

SEVENTEENTH ANNUAL REPORT 2002-2003



Reliance Capital Limited

SEVENTEENTH ANNUAL GENERAL MEETING

on Saturday, the 28th June, 2003 at Thakorebhai Desai Hall,
Law College Road, Near Law Gardens, Ahmedabad - 380 006
at 2.30 p.m.

CONTENTS

	Page	No.(s)
Index and Company Information		2
Notice of Annual General Meeting		3-4
Directors' Report		5-6
Compliance Certificate on Corporate Governance		6
Corporate Governance		7-10
Auditors' Report		11
Balance Sheet		12
Profit & Loss Account		13
Schedules annexed to Balance Sheet and Profit & Loss Account and Notes on Accounts		14-30
Cashflow		31
Statement pursuant to Section 212		32
Particulars as to Company Subsidiaries		33-72
Consolidated Balance Sheet, Profit & Loss Account and Cashflow Statement		73-89
Dhirubhai Ambani Scholars Scheme		90-92
List of Karvy service centres		93
Circular on Demat		94
Attendance Slip and Proxy Form		95

REGISTERED OFFICE

Avdesh House, 2nd Floor,
Pritam Nagar, 1st Slope,
Ellisbridge,
Ahmedabad - 380 006

CORPORATE OFFICE

Fosbery Road,
off Reay Road Station (East)
Mumbai - 400 033

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 U. Mahesh Rao
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
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
Punjab National Bank
Syndicate 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 Consultants Limited

Hyderabad : 46, Avenue 4, Street No. 1, Banjara Hills,
Hyderabad- 500 034.

☎ 91-40-23320251/23320751/23312454.

☎ 91-40-23311968

E-mail: investor@karvy.com

Mumbai : Tulsiani Chambers
10th Floor, Nariman Point
Mumbai 400 021.

☎ 91-22-22884769/22875951

☎ 91-22-22828454

Ahmedabad : 201/203, 'Shail' Opp. Madhusudan House,
Near Navrangpura, C.G. Road,
Ahmedabad-380 006.

☎ 91-79-26420422.

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of Reliance Capital Limited will be held on Saturday, the 28th June, 2003 at 2.30 p.m. at Thakorebhai Desai Hall, Law College Road, Near Law Gardens, Ahmedabad 380 006 to transact the following business:

Ordinary Business

1. To consider and adopt the Balance Sheet as at 31st March, 2003 and the Profit and Loss Account of the Company for the year ended on 31st March, 2003 and the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri D. Chaturvedi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Anand Jain, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this 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 an **Ordinary Resolution**:
"RESOLVED THAT Shri Amitabh Jhunjhunwala, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 135 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation"
7. To consider and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Shri Alok Agarwal, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article

135 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation"

8. To consider and if thought fit, to pass, with or without modifications the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 387 and other applicable provisions, if any, of the Companies Act, 1956 and subject to all such sanctions, as may be necessary, the consent of the Company be and is hereby accorded to the appointment of Shri V.R.Mohan as Manager designated as "Company Secretary and Manager" for a period of 3 (three) years effective from 7th March 2003 on the terms and conditions including remuneration set out in the Agreement to be entered into between the Company and Shri V. R. Mohan, a draft whereof is placed before this meeting, which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers including powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or Agreement, as may be agreed to between the Board and Shri V R Mohan, so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments thereto.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By order of the Board of Directors

Registered Office:
Avdesh House, 2nd Floor,
Pritam Nagar, 1st Slope,
Ellisbridge, Ahmedabad - 380 006
28th April, 2003

V. R. Mohan
Company Secretary & Manager

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. and 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 Friday, the 23rd May, 2003 to Saturday, the 31st May, 2003 (both days inclusive) for determining the names of members eligible for dividend, if approved, on equity shares. 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 30th June, 2003.
(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 3 months only and thereafter, the Dividend Warrant on revalidation is payable only at limited centres/branches. 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. **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, Chandigarh, Chennai, Coimbatore, Delhi, Hyderabad, Jaipur, Kolkata, Ludhiana, Mumbai, Pune and Vadodara.
Shareholders holding shares in the physical form who wish to avail ECS facility, may authorise the Company with their ECS mandate in the

NOTES - Contd.

prescribed form which can be obtained from the Registrar and Transfer Agents, M/s. Karvy Consultants Limited. Requests for payment of dividend through ECS for the year 2002-2003 should be lodged with M/s. Karvy Consultants Limited on or before 15th June, 2003.

11. 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, Jivabhai Chambers, ROC Bhavan Opp. Rupal Park, Behind Ankur Bus Stop, Ahmedabad - 380009 Gujarat in the prescribed form, which will be furnished on receipt of request by the Registrar and Transfer Agents, M/s. Karvy Consultants Limited.
12. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 1996 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.

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
31-03-1996	29-06-1996	28-06-2003	28-07-2003
31-03-1997	15-07-1997	14-09-2004	14-10-2004
31-03-1998	30-09-1998	29-10-2005	28-11-2005
31-03-1999	21-09-1999	20-09-2006	20-10-2006
31-03-2000	24-06-2000	23-05-2007	22-06-2007
31-03-2001	16-06-2001	15-06-2008	15-07-2008
31-03-2002	06-06-2002	05-07-2009	04-08-2009

Shareholders who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrar and Transfer Agents, M/s. Karvy Consultants 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.**

13. Non-Resident Indian Shareholders are requested to inform M/s. Karvy Consultants Limited immediately:
 - a) The change in the Residential status on return to India for permanent settlement.
 - b) 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.
14. Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.
15. 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 Registrar and Transfer Agents, M/s. Karvy Consultants Limited.
16. Re-appointment / Appointment of Directors:
At the ensuing Annual General Meeting Shri D. Chaturvedi and Shri Anand Jain Directors retire by rotation and being eligible offer themselves for re-appointment. Shri Amitabh Jhunjhunwala and Shri Alok Agarwal, additional Directors holding office upto the date of this meeting, are proposed to be appointed as Directors liable to retire by rotation. 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 Report.

EXPLANATORY STATEMENT

In conformity with the provisions of Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the special business and should be taken as forming part of the Notice.

Item No. 6 & 7

The Board of Directors at their meeting held on 7th March 2003 appointed Shri Amitabh Jhunjhunwala and Shri Alok Agarwal as Additional Directors of the Company in accordance with Article 135 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. These Directors hold office upto the date of the ensuing Annual General Meeting. The Company has received notices from some members of the Company proposing their respective candidature for the office of Director.

Keeping in view the experience and qualification of the aforesaid persons, your Directors consider it to be in the interest of the Company if they are appointed as Directors retiring by rotation as per the provision of the Companies Act, 1956.

Your Directors therefore recommend the said resolutions for your approval.

The aforesaid Directors may be deemed to be concerned or interested in the resolution relating to their respective appointments.

None of the other Directors are, in anyway, concerned or interested in the said resolution.

Item No. 8

The Board of Directors at their meeting held on 7th March 2003, have, subject to the approval of the Shareholder in general meeting, appointed Shri V R Mohan as Manager designated as "Company Secretary and Manager" of the Company for a period of 3 (three) years with effect from 7th March, 2003 on the remuneration determined by the Remuneration Committee of the Board of Directors.

Shri V. R. Mohan aged 49 years is a Company Secretary and his experience in the field spans over two decades. The remuneration payable to Shri V.R.Mohan will comprise salary of Rs.36,300 per month and perquisites and allowances being limited to Rs. 33,000 per month. Shri V. R. Mohan fulfills the conditions for eligibility contained in Part I of Schedule XIII of the Companies Act, 1956.

The perquisites and allowances payable to Shri V.R.Mohan will include House Rent allowance, medical reimbursements, leave travel concession for self and his family including dependants; medical insurance and such other perquisites and/or allowances within the amount specified above. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force). However Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income tax Act, and Gratuity payable and encashment of leave at the end of the tenure, as per the rules of the company, shall not be included in the computation of limits for the remuneration which includes salary, perquisites and allowances.

In addition to the above, Shri V. R. Mohan, shall also be eligible to an annual increment not exceeding 15% on the last drawn salary, perquisites and allowances during his tenure as Manager.

The terms and conditions of appointment and payment of remuneration are set out in the Agreement to be entered into between the Company and Shri V. R. Mohan. The Board or any Committee thereof is entitled to revise the salary, allowances and perquisites payable to the Company Secretary and Manager of the Company at any time, such that the overall remuneration payable to the Company Secretary and Manager of the Company shall not exceed the limits specified above.

The aforesaid Agreement may be terminated by either party by giving three months prior notice of termination in writing to the other party.

The draft Agreement to be entered into between the Company and Shri V.R.Mohan is available for inspection at the Registered Office of the Company on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. upto the date of the ensuing Annual General Meeting.

Your Directors, therefore, recommend the said resolution for your approval.

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

The above may also be treated as an abstract of the terms of the contract/agreement between the Company and Shri V.R.Mohan pursuant to Section 302 of the Companies Act, 1956.

Registered Office:
Avdesh House, 2nd Floor,
Pritam Nagar, 1st Slope,
Ellisbridge, Ahmedabad - 380 006
28th April, 2003

By order of the Board of Directors

V. R. Mohan
Company Secretary & Manager

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the 17th Annual Report, together with the audited statements of accounts of the Company for the year ended 31st March 2003.

FINANCIAL RESULTS:

(Rs in crores)

	Year ended 31-3-2003	Year ended 31-3-2002
Gross Income	458.78	548.59
Gross Profit	194.28	156.40
Less: Depreciation	91.65	55.18
Profit Before Tax	102.63	101.22
Provision for Taxation	-	-
Net Profit	102.63	101.22
Add: Profit brought forward from the previous year	136.73	108.52
Excess provision for previous year dividend	-	(0.04)
Transferred from Debenture Redemption Reserve	-	5.00
Profit available for Appropriation	239.36	214.70
Dividend including Dividend Tax	41.65	37.49
Transfer to General Reserve	10.30	10.23
Transfer to Capital Redemption Reserve	-	10.00
Transfer to Statutory Reserve Fund	20.60	20.25
Balance carried forward	166.81	136.73

DIVIDEND:

Your Directors have recommended a dividend of Rs.2.90 per equity share on 12,73,03,261 Equity shares of Rs.10/- each aggregating to Rs 36.92 crore for the financial year ended 31st March 2003, which if approved at the ensuing 17th Annual General Meeting, will be paid to all those equity shareholders whose names appear in the Register of Members as on 31st May 2003 and to those whose names as beneficial owners, are furnished by the National Securities Depository Limited and Central Depository Services (India) Limited.

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)
Financial Review:

Reliance Capital Ltd. (RCL), one of India's leading private sector non-banking financial services companies (NBFCs), has reported satisfactory financial and operating performance during the period under review i.e. financial year 2002-03.

Gross income for the year was Rs.458.78 crores compared to Rs 548.59 crores in the previous financial year. Correspondingly, interest expenses for the year were also lower at Rs. 252.81 crores, compared to Rs. 373.43 crores last year. The decline in level of gross income and interest expenses was on account of reduction in the level of advances/investments, and corresponding reduction in the borrowings of RCL.

Gross profit for the year was up 24.22% at Rs.194.28 crores, as against Rs.156.40 crores in the previous year.

Depreciation was higher at Rs.91.65 crores (Previous Year Rs.55.18 crores), on account of additional depreciation of Rs. 37.38 crores, arising out of the difference between the market value and the written down value of assets for own use. The tax provision continued to be nil.

Net profit increased from Rs.101.22 crores to Rs.102.63 crores for the year 2002-03.

RCL's net worth stood at Rs 1,336.33 crores for the year, as against Rs 1,275.82 crores, an increase of nearly 5 per cent.

Resources and Liquidity:

During the year, RCL redeemed non-convertible debentures (NCDs) to the tune of Rs.56.70 crore and discount bonds to the tune of Rs.662.88 crore. RCL's long term debt: equity ratio as on 31st March 2003 was 0.33:1, well below the comparable levels in the industry.

Credit Analysis and Research Ltd. (CARE) had rated RCL's 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 long term borrowings being repaid, no ratings were obtained during the year.

RCL currently does not accept fixed deposits from the public.

Industry Structure and Developments:

The Non-Banking Financial Services (NBFC) industry in the private 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. These NBFCs provide a variety of services including fund based, and fee based activities, and cater to retail and non-retail markets, and niche segments.

The increased penetration of the banking sector in all segments of the financial services industry, and reduced direct costs of borrowing for high quality borrowers, have greatly reduced business opportunities for NBFCs.

Over the last several years, an effective regulatory framework has been implemented, bringing in wide ranging changes on prudential norms, and a continuous monitoring mechanism, thereby improving the overall levels of investor protection.

Business Review:

RCL's operations continue to be mainly focused on the areas of funding of projects in the infrastructure sector, providing immense growth opportunities and substantial tax benefits.

Leasing:

RCL did not conduct any leasing activities during the year.

Investments in the Infrastructure Sector:

RCL's investments in the infrastructure sector included high growth areas of power, telecommunications, ports etc., contributing to the country's overall economic development. Your company's investment in infrastructure projects stood at Rs.1271 crore as on 31st March 2003.

Opportunities:

The Indian economy provides attractive growth opportunities, with GDP growth forecast at 5%-6% per annum over the next several years. Growth in major infrastructure areas such as the road and port sector, telecom and other urban infrastructure sectors are likely to provide significant business opportunities in the future. The imminent legislation of the new Electricity Bill will also create new opportunities in the areas of generation, transmission and distribution of power.

In addition, the services sector in India is expected to contribute at a faster pace to the overall economy in the future. This is likely to create a positive environment for the financial services industry in India.

RCL is well positioned to identify large infrastructure projects, providing excellent opportunities to deploy funds with attractive levels of returns.

Challenges:

The entire NBFC sector faces competitive pressures from the banking sector, which enjoys access to lower cost financing. The spreads in the lending business have also narrowed considerably.

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 competitive 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:

RCL has a proper and adequate system of internal controls to ensure that all activities are monitored and controlled against any unauthorised 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 the Board of Directors reviews the adequacy of internal controls.

Human Resource Development (HRD):

RCL has a team of able and experienced industry professionals. The number of employees stood at 30.

SUBSIDIARIES:

As required under Section 212 of the Companies Act, 1956 the audited statements of accounts, along with the respective Reports of the Board of Directors and the respective Auditors' Report thereon of all the subsidiaries for the year ended 31st March 2003 are annexed.

During the year, Reliance General Insurance Company Ltd. (RGICL) has booked gross direct premium of Rs 185.67 crore as against Rs 77.46 crore in the previous year. RGICL has earned a net profit after tax of Rs 14.34 crore as against Rs 6.77 crore during the previous year.

Reliance Capital Asset Management Ltd. had total assets under management of Rs. 2,419 crore as on 31st March, 2003, and earned a profit after tax of Rs.1.47 crore for the year, compared to Rs. 0.26 crore in the previous year.

DIRECTORS' REPORT - Contd.
FIXED DEPOSITS:

During the year, RCL has not accepted or renewed any deposits. All the deposit schemes matured in June 2002.

At the end of the financial year, 173 deposits aggregating Rs.0.21 crore remained unclaimed on the due dates. Till the date of this Report, deposits aggregating Rs.0.03 crore have been refunded.

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 refund the amount.

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

DIRECTORS:

During the year, Shri Anand Jain resigned as Managing Director, and he continues to be a Non Executive Director designated as Vice Chairman of the Company.

Shri U. Mahesh Rao was appointed as Additional Director with effect from 29th July 2002 and has ceased to be a Director from 28th April 2003.

Shri Amitabh Jhunjhunwala and Shri Alok Agarwal were appointed Additional Directors with effect from 7th March 2003 and their term expires at the ensuing Annual General Meeting. The Company recommends their appointment as Directors.

Shri V.R.Mohan was appointed as Manager under the Companies Act, 1956 designated as Company Secretary and Manager at the Board Meeting held on 7th March 2003.

Shri D. Chaturvedi and Shri Anand Jain - Directors of the Company retired by rotation and being eligible offer themselves for re-appointment. The Company recommends their re-appointment as Directors.

Brief resume of the Directors retiring by rotation and of the Additional Directors to be confirmed 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 31st March 2003, 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 31st March, 2003 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 accounts for the financial year ended 31st March, 2003 on a 'going concern' basis.

CONSOLIDATED FINANCIAL STATEMENTS:

In accordance with Accounting Standard 21 relating to Consolidated Financial Statements, your directors have pleasure in attaching the said 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 & AUDITORS' REPORT:

M/s. Pathak H. D. & Associates, Chartered Accountants, as Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment. Your Company has also received a certificate from M/s. Pathak H. D. & Associates, Chartered Accountants, to the effect that the appointment, if made, would be within the prescribed limits u/s 224(1B) of the Companies Act, 1956.

The Note no. 4 of Schedule N referred to in the Auditors' Report is self-explanatory.

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 Corporate Office.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

- (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. 0.35 crore

COMPLIANCE CERTIFICATE:

A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Report.

ACKNOWLEDGEMENTS:

Your Directors wish to express their sincere appreciation of the co-operation and assistance received from shareholders, bankers, depositors 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, 28th April, 2003

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE
Auditor's certificate to the members of Reliance Capital Limited on compliance of the conditions of Corporate Governance for the year ended 31st March, 2003, under Clause 49 of the Listing Agreement.

We have examined the compliance of Corporate Governance by Reliance Capital Limited for the year ended 31st March, 2003, 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 express 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, 2003, complied in all material respects with the conditions of Corporate Governance stipulated in Clause 49, save and except the

Chairman of the Audit Committee could not attend the 16th Annual General Meeting in view of the reason explained in the report on Corporate Governance .

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, 2003, 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

Mumbai, 21st April, 2003

CORPORATE GOVERNANCE

The Company pursuant to the code on Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) furnishes its report as under:

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.

Company is committed to achieving the highest international standards of corporate governance.

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 of Directors of the Company is comprised of:

- 5 Independent non-executive directors
- 3 Non Independent directors

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

Name of the Director	Category	Attendance Particulars		No. of other directorships and committee member/chairmanship		
		Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
D. Chaturvedi	C	6	No *	2	2	2
Anand Jain	VC	6	No	7	2	-
D. J. Kapadia	NED	6	Yes	1	2	1
S. S. Thakur	NED	6	Yes	9	8	2
S. H. Junnarkar	NED	6	Yes	14	10	-
U. Mahesh Rao **	NED	3	No	7	9	1
Amitabh Jhunjhunwala ***	NED	1	No	5	5	-
Alok Agarwal ***	NED	1	No	3	-	-

* The Chairman of Audit Committee could not attend the 16th AGM in view of the prevailing then critical health condition of Late Shri Dhirubhai Ambani our Group Chairman

** Appointed as Director w.e.f. 29th July, 2002 and resigned w.e.f. 28th April, 2003.

*** Appointed as Director w.e.f. 7th March, 2003

C - Chairman, VC - Vice Chairman, NED - Non-Executive Director

Number of Board Meetings held and the dates on which held:

During the year the Company has held 6 Board Meetings as against the minimum requirement of 4 meetings. The meetings were held on 22nd April, 2002, 5th July, 2002, 29th July, 2002, 28th October, 2002, 30th January, 2003 and 7th March, 2003.

Information on Directors Re-appointment / Appointment

A brief resume of Directors being re-appointed / appointed at the ensuing Annual General Meeting, the nature of their expertise in specific functional areas and names of the Companies in which they hold Directorship and Membership of Committee of the Board are furnished hereunder :

Shri D.Chaturvedi (68) is a Chartered Accountant and is the Senior Partner of M/s. Chaturvedi & Shah, Chartered Accountants. He is on the Board of Reliance Capital Trustee Co. Ltd. He is a member and Chairman of the Audit and Remuneration Committee of the Board of Directors.

Shri Anand Jain (45) is a Commerce graduate from Mumbai University with a course in Risk Management at the London Business School. He is on the Board of Trustees of Mumbai Port Trust, a Member of Managing Council of HNH Hospital and Research Centre, Mumbai, an active Member of Young President's Organisation and is the Honorary Counsel of Mongolia in Mumbai. He is also on the Board of Indian Petrochemicals Corporation Limited, Reliance Infocomm Limited and Free Press House Ltd. He is the member of the Shareholder / Investor Grievances Committee and Remuneration Committee of the Board of Directors.

Shri Amitabh Jhunjhunwala (46) is a Chartered Accountant and has around 23 years experience in finance and the capital markets. He is the treasurer of Reliance Industries Limited. He is on the Boards of Reliance Capital Asset Management Limited, BSES Limited, BSES Yamuna Power Limited, BSES Rajdhani Power Limited and BSES Telecom Limited. He is the member of the Shareholder / Investor Grievances Committee of the Board of Directors.

Shri Alok Agarwal (45) is B.Tech with a Post Graduate Diploma in Management. He has been associated with the Reliance Group for over 10 years and prior to this he was with Bank of America for 12 years. He has wide experience in capital raising transactions both in equity and debt in domestic and international markets. He is on the Boards of Reliance Capital Asset Management Limited, Reliance Telecom Limited and Reliance Industrial Investment & Holding Limited.

Audit Committee:

The Audit Committee, comprises of four independent non-executive Directors viz. Shri D.Chaturvedi, 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.

The terms of reference stipulated by the Board to the Audit Committee are, as contained under Clause 49 of the Listing Agreement, as follows:

- a. Overseeing of the Company's financial reporting process and the disclosure of its financial information.
- b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- 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, the Committee has met three times. The meetings were held on 22nd April, 2002, 28th October, 2002 and 30th January, 2003. All the committee members were present at all the meetings.

Remuneration Committee:

The Remuneration Committee has been constituted comprising of 3 independent, Non-executive Directors viz. Shri D. Chaturvedi, Shri Anand Jain and Shri S. S. Thakur to recommend / review the remuneration package of the Manager based on the performance and defined criteria.

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.

Details of remuneration paid to Manager for the year :

The Board appointed Shri V. R. Mohan as Manager under Companies Act, 1956 w.e.f. 7th March 2003 for a period of 3 years on a gross remuneration comprising of salary, allowances and perquisites of Rs.8,31,600/- per annum.

Besides this Manager is also entitled to Company's contribution to Provident Fund, Superannuation, Gratuity and encashment of leave at the end of tenure, as per the rules of the Company. The aggregate value of salary, allowances and perquisites paid for the year ended 31st March, 2003 to the Manager was Rs.77,373/-.

The remuneration of the Manager is duly approved by the Remuneration Committee and the Board of Directors and is subject to the approval of the Shareholders at the ensuing annual general meeting.

Shareholders / Investors Grievance Committee:

- ☞ The Company has constituted the Shareholders / Investors grievance committee comprising of 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 and 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 12,194. Outstanding complaints as on 31st March, 2003 were NIL .
- ☞ 15 requests for transfer and 111 requests for dematerialisation were pending for approval as on 31st March, 2003 which were approved, processed and dispatched on 3rd April, 2003.

Finance Committee:

The Board of Directors of the Company has constituted the Finance Committee to make recommendations to the Board relating to capital structure and the issuance of securities, guarantees, review banking arrangement and cash management, review and approve certain short-term and long-term investment and other financial transaction.

The Finance Committee meets as and when the need to consider any matter assigned to it arises. Time schedule for holding the meetings of the Finance Committee is finalised, in consultation with the Committee Members.

General Body Meetings:

The last three Annual General Meetings of the Company were held as under:

Year	Location	Date	Time
1999-2000	Thakorebhai Desai Hall, Ahmedabad	24 th June, 2000	11.30 a.m
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.

During the year ended 31st March, 2003, there have been no resolutions passed by the Company's shareholders by postal ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

- 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.
- 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

Means of Communication:

- a. Half yearly report sent to each household of shareholders:
Half yearly report for 30th September, 2002 were dispatched to the shareholders.
- b. Quarterly results:
The Company has published quarterly results in The Business Standard (English) and Jai Hind (Vernacular), both at Ahmedabad.
- c. The Company does not have a website. The Company however posts its financial results on SEBI website sebidifar.nic.in for all quarters.
- d. Management Discussion and Analysis forms part of the Directors' Report which is posted to the shareholders of the Company.

CORPORATE GOVERNANCE - Contd.
General Shareholder Information:

1. Annual General Meeting			
Date and Time	:	28 th June, 2003 at 2.30 p.m.	
Venue	:	Thakorebhai Desai Hall, Ahmedabad	
2. Financial Calendar 2003-04 (tentative)			
	:	Results for the quarter ending 30 th June, 2003.	Last week of July 2003.
	:	Results for the quarter ending 30 th September, 2003	Last week of October 2003.
	:	Results for the quarter ending 31 st December, 2003.	Last week of January 2004.
	:	Results for the year ending 31 st March, 2004.	Last week of April 2004.
3. Book closure date			
	:	Friday, 23 rd May, 2003 to Saturday, 31 st May, 2003.	
4. Dividend payment date			
	:	30 th June, 2003	
5. Registered Office:			
	:	Avdesh House, 2 nd floor, Pritam Nagar 1st slope, Ellisbridge, Ahmedabad 380 006. ☎ (079) 6576895. ☎ (079) 6578070.	
6a. Equity shares Listed on Stock Exchanges at			
	:	1. The Stock Exchange, Ahmedabad 2. The Stock Exchange, Mumbai 3. National Stock Exchange of India Limited	
6b. Annual listing fees			
	:	Duly paid to all the above Stock Exchanges for the year 2003-04	
7. Stock Code			
(a) Trading Symbol at	:	The Stock Exchange, Ahmedabad	(Physical Segment) '49040 RELIANCAPT'
	:	The Stock Exchange, Mumbai	(Physical Segment) '111 RELIANCE CAP'
	:	National Stock Exchange of India Ltd.	(Physical Segment) 'RELCAPITAL'
(b) Demat ISIN Numbers in NSDL & CDSL	:	Equity Shares INE 013A01015	

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

	The Stock Exchange Ahmedabad		The Stock Exchange Mumbai		National Stock Exchange of India Ltd.	
	High	Low	High	Low	High	Low
April 2002	56.70	51.00	57.95	51.10	57.20	50.75
May 2002	63.60	44.00	56.60	43.40	56.00	43.00
June 2002	64.90	48.15	64.90	47.75	64.80	47.60
July 2002	60.50	46.00	60.50	45.00	60.50	45.00
August 2002	57.55	46.00	50.80	46.60	51.50	42.95
September 2002	50.50	45.00	51.00	45.05	51.00	45.00
October 2002	46.50	42.00	46.75	42.55	46.90	42.50
November 2002	54.90	45.00	54.75	45.15	54.80	44.00
December 2002	59.75	52.25	59.50	52.25	59.80	52.50
January 2003	58.60	50.50	58.80	50.10	58.90	50.15
February 2003	64.25	50.25	64.30	50.50	64.40	50.45
March 2003	61.20	49.00	61.20	48.50	61.20	48.50

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

During the financial year 2002-03, RCL's share price outperformed the benchmark indices both on BSE and NSE. On BSE, RCL's share price declined by 7% as compared to a decline of 12% of BSE Sensex. Similarly, on NSE, RCL's share price declined by 8% against a decline of 13% of NSE Nifty.

10. Registrars and Transfer Agents	
(Share transfer and communication regarding share certificates, dividends and change of address)	: Karvy Consultants Limited 46, Avenue 4, Street No.1 Banjara Hills Hyderabad 500 034

CORPORATE GOVERNANCE - Contd.

11. Share Transfer System : Presently, the share transfers in physical form are processed and the share certificates 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, a letter will be 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 letter. The DP will, based on the letter, generate a demat request which he will send to the Company along with the option letter issued by the Company. On receipt of the same the Company will demat 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

12. Distribution of Shareholding as on 31st March, 2003.

Category	%
Financial Institutions / Banks / Mutual Funds	1.89
NRI/OCBs	0.40
Bodies Corporate	51.06
Others	46.65
Total	100.00

13. Dematerialisation of Shares : Approximately 87.49% of the equity shares have been dematerialised upto 31st March 2003.

Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 5th April, 1999 as per notification issued by the Securities and Exchange Board of India (SEBI).

Liquidity : Relevant data of the average daily turnover for the financial year 2002-2003 is given below:

	Bombay Stock Exchange (BSE)	National Stock Exchange (NSE)	BSE + NSE
Shares (in lakhs)	1.65	2.63	4.28
Shares (in Rs. crs)	0.93	1.48	2.41

14. Investor Correspondence : *For Shares held in Physical form* *For Shares held in Demat form*
for transfer / dematerialisation of Karvy Consultants Ltd. to the Depository Participant
shares, payment of dividend on 46, Avenue 4, Street No. 1
shares, interest and redemption Banjara Hills,
of debentures, and any other Hyderabad 500 034
query relating to the shares and E-Mail: rilinvestor@karvy.com
debentures of the Company.

15. Any query on Annual Report : Reliance Capital Limited,
Fosbery Road,
off Reay Road Station (East)
Mumbai - 400 033

16. Transfer of unclaimed amount to Investor Education and Protection Fund : The investors are advised to claim the unencashed dividends for the year 1995-96 onwards lying in the unpaid dividend accounts of the Company before the same gets credited to the Investor Education and Protection Fund. During the year under review the Company has credited a sum of Rs.20.68 lakhs 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' REPORT

To,
The Members of
Reliance Capital Limited

We have audited the attached Balance Sheet of 'Reliance Capital Limited', as at 31st March, 2003 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. Those 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 Manufacturing and Other Companies (Auditor's Report) Order, 1988 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, to the extent applicable to the Company.
2. Further to our comment in the Annexure referred to in paragraph (1) above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and beliefs 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 & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (e) On the basis of written representations received from the directors, as at 31st March 2003 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 2003 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon, and in particular note no. 4 of schedule 'N' regarding change in method of depreciation 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, 2003;
 - (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 flows for the year ended on that date.

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

R. S. Vahia
Partner

Mumbai, 21st April, 2003

ANNEXURE TO AUDITORS' REPORT

Re. Reliance Capital Limited
(Referred to in paragraph 1 of our report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and locations of fixed assets. 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. The fixed assets other than the assets on lease have been physically verified by the management during the year. No material discrepancies were noticed on such verifications, as compared to available records.
2. None of the Fixed Assets have been revalued during the year.
3. As explained to us, the Stock-in-Trade (Investments) has been physically verified by the management at reasonable intervals.
4. In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
5. As explained to us, no discrepancies have been noticed on physical verification of stocks as compared to book records.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles.
7. The Company has not taken any loans, secured or unsecured from Companies (except from the subsidiary companies) firms or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956. The Company has taken unsecured loan from a company under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956. In our opinion, the terms and conditions of the above loans are prima-facie not prejudicial to the interest of the Company.
8. The Company has not granted any loans, secured or unsecured to Companies (except to subsidiary companies) firms or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956. The Company has granted unsecured loan to companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956. In our opinion, the terms and conditions of the above loans are prima-facie not prejudicial to the interest of the Company.
9. In respect of loans and advances in the nature of loan given by the Company to parties other than subsidiary Companies, they are generally repaying the principal amounts as stipulated and are also regular in payment of interest, wherever applicable except the loans classified as non performing assets.
10. 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 nature of its business for the purchase of plant and machinery, equipment and other assets.
11. According to information & 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 arrangements required to be entered in the register maintained under Section 301 of the Companies Act, 1956, aggregating during the year to Rs. 50,000/- or more in respect of each party.
12. In our opinion and according to the information and explanation given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provision of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
13. In our opinion, the Company has an Internal Audit system commensurate with its size and nature of its business.
14. According to the records of the Company, Provident Fund and Employees State Insurance dues have been regularly deposited with the appropriate authorities.
15. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as at 31st March, 2003 for a period of more than six months from the date they became payable.
16. According to the information and explanations given to us no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
17. Being a Finance Company the provisions of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the Company.
18. 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.
19. The provisions of any special statute applicable to chit fund, nidhi or mutual benefit society do not apply to the Company.
20. 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 held with valid transfer forms or are pending for rectification of bad deliveries.

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

R. S. Vahia
Partner

Mumbai, 21st April, 2003

BALANCE SHEET AS AT 31ST MARCH, 2003

(Rs. in crores)

	Schedule	As at		As at	
		31 st March, 2003	31 st March, 2002	31 st March, 2003	31 st March, 2002
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS :					
Shareholders' Funds					
(a) Share Capital	A	127.83		127.83	
(b) Reserves & Surplus	B	1,208.50		1,147.99	
			1,336.33		1,275.82
Loan Funds					
(a) Secured Loans	C	10.00		678.58	
(b) Unsecured Loans	D	1,760.45		1,756.30	
			1,770.45		2,434.88
TOTAL			3,106.78		3,710.70
APPLICATION OF FUNDS :					
Fixed Assets					
(a) Gross Block	E	862.14		861.01	
(b) Less: Depreciation		374.98		277.30	
(c) Lease Adjustment A/c		(62.30)		(75.43)	
(d) Net Block		424.86		508.28	
(e) Capital Work-in-Progress		19.90		20.17	
			444.76		528.45
Investments	F		1,730.36		1,945.09
Current Assets, Loans & Advances					
(a) Current Assets	G	698.29		918.59	
(b) Loans & Advances		389.07		519.69	
		1,087.36		1,438.28	
Less : Current Liabilities & Provisions					
(a) Current Liabilities	H	94.02		142.83	
(b) Provisions		61.68		58.29	
		155.70		201.12	
Net Current Assets			931.66		1,237.16
TOTAL			3,106.78		3,710.70
Accounting Policies					
Notes to the Account					

 As per our report of even date
 for **Pathak H.D. & Associates**
 Chartered Accountants

R. S. Vahia
 Partner

 Mumbai, 21st April, 2003

for and on behalf of the Board

 Chairman
 Vice Chairman

Directors

 Company Secretary & Manager
 Mumbai, 21st April, 2003

D. Chaturvedi
Anand Jain
D. J. Kapadia
S. S. Thakur
Sandeep H. Junnarkar
U. Mahesh Rao
Alok Agarwal
V. R. Mohan

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

(Rs. in crores)

	Schedule	2002	-2003	2001 - 2002
		Rs.	Rs.	Rs.
INCOME				
Lease Income	I	54.94		68.75
Other Income	J	403.84		479.84
			458.78	548.59
EXPENDITURE				
Interest and Finance Charges	K	252.81		373.43
Administrative and Other Expenses	L	11.69		18.76
Depreciation		91.65		55.18
			356.15	447.37
PROFIT BEFORE TAX			102.63	101.22
Provision for Taxation			-	-
PROFIT AFTER TAX			102.63	101.22
Balance Brought Forward			136.73	108.52
Transferred from Debenture Redemption Reserve			-	5.00
(Short) / Excess Provision for Dividend (Previous Year)			-	(0.04)
Profit available for appropriations			239.36	214.70
APPROPRIATIONS				
Proposed Dividend - Equity Shares		36.92		36.92
Interim Dividend - Preference Shares		-		0.51
Dividend Tax		4.73		0.06
Transfer to Statutory Reserve Fund		20.60		20.25
Transfer to General Reserve		10.30		10.23
Transfer to Capital Redemption Reserve		-		10.00
Balance Carried to Balance Sheet		166.81		136.73
			239.36	214.70
Basic and diluted earning per equity share of Rs.10 each (in Rupees)			8.06	7.91
(Refer note no. 14 of Schedule "N")				

Accounting Policies M
Notes to the Account N

As per our report of even date
for **Pathak H.D. & Associates**
Chartered Accountants

R. S. Vahia
Partner

Mumbai, 21st April, 2003

for and on behalf of the Board

Chairman
Vice Chairman

Directors

Company Secretary & Manager

Mumbai, 21st April, 2003

D. Chaturvedi
Anand Jain
D. J. Kapadia
S. S. Thakur
Sandeep H. Junnarkar
U. Mahesh Rao
Alok Agarwal
V. R. Mohan

SCHEDULES FORMING PART OF THE BALANCE SHEET

		As at 31st March, 2003		(Rs. in crores) As at 31st March, 2002	
		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	
		<u>400.00</u>		<u>400.00</u>	
Issued and Subscribed					
12,86,50,450	Equity Shares of Rs. 10 each	<u>128.65</u>		<u>128.65</u>	
Paid up					
12,73,03,261	Equity Shares of Rs. 10 each	127.30		127.30	
(12,73,01,061)		127.30		127.30	
Add:	Forfeited Shares (Amount originally paid up on 13,47,189 Equity Shares (Previous Year 13,49,389))	<u>0.53</u>		<u>0.53</u>	
		<u>127.83</u>		<u>127.83</u>	
		<u>127.83</u>		<u>127.83</u>	

Notes :

Of the above Equity Shares:

- i) 18,70,000 shares were allotted as fully paid-up pursuant to the Scheme of Amalgamation without payment being received in cash.
- ii) Forfeiture of 2,200 shares was annulled during the year.

Schedule "B"
Reserves and Surplus
Capital Reserve

As per last Balance Sheet	6.37		6.42
Less: On Annulment of shares	<u>0.01</u>		<u>0.05</u>
		6.36	6.37

Capital Redemption Reserve

As per last Balance Sheet	10.00		-
Amount transferred from Profit & Loss Account	-		10.00
		10.00	10.00

Securities Premium Account

As per last Balance Sheet	735.12		1,552.68
Add: On Annulment of Shares	<u>0.03</u>		<u>0.10</u>
	735.15		1,552.78
Less: Premium on Redemption of NCD / DDB	0.49		27.66
Less: Premium on Redemption of Preference Shares	-		790.00
		734.66	735.12

Statutory Reserve Fund *

As per last Balance Sheet	116.77		96.52
Add: Amount transferred from Profit & Loss Account	<u>20.60</u>		<u>20.25</u>
		137.37	116.77

Debenture Redemption Reserve

As per last Balance Sheet	-		5.00
Less: Transferred to P & L Account on redemption of Debentures	-		5.00
		-	-

General Reserve

As per last Balance Sheet	143.00		132.77
Add: Amount transferred from Profit & Loss Account	<u>10.30</u>		<u>10.23</u>
		153.30	143.00

Profit & Loss Account

166.81	136.73
<u>1,208.50</u>	<u>1,147.99</u>

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

Schedule "C"
Secured Loans
Discount Bonds & Debentures

Secured Redeemable Discount Bonds	-		662.88
Less :- Discount not written off	-		51.00
		-	611.88
Secured Redeemable Non Convertible Debentures	<u>10.00</u>		<u>66.70</u>
	<u>10.00</u>		<u>678.58</u>

Note :

10.75% Debentures of Rs.1,00,00,000 each aggregating to Rs.10.00 crores are secured by way of mortgage of property and pledge of shares aggregating to Rs. 10.26 crores, and are redeemable at par on 12th April, 2004.

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at		(Rs. in crores)	
	31st March, 2003		As at	
	Rs.	Rs.	31st March, 2002	Rs.
Schedule "D"				
Unsecured Loans				
Fixed Deposits	-		1.46	
Other Loans and Advances from Others	1,335.84		1,026.55	
Security Deposit Received - Lease	223.09		238.72	
Assigned Liabilities (Refer Note No.3 (i) of Schedule "N")	201.52		489.57	
		<u>1,760.45</u>		<u>1,756.30</u>

Notes:

Amount payable within one year is Rs. 1,487.73 crores, (Previous Year Rs. 1,049.03 crores).

Schedule "E"
Fixed Assets

(Rs. in crores)

Description	Gross Block			As at 31-3-2003 Rs.	Depreciation		Lease Adjustment 31-3-2003 Rs.	Net Block	
	As at 1-4-2002 Rs.	Addition / Adj. Rs.	Deduction / Adj. Rs.		For the year Rs.	Up to 31-3-2003 Rs.		As at 31-3-2003 Rs.	As at 31-3-2002 Rs.
Assets on lease									
Plant & Machinery	586.52	-	-	586.52	39.63	293.40	(59.21)	233.91	265.67
Furniture & Fittings	1.07	-	0.21	0.86	0.08	0.41	(0.29)	0.16	0.33
Ships	39.60	-	-	39.60	2.78	9.56	(13.69)	16.35	24.59
Aircraft	105.79	-	-	105.79	5.92	15.29	10.85	101.35	102.95
Office & Other Equipments	0.71	-	0.26	0.45	0.08	0.27	0.04	0.22	0.36
Sub - total	733.69	-	0.47	733.22	48.49	318.93	(62.30)	351.99	393.90
Assets for own use									
Buildings	119.74	-	-	119.74	*42.47	51.10	-	68.64	111.11
Furniture & Fittings	3.39	0.44	-	3.83	0.31	2.16	-	1.67	1.54
Office & Other Equipments	3.96	1.26	0.07	5.15	0.36	2.63	-	2.52	1.66
Motor Vehicles	0.23	-	0.03	0.20	0.02	0.16	-	0.04	0.07
Sub - total	127.32	1.70	0.10	128.92	43.16	56.05	-	72.87	114.38
Grand Total	861.01	1.70	0.57	862.14	91.65	374.98	(62.30)	424.86	508.28
Previous Year	921.16	102.56	162.71	861.01	55.18	277.30	(75.43)	508.28	
Capital work-in-progress									
Assets to be Leased								0.93	0.93
Assets For Own use								18.97	19.24
Total								19.90	20.17

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.0.93 crore (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.
- Addition to Fixed Assets includes Rs. Nil (Previous Year Rs. 7,867) on account of exchange difference during the year.
- * Above includes additional depreciation of Rs. 37.38 crores on account of change in the depreciation policy. (Refer note no. '4' of Schedule "N").

SCHEDULES FORMING PART OF THE BALANCE SHEET

	Face Value/ Issue Price	Quantity		Value	
		As at 31-3-2003	As at 31-3-2002	As at 31-3-2003	As at 31-3-2002
		Rs.		Rs.	Rs.
(Rs. in crores)					
Schedule "F"					
Investments					
Long term Investments					
Government and Other Securities					
Unquoted					
National Saving Certificates (Rs. 45,000, Previous Year Rs. Nil) (Deposited with Sales Tax Department)				-	-
				-	-
PSU Bonds - Unquoted (Government Guaranteed)					
13% Gujarat State Road Transport Corporation Ltd.	100	2,85,000	10,75,000	2.85	10.75
				2.85	10.75
Trade Investments					
In Equity Shares - Quoted, Fully Paid Up					
Reliance Petroleum Ltd.	10	-	2,48,87,247	-	71.12
Reliance Industries Ltd.	10	36,67,477	14,05,000	109.70	38.58
BSES Ltd.	10	78,00,000	-	179.40	-
				289.10	109.70
In 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	0.35	0.35
Reliance Petroinvest Ltd. (company under the same management)	10	44,38,777	-	4.44	-
In 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
				20.76	16.32
In Subsidiary Companies - Unquoted, Fully Paid Up					
In Equity Shares					
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
In 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
				89.05	89.05
Non Trade Investments					
Equity Shares - Quoted , Fully Paid Up					
Padmalaya Telefilms Ltd.	10	-	5,11,400	-	4.20
				-	4.20
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	-	1.00	-
				1.06	0.06

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in crores)

	Face Value/ Issue Price Rs.	Quantity		Value	
		As at 31-3-2003	As at 31-3-2002	As at 31-3-2003 Rs.	As at 31-3-2002 Rs.
Preference Shares - Unquoted , Fully Paid Up					
14% Cumulative Redeemable Preference Shares of Reliance Ports & Terminals Ltd.	100	-	1,08,00,000	-	108.00
14% Cumulative Redeemable Preference Shares of Reliance Utilities & Power Ltd.	100	-	37,50,000	-	37.50
				<u>-</u>	<u>145.50</u>
Debentures - Unquoted , Fully Paid Up					
Zero Coupon Optionally Convertible Unsecured Debentures of Reliance Petro Products Pvt. Ltd.	100	10,00,000	35,00,000	11.50	40.25
Zero Coupon Optionally Convertible Secured Debentures of Reliance Power Ltd.	1,000	14,95,600	-	149.56	-
Deep Discount Bonds - Secured, Unquoted , Fully Paid Up					
Reliance Utilities & Power Ltd.	10,00,000	554	4,415	51.93	288.96
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 Communication 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 Elastomers Pvt. Ltd.	1,99,000	-	5,674	-	56.74
Reliance Elastomers Pvt. Ltd.	2,261	-	5,143	-	0.52
Reliance Chemicals Pvt. Ltd.	2,26,100	-	545	-	5.45
Reliance Chemicals Pvt. Ltd.	1,99,000	-	2,694	-	26.94
Reliance Petrosynth Pvt. Ltd.	2,26,100	-	953	-	9.53
Reliance Petrosynth Pvt. Ltd.	1,99,000	-	6,000	-	60.00
Reliance Industrial Enterprises Pvt. Ltd.	1,99,000	-	6,757	-	67.57
Reliance Alkalies Pvt. Ltd.	1,00,000	552	-	5.52	-
				<u>1,288.51</u>	<u>1,359.90</u>
Premium Notes - Unquoted, Fully Paid Up					
Reliance Elastomers Pvt. Ltd.	1,00,000	-	4,055	-	40.55
Reliance Elastomers Pvt. Ltd.	1,000	17,951	17,951	1.80	1.80
Reliance Chemicals Pvt. Ltd.	1,00,000	-	4,537	-	45.37
Reliance Chemicals Pvt. Ltd.	1,000	-	5,275	-	0.53
Reliance Petrosynth Pvt. Ltd.	1,00,000	-	7,899	-	78.99
Reliance Petrosynth Pvt. Ltd.	1,000	25,360	36,420	2.54	3.64
Reliance Industrial Enterprises Pvt. Ltd.	1,00,000	3,469	3,873	34.69	38.73
				<u>39.03</u>	<u>209.61</u>
Total Long Term Investments				<u>1,730.36</u>	<u>1,945.09</u>

Notes:

1.The aggregate value of investment:

	As at 31 st March, 2003		As at 31 st March, 2002	
	Book Value Rs.	Market Value Rs.	Book Value Rs.	Market Value Rs.
Quoted	289.10	269.39	113.90	114.66
Unquoted	1,441.26	-	1,831.19	-

2. The Company has not provided for diminution in market value of long term quoted investments which is lower by Rs. 19.71 crores as compared to the book value, as the decline in market value is considered temporary.

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31 st March, 2003		As at 31 st March, 2002	
	Rs.	Rs.	Rs.	Rs.
(Rs. in crores)				
Schedule "G"				
Current Assets Loans and Advances				
Current Assets				
Interest accrued on Investments		304.84		597.06
Stock in Trade		356.63		287.02
Sundry Debtors (Unsecured)				
Debts outstanding for a period exceeding six months				
- Considered Doubtful	-		0.59	
- Considered Good	-		-	
	-		0.59	
Other Debts, considered good	11.46		6.48	
		11.46		7.07
Receivables for Assets on Lease		14.94		18.86
Balances with the Scheduled Banks				
In Current Accounts	10.41		8.58	
In Margin Money Account	0.01		-	
		10.42		8.58
		698.29		918.59
Loans & Advances				
Loan to Others				
- Considered Doubtful	10.30		9.65	
- Considered Good	290.57		259.22	
		300.87		268.87
Advances recoverable in Cash or in kind or for value to be received.				
- Considered Doubtful	8.16		7.92	
- Considered Good	1.98		169.43	
		10.14		177.35
Deposits	17.15		13.75	
TDS (Net)	60.91		59.72	
		78.06		73.47
		389.07		519.69

NOTES:

- Sundry Debtors include Rs. 0.03 crore (Previous Year Rs. 0.38 crore) due from Reliance Communication Infrastructure Ltd. and Rs. 0.28 crores (Previous Year Rs. Nil) from Reliance Infocomm Ltd. companies under the same management
- Receivable for Assets on Lease includes Rs. Nil (Previous Year Rs. 0.02 crore) on account of exchange difference during the year.
- 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. 0.05 crore (Previous Year Rs. 167.44 crores) paid towards share / debenture application money pending allotment.
- Loans to Others include Rs. 2.00 crores (Previous Year Rs. 2.02 crores) due from subsidiary company.
- Loans to Others include Rs. Nil due from Reliance Industrial Infrastructure Ltd. (Maximum Balance outstanding during the year Rs. 9.85 crores) and Rs. 65.55 crores due from Reliance Enterprises Ltd. (Maximum Balance outstanding during the year Rs. 65.55 crores) companies under the same management.
- 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. 19.77 crores (Previous Year Rs. 20.90 crores) (including Rs. 18.46 crores for doubtful advances) (Previous Year Rs. 17.57 crores for doubtful advances and Rs.0.59 crore for doubtful debtors) is made in accounts in accordance with Prudential norms prescribed by the Reserve Bank of India for Non-Banking Finance Companies.

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at		(Rs. in crores)	
	31 st March, 2003		As at	
	Rs.	Rs.	Rs.	Rs.
Schedule "H"				
Current Liabilities and Provisions				
Current Liabilities				
Sundry Creditors (Other than SSI)	1.55		13.29	
Other Liabilities	25.44		30.39	
Interest accrued but not due	61.51		94.61	
Investor Education and Protection Fund				
Refunds - Issue Application Money	-		0.23	
Unclaimed Dividend	5.08		4.31	
Unclaimed Fixed Deposit	0.44		-	
		94.02		142.83
Provisions				
Provision for Wealth Tax (Net)	0.04		0.04	
Provision for Sub - Standard and doubtful Assets	19.77		20.90	
Provision for Leave Encashment	0.22		0.43	
Proposed Dividend on Equity Shares	36.92		36.92	
Provision for Dividend Tax	4.73		-	
		61.68		58.29
		155.70		201.12

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	2002-2003		(Rs. in crores)	
	2001-2002			
	Rs.	Rs.	Rs.	Rs.
Schedule "I"				
Lease Income				
Lease Rentals	47.31		82.96	
Less : - Lease Equalisation (Net)	(6.58)		16.34	
		53.89		66.62
Lease Finance Charges		1.02		1.47
Lease Management / Syndication Fees		-		0.22
Lease - Other Income		0.03		0.44
		54.94		68.75

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(Rs. in crores)

	2002-2003		2001-2002	
	Rs.	Rs.	Rs.	Rs.
Schedule "J"				
Other Income				
Dividends on :				
Long Term Investments	92.09		2.52	
(Tax Deducted at Source Rs. 4.93 crores, Previous Year Rs. Nil)				
Stock in Trade	7.34		6.41	
(Tax Deducted at Source Rs. 0.77 crore, Previous Year Rs. Nil)		99.43		8.93
Interest on :				
Long Term Investments	262.87		307.75	
(Tax Deducted at Source Rs. 9.45 crores, Previous Year Rs. 3.40 crores)				
Others	26.92		141.89	
(Tax Deducted at Source Rs. 4.55 crores, Previous Year Rs. 5.19 crores)		289.79		449.64
Profit (Net) on sale of :				
Long Term Investments	-		6.18	
Stock in Trade	2.88		7.44	
		2.88		13.62
Profit on Sale of Mobile Handsets		0.47		-
Bad Debts Recovered		0.80		1.47
Provision for Sub Standard and Doubtful Assets Reversed		1.13		-
Income on Securities Lending (Net)		0.10		0.19
Credit Balance written back (Net)		-		0.70
Rent		7.24		3.68
Miscellaneous Income		2.00		1.61
		403.84		479.84
Schedule "K"				
Interest & Finance Charges				
Interest				
On Fixed Loans	77.46		143.39	
On Debentures	2.38		73.87	
On Others	0.02		0.07	
		79.86		217.33
Discount on Assigned liability (Refer Note No. 3 (ii) of Schedule "N")		123.01		45.96
Discount on Bonds		49.94		110.14
		252.81		373.43
Schedule "L"				
Administrative and Other Expenses				
Payments to and provisions for employees -				
Salary, Bonus etc.	1.52		1.60	
Contribution to Provident Fund & other funds	0.32		0.34	
Staff Welfare & Other Amenities	0.59		0.43	
		2.43		2.37
Rent	0.33		0.41	
Rates and Taxes	0.06		0.04	
Repairs and Maintenance	1.18		0.61	
Electricity	0.51		0.16	
Insurance	0.01		0.01	
Travelling and Conveyance	0.60		0.77	
Postage, Telegram and Telephones	0.71		0.46	
Loss (Net) on Sale of Fixed Assets	0.03		9.64	
Loss (Net) on Sale of Long Term Investments	1.33		-	
Auditor's Remuneration	0.23		0.23	
Donation	-		0.06	
Directors' Fees	0.01		0.01	
Bad debts written off (Net)	0.48		-	
Miscellaneous Expenses	3.78		3.99	
		9.26		16.39
		11.69		18.76

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.

iii) Merchant Banking Division:

Management fees, credit syndication and other financial services.

a) Income is recognised on completion of assignment.

b) Underwriting Commission:

Underwriting Commission is recognised as income upon closure of the issue.

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, scripwise, at cost or market price, whichever is lower.

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

H. Stock in trade

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

I. Gratuity & Superannuation

Company's contribution to gratuity and superannuation scheme is expensed based on 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 crores)

1.	As at 31 st March, 2003	As at 31 st March, 2002
Contingent Liabilities :		
Guarantees to Banks and Financial Institutions against credit facilities to third parties	491.93	91.66
Estimated amount of contracts remaining to be executed on capital account and not provided for	0.75	0.06
Uncalled liability on partly paid shares / debentures	250.69	0.01

2. During the year the Company has prepaid Secured Redeemable Discount Bonds of the face value of Rs. 16.00 crores at a premium of Rs. 0.49 crore and the same has been adjusted against Securities Premium Account.
3. i) The Company has accepted assignment of liabilities and amount outstanding as on 31st March, 2003 is Rs. 646.72 crores (Previous Year Rs. 2,511.71 crores) for which the net present value is Rs. 201.52 crores (Previous Year Rs. 489.57 crores). The aforesaid liabilities are to be discharged between the years 2003 and 2021.
- ii) Discount on Assigned Liabilities include additional discount of Rs. 50.26 crores on transfer of Assigned Liability.
4. During the year the Company has decided to provide additional depreciation on assets for own use to the extent of difference between market value and written down value as on the date of Balance Sheet. Consequent to this there is an additional depreciation in the Profit & Loss Account of Rs. 37.38 crores. Had there been no change in the policy of depreciation, the depreciation charge for the year would have been lower by Rs. 37.38 crores and Net Block of Fixed Assets and Reserves & Surplus would have been higher to that extent.
5. During the year the Company has invested in equity shares of Reliance Petroinvest Ltd. and holds 50% of its equity share capital. Reliance Petroinvest Ltd. has acquired 26% of Government's equity holding in Indian Petrochemicals Corporation Ltd. (IPCL) in terms of the disinvestments of IPCL. Reliance Petroinvest Ltd. has through cash offer to the public acquired a further 20% of the total equity capital of IPCL.
6. During the year a part of the Stock in Trade (unquoted Equity Shares) held by the Company has been reclassified as Investments at book value. There is no impact on profit for the year.
7. During the year Company has traded in Mobile Handsets, which has resulted in net profit of Rs. 0.47 crore (including exchange difference of Rs. 0.17 crore).
8. Assets given on lease on or after 1st April, 2001

i) (Rs. in crores)

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	15.42	4.94	10.48	-
	(20.36)	(4.94)	(15.42)	(-)
Add: Unguaranteed residual value	1.10	-	1.10	-
	(1.10)	(-)	(1.10)	(-)
Gross Investments in lease	16.52	4.94	11.58	-
	(21.46)	(4.94)	(16.52)	(-)
Less: Unearned finance income	1.58	0.79	0.79	-
	(2.60)	(1.02)	(1.58)	(-)
Present value of the minimum Lease Rental receivable	14.94	4.15	10.79	-
	(18.86)	(3.92)	(14.94)	(-)

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.
9. The income tax assessments of the Company have been completed up to Assessment Year 2000-01. The total demand raised by the Income-Tax Department up to the said Assessment Year is Rs. 23.15 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.
10. 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.

NOTES ON ACCOUNTS
11. 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 for part of the year by way of:

(Rs. in crores)

	Particulars	2002-2003	2001-2002
i)	Salaries	0.01	-
ii)	Perquisites (Rs. 3,450, Previous Year Rs. Nil)	-	-
iii)	Contribution to Provident Fund and Superannuation Fund (Rs. 9,069, Previous Year Rs. Nil)	-	-
	Total	0.01	-

a) The above remuneration excludes provision for gratuity since this is based on actuarial valuation done on an overall company basis.

b) The above remuneration is duly approved by the Remuneration Committee and the Board of Directors and is subject to the approval of the Shareholders at the ensuing Annual General meeting.

12. Auditors' Remuneration includes:

(Rs. in crores)

	Particulars	2002-2003	2001-2002
i)	Audit Fees	0.16	0.16
ii)	Tax Audit Fees	0.05	0.05
iii)	In other capacity	-	0.01
iv)	Out of Pocket Expenses	0.01	0.01

13. Miscellaneous Expenses referred to in Schedule "L" include:

- i) Net Prior Period items Rs. 0.15 crore (net credit) (Previous year Rs. 0.07 crore (net debit))
 ii) Sales tax refund / (paid) (net) Rs. 0.46 crore (Previous Year (Rs. 13,375))

14. 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 crores)

	Particulars	2002-2003	2001-2002
a)	Amounts used as the numerators		
	Net Profit after tax	102.63	101.22
	Less: Preference dividend and tax thereon	-	0.57
	Net Profit available for equity shareholders	102.63	100.65
b)	Weighted average number of equity shares (Nos.)	12,73,03,261	12,73,01,061
c)	Basic and Diluted Earning Per Share (Rs.)	8.06	7.91

15. 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 Land Pvt. Ltd.	
c)	Reliance Share & Stock Brokers Pvt. Ltd.	
d)	Reliance Petroinvest Ltd.	
e)	Reliance Europe Ltd.	
f)	Indian Petrochemicals Corporation Ltd.	
g)	Chlorosulf Pvt. Ltd.	
iii) Key Management Personnel:		
a)	Shri Anand Jain	- Managing Director (Until 7-3-2003)
b)	Shri Amitabh Jhunjunwala	- Chief Executive Officer (Until 1-10-2002)
c)	Shri V R Mohan	- Company Secretary & Manager (w.e.f. 7-3-2003)

NOTES ON ACCOUNTS

(Rs. in crores)

iv) Transactions during the year with related parties:

	Subsidiaries	Associates	Key Management Personnel	Total
Secured Redeemable Non Convertible Debentures				
a) Issued during the year	-	-	-	-
	(10.00)	(-)	(-)	(10.00)
b) Redeemed during the year	-	-	-	-
	(10.00)	(-)	(-)	(10.00)
c) Balance as at 31st March, 2003	10.00	-	-	10.00
	(10.00)	(-)	(-)	(10.00)
Unsecured Loans and Advances from Others				
a) Taken during the year	-	3690.89	-	3690.89
	(0.10)	(109.45)	(-)	(109.55)
b) Repaid during the year	-	4639.64	-	4639.64
	(2.02)	(109.45)	(-)	(111.47)
c) Balance as at 31st March, 2003	-	-	-	-
	(-)	(-)	(-)	(-)
Security Deposit				
a) Repaid during the year	-	14.58	-	14.58
	(-)	(-)	(-)	(-)
b) Balance as at 31st March, 2003	-	22.59	-	22.59
	(-)	(-)	(-)	(-)
Assigned Liabilities				
Accepted during the year	-	404.53	-	404.53
	(-)	(-)	(-)	(-)
a) Sold during the year	-	-	-	-
	(-)	(0.84)	(-)	(0.84)
b) Assets on Lease as at 31st March, 2003	-	80.03	-	80.03
	(-)	(38.17)	(-)	(38.17)
Investments				
a) Purchased during the year	-	-	-	-
	(-)	(78.00)	(-)	(78.00)
b) Sold during the year	-	-	-	-
	(-)	(0.82)	(-)	(0.82)
c) Brokerage paid during the year	-	-	-	-
	(-)	(0.01)	(-)	(0.01)
d) Balance as at 31st March, 2003	89.05	130.11	-	219.16
	(89.05)	(54.54)	(-)	(143.59)
Stock-in-trade				
a) Subscribed during the year	-	1137.38	-	1137.38
	(-)	(-)	(-)	(-)
b) Redeemed / Sold during the year	-	217.77	-	217.77
	(1.23)	(23.69)	(-)	(24.92)
c) Brokerage paid during the year	-	0.01	-	0.01
	(-)	(0.06)	(-)	(0.06)
d) Balance as at 31st March, 2003	-	348.65	-	348.65
	(-)	(109.52)	(-)	(109.52)
Sundry Debtors Balance as at 31st March, 2003				
	-	10.90	-	10.91
	(-)	(2.60)	(-)	(2.60)
Receivables for Assets on Lease				
a) Repaid during the year	-	1.92	-	1.92
	(-)	(-)	(-)	(-)
b) Balance as at 31st March, 2003	-	6.27	-	6.27
	(-)	(-)	(-)	(-)
Loans to Others				
a) Given during the year	-	161.06	-	161.06
	(3.02)	(5,941.91)	(-)	(5,944.93)
b) Returned during the year	-	5.00	-	5.00
	(4.66)	(6,229.78)	(-)	(6,234.44)
c) Interest receivable as at 31st March, 2003	-	0.05	-	0.05
	(0.02)	(101.16)	(-)	(101.18)
d) Balance as at 31st March, 2003	2.00	156.00	-	158.00
	(2.00)	(-)	(-)	(2.00)

NOTES ON ACCOUNTS

(Rs. in crores)

	Subsidiaries	Associates	Key Management Personnel	Total
Advances recoverable in cash or in kind				
a) Given during the year	-	5.00	-	5.00
	(-)	(150.59)	(-)	(150.59)
b) Returned during the year	-	-	-	-
	(-)	(0.59)	(-)	(0.59)
c) Interest receivable as at 31st March, 2003	-	0.05	-	0.05
	(-)	-	(-)	-
c) Balance as at 31st March, 2003	-	-	0.05	0.05
	(-)	(150.00)	(-)	(150.00)
Current Liabilities				
a) Other Liabilities Balance as at 31st March, 2003	-	5.66	-	5.66
	(-)	(5.57)	(-)	(5.57)
b) Interest accrued but not due Balance as at 31st March, 2003	1.04	52.39	-	53.43
	(1.04)	(0.27)	(-)	(1.31)
Income				
a) Lease Rentals	-	9.62	-	9.62
	(-)	(12.98)	(-)	(12.98)
b) Dividend	-	7.55	-	7.55
	(-)	(3.30)	(-)	(3.30)
c) Interest on Others	-	1.59	-	1.59
	(0.02)	(102.41)	(-)	(102.43)
d) Sale of Mobile Handsets	-	17.68	-	17.68
	(-)	(-)	(-)	(-)
e) Miscellaneous Income	1.14	2.21	-	2.59
	(0.09)	(4.07)	(-)	(4.16)
Expenditure				
a) Interest on Fixed Loans	-	66.32	-	66.32
	(0.05)	(0.27)	(-)	(0.32)
b) Interest on Debentures	1.07	-	-	1.07
	(1.07)	(-)	(-)	(1.07)
c) Rent	-	0.07	-	0.07
	(-)	(-)	(-)	(-)
d) Payments to and provisions for employees	-	-	0.43	0.43
	(-)	(-)	(0.65)	(0.65)
Contingent Liability				
a) Guarantees to Banks and Financial Institutions against credit facilities to third parties	-	0.04	-	0.04
	(-)	(0.19)	(-)	(0.19)

Figures in bracket indicates previous year figures

16. 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.

17. 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 crores)	
	Outstanding Balance as on 31st March 2003	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
ii) Loans and advances in the nature of loans to associates		
a) Reliance Shares & Stock Brokers Pvt. Ltd.	6.00	6.00
b) Reliance Industries Ltd.	150.00	150.00
iii) Loans and advances in the nature of loans where there is		
a) no repayment schedule or repayment beyond seven years	Nil	Nil
1) Loans to employees (in ordinary course of business)	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) Loans to employees (in ordinary course of business)	0.80	0.80
iv) Loans and advances in nature of loans to firms / companies in which directors are interested	Nil	Nil
		(Rs in crores)
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
a) Reliance Industries Ltd.	6,00 89,966	485.80

NOTES ON ACCOUNTS

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

Particulars	Amount	Amount
	Outstanding	Overdue
i) Loans and advances availed by NBFC inclusive of interest thereon but not paid		
a) Debentures		
1) Secured	11.04	-
b) Inter-corporate loans and borrowings	1396.27	-
c) Other Public Deposits	-	-
d) Security Deposit – Lease	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	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)	366.93	
2) Operating Lease	-	
iv) Break up of Investments		
a) Current Investments		
1) Quoted		
• Shares		
– Equity	284.28	
• Debentures and Bonds	1.45	
• PSU Bonds	0.21	
2) Unquoted		
• Shares		
– Equity	0.45	
• Debentures and Bonds	70.24	
b) Long Term Investments		
1) Quoted		
• Shares		
– Equity	289.10	
2) Unquoted		
• Shares		
– Equity	103.37	
– Preference	7.50	
• Debentures and Bonds	1,327.54	
• PSU Bonds	2.85	
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) Companies in the same group	16.19	65.56
3) Other related parties	22.33	156.10
b) Other than related parties	328.41	165.41
Total	366.93	389.07
vi) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)	Market Value / Book Value	
	Break up Value or (net of provisions)	
	fair value or NAV	
a) Related Parties		
1) Subsidiaries	104.26	89.05
2) Companies in the same group	816.21	810.85
3) Other related parties	540.18	472.35
b) Other than related parties	705.46	714.74
Total	2166.11	2086.99
vii) Other Information	Amount	
a) Gross Non Performing Assets		
1) Related parties	-	
2) Other than related parties	23.37	
b) Net Non Performing Assets		
1) Related Parties	-	
2) Other than related parties	19.78	
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.

NOTES ON ACCOUNTS

	Quantity		(Rs. in crores) Value	
	As at	As at	As at	As at
	31-03-2003	31-03-2002	31-03-2003	31-3-2002
19. Stock in Trade				
Shares :				
Equity Shares				
Anglo French Drug Co. (East.) Ltd. (Previous Year Rs. 47,420)	-	48,550	-	-
Aptech Ltd. (Previous Year Rs.2,546)	-	40	-	-
Arvind Products Ltd.	-	2,33,400	-	0.12
Associated Hotels Ltd.	-	12,500	-	0.05
Biochem Synergy Ltd. (Previous Year Rs. 350)	-	700	-	-
Centurion Bank Ltd. (Previous Year Rs.1,000)	-	100	-	-
Central Cables Ltd.	-	24,600	-	0.05
Chennai Petroleum Corporation Ltd.	-	9,20,690	-	2.33
Chlorosulf Pvt. Ltd.	-	500	-	2.00
Conick Alloys (India) Ltd.	-	30,000	-	0.02
Cybertech Systems & Software Sys. Ltd. (Previous Year Rs. 42,525)	-	2,250	-	-
Central India Polyesters Ltd. (formerly DCL Polyester Ltd.) (Rs. 2,860 Previous Year Rs.4,400)	1,100	2,200	-	-
Diamond Regina Ceramic Ltd.	-	3,61,200	-	0.02
Digitron Computers Pvt. Ltd.	69,500	69,500	0.45	0.45
Essar Steel Ltd. (Previous Year Rs. 3,520)	-	1,100	-	-
Essar Shipping Ltd. (Previous Year 9,365)	-	1,892	-	-
Electronica Machine Tools Ltd.	-	18,900	-	0.01
Galada Power & T. C. Ltd.	-	2,50,000	-	0.06
GNFC Ltd. (Previous Year Rs.1,237)	-	75	-	-
GTN Textile Industries Ltd.	-	4,54,700	-	0.65
Guj Lease Financing Ltd. (Previous Year Rs. Nil)	-	25	-	-
ICICI Ltd.	-	1,030	-	0.01
IPCL Ltd.	-	2,170	-	0.01
JL Morrison Ltd.	65,000	65,000	0.38	0.38
JP Industries Ltd. (Previous Year Rs. 815)	-	100	-	-
Karur Vysya Bank Ltd. (Previous Year Rs. 13,671)	-	140	-	-
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
Larsen & Toubro Ltd.	-	1,050	-	0.02
LML Ltd. (Previous Year Rs. 2,350)	-	100	-	-
Magnum Intermediates Ltd. (Previous Year Rs. 26,350)	-	6,800	-	-
Maxwell Apparels Industries Ltd.	-	14,350	-	0.02
Nielcon Ltd. (Previous Year Rs. 25,950)	-	51,900	-	-
Philips (I) Ltd. (Previous Year Rs.11,450)	-	200	-	-
Punjab Communications Ltd.	-	37,600	-	0.10
PNB Gilts Ltd.	-	3,28,600	-	0.56
Rallis India Ltd.	10,18,800	10,18,800	3.74	3.74
Renewable Energy Systems Ltd. (Previous Year Rs. 7,700)	-	7,000	-	-
Reliable Internet Services Ltd.	-	10,00,000	-	1.00
Reliance Industries Ltd.	128,03,818	64,44,021	278.62	105.24
Reliance Petroleum Ltd. (converted in shares of Reliance Industries Ltd.)	-	6,35,24,693	-	158.23
Reliance Petroleum Ltd. (Partly Paid)	-	10,000	-	0.01
Reliance Power Ltd. (Previous Year Rs. 3,000)	-	300	-	-
Reliance Industrial Infrastructure Ltd. (company under same management)	1,60,100	1,60,100	0.50	0.50
Rosche Trading Pvt. Ltd.	-	18,000	-	0.02
RPG Telecom Ltd.	-	50,900	-	0.07
Recron Synthetics Ltd.	23,05,425	-	0.92	-
Saket Projects Ltd.	-	1,50,000	-	0.15
Sanghi Polyester Ltd.	-	6,44,900	-	0.07
Saw Pipes Ltd.	-	4,00,000	-	0.95
State Bank Of India	-	7,500	-	0.15
Sri Vindhya Paper Mills Ltd.	-	60,000	-	0.01
South India Corp Agency Ltd.	-	1,750	-	-
Sterling Tools Ltd.	-	10,900	-	0.02
Sunearth Ceramics Ltd.	-	37,800	-	0.06

NOTES ON ACCOUNTS

	Quantity		(Rs. in crores) Value	
	As at	As at	As at	As at
	31-3-2003	31-3-2002	31-3-2003	31-3-2002
Tatia Skyline & Health Farms Ltd.	-	4,64,300	-	0.03
Tata Chemicals Ltd. (Previous Year Rs. 3,919)	-	103	-	-
Tata Iron & Steel Co. Ltd. (Previous Year Rs. 5,175)	-	53	-	-
Tebma Shipyards Ltd. (Previous Year Rs.24,750)	-	11,000	-	-
Titagarh Steel Ltd.	-	63,564	-	0.01
Tribology India Ltd. (Previous Year Rs. 18,250)	-	20,400	-	-
Valecha Engineering Ltd.	-	35,000	-	0.06
Wall Street Finance Ltd. (Previous Year Rs.75)	-	50	-	-
Total Equity Shares	1,75,00,093	7,81,59,446	284.73	277.32
Debtentures				
0% Apollo Fibres Ltd.	1,05,500	1,05,500	0.21	0.20
0% Chlorosulf Pvt. Ltd.	-	27,360	-	0.27
17.5% ITC Hotels Ltd. (FV Rs. 250)	-	3,375	-	0.08
17.5% ITC Hotels Ltd. (FV Rs. 80) (Previous Year Rs. 6,000)	-	75	-	-
16% Kothari Ind. Corpn.Ltd.(Previous Year Rs.9,525)	-	127	-	-
0% Reliance Land Pvt. Ltd.	2,00,000	2,00,000	2.00	2.00
10.5% Reliance Telecom Ltd.	29	29	1.45	1.45
16% Rama Newsprint Pulp Ltd.	-	64,325	-	0.39
12.5% Reliance Industries Ltd. - H Series	-	610	-	0.01
Reliance Petroleum Ltd.-TOCD	-	1,000	-	0.01
Reliance Industries Ltd. (PPD 165)	655	-	65.50	-
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 Debtentures	3,13,684	4,02,401	71.69	4.41
Units				
Master Gain - UTI	-	7,08,900	-	0.69
Master Growth - UTI	-	12,73,300	-	1.21
Master Plus - UTI	-	3,900	-	0.01
Master Share - UTI	-	1,29,006	-	0.12
Morgan Stanley Growth Fund (Previous Year Rs. 600)	-	100	-	-
PNB Mutual Fund	-	29,000	-	0.26
SBI Magnum Multi Plus (Previous Year Rs.5,656)	-	700	-	-
SBI Magnum Rising	-	-	-	-
UTI US 1964	-	1,21,520	-	0.08
UTI - Grand Master - 93 (Previous Year Rs. 3,970)	-	500	-	-
Total Units	-	22,66,926	-	2.37
Government Securities				
112.00% Tamil Nadu 2010	-	110,100	-	1.37
12.00% Karnataka State Loan 2011	-	15,000	-	0.20
11.83% GOI 2011	-	97,450	-	1.32
Total Government Securities	-	2,22,550	-	2.89
PSU Bonds				
1.50% HUDCO 2004	-	3	-	0.03
14% IDBI 2006	20	-	0.21	-
Total PSU Bonds	20	3	0.21	0.03
Grand Total			356.63	287.02

NOTES ON ACCOUNTS

Note: Above includes –

- i) 3,93,880 Equity Shares of Kothari Industrial Corpn. Ltd. delivered to the Escrow Agency namely UTI Bank Ltd. pursuant to the Settlement Order of the H'ble Supreme Court of India. The settlement proceeds will be received upon due completion of the process of the Order;
- ii) Rs. 29.81 crores of shares / units pledged towards security on behalf of third parties;
- iii) Rs. 0.49 crore of bad deliveries pending for rectification.

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

	Quantity		Value	
	As at	As at	As at	As at
	31-3-2003	31-3-2002	31-3-2003	31-3-2002
Opening Stock				
Equity Shares	7,81,59,446	5,84,09,927	277.32	237.94
Warrant Equity Shares	-	86,20,300	-	12.32
Debentures	4,02,401	7,96,901	4.41	8.21
Units	22,66,926	25,16,926	2.37	2.64
Government securities	2,22,550	64,200	2.89	0.69
PSU Bonds	3	30	0.03	1.10
Mobile Hand Sets	-	-	-	-
			287.02	262.90
Purchases / Transfers				
Equity Shares	94,26,559	2,13,25,755	176.53	59.32
Warrant Equity Shares	-	-	-	-
Debentures	3,51,750	21,79,552	1,311.49	23.52
Units	-	-	-	-
Government Securities	2,63,855	12,60,860	3.47	14.49
PSU Bonds	2,976	3,416	31.33	37.32
Mobile Handsets	44,840	-	17.37	-
			1,540.19	134.65
Sales / Transfers				
Equity Shares	7,00,85,912	15,76,236	169.87	26.27
Warrant Equity Shares	-	86,20,300	-	12.32
Debentures	4,40,467	25,74,052	1245.90	28.22
Units	22,66,926	2,50,000	2.80	0.34
Government Securities	4,86,405	11,02,510	6.36	12.37
PSU Bonds	2,959	3,443	31.17	38.44
Mobile Handsets	44,840	-	17.83	-
			1,473.93	117.96
Closing Stock				
Equity Shares	1,75,00,093	7,81,59,446	284.73	277.32
Warrant Equity Shares	-	-	-	-
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

21. Value of Imports on CIF Basis : Particulars	(Rs. in crores)	
	2002-2003	2001-2002
i) Capital Goods for own use	-	0.08
ii) Capital Goods for Lease	-	3.53
iii) Mobile Handsets	17.37	-

22. Expenditure in foreign currency Particulars	(Rs. in crores)	
	2002-2003	2001-2002
i) Travelling Expenses	0.17	0.25
ii) Others	0.18	0.14

NOTES ON ACCOUNTS
23. Balance Sheet Abstract and Company's General Business Profile
I. Registration Details

Registration No. : State Code:

Balance Sheet Date:

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

Public Issue Rights Issue

Bonus Issue Private Placement

III. Position of Mobilisation and Deployment of funds (Amount in Rs. in crores)

Total Liabilities	<input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="8"/>	Total Assets	<input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="8"/>
Sources of funds		Applications of funds	
Paid-up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="."/> <input type="text" value="8"/> <input type="text" value="3"/>	Net Fixed Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="6"/>
Reserves & Surplus	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="."/> <input type="text" value="5"/> <input type="text" value="0"/>	Investments	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="3"/> <input type="text" value="6"/>
Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/>	Net Current Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="6"/> <input type="text" value="6"/>
Unsecured Loans	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="5"/>	Miscellaneous Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
		Accumulated Losses	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

IV. Performance of Company: (Amount in Rs. in crores)

Turnover	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="8"/>	Total Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="5"/>
Profit Before Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="6"/> <input type="text" value="3"/>	Profit After Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="6"/> <input type="text" value="3"/>
Earning Per Share (Rs.) (Basic and Diluted)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="6"/>	Dividend Rate	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="9"/> %

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

Item Code No.

Product Description

I ASSET FINANCING

II LENDING

III INVESTMENTS

24 (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 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, 21st April, 2003

for and on behalf of the Board

Chairman
Vice Chairman

Directors

Company Secretary & Manager

Mumbai, 21st April, 2003

D. Chaturvedi
Anand Jain
D. J. Kapadia
S. S. Thakur
Sandeep H. Junnarkar
U. Mahesh Rao
Alok Agarwal
V. R. Mohan

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2003

	2002-2003		(Rs. in crores) 2001-2002	
	Rs.	Rs.	Rs.	Rs.
A. Cash Flow from Operating Activities				
Net profit before tax as per P & L Account		102.63		101.22
Adjusted for				
Extraordinary items		(0.15)		0.07
Net profit before tax and extraordinary items		102.48		101.29
Adjusted for				
Depreciation	91.65		55.18	
Lease Equalisation	(6.58)		16.34	
Provision for Sub Standard Assets	(1.13)		-	
Investments -				
Interest/Dividend Income	(354.96)		(310.27)	
(Profit) / Loss on sale of Investment	1.33		(6.18)	
Interest Expenses	252.81		373.43	
Loss / (Profit) on sale of Fixed Assets	0.03	(16.85)	9.64	138.14
Operating Profit before working Capital Changes		85.63		239.43
Adjusted for				
Trade and Other Receivables	(5.03)		(416.75)	
Inventories	(69.61)		(24.12)	
Trade Payables	(16.63)	(91.27)	(25.75)	366.88
Cash generated from operations		(5.64)		606.31
Interest Paid	(113.00)		(199.47)	
Taxes Refund / (Paid)	-	(113.00)	-	(199.47)
Cash Flow before extraordinary items		(118.64)		406.84
Extraordinary Items		0.15		(0.07)
Net Cash from Operating Activities		(118.49)		406.77
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets		(1.70)		(18.50)
Sale of Fixed Assets		0.29		30.79
Purchase of Investments		(537.68)		(23.69)
Acquisition of Subsidiaries		-		(78.00)
Sale of Investments		900.64		460.23
Disposal of Subsidiaries		-		1.72
Interest Received		545.64		123.81
Dividend Received		87.16		2.52
Net Cash used in Investing Activities		994.35		498.88
C. Cash Flow from Financing Activities				
Redemption of Preference Share Capital		-		(800.00)
Proceeds from Long Term Borrowings		-		202.13
Repayment of Long Term Borrowings		(1,147.16)		(964.33)
Proceeds from Short Term Borrowings		309.29		696.55
Dividends Paid		(36.15)		(40.56)
Net cash used in Financing Activities		(874.02)		(906.21)
Net increase in Cash and Cash Equivalents (A + B + C)		1.84		(0.56)
Opening Balance of Cash and Cash Equivalents		8.58		9.14
Closing Balance of Cash and Cash Equivalents		10.42		8.58

Note : 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, 21st April, 2003

for and on behalf of the Board

Chairman
Vice Chairman

Directors

Company Secretary & Manager

Mumbai, 21st April, 2003

D. Chaturvedi
Anand Jain
D. J. Kapadia
S. S. Thakur
Sandeep H. Junnarkar
U. Mahesh Rao
Alok Agarwal
V. R. Mohan

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

Name of 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	31 st March, 2003	31 st March, 2003	31 st March, 2003	31 st March, 2003
2. Date from which they became Subsidiary Companies	12 th May, 1995	12 th May, 1995	15 th January, 2002	15 th January, 2002
3 a. Number of shares held by Reliance Capital Limited with its nominees in the Subsidiaries as at 31 st March, 2003	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 31 st March, 2003	100%	100%	75%	75%
4. The net aggregate amount of the Profit/(Loss) so far as it concerns the members of the Holding Company				
a. Not dealt with in the Holding Company's Accounts.				
(i) For the Financial year ended 31 st March, 2003	Rs. 156.60 Lakhs	Rs. 2.74 Lakhs	Rs. 1423.00 Lakhs	Nil
(ii) For the previous Financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries.	Rs. 135.31 Lakhs	Rs. 9.21 Lakhs	Rs. 67.93 Lakhs	Nil
b. Dealt with in the Holding Company's accounts				
i) For the Financial year ended 31 st March, 2003	Nil	Nil	Nil	Nil
ii) For the previous Financial years of the Subsidiary companies since they became the Holding Company's Subsidiaries.	Rs. 78.29 Lakhs	Nil	Nil	Nil

for and on behalf of the Board

Chairman

Vice Chairman

Directors

Company Secretary & Manager

Mumbai, 21st April, 2003

D. Chaturvedi

Anand Jain

D. J. Kapadia

S. S. Thakur

Sandeep H. Junnarkar

U. Mahesh Rao

Alok Agarwal

V. R. Mohan



DIRECTORS' REPORT

To the Members,

Your Directors present their Eighth Annual Report on the business and operations of the Company together with the audited Statement of Accounts for the year ended 31st March 2003.

Financial Results:

(Rupees)

	Year ended 31-3-2003	Year ended 31-3-2002
Gross Income	15,39,54,598	10,14,04,544
Gross Profit	2,09,57,195	35,23,517
Depreciation	10,24,801	9,26,844
Profit before tax	1,99,32,394	25,96,673
Provision for taxation	30,00,000	-
Provision for Deferred Tax Liability	22,14,382	-
Profit After Tax	1,47,18,012	25,96,673
Excess provision for tax in the previous year	9,41,616	-
Balance carried to Balance Sheet	2,91,91,053	1,35,31,426

Dividend:

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

Operations & Developments:

The Company is the Investment Manager to Reliance Capital Mutual Fund (RCMF). RCMF currently has two open-ended Equity Schemes (Reliance Vision Fund and Reliance Growth Fund); three open-ended Income Schemes (Reliance Income Fund, Reliance Short Term Fund and Reliance Medium Term Fund [formerly known as Reliance Monthly Income Plan]); an open-ended Liquid Income Scheme (Reliance Liquid Fund); and a close-ended Income Scheme (Reliance Fixed Term Scheme).

During the year, the Mutual Fund Industry has witnessed a fall of 13.32% in the total assets under management from Rs.1,00,594 crores to Rs.87,190 crores between March 2002 and February 2003 (Source: AMFI Update). Except Liquid Schemes, which saw significant growth from Rs.8,069 crores to Rs.15,880 crores, all Income and other Funds have witnessed huge fall in the assets under management.

During the period under review, RCMF has introduced on 17th September, 2002 a "Super Cash Plan" in addition to the existing Treasury Plan and Cash Plan in Reliance Liquid Fund. RCMF has also launched two new Schemes namely Reliance Short Term Fund, an open-ended Income Scheme on 9th December , 2002 and Reliance Fixed Term Scheme, a close-ended Income Scheme on 28th March , 2003. During the period, one of the schemes, namely, Reliance Monthly Income Plan was renamed as Reliance Medium Term Fund and the asset allocation pattern was changed by removing its equity portion and making it a pure debt scheme.

The assets under management of RCMF during the financial year 2002-2003 have gone up from Rs.1,158 crores to Rs.2,419 crores showing an increase of Rs.1,261 crores (108 percent).

Reliance Vision Fund received the BNP Paribas Annual CNBC award 2003 rated by Moody's Investors Service for the best performing Mutual Fund in the One-year Open Ended Equity Diversified Fund Category in February 2003. 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. There were in all 46 schemes competing for the open-ended Equity Diversified Fund One-year category.

Reliance Income Fund (Growth Plan) has also been rated "AAAF" by CRISIL indicating that the Fund's portfolio holdings provide very strong protection against losses from credit defaults.

In order to cater to the requirements of our investors, Bonus Plans/ Options under the Growth Plans of all the Schemes, Trigger facility and Inter-Scheme switches/transfers in the Equity Schemes viz. Reliance Vision Fund and Reliance Growth Fund were introduced. These initiatives would make the scheme features more attractive for the investors. During the financial year 2002-2003, RCMF has declared a dividend of Rs. 2/- on the face value of Rs. 10/- in Reliance Growth Fund and Rs. 3/- on the face value of Rs. 10/- in Reliance Vision Fund. For the convenience of investors, we have further extended the CMS facility with ICICI Bank Ltd. in addition to HDFC Bank Ltd., Citibank N.A., Standard Chartered Bank and ABN Amro Bank N.V. for RCMF.

With a view to increase our reach to investors, new branch at Jamnagar in Gujarat, was opened this year, taking the total number of branches to seven all over India. The premises of the branches at Pune, Chennai and Bangalore have been relocated in the interests of greater operational efficiency.

In order to facilitate electronic dealing in Government securities and Money Market instruments, the Negotiated Dealing System (NDS) was implemented and membership with Clearing Corporation of India Ltd., (CCIL) was obtained. In compliance with the regulatory requirements, the risk management system in the areas identified by SEBI for evaluating and measuring all risks inherent in a mutual fund organisation was also implemented.

During the year under review five 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 Deposit from the public.

Directors:

Shri Alok Agarwal and Shri Amitabh Jhunjunwala were appointed as Additional Directors of the company with effect from 19th April, 2003

DIRECTORS' REPORT - Contd.

and their term expires at the ensuing Annual General Meeting. Shri Anand Jain resigned as a Director effective 21st April, 2003. The Board wishes to place on record their appreciation for the services rendered by him.

Shri V. H. Pandya, Director of the Company retires by rotation and being eligible, offers himself for re-appointment.

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 three directors i.e. Shri D. J. Kapadia, Shri V. H. Pandya and Shri Shailesh Vaidya.

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 31st March, 2003, the applicable accounting standards had been followed and that there are no material departures.
- ii) the Directors have selected such accounting policies in consultation with the Statutory Auditors and have applied them consistently and made judgments and estimates that 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 had prepared the annual accounts for the financial year ended 31st March on a 'going concern' basis.

Auditors & Auditors' Report:

M/s. C. C. Chokshi & Co., Chartered Accountants, 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 Accountants, to the effect that their re-appointment if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956. Members are requested to consider the appointment of the auditors and fix their remuneration.

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 to the Director's 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 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 Securities and Exchange Board of India, Reserve Bank of India, custodian, bankers, registrars, shareholders, staff and other business constituents associated with your Company.

for and on behalf of the Board of Directors

Anand Jain **D.J. Kapadia**
Director Director

Mumbai, 19th April, 2003.

STATEMENT PERSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975. FOR THE YEAR ENDED 31ST MARCH 2003, FORMING PART OF THE DIRECTORS' REPORT.

Name	Age	Qualification	Designation	Joining Date	Gross Earnings	Exp	Previous Organisation	Previous Designation
Krishnaswami Rajagopal	55	M.A., CAIIB	Chief Investment Officer	12 th March, 2001	65 00 000	31	State Bank of India	Treasury Operations General Manager and Head of Rupee Treasury

Notes:

1. The appointment is non-contractual and terminable by notice on either side.
2. Remuneration includes salary, bonus, various allowances and contribution to provident fund and superannuation.
3. The employee is not a relative of any of the Directors of the Company.
4. Information about qualification and last employment is based on particulars furnished by the concerned employee.



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, 2003 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.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 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.

Further to our comments in the Annexure referred to above, we report that:

1. 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;
2. 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

3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
4. 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;
5. On the basis of written representations received from the directors, as on 31st March, 2003, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
6. 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, 2003; 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

Mumbai, 19th April, 2003.

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph I of our report of even date on the accounts of Reliance Capital Asset Management Limited for the year ended 31st March 2003.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets of the Company have been physically verified by the management during the period. No discrepancies were noticed on verification.
2. None of the fixed assets have been revalued during the period.
3. The Company has not taken loans from parties listed in the register under Section 301 of the Companies Act, 1956 or from companies under the same management as defined under Section 370 of the Companies Act, 1956.
4. The Company has not granted any loans, secured or unsecured, to the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to the companies under the same management as defined under Section 370 of the Companies Act, 1956.
5. The parties (including employees) to whom loans or advances in the nature of loans have been given by the company are repaying the principal amounts as stipulated and are also regular in payment of interest.
6. 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 with regard to purchase of equipment and other assets. The Company has not sold any goods.
7. In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services in pursuance of contracts or arrangements entered in the register under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- (Rupees fifty thousand) or more in respect of any party.
8. The Company has not accepted any deposit from the public.
9. **The Company has introduced an Internal Audit system from the month of January, 2003 onwards; the same needs to be strengthened to be commensurate with the size and nature of its business.**

10. The Company has been regularly depositing the Provident Fund dues and Employees State Insurance dues with the appropriate authorities during the year.
11. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as on 31st March 2003 for a period of more than six months from the date they become payable.
12. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
13. The Company is not a sick industrial company within the meaning of clause (o) of the sub-section (1) of Section 3 of the Sick Industrial Companies Act (Special Provisions) Act, 1985.
14. The nature of the services/activities carried on by the Company does not require a system of recording receipts, issues and consumption of materials and allocation thereof and labour to jobs. Further, the question of having a system of authorisation and internal control on issue of stores and allocation of stores and labour does not arise.
15. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and any other similar securities.
16. We are informed that the provisions of any special statute applicable to the Chit Funds, Nidhi or Mutual Benefit Society are not applicable to the Company.
17. The Company has maintained records of the transactions and contracts of dealing or trading in securities and timely entries have been made therein. The securities are in the name of the Company/in the process of being transferred in the name of the Company.
18. The nature of the Company's activities is such that requirements of items [iii], [iv], [v], [vi], [xii], [xiv] and [xvi] of clause A and item [ii] of Clause C of paragraph 4 of the Order are not applicable to the Company.

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

R. Salivati
Partner

Mumbai, 19th April, 2003.

BALANCE SHEET AS AT 31ST MARCH, 2003

		(Rupees)	(Rupees)
		As At	As At
	Schedule	31 st March, 2003	31 st March, 2002
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)		<u>2,91,91,053</u>	<u>13,531,426</u>
Total		<u><u>13,91,98,053</u></u>	<u><u>12,35,38,426</u></u>
Application of Funds :			
Fixed Assets			
(a) Gross Block	B	1,13,78,966	90,31,208
(b) Less : Depreciation		<u>77,16,718</u>	<u>69,23,797</u>
(c) Net Block		36,62,248	21,07,411
Investments	C	14,27,62,332	11,53,65,316
Current Assets, Loans & Advances			
(a) Current Assets	D	96,16,801	15,83,759
(b) Debtors		53,55,976	1,14,28,043
(c) Loans & Advances		1,26,49,911	82,31,641
(d) Other Current Assets		<u>56,26,531</u>	<u>66,80,731</u>
		<u><u>3,32,49,219</u></u>	<u><u>2,79,24,174</u></u>
Less : Current liabilities & Provisions			
(a) Current Liabilities	E	4,06,07,977	2,60,42,427
(b) Provisions		<u>47,03,766</u>	<u>30,29,186</u>
		<u><u>4,53,11,743</u></u>	<u><u>2,90,71,613</u></u>
Net Current Assets		(1,20,62,524)	(11,47,439)
Deferred tax liability (net)		(32,67,026)	(10,52,644)
Miscellaneous Expenditure			
(to the extent not written off or adjusted)	F	81,03,024	82,65,782
Total		<u><u>13,91,98,053</u></u>	<u><u>12,35,38,426</u></u>
Notes to Accounts	K		

As per our attached report of even date
for **C. C. Chokshi & Co.**
Chartered Accountants

R. Salivati
Partner

Mumbai, 19th April, 2003

for and on behalf of the Board of Directors

Anand Jain
Director

K. Rajagopal
Chief Investment Officer

Mumbai, 19th April, 2003

D. J. Kapadia
Director

V. Ananthkrishnan
Manager

Vijay Kumavat
Secretary

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003**

		(Rupees)	(Rupees)
	Schedule	2002-2003	2001-2002
Income			
Investment Management and Advisory fees		13,96,82,705	8,35,59,732
Interest	G	58,57,809	69,44,737
Dividend (Tax deducted at source Rs. 13,514/- Previous Year Rs. NIL)		1,29,350	89,646
Profit on Sale/Redemption of long term Investment		76,39,168	1,02,63,239
Profit on Sale of Fixed Assets		49,786	-
Other Income		5,95,780	5,47,190
		15,39,54,598	10,14,04,544
Expenditure			
Salaries and benefits to employees	H	2,23,66,699	2,46,59,295
Administrative and other expenses	I	2,69,95,907	1,98,09,816
Marketing & Publicity expenses	J	8,06,94,357	5,06,56,655
Depreciation		10,24,801	9,26,844
Preliminary Expenses written off		34,026	34,026
Deferred Revenue expenditure written off		29,06,414	27,21,235
		13,40,22,204	9,88,07,871
Profit Before Tax		1,99,32,394	25,96,673
Less: Provision for Income Tax		30,00,000	-
Less: Provision for Deferred Tax Liability (net)		22,14,382	-
Profit After Tax		1,47,18,012	25,96,673
Add: Balance brought forward		1,35,31,426	1,19,87,397
Less: Provision for opening deferred tax liability (net)		-	10,52,644
		1,35,31,426	1,09,34,753
Add: Excess provision for tax written back		9,41,616	-
Balance Carried to Balance Sheet		2,91,91,053	1,35,31,426
Basic and Diluted Earning PerShare of Rs. 10/- each		2.09	0.35

Notes to Accounts

K

As per our attached report of even date
for **C. C. Chokshi & Co.**
Chartered Accountants

R. Salivati
Partner

for and on behalf of the Board of Directors

Anand Jain
Director

K. Rajagopal
Chief Investment Officer

D. J. Kapadia
Director

V. Ananthkrishnan
Manager
Vijay Kumavat
Secretary

Mumbai, 19th April, 2003

Mumbai, 19th April, 2003

SCHEDULES FORMING PART OF THE BALANCE SHEET

	(Rupees)	(Rupees)
	31 st March 2003	31 st March 2002
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
	15,00,00,000	15,00,00,000
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	3,50,00,000	3,50,00,000
(All the shares are held by the holding company Reliance Capital Limited and its nominees)	11,00,07,000	11,00,07,000

(Rupees)										
Fixed Assets	Opening Net Block				Depreciation				Net Block	
	As at 01.04.2002	Additions	Deduction	As at 31-03-2003	Upto 31.03.2002	During the year	Deductions	Upto 31.03.2003	As at 31.03.2003	As at 31.03.2002
Computer	67,60,387	18,20,411	-	85,80,798	55,19,393	8,14,904	-	63,34,297	22,46,501	12,40,994
Motor Car	9,67,985	-	2,91,615	6,76,370	8,07,810	30,048	2,31,880	6,05,978	70,392	1,60,175
Office Equipment	4,07,061	4,85,884	-	8,92,945	1,16,409	87,733	-	2,04,142	6,88,803	2,90,652
Furniture	8,95,775	3,33,078	-	12,28,853	4,80,185	92,115	-	5,72,300	6,56,553	4,15,590
Total	9,031,208	26,39,373	2,91,615	1,13,78,966	69,23,797	10,24,801	2,31,880	77,16,718	36,62,248	21,07,411
Previous year	8,408,436	6,22,772	-	90,31,208	59,96,953	9,26,844	-	69,23,797	21,07,411	24,11,483

	(Rupees)		(Rupees)	
Face Value	Quantity	Cost	Quantity	Cost
	As at	As at	As at	As at
	31-3-2003	31-3-2003	31-3-2002	31-3-2002
		5,50,00,000		5,50,00,000

Schedule "C"
Long term Investments
Long term Investments
(a) Fully paid Debentures

10.50% Secured Redeemable Deb. Of Reliance Telecom Limited	5,00,000	70	3,50,00,000	70	3,50,00,000
12.25% Tata Finance Limited	1,00,00,000	2	2,00,00,000	2	2,00,00,000
			5,50,00,000		5,50,00,000

(b) Fully Paid Shares / Warrants

Reliance Petroleum Limited *	-	--	--	275,100	42,98,319
Reliance Industries Limited *	10	25,008	42,98,319	-	-
Glenmark Pharma Limited	10	50	10,000	50	10,000
ISIBARS Limited	10	193	2,171	193	2,171
			43,10,490		43,10,490

* 25008 shares of Reliance Industries Limited received in exchange of 2,75,100 shares of Reliance Petroleum Limited pursuant to amalgamation of both the companies

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	(Rupees)		(Rupees)		(Rupees)	
	Face Value	Quantity	Cost As at 31-3-2003	Quantity	Cost As at 31-3-2002	Cost As at 31-3-2002
		As at 31-3-2003		As at 31-3-2002		
(c) Other Investments - Mutual Funds						
fully paid units of Rs.10 each						
Alliance '95	10	165	2,667	165	2,667	
Alliance Liquid Income	10	50	500	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	109	1,205	109	1,205	
Birla Balance	10	300	3,000	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	5,000	500	5,000	
DSP Merrill Lynch Equity Fund	10	628	7,960	628	7,960	
GIC Fortune - 94	10	106	1,000	106	1,000	
HDFC Balanced Fund	10	300	3,000	300	3,000	
JM Balanced Fund	10	108	1,000	108	1,000	
JM Equity Fund	10	107	1,000	107	1,000	
JM Liquid Fund	10	106	1,000	106	1,000	
Kothari Pioneer Guaranteed Income Plan	10	-	-	200	2,000	
Kothari Pioneer Prima Plus	10	204	2,120	204	2,120	
Reliance Income Fund - Growth Plan	10	1,88,263	35,00,000	33,50,072	5,60,01,867	
Reliance Liquid Fund - Treasury Plan	10	25,73,415	3,73,86,598	-	-	
Reliance Liquid Fund - Cash Plan	10	39,75,007	4,25,14,285	-	-	
Sundaram Growth Fund	10	200	2,000	200	2,000	
Tata Equity Growth Fund	10	209	2,000	209	2,000	
Templeton India Growth Fund	10	203	2,273	203	2,274	
Templeton India Income Fund	10	200	2,000	200	2,000	
Unit Scheme, 1964	10	125	1,890	125	1,890	
Zurich India Top 200 Fund - Dividend	10	259	3,000	259	3,000	
			8,34,51,841		5,60,54,826	
TOTAL			14,27,62,332		11,53,65,316	

The Book Value and the Market Value of quoted Investments includes quoted shares and NAV of Units of Mutual Funds are as under :

	(Rupees)		(Rupees)	
	As at 31 st March 2003		As at 31 st March 2002	
Book Value		8,77,62,331		6,03,65,316
Market Value		9,08,85,221		6,33,98,102

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31 st March 2003	As at 31 st March 2002	(Rupees)
Schedule "D"			
Current Assets, Loans & Advances			
A. Current Assets			
Cash on Hand	2,83,170	2,87,416	
Balance with current accounts with Scheduled banks	93,33,631	12,96,343	
	<u>96,16,801</u>		<u>15,83,759</u>
B. Sundry Debtors : (Unsecured considered good)			
Outstanding for more than six months	31,200	31,200	
Other debtors	53,24,776	1,13,96,843	
	<u>53,55,976</u>		<u>1,14,28,043</u>
C. Loans and Advances : (Unsecured considered good)			
Advances recoverable in cash or in kind or for value to be received			
Loans to employees	3,56,835	3,87,639	
Tax Deducted at Source	1,22,92,076	78,44,002	
Other receivables	1,000	-	
	<u>1,26,49,911</u>		<u>82,31,641</u>
D. Other Current Assets			
Accrued Interest	28,72,877	31,40,068	
Prepaid exp.	4,55,973	7,45,826	
Deposits	22,97,681	27,94,837	
	<u>56,26,531</u>		<u>66,80,731</u>
Schedule "E"			
A. Current Liabilities and Provisions			
TDS Payable	4,04,823	7,00,712	
Professional tax payable	9,020	10,680	
E.P.F. Payable	2,21,904	1,86,886	
Other Liabilities (other than small scale Industry)	3,99,72,230	2,51,44,149	
	<u>4,06,07,977</u>		<u>2,60,42,427</u>
B. Provisions			
Provision for Taxation	30,00,000	22,00,000	
Provision for Leave encashment	17,03,766	8,29,186	
	<u>47,03,766</u>		<u>30,29,186</u>
Schedule "F"			
Miscellaneous Expenditure			
(To the extent not written off or adjusted)			
Preliminary Expenses	102,078	136,104	
Less: Written off during the year	34,026	34,026	
	<u>68,052</u>		<u>1,02,078</u>
Deferred Revenue Expenditure			
(Promotional Expenditure on launch of the Mutual Fund Schemes)			
Less: Written off during the year	1,09,41,386	1,08,84,939	
	<u>29,06,414</u>	<u>27,21,235</u>	
	<u>80,34,972</u>		<u>81,63,704</u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**

	As at 2002-2003	As at 2001-2002	(Rupees)
Schedule "G"			
Interest Income			
Interest on long term Investments (Gross)	58,57,809	69,44,737	
(Tax deducted at source Rs.6,80,618/- Previous Year Rs. 8,10,530/-)			
	<u>58,57,809</u>	<u>69,44,737</u>	
Schedule "H"			
Salaries and Benefits to Employees			
Salaries, Allowances and Bonus	1,92,96,306	2,13,09,990	
Contribution to Provident and other funds	20,80,536	22,17,745	
LIC gratuity premium and Superannuation	3,87,640	5,91,524	
Staff welfare expenses	6,02,217	5,40,036	
	<u>2,23,66,699</u>	<u>2,46,59,295</u>	
Schedule "I"			
Administrative and Other Expenses			
Bank charges	45,825	77,928	
Professional tax	2,500	850	
Courier charges	8,31,697	7,49,905	
Filing fees & Stamp duty	3,51,218	1,94,208	
Director sitting fees	17,750	10,500	
Seminar & training	72,320	27,095	
Conveyance & Travelling expenses	17,25,232	13,93,255	
Petrol and car maintenance expenses	18,31,094	15,97,792	
Office expenses	7,74,684	10,81,378	
Newspapers, Magazines & periodicals	66,436	65,752	
Printing & Stationary	13,45,727	15,27,330	
Repairs & Maintenance	1,17,605	4,88,116	
Audit fees	84,000	84,000	
Legal & Professional charges	49,96,778	12,44,480	
Rent	83,40,891	25,77,146	
Insurance	2,54,888	2,15,759	
Hire & Car lease rental charges	16,28,716	20,11,372	
Telephone expenses	21,27,546	27,66,571	
Computer Software	79,924	1,28,885	
Electricity	99,817	11,33,013	
Entertainment expenses	3,17,973	3,11,939	
Membership & Subscription	17,31,444	20,63,092	
Miscellaneous expenses	1,51,841	59,450	
	<u>2,69,95,907</u>	<u>1,98,09,816</u>	
Schedule "J"			
Marketing & Publicity Expenses			
Marketing expenses	5,74,596	1,19,943	
Postage	57,510	2,04,016	
Brokerage and Incentives	7,99,31,099	5,02,40,769	
Branch Meet expenses	89,959	-	
Publicity expenses	41,193	91,927	
	<u>8,06,94,357</u>	<u>5,06,56,655</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 Capital Mutual Fund schemes i.e. Reliance Vision Fund, Reliance Growth Fund, Reliance Income Fund, Reliance Liquid Fund, Reliance Monthly Income Plan and Reliance Short Term Fund.

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) 2002 - 2003	(Rupees) 2001 - 2002
1. Unpaid Preference Shares Dividend:		
5% dividend on preference shares in arrears for the years 2002 - 2003, 2001 - 2002 and 2000 - 2001 (Previous Year 2001 - 2002 and 2000 - 2001)	52,50,000	35,00,000
2. Payment to Auditors		
Audit Fees	63,000	63,000
Tax Audit Fees	21,000	21,000
In any other manner (certification work etc.)	4,200	-



NOTES ON ACCOUNTS

	(Rupees) 2002 – 2003	(Rupees) 2001 – 2002
3. Information regarding Managerial Remuneration:		
Remuneration to Manager		
Salaries	8,33,158	–
Perquisites & Other Allowances	4,36,715	–
Contribution to Provident & Superannuation Fund	82,965	–
4. Future liability in respect of car taken on operating lease after 1st April, 2001:		
a) Not later than one year	6,96,564	94,224
b) Later than one year and not later than five years	18,31,873	2,19,856
c) Later than five years	–	–
5. Deferred Tax Liabilities:		
Unabsorbed Depreciation	3,14,175	2,16,753
Deferred Revenue expenditure (promotional expenditure on launch of the mutual fund schemes)	29,52,852	29,14,442
Deferred Tax Assets:		
Carried forward losses	–	20,78,551
6. Earning per share (AS – 20):		
Profit as per Profit & Loss Account	1,56,59,627	25,96,673
Weighted average number of equity shares outstanding	75,00,700	75,00,700
Basic and Diluted earning per share	2.09	0.35

7. Related Party Disclosures:

As per Accounting Standard (AS – 18) on Related Party Disclosures issued by the Institute of Chartered Accountants of India, the disclosure of transactions with the related party as defined in the Accounting Standard are given below:

(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 Industries Limited	Associate
4	Reliance Capital Mutual Fund	

(Rupees)

(ii) Sr. No.	Nature of Transaction	Holding Company	Fellow Subsidiaries	Associates	Total
A)	Share Capital	11,00,07,000			11,00,07,000
B)	Investments				
	Balance as on 31-03-2003			3,92,98,319	3,92,98,319
C)	Sundry Debtors			46,69,337	46,69,337
D)	Other Liabilities	76,20,000			76,20,000
E)	Investment Management & Advisory Fees			13,96,82,705	13,96,82,705
F)	Other Income				
	Dividend			1,29,350	1,29,350
G)	Expenditure				
	Rent and Electricity	76,20,000			76,20,000
	Insurance Premium		11,21,873		11,21,873

8. The Company has only one segment of operation, namely, "advisory and management" and the entire operation is located in India.



NOTES ON ACCOUNTS

9. Balance Sheet Abstract and Company's General Business profile:

I Registration Details

Registration No. :

State Code:

Balance Sheet Date:

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

Public Issue

Rights Issue

Bonus Issue

Private Placement

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

Total Liabilities

Total Assets

Sources of Funds

Applications of Funds

Paid-up Capital

Net Fixed Assets

Reserves & Surplus

Investments

Secured Loans

Net Current Assets

Unsecured Loans

Miscellaneous Expenditure

Deferred Tax Liability (Net)

IV. Performance of Company: (Amount in Rs. Thousand)

Turnover

Total Expenditure

Profit/Loss Before Tax

Profit/Loss After Tax

Earning Per Share (Rs.)

Dividend Rate %

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

Not Applicable

10. 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

for and on behalf of the Board of Directors

R. Salivati
Partner

Anand Jain
Director

D. J. Kapadia
Director

K. Rajagopal
Chief Investment Officer

V. Ananthkrishnan
Manager

Vijay Kumavat
Secretary

Mumbai, 19th April, 2003

Mumbai, 19th April, 2003

DIRECTORS' REPORT
To the Members,

Your Directors present their Eighth Annual Report on the business and operations of the Company together with the audited Statement of Accounts for the year ended 31st March, 2003.

Financial Results: (Rupees)

	Year ended 31 st March, 2003	Year ended 31 st March, 2002
Gross Income	5,04,947	5,33,405
Gross Profit	4,45,600	4,52,385
Depreciation	-	-
Profit before tax	4,45,600	4,52,385
Provision for taxation	1,66,000	1,66,000
Income Tax for earlier years	6,349	-
Profit After Tax	2,73,251	2,86,385
Balance carried to Balance Sheet	11,94,454	9,21,203
E.P.S. (Basic and Diluted)	5.39	5.65

Dividend:

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

Operations & Developments:

The Company is the Trustee to Reliance Capital Mutual Fund (RCMF). RCMF currently has two open-ended Equity Schemes (Reliance Vision Fund and Reliance Growth Fund); three open-ended Income Schemes (Reliance Income Fund, Reliance Short Term Fund and Reliance Medium Term Fund [formerly known as Reliance Monthly Income Plan]); an open-ended Liquid Income Scheme (Reliance Liquid Fund); and a close-ended Income Scheme (Reliance Fixed Term Scheme).

During the year, the Mutual Fund Industry has witnessed a fall of 13.32% in the total assets under management from Rs.1,00,594 crores to Rs.87,190 crores between March 2002 and February 2003 (Source: AMFI Update). Except Liquid Schemes, which saw significant growth from Rs.8,069 crores to Rs.15,880 crores, all Income and other Funds have witnessed huge fall in the assets under management.

During the period under review, RCMF has introduced on 17th September, 2002 a "Super Cash Plan" in addition to the existing Treasury Plan and Cash Plan in Reliance Liquid Fund. RCMF has also launched two new Schemes namely Reliance Short Term Fund, an open-ended Income Scheme on 9th December, 2002 and Reliance Fixed Term Scheme, a close-ended Income Scheme on 28th March,

2003. During the period, one of the schemes, namely, Reliance Monthly Income Plan was renamed as Reliance Medium Term Fund and the asset allocation pattern was changed by removing its equity portion and making it a pure debt scheme.

The assets under management of RCMF during the financial year 2002-2003 have gone up from Rs.1,158 crores to Rs.2,419 crores showing an increase of Rs.1,261 crores (108 percent).

Reliance Vision Fund received the BNP Paribas Annual CNBC award 2003 rated by Moody's Investors Service for the best performing Mutual Fund in the One-year Open Ended Equity Diversified Fund Category in February, 2003. The Scheme rankings were calculated based on the consistency of the funds risk adjusted performance relative to its categorisation based on Moody's / ICRA approach. There were in all 46 schemes competing for the open-ended Equity Diversified Fund One-year category.

Reliance Income Fund (Growth Plan) has also been rated "AAAF" by CRISIL indicating that the Fund's portfolio holdings provide very strong protection against losses from credit defaults.

In order to cater to the requirements of our investors, we have introduced Bonus Plans/ Options and under the Growth Plans of all the Schemes, Trigger facility and Inter-Scheme switches/transfers in the Equity Schemes viz. Reliance Vision Fund and Reliance Growth Fund were introduced. These initiatives would make the scheme features more attractive for the investors. During the financial year 2002-2003, RCMF has declared a dividend of Rs. 2/- on the face value of Rs. 10/- in Reliance Growth Fund and Rs. 3/- on the face value of Rs. 10/- in Reliance Vision Fund. For the convenience of investors, we have further extended the CMS facility with ICICI Bank Ltd. in addition to HDFC Bank Ltd., Citibank, Standard Chartered Bank and ABN Amro Bank N.V. for RCMF.

With a view to increase our reach to investors, new branch at Jamnagar in Gujarat was opened, this year, taking the total number of branches to seven all over India. The premises of the branches at Pune, Chennai and Bangalore have been relocated in the interests of greater operational efficiency.

In order to facilitate electronic dealing in Government securities and Money Market instruments, we have implemented the Negotiated Dealing System (NDS) and obtained membership with Clearing Corporation of India Ltd., (CCIL). In compliance with the regulatory requirements, we have also implemented the risk management system in the areas identified by SEBI for evaluating and measuring all risks inherent in a mutual fund organisation.

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

The Company has issued no further shares during the year.



DIRECTORS' REPORT - Contd.

Fixed Deposits:

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

Directors:

During the year, Shri P.S.V. Mallya resigned from the Board. Your Directors wish to place on record their appreciation of services rendered by Shri. P.S.V. Mallya during his association with the Company. His guidance, support and services during the tenure of his office, as a Director of the Company have been indeed valuable.

Shri P.N. Shah has been appointed as an Additional Director with effect from 25th April, 2003 and his term expires at the ensuing Annual General Meeting. The Company recommends the appointment of Shri P.N.Shah as a Director.

Ms. Kalpana Merchant, Director of the Company retires by rotation and being eligible, offers herself for re-appointment.

Directors' Responsibility Statement:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors confirm that:

- i) in the preparation of the annual accounts for the financial year ended 31st March, 2003, the applicable accounting standards have been followed and that there are no material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2003 and of the profit of the Company for said period.
- 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 for the financial year ended 31st March, 2003 on a going concern basis.

Auditors & Auditors' Report:

M/s. Malpani & Associates, Chartered Accountants, 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 Accountants, to the effect that their re-appointment if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

Personnel:

The Company has no employees on its payroll as at 31st March, 2003 to whom remuneration was paid attracting the provisions of Section 217(2A) of the Companies Act, 1956. Hence, the provision 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, 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.

Acknowledgements:

Your Directors place on record their deep appreciation for the co-operation and assistance received from the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), custodians, bankers, registrars, shareholders, staff and other business constituents during the year under review.

for and on behalf of the Board of Directors

Vinod M. Ambani	Dr. A. C. Shah
Director	Director

Mumbai, 19th April, 2003



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 2003 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 Manufacturing and Other Companies (Auditor's Report) Order, 1988 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 to the extent applicable to the Company.
 - 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 applicable to the Company.
 - (v) On the basis of written representations received from the directors as on 31st March 2003 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2003 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 read together with the Significant Accounting Policies and Notes on Accounts in Schedule-VIII 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 2003, 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

Mumbai, 19th April, 2003

ANNEXURE TO AUDITORS' REPORT

(As Referred to in Paragraph 3 of our Report of even date)

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

1. The Company has not taken any loans during the year from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As explained to us, there are no companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
 2. The Company has not granted any loans during the year to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As explained to us, there are no companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
 3. The Company has not given any loans or advances in the nature of loans to any parties during the year.
 4. In our opinion, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of goods and/or services and other assets as well as for the sale of goods/ provision of services.
 5. There are no transactions of purchase of goods and sale of goods and/or services made in pursuance of contracts or arrangements entered with the parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50000/- or more in respect of each party.
 6. The Company has not accepted any deposits during the year from the public within the meaning of Section 58-A of the Companies Act, 1956.
 7. The Company is not required to have a formal internal audit system during the year under review.
 8. The provisions of Provident fund and Employee's State Insurance Act are not applicable to the Company during the year under review.
 9. As per the records verified by us, there were no undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Excise Duty and Customs duty which as on the balance sheet date were outstanding for a period exceeding six months from the date they became payable.
 10. We have not come across any personal expenses of employees or directors which were charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
 11. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
 12. In relation to the service activities of the Company, in our opinion, there exists a reasonable internal control system commensurate with the size of the Company and the nature of its business.
 13. During the year under review, the provisions of any special statute applicable to Chit fund, Nidhi or Mutual Benefit Society do not apply to the Company.
- for **Malpani & Associates**
Chartered Accountants
Shyam Malpani
Proprietor

Mumbai, 19th April, 2003



Reliance Capital Trustee Co. Limited

BALANCE SHEET AS AT 31ST MARCH, 2003

	Schedule	As at 31 st March, 2003	As at 31 st March, 2002	(Rupees)
Sources of Funds				
Shareholders' Funds				
Share Capital	1	5,07,000	5,07,000	
Reserves & Surplus	2	11,94,454	9,21,203	
Total		17,01,454		14,28,203
Application of Funds:				
Investments				
Current Assets, Loans & Advances	3	14,52,137		14,57,190.23
Cash and Bank balances	4	3,00,456	43,492	
Loans and Advances	5	4,99,771	500,021	
		8,00,227	5,43,513	
Less : Current liabilities & Provisions	6	5,62,910	5,90,500	
Net Current Assets		2,37,317		(46,987)
Miscellaneous Expenditure	7	12,000		18,000
		17,01,454		14,28,203
Significant Accounting Policies and Notes on Accounts				
	8			

for Malpani & Associates
Chartered Accountants

for and on behalf of the Board

Shyam Malpani
Proprietor
Mumbai, 19th April, 2003

Vinod M. Ambani
Director
Mumbai, 19th April, 2003

Dr. A. C. Shah
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	Schedule	As at 2002-2003	As at 2001-2002	(Rupees)
Income				
Trustee Fees		5,00,000	5,00,000	
Profit on sale of Investments		4,947	10,190	
Dividend		-	23,215	5,33,405
Total		5,04,947		5,33,405
Expenditure				
Professional Fees		-	1,800	
Travelling and Conveyance expenses		21,607	54,095	
Directors sitting fees		14,500	3,500	
Filing fees		1,500	1,500	
Professional Tax		2,500	850	
Audit Fee		13,125	13,125	
Bank charges		115	150	
Preliminary Expenses written off		6,000	6,000	81,020
Total		59,347		81,020
Profit for the year before Taxation		4,45,600		4,52,385
Less: Provision for Taxation- Current		1,66,000		1,66,000
Less: Provision for Taxation- Deferred		-		-
Less: Income tax for earlier years		6,349		-
Profit after Taxation		2,73,251		2,86,385
Profit brought forward		9,21,203		6,34,818
Balance carried to Balance Sheet		11,94,454		9,21,203
Earnings per Share (Basic & Diluted)		5.39		5.65
Significant Accounting Policies and Notes on Accounts				
	8			

for Malpani & Associates
Chartered Accountants

for and on behalf of the Board

Shyam Malpani
Proprietor
Mumbai, 19th April, 2003

Vinod M. Ambani
Director
Mumbai, 19th April, 2003

Dr. A. C. Shah
Director

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As At 31-03-2003	(Rupees) As At 31-03-2002
Schedule "1"		
Share Capital		
Authorised		
10,00,000 Equity shares of Rs.10 each	1,00,00,000	1,00,00,000
Issued, subscribed and paid up		
50,700 Equity shares of Rs.10 each, fully paid up in cash	5,07,000	5,07,000
	5,07,000	5,07,000
Schedule "2"		
Reserves & Surplus		
Profit and Loss Account:		
Surplus as per Annexed Account	11,94,454	9,21,203.00
	11,94,454	9,21,203
Schedule "3"		
Investments (At cost)		
Units (unquoted)		
Reliance Income fund		
a) Half yearly dividend plan		
Nil (Previous Year 19,034.748)		
Units of Rs.10/- each fully paid up	-	2,00,000
b) Growth plan		
107647.317 (Previous Year 95677.020)		
Units of Rs. 10/- each fully paid up	14,52,137	12,57,190
	14,52,137	14,57,190
Market Value	20,08,828	18,08,582
Schedule "4"		
Cash & Bank Balances		
Cash in hand	7,000	7,000
Balance with Scheduled Bank in Current Account	2,93,456	36,492
	3,00,456	43,492
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	4,99,771	5,00,021
	4,99,771	5,00,021
Schedule "6"		
Current Liabilities & Provisions		
Sundry Creditors for expenses	24,285	34,360
Other Liabilities	14,625	37,140
Provisions		
Provisions for taxation	5,24,000	5,19,000
	5,62,910	5,90,500
Schedule "7"		
Miscellaneous Expenditures		
(To the extent not written off or adjusted)		
Preliminary Expenses	12,000	18,000
	12,000	18,000



NOTES ON ACCOUNTS

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 & 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. Investment :
Investments are treated as Current investments and are valued at cost at 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 - Rs. Nil (Previous Year - Rs. Nil)
2. No provision has been made for gratuity payable since none of the employees has yet put in the prescribed qualifying number of years of service with the company.
3. Earnings per share are calculated as under:

Particulars	(Rupees)	
	2002-2003	2001-2002
Profit after taxation (Rs.)	2,73,261	2,86,385
Number of Equity shares (nos.)	50,700	50,700
Face value per Equity shares (Rs.)	10	10
Earnings per Share (Basic and Diluted) (Rs.)	05.39	05.65

4. As regards the requirements of the mandatory accounting standard (AS- 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.

No deferred tax asset is recognised on Long term capital loss carried forward keeping in view the prudence aspect.
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 - Rs. Nil (Previous Year - Rs. 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 ACCOUNTS

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

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

Public Issue

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

 Rights Issue

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

 Bonus Issue

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

 Private Placement

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

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

Total Liabilities	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>1</td><td>7</td><td>0</td><td>1</td></tr></table>					1	7	0	1	Total Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>1</td><td>7</td><td>0</td><td>1</td></tr></table>					1	7	0	1		
				1	7	0	1														
				1	7	0	1														
Sources of funds		Applications of funds																			
Paid-up Capital	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>5</td><td>0</td><td>7</td></tr></table>						5	0	7	Net Fixed Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	
					5	0	7														
						N	I	L													
Reserves & Surplus	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>1</td><td>1</td><td>9</td><td>4</td></tr></table>					1	1	9	4	Investments	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>1</td><td>4</td><td>5</td><td>2</td></tr></table>						1	4	5	2	
				1	1	9	4														
					1	4	5	2													
Secured Loans	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	Net Current Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>2</td><td>3</td><td>7</td></tr></table>							2	3	7
						N	I	L													
						2	3	7													
Unsecured Loans	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	Miscellaneous Expenditure	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>0</td><td>1</td><td>2</td></tr></table>							0	1	2
						N	I	L													
						0	1	2													
		Accumulated Losses	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L									
						N	I	L													

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

Turnover	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>5</td><td>0</td><td>5</td></tr></table>						5	0	5	Total Expenditure	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>5</td><td>9</td></tr></table>							5	9		
					5	0	5														
						5	9														
Profit Before Tax	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>4</td><td>4</td><td>6</td></tr></table>						4	4	6	Profit After Tax	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>2</td><td>7</td><td>3</td></tr></table>							2	7	3	
					4	4	6														
						2	7	3													
Earning Per Share (Rs.) (Basic and Diluted)	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>5</td><td>.</td><td>3</td><td>9</td></tr></table>						5	.	3	9	Dividend Rate	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
					5	.	3	9													
						N	I	L													

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

Item Code No.

N	O	T	A	P	P	L	I	C	B	L	E
---	---	---	---	---	---	---	---	---	---	---	---

 Product Description TRUSTEESHIP FEES.

for **Malpani & Associates**
Chartered Accountants

Shyam Malpani
Proprietor

Mumbai, 19th April, 2003

for and on behalf of the Board

Vinod M. Ambani
Director

Mumbai, 19th April, 2003

Dr. A. C. Shah
Director



DIRECTORS' REPORT

To the Members,

Your Directors present the 3rd Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2003.

Financial Results

	(Rs in Lakhs)	
	Year ended 31-3-2003	Year ended 31-3-2002
Gross written premium	18567.79	7746.29
Insurance Profit	78.60	(580.80)
Investment Income on Shareholders fund	1497.08	1354.39
Profit Before Tax	1535.75	738.22
Provision for Taxation	104.89	45.00
Provision for Deferred Tax	(3.83)	15.70
Profit after Tax	1434.69	677.52

Dividend

Your Company has not recommended any dividend on equity shares for the financial year under review.

Operations

During the period, the Company has booked gross direct premium of Rs. 18567.79 lacs as against Rs 7746.29 lacs in the previous year. The income from investments for the year is Rs 2327.99 lacs as against Rs 1450.10 lacs in the previous year. The company has earned a net profit after tax of Rs.1434.69 lacs as against Rs 677.52 lacs during the previous year.

Fixed Deposits

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

Directors

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

Constitution of Audit Committee

As required by the provisions of Section 292A of the Companies Act, 1956, the Board of Directors has constituted Audit Committee comprising of three directors i.e. Shri Sandeep Tandon, Shri S K Kanwar and 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:

- (i) in the preparation of the accounts for the financial year ended 31st March, 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently except in case of method of allocation of operating indirect expenses to revenue accounts which has been changed during the year from Gross written premium basis to Net written premium basis 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;

- (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, 2003 on a 'going concern' basis; and
- (v) an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

Auditors and Auditors' Report

The Company, in terms of the requirement under the provisions of the Insurance Regulatory and Development Authority appointed M/s Pathak H.D & Associates as Joint Auditors during the year under review. M/s. Rajendra and Co., and M/s Pathak H.D & Associates, Chartered Accountants, 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 appointments, 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 Auditor's 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 by the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988:

- (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	- Rs.129.66 lakhs
Outgo	- Rs. 6008.66 lakhs.

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
ATUL DAYAL

Mumbai, 21st April, 2003

MANAGEMENT REPORT ATTACHED TO THE FINANCIAL STATEMENT AS ON 31ST MARCH 2003.

- 1. We confirm that the validity of the registration granted by Insurance Regulatory & Development Authority has not expired;
- 2. We certify that all the dues payable to the statutory authorities have been duly paid before the due dates;
- 3. We confirm that shareholding pattern and the transfer of shares during the year are in accordance with the statutory and regulatory requirements;
- 4. We declare that the management has not directly or indirectly invested outside India the funds of the holders of policies issued in India;
- 5. We confirm that the required solvency margins have been maintained;
- 6. 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", " Outstanding premiums", "Income accrued on investments", "Balances due from other entities carrying on insurance business", "Other Advances", "Advances to Staff", "Deposits" and " Cash";
- 7. 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;
- 8. We have no operations in any country outside India;
- 9. The average claim settlement time in the year 2002-03 is 22 days;
- 10. 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 amortisation of costs of investment is 12.84%.

for and on behalf of the Board

Directors { **Sandeep Tandon**
S K Kanwar
Atul Dayal
Principal Officer & Manager **Vijay Pawar**
Secretary **Sri Vallabh Goyal**

Mumbai, 21st April, 2003



AUDITOR'S 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, 2003 and also the Revenue Accounts, Profit and Loss Account and Receipts and Payments Account of the company for the year ended on that date. Preparation of these financial statements is 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 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 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, 2003 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 in our opinion 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 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 Accounts 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 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, 2003, 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

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

Apurva R Shah
Partner

Amit Chaturvedi
Partner

Mumbai, 21st April, 2003



Reliance General Insurance Company Limited

BALANCE SHEET AS AT 31ST MARCH, 2003

(Rupees in thousands)

	Schedule	As at 31-3-2003	As at 31-3-2002
Sources of Funds			
Share Capital	1 & 1 A	102 00 07	102 00 07
Reserves and Surplus	2	21 58 31	7 35 32
TOTAL		<u>123 58 38</u>	<u>109 35 39</u>
Application of Funds			
Investments	3	181 49 05	149 66 09
Fixed Assets	4	1 63 44	1 62 40
Current Assets			
Cash and Bank Balances	5	9 79 94	3 37 88
Advances and Other Assets	6	<u>22 05 77</u>	<u>12 85 51</u>
Sub-Total (A)		31 85 71	16 23 39
Current Liabilities	7	80 90 22	58 02 63
Provisions	8	<u>11 25 39</u>	<u>1 23 29</u>
Sub-Total (B)		92 15 61	59 25 92
Net Current Assets (C = A - B)		(60 29 90)	(43 02 53)
Deferred Tax		84	(2 99)
Miscellaneous Expenditure	9	74 95	1 12 42
(To the extent not written off or adjusted)			
TOTAL		<u>123 58 38</u>	<u>109 35 39</u>
Significant Accounting Policies	14		
Notes on Accounts	15		

As per Report of even date attached.

for and on behalf of the Board

for **Rajendra & Co.**
Chartered Accountants

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

Director

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

Apurva R Shah
Partner

Amit Chaturvedi
Partner

Principal Officer & Manager
Secretary

Vijay Pawar
Sri Vallabh Goyal

Mumbai, 21st April, 2003

Mumbai, 21st April, 2003



FIRE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

Particulars	Schedule	(Rupees in thousand)	
		2002-2003	2001-2002
Premiums earned (Net)	10	2 68 06	38 62
Profit on sale/redemption of Investments		91 49	28
Interest, Dividend & Rent – Gross		1 62 67	56 37
Commission	11	18 80 00	6 97 18
TOTAL (A)		24 02 22	7 92 45
Claims Incurred (Net)	12	5 43 64	29 13
Operating Expenses related to Insurance Business	13	9 27 07	8 58 83
TOTAL (B)		14 70 71	8 87 96
Operating Profit/(Loss) from Fire Business C = (A - B)		9 31 51	(95 51)
transferred to Profit & Loss Account			

MARINE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

Premiums earned (Net)	10	92 31	13 56
Profit on sale/redemption of Investments		14 72	1
Interest, Dividend & Rent – Gross		26 17	2 14
Commission	11	59 55	13 14
TOTAL (A)		1 92 75	28 85
Claims Incurred (Net)	12	1 40 33	44 22
Operating Expenses related to Insurance Business	13	1 82 45	32 64
TOTAL (B)		3 22 78	76 86
Operating Profit/(Loss) from Marine Business C = (A - B)		(1 30 03)	(48 01)
transferred to Profit & Loss Account			

MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2003

Premiums earned (Net)	10	5 71 60	68 90
Profit on sale/redemption of Investments		2 00 30	18
Interest, Dividend & Rent – Gross		3 56 18	36 73
Commission	11	9 22 21	1 04 04
Exchange Gain		19 04	-
TOTAL (A)		20 69 33	2 09 85
Claims Incurred (Net)	12	12 33 25	87 22
Operating Expenses related to Insurance Business	13	15 58 96	5 59 91
TOTAL (B)		27 92 21	6 47 13
Operating Profit/(Loss) from Miscellaneous Business C = (A - B)		(7 22 88)	(4 37 28)
transferred to Profit & Loss Account			

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 and on behalf of the Board

for **Rajendra & Co.**
Chartered Accountants

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

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

Apurva R Shah
Partner

Amit Chaturvedi Principal Officer & Manager
Partner Secretary

Vijay Pawar
Sri Vallabh Goyal

Mumbai, 21st April, 2003

Mumbai, 21st April, 2003



Reliance General Insurance Company Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	Schedule	2002-2003	(Rupees in thousand) 2001-2002
Operating Profit/(Loss) transferred from			
Revenue Account			
a. Fire Insurance		9 31 51	(95 51)
b. Marine Insurance		(1 30 03)	(48 01)
c. Miscellaneous Insurance		(7 22 88)	(4 37 28)
		<u>78 60</u>	<u>(5 80 80)</u>
Income from Investments			
(Relating to Shareholders' funds)			
Interest, Dividend & Rent – Gross		9 58 22	13 47 78
Profit on sale/redemption of investments		5 40 41	3 36 36
Less: Loss on sale of investments		(1 55)	(3 29 75)
		<u>14 97 08</u>	<u>13 54 39</u>
Profit on Sale of Assets		6 78	2 06
Miscellaneous Income		11 38	4
TOTAL (A)		<u>15 93 84</u>	<u>7 75 69</u>
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)		<u>58 09</u>	<u>37 47</u>
Profit Before Tax		15 35 75	7 38 22
Provision for Taxation			
Current Tax		1 04 89	45 00
Deferred Tax		(3 83)	15 70
Net Profit After Tax		14 34 69	6 77 52
Add: Balance brought forward from last year		7 35 32	45 08
Add: Deferred tax relating to previous year		-	12 72
Sub-total		<u>7 35 32</u>	<u>57 80</u>
Less: Tax relating to Previous Year		(11 70)	-
		<u>7 23 62</u>	<u>57 80</u>
Balance carried forward to Balance Sheet		<u>21 58 31</u>	<u>7 35 32</u>
Basic and diluted earning per share of Rs 10 each (in Rupees)		1.41	0.66

Significant Accounting Policies 14

Notes on Accounts 15

As per Report of even date attached.

for and on behalf of the Board

for **Rajendra & Co.**
Chartered Accountants

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

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

Apurva R Shah
Partner

Amit Chaturvedi Principal Officer & Manager
Partner Secretary

Vijay Pawar
Sri Vallabh Goyal

Mumbai, 21st April, 2003

Mumbai, 21st April, 2003



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2003

Particulars	(Rupees in thousand)	
	As at 31-3-2003	As at 31-3-2002
Schedule "1"		
Share Capital		
Authorised Capital		
20,00,00,000 Equity Shares of Rs10 each	<u>200 00 00</u>	<u>200 00 00</u>
Issued, Subscribed Called-up and paid-up Capital		
10,20,00,700 Equity Shares of Rs10 each	<u>102 00 07</u>	<u>102 00 07</u>

Schedule "1A"

Pattern of Shareholding (As certified by the Management)

Shareholder	As at 31-3-2003		As at 31-3-2002	
	No. of Share	% of Holding	No. of Share	% 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>

Particulars	(Rupees in thousands)	
	As at 31-3-2003	As at 31-3-2002
Schedule "2"		
Reserves and Surplus		
Surplus in Profit and Loss Account	<u>21 58 31</u>	<u>7 35 32</u>
Total	<u>21 58 31</u>	<u>7 35 32</u>

Schedule "3"

Investments

Long Term Investments

Government securities and Government guaranteed bonds including Treasury Bills	91 09 34		28 32 58	
Debentures/ Bonds	37 69 76		35 31 13	
Investments in Infrastructure and Social Sector	20 32 99		19 85 43	
Other than Approved Investments	<u>18 02 09</u>	167 14 18	<u>18 02 09</u>	101 51 23

Short Term Investments

Government securities and Government guaranteed bonds including Treasury Bills	14 34 87		31 23 22	
Mutual Funds	-	14 34 87	16 91 64	48 14 86
Total		<u>181 49 05</u>		<u>149 66 09</u>

Note:

- The market value of investments as at 31-3-2003 is Rs. 183 28 75 thousands (Previous Year Rs. 152 79 24 thousands).
- The investments are shown net of provision for diminution in value amounting to Rs 20 62 thousands (Previous Year Rs. Nil)

Schedule "4"

Fixed Assets

(Rupees in thousands)

Description	Gross Block				Depreciation				Net Block	
	As at	Additions	Deductions	As at	Up to	For the	Deductions	Up to	As at	As at
	1-4-02			31-3-03	1-4-02	year		31-3-03	31-3-2003	31-3-2002
Furniture & Fittings	7 82	11 22	1 88	17 16	2 56	3 50	47	5 59	11 57	5 26
Information Technology Equipment	54 46	19 25	3 62	70 09	18 87	19 29	1 89	36 27	33 82	35 59
Vehicles	1 31 66	39 90	25 12	1 46 44	37 93	29 08	9 57	57 44	89 00	93 73
Office Equipment	33 04	12 47	6 94	38 57	5 22	5 68	1 38	9 52	29 05	27 82
Total	2 26 98	82 84	37 56	2 72 26	64 58	57 55	13 31	1 08 82	1 63 44	1 62 40
Previous Year	1 48 05	88 57	9 64	2 26 98	4 62	62 05	2 09	64 58	1 62 40	1 43 43



Reliance General Insurance Company Limited

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2003

Schedule-5

Particulars	(Rupees in thousand)	
	As 31-3-2003	As 31-3-2002
Cash and Bank Balances		
Cash (including cheques, drafts and stamps)	7 98 87	32 91
Bank Balances		
(a) Short Term Deposit Accounts	66 42	25 39
(b) Current Accounts	1 14 65	3 04 97
Total	9 79 94	3 37 88

Schedule-6

Advances and Other Assets

Advances

Prepayments	7 75	2 68
Advance tax paid and taxes deducted at source (Net of provision for taxation)	89	62 70
Rental Deposits	26 06	33 46
Advances to Staff	6 11	12 44
Other Advances	20 57	26 44
	61 38	1 37 72

Other Assets

Income accrued on investments	6 88 94	4 89 01
Outstanding Premiums		23 95
Agents' Balances	31	82
Due from other entities carrying on insurance business (including reinsurers)	14 55 14	6 34 01
Total	22 05 77	12 85 51

Schedule-7

Current Liabilities

Agents' Balances	12 30	10 14
Balances due to other insurance companies	32 43 06	34 48 52
Premiums received in advance	3 46 08	1 35 26
Unallocated Premium	13 47 23	3 71 97
Unearned Commission	13 79 46	12 89 89
Sundry creditors	4 96 91	4 07 45
Claims Outstanding	11 76 07	1 02 77
Environmental Relief Fund Payable	89 11	36 63
Total	80 90 22	58 02 63

Schedule-8

Provisions

Reserve for Unexpired Risk	11 09 80	1 14 43
Provision for Leave Encashment	15 59	8 86
Total	11 25 39	1 23 29

Schedule-9

Miscellaneous Expenditure

Preliminary Expenses not written off carried forward from last year	1 12 42	1 49 89
Less: Written off during the year	37 47	37 47
Total	74 95	1 12 42



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2003

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	2002-03	55 41 96	3 37 58	48 70 59	3 33 75	6 75 20	4 07 14	2 68 06
	2001-02	45 84 95		44 24 38	84 21	76 36	37 74	38 62
Marine Cargo	2002-03	8 34 12		6 37 25	39 75	1 57 12	64 99	92 13
	2001-02	1 42 95		1 03 15	12 67	27 13	13 57	13 56
Marine Hull	2002-03	57 47		55 77	(70)	2 40	2 22	18
	2001-02	31 28		29 98	1 12	18	18	
Marine Total	2002-03	8 91 59		6 93 02	39 05	1 59 52	67 21	92 31
	2001-02	1 74 23		1 33 13	13 79	27 31	13 75	13 56
Motor	2002-03	7 55 03		1 51 01	3 55 68	2 48 34	1 15 96	1 32 38
	2001-02	78 74		15 75	46 56	16 43	8 22	8 21
Employer's Liability	2002-03	42 27		6 42	11 50	24 35	8 00	16 35
	2001-02	18 46		3 68	4 49	10 29	4 17	6 12
Public Liability	2002-03	12 45 07		11 41 75	26 36	76 96	30 50	46 46
	2001-02	2 48 70		2 26 08	2 92	19 70	7 97	11 73
Engineering	2002-03	15 64 09	84 59	13 57 82	95 03	1 95 83	1 24 86	70 97
	2001-02	6 11 67		5 63 57	26 45	21 65	10 69	10 96
Aviation	2002-03	4 24 55		4 21 39	(14 00)	17 16	4 00	13 16
	2001-02	1 64 19	4 12	1 45 01	14 14	9 16	4 58	4 58
Personal Accident	2002-03	2 76 96		81 22	(29 36)	2 25 10	94 40	1 30 70
	2001-02	2 21 15		70 07	1 14 79	36 29	18 15	18 14
Health	2002-03	5 01 18		1 07 85	1 60 77	2 32 56	1 14 90	1 17 66
	2001-02	28 83		17 30	8 76	2 77	1 38	1 39
Other Misc.	2002-03	73 25 09		72 56 30	(3 52)	72 31	28 39	43 92
	2001-02	16 15 37	44 61	15 95 40	49 04	15 54	7 77	7 77
Miscellaneous Total	2002-03	121 34 24	84 59	105 23 76	6 02 46	10 92 61	5 21 01	5 71 60
	2001-02	29 87 11	48 73	26 36 86	2 67 15	1 31 83	62 93	68 90

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 on reinsurance ceded	Net commission (3 + 4 - 5)
1	2	3	4	5	6
Fire	2002-03	16 63	37 74	19 34 37	(18 80 00)
	2001-02	4 81		7 01 99	(6 97 18)
Marine Cargo	2002-03	25 21		76 94	(51 73)
	2001-02	8 83		21 39	(12 56)
Marine Hull	2002-03			7 82	(7 82)
	2001-02			58	(58)
Marine Total	2002-03	25 21		84 76	(59 55)
	2001-02	8 83		21 97	(13 14)
Motor	2002-03	53 89		28 67	25 22
	2001-02	3 78		3 83	(5)
Employer's Liability	2002-03	1 49		85	64
	2001-02	46		7	39
Public Liability	2002-03	81		66 78	(65 97)
	2001-02	29		1 29	(1 00)
Engineering	2002-03	4 15	2 56	3 66 35	(3 59 64)
	2001-02	1 29		65 70	(64 41)
Aviation	2002-03			46 35	(46 35)
	2001-02		41	5 60	(5 19)
Personal Accident	2002-03	6 23		15 77	(9 54)
	2001-02	1 76		6 17	(4 41)
Health	2002-03	15 17		17 98	(2 81)
	2001-02	56		3 07	(2 51)
Other Misc.	2002-03	40 72		5 04 48	(4 63 76)
	2001-02	8 39	4 46	39 71	(26 86)
Miscellaneous Total	2002-03	1 22 46	2 56	10 47 23	(9 22 21)
	2001-02	16 53	4 87	1 25 44	(1 04 04)



Reliance General Insurance Company Limited

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2003

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	2002-03	6 13 48		4 28 79	1 84 69	3 75 11	16 16	5 43 64
	2001-02	1 21 79		1 08 82	12 97	16 16		29 13
Marine Cargo	2002-03	2 51 98		1 82 52	69 46	71 26	24 62	1 16 10
	2001-02	29 06		9 59	19 47	24 62		44 09
Marine Hull	2002-03					24 36	13	24 23
	2001-02					13		13
Marine Total	2002-03	2 51 98		1 82 52	69 46	95 62	24 75	1 40 33
	2001-02	29 06		9 59	19 47	24 75		44 22
Motor	2002-03	1 74 78		34 64	1 40 14	67 42	20 52	1 87 04
	2001-02	5 57		25	5 32	20 52		25 84
Employer's Liability	2002-03	3 57		71	2 86	49	9	3 26
	2001-02					9		9
Public Liability	2002-03					5 17	5 52	(35)
	2001-02					5 52		5 52
Engineering	2002-03	1 77 19		1 47 40	29 79	36 45	7 26	58 98
	2001-02	13 31		8 61	4 70	7 26		11 96
Aviation	2002-03	3 02 34		2 95 51	6 83	9 36	2 33	13 86
	2001-02							
Personal Accident	2002-03	2 00 64		68 41	1 32 23	4 76 78	9 60	5 99 41
	2001-02	3		1	2	9 60		9 62
Health	2002-03	3 27 62		63 54	2 64 08	49 92	2 37	3 11 63
	2001-02	11		2	9	2 37		2 46
Other Misc.	2002-03	32 94		19 11	13 83	59 75	14 16	59 42
	2001-02	32 60		17 37	15 23	14 17		29 40
Miscellaneous Total	2002-03	12 19 08		6 29 32	5 89 76	7 05 34	61 85	12 33 25
	2001-02	51 62		26 26	25 36	61 86		87 22

Note:

1. Claims less reinsurances paid comprises payments to claimants in India Rs 8 32 02 thousands (Previous Year Rs. 5597 thousands) and to claimants outside India Rs 11 89 thousands (Previous Year Rs. 183 thousands.)
2. Claims recovered on reinsurance ceded include Rs 21 48 thousands pertaining to Previous Year.

(Rupees in thousand)

Particulars

2002-2003

2001-2002

Schedule-13

Operating expenses related to insurance business

Employees' remuneration & welfare benefits	5 05 79	4 93 02
Companies contribution to PF and others	43 34	38 44
Staff Welfare	24 32	16 09
Travel, conveyance and vehicle running expenses	1 22 16	1 00 95
Rents, rates & taxes	3 36 74	1 85 04
Repairs	46 93	18 29
Printing & stationery	19 01	8 51
Communication	37 19	23 59
Legal & professional charges	5 91 86	4 36 37
Auditors' fees, expenses etc		
a. Audit fees	4 20	1 11
b. Tax Audit fees	1 05	53
c. Certification Fees	1 05	53
Advertisement and publicity	2 74	9 29
Bank Charges	2 90	1 54
Entertainment Expenses	5 64	4 16
Office maintenance expenses	26 17	6 75
Office management Expenses	36 83	19 29
Recruitment & Training expenses	13 23	21 85
Depreciation	57 55	62 05
Subscriptions and membership fees	37 98	54
Coinurance Expenses (net)	50 25	339
Sales & Distribution Expenses	6 98 09	-
Miscellaneous Expenses	3 46	5
TOTAL	26 68 48	14 51 38

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

Fire	9 27 07	8 58 83
Marine	1 82 45	32 64
Miscellaneous	15 58 96	5 59 91
	26 68 48	14 51 38



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2003

Schedule-14

Significant Accounting Policies forming part of the financial statements as on 31st March 2003

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 thereunder 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 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 policy contract period.

b) Commission

Commission income on reinsurance cessions 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.

3 Investments

- a) Investments are carried at cost on First in First Out 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 up to Rs. 5000/- is written off during the year of purchase.

5 Employee retirement benefits

- a) Leave Encashment benefits are charged to Revenue Account on the basis of actuarial valuation.
- b) The company participates in the Group Gratuity Scheme of the Life Insurance Corporation of India. The relevant amounts have been expensed to the Profit and Loss Account.

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 class of business.

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

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. Out of 1516 Claims (Previous Year 96 claims) outstanding amounting to (Gross) Rs. 30 18 14 thousands (Previous Year Rs. 2 80 66 thousands), 82 Claims amounting to Rs 6 28 46 thousands (Previous Year 2 claims amounting to Rs. 2 90 thousands) are outstanding for more than six months.

4. Deferred tax Asset (Net) as at 31st March, 2003 comprises of the following.

(Rs. In Thousand)

a) Deferred Tax Asset

Related to Disallowance under Income-tax Act, 1961 5.39

b) Deferred Tax Liability

Related to Fixed Asset 4.55

c) Deferred Tax Asset (Net)

0.84

5. Value of contracts in relation to investments for:

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

6. The company has changed the method of allocation of operating indirect expenses from Gross written premium basis to Net written premium basis. However, due to the same there is no effect on the profits for the year.

Had there been no change in the method of allocation, the charge for the year would have been lower by Rs 1 31 03 thousands for Fire Revenue Account Rs. 54 39 thousands for Marine Revenue Account and higher by Rs. 1 85 42 thousands for Miscellaneous Revenue Account.

7. The company has written during the year rural insurance premium of Rs. 5 63 07 thousands (Previous Year Rs 1 57 80) and has provided insurance covers to 8 797 lives generating a premium of Rs 25 30 thousands (Previous Year to 54 30 551 lives generating a premium of Rs 5 76 thousands) falling under the social sector.
8. Previous Year figures have been reworked, rearranged and/or regrouped wherever necessary.



Reliance General Insurance Company Limited

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2003

9. 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
<u>Parties where control exists</u>		<u>Key Management personnel and their relatives</u>	
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	Atul Dayal	Director
Reliance Life Insurance Company Limited	Fellow subsidiary	Vijay Pawar	Manager and Principal Officer
<u>Associates</u>		Vikas Kanwar	Relative
Reliance Industries Limited	Associate	Vineet Kanwar	Relative

Related party transactions:

(Rupees in Thousand)

S No.	Nature of Transaction	Holding company	Associates	Key Managerial Personnel	Relatives of Key Managerial Personnel	Others	Total
A	Fixed Assets						
	Purchases during the year		-				-
			(44)				(44)
	Sold during the year		5 97				5 97
			(-)				(-)
B	Investments						
	Purchases during the year	-	-				-
		(10 00 00)	(60 00)				(10 60 00)
	Sold during the year	-	10 00 00				10 00 00
		(12 00 00)	(10 02 00)				(22 02 00)
	Balance as at 31 st March 2003	10 00 00					10 00 00
		(10 00 00)					(10 00 00)
C	Interest accrued on investments						
	Balance as at 31 st March 2003	1 04 26					1 04 26
		(1 04 26)					(1 04 26)
D	Sundry Debtors						
	Balance as at 31 st March 2003		-				-
			(8 04)				(8 04)
E	Advances						
	Deposits				3 74		3 74
					(3 74)		(3 74)
F	Sundry Creditors						
	Balance as at 31 st March 2003		93 50				91 50
			(16 92)				(16 92)
	Claims Outstanding as at 31-3-2003 (Net of Reinsurance)		33 77				33 77
			(4 39)				(4 39)
G	Premium Received (Direct business)		38 75 91				38 75 91
			(39 16 76)				(39 16 76)
H	Claims Paid (Direct business)		4 75 19				4 75 19
			(1 01 71)				(1 01 71)
I	Other Income						
	Interest Received	1 07 50	9 13				1 16 63
		(1 12 23)	(26 36)				1 38 59
J	Expenditure						
	Rent	37 60	2 02 33		5 30		2 45 23
		-	(99 34)		(1 56)		1 00 90
	Professional Charges		5 00 00				5 00 00
							(-)

Note: Previous year figures are given in brackets.

- 10) Segment Information for the year ended on 31st March, 2003.
- 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".
 - 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".



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2003

Segment Information for the year ended on 31st March, 2003.

(Rupees in thousand)

Particulars	Fire	Marine Cargo	Marine Hull	Motor	Employer Liability	Public Liability	Engineering	Aviation	Personal Accident	Health	Other Misc.	Total Enterprise
Segment Revenues												
Premium	26806 (3862)	9213 (1356)	18 (0)	13238 (821)	1635 (612)	4646 (1173)	7097 (1096)	1316 (458)	13070 (1814)	11766 (139)	4392 (777)	93197 (12108)
Commission	188000 (69718)	5173 (1256)	782 (58)	-2522 (5)	-64 (-39)	6597 (100)	35964 (6441)	4635 (519)	954 (441)	281 (251)	46376 (2686)	286176 (81436)
Investment income	25416 (5665)	3825 (176)	264 (39)	3463 (97)	194 (23)	5710 (307)	7173 (756)	1947 (203)	1270 (273)	2298 (36)	33593 (1996)	85153 (9571)
Exchange Gain						1904 (0)						1904 (0)
Total	240222 (79245)	18211 (2788)	1064 (97)	14179 (923)	1765 (596)	18857 (1580)	50234 (8293)	7898 (1180)	15294 (2528)	14345 (426)	84361 (5459)	466430 (103115)
Segment Expenses												
Claims	54364 (2913)	11610 (4409)	2423 (13)	18704 (2584)	326 (9)	-35 (552)	5898 (1196)	1386 (233)	59941 (962)	31163 (246)	5942 (2940)	191722 (16057)
Management Expenses	92707 (85883)	18089 (2678)	156 (586)	55511 (1476)	3294 (346)	9495 (4662)	26724 (11465)	291 (3078)	17985 (4145)	36140 (540)	6456 (30279)	266848 (145138)
Total	147071 (88796)	29699 (7087)	2579 (599)	74215 (4060)	3620 (355)	9460 (5214)	32622 (12661)	1677 (3311)	77926 (5107)	67303 (786)	12398 (33219)	458570 (161195)
Net loss	93151 (-9551)	-11488 (-4299)	-1515 (-502)	-60036 (-3137)	-1855 (241)	9397 (-3634)	17612 (-4368)	6221 (-2131)	-62632 (-2579)	-52958 (-360)	71963 (-27760)	7860 (-58080)
Unallocated items												
Investment income												149708 (135439)
Other income												1816 (210)
Expenses												5809 (3747)
Net Profit before tax												153575 (73822)
Income tax												10106 (6070)
Net profit after tax												143469 (67752)
Assets												
Segment Assets												Nil (2395)
Unallocated Assets				(2395)								2149904 (1672793)
Total												2149904 (1675188)
Liabilities												
Segment Liabilities	192595 (125928)	25062 (5636)	2927 (494)	60304 (10177)	2935 (961)	15622 (7840)	47276 (19031)	2069 (3312)	41031 (14876)	34751 (1550)	76684 (15289)	501256 (205094)
Unallocated Liabilities												1648648 (1470094)
Total												2149904 (1675188)

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 segment for the year.
 - Previous year figures are given in brackets.
11. Earnings per share information:
- Net profit after tax available for equity share holder is Rs 14 34 69 thousands (Previous Year Rs. 6 77 52 thousands).
 - Weighted average number of equity shares outstanding during the year is 10,20,00,700.
 - Basic and Diluted Earning Per Share Rs 1.41 (Previous Year Rs. 0.66)



Reliance General Insurance Company Limited

NOTES ON ACCOUNTS

12. Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. :

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

 State Code:

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

 Balance Sheet Date:

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

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

Public Issue

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

 Rights Issue

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

 Bonus Issue

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

 Private Placement

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

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

Total Liabilities	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>2</td><td>3</td><td>5</td><td>8</td><td>3</td><td>8</td></tr></table>			1	2	3	5	8	3	8	Total Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>2</td><td>3</td><td>5</td><td>8</td><td>3</td><td>8</td></tr></table>			1	2	3	5	8	3	8					
		1	2	3	5	8	3	8																		
		1	2	3	5	8	3	8																		
Sources of funds		Applications of funds																								
Paid-up Capital	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>0</td><td>2</td><td>0</td><td>0</td><td>0</td><td>7</td></tr></table>			1	0	2	0	0	0	7	Net Fixed Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>1</td><td>6</td><td>3</td><td>4</td><td>4</td></tr></table>					1	6	3	4	4					
		1	0	2	0	0	0	7																		
				1	6	3	4	4																		
Reserves & Surplus	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>2</td><td>1</td><td>5</td><td>8</td><td>3</td><td>1</td></tr></table>				2	1	5	8	3	1	Investments	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>8</td><td>1</td><td>4</td><td>9</td><td>0</td><td>5</td></tr></table>				1	8	1	4	9	0	5				
			2	1	5	8	3	1																		
			1	8	1	4	9	0	5																	
Secured Loans	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	Net Current Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>(</td><td>6</td><td>0</td><td>2</td><td>9</td><td>9</td><td>0</td><td>)</td></tr></table>							(6	0	2	9	9	0)
						N	I	L																		
						(6	0	2	9	9	0)													
Unsecured Loans	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	Miscellaneous Expenditure	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>7</td><td>4</td><td>9</td><td>5</td></tr></table>								7	4	9	5			
						N	I	L																		
							7	4	9	5																
		Accumulated Losses	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L														
						N	I	L																		

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

Turnover	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>6</td><td>0</td><td>5</td><td>6</td><td>1</td><td>4</td></tr></table>				6	0	5	6	1	4	Total Expenditure	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>4</td><td>5</td><td>2</td><td>0</td><td>3</td><td>9</td></tr></table>				4	5	2	0	3	9	
			6	0	5	6	1	4														
			4	5	2	0	3	9														
Profit Before Tax	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>5</td><td>3</td><td>5</td><td>7</td><td>5</td></tr></table>				1	5	3	5	7	5	Profit After Tax	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>1</td><td>4</td><td>3</td><td>4</td><td>6</td><td>9</td></tr></table>					1	4	3	4	6	9
			1	5	3	5	7	5														
				1	4	3	4	6	9													
Earning Per Share (Rs.) (Basic and Diluted)	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>1</td><td>.</td><td>4</td><td>1</td></tr></table>							1	.	4	1	Dividend Rate	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
						1	.	4	1													
						N	I	L														

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

Item Code No.

N	O	T	A	P	P	L	I	C	B	L	E
---	---	---	---	---	---	---	---	---	---	---	---

 Product Description GENERAL INSURANCE

As per Report of even date attached.

for and on behalf of the Board

for **Rajendra & Co.**
Chartered Accountants

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

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

Apurva R Shah
Partner

Amit Chaturvedi Partner Principal Officer & Manager
Secretary

Vijay Pawar
Sri Vallabh Goyal

Mumbai, 21st April, 2003

Mumbai, 21st April, 2003



RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	(Rupees in thousand)	
	2002-2003	2001-2003
Cash and cash equivalents at the beginning of year	337 88	85 11
Cash flows from operating activities		
Direct Premiums received	188 02 55	78 03 79
Coinsurance Accounts (Net)	1 51 75	(3 51 44)
Reinsurance Accounts (Net)	(124 87 24)	(17 40 97)
Direct Claims Paid	(20 84 56)	(2 02 47)
Direct Commission Payments	(1 61 65)	(20 85)
Expenses of Management	(26 09 26)	(10 04 61)
Advances, Deposits, Staff loans given	6 33	567
Income tax paid	(52 98)	(1 06 28)
Wealth tax paid	(1 80)	
Other Receipts/payments	1 85 65	29 54
Net Flow	<u>17 48 79</u>	<u>44 12 38</u>
Cash flows from investing activities		
Purchase of investments	(850 16 07)	(522 85 56)
Sale of investments	826 57 84	470 71 10
Purchase of fixed Assets	(82 84)	(88 56)
Sale of Fixed Assets	31 02	9 61
Interest, Dividends received	13 03 32	11 33 80
Net Flow	<u>(11 06 73)</u>	<u>(41 59 61)</u>
Cash flows from financing activities	-	-
Cash and cash equivalents at the end of year	<u><u>9 79 94</u></u>	<u><u>3 37 88</u></u>

As per Report of even date attached.

for and on behalf of the Board

for **Rajendra & Co.**
Chartered Accountants

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

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

Apurva R Shah
Partner

Amit Chaturvedi Principal Officer & Manager
Partner Secretary

Vijay Pawar
Sri Vallabh Goyal

Mumbai, 21st April, 2003

Mumbai, 21st April, 2003

DIRECTORS' REPORT
To the Members,

Your Directors present the Third Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2003.

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 Junnarkar, 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 and Insurance Regulatory and Development Authority, Act 1999 it is hereby confirmed that:

- (i) in the preparation of the accounts for the financial year ended 31st March, 2003, 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, 2003 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

The Company, in terms of the requirement under the provisions of the Insurance Regulatory and Development Authority appointed M/s Pathak H.D & Associates as Joint Auditors during the year under review. M/s. Rajendra and Co., and M/s Pathak H.D & Associates, Chartered Accountants, 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 appointments, 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, 21st April, 2003

MANAGEMENT REPORT ATTACHED TO THE FINANCIAL STATEMENT AS ON 31ST MARCH, 2003.

- 1) We confirm that we have applied for the registration with the Insurance Regulatory & Development Authority and the same is pending;
- 2) We certify that all the dues payable to the statutory authorities have been duly paid before the due dates;
- 3) We confirm that 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, 21st April, 2003



AUDITORS' REPORT

To
The Members,
Reliance Life Insurance Company Ltd.

We have audited the attached Balance Sheet of Reliance Life Insurance Company Limited as at 31st March 2003 and also the Receipts and Payments Account of the company for the year ended on that date. Preparation of these financial statements is 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 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 Company has not commenced its operations and hence the Revenue Account and Profit and Loss Account were not prepared for the year.
- c) The Balance Sheet, and Receipts and Payments Account referred to in this report are in agreement with the books of accounts;
- d) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31st March 2003 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 not yet obtained the final registration from the Insurance Regulatory and Development Authority;
- c) We have verified the cash and bank balances of the company by actual inspection or by obtaining confirmation wherever necessary;
- a) In our opinion: 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, 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 2003, 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

Mumbai, 21st April, 2003

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

Amit Chaturvedi
Partner

BALANCE SHEET AS AT 31ST MARCH, 2003

(Rupees in thousand)

	Schedule	As at 31-3-2003	As at 31-3-2002
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	2 00 07	2 00 07
Borrowings (unsecured)			
From Holding Company		2 00 07	2 01 94
TOTAL		4 00 14	4 02 01
APPLICATION OF FUNDS			
Fixed Assets			
Fixed Assets	2		
Gross Block		22 87	34 43
Less: Depreciation		4 47	4 26
Net Block		18 40	30 17
Current Assets			
Cash and Bank Balances	3	1 66	3 24
Advances and other Assets	4	33 28	35 44
Subtotal		34 94	38 68
Current Liabilities			
Net Current Assets	5	6 05	17 54
Miscellaneous Expenditure	6	3 52 85	3 50 69
(to the extent not written off or adjusted)			
TOTAL		4 00 14	4 02 01
Significant Accounting policies	7		
Notes forming part of Accounts	8		

As per Report of even date attached.

for and on behalf of the Board

for **Rajendra & Co.**
Chartered Accountants

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

Directors { **Sandeep Tandon**
S.K Kanwar
Sandeep Junnarkar
Apurva R Shah
Partner

Amit Chaturvedi
Partner

Secretary **V Saravanan**

Mumbai, 21st April, 2003

Mumbai, 21st April, 2003

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH, 2003**

(Rupees in thousand)

As at 31-3-2003

As at 31-3-2002

Schedule - 1**Authorised Capital**

20,00,00,000 Equity Shares of Rs10 Each

Issued, subscribed and paidup Capital

20,00,700 Equity Shares of Rs10 Each

TOTAL200 00 00200 00 002 00 072 00 07**Schedule - 1A****Pattern Of Shareholding**

(As certified by the Management)

Promotor-- Indian -

Holding company- Indian

As at 31-3-2003

As at 31-3-2002

No.of Shares % of holding

No.of Shares % of holding

5 00 175 25%5 00 175 25%15 00 525 75%15 00 525 75%20 00 700 100%20 00 700 100%**Schedule - 2****Fixed Assets**

(Rupees in thousands)

Description	Gross Block				Depreciation				Net Block	
	As at 1-4-02	Additions	Deductions	As at 31-3-03	Up to 1-4-02	For the year	Deductions	Up to 31.3.03	As at 31.3.2003	As at 31.3.2002
Furniture & Fittings	1 30		84	46	45	2	25	22	24	85
Information Technology Equipment	56		51	5	6	6	10	2	3	50
Vehicles	26 00	19	8 90	17 29	2 77	1 93	1 35	3 35	13 94	23 23
Office Equipment	6 57	74	2 24	5 07	98	23	33	88	4 19	5 59
Total	34 43	93	12 49	22 87	4 26	2 24	2 03	4 47	18 40	30 17
Previous year	26 10	21 50	13 17	34 43	1 46	3 91	1 11	4 26	30 17	24 64

Schedule - 3**Cash and Bank Balances**

Cash (including cheques, drafts and stamps)

20

2

Bank Balances

In Current Accounts

1 463 221 663 24**Schedule - 4****Advances and other Assets****ADVANCES**

Rental and Telephone Deposits

48

1 34

Advances to Staff

15

4 32

Other Advances

32 6529 7833 2835 44**Schedule - 5****Current Liabilities**

Sundry creditors

6 0517 546 0517 54**Schedule - 6****Miscellaneous Expenditure**

(To the extent not written off or adjusted)

Preliminary Expenses

Balance carried forward from last year

3 50 69

3 01 11

Pre-operative Expenses during the year

2 1649 58**Total**3 52 853 50 69

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH 2003
Schedule - 7
Significant accounting policies forming part of financial statements for the year ending 31st March, 2003
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 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 Expenses

Miscellaneous expenditure includes preliminary expenses and pre-operative expenses and is amortised 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, 2003

- 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-operation expenses' and carried to the Balance Sheet.

(Rupees in thousand)

Particulars	For the year ended 31-3-2003	For the year ended 31-3-2002
Employees' Remuneration	-	35 22
Travelling and Conveyance	-	4 16
Rent	-	2 08
Miscellaneous	(8)	1 86
Interest	-	2 34
Depreciation	<u>2 24</u>	<u>3 92</u>
Total	<u><u>2 16</u></u>	<u><u>49 58</u></u>

- 3) There are no commitments made and outstanding for Loans, Investments and Fixed Assets
- 4) 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
<u>Where Control Exists</u>		<u>Key Management personnel and their relatives</u>	
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		
<u>Associates</u>			
Reliance Industries Limited	Associate		

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH 2003****Related Party disclosure:**

(Rupees in thousand)

Nature of Transaction	Holding company	Associates Managerial Personnel	key	Others	Total
Unsecured Loans					
Repayment of Loan	1 87 (1 33 07)				
Acceptance of Loan	- (2 01 94)				
Fixed Assets					
Sold during the year	4 88 (-)				4 88 (-)
Sundry Debtors					
Balance as at 31st March 2003	11 -			11 50 (16 92)	11 61 (16 92)

- 5) As there are no operations no segment reporting has been done as per Accounting Standard (AS 17) of the Institute of Chartered Accountants of India
- 6) The figures for the previous year have been reworked, rearranged and/or regrouped wherever necessary.
- 7) Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. : State Code:

Balance Sheet Date:

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

Public Issue Rights Issue

Bonus Issue Private Placement

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

Total Liabilities Total Assets

Sources of funds Applications of funds

Paid-up Capital Net Fixed Assets

Reserves & Surplus Investments

Secured Loans Net Current Assets

Unsecured Loans Miscellaneous Expenditure

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

Turnover Total Expenditure

Profit Before Tax Profit After Tax

Earning Per Share (Rs.) Dividend Rate

(Basic and Diluted)

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

Item Code No.

Product Description LIFE INSURANCE

As per Report of even date attached.

for and on behalf of the Board

for **Rajendra & Co.**
Chartered Accountantsfor **Pathak H.D & Associates**
Chartered AccountantsDirectors { **Sandeep Tandon**
S.K Kanwar
Sandeep Junnarkar**Apurva R Shah**
Partner**Amit Chaturvedi**
PartnerSecretary **V Saravanan**Mumbai, 21st April, 2003Mumbai, 21st April, 2003

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	(Rupees in thousand)	
	2002-2003	2001-2002
Cash and cash equivalents at the beginning of year	324	39
Cash flows from operating activities		
Incorporation Expenses		
Pre-operative Expenses	(45)	(35 48)
Staff Loans and Advances given	2 16	(19 47)
Other Receipts/Payments	<u>(11 49)</u>	<u>3</u>
Net Flow	(9 78)	(54 92)
Cash flows from investing activities		
Purchase of Fixed Assets	(93)	(21 50)
Sale of Fixed Assets	<u>10 99</u>	<u>12 27</u>
Net Flow		(9 23)
Cash flows from financing activities		
Proceeds from issue of Share Capital		
Repayment of advance received		(1 33 07)
Funds from Holding Company	<u>(1 87)</u>	<u>67 00</u>
Cash and cash equivalents at the end of period	<u><u>1 65</u></u>	<u><u>3 24</u></u>

As per Report of even date attached.

for and on behalf of the Board

for **Rajendra & Co.**
Chartered Accountants

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

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

Apurva R Shah
Partner

Amit Chaturvedi
Partner

Secretary **V Saravanan**

Mumbai, 21st April, 2003

Mumbai, 21st April, 2003

REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF RELIANCE CAPITAL LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RELIANCE CAPITAL LIMITED, ITS SUBSIDIARIES AND ITS ASSOCIATES

We have examined the attached Consolidated Balance Sheet of Reliance Capital Limited ("the Company") its subsidiaries and its associates, as at 31st March, 2003 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 management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

1. 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 management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. We did not audit the financial statements of Reliance Capital Asset Management Limited, Reliance Capital Trustee Co. Limited, Reliance General Insurance Company Limited and Reliance Life Insurance Company Limited, whose financial statements reflect total assets of Rs. 238.45 crores as at 31st March, 2003 and total revenues of Rs. 77.04 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 subsidiaries, is based solely on the report of the other auditors.
3. We did not audit the financial statements of Reliance Europe Limited and Reliance Petroinvest Limited associate companies. These financial statements have been audited by other auditors or are certified by management whose report or certificate 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 or certificate of management as the case may be.

4. 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.
5. 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 opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company as at 31st March, 2003;
 - (b) 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
 - (c) 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

Mumbai, 21st April, 2003

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2003

(Rs. in crores)

SOURCES OF FUNDS :	Schedule	As at		As at	
		31st March, 2003	2003	31st March, 2002	2002
		Rs.	Rs.	Rs.	Rs.
Shareholders' Funds					
(a) Share Capital	A	127.83		127.83	
(b) Reserves & Surplus	B	<u>1,266.74</u>		<u>1,154.90</u>	
			1,394.57		1,282.73
Minority Interest			31.40		27.84
Deffered Tax Liability (Net) (Refer Note No. 9 of Schedule "O")			0.32		0.14
Loan Funds					
(a) Secured Loans	C	-		668.58	
(b) Unsecured Loans	D	<u>1,760.45</u>		<u>1,756.30</u>	
			1,760.45		2,424.88
T O T A L			<u>3,186.74</u>		<u>3,735.59</u>
APPLICATION OF FUNDS :					
Fixed Assets	E				
(a) Gross Block		866.23		864.53	
(b) Less: Depreciation		376.86		278.68	
(c) Lease Adjustment A/c		(62.30)		(75.43)	
(d) Net Block		<u>427.07</u>		<u>510.42</u>	
(e) Capital Work-in-Progress		<u>19.90</u>		<u>20.17</u>	
			446.97		530.59
Investments	F		1,866.25		2,007.38
Current Assets, Loans & Advances	G				
(a) Current Assets		730.66		934.81	
(b) Loans & Advances		<u>389.26</u>		<u>520.17</u>	
		<u>1,119.92</u>		<u>1,454.98</u>	
Less : Current Liabilities & Provisions	H				
(a) Current Liabilities		178.36		203.20	
(b) Provisions		<u>73.10</u>		<u>59.60</u>	
		<u>251.46</u>		<u>262.80</u>	
Net Current Assets			868.46		1,192.18
Miscellaneous Expenditure (to the extent not written off or adjusted)	I		5.06		5.44
T O T A L			<u>3,186.74</u>		<u>3,735.59</u>
Accounting Policies	N				
Notes to the Accounts	O				

 As per our report of even date
 for **Pathak H.D. & Associates**
 Chartered Accountants

R. S. Vahia
 Partner

 Mumbai, 21st April, 2003

for and on behalf of the Board

 Chairman
 Vice Chairman

Directors

Company Secretary & Manager

 Mumbai, 21st April, 2003

D. Chaturvedi
Anand Jain
D. J. Kapadia
S. S. Thakur
Sandeep H. Junnarkar
U. Mahesh Rao
Alok Agarwal
V. R. Mohan

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

(Rs. in crores)

		Rs.	Schedule Rs.	2002-2003 Rs.	2001-2002 Rs.
INCOME					
Lease Income	J	54.94		68.75	
Other Income	K	<u>478.65</u>		<u>498.41</u>	
			533.59		567.16
EXPENDITURE					
Interest and Finance Charges	L	251.74		373.16	
Administrative and Other Expenses	M	68.81		35.36	
Depreciation		92.32		55.58	
Miscellaneous Expenditure Written Off		<u>0.67</u>		<u>0.38</u>	
			413.54		464.48
PROFIT BEFORE TAX			120.05		102.68
Provision for Tax					
Current Tax			1.37		0.13
Deferred Tax			<u>0.18</u>		<u>0.04</u>
PROFIT AFTER TAX			118.50		102.51
(Short) / Excess Provision for Dividend (Previous Year)			-		(0.04)
(Short) / Excess Provision for Tax (Previous Year)			<u>(0.02)</u>		-
			118.48		102.47
Less: Minority Interest's Share of Profit			<u>3.56</u>		<u>0.23</u>
PROFIT AFTER MINORITY INTEREST			114.92		102.24
Share of Profit / (Loss) of Associates			<u>36.61</u>		-
PROFIT AFTER SHARE OF PROFIT / (LOSS) OF ASSOCIATES			151.53		102.24
Share of Profit / (Loss) of Associates up to 31 st March, 2002			2.42		-
Balance Brought Forward			138.80		109.63
Transferred from Debenture Redemption Reserve			-		5.00
Profit available for appropriations			<u>292.75</u>		<u>216.87</u>
APPROPRIATIONS					
Deferred Tax for earlier years		-		0.10	
Proposed Dividend - Equity Shares		36.92		36.92	
Interim Dividend - Preference Shares		-		0.51	
Dividend Tax		4.73		0.06	
Transfer to Statutory Reserve Fund		20.60		20.25	
Transfer to General Reserve		10.30		10.23	
Transfer to Capital Redemption Reserve		-		10.00	
Balance Carried to Balance Sheet		<u>220.20</u>		<u>138.80</u>	
			292.75		216.87
Basic and diluted earning per equity share of Rs.10 each (in Rupees)			11.90		7.99
(Refer Note No. 10 of Schedule "O")					
Accounting Policies	N				
Notes to the Accounts	O				

 As per our report of even date
 for **Pathak H.D. & Associates**
 Chartered Accountants

R. S. Vahia
 Partner

 Mumbai, 21st April, 2003

for and on behalf of the Board

 Chairman
 Vice Chairman

Directors

Company Secretary & Manager

 Mumbai, 21st April, 2003

D. Chaturvedi
Anand Jain
D. J. Kapadia
S. S. Thakur
Sandeep H. Junnarkar
U. Mahesh Rao
Alok Agarwal
V. R. Mohan

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Schedule "A"	As At		(Rs. in crores)	
	31 st March, 2003	31 st March, 2002	As At	As At
SHARE CAPITAL	Rs.	Rs.	Rs.	Rs.
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	
		128.65		128.65
Paid up				
12,73,03,261 Equity Shares of Rs. 10 each (12,73,01,061)	127.30		127.30	
Add: Forfeited Shares (Amount originally paid up on 13,47,189 Equity Shares (Previous Year 13,49,389 Equity Shares)	0.53		0.53	
		127.83		127.83
		127.83		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 2,200 shares was annulled during the year.

Schedule "B"
RESERVES AND SURPLUS

Capital Reserve				
As per last Balance Sheet	6.37		6.42	
Less: On Annulment of shares	0.01		0.05	
		6.36		6.37
Capital Reserve on Consolidation of Subsidiaries		4.84		4.84
Capital Redemption Reserve				
As per last Balance Sheet	10.00		-	
Add: Amount transferred from Profit & Loss Account	-		10.00	
		10.00		10.00
Securities Premium Account				
As per last Balance Sheet	735.12		1,552.68	
Add: On Annulment of Shares	0.03		0.10	
	735.15		1,552.78	
Less: Premium on Redemption of NCD / DDB	0.48		27.66	
Less: Premium on Redemption of Preference Shares	-		790.00	
		734.67		735.12
Statutory Reserve Fund *				
As per last Balance Sheet	116.77		96.52	
Add: Amount transferred from Profit & Loss Account	20.60		20.25	
		137.37		116.77
Debenture Redemption Reserve				
As per last Balance Sheet	-		5.00	
Less: Transferred to P & L Account on redemption of Debentures	-		5.00	
		-		-
General Reserve				
As per last Balance Sheet	143.00		132.77	
Add: Amount transferred from Profit & Loss Account	10.30		10.23	
		153.30		143.00
Profit & Loss Account		220.20		138.80
		1,266.74		1,154.90

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

Schedule "C"
SECURED LOANS

Discount Bonds & Debentures				
Secured Redeemable Discount Bonds	-		662.88	
Less : Discount not written off	-		51.00	
		-		611.88
Secured Redeemable Non Convertible Debentures		-		56.70
		-		668.58

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

			(Rs. in crores)
	As At		As At
	31st March, 2003		31st March, 2002
Schedule "D"			
UNSECURED LOANS	Rs.	Rs.	Rs.
Fixed Deposits	-		1.46
Other Loans and Advances from others	1,335.84		1,026.55
Security Deposit Received - Lease	223.09		238.72
Assigned Liabilities (Refer Note No. 3 (i) of Schedule "O")	201.52		489.57
	1,760.45		1,756.30

Notes:

Amount payable within one year is Rs. 1,487.73 crores (Previous Year Rs. 1,049.03 crores).

Schedule "E"
FIXED ASSETS

(Rs. in crores)

Description	Gross Block			Depreciation		Lease Adjustment 31-3-2003 Rs.	Net Block		
	As at 1-4-2002 Rs.	Additions / Adj. Rs.	Deductions / Adj. Rs.	As at 31-3-2003 Rs.	For the year Rs.		As at 31-3-2003 Rs.	As at 31-3-2003 Rs.	As at 31-3-2002 Rs.
ASSETS ON LEASE									
Plant & Machinery	586.52	-	-	586.52	39.63	293.40	(59.21)	233.91	265.67
Furniture & Fittings	1.07	-	0.21	0.86	0.08	0.41	(0.29)	0.16	0.33
Ships	39.60	-	-	39.60	2.78	9.56	(13.69)	16.35	24.59
Aircraft	105.79	-	-	105.79	5.92	15.29	10.85	101.35	102.95
Office & Other Equipments	0.71	-	0.26	0.45	0.08	0.27	0.04	0.22	0.36
Sub - total	733.69	-	0.47	733.22	48.49	318.93	(62.30)	351.99	393.90
ASSETS FOR OWN USE									
Buildings	119.74	-	-	119.74	*42.47	51.10	-	68.64	111.11
Furniture & Fittings	3.59	0.59	0.03	4.15	0.35	2.27	-	1.88	1.66
Office & Other Equipments	5.62	1.81	0.20	7.23	0.70	3.75	-	3.48	2.50
Motor Vehicles	1.89	0.40	0.40	1.89	0.33	0.81	-	1.08	1.25
Sub - total	130.84	2.80	0.63	133.01	43.85	57.93	-	75.08	116.52
GRAND TOTAL	864.53	2.80	1.10	866.23	92.34	376.86	(62.30)	427.07	510.42
Previous Year	923.91	103.53	162.91	864.53	55.59	278.68	(75.43)	510.42	
CAPITAL WORK-IN-PROGRESS									
Assets to be Leased								0.93	0.93
Assets for own use								18.97	19.24
Total								19.90	20.17

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.0.93 crore (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.
- Addition to Fixed Assets includes Rs. Nil (Previous Year Rs. 7,867) on account of exchange difference during the year.
- *Above includes additional depreciation of Rs. 37.38 crores on account change in the depreciation policy. (Refer note no. 4 of Schedule "O")
- Depreciation for the year includes Rs. 0.02 crore transferred to pre-operative expenses (included in Preliminary Expenses).

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As At		(Rs. in crores)	
	31 st March, 2003		As At	
	Rs.	Rs.	Rs.	Rs.
Schedule "F"				
INVESTMENTS				
In Associates (carrying amount)		55.44		-
In Others		1,810.81		2,007.38
		<u>1,866.25</u>		<u>2,007.38</u>
Schedule "G"				
CURRENT ASSETS, LOANS AND ADVANCES				
CURRENT ASSETS				
Interest accrued on Investments		311.31		601.98
Stock in Trade		356.63		287.02
Sundry Debtors (Unsecured)				
Debts outstanding for a period exceeding six months				
- Considered Doubtful	-		0.59	
- Considered Good	-		-	
			<u>0.59</u>	
Other Debts, considered good	26.55		14.21	
		26.55		14.80
Receivables for Assets on Lease		14.94		18.86
Cash & Bank Balances				
Cash & Cheques on hand	8.02		0.36	
Balances with the Scheduled Banks				
In Current Accounts	12.53		11.54	
In Fixed Deposit Account	0.67		0.25	
In Margin Money Account	0.01		-	
		<u>21.23</u>		<u>12.15</u>
		<u>730.66</u>		<u>934.81</u>
LOANS & ADVANCES				
Loan to Others				
- Considered Doubtful	10.30		9.65	
- Considered Good	288.57		257.19	
		298.87		266.84
Advances recoverable in Cash or in kind or for value to be received				
- Considered Doubtful	8.16		7.92	
- Considered Good	2.74		170.13	
		10.90		178.05
Deposits	17.65		14.38	
TDS (Net)	61.84		60.90	
		<u>79.49</u>		<u>75.28</u>
		<u>389.26</u>		<u>520.17</u>

Notes :

- Sundry Debtors include Rs. 0.03 crore (Previous Year Rs. 0.38 crore) due from Reliance Communication Infrastructure Ltd. and Rs. 0.28 crores (Previous Year Rs. Nil) from Reliance Infocomm Ltd. companies under the same management.
- Receivable for Assets on Lease includes Rs. Nil (Previous Year Rs. 0.02 crore) on account of exchange difference during the year.
- 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. 0.05 crore (Previous Year Rs. 167.44 crores) paid towards share / debenture application money pending allotment.
- Loans to Others include Rs. Nil due from Reliance Industrial Infrastructure Ltd. (Maximum Balance outstanding during the year Rs. 9.85 crores) and Rs. 65.55 crores due from Reliance Enterprises Ltd. (Maximum Balance outstanding during the year Rs. 65.55 crores) companies under the same management.
- 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. 19.77 crores (Previous Year Rs. 20.90 crores) (including Rs. 18.46 crores for doubtful advances) (Previous Year Rs. 17.57 crores for doubtful advances and Rs.0.59 crore for doubtful debtors) is made in accounts in accordance with Prudential norms prescribed by the Reserve Bank of India for Non-Banking Finance Companies.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As At		(Rs. in crores)	
	31 st March, 2003		31 st March, 2002	
Schedule "H"	Rs.	Rs.	Rs.	Rs.
CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors (Other than SSI)	6.58		17.38	
Other Liabilities	105.48		86.94	
Interest accrued but not due	60.78		94.34	
Investor Education and Protection Fund				
Refunds - Issue Application Money	-		0.23	
Unclaimed Dividend	5.08		4.31	
Unclaimed Fixed Deposit	0.44		-	
		178.36		203.20
PROVISIONS				
Provision for Wealth Tax (Net)	0.04		0.04	
Provision for Sub - Standard and doubtful assets	19.77		20.90	
Provision for Leave Encashment	0.54		0.60	
Provision for Unexpired Risk	11.10		1.14	
Proposed Dividend on Equity Shares	36.92		36.92	
Provision for Dividend Tax	4.73		-	
		73.10		59.60
		251.46		262.80
Schedule "I"				
MISCELLANEOUS EXPENDITURE				
(to the extent not written off or adjusted)				
Preliminary Expenses	4.62		4.53	
Add: Incurred During the year	0.02		0.47	
Less: Written off during the year	0.38		0.38	
		4.26		4.62
Deferred Revenue Expenditure	0.82		1.09	
Add: Incurred During the year	0.27		-	
Less: Written off during the year	0.29		0.27	
		0.80		0.82
		5.06		5.44

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

	2002-2003		(Rs. in crores)	
	2001-2002			
Schedule "J"	Rs.	Rs.	Rs.	Rs.
LEASE INCOME				
Lease Rentals	47.31		82.96	
Less: Lease Equalisation (Net)	(6.58)		16.34	
		53.89	66.62	
Lease Finance Charges		1.02		1.47
Lease Management / Syndication Fees		-		0.22
Lease - Other Income		0.03		0.44
		54.94		68.75

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

	2002-2003		(Rs. in crores) 2001-2002	
	Rs.	Rs.	Rs.	Rs.
Schedule "K"				
OTHER INCOME				
Dividends on :				
Long Term Investments	92.10		2.52	
(Tax Deducted at Source Rs. 4.93 crores, Previous Year Rs.Nil)				
Stock in Trade	<u>7.34</u>		<u>9.76</u>	
(Tax Deducted at Source Rs. 0.77 crore, Previous Year Rs.Nil)				
		99.44		12.28
Interest on :				
Long Term Investments	273.46		310.85	
(Tax Deducted at Source Rs. 9.52 crores, Previous Year Rs. 3.52 crores)				
Others	<u>30.86</u>		<u>142.13</u>	
(Tax Deducted at Source Rs. 4.55 crores, Previous Year Rs. 5.19 crores)				
		304.32		452.98
Profit (Net) on sale of :				
Subsidiary	-		0.17	
Long Term Investments	8.81		7.81	
Stock in Trade	<u>3.09</u>		<u>3.92</u>	
		11.90		11.90
Investment Management and Advisory Fees		13.97		8.36
Trustee Fees		0.05		0.05
Premium & Commission earned (Net)		38.12		5.20
Profit on Sale of Fixed Assets (Net)		0.08		0.02
Profit on Sale of Mobile Hansets		0.47		-
Bad Debts Recovered		0.80		1.47
Provision for Sub Standard and Doubtful Assets Reversed		1.13		-
Income on Securities Lending (Net)		0.10		0.19
Credit Balance written back (Net)		-		0.70
Rent		6.10		-
Miscellaneous Income		<u>2.17</u>		<u>5.26</u>
		<u>478.65</u>		<u>498.41</u>
Schedule "L"				
INTEREST & FINANCE CHARGES				
INTEREST				
On Fixed Loans	77.46		143.39	
On Debentures	1.31		73.60	
On Others	<u>0.02</u>		<u>0.07</u>	
		78.79		217.06
Discount on Assigned liability (Refer Note No. 3(ii) of Schedule "O")		123.01		45.96
Discount on Bonds		<u>49.94</u>		<u>110.14</u>
		<u>251.74</u>		<u>373.16</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

Schedule "M"	2002-2003		(Rs. in crores) 2001-2002	
	Rs.	Rs.	Rs.	Rs.
ADMINISTRATIVE AND OTHER EXPENSES				
Payments to and provisions for employees - Salary, Bonus etc.	8.50		4.92	
Contribution to Provident Fund & other funds	0.95		0.88	
Staff Welfare & Other Amenities	0.93		0.55	
		10.38		6.35
Rent	3.40		1.11	
Rates and Taxes	0.10		0.06	
Repairs and Maintenance	1.92		0.73	
Electricity	0.51		0.27	
Insurance	0.02		0.03	
Travelling and Conveyance	2.00		1.59	
Postage, Telegram and Telephones	1.38		0.91	
Claims Incurred (Net)	19.17		1.33	
Loss on Sale of Fixed Assets (Net)	0.03		9.64	
Loss on Sale of Long term Investments (Net)	1.33		-	
Auditor's Remuneration	0.30		0.25	
Directors' Fees	0.01		0.01	
Donation	-		0.06	
Marketing and Publicity Expenses	15.05		5.07	
Bad Debts Written off (Net)	0.48		-	
Miscellaneous Expenses	12.73		7.95	
		58.43		29.01
		68.81		35.36

ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS
Schedule "N"
Accounting Policies
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:

- 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.
- 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.
- 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.
- The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of 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.
- 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.
- 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.
- 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 "O"

Notes to the consolidated Accounts

1. (Rs. in crores)

	As At 31 st March, 2003	As At 31 st March, 2002
i) CONTINGENT LIABILITIES:		
Guarantees to Banks and Financial Institutions against credit facilities to third parties	491.93	91.66
ii) Estimated amount of contracts remaining to be executed on capital account and not provided for	0.75	0.06
iii) Uncalled liability on partly paid shares / debentures	250.69	0.01

2. During the year the Company has prepaid Secured Redeemable Discount Bonds of the face value of Rs. 16.00 crores at a premium of Rs. 0.48 crore and the same has been adjusted against Securities Premium Account.

 3. i) The Company has accepted assignment of liabilities and amount outstanding as on 31st March, 2003 is Rs. 646.72 crores (Previous Year Rs. 2,511.71 crores) for which the net present value is Rs. 201.52 crores (Previous Year Rs. 489.57 crores). The aforesaid liabilities are to be discharged between the years 2003 and 2021.

ii) Discount on Assigned Liabilities include additional discount of Rs. 50.26 crores on transfer of Assigned Liability.

4. During the year the Company has decided to provide additional depreciation on assets for own use to the extent of difference between market value and written down value as on the date of Balance Sheet. Consequent to this there is an additional depreciation in the Profit & Loss Account of Rs. 37.38 crores. Had there been no change in the policy of depreciation, the depreciation charge for the year would have been lower by Rs. 37.38 crores and Net Block of Fixed Assets and Reserves & Surplus would have been higher to that extent.

5. During the year the Company has invested in equity shares of Reliance Petroinvest Ltd. and holds 50% of its equity share capital. Reliance Petroinvest Ltd. has acquired 26% of Government's equity holding in Indian Petrochemicals Corporation Ltd. (IPCL) in terms of the disinvestments of IPCL. Reliance Petroinvest Ltd. has through cash offer to the public acquired a further 20% of the total equity capital of IPCL.

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

i) (Rs. in crores)

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	15.42	4.94	10.48	-
	(20.36)	(4.94)	(15.42)	(-)
Add: Unguaranteed residual value	1.10	-	1.10	(-)
	(1.10)	(-)	(1.10)	(-)
Gross Investments in lease	16.52	4.94	11.58	-
	(21.46)	(4.94)	(16.52)	(-)
Less: Unearned finance income	1.58	0.79	0.79	-
	(2.60)	(1.02)	(1.58)	(-)
Present value of the minimum Lease rentals receivables	14.94	4.15	10.79	(-)
	(18.86)	(3.92)	(14.94)	(-)

Figure 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.

7. Assets taken on operating lease

(Rs. in crores)

Particulars	Total	Not later than one year	Later than one year and not later than five years	Later than five year
Future lease rentals payable	0.25	0.07	0.18	-
	(0.03)	(0.01)	(0.02)	(-)

Figure in brackets represent Previous Year figures.

NOTES ON CONSOLIDATED ACCOUNTS

8. The income tax assessments of the Company have been completed up to Assessment Year 2000- 01. The total demand raised by the Income-Tax Department up to the said Assessment Year is Rs. 23.15 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.

9. 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 crores)

Deferred tax liabilities	As at 31 st March 2003	As at 31 st March 2002
Depreciation	0.02	0.06
Deferred revenue expenditure	0.30	0.29
Deferred tax asset		
Carried forward loss	-	0.21

10. 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 crores)

Particulars	For the year ended 31 st March 2003	For the year ended 31 st March 2002
a) Amounts used as the numerators		
Net Profit after tax	151.53	102.28
Less: Preference dividend and tax thereon	-	0.57
Net Profit available for equity shareholders	151.53	101.71
b) Weighted average number of equity shares (Nos.)	12,73,03,261	12,73,01,061
c) Basic and Diluted Earning Per Share (Rs.)	11.90	7.99

11. Miscellaneous Expenses referred to in Schedule "L" include:

- Net Prior Period items Rs. 0.15 crore (net credit) ((Previous year Rs. 0.07 crore (net debit)).
- Sales tax refund / (paid) (net) Rs. 0.46 crore (Previous Year (Rs. 13,375)).

12. Related Party Disclosures

List of related parties

i) Associates	Relationship
a) Reliance Industries Ltd.	
b) Reliance Land Pvt. Ltd.	
c) Reliance Share & Stock Brokers Pvt. Ltd.	
d) Reliance Petroinvest Ltd.	
e) Reliance Europe Ltd.	
f) Indian Petrochemicals Corporation Limited	
g) Chlorosulf Pvt. Ltd.	
ii) Key Management Personnel	
a) Shri Anand Jain	- Managing Director (Until 7-3-2003)
b) Shri Amitabh Jhunjhunwala	- Chief Executive Officer (Until 1-10-2002)
c) Shri V R Mohan	- Company Secretary and Manager (w.e.f. 7-3-2003)
d) Shri Sandeep Tandon	- Director
e) Shri S K Kanwar	- Director
f) Shri Atul Dayal	- Director
g) Shri Vijay Pawar	- Manager and Principal Officer
iii) Relative of Key Management Personnel	
a) Shri Vikas Kanwar	
b) Shri Vineet Kanwar	

iv) Transactions during the year with related parties

(Rs. in crores)

	Associates	Key Management Personnel	Relative of Key Management Personnel	Total
Unsecured Loans				
a) Taken during the year	3,690.89	-	-	3,690.89
	(109.45)	(-)	(-)	(109.45)
b) Repaid during the year	4,639.64	-	-	4,639.64
	(109.45)	(-)	(-)	(109.45)
c) Balance as at 31 st March, 2002	-	-	-	-
	(-)	(-)	(-)	(-)
Security Deposit				
a) Taken during the year	-	-	-	-
	(-)	(-)	(-)	(-)
b) Repaid during the year	14.58	-	-	14.58
	(-)	(-)	(-)	(-)
c) Balance as at 31 st March, 2003	22.59	-	-	22.59
	(-)	(-)	(-)	(-)
Assigned Liabilities				
Accepted during the year	404.53	-	-	404.53
	(-)	(-)	(-)	(-)
Fixed Assets				
a) Purchased during the year	-	-	-	-
	(0.01)	(-)	(-)	(0.01)
b) Sold during the year	0.06	-	-	0.06
	(0.84)	(-)	(-)	(0.84)
c) Assets on Lease as at 31 st March, 2002	80.03	-	-	80.03
	(38.17)	(-)	(-)	(38.17)
Investments				
a) Subscribed / Purchased during the year	-	-	-	-
	(89.40)	(-)	(-)	(89.40)
b) Redeemed / Sold during the year	10.02	-	-	10.02
	(22.82)	(-)	(-)	(22.82)
c) Brokerage paid during the year	-	-	-	-
	(0.01)	(-)	(-)	(0.01)
d) Balance as at 31 st March, 2002	169.58	-	-	130.11
	(54.54)	(-)	(-)	(54.54)
Stock-in-trade				
a) Subscribed / Purchased during the year	1,137.38	-	-	1,137.38
	(-)	(-)	(-)	(-)
b) Redeemed / Sold during the year	217.77	-	-	217.77
	(23.69)	(-)	(-)	(23.69)
c) Brokerage paid during the year	0.01	-	-	0.01
	(0.06)	(-)	(-)	(0.06)
d) Balance as at 31 st March, 2002	348.65	-	-	348.65
	(109.52)	(-)	(-)	(109.52)
Sundry Debtors Balance as at 31st March, 2002	10.90	-	-	10.90
	(2.60)	(-)	(-)	(2.60)
Receivables for Assets on Lease				
a) Repaid during the year	1.92	-	-	1.92
	(-)	(-)	(-)	(-)
b) Balance as at 31 st March, 2003	6.27	-	-	6.27
	(-)	(-)	(-)	(-)

NOTES ON CONSOLIDATED ACCOUNTS

(Rs. in crores)

	Associates	Key Management Personnel	Relative of Key Management Personnel	Total
Loans to Others				
a) Given during the year	161.06	-	-	161.06
	(5,941.91)	(-)	(-)	(5,941.91)
b) Returned during the year	5.00	-	-	5.00
	(6,229.78)	(-)	(-)	(6,229.78)
c) Interest receivable as at 31 st March, 2003	0.05	-	-	0.05
	(101.16)	(-)	(-)	(-)
d) Balance as at 31 st March, 2002	156.00	-	-	156.00
	(101.16)	(-)	(-)	(101.16)
Advances recoverable in cash or in kind				
a) Given during the year	5.00	-	-	5.00
	(152.33)	(-)	(0.04)	(152.37)
b) Returned during the year	-	-	-	-
	(2.33)	(-)	(-)	(2.33)
c) Interest receivable as at 31 st March, 2003	0.05	-	-	0.05
	(-)	(-)	(-)	(-)
d) Balance as at 31 st March, 2002	-	0.05	0.04	0.09
	(150.08)	(-)	(0.04)	(150.12)
Sundry Creditors Balance as 31st March, 2002	0.94	-	-	0.94
	(0.04)	(-)	(-)	(0.04)
Other Liabilities				
a) Taken during the year	-	-	-	-
	(1.62)	(-)	(-)	(1.62)
b) Repaid during the year	-	-	-	-
	(2.95)	(-)	(-)	(2.95)
c) Balance as at 31 st March, 2002	6.00	-	-	6.00
	(5.57)	(-)	(-)	(5.57)
Interest accrued but not due Balance as at 31st March, 2002	52.39	-	-	52.39
	(0.27)	(-)	(-)	(0.27)
Income				
a) Lease Rentals	9.62	-	-	9.62
	(12.98)	(-)	(-)	(12.98)
b) Dividend	7.55	-	-	7.55
	(3.30)	(-)	(-)	(3.30)
c) Interest on Others	1.68	-	-	1.68
	(102.41)	(-)	(-)	(102.41)
d) Premium & Commission	38.76	-	-	38.76
	(0.41)	(-)	(-)	(0.41)
e) Miscellaneous Income	2.21	-	-	2.21
	(4.07)	(-)	(-)	(4.07)
Expenditure				
a) Interest on Fixed Loans	66.32	-	-	66.32
	(0.53)	(-)	(-)	(0.53)
c) Payments to and provisions for employees	-	0.43	-	0.43
	(-)	(0.65)	(-)	(0.65)
d) Claims	4.75	-	-	4.75
	(0.02)	(-)	(-)	(0.02)
e) Rent	2.09	-	0.05	2.14
	(0.99)	(-)	(0.02)	(1.01)
f) Miscellaneous Expenses	5.00	-	-	5.00
	(-)	(-)	(-)	(-)
Contingent Liability				
a) Guarantees to Banks and Financial Institutions against credit facilities to third parties	0.04	-	-	0.04
	(0.19)	(-)	(-)	(0.19)

Figures in bracket indicate Previous Year figures

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

	Commercial Finance	Others	Elimination	Total
Revenue				
i) External	457.64	75.95	-	533.59
	(548.48)	(18.51)	(-)	(566.99)
ii) Inter Segment	1.14	1.08	(2.22)	-
	(0.11)	(0.27)	((0.38))	(-)
Total Revenue	458.78	77.03	(2.22)	533.59
	(548.59)	(18.78)	((0.38))	(566.99)
Result				
Segment Result	102.63	17.42	-	120.05
	(101.22)	(1.31)	((0.02))	(102.51)
Profit on sale of subsidiaries				-
				(0.17)
Profit before tax				120.05
				(102.68)
Provision for Tax				1.57
				(0.17)
Profit after Tax				118.48
				(102.51)
Less: Minority Interest's Share of Profit				3.56
				(0.23)
Share of Profit / (Loss) of Associates				36.61
				(-)
Profit after Minority Interest and Share of Profit / (Loss) associates				151.53
				(102.28)
Other Information				
Segment Assets	3,210.46	227.74		3,438.20
	(3,802.71)	(177.68)		(3,998.39)
Segment Liabilities	1,915.11	128.52		2,043.63
	(2,625.73)	(89.93)		(2,715.66)
Capital Expenditure	1.43	0.68		2.11
	(18.50)	(0.95)		(19.45)
Depreciation	91.65	0.67		92.32
	(55.18)	(0.41)		(55.59)
Non-cash expenses other than depreciation	-	0.67		0.67
	(-)	(0.38)		(0.38)

Figures in bracket indicate previous year figures

Notes:-

- i) 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.
- ii) The reportable segments are further described below:
 - a) The company's main business segment is of Finance,
 - b) Other operations include insurance and mutual fund (asset management) business.
- iii) Since all the operations of the company are conducted within India, as such there is no separate reportable geographical segment.

CONSOLIDATED NOTES ON ACCOUNTS

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

(Rs. in crores)

	Quantity		Value	
	As at	As at	As at	As at
	31 st March, 2003	31 st March, 2002	31 st March, 2003	31 st March, 2002
OPENING STOCK				
Equity Shares	7,81,59,446	5,84,09,927	277.32	237.94
Warrant Equity Shares	-	8,20,300	-	12.32
Debentures	4,02,401	7,96,901	4.41	8.21
Units	22,66,926	25,16,926	2.37	2.64
Government securities	2,22,550	64,200	2.89	0.69
PSU Bonds	3	30	0.03	1.10
Mobile Hand Sets	-	-	-	-
			287.02	262.90
PURCHASES / TRANSFERS				
Equity Shares	94,26,559	2,13,25,755	176.53	59.32
Warrant Equity Shares	-	-	-	-
Debentures	3,51,750	21,79,552	1,311.49	23.52
Units	-	-	-	-
Government Securities	2,63,855	12,60,860	3.47	14.49
PSU Bonds	2,976	3,416	31.33	37.32
Mobile Handsets	44,840	-	17.37	-
			1,540.19	134.65
SALES /TRANSFERS				
Equity Shares	7,00,85,912	15,76,236	169.87	26.27
Warrant Equity Shares	-	86,20,300	-	12.32
Debentures	4,40,467	25,74,052	1245.90	28.22
Units	22,66,926	2,50,000	2.80	0.34
Government Securities	4,86,405	11,02,510	6.36	12.37
PSU Bonds	2,959	3,443	31.17	38.44
Mobile Handsets	44,840	-	17.83	-
			1,473.93	117.96
CLOSING STOCK				
Equity Shares	1,75,00,093	781,59,446	284.73	277.32
Warrant Equity Shares	-	-	-	-
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

15. During the year Company has traded in Mobile Handsets, which has resulted in net profit of Rs. 0.47 crores, including exchange difference of Rs. 0.17 crores.

16. Auditors' Remuneration includes:

(Rs. in crores)

Particulars	2002-2003	2001-2002
i) Audit Fees	0.21	0.18
ii) Tax Audit Fees	0.06	0.05
iii) In other capacity	0.01	0.01
iv) Out of Pocket Expenses	0.01	0.01

17. The subsidiary companies / associate companies considered in the consolidated financial statements are

Name of the subsidiaries	Country of incorporation	Year Ending	Proportion of ownership interest
Subsidiary Companies			
Reliance Capital Asset Management Limited	India	31 st March, 2003	100%
Reliance Capital Trustee Co. Limited	India	31 st March, 2003	100%
Reliance General Insurance Company Limited	India	31 st March, 2003	75%
Reliance Life Insurance Company Limited	India	31 st March, 2003	75%
Associate Companies			
Reliance Europe Limited	U K	31 st December, 2002	25%
Reliance Share & Stock Brokers Pvt. Ltd.	India	31 st March, 2003	50%
Reliance Petroinvest Ltd.*	India	31 st March, 2003	50%
Reliance Land Pvt. Ltd.	India	31 st March, 2003	50%

* Unaudited Results considered for Consolidation

18. The investments of Reliance General Insurance Company Limited amounting to Rs. 181.49 crores (Previous Year Rs. 149.66 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.
19. The Miscellaneous Expenditure of all the subsidiaries amounting to Rs. 5.06 crores (Previous Year Rs. 5.44 crores) have been carried to Balance Sheet in view of absence of Securities Premium Account in the respective companies.
20. Reliance Life Insurance Company Limited has applied for registration with the Insurance Regulatory & Development Authority and the same is pending.
21. Since Reliance Life Insurance Company Limited has not commenced business, expenditure incurred during the year of Rs. 0.02 crore (Previous Year Rs. 0.50 crore) are treated as pre-operation expenses (included in Preliminary Expenses) and carried to the Balance Sheet.
22. Goodwill of 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.
23. (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, 21st April, 2003

for and on behalf of the Board

Chairman
Vice Chairman

Directors

Company Secretary & Manager

Mumbai, 21st April, 2003

D. Chaturvedi
Anand Jain
D. J. Kapadia
S. S. Thakur
Sandeep H. Junnarkar
U. Mahesh Rao
Alok Agarwal
V. R. Mohan

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2003

	2002-2003		(Rs. in Crores) 2001-2002	
	Rs.	Rs.	Rs.	Rs.
CASH FLOW FROM OPERATING ACTIVITIES				
Profit after share of Profit / (Loss) of Associates		151.53		102.24
Adjusted for				
Extraordinary items		(0.15)		0.07
Minority Interest's Share of Profits		3.56		0.23
Share of Profit / Loss of Associates		(36.61)		-
Net profit before tax and extraordinary items		118.33		102.54
Adjusted for				
Depreciation	92.32		55.59	
Lease Equalisation	(6.58)		16.34	
Provision for Tax	1.39		0.17	
Miscellaneous Expenditure written off	0.67		0.38	
Provision for Sub Standard Assets	(1.13)		-	
Miscellaneous Expenditure	(0.29)		(4.66)	
Investments -				
Interest/Dividend Income	(365.56)		(313.37)	
(Profit) / Loss on sale of Investment	(7.48)		(7.81)	
Interest Expenses	251.74		373.16	
Loss / (Profit) on sale of Fixed Assets	(0.05)	(34.97)	9.64	129.44
Operating Profit before working Capital Changes		83.36		231.98
Adjusted for				
Trade and Other Receivables	(12.17)		408.48	
Inventories	(69.61)		(24.12)	
Trade Payables	17.94	(63.84)	63.35	447.71
Cash generated from operations		19.52		679.69
Interest Paid	(112.70)		(199.48)	
Taxes Paid	(1.14)	(113.84)	0.50	(198.98)
Cash Flow before extraordinary items		(94.32)		480.71
Extraordinary Items		0.15		(0.07)
Net Cash from Operating Activities		(94.17)		480.64
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets		(2.80)		(20.94)
Sale of Fixed Assets		0.73		30.94
Purchase of Investments		(1,396.05)		(165.83)
Sale of Investments		1,733.25		462.34
Interest Received		554.96		122.15
Dividend Received		87.17		2.52
Net Cash used in Investing Activities		977.26		431.18
C. Cash Flow from Financing Activities				
Redemption of Preference Share Capital		-		(800.00)
Proceeds from Long Term Borrowings		-		202.13
Repayment of Long Term Borrowings		(1,147.15)		(969.39)
Proceeds from Short Term Borrowings		309.29		698.47
Dividend Paid		(36.15)		(40.55)
Net cash used in Financing Activities		(874.01)		(909.34)
Net increase in Cash and Cash Equivalents (A + B + C)		9.08		2.48
Opening Balance of Cash and Cash Equivalents		12.15		9.67
Closing Balance of Cash and Cash Equivalents		21.23		12.15

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

for and on behalf of the Board

Chairman
Vice Chairman

Directors

Company Secretary & Manager

D. Chaturvedi
Anand Jain
D. J. Kapadia
S. S. Thakur
Sandeep H. Junnarkar
U. Mahesh Rao
Alok Agarwal
V. R. Mohan

Mumbai, 21st April, 2003

Mumbai, 21st April, 2003

1. Introduction

Reliance Industries Limited, to commemorate "Shareholders' Day" on the occasion of the 25th year of listing on the Stock Exchange, Mumbai (BSE), announced scholarships for 1000 of the most deserving and meritorious children of the shareholders of Reliance Industries Limited, Reliance Capital Limited and Reliance Industrial Infrastructure Limited.

Late Shri Dhirubhai H. Ambani, the Founder Chairman of Reliance Industries Limited was convinced that India could become an economic superpower within a short period of time and he wanted Reliance to play an important role in realising this goal.

Late Shri Dhirubhai Ambani strongly believed "Give the youth a proper environment. Motivate them. Extend them the support they need. Each one of them has infinite source of energy. They will deliver."

As a tribute to the Founder Chairman of Reliance Industries Limited and in keeping with his vision, "DHIRUBHAI AMBANI SCHOLARS SCHEME" for the most deserving and meritorious children of the shareholders of Reliance Industries Limited, Reliance Capital Limited and Reliance Industrial Infrastructure Limited, pursuing undergraduate studies at any University of repute in India has been instituted.

The Scheme, as approved, will be administered and implemented by Dhirubhai Ambani Foundation registered under the Bombay Public Trusts Act.

2. Objectives

The principal objective of the Scheme is to encourage and assist the most deserving and meritorious students securing high ranks/marks consistently and wanting to pursue undergraduate studies in India thus contributing to the enhancement of the Human Resource potential of India. The Scheme envisages offering of scholarships, subject to eligibility criteria and conditions, to 1000 (One Thousand) most deserving and meritorious children of the shareholders of Reliance Industries Limited, Reliance Capital Limited and Reliance Industrial Infrastructure Limited.

3. Salient features of the Scheme
a. Eligibility :

- i) Parent / student himself should have held a minimum of 50 shares of Reliance Capital Limited for a minimum period of five consecutive years on the date of application for the scholarship.
- ii) Applicant student should have secured minimum 70% overall average marks at HSC or equivalent XII standard examination (of a Government recognised Board) in June 2003.
- iii) Applicant student should be 18 years of age or below as on the date of appearing for the examination.

b. Number of Scholarships.

A total of 1000 scholarships is being offered, comprising of 200 scholarships each in the faculties of Arts and Commerce and 600 scholarships in the faculty of Science.

c. Scholarship Amount

The Scholarship amount offered for Degree / Diploma Course is as follows:

Degree / Diploma*	Maximum Tuition Fees per annum	Maximum Reimbursement per annum for purchase of Text books	Maximum Maintenance Allowance per annum	Total Maximum Scholarship
	Rs.	Rs.	Rs	Rs
Agriculture	2,000/-	2,000/-	6,000/-	10,000/-
Engineering	4,000/-	2,500/-	6,000/-	12,500/-
Medical	6,000/-	3,000/-	6,000/-	15,000/-
Pharmacy	3,000/-	2,500/-	4,000/-	9,500/-
Law/Commerce/Arts	1,500/-	1,500/-	4,000/-	7,500/-

* Any other degree/diploma course at the discretion of the Company.

- d. The Scholarship will continue till graduation, provided the scholar secures a minimum of 60% marks in each of the academic year.
4. Shareholders desiring to avail this Scholarship for self or children may please fill up the attached Scholarship Application Form and submit the same on the website of Reliance Industries Limited (RIL) viz., www.ril.com or apply through e-mail to "DAF_courthouse@ril.com" or send the application by registered post to Karvy Consultants Limited, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034. The Dhirubhai Ambani Foundation will be pleased to grant the Scholarship to deserving candidates.
5. Please also refer to the terms and conditions on the reverse of the Scholarship Application Form.

SCHOLARSHIP APPLICATION FROM
**(Information to be provided by the Shareholders applying for
Dhirubhai Ambani Scholarship)**

*Shareholder must hold at least 50 shares of the Company for a minimum period of 5 years as on the date of the application.

Name(s) of the Shareholder	First Holder *	
As per Company's record	Second Holder	
	Third Holder	
Address Line 1 *		
Address Line 2		
City / Town / Village		
State *		
District *		
PIN Code *		
E-Mail Address		
Std. Code - Telephone Nos.		

Details of Shareholding

Electronic Holding :	Name of the DP	
DP ID		Client ID
Physical Holding :	M. Folio No.	
Name of the Company	Reliance Industries Limited Reliance Industrial Infrastrature Limited Reliance Capital Limited	
No. of Shares held		
Date of Registration of Shares in your name		

Candidates Information

Name of the Candidate												
Relation with Shareholder				Self			Son			Daughter		
Date of Birth (DD - MM - YYYY)					-			-				
Faculty				Arts			Science			Commerce		
Name of the Board which conducted HSC / Std XII Examination												
Month & Year of Passing the Examination (MM - YYYY)												
Examination Seat No.												
Name & Address of Examination Centre												

RESULT OBTAINED IN HSC OR EQUIVALENT EXAMINATION

Details	1	2	3	4	5	6	7	8	9	10	TOTAL	%
Subject Name												
Max. Marks												
Marks Obtained												

Overall percentage of marks secured at SSC / Std. X Board Examination (%)

POST HSC STUDIES PROPOSED

Degree / Diploma	
Name of the College / Institute in which admission is secured	
University	

Please do not attach any enclosure with this Application.

Original Marksheet will be called for from the shortlisted applicants.

* mandatory fields

Terms & Conditions

1. Please fill in the form in English using CAPITAL Letters.
2. Applicant student or Parent should be a shareholder of Reliance Capital Limited holding 50 shares since June 1998. Continuity of 5 year period will be reckoned in the case of (a) conversion of shares from physical to electronic mode provided they are held by the same person and (b) transmission of shares, during the said period.
3. The Scholarship is meant for a student who has appeared for, HSC or equivalent XII standard examination held in March/ April, 2003 in the faculty of Arts / Science / Commerce / Vocational Students will be considered according to their subjects in the respective faculty at HSC or equivalent XII standard examination.
4. Student should be of Indian Nationality and below 18 years of age as on the date of appearing for HSC or equivalent XII standard examination.
5. Student must have secured a minimum of 70% overall average marks in HSC or equivalent XII standard examination.
6. Student desiring to apply must submit his/her application by July 15, 2003 either by submitting it on RIL Website, viz., www.ril.com or by applying through e-mail to DAF_courthouse@ril.com or by sending it by Registered Post Acknowledgement Due, only to :- Karvy Consultants Limited, 46, Avenue 4, Street No 1, Banjara Hills, Hyderabad 500 034.
7. Please note that no enclosure should be sent along with the Application Form. Short listed applicants will be intimated separately to forward the necessary documents / certificates.
8. Any future communication in this regard should be mailed to DAF_courthouse@ril.com or sent to: Dhirubhai Ambani Foundation, Court House, 4th Floor, Dhobi Talao, Mumbai - 400 002
9. The application is liable to be rejected if the details furnished by the Applicant are incorrect or incomplete.
10. The names of shortlisted applicants (for the scholarship) will be posted on the RIL Website. The shortlisted applicants will also be intimated by a letter from the Dhirubhai Ambani Foundation at the address given in the application form.
11. The decision of the Chief Executive Officer of Dhirubhai Ambani Foundation shall be final and binding on all.
12. For detailed information on the Scheme, kindly visit the RIL Website, viz. www.ril.com.

LIST OF INVESTOR SERVICE CENTRES OF KARVY CONSULTANTS LIMITED

City	STD Code	Telephone. No.	Fax No.	City	STD Code	Telephone. No.	Fax No.
Agra	0562	352368 / 354002	352368	Jodhpur	0291	627918 / 641533	627918
Ahmedabad	079	6420422 / 6400527 / 28	6565551	Kakinada	0884	387382 / 383	387381
Ankleswar	02646	43291 / 92		Kanpur	0512	330016 / 330155 / 330127	318850
Allahabad	0532	400588	400988	Kanpur UPSE	0512	558317	
Amristar	0183	547279		Karaikudi	04565	437192 / 93	
Asansol	0341	204968		Karur	04324	241892 / 893 / 894	241891
Aurangabad	0240	363517 / 23 / 24		Kharagpur	03222	55092 / 55582	55582
Bangalore - Basavanagudi	080	6621184 / 6621192	6621169	Kochi	0484	310884 / 322152	323104
Bangalore - Gandhinagar	080	2202107 - 109		Kolkata - Jatin Das Road	033	4644891 / 7231	4644866 / 4634787
Bangalore - Indira Nagar	080	5253249 / 5257926				4634788 / 89 / 5432	
Bangalore - Malleswaram	080	3314678 / 3314680		Kolkata - R N Mukherjee Road	033	2437863 - 68	2437869
Bangalore - Koramangala	080	5527301		Kolkata - Salt Lake City	033	3210461 - 64	
Bareilly	0581	574731		Lucknow	0522	230552 / 230273	280978 / 200108 /
Bellary	08392	77592	77592			285782 / 280978	283142
Bharuch	02646	42082 / 42394				280171	
Bhimavaram	8816	31766 - 69		Ludhiana	0161	424862 / 426112	407749
Bhopal	0755	559337 / 574731/ 569 / 589 / 729762		Madurai	0452	350852 - 854	350856
Bhubaneswar	0674	539287 / 539387		Mangalore	0824	492302 / 496332 / 496352	
		532103 / 532804		Mumbai - Andheri	022	6369044 / 6367226	6310882
Chennai - T Nagar	044	8253445 / 8258034	8273181	Mumbai - Fort (M G Road)	022	2677307 / 2675829	2671237
Chennai - Anna Nagar	044	6630377		Mumbai - Fort (D N Road)	022	2062023 / 27 / 42 / 87	2062126
Chennai - Adayar	044	4423226		Mumbai - Malad (West)	022	8824241 / 8824281	8895159
Chennai - Alwarpet	044	4983401		Mumbai - Ghatkopar (East)	022	5130745 / 5132546	
Chennai - Mount Road	044	8516847				5132907	
Coimbatore	0422	237501 / 502	237507	Mumbai - Nariman Point	022	2855814 / 2875951 /	2828454
		237503 - 505				2884769	
Dehradun	0135	713351		Mumbai - Vashi	022	7912087 / 88 / 89 / 90	
Dhanbad	0326	303156 / 304068	301045	Mysore	0821	524292 - 293	524294
Erode	0424	225601 / 03 / 15 / 16 /		Nadiad	0268	63210 / 63245	
		17 / 24		Nagpur	0712	537531 / 538131 /	538133
Ghaziabad	0120	4796496 / 4792961	4792961			533428	
Goa	0832	226150 / 228470	223742	Nasik	0253	577811 / 577833 /	
Gobichettipalayam	0425	26275 / 26276				802542 / 802544	
Gorakhpur	0551	346519		New Delhi	011	3324401 (5 lines)	3324621
Gulbarga	08472	27635 / 41193	26794	Ongole	08592	26091 / 26092	
Guntur	0863	326684 / 326686	326687	Patna	0612	263604 / 268292 / 274944	
Guwahati	0361	516264 / 601327	601327	Pondicherry	0413	220640 / 633	220659
Gwalior	0751	321524	328007	Pune	020	5530204 / 5530205	5533292
Hubli	0836	353961 / 62 / 63 / 73		Rajahmundry	0883	434468 / 434469	434471
Hyderabad - Banjara Hills (HO)	040	3312454 / 3320251	3312946	Rajkot	0281	239337 / 38 / 403 / 404	
Hyderabad - Begumpet	040	6510075 / 6510399		Rourkela	0661	510771 / 510772	
		3402241		Salem	0427	335701 / 335703 / 704	335705
Hyderabad - Kukatpally	040	3160858		Shimoga	08182	78199	78199
Hyderabad - Himayat Nagar	040	3388748 / 749 / 3260795		Sirsi	08384	27919 / 27929	25319
Hyderabad - Dilsukh Nagar	040	4058837 / 8823		Solapur	0217	311027	312219
Hyderabad - Secunderabad	040	7886001 - 5 / 7904243		Surat	0261	8357356 / 8351976 /	8368693
Hyderabad - Jubilee Hills	040	3541631 / 434				8369928	
Hyderabad - Charminar	040	6701564 / 1654	4513909	Tanjore	04362	50147	
Hyderabad - Saifabad	040	6624141 / 5898 / 5899		Tirupati	08574	55668 / 58004	
Hyderabad - Gandhi Nagar	040	7676690 / 6700 / 6702		Trichy	0431	792800 / 793799 /	794132
Indore	0731	269891 - 93 / 269872	269894			791000	
Jabalpur	0761	312009 / 504165	312009	Udupi	08252	530962 / 63 / 64 / 65	
390173				Vadodara	0265	361514 / 364168 / 169	363207
Jagadishpur	05361	70049		Varanasi	0542	225365 / 223814	
Jaipur	0141	363321 / 375039 / 099	364660	Vallabh - Vidyanagar	02692	39407 / 39420 / 39450	
Jammu	0191	547246		Vijayawada	0866	436965 / 437250	436241
Jamnagar	0288	557862 - 65		Vishakapatnam	0891	752915 - 18	752915 - 18
Jamshedpur	0657	432064	423061				



Dear Shareholder(s)

We are happy to inform you that over 87 % of the equity share capital of our Company is held in dematerialised form. We request those Investors still holding shares in physical form to convert their shares in dematerialised form.

Why dematerialise Shares?

1. Compulsory Demat

As you may be aware, trading in the shares of Reliance Capital Limited is under compulsory demat segment.

2. Elimination of Odd Lot

The concept of an "Odd Lot" in respect of dematerialised shares stands abolished i.e. in the DEMAT MODE market lot becomes ONE share.

3. Demat – Most Preferred

Dematerialised securities are most preferred by the Banks and other financiers for providing credit facility against securities. Generally, demat securities attract lower margin and lower interest rate compared to physical securities. Registered Brokers at the Stock Exchange prefer demated Stock for dealing.

4. Safety

Securities in dematerialised form reduce all risk of loss of certificates. Under your specific instructions the same can be kept in "Frozen Mode" by your Depository Participant (DP).

How to dematerialise Shares?

Please follow the following procedure for dematerialising your shares:

- Open a Demat Account with any of the Depository Participants (DPs).
- Submit Demat Request Form (DRF) duly signed by all the holders alongwith the share certificates only to the DPs.
- Obtain acknowledgement from the DP for having accepted the share certificates.
- Receive a confirmation statement of holding from your DP within 15 days from the lodgement of securities with DPs.

PLEASE DO NOT SEND THE SHARE CERTIFICATES/DOCUMENTS TO THE COMPANY OR OUR REGISTRAR & TRANSFER AGENT, M/s KARVY CONSULTANTS LIMITED.

In case you need any additional information on this matter please feel free to contact our special advisory cell.

Demat Advisory Cell

Karvy Consultants Limited

46, Avenue 4, Street No.1, Banjara Hills,

Hyerabad 500034, India

☎ 91-040-23320251/23320751/23312454

e-mail: rilinvestor@karvy.com



Reliance Capital Limited

Registered Office: Avdesh House, 2nd Floor, Pritam Nagar, 1st Slope, Ellisbridge, Ahmedabad - 380 006.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint shareholders may obtain additional attendance slip on request 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 **17TH ANNUAL GENERAL MEETING** of the company held on Saturday the 28th June, 2003 at 2:30 p.m. at Thakorebhai Desai Hall, Law college Road, Near Law Gardens, Ahmedabad - 380 006.

Signature of the shareholder or proxy

* Applicable for investors holding shares in electronic form.

----- TEAR HERE -----



Reliance Capital Limited

PROXY FORM

Registered Office: Avdesh House, 2nd Floor, Pritam Nagar, 1st Slope, Ellisbridge, Ahmedabad - 380 006.

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 form me/us and on my/our behalf at the **17TH ANNUAL GENERAL MEETING** to be held on Saturday the 28th June, 2003 at 2:30 p.m. or at any adjournment thereof.

Signed this _____ day of _____ 2003.

* Applicable for investors holding shares in electronic form.

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.

Affix a 30 paise Revenue Stamp

Book Post


To,


If undelivered, please return to:

Karvy Consultants Limited,

46, Avenue 4, Street No. 1, Banjara Hills,

Hyderabad- 500 034.

 +91-40-23320666, 23320711, 23323031, 23323037

 +91-40 23323058