



**DIRECTORS' REPORT**

**To the Members,**

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

**Financial Results:**

(Rupees)

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

**Dividend:**

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

**Operations:**

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

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

**New Launches:**

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

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

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

**Awards and Recognition:**

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

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

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

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

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

**New Initiatives:**

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

**Returns Delivered:**

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

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

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

The Company has issued no further shares during the year.

**Fixed Deposits:**

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

**Directors:**

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

**Constitution of Audit Committee:**

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

**Directors' Responsibility Statement:**

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

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

**DIRECTORS' REPORT - Contd.**

a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

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

**Auditors & Auditor's Report:**

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

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

**Personnel:**

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure of the Directors' Report.

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

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

**Acknowledgements:**

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

For and on behalf of the Board of Directors

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

Place : Mumbai  
Dated : 27th April, 2004

**STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE YEAR ENDED 31ST MARCH 2004, FORMING PART OF THE DIRECTORS' REPORT**

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

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

**Note:**

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

For and on behalf of the Board of Directors

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

Place : Mumbai  
Dated : 27th April, 2004



**AUDITORS' REPORT**

**To The Members,**

**Reliance Capital Asset Management Limited**

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

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

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

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

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

**R. Salivati**  
Partner  
Membership No.: 34004

Mumbai  
Dated : 27th April, 2004

**ANNEXURE TO AUDITORS' REPORT**

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

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

- (vi) According to the information and explanations given to us in respect of statutory and other dues:
  - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities during the year;
  - (b) There are no disputed dues of income tax, Sales tax, custom tax, wealth tax, excise duty & cess.
- (vii) The Company does not have accumulated losses as at the end of the year. The Company has not incurred cash losses during the current and the immediately preceding financial year.
- (viii) Based on our examination of the records and evaluation of the related internal controls, the Company has maintained proper records of transactions and contracts in respect of its dealing in shares, securities, debentures and other investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name, except to the extent of the exemption granted under Section 49 of the Companies Act, 1956.
- (ix) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

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

**R. Salivati**  
Partner  
Membership No.: 34004

Mumbai  
Dated : 27th April, 2004

**BALANCE SHEET AS AT 31ST MARCH, 2004**

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

As per our attached report of even date

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

**R. Salivati**  
Partner

Mumbai  
Dated: 27th April 2004

For and on behalf of the Board of Directors

**Alok Agarwal**  
Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**Ravi O.V**  
Company Secretary

Mumbai  
Dated: 27th April 2004

**D.J.Kapadia**  
Director

**Amit Bapna**  
Financial Controller

**V. Ananthkrishnan**  
Manager



## Reliance Capital Asset Management Limited

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

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

As per our attached report of even date

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

**R. Salivati**  
Partner

Mumbai  
Dated: 27th April 2004

For and on behalf of the Board of Directors

**Alok Agarwal**  
Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**Ravi O.V**  
Company Secretary

Mumbai  
Dated: 27th April 2004

**D.J.Kapadia**  
Director

**Amit Bapna**  
Financial Controller

**V. Ananthkrishnan**  
Manager

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

		(Rupees)		(Rupees)	
		As at 31st March, 2004		As at 31st March, 2003	
		Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE "A"</b>					
<b>Share Capital</b>					
<b>Authorised</b>					
1,00,00,000	Equity shares of Rs.10 each	<b>10,00,00,000</b>		10,00,00,000	
3,50,000	5% Cumulative Redeemable Preference shares of Rs.100 each	<b>3,50,00,000</b>		3,50,00,000	
15,00,000	Unclassified shares of Rs.10 each	<b>1,50,00,000</b>		1,50,00,000	
		<u><b>15,00,00,000</b></u>		<u>15,00,00,000</u>	
<b>Issued, subscribed and paid up</b>					
75,00,700	Equity shares of Rs.10 each, fully paid up	<b>7,50,07,000</b>		7,50,07,000	
3,50,000	5% Cumulative Redeemable Preference shares of Rs.100 each, fully paid up (redeemable at par on 27.11.2007) (All the shares are held by the holding company Reliance Capital Limited and its nominees)	<b>3,50,00,000</b>		3,50,00,000	
		<u><b>11,00,07,000</b></u>		<u>11,00,07,000</u>	

**SCHEDULE "B"**
**Fixed Assets**

(Rupees)

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

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



**SCHEDULES FORMING PART OF THE BALANCE SHEET**

		(Rupees)		(Rupees)	
	Face Value	Quantity As at 31.3.2004	Cost As at 31.3.2004	Quantity As at 31.3.2003	Cost As at 31.3.2003
<b>(c) Fully Paid Shares</b>					
Reliance Industries Limited	10	25,008	42,98,321	25,008	42,98,319
Glenmark Pharma Limited	10	50	10,000	50	10,000
ISIBARS Limited	10	193	2,171	193	2,171
			<u>43,10,492</u>		<u>43,10,490</u>
<b>(d) Other Investments - Mutual Funds</b>					
<b>fully paid units of Rs.10 each</b>					
Alliance '95	10	-	-	165	2,667
Alliance Liquid Income	10	-	-	50	500
Anagram Income Scheme'97	10	100	1,000	100	1,000
Apple Platinum Share	10	147	1,337	147	1,337
Birla Advantage Fund	10	146	3,060	109	1,205
Birla Balance	10	339	3,450	300	3,000
Birla Income Plus	10	261	3,000	261	3,000
Centurion Open End Fund	10	139	1,006	139	1,006
Chola Triple Ace	10	200	2,000	200	2,000
DSP Merrill Lynch Bond Fund	10	500	8,462	500	5,000
DSP Merrill Lynch Equity Fund	10	914	14,156	628	7,960
GIC Fortune - 94	10	106	1,000	106	1,000
HDFC Balanced Fund	10	327	3,300	300	3,000
JM Balanced Fund	10	-	-	108	1,000
JM Equity Fund	10	-	-	107	1,000
JM Liquid Fund	10	-	-	106	1,000
Kothari Pioneer Prima Plus	10	204	2,120	204	2,120
Reliance Income Fund - Growth Plan	10	15,39,497	2,95,88,962	1,88,263	35,00,000
Reliance Liquid Fund - Treasury Plan	10	2,491	36,651	25,73,415	3,73,86,598
Reliance Liquid Fund - Cash Plan	-	-	-	39,75,007	4,25,14,285
Reliance Growth Fund Dividend Plan	10	5,53,973	1,75,00,000	-	-
Reliance Vision Fund Dividend Plan	10	10,80,847	5,00,00,000	-	-
Reliance Short Term Fund	10	9,66,281	1,00,88,038	-	-
Reliance Monthly Income Plan	10	20,00,000	2,00,00,000	-	-
Sundaram Growth Fund	10	-	-	200	2,000
Tata Equity Growth Fund	10	-	-	209	2,000
Templeton India Growth Fund	10	254	3,359	203	2,273
Templeton India Income Fund	10	200	2,000	200	2,000
Unit Scheme, 1964 (Income)	-	-	-	125	1,890
US 2002(Growth)	10	30	255	-	-
HDFC Equity Fund - Dividend Plan	10	139	1,921	-	-
HDFC Top 200 Fund - Dividend Plan	10	259	3,000	259	3,000
			<u>12,72,68,077</u>		<u>8,34,51,841</u>
<b>TOTAL</b>			<u>15,43,30,580</u>		<u>14,27,62,332</u>
			<b>31.03.2004</b>		<b>31.03.2003</b>
1. The Book value and the Market value of quoted Investments includes quoted shares and NAV of Units of Mutual Funds are as under :					
Book Value			13,15,78,569		8,77,62,331
Market value			13,19,08,286		9,08,85,221
2. Unquoted Investments			2,27,52,011		5,50,00,000

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

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





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

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

**NOTES ON ACCOUNTS**
**SCHEDULE "K"**
**Notes on Accounts and Significant Accounting Policies**
**A. Significant Accounting Policies**
**1. Use of Estimates:**

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

**2. Fixed Assets:**

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

**3. Depreciation:**

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

**4. Investment:**

Long Term Investments are stated at cost of acquisition. Provision for diminution is made to recognise a decline, other than temporary, in the value of investments. Current Investments are carried at lower of cost and fair value.

**5. Initial Issue expenses of schemes:**

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

**6. Preliminary Expenses :**

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

**7. Revenue Recognition :**

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

**(I) Profit on Sale of Investments:**

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

**(II) Other Income:**

Other Income is accounted on accrual basis.

**8. Retirement benefits :**

The Company contributes to a Recognised Provident Fund. Gratuity and Superannuation schemes are administered through policy taken from Life Insurance Corporation of India.

**9. Leave Encashment:**

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

**10. Income:**

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

**11. Taxes on Income:**

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

**B. Notes on Accounts**

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



**NOTES ON ACCOUNTS**

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

**7. Related Party Disclosures**

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

Sr. No.	Name of the Related Party	Relationship
1	Reliance Capital Limited	Holding Company
2	Reliance General Insurance Co. Ltd.	Fellow Subsidiary
3	Reliance Mutual Fund	Associate

(Rupees)

**(ii)**

Sr. No.	Nature of Transaction	Holding Company	Fellow Subsidiaries	Associates	Total
A)	Share Capital	11,00,07,000 (11,00,07,000)			11,00,07,000 (11,00,07,000)
B)	Investments Balance as on 31.03.2004			12,72,13,651 (8,76,69,202)	12,72,13,651 (8,76,69,202)
C)	Sundry Debtors			8,25,79,885 (46,69,337)	8,25,79,885 (46,69,337)
D)	Other Liabilities	- (76,20,000)			- (76,20,000)
E)	Investment Management & Advisory Fees			32,05,41,312 (13,96,82,705)	32,05,41,312 (13,96,82,705)
F)	Other Income Dividend			1,99,49,025 (1,29,350)	1,99,49,025 (1,29,350)
G)	Expenditure Rent	76,20,000 (76,20,000)			76,20,000 (76,20,000)
H)	Insurance Premium (including prepaid)		12,14,848 (11,21,873)		12,14,848 (11,21,873)

The figures in bracket indicate previous year figures.

**NOTES ON ACCOUNTS**

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

**Balance Sheet Abstract and Company's General Business Profile:**
**I. Registration Details**

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

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

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

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

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

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

Turnover			3	5	2	1	1	2	Total Expenditure			2	3	6	6	6	2	
Profit/ Loss Before Tax			1	1	5	4	5	0	Profit/ Loss After Tax				7	4	6	3	2	
Earning Per Share (Rs.)					9	.	7	2	Dividend Rate %							N	I	L

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

Not Applicable

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

As per our attached report of even date

For and on behalf of the Board of Directors

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

**Alok Agarwal**  
Director

**D.J.Kapadia**  
Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**Amit Bapna**  
Financial Controller

**R. Salivati**  
Partner

**Ravi O.V**  
Company Secretary

**V. Ananthkrishnan**  
Manager

Mumbai  
Dated: 27th April 2004

Mumbai  
Dated: 27th April 2004