incurred during the period, as detailed under, are treated as 'pre-operative expenses' and carried to the Balance Sheet.

(Rupees in thousand)

Particulars	For the year ended 31-3-2004	For the year ended 31-3-2003
Audit Fees	11	11
Miscellaneous	305	-19
Depreciation	116	224
Total	432	216

- 3) There are no commitments made and outstanding for Loans, Investments and Fixed Assets.
- 4) Company's contributions to Provident Fund and Superannuation Fund are charged to Profit and Loss Account. Gratuity and Leave Encashment Benefit are charged to Profit and Loss Account on the basis of actuarial valuation.
- 5) As per the requirement of Accounting Standard "AS 18" issued by the Institute of Chartered Accountants of India the following are the list of related parties with the relationship.

Name of the related party	Nature of relationship	Name of the related party	Nature of relationship
Where Control Exists		Key Management personnel and their relatives	
Reliance Capital Limited	Holding company	Sandeep Tandon	Director
Reliance Capital Asset Management Limited	Fellow subsidiary	S.K Kanwar	Director
Reliance Capital Trustee Co. Limited	Fellow subsidiary	Sandeep Junnarkar	Director
Reliance General Insurance Company Limited	Fellow subsidiary		
Associates			
Reliance Industries Limited	Associate		

Related party disclosure:

(Rupees in thousand)

Nature of Transaction	Holding company	Fellow Subsidiary	Associates	Key Managerial Personnel	Others	Total
Unsecured Loans						
Repayment of Loan	-					-
	(1 87)					(1 87)
Balance as on 31 st March,2004	2 00 07					2 00 07
	(2 00 07)					(2 00 07)
Expenditure						
Rent			5 40			
			(5 40)			
Insurance		1				
		(-)				
Fixed Assets						
Sold during the year	-					-
	(4 88)					(4 88)

Note: Previous years figures are given in brackets.

- 6) As there are no operations no segment reporting has been done as per 'AS 17' of the Institute of Chartered Accountants of India.
- 7) Previous year figures have been reworked, rearranged and/or regrouped wherever necessary.



NOTES ON ACCOUNTS

8) Balance sheet Abstract of Company's General Business Profile:

Registration Details

Registration No.

		1	2	8	3	0	1
--	--	---	---	---	---	---	---

 Balance Sheet Date:

3	1	0	3	2	0	0	4
---	---	---	---	---	---	---	---

State Code

						1	1
--	--	--	--	--	--	---	---

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

Public issue

						N	I	L
--	--	--	--	--	--	---	---	---

 Bonus issue

						N	I	L
--	--	--	--	--	--	---	---	---

Right Issue

						N	I	L
--	--	--	--	--	--	---	---	---

 Private Placement

						N	I	L
--	--	--	--	--	--	---	---	---

Position of Mobilisation and Development of funds (Amount in Rs. thousand)

Total Liabilities

			4	0	0	1	4
--	--	--	---	---	---	---	---

Total Assets

			4	0	0	1	4
--	--	--	---	---	---	---	---

Sources of funds

Paid-up Capital

			2	0	0	0	7
--	--	--	---	---	---	---	---

 Reserves & Surplus

						N	I	L
--	--	--	--	--	--	---	---	---

 Secured Loans

						N	I	L
--	--	--	--	--	--	---	---	---

 Unsecured Loans

			2	0	0	0	7
--	--	--	---	---	---	---	---

Application of Funds

Net Fixed Assets

					1	2	8	4
--	--	--	--	--	---	---	---	---

 Investments

						N	I	L
--	--	--	--	--	--	---	---	---

 Net Current Assets

					3	0	1	3
--	--	--	--	--	---	---	---	---

 Misc. Expenditure

			3	5	7	1	7
--	--	--	---	---	---	---	---

Performance of Company: (Amount in Rs. thousand)

Turnover

						N	I	L
--	--	--	--	--	--	---	---	---

 Profit Before Tax

						N	I	L
--	--	--	--	--	--	---	---	---

 Earning Per Share (Rs.)

						N	I	L
--	--	--	--	--	--	---	---	---

Total Expenditure

						N	I	L
--	--	--	--	--	--	---	---	---

 Profit After Tax

						N	I	L
--	--	--	--	--	--	---	---	---

 Dividend Rate

						N	I	L
--	--	--	--	--	--	---	---	---

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

Item Code No. NOT APPLICABLE
 Product Description LIFE INSURANCE

As per Report of even date attached.

For **Rajendra & Co.**
 Chartered Accountants

Apurva R Shah
 Partner

For **Pathak H. D. & Associates**
 Chartered Accountants

Amit Chaturvedi
 Partner

For and on behalf of the Board

Directors { **Sandeep Tandon**
S. K. Kanwar
Sandeep Junnarkar

Secretary **V Saravanan**

Mumbai
 Dated: 24th April, 2004

Mumbai
 Dated: 24th April, 2004



Reliance Life Insurance Company Limited

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

(Rupees in thousand)

Particulars	2003- 2004		2002-2003	
	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents at the beginning of period		166		324
Cash flows from operating activities				
Incorporation Expenses				
Pre-operative Expenses	- 3 70		- 45	
Staff Loans and Advances given	- 6 08		2 16	
Other Receipts/Payments	4 82		- 11 49	
Net Flow		- 4 96		- 9 78
Cash flows from investing activities				
Purchase of Fixed Assets	- 4 11		- 93	
Sale of Fixed Assets	9 04		11 00	
Net Flow		4 93		10 07
Cash flows from financing activities				
Proceeds from issue of Share Capital				
Repayment of advance received				
Funds from Holding Company		-		- 1 87
Cash and cash equivalents at the end of period		1 63		166

As per Report of even date attached.

For **Rajendra & Co.**
Chartered Accountants

Apurva R Shah
Partner

For **Pathak H. D. & Associates**
Chartered Accountants

Amit Chaturvedi
Partner

For and on behalf of the Board

Directors { **Sandeep Tandon**
S. K. Kanwar
Sandeep Junnarkar

Secretary **V Saravanan**

Mumbai
Dated: 24th April, 2004

Mumbai
Dated: 24th April, 2004



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors,
Reliance Capital Limited

We have examined the attached Consolidated Balance Sheet of Reliance Capital Limited ("the Company"), its subsidiaries and its associates, as at 31st March, 2004 and the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year then ended and annexed thereto. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted accounting standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Reliance Capital Asset Management Limited and Reliance Capital Trustee Co. Limited, whose financial statements reflect total assets of Rs. 33.81 crores as at 31st March, 2004 and total revenues of Rs. 35.26 crores for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.

The financial statements of Reliance General Insurance Company Limited and Reliance Life Insurance Company Limited, whose financial statements reflect total assets of Rs. 221.33 crores as at 31st March, 2004 and total revenues of Rs. 67.92 crores for the year then ended, have been jointly audited by us with other auditor, and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the joint auditors report.

We did not audit the financial statements of Reliance Europe Limited, Reliance Petroinvestments Limited and WorldTel Holding Limited - associate companies. These financial statements have

been audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of these associates, is based solely on the report of the other auditors as the case may be.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21 - Consolidated Financial Statements and Accounting Standard 23 - Accounting for Investment in Associates in Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company, its subsidiaries and its associates included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company, its subsidiaries and its associates, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company as at 31st March, 2004;
- ii) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company for the year then ended and
- iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company for the year then ended.

For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

R. S. Vahia
Partner

Membership No. 30658

Mumbai

Dated: 27th April, 2004



Reliance Capital Limited

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2004

(Rs. in crore)

	SCHEDULE	As at 31st March, 2004		As at 31st March, 2003	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
(a) Share Capital	A	127.97		127.83	
(b) Reserves & Surplus	B	<u>1,396.92</u>		<u>1,266.74</u>	
			1,524.89		1,394.57
Minority Interest			33.64		31.40
Loan Funds					
Unsecured Loans	C		1,633.47		1,760.45
Deferred Tax Liability (Net) (Refer Note No. 8 of Schedule N)			1.74		0.32
TOTAL			<u>3,193.74</u>		<u>3,186.74</u>
APPLICATION OF FUNDS					
Fixed Assets					
(a) Gross Block	D	548.39		866.23	
(b) Less: Depreciation		282.50		376.86	
(c) Lease Adjustment A/c		(4.60)		(62.30)	
(d) Net Block		<u>261.29</u>		<u>427.07</u>	
(e) Capital Work-in-Progress		18.97		<u>19.90</u>	
			280.26		446.97
Investments	E		1,741.75		1,866.25
Current Assets, Loans & Advances					
(a) Stock in Trade	F	402.83		356.63	
(b) Sundry Debtors		71.62		26.55	
(c) Cash & Bank Balances		31.43		21.23	
(d) Other Current Assets		382.28		326.25	
(e) Loans & Advances		840.05		389.26	
		<u>1,728.21</u>		<u>1,119.92</u>	
Less : Current Liabilities & Provisions					
(a) Current Liabilities	G	493.31		178.36	
(b) Provisions		71.63		73.10	
		<u>564.94</u>		<u>251.46</u>	
Net Current Assets			1,163.27		868.46
Miscellaneous Expenditure (to the extent not written off or adjusted)					
	H		8.46		5.06
TOTAL			<u>3,193.74</u>		<u>3,186.74</u>
Accounting Policies					
Notes to the Accounts					

As per our report of even date
For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

R. S. Vahia
Partner

Mumbai
Dated: 27th April, 2004

For and on behalf of the Board

Chairman
Vice Chairman

Directors

Company Secretary & Manager

Mumbai
Dated: 27th April, 2004

D. Chaturvedi
Anand Jain
D. J. Kapadia
S. S. Thakur
Sandeep H. Junnarkar
Amitabh Jhunjunwala
Alok Agarwal
V. R. Mohan



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

(Rs. in crore)

	SCHEDULE	2003-04		2002-03	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Lease Income	I	48.14		54.94	
Other Income	J	409.89		478.65	
			458.03		533.59
EXPENDITURE					
Interest and Finance Charges	K	199.34		251.74	
Administrative and Other Expenses	L	86.81		68.81	
Depreciation		43.05		92.32	
Bad Debts Written Off		10.73		-	
Less: Transferred from General Reserve		(10.73)		-	
Miscellaneous Expenditure Written Off		0.98		0.67	
			330.18		413.54
PROFIT BEFORE TAX			127.85		120.05
Provision for Tax					
Current Tax			4.17		1.37
Deferred Tax			1.42		0.18
PROFIT AFTER TAX			122.26		118.50
(Short) / Excess Provision for Valuation of Investments (Previous Year)			0.01		-
(Short) / Excess Provision for Dividend of earlier years (Rs. 19,425, Previous Year Rs. 26,923)			-		-
(Short) / Excess Provision for Tax (Previous Year)			(0.01)		(0.02)
			122.26		118.48
Less: Minority Interest's Share of Profit			2.24		3.56
PROFIT AFTER MINORITY INTEREST			120.02		114.92
Share of Profit / (Loss) of Associates			52.62		36.61
PROFIT AFTER SHARE OF PROFIT / (LOSS) OF ASSOCIATES			172.64		151.53
Share of Profit / (Loss) of Associates up to 31st March, 2002			-		2.42
Balance Brought Forward			220.20		138.80
Profit available for appropriations			392.84		292.75
APPROPRIATIONS					
Proposed Dividend - Equity Shares		36.92		36.92	
Proposed Dividend - Preference Shares (Rs. 42,179)		-		-	
Dividend Tax		4.73		4.73	
Transfer to Statutory Reserve Fund		21.15		20.60	
Transfer to General Reserve		21.31		10.30	
Balance Carried to Balance Sheet		308.73		220.20	
			392.84		292.75
Basic and diluted earning per equity share of Rs. 10 each (Rupees) (Refer Note No. 9 of Schedule "N")			13.56		11.90

Accounting Policies

M

Notes to the Accounts

N

As per our report of even date

For and on behalf of the Board

For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

Chairman
Vice Chairman

D. Chaturvedi
Anand Jain

R. S. Vahia
Partner

Directors

D. J. Kapadia
S. S. Thakur
Sandeep H. Junnarkar
Amitabh Jhunjunwala
Alok Agarwal

Company Secretary & Manager

V. R. Mohan

Mumbai
Dated: 27th April, 2004

Mumbai
Dated: 27th April, 2004



Reliance Capital Limited

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

		As at		(Rs. in crore)	
		31st March, 2004		As at 31st March, 2003	
		Rs.	Rs.	Rs.	Rs.
SCHEDULE "A"					
SHARE CAPITAL					
Authorised					
20,00,00,000	Equity Shares of Rs. 10 each	200.00		200.00	
1,00,00,000	Preference Shares of Rs. 100 each	100.00		100.00	
10,00,00,000	Unclassified Shares of Rs. 10 each	100.00		100.00	
			400.00		400.00
Issued and Subscribed					
12,86,50,450	Equity Shares of Rs. 10 each	128.65		128.65	
12,500 (NIL)	5% Cumulative Redeemable Preference Shares of Rs.100 each	0.13		-	
			128.78		128.65
Paid up					
12,73,06,244 (12,73,03,261)	Equity Shares of Rs. 10 each	127.31		127.30	
Add:	Forfeited Shares (Amount originally paid up on 13,44,206 Equity Shares (Previous Year 13,47,189))	0.53		0.53	
			127.84		127.83
12,500 (NIL)	5% Cumulative Redeemable Preference Shares of Rs.100 each fully paid-up		0.13		-
			127.97		127.83

NOTES :

- Of the above Equity Shares:
 - 18,70,000 shares were allotted as fully paid-up pursuant to the Scheme of Amalgamation without payment being received in cash.
 - Forfeiture of 2,983 shares was annulled during the year.
- The above preference shares of Rs. 100 each are redeemable at a premium of Rs. 7,900 per share on 1st August, 2013, with the option for an early redemption at any time.

SCHEDULE "B"

RESERVES AND SURPLUS

Capital Reserve

As per last Balance Sheet	6.36		6.37	
Add: Amount received on forfeited shares	0.03		-	
	6.39		6.37	
Less: On Annulment of shares	0.02		0.01	
		6.37		6.36
Capital Reserve on consolidation of subsidiaries		4.84		4.84
Capital Redemption Reserve				
As per last Balance Sheet		10.00		10.00
Securities Premium Account				
As per last Balance Sheet	734.66		735.12	
Add: On Issue of Preference Shares	9.88		-	
Add: On Annulment of Shares	0.04		0.03	
	744.58		735.15	
Less: Premium on Redemption of NCD / DDB	-		0.48	
		744.58		734.67
Statutory Reserve Fund *				
As per last Balance Sheet	137.37		116.77	
Add: Amount transferred from Profit & Loss Account	21.15		20.60	
		158.52		137.37
General Reserve				
As per last Balance Sheet	153.30		143.00	
Add: Amount transferred from Profit & Loss Account	21.31		10.30	
	174.61		153.30	
Less: Amount transferred to Profit & Loss Account	10.73		-	
		163.88		153.30
Profit & Loss Account		308.73		220.20
		1,396.92		1,266.74

* Created pursuant to Reserve Bank of India (Amendment) Act, 1997.



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As at		(Rs. in crore)	
	31st March, 2004		As at	
	Rs.	Rs.	31st March, 2003	Rs.
SCHEDULE "C"				
UNSECURED LOANS				
Other Loans and Advances from others	1,550.34		1,335.84	
Security Deposit Received - Lease	83.13		223.09	
Assigned Liabilities	-		201.52	
		<u>1,633.47</u>		<u>1,760.45</u>

NOTES : Amount payable within one year is Rs. 1,059.92 crores (Previous Year Rs. 1,487.73 crores).

SCHEDULE 'D'
FIXED ASSETS

(Rs. in crore)

DESCRIPTION	Gross Block			As at 31.3.2004 Rs.	Depreciation		Lease Adjustment 31.3.2004 Rs.	Net Block	
	As at 1.4.2003 Rs.	Additions/ Adj. Rs.	Deductions/ Adj. Rs.		For the year Rs.	Up to 31.3.2004 Rs.		As at 31.3.2004 Rs.	As at 31.3.2003 Rs.
Assets on lease									
Plant & Machinery	586.52	-	320.00	266.52	29.17	185.99	(0.53)	80.00	233.90
Furniture & Fittings	0.86	-	0.66	0.20	0.05	0.11	(0.09)	-	0.18
Ships	39.60	-	-	39.60	2.78	12.33	(19.15)	8.12	16.36
Aircraft	105.79	-	-	105.79	5.92	21.22	15.17	99.74	101.34
Office & Other Equipments	0.45	-	0.44	0.01	0.07	0.01	-	-	0.21
Sub - total	733.22	-	321.10	412.12	37.99	219.66	(4.60)	187.86	351.99
Assets for own use									
Buildings	119.74	-	-	119.74	3.43	54.53	-	65.21	68.64
Furniture & Fittings	4.15	0.61	0.02	4.74	0.20	2.46	-	2.28	1.88
Office & Other Equipments	7.23	1.75	0.01	8.97	1.04	4.79	-	4.18	3.48
Motor Vehicles	1.89	1.21	0.28	2.82	0.39	1.06	-	1.76	1.08
Sub - total	133.01	3.57	0.31	136.27	5.06	62.84	-	73.43	75.08
Grand Total	866.23	3.57	321.41	548.39	43.05	282.50	(4.60)	261.29	427.07
Previous Year	864.53	2.80	1.10	866.23	92.34	376.86	(62.30)	427.07	
Capital Work-in-Progress									
Assets to be Leased								-	0.93
Assets for own use								18.97	18.97
TOTAL								18.97	19.90

Notes :

- Buildings include:
 - cost of shares in Co-operative Societies Rs.2,500 (Previous Year Rs.2,500)
 - Rs.92.94 crores (Previous Year Rs. 92.94 crores) incurred towards purchase / acquisition of 131,881 Equity Shares of Re. 1 each of Mature Trading & Investments Pvt. Ltd. with a right of occupancy of certain area of commercial premises.
- Capital Work-in-progress includes:
 - Advance for Capital Expenditure for assets to be leased Rs. Nil (Previous Year Rs. 0.93 crore) and
 - Amount of Rs.18.97 crores (Previous Year Rs. 18.97 crores) incurred towards purchase / acquisition of 50,000 Equity Shares of Rs.10 each of Legend Housing Pvt. Ltd. with a right of occupancy of certain area in a commercial / residential premises under construction.
- Depreciation for the year includes Rs. 0.01 crore (Previous Year Rs. 0.02 crore) transferred to pre-operative expenses (included in Preliminary Expenses).

	As at		(Rs. in crore)	
	31st March, 2004		As at	
	Rs.	Rs.	31st March, 2003	Rs.
SCHEDULE "E"				
INVESTMENTS				
In Associates (carrying amount)		130.71		55.44
In Others		<u>1,611.04</u>		<u>1,810.81</u>
		<u>1,741.75</u>		<u>1,866.25</u>



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rs. in crore)

	As at 31st March, 2004		As at 31st March, 2003	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE "F"				
CURRENT ASSETS, LOANS AND ADVANCES				
CURRENT ASSETS				
Stock in Trade		402.83		356.63
Sundry Debtors (Unsecured)				
Debts outstanding for a period exceeding six months				
- Considered Doubtful	-		-	
- Considered Good (Rs. 31,200, Previous Year Rs. 31,200)	-		-	
	-		-	
Other Debts, considered good	71.62		26.55	
		71.62		26.55
Cash & Bank Balances				
Cash & Cheques on hand	0.90		8.02	
Balances with the Scheduled Banks				
In Current Accounts	9.66		12.53	
In Fixed Deposit Account	20.86		0.67	
In Margin Money Account	0.01		0.01	
		31.43		21.23
Other Current Assets				
Interest Accrued on Investments	371.49		311.31	
Receivables for Assets on Lease	10.79		14.94	
		382.28		326.25
		<u>888.16</u>		<u>730.66</u>
LOANS & ADVANCES				
Loan to Others				
- Considered Doubtful	1.86		10.30	
- Considered Good	738.92		288.57	
		740.78		298.87
Advances recoverable in Cash or in kind or for value to be received				
- Considered Doubtful	7.96		8.16	
- Considered Good	5.81		2.74	
		13.77		10.90
Deposits	9.20		17.65	
TDS (Net)	76.30		61.84	
		85.50		79.49
		<u>840.05</u>		<u>389.26</u>

NOTES :

- Sundry Debtors include Rs. Nil (Previous Year Rs. 0.03 crore) due from Reliance Communications Infrastructure Ltd. and Rs. Nil (Previous Year Rs. 0.28 crore) from Reliance Infocomm Ltd. companies under the same management.
- Fixed Deposits with Schedule Banks includes Rs. 11.09 crores pledged towards security on behalf of third party.
- Loan to Others includes Rs. 49.19 crores due from Reliance Enterprises Ltd. (Maximum Balance outstanding during the year Rs. 65.55 crores) and Rs. 0.15 crore from Reliance Industrial Investments & Holdings Ltd. (Maximum Balance outstanding during the year Rs. 0.15 crore) companies under the same management.
- Advances Recoverable in cash or in kind includes Rs. 0.05 crore due from the Manager / Officer (Previous Year Rs. 0.05 crore) (Maximum balance outstanding at any time during the year Rs. 0.05 crore (Previous Year Rs. 0.05 crore)).
- Advances recoverable in cash or in kind includes Rs. Nil (Previous Year Rs. 0.05 crore) paid towards share / debenture application money pending allotment.
- In the opinion of the Management, Loans and Advances, other than doubtful, have been considered as good and fully recoverable. However, a provision for sub-standard / doubtful advances of Rs. 9.81 crores (Previous Year Rs. 19.77 crores) (including Rs. 9.81 crores for doubtful advances) (Previous Year Rs. 18.46 crores for doubtful advances) is made in accounts in accordance with Prudential Norms prescribed by the Reserve Bank of India for Non-Banking Financial Companies.



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rs. in crore)

	As at		As at	
	31st March, 2004	31st March, 2003	31st March, 2003	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE "G"				
CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Acceptances	228.65	-		
Sundry Creditors (Other than SSI)	13.17	6.58		
Other Liabilities	93.15	105.48		
Interest accrued but not due	152.55	60.78		
Investor Education and Protection Fund				
Unclaimed Dividend	5.44	5.08		
Unclaimed Fixed Deposit	0.35	0.44		
		493.31		178.36
PROVISIONS				
Provision for Wealth Tax (Net) (Rs. 49,028)	-	0.04		
Provision for sub - standard and doubtful assets	9.81	19.77		
Provision for Leave Encashment	0.85	0.54		
Provision for Unexpired Risk	19.32	11.10		
Proposed Dividend on Shares	36.92	36.92		
Provision for Dividend Tax	4.73	4.73		
		71.63		73.10
		564.94		251.46

NOTES:

Investor Education and Protection Fund does not include any amounts, due and outstanding, to be credited to said fund.

SCHEDULE "H"

MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

Preliminary Expenses	4.26	4.62		
Add: Incurred During the year	0.04	0.02		
Less: Written off during the year	0.38	0.38		
		3.92		4.26
Deferred Revenue Expenditure	0.80	0.82		
Add: Incurred During the year	4.34	0.27		
Less: Written off during the year	0.60	0.29		
		4.54		0.80
		8.46		5.06



SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

	2003 - 04		(Rs. in crore) 2002 - 03	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE "I"				
LEASE INCOME				
Lease Rentals	45.46		47.31	
Less: Lease Equalisation (Net)	(1.89)		(6.58)	
		47.35		53.89
Lease Finance Charges		0.79		1.02
Lease Other Income		-		0.03
		<u>48.14</u>		<u>54.94</u>
SCHEDULE "J"				
OTHER INCOME				
Dividends on :				
Long Term Investments	11.32		92.10	
(Tax Deducted at Source Rs. Nil, Previous Year Rs. 4.93 crores)				
Stock in Trade	6.47		7.34	
(Tax Deducted at Source Rs. Nil, Previous Year Rs. 0.77 crore)				
		17.79		99.44
Interest on :				
Long Term Investments	160.73		273.46	
(Tax Deducted at Source Rs. 3.94 crores, Previous Year Rs. 9.52 crores)				
Others	121.82		30.86	
(Tax Deducted at Source Rs. 22.09 crores, Previous Year Rs. 4.55 crores)				
		282.55		304.32
Profit on sale of (Net):				
Long Term Investments	4.28		8.81	
Stock in Trade	1.21		3.09	
		5.49		11.90
Investment Management and Advisory Fees		32.05		13.97
Trustee Fees		0.05		0.05
Premium & Commission earned (Net)		51.54		38.12
Profit on Sale of Fixed Assets (Net)		0.01		0.08
Profit on Sale of Mobile Handsets		2.01		0.47
Bad Debts Recovered		-		0.80
Provision for Sub Standard and Doubtful Assets Reversed		9.96		1.13
Income on Securities Lending (Net)		-		0.10
Credit Balance written back (Net)		0.30		-
Rent		7.26		6.10
Miscellaneous Income		0.88		2.17
		<u>409.89</u>		<u>478.65</u>
SCHEDULE "K"				
INTEREST & FINANCE CHARGES				
Interest				
On Debentures	-		1.31	
On Others	173.98		77.48	
		173.98		78.79
Discount on Assigned liability (Refer Note No. 2 of Schedule "N")		25.36		123.01
Discount on Bonds		-		49.94
		<u>199.34</u>		<u>251.74</u>



SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

	2003 - 04		(Rs. in crore)	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE "L"				
ADMINISTRATIVE AND OTHER EXPENSES				
Payments to and provisions for employees - Salary, Bonus etc.	10.98		8.50	
Contribution to Provident Fund & other funds	1.05		0.95	
Staff Welfare & Other Amenities	1.05		0.93	
		13.08		10.38
Rent	9.87		3.40	
Rates and Taxes	0.06		0.10	
Repairs and Maintenance	2.66		1.92	
Electricity	0.58		0.51	
Insurance	0.03		0.02	
Travelling and Conveyance	2.16		2.00	
Postage, Telegram and Telephones	7.26		1.38	
Claims Incurred (Net)	23.73		19.17	
Loss on Sale of Fixed Assets (Net)	0.02		0.03	
Loss on Sale of Long term Investments (Net)	-		1.33	
Auditor's Remuneration	0.32		0.30	
Directors' Fees	0.05		0.01	
Donation (Previous Year Rs. 25,000)	0.09		-	
Marketing and Publicity Expenses	13.10		15.05	
Balances Written off (Net)	-		0.48	
Miscellaneous Expenses	13.80		12.73	
		73.73		58.43
		86.81		68.81

ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS

SCHEDULE "M"

A. Principles of consolidation

The consolidated financial statements relate to Reliance Capital Limited ('the Company'), its subsidiary companies and its associates. The consolidated financial statements have been prepared on the following basis:

- i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- iii) The difference between the cost of investment in the subsidiary companies over the net assets as on the date of acquisition is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- iv) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as on the date of disposal is recognised in the consolidated statement of Profit and Loss account as the profit or loss on disposal of investment in subsidiary.
- v) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholder's of the company.
- vi) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the company's shareholders.
- vii) The financial statements of the Company and its associates has been combined on the basis of equity method, whereby the investment is initially recorded at cost, identifying any goodwill / capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for post acquisition change in the Company's share of net assets of the associate. Unrealised profits and losses resulting from transactions between the Company and the associates are eliminated to the extent of the Company's interest in the associate. Unrealised losses are not eliminated if and to the extent the cost of the transferred asset cannot be recovered. The consolidated statement of profit and loss reflects the Company's share of operations of the associate.

B. Other accounting policies

These are set out under "Accounting Policies" of the financial statements of the Company, Reliance Capital Asset Management Limited, Reliance Capital Trustee Co. Limited, Reliance General Insurance Company Limited and Reliance Life Insurance Company Limited.



NOTES ON CONSOLIDATED ACCOUNTS

SCHEDULE "N"

1. (Rs. in crore)

		As at 31 st March, 2004	As at 31 st March, 2003
i)	Contingent Liabilities: Guarantees to Banks and Financial Institutions on behalf of third parties	223.27	491.93
ii)	Estimated amount of contracts remaining to be executed on capital account and not provided for	-	0.75
iii)	Uncalled liability on partly paid shares / debentures	-	250.69
iv)	Claims against the Company not acknowledged as debt	0.06	-
v)	Unexpired Letter of Credit	27.73	-

2. Discount on Assigned Liabilities include additional discount of Rs. 18.35 crores (Previous Year Rs. 50.26 crores) on transfer of Assigned Liability.

3. During the year Company has traded in Mobile Handsets, which has resulted in exchange difference of Rs. 7.41 crores (Previous Year Rs. 0.17 crore).

4. During the year bad debts and advances amounting to Rs. 10.73 crores have been charged to Profit & Loss Account and has been adjusted against withdrawal from General Reserves.

5. Assets given on lease on or after 1st April, 2001

i) (Rs. in crore)

Particulars	Total	Not later than one year	Later than one year and not later than five years	Later than five years
Future lease rentals receivables	10.48	4.94	5.54	-
	(15.42)	(4.94)	(10.48)	(-)
Add: Unguaranteed residual value	1.10	-	1.10	-
	(1.10)	-	(1.10)	(-)
Gross Investments in lease	11.58	4.94	6.64	-
	(16.52)	(4.94)	(11.58)	(-)
Less: Unearned finance income	0.79	0.53	0.26	-
	(1.58)	(0.79)	(0.79)	(-)
Present value of the minimum Lease rentals receivables	10.79	4.41	6.38	-
	(14.94)	(4.15)	(10.79)	(-)

Figures in brackets represent previous year figures.

ii) General description of lease arrangements:

a) Assets are generally given on lease for a period of five years.

b) Lease rentals are charged on the basis of agreed rate of interest.

6. Assets taken on operating lease:

(Rs. in crore)

Particulars	Total	Not later than one year	Later than one year and not later than five years	Later than five years
Future lease rentals payable	0.18	0.07	0.11	-
	(0.25)	(0.07)	(0.18)	(-)

Figures in brackets indicate previous year figures

7. The income tax assessments of the Company have been completed up to Assessment Year 2001-02. The total demand raised by the Income-Tax Department up to the said Assessment Year is Rs. 35.04 crores, which is disputed. Based on the decisions of the Appellate authorities and the interpretation of other relevant provisions, the Company has been advised that no provision for tax is required.

8. Deferred Tax

Reliance Capital Limited

The company has been advised that as there is no tax effect of timing difference based on the estimated computation for a reasonable period, there is no provision for deferred tax in terms of Accounting Standard (AS 22) "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

Subsidiaries

The major component of deferred tax

(Rs. in crore)

Particulars	As at 31 st March, 2004	As at 31 st March, 2003
Deferred tax liabilities		
- Related to Fixed Assets	0.18	0.02
- Deferred revenue expenditure	1.63	0.30
Deferred tax asset		
- Related to disallowance under Income Tax Act, 1961	0.07	-



NOTES ON CONSOLIDATED ACCOUNTS

9. Basic and Diluted Earning Per Share

For the purpose of calculation of Basic and Diluted Earning Per Share the following amounts are considered: (Rs. in crore)

Particulars	For the year ended 31st March, 2004	For the year ended 31st March, 2003
a) Net Profit after tax	172.64	151.53
Less: Preference dividend and tax thereon	0.01	-
Net Profit available for equity shareholders (used as numerator)	172.63	151.53
b) Weighted average number of equity shares (used as denominator)	12,73,06,244	12,73,03,261
c) Basic and Diluted Earning Per Share (Rs.)	13.56	11.90

10. Miscellaneous Expenses referred to in Schedule 'L' include:

- i) Net Prior Period items Rs. 0.02 crore (net credit) (Previous year Rs. 0.15 crore (net credit)).
- ii) Sales tax paid / (refund) (net) Rs. 30,130 (Previous Year (Rs. 0.46 crore))

11. Related Party Disclosures

List of related parties

i) **Associates:**

- a) Reliance Industries Ltd.
- b) Reliance Energy Ltd.
- c) Reliance Land Pvt. Ltd.
- d) Reliance Share & Stock Brokers Pvt. Ltd.
- e) Reliance Petroinvestments Ltd.
- f) Reliance Europe Ltd.
- g) Reliance Mutual Fund
- h) Indian Petrochemicals Corporation Ltd.
- i) World Tel Holding Ltd.

ii) **Key Managerial Personnel:**

- a) Shri V R Mohan – Company Secretary and Manager
- b) Shri Sandeep Tandon – Director
- c) Shri S K Kanwar – Director
- d) Shri Atul Dayal – Director
- e) Shri Sandeep Junnarkar – Director
- f) Shri Vijay Pawar – Manager and Principal Officer

iii) **Relative of Key Management Personnel:**

- a) Shri Vikas Kanwar – Relative
- b) Shri Vineet Kanwar – Relative

iv) Transactions during the year with related parties

(Rs. in crore)

Particulars	Associates	Key Management Personnel	Relative of Key Management Personnel	Total
Unsecured Loans				
a) Taken during the year	6,872.37	-	-	6,872.37
	(3,690.89)	(-)	(-)	(3,690.89)
b) Repaid during the year	6,872.27	-	-	6,872.27
	(4,639.64)	(-)	(-)	(4,639.64)
c) Balance as at 31st March, 2004	0.10	-	-	0.10
	(-)	(-)	(-)	(-)
Security Deposit				
a) Repaid during the year	10.16	-	-	10.16
	(14.58)	(-)	(-)	(14.58)
b) Balance as at 31st March, 2004	12.43	-	-	12.43
	(22.59)	(-)	(-)	(22.59)
Assigned Liabilities				
Accepted during the year	147.03	-	-	147.03
	(404.53)	(-)	(-)	(404.53)
Fixed Assets				
a) Purchased during the year	-	-	-	-
	(-)	(-)	(-)	(-)
b) Sold during the year	-	-	-	-
	(0.06)	(-)	(-)	(0.06)
c) Assets on Lease as at 31st March, 2004	80.03	-	-	80.03
	(80.03)	(-)	(-)	(80.03)



NOTES ON CONSOLIDATED ACCOUNTS

Investments				
a) Subscribed / Purchased during the year	22.65	-	-	22.65
b) Redeemed / Sold during the year	(-)	(-)	(-)	(-)
c) Brokerage paid during the year	(10.02)	(-)	(-)	(10.02)
d) Balance as at 31 st March, 2004	0.12	(-)	(-)	0.12
	(-)	(-)	(-)	(-)
	460.40	-	-	460.40
	(169.58)	(-)	(-)	(169.58)
Stock-in-trade				
a) Subscribed / Purchased during the year	2,162.13	-	-	2,162.13
b) Redeemed / Sold during the year	(1,137.38)	(-)	(-)	(1,137.38)
c) Brokerage paid during the year	206.83	-	-	206.83
d) Balance as at 31 st March, 2004	(217.77)	(-)	(-)	(217.77)
	0.01	-	-	0.01
	(0.01)	(-)	(-)	(0.01)
	280.62	-	-	280.62
	(348.65)	(-)	(-)	(348.65)
Sundry Debtors as at 31st March, 2004	50.95	-	-	50.95
	(10.90)	(-)	(-)	(10.90)
Receivables for Assets on Lease				
a) Repaid during the year	1.92	-	-	1.92
b) Balance as at 31st March, 2004	(1.92)	(-)	(-)	(1.92)
	4.34	-	-	4.34
	(6.27)	(-)	(-)	(6.27)
Loans to Others				
a) Given during the year	3,913.35	-	-	3,913.35
b) Returned during the year	(161.06)	(-)	(-)	(161.06)
c) Balance as at 31 st March, 2004	4,063.69	-	-	4,063.69
d) Interest receivable as at 31st March, 2004	(5.00)	(-)	(-)	(5.00)
	5.66	-	-	5.66
	(156.00)	(-)	(-)	(156.00)
	25.87	-	-	25.87
	(0.05)	(-)	(-)	(0.05)
Advances recoverable in cash or in kind				
a) Given During the year	-	-	-	-
b) Returned during the year	(5.00)	(-)	(-)	(5.00)
c) Balance as at 31 st March, 2004	(-)	(-)	(-)	(-)
d) Interest receivable as at 31st March, 2004	-	0.05	-	0.05
	(-)	(0.05)	(0.04)	(0.09)
	-	0.01	-	0.01
	(0.05)	(0.01)	(-)	(0.06)
Sundry Creditors as at 31st March, 2004	0.59	-	-	0.59
	(0.94)	(-)	(-)	(0.94)
Other Liabilities				
a) Taken during the year	-	-	-	-
b) Repaid during the year	(-)	(-)	(-)	(-)
c) Balance as at 31st March, 2004	(-)	(-)	(-)	(-)
	5.66	-	-	5.66
	(6.00)	(-)	(-)	(6.00)
Interest accrued but not due as at 31st March, 2004	60.86	-	-	60.86
	(52.39)	(-)	(-)	(52.39)
Income				
a) Lease Rentals	8.41	-	-	8.41
b) Dividend	(9.62)	(-)	(-)	(9.62)
c) Interest on Others	17.25	-	-	17.25
d) Sale of Mobile Handsets	(7.55)	(-)	(-)	(7.55)
e) Premium & Commission	33.65	-	-	33.65
f) Investment Management & Advisory Fees	(1.68)	(-)	(-)	(1.68)
g) Rent	-	230.66	-	230.66
h) Miscellaneous Income	(-)	(17.68)	(-)	(17.68)
	63.32	-	-	63.32
	(38.76)	(-)	(-)	(38.76)
	32.05	-	-	32.05
	(13.97)	(-)	(-)	(13.97)
	7.18	-	-	7.18
	(-)	(-)	(-)	(-)
	0.10	-	-	0.10
	(2.21)	(-)	(-)	(2.21)



NOTES ON CONSOLIDATED ACCOUNTS

(Rs. in crore)

	Associates	Key Management Personnel	Relative of Key Management Personnel	Total
Expenditure				
a) Interest on Others	76.55 (66.32)	- (-)	- (-)	76.55 (66.32)
b) Payments to and provisions for employees	- (-)	0.28 (0.43)	- (-)	0.28 (0.43)
c) Claims	7.73 (4.75)	- (-)	- (-)	7.73 (4.75)
d) Rent	2.61 (2.09)	- (-)	- (0.05)	2.61 (2.14)
e) Miscellaneous Expenses	2.50 (5.00)	- (-)	- (-)	2.50 (5.00)
Contingent Liability				
a) Guarantees to Banks and Financial Institutions against credit facilities to third parties	15.00 (0.04)	- (-)	- (-)	15.00 (0.04)

Figures in bracket indicate previous year figures

12. The company is organised into following reportable segments referred to in Accounting Standard (AS 17) "Segment Reporting

(Rs. in crore)

	Finance	Others	Elimination	Total
Revenue				
i) External	356.03 (457.64)	102.00 (75.95)		458.03 (533.59)
ii) Inter Segment	0.76 (1.14)	1.19 (1.08)	1.95 (2.22)	- (-)
Total Revenue	356.79 (458.78)	103.19 (77.03)	1.95 (2.22)	458.03 (533.59)
Result				
Segment Result	105.79 (102.63)	22.07 (17.42)		127.86 (120.05)
Profit before tax				127.86 (120.05)
Provision for Tax				5.59 (1.57)
Profit after Tax				122.27 (118.48)
Less: Minority Interest's Share of Profit				2.25 (3.56)
Share of Profit / (Loss) of Associates				52.62 (36.61)
Profit after Minority Interest and Share of Profit / (Loss) associates				172.64 (151.53)
Other Information				
Segment Assets	3,594.59 (3,301.51)	255.16 (238.78)	91.07 (102.09)	3,758.68 (3,438.20)
Segment Liabilities	2,103.17 (1,926.15)	132.64 (130.54)	2.02 (13.06)	2,233.79 (2,043.63)
Capital Expenditure	0.49 (1.70)	3.08 (1.10)		3.57 (2.80)
Depreciation	42.09 (91.65)	0.96 (0.67)		43.05 (92.32)
Non-cash expenses other than depreciation	- (-)	0.98 (0.66)		0.98 (0.66)

Figures in bracket indicate previous year figures

Notes:

- As per Accounting Standard (AS 17), issued by the Institute of Chartered Accountants of India, the Company has reported segment information on the consolidated basis including business conducted through its subsidiaries.
- The reportable segments are further described below:
 - The Company's main business segment is of Finance.
 - Other operations include insurance and mutual fund (asset management) business.
- Since all the operations of the company are conducted within India, as such there is no separate reportable geographical segment.



NOTES ON CONSOLIDATED ACCOUNTS

13. Particulars in respect of Opening Stock, Purchase, Sales and Closing Stock for Stock in Trade. (Rs. in crore)

	Quantity		Value	
	As at 31st March, 2004	As at 31st March, 2003	As at 31st March, 2004	As at 31st March, 2003
Equity Shares	1,75,00,093	7,81,59,446	284.73	277.32
Debentures	3,13,684	4,02,401	71.69	4.41
Units	-	22,66,926	-	2.37
Government Securities	-	2,22,550	-	2.89
PSU Bonds	20	3	0.21	0.03
Mobile Handsets	-	-	-	-
			356.63	287.02
PURCHASES / TRANSFERS				
Equity Shares	28,48,461	94,26,559	48.94	176.53
Debentures	6,88,433	3,51,750	2,442.88	1,311.49
Units	-	-	-	-
Government Securities	99,83,490	2,63,855	143.23	3.47
PSU Bonds	1,521	2,976	80.36	31.33
Mobile Handsets	6,58,640	44,840	228.65	17.20
			2,944.06	1,540.02
SALES / TRANSFERS				
Equity Shares	-	7,00,85,912	-	169.87
Debentures	8,02,117	4,40,467	2513.80	1245.90
Units	-	22,66,926	-	2.80
Government Securities	58,37,990	4,86,405	81.57	6.36
PSU Bonds	1,488	2,959	75.05	31.17
Mobile Handsets	6,58,640	44,840	230.66	17.66
			2,901.08	1,473.76
CLOSING STOCK				
Equity Shares	2,03,48,554	1,75,00,093	333.34	284.73
Debentures	2,00,000	3,13,684	2.00	71.69
Units	-	-	-	-
Government Securities	41,45,500	-	61.77	-
PSU Bonds	53	20	5.72	0.21
Mobile Handsets	-	-	-	-
			402.83	356.63

14. Auditors' Remuneration includes: (Rs. in crore)

Particulars	2003-04	2002-03
i) Audit Fees	0.23	0.21
ii) Tax Audit Fees	0.07	0.06
iii) In other capacity	0.01	0.01
iv) Out of Pocket Expenses	0.01	0.01

**NOTES ON CONSOLIDATED ACCOUNTS**

15. The subsidiary companies / associate companies considered in the consolidated financial statements are as under :

Name of the Companies	Country of incorporation	Year Ending	Proportion of ownership interest
Subsidiary Companies			
Reliance Capital Asset Management Limited	India	31st March, 2004	100%
Reliance Capital Trustee Co. Limited	India	31st March, 2004	100%
Reliance General Insurance Company Limited	India	31st March, 2004	75%
Reliance Life Insurance Company Limited	India	31st March, 2004	75%
Associate Companies			
Reliance Europe Limited	U K	31st December, 2003	25%
Reliance Share & Stock Brokers Pvt. Ltd.	India	31st March, 2004	50%
Reliance Petroinvestments Ltd.	India	31st March, 2004	50%
Reliance Land Pvt. Ltd.	India	31st March, 2004	50%
WorldTel Holding Ltd.	Bermuda	31st December, 2003	47%

16. The investments of Reliance General Insurance Company Limited amounting to Rs. 182.11 crores (Previous Year Rs. 181.49 crores) have been accounted on held till maturity basis in accordance with the Insurance Regulatory & Development Act, 1999 and the regulations framed thereunder read with relevant provisions of Insurance Act, 1938 and Companies Act, 1956.
17. The Miscellaneous Expenditure of all the subsidiaries amounting to Rs. 8.46 crores (Previous Year Rs. 5.06 crores) have been carried to Balance Sheet in view of absence of Securities Premium Account in the respective companies.
18. Reliance Life Insurance Company Limited has applied for registration with the Insurance Regulatory & Development Authority and the same is pending.
19. Since Reliance Life Insurance Company Limited has not commenced business, expenditure incurred during the year of Rs. 0.04 crore (Previous Year Rs. 0.02 crore) are treated as pre-operation expenses (included in Preliminary Expenses) and carried to the Balance Sheet.
20. Goodwill of Rs. 10.75 crores (Previous Year Rs. 0.71 crore) arising at the time of acquisition of associates has been included in the carrying amount of investment in associates, as per Accounting Standard (AS 23) on Accounting for Investment in Associates in Consolidated Financial Statements.
21. (a) The previous year's figures have been reworked, regrouped and reclassified wherever necessary.
- (b) Figures have been presented in 'crores' of rupees with two decimals in accordance with the approval received from the Company Law Board. Figures less than Rs. 50,000 have been shown at actual in brackets.

As per our report of even date
For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

R. S. Vahia
Partner

Mumbai
Dated: 27th April, 2004

For and on behalf of the Board

Chairman
Vice Chairman

Directors

Company Secretary & Manager
Mumbai
Dated: 27th April, 2004

D. Chaturvedi
Anand Jain
D. J. Kapadia
S. S. Thakur
Sandeep H. Junnarkar
Amitabh Jhunhunwala
Alok Agarwal
V. R. Mohan



Reliance Capital Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2004

Particulars	2003-2004		(Rs. in crore) 2002-2003	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit after Share of Profit / (Loss) of Associates		172.64		151.53
Adjusted for				
Extraordinary items		(0.02)		(0.15)
Minority Interest's Share of Profits		2.24		3.56
Share of Profit of Associates		(52.62)		(36.61)
Net profit before tax and extraordinary items		122.24		118.33
Adjusted for				
Depreciation	43.05		92.32	
Lease Equalisation	(1.89)		(6.58)	
Provision for Tax	5.59		1.39	
Miscellaneous Expenditure written off	0.98		0.67	
Provision for Sub Standard Assets Reversed	(9.96)		(1.13)	
Miscellaneous Expenditure	(4.38)		(0.29)	
Investments -				
Interest/Dividend Income	(172.05)		(365.56)	
(Profit) / Loss on sale of Investment (Net)	(4.28)		(7.48)	
Interest Expenses	199.34		251.74	
Loss / (Profit) on sale of Fixed Assets (Net)	0.01	56.41	(0.05)	(34.97)
Operating Profit before Working Capital Changes		178.65		83.36
Adjusted for				
Trade and Other Receivables	(497.56)		(12.17)	
Inventories	(46.20)		(69.61)	
Trade Payables	232.90	(310.86)	17.94	(63.84)
Cash generated from operations		(132.21)		19.52
Interest Paid	(81.86)		(112.70)	
Taxes Paid	(5.71)	(87.57)	(1.14)	(113.84)
Cash Flow before extraordinary items		(219.78)		(94.32)
Extraordinary Items		0.02		0.15
Net Cash from Operating Activities		(219.76)		(94.17)
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets		(3.57)		(2.80)
Sale of Fixed Assets		128.18		0.73
Purchase of Investments		(1,097.84)		(1,396.05)
Sale of Investments		1,279.24		1,733.25
Interest Received		96.26		554.96
Dividend Received		11.32		87.17
Net Cash used in Investing Activities		413.59		977.26
C. Cash Flow from Financing Activities				
Issue of Preference Share Capital		10.00		-
Proceeds from Long Term Borrowings		647.03		404.53
Repayment of Long Term Borrowings		(513.87)		(1,551.68)
Proceeds from Short Term Borrowings		(285.50)		309.29
Dividend Paid		(41.29)		(36.15)
Net Cash used in Financing Activities		(183.63)		(874.01)
Net increase in Cash and Cash Equivalents (A + B + C)		10.20		9.08
Opening Balance of Cash and Cash Equivalents		21.23		12.15
Closing Balance of Cash and Cash Equivalents		31.43		21.23

The previous year's figures have been regrouped and reclassified wherever necessary.

As per our report of even date

For **PATHAK H. D. & ASSOCIATES**
Chartered Accountants

R. S. Vahia
Partner

Mumbai
Dated: 27th April, 2004

For and on behalf of the Board

Chairman
Vice Chairman

Directors

Company Secretary & Manager

Mumbai
Dated: 27th April, 2004

D. Chaturvedi
Anand Jain
D. J. Kapadia
S. S. Thakur
Sandeep H. Junnarkar
Amitabh Jhunjunwala
Alok Agarwal
V. R. Mohan



LIST OF INVESTOR SERVICE CENTRES OF KARVY COMPUTERSHARE PRIVATE LIMITED

City name	STD Code	Phone-Office	Fax Nos.	City name	STD Code	Phone-Office	Fax Nos.
Agra	0562	2526660 to 63	2526663	Lucknow	0522	2236820 to 26	2236826
Ahmedabad	079	26420422/26400527/28	26565551	Madurai	0452	2350855,2350852 to 854	2350856
Aligarh	0571	2509106 to 08	2429272	Mangalore	0824	2492302/2496332/2496352	—
Allahabad	0532	2561073 to 74	2561073	Mattancherry	0484	2223243	—
Anantapur	08554	249601/249607/249608	—	Mumbai			
Ankleswar	02646	243291/243292/243392/ 243955	—	(Nariman Point)	022	30325645, 624	22855731
Aurangabad	0240	2363517/23/24/30	—	Mumbai (Andheri)	022	26730799/843/311/867/ 153/292	26730152
Bangalore	080	26621184/26621192	6621169	Mysore	0821	2524292/2524293/2441520/ 2441524/2438003 - 06	2524294
Bareilly	0581	2476797, 2476809	2476797	Nadiad	0268	2563210/2563245/2563248	—
Belgaum	0831	2402544/722/880	2402933	Nasik	0253	2577811,5602542,5602543, 5602544	—
Bellary	0839	254531/32/33/34/35	—	Nellore	0861	2349935/2349936/2349937	2349939
Bharuch	02642	242082/242394/241546	—	New Delhi	011	23324401/23353835/981	23324621
Bhavnagar	0278	2525005/06/08/09	—	Palghat	0491	2547143	—
Bhimavaram	08816	231766/67/68/69	—	Panjim	0832	2426870 TO 74	—
Bhopal	0755	2559332/2559337/ 2574731/569/589/2729762	—	Patna	0612	2321354/55/56/57	—
Bhubaneshwar	0674	2539287,2539387,2532103, 2532804	—	Pondicherry	0413	2220636, 2220640, 2220633, 2220644	2220659
Calicut	0495	2760882,2760884	—	Proddatur	08564	250822/250823/250824	—
Chandigarh	0172	5071726,5071727, 5071728,5079702	—	Pune	020	4048790/91/92	25456842
Chennai	044	28153445 28153658/28153181	28153181	Rajahmundry	0883	2434468/2434469	2434471
Chilikaluripet	08647	257501	257502	Rajkot	0281	2239403/2239404/2239338/ 2294316	—
Coimbatore	0422	2237501-502/2237503-505/ 2237506/2237507	—	Ranchi	0651	2330386, 2330394, 2330320	—
Cuttack	0671	2335187/88	—	Renukoot	05446	253179	253179
Dehradun	0135	2713351, 2714046, 2714047	2714047	Rourkela	0661	2510771, 2510772	—
Dindigul	0451	2436077/177	—	Salem	0427	2335700/2335705/ 2335701 - 704	2335705
Durgapur	0343	2586375 to 77	—	Shimoga	0818	2228795/96/97/2227485/ 2226747	2226747
Eluru	08812	227851/52/54	—	Surat	0261	2357356/2351976/2369928	2368693
Erode	0424	2225601/03/15/16/17/24	—	Thanjavur	04362	279407, 279408	—
Ghaziabad	0120	2701886,2701891,2700594	—	Theni	04546	261285, 261108	—
Gobichettipalayam	0425	2226275,2226276	—	Tirupati	0877	2252756	—
Gorakhpur	0551	2333825,2333814	2346519	Tirupur	0421	2205865, 5330158	—
Guntur	0863	2326684/2326686	2326687	Trichur	0487	2322483, 2322484	—
Haldia	03224	312381/276755 to 57	—	Trichy	0431	2791322, 2798200, 2793799, 2793800, 2791000	2794132
Hubli	0836	2353961/62/63/73	—	Trivandrum	0471	2725987, 2725989 to 991	2725987
Hyderabad	040	23320666 / 23323037	23323058	Tumkur	0816	2261891/2/3/4	—
Indore	0731	2431250/42/54,2269891 to 93	2269894	Udupi	0825	2530962/63/64/65	—
Jaipur	0141	2375099,2363321,2375039	2364660	Vadodara	0265	2225325/2225389	2363207
Jamnagar	0288	2557862 TO 65	2553106	Vallabh Vidyanagar	02692	239407/239420/239450	—
Jamshedpur	0657	2487020,2487045,2487048	—	Varanasi	0542	2225365, 2223814	2223814
Junagadh	0285	2624154/2624140/2624125	—	Vijayawada	0866	2495200/400/500/600/ 700/800	2495300
Kakinada	0884	2387382/2387383	2387381	Vishakapatnam	0891	2752915-18	2752915-18
Kanpur	0512	2330127,2331445,3092333	2558334	Vishakapatnam - Gajuwaka	0891	2511685, 2511686	—
Karalkudi	04565	437192 to 93	—				
Karur	04324	241892/241893/241894	241891				
Kochi	0484	2310884,2322152	2323104				
Kolkata	033	24644891/7231/24634788/89/ 5432,24652175 to 78	24644866, 24634787				

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORMAT

To,
Reliance Capital Limited
C/o Karvy Computershare Private Limited
46, Avenue 4, Street No. 1, Banjara Hills
Hyderabad - 500 034.

Dear Sirs,

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND/INTEREST.

Please fill-in the information in CAPITAL LETTERS in ENGLISH ONLY. Please wherever is applicable.

For shares held in physical form

Master Folio No.

For shares held in electronic form

DP. Id

Client Id

FOR OFFICE USE ONLY
ECS Ref.No. <input type="text"/>

Name of First holder	<input type="text"/>
Bank name	<input type="text"/>
Branch name	<input type="text"/>
Branch code	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> (9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank). Please attach a xerox copy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the banks name, branch name and code number.

Account type	→	Savings <input type="checkbox"/>	Current <input type="checkbox"/>	Cash Credit <input type="checkbox"/>
A/c. No. (as appearing in the cheque book)	→	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		
Effective date of this mandate	→	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>		

I, hereby, declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, Karvy Computershare Private Limited, will not be held responsible. I agree to avail the ECS facility provided by RBI, as and when implemented by RBI/Reliance Capital Limited.

I further undertake to inform the Company any change in my Bank/branch and account number.

Dated : _____

(Signature of First holder)

Note : On dematerialisation of existing physical shares, for which you have availed ECS facility, the above form needs to be re-submitted.



ATTENDANCE SLIP



Reliance Capital Limited

Registered Office: Village Meghpar / Padana, Taluka Lalpur, Dist. Jamnagar - 361 280, Gujarat.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. Joint shareholders may obtain additional attendance slip at the venue.

DP. Id* []

Master Folio No. []

Client Id* []

No. of Share(s) held []

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 18TH ANNUAL GENERAL MEETING of the Company held on Saturday, the 10th July, 2004 at 11:00 a.m., at Village Meghpar / Padana, Taluka Lalpur, Dist. Jamnagar - 361 280, Gujarat.

Signature of the shareholder or proxy

*Applicable for investors holding shares in electronic form.

..... TEAR HERE

PROXY FORM



Reliance Capital Limited

Registered Office: Village Meghpar / Padana, Taluka Lalpur, Dist. Jamnagar - 361 280, Gujarat.

DP. Id* []

Master Folio No. []

Client Id* []

No. of Share(s) held []

I/We of being a member/members of Reliance Capital Limited hereby appoint of or failing him of

as my/our proxy to vote for me/us and on my/our behalf at the 18TH ANNUAL GENERAL MEETING to be held on Saturday, the 10th July, 2004 at 11:00 a.m., or at any adjournment thereof.

Signed this day of 2004.

* Applicable for investors holding shares in electronic form.

Affix a 15 paise revenue stamp

- NOTE: (1) The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company. (2) Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The Company shall provide additional forms on request.



BOOK POST

To,

If undelivered please return to :
Karvy Computershare Private Limited
Unit : Reliance Capital Limited
46, Avenue 4, Street No. 1, Banjara Hills
Hyderabad - 500 034, India.
Tel: +91-40 23320666, 23320711, 23323031, 23323037
Fax: +91-40 23323058
Email: rclinvestor@karvy.com