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## **REPORT OF THE TRUSTEES**

Dear Unitholders,

The Trustees have great pleasure in presenting the Eighth Annual Report of Reliance Capital Mutual Fund (RCMF) and its schemes for the year ended March 31, 2003.

Fiscal 2002-2003 was a mixed year for the Indian economy. Drought in various parts of the country affected agriculture, which recorded a negative growth of 2.1%. The industry and services sector, however, performed well. Inflation jumped sharply from 1.5% to 6.2% to cause anxiety. However, exports growth at 18% and a USD 20 billion increase in forex reserves accompanied by a 3% appreciation of the Rupee versus the US Dollar were bright spots.

The equity market was bearish in the period under review due to an overall slowdown in the economy. The BSE sensex closed the fiscal at 3049, down from 3500 at the beginning of the year. The outlook on the back of an improving overall economic scenario looks encouraging.

In the debt markets, yields on Government securities came down by 125 basis points year on year on the back of easy monetary conditions and low inflation. It was a volatile year, with yields going up during periods of geo-political tension. The Reserve Bank of India reduced the repo rate and the Bank rate in the Credit Policy, signaling continuance of soft interest regime. The yields on AAA rated corporate papers also came down significantly during the year.

The consensus outlook on interest rates continues to be biased towards being soft in 2003-2004 as liquidity is expected to remain easy and inflation benign.

The Mutual Fund Industry in India grew by 61.28% in the Financial year 2002-2003 (source : AMFI Update - March 2003). Your Fund saw Assets Under Management grow from Rs. 1,250 crores to Rs. 2,419 crores i.e. by 93% during the same period. This growth can be attributed to the growing confidence of the investors arising out of consistent performance. The highlights of the recognition on the performance of the Fund are given below:

- 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 been rated "AAAf" by CRISIL indicating that the Fund's portfolio holdings provide very strong protection against losses from credit defaults.
- Reliance Vision Fund has been assigned a Risk Adjusted Return Rank of "CRISIL ~ RRR 1\* Open Equity -General, April 2002 -March 2003" by CRISIL indicating that the Scheme has been ranked No. 1 among the 34 schemes considered in the Open End Equity Scheme - General Category.

Reliance Capital Mutual Fund now has a family of 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 period under review, your Fund has introduced in 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 in December 2002 and Reliance Fixed Term Scheme, a close-ended Income Scheme in 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 of the said Scheme was amended by removing its equity portion and making it a pure debt scheme.

Mr. Jaswant Singh's maiden budget had cheer for the markets in the re-instatement of exemption of dividend income in the hands of the shareholders and unitholders as well as tax exemption in respect of long term capital gains on sale of shares in listed companies acquired during the period March 1, 2003 to February 28, 2004.

Securities & Exchange Board of India introduced during the year, a host of measures towards strengthening internal controls, increasing transparency and standardising industry practices. These guidelines related to :

- Investment/Trading in Securities by Employees of Asset Management Companies and Mutual Fund Trustee Companies with an objective to bring about uniformity in the requirements and to remove difficulty in the implementation of the existing guidelines for the same.
- Risk management system for all the mutual funds in various areas of their operations like fund management, operations, customer service, marketing and distribution, disaster recovery and business contingency, etc. so as to render high standards of service and exercise due diligence for protecting the interests of investors.
- Nomination facility for the unitholders.
- Parameters for valuation and investment in unlisted equity shares so as to exercise due diligence while making such investments and review of their performance so as to protect the interests of investors.
- Participation by Mutual Funds in Trading in Derivative Products.
- Code of Conduct for the Mutual Funds to ensure that funds are mobilised from the investors on the strength of professional fund management, lower expenses and good management practices and not on the basis of unhealthy inducements to intermediaries and investors.
- Benchmarks in case of equity oriented schemes and various type of debt-oriented schemes and balanced fund schemes to be disclosed while publishing half-yearly results by the Mutual Funds in order to provide objective analysis of the performance of the mutual funds schemes to the investors.
- Reconciliation Procedure for investment in Government Securities on a monthly ongoing basis in order to make the transactions in Government Securities transparent without any scope of misuse.
- Convening of Bi-monthly meeting of Board of Directors of Trustees.

Your Fund has put in place internal controls and systems to cope with the same.

During the financial year 2002-2003, RCMF has declared attractive dividends and bonus to its unitholders as under:

- In its Equity Schemes, it has declared 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. Your Fund has maintained a good track record of regular dividend declarations in various plans of the Schemes of RCMF i.e Treasury Plan - Weekly Dividend option in Reliance Liquid Fund, Monthly Dividend Plan and in the Quarterly Dividend Plan of Reliance Medium Term Fund (formerly known as Monthly Income Plan), the Monthly Dividend Plan, Quarterly Dividend Plan, Half-yearly and Annual Dividend Plan in Reliance Income Fund and Dividend Plan in Reliance Short Term Fund.
- It has declared and distributed Bonus units in Reliance Liquid Fund-Treasury Plan-Growth Option-Bonus Plan (RLF-TP-GO-BP) and Reliance Income Fund-Growth Plan-Bonus Option (RIF-GP-BO).

A number of steps were also initiated during the year towards improving investor services by your Fund.

- We have introduced Bonus Plans/ Options in various Schemes of RCMF and Trigger facility in the Equity Schemes viz. Reliance Vision Fund and Reliance Growth Fund so as to make the Scheme features more attractive for the investors.

- We have further extended the Cash Management System facility with ICICI Bank Ltd., in addition to the HDFC Bank, CitiBank, Standard Chartered Bank and ABN Amro Bank. These would enable direct credit of proceeds to unit holders having accounts with these Banks for redemptions of Rs.1 lakh and above.
- With a view to increase our reach to investors, a new branch was opened at Jamnagar this year. The premises of the branches at Pune, Chennai and Bangalore have been relocated in the interests of greater operational efficiency and customer service.
- 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.

The Balance Sheet as on March 31, 2003 and the Revenue Account for the period ended March 31,2003 for the various schemes are annexed to this Report.

The Trustees take this opportunity to thank all investors for their continued support. The Directors would also like to place on record their appreciation and gratitude to the Government of India, SEBI, RBI, all other regulatory authorities and AMFI for their encouragement, support and cooperation.

The Trustees would also like to thank the Directors and personnel of Reliance Capital Asset Management Ltd., the Investment Manager for their involvement in making RCMF Schemes a success.

For on behalf of the Board of Trustees  
**Reliance Capital Trustee Co. Limited**

**Vinod M. Ambani**  
Director

Mumbai  
Date : 29th September, 2003

**Note** : The report for statement on liabilities and responsibilities of the Trustees and Settlor, Risk factors and other disclosures for each Scheme are mentioned at the end of the Annual Accounts of the respective Schemes.

## AUDITORS' REPORT

To  
**The Board of Directors of  
Reliance Capital Trustee Co. Limited**

We have audited the attached Balance Sheet of the Scheme ' **Reliance Vision Fund** ' (the "Scheme") of **Reliance Capital Mutual Fund** as at 31st March, 2003 and the Revenue Account of the Scheme for the year ended 31st March, 2003 and report thereon as follows:

- a) The Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. These financial statements are the responsibility of the Managements of the Trustee and the Asset Management Companies.
- b) Our audit was conducted in accordance with the generally accepted auditing standards 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 presentation of the Financial Statements. We believe that our audit provides a reasonable basis for our opinion.
- c) 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.
- d) The Balance Sheet and the Revenue Account dealt with by this report are in agreement with the books of account of the Scheme.
- e) Non-traded securities have been valued in accordance with the guidelines notified by the Securities and Exchange Board of India. In our opinion, these valuations are fair and reasonable.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with Notes to the Accounts, give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, 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 Scheme as at 31st March, 2003 and
  - (ii) in the case of the Revenue Account, of the Surplus of the Scheme for the year ended 31st March, 2003.

For **HARIBHAKTI & CO.**  
Chartered Accountants

**CHETAN DESAI**  
Partner

Place : Mumbai  
Date : 29th September, 2003

**BALANCE SHEET**  
AS AT 31st MARCH, 2003

	Schedule	31st March, 2003 Amount (Rs.)	31st March, 2002 Amount (Rs.)
<b>LIABILITIES</b>			
Unit Capital	A	29,67,11,193	5,39,83,737
Reserves and Surplus	B	47,43,70,381	4,79,76,182
Current Liabilities and Provisions	C	3,38,16,526	1,83,88,168
<b>TOTAL</b>		<b>80,48,98,100</b>	12,03,48,087
<b>ASSETS</b>			
Investments	D	49,25,13,615	9,48,79,127
Deposits	E	25,23,82,797	65,00,000
Other Current Assets	F	6,00,01,688	1,89,68,960
<b>TOTAL</b>		<b>80,48,98,100</b>	12,03,48,087
Notes forming part of Accounts	G		

**REVENUE ACCOUNT**  
FOR THE YEAR ENDED 31st MARCH, 2003

	Schedule	31st March, 2003 Amount (Rs.)	31st March, 2002 Amount (Rs.)
<b>INCOME</b>			
Dividend		64,14,349	20,69,757
Interest		72,08,798	16,98,882
Profit on sale of investments (other than inter-scheme transfer / sale)		11,77,53,508	3,05,82,164
Profit on inter-scheme transfer/ sale of Investment		1,04,660	37,75,075
Other Income		35,88,901	-
<b>Total</b>		<b>13,50,70,216</b>	3,81,25,878
<b>EXPENSES AND LOSSES</b>			
Loss on Sale of Investments		7,58,08,393	3,15,14,918
Loss on inter-scheme transfer / sale of investments		56,500	-
Management Fees		54,60,303	10,44,541
Audit Fees		72,090	7,462
Trusteeship Fees		3,503	8,590
Custodian Fees		11,29,459	3,93,327
Registrar & transfer Fees		7,60,261	5,27,920
Other operating expenses		34,77,140	1,67,150
Unrealised depreciation in the value of Investments		2,10,50,687	1,43,20,740
Diminution in the value of investment		17,850	-
<b>Total</b>		<b>10,78,36,187</b>	4,79,84,648
Net Surplus / (Deficit) for the year		<b>2,72,34,030</b>	(98,58,770)

As per our Report of even date  
**For Haribhakti & Co.**  
Chartered Accountants

For and on behalf of  
**Reliance Capital Asset Management Limited**

For and on behalf of  
**Reliance Capital Trustee Co. Limited**

**Chetan Desai**  
Partner

**D.J.Kapadia**  
Director

**Vinod M. Ambani**  
Director

**Shailesh Vaidya**  
Director

**Dr. A.C. Shah**  
Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**K.Rajagopal**  
Chief Investment Officer

**Kunj Bansal**  
Fund Manager

Mumbai  
Date: 29th September, 2003

**Sandeep Bagla**  
Fund Manager

**APPROPRIATION ACCOUNT  
FOR THE YEAR ENDED 31st MARCH, 2003**

Schedule	31st March, 2003 Amount (Rs.)	31st March, 2002 Amount (Rs.)
Net Surplus brought forward from previous year	<b>5,76,50,044</b>	3,13,32,865
Net Surplus / (Deficit) for the year	<b>2,72,34,030</b>	(98,58,770)
Less : Unrealised Appreciation of previous year written back	-	-
Add : Depreciation of previous year written back	<b>1 43 20 740</b>	3,64,82,707
<b>Total</b>	<b>9,92,04,814</b>	<b>5,79,56,802</b>
Net Available Surplus	<b>9,92,04,814</b>	5,79,56,802
Add : Transferred from Equalisation Account the year	<b>48,80,21,617</b>	(3,06,758)
Less : Dividend Distributed	<b>12,86,68,651</b>	
<b>Net Surplus carried forward</b>	<b>45,85,57,779</b>	<b>5,76,50,044</b>

Notes forming parts of Accounts G

As per our Report of even date

**For Haribhakti & Co.** For and on behalf of **Reliance Capital Asset Management Limited**  
*Chartered Accountants*

**For and on behalf of Reliance Capital Trustee Co. Limited**

**Chetan Desai** **D.J. Kapadia** **Vinod M. Ambani**  
*Partner* *Director* *Director*

**Shailesh Vaidya** **Dr. A.C. Shah**  
*Director* *Director*

**Amitabh Chaturvedi**  
*Chief Executive Officer*

**K.Rajagopal**  
*Chief Investment Officer*

**Kunj Bansal**  
*Fund Manager*

**Sandeep Bagla**  
*Fund Manager*

Mumbai  
Date: 29th September, 2003

**SCHEDULES FORMING PART OF THE  
BALANCE SHEET AS AT 31st MARCH, 2003**

	31st March, 2003 Amount (Rs.)	31st March 2002 Amount (Rs.)
<b>SCHEDULE 'A' UNIT CAPITAL</b>		
(Face Value Rs. 10/- each)		
Unit Capital (Opening Balance)	<b>53,98,374</b>	56,99,416
Add :Subscriptions during the year	<b>7,98,79,135</b>	2,41,234
Less: Redemptions during the year	<b>5,56,06,389</b>	5,42,276
<b>Unit Capital (Closing Balance)</b>	<b>2,96,71,119</b>	53,98,374
	<b>29,67,11,193</b>	5,39,83,737
	<b>29,67,11,193</b>	
	<b>Amount (Rs.)</b>	<b>Amount (Rs.)</b>
<b>SCHEDULE 'B' RESERVES AND SURPLUS</b>		
<b>Unit Premium Reserve</b>		
Opening Balance	<b>(96,73,862)</b>	(77,98,701)
Add:- Additions during the year	<b>1,34,11,03,775</b>	13,30,068
Less:- Deductions during the year	<b>82,75,95,694</b>	35,11,987
Less :-Transferred to Equalisation Account for the year	<b>48,80,21,617</b>	(3,06,758)
Less:- Transferred to Revenue Account	-	-
Closing Balance	<b>1,58,12,602</b>	(96,73,862)
<b>Appropriation Account</b>		
Surplus / (Deficit) carried forward	<b>45,85,57,779</b>	5,76,50,044
<b>Equalisation Account</b>		
Transferred from Unit Premium Reserve	<b>48,80,21,617</b>	(3,06,758)
Less: Transferred to Revenue Account	<b>48,80,21,617</b>	(3,06,758)
<b>Net Surplus</b>	<b>47,43,70,381</b>	4,79,76,182
<b>SCHEDULE 'C' CURRENT LIABILITIES AND PROVISIONS</b>		
Sundry Creditors	<b>2,85,68,640</b>	8,42,800
Contracts for purchase of investments	<b>38,64,629</b>	1,21,96,780
Bank Balances Overdrawn as per Books	-	7,18,019
Unclaimed Redemption payable	-	7,689
Unclaimed Dividend payable	<b>28,791</b>	-
Provision for loss on securities	<b>13,54,466</b>	46,22,880
	<b>3,38,16,526</b>	1,83,88,168

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2003

	Amount (Rs.)	Amount (Rs.)
<b>SCHEDULE 'D' INVESTMENTS</b>		
Equity Shares	<b>49,21,54,581</b>	9,19,10,767
Debentures and Bonds listed/ awaiting listing on recognised stock exchange	<b>3,55,899</b>	29,65,045
Mutual Fund	<b>3,135</b>	3,315
<b>Total</b>	<b>49,25,13,615</b>	9,48,79,127
<b>SCHEDULE 'E' DEPOSITS</b>		
Call Deposits with Scheduled Banks	<b>25,23,82,797</b>	65,00,000
<b>Total</b>	<b>25,23,82,797</b>	65,00,000
<b>SCHEDULE 'F' OTHER CURRENT ASSETS</b>		
Balances with banks in current account including cheques on hand	<b>2,84,12,591</b>	29,94,240
Bank Reconciliation adjustment account		19,00,742
Contracts for sale of investments	<b>1, 99,44,982</b>	94,89,772
Other Receivables	<b>94,86,952</b>	
Outstanding and accrued income	<b>8,02,696</b>	67,826
Investment Redemption Receivable	<b>13,54,466</b>	45,16,380
<b>Total</b>	<b>6,00,01,688</b>	1,89,68,960

### Schedule G

#### NOTES FORMING PART OF ACCOUNTS

##### A. ORGANISATION

Reliance Vision Fund an open ended scheme, was launched on 25th September 1995. Reliance Capital Trustee Co. Ltd. (RCTC) has been appointed as the Trustee for Reliance Capital Mutual Fund (RCMF) vide Trust Deed dated April 25, 1995. Reliance Capital Asset Management Limited (RCAM) is the Investment Manager.

The Scheme offers two plans namely, Growth Plan for investors seeking long term appreciation and Dividend Plan for investors seeking regular income. A Bonus Option was also introduced in December, 2002. The investment objective of the Scheme is to provide long-term growth of capital through research-based investment approach.

##### B. SIGNIFICANT ACCOUNTING POLICIES

###### 1. REVENUE RECOGNITION

- Profit/loss on sale of investments is accounted for in the year in which the contract for sale is entered into. The cost is calculated on the basis of weighted average cost of investment.
- Unrealised appreciation or depreciation in the value of investments/other assets, if any, form part of the Revenue Account.
- Dividend income is recognised on the ex-dividend date.
- In respect of interest bearing investments including those purchased on a Reverse Repo basis, interest income is accrued daily.
- Income other than above and of miscellaneous nature is accounted for, as and when realised.
- All major expenses are accounted for on accrual basis, while other expenses are accounted for when paid.

###### 2. EQUALISATION ACCOUNT

The purpose of Equalisation Account is to maintain per unit distributable surplus so that continuing unitholders' share of distributable surplus remains unchanged on issue or redemption of units. The total distributable surplus (without considering unrealised appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalisation Account. The net balance in this account is transferred to the Revenue Account at the end of the year.

###### 3. INVESTMENTS

- Investments are accounted on the trade date. In case of interest bearing securities, though investments are accounted on the trade date, interest accrues from the settlement date. However, the effect of all investments traded during the financial year is recorded and reflected in the financial statements for that year. The cost of investments includes cost of acquisition, brokerage and stamp duty, if any.
- Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.



#### 4. VALUATION OF INVESTMENTS

##### 1. Traded Securities:

All traded securities are valued at the closing market price of the principal stock exchange (BSE) on the last trading day of the financial year. Where it is not traded on any stock exchange on the last trading day of the financial year, the value at which it was traded on the selected stock exchange or any other stock exchange, as the case may be, on the earliest previous day prior to valuation date have been used provided such date is not more than thirty days.

##### 2. Thinly-traded and Non-traded Equity/ Equity related Securities:

All thinly traded and non-traded equity and equity related securities are valued "in good faith" on the basis of valuation principles laid down by SEBI (Mutual Funds) Regulations, 1996 amended upto date, which are as follows:

- Where the latest Balance Sheet of the company is available, the fair value is arrived at after considering the average of net worth value per share and the capital earning value and further discounting it by 10% towards illiquidity.
- Where the latest Balance Sheet of the company is not available within nine months from close of the financial year, the shares of such companies are valued at zero.
- In case of privately placed securities where SEBI Guidelines do not provide for any specifications, the same have been valued the same as per the recommendations of the Investment Committee of the Asset Management Company.

##### 3. Thinly traded and Non-traded Debt Securities:

Thinly traded and non-traded debt securities have been valued alike, as per the norms laid down by SEBI (Mutual Funds) Regulations, 1996 amended upto date, depending upon the period of maturity.

Non-traded debt securities with residual maturity of upto 182 days are valued on the basis of amortization.

- Investments in call money, bills purchased under re-discounting scheme and term deposits with banks are valued at cost plus accruals.
- Government Securities and Treasury Bills are valued at the last traded market rate.
- There were no investments recognised as Non-performing Assets (NPAs), as on March 31, 2003. An investment is regarded as non-performing, if the interest and/or principal amount has not been received or remains outstanding for one quarter from the day such income or installment has fallen due.
- Appreciation / Depreciation, as the case may be, in the value of the securities at the year-end has been computed for the scheme, whereby the aggregate market value taken together is compared with the aggregate cost of acquisition. Such net balance is charged to Revenue Account.
- The above policies are followed as and when applicable.

#### C. NOTES ON ACCOUNTS

- The Scheme has two plans, Growth and Dividend. A combined Balance Sheet and Revenue Account is prepared for the Scheme.
- Other Income comprises excess provision for income of previous years written back.
- Net Asset Value (NAV) per unit of a Face Value of Rs.10 as on March 31, 2003 for Growth Plan is 26.50 (Previous Year Rs. 19.30) and Dividend Plan is Rs. 23.60 (Previous Year Rs. 19.30).
- Investment Management Fees has been computed on the basis of Average Weekly Net Assets of the Scheme accrued on a daily basis.

Computation of Investment Management Fees

Average Weekly Net Assets = Rs. 4368.24 lacs

Management Fees @ 1.25% of above = Rs. 54.60 lacs

Management Fees actually charged = Rs.54.60 lacs \*

\* As per Offer Document.

- Contracts for sale pending deliveries as on March 31, 2003 amounting to Rs. 199.45 lacs have been excluded from the Investments whereas there were purchases of securities by the Scheme, the deliveries of which were pending, as on March 31, 2003 amounting to Rs. 38.64 lacs.
- Investment in group Companies during the year ended March 31, 2003 was Rs. 229.09 lacs.
- Holding in Group Companies as on March 31, 2003 is as follows:

Scheme	Reliance Industries Limited		Reliance Petroleum Limited (RPL)*		Reliance Capital Limited		Total Cost
	Quantity	Cost	Quantity	Cost	Quantity	Cost	
Reliance Vision Fund	80,003	228.54	200	0.08	600	0.47	229.09
Total for other Schemes	29,545	83.85	NIL	NIL	100	0.04	83.89

(Rs. in lacs)  
\*Effective September 19, 2002 Reliance Petroleum Ltd. amalgamated with Reliance Industries Ltd. - as per the Scheme of amalgamation.

Figures for the Scheme's investment in RPL includes investments in Equity Shares. The aggregate market value of the group-company holding in Reliance Vision Fund as on March 31, 2003 is Rs. 221.54 lacs.

- During the year ended March 31, 2003 the total Purchases of investments were Rs. 19,419.07 lacs and Sale of Investments (excluding redemptions) were Rs. 15,794.08 lacs which are 444.55% and 361.57% of the average weekly net assets, respectively.
- Percentage of Income to Average Weekly Net Assets is 30.92% (including unrealised appreciation) (Previous Year 45.56%) and Percentage of Expenses to Average Weekly Net Assets is 2.50% (Previous Year 2.57%).
- As per the disclosure under Regulation 25(8) of the SEBI Regulations, services of the associate broker were not utilised during the year (Previous Year Rs. NIL) in case of Reliance Vision Fund.
- Disclosure under Regulation 25(11) of SEBI (Mutual Funds) Regulations, 1996 is as follows:

Investments made by the Schemes of Reliance Capital Mutual Fund in the companies that have invested more than 5% of the Net Assets of any Scheme.

(Rs. in lacs)

Name of the Company	Investment during the year		Holding as on 31st March, 2003		
	Type of Security	Quantity	(At Cost) Rs. in lacs	Type of Security	Quantity (At Market Value)
<b>Reliance Income Fund</b>					
Ashok Leyland Finance Ltd.	Debt	5	500.00	-	
HDFC Ltd.	Debt	1045	10,738.21	Debt	250 2,524.68
HDFC Bank	Debt	-	-	Debt	10 1,110.06
IDBI	Debt	200	2,142.62	-	
ICICI Bank	Debt	300	292.82	-	
ICICI Bank	FD	2,000,000	2,000.84	FD	2,000,000 2,000.00
Indian Aluminium Co. Ltd.	Debt	10	1,000.00	-	
ICICI Securities & Finance Co.Ltd.	Debt	15	1,524.51	-	
Larsen & Toubro Ltd.	Debt	15	1,500.00	-	
LIC Housing Finance	Debt	50	5,121.49	Debt	10 1,027.90
Punjab National Bank	Debt	100	1,113.63	-	
UTI Bank Ltd.	Debt	100	500.71	Debt	100 530.2
UTI Bank Ltd.	FD	2,500,000	2,501.04	FD	2,500,000 2,500.00
<b>Reliance Monthly Income Plan</b>					
Ashok Leyland Finance Ltd.	Debt	19	1,871.44	Debt	9 582.18
HDFC Ltd.	Debt	540	5,336.11	Debt	50 531.60
IDBI	Debt	8,500	8,713.48	-	
ICICI Bank	Debt	22,196	1,733.62	Debt	1,996 388.33
ICICI Securities & Finance Co.Ltd.	Debt	10	1,029.08	-	
LIC Housing Finance	Debt	5	526.73	Debt	0 0
<b>Reliance Short Term Fund</b>					
HDFC Ltd.	Debt	50	494.21	-	
ICICI Securities & Finance Co.Ltd.	Debt	25	2,575.47	-	
ICICI Bank	FD	1,000,000	1,000.42	FD	1,000,000 1,000.00
ICICI Bank	Debt	20	1,890.40	Debt	20 1,751.60
ICICI Bank	CD	2,500	2,356.68	CD	2,500 2,383.65
IDBI Bank Ltd	FD	2,500,000	2,500.00	-	
Industrial Development Bank of India	Debt	11,000	11,371.40	-	
Indian Aluminium Co. Ltd.	Debt	15	1,500.00	-	
Larsen & Toubro Ltd.	Debt	10	1,000.00	-	
UTI Bank Ltd.	FD	6,510,000	6,510.83	FD	2,000,000 2,000.00
UTI Bank Ltd.	CD	2,500	2,346.23	CD	2,500 2,383.50
<b>Reliance Vision Fund</b>					
Bajaj Auto Ltd.	Equity	58,100	264.09	Equity	33,100 158.76
Hero Honda Motors Ltd.	Equity	50,000	109.76	Equity	Nil Nil
IDBI	Equity	500,000	108.71	Equity	Nil Nil
Larsen & Toubro	Equity	50,000	89.37	Equity	Nil Nil
Punjab National Bank	Equity	548,773	340.89	Equity	264,028 246.77
Reliance Industries Ltd.	Equity	130,003	366.86	Equity	80,003 221.17
Union Bank of India	Equity	115,000	18.40	Equity	Nil Nil
Wipro Ltd.	Equity	2,000	32.31	Equity	Nil Nil
<b>Reliance Growth Fund</b>					
Bajaj Auto Ltd.	Equity	47,838	223.21	Equity	5,000 23.98
Hero Honda Motors Ltd.	Equity	45,000	119.74	Equity	Nil Nil
ICICI Bank Ltd.	Equity	120,708	99.06	Equity	Nil Nil
IDBI	Equity	300,000	70.42	Equity	300,000 49.65
Larsen & Toubro Ltd.	Equity	50,000	89.58	Equity	Nil Nil
Punjab National Bank	Equity	317,100	144.03	Equity	50,000 50.93
Reliance Industries Ltd.	Equity	29,545	83.85	Equity	29,545 81.68
Union Bank of India	Equity	807,500	156.15	Equity	Nil Nil
Wipro Ltd.	Equity	8,000	131.79	Equity	Nil Nil
<b>Reliance Liquid Fund</b>					
HDFC Bank	FD		130,600.00	FD	
ICICI Bank	CD	200,000,000	1,995.71	CD	Nil Nil
ICICI Bank	Debt	9,222,250	30,073.71	Debt	200,010 702.37
ICICI Bank	FD		135,320.29	FD	
IPCL	Debt	3,000,000	2,946.89	Debt	Nil Nil
Larsen & Toubro	Debt	20,500,536	25,890.57	Debt	Nil Nil
HDFC Ltd.	Debt	20,503,970	58,581.53	Debt	5,000,000 4,889.57
IDBI	Debt	54,200	56,068.55	Debt	13,800 13,933.06
IDBI Bank Ltd.	FD		64,582.69	FD	

The above investments have been made after considering the attractive valuations of these scrips. The scrips belong to sectors where the Fund recognises an immense growth potential, in the near future.

- Redemption amount of Rs.28,791.00 has remained unclaimed by 4 unitholders as on March 31, 2003.
- There is no item of expenditure, which accounts for more than 10% of the total expenditure.
- Movement in Unit Capital:

	2002-2003		2001-2002	
	Number of Units	Rupees	Number of Units	Rupees
Initial Subscription/ Opening Units	53,98,374	5,39,83,737	56,99,416	5,69,94,157
Units issued during the year	7,98,79,135	79,87,91,346	2,41,234	24,12,336
Units repurchased during the year	(5,56,06,389)	(55,60,63,890)	(5,42,276)	(54,22,756)
Closing Units at the end of the year	2,96,71,119	29,67,11,193	53,98,374	5,39,83,737

- None of the Unitholder hold more than 25% of the NAV of the Scheme as on March 31, 2003.
- The figures of the previous period have been regrouped/rearranged, wherever necessary.
- On written request, present and prospective unit holders/investors can obtain copy of the Trust Deed, the Annual Report, at a price, and the text of the relevant scheme.
- The unitholders, if they so desire, may request for the Annual Report of Reliance Capital Asset Management Limited.

For and on behalf of  
**Reliance Capital Asset  
Management Limited**

For and on behalf of  
**Reliance Capital  
Trustee Co. Limited**

**D.J. Kapadia**  
Director

**Vinod M. Ambani**  
Director

**Shailesh Vaidya**  
Director

**Dr. A.C. Shah**  
Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**K.Rajagopal**  
Chief Investment Officer

**Kunj Bansal**  
Fund Manager

**Sandeep Bagla**  
Fund Manager

Mumbai  
Date: 29th September, 2003

**RELIANCE VISION FUND - HOLDING STATEMENT AS ON MARCH 31, 2003**

Name of the Instrument	Industry	Quantity	Market value (Rs. in lacs)	% of NAV
<b>EQUITY &amp; EQUITY RELATED -</b>				
<i>(a) Listed/ awaiting listing on the stock exchanges</i>				
State Bank Of India	Banks	125,110	337.67	4.37
Canara Bank	Banks	420,000	299.04	3.87
Ranbaxy Laboratories Ltd	Pharmaceuticals	43,000	268.49	3.48
Ingersoll Rand (India) Ltd	Machinery	136,634	266.98	3.46
Tata Iron & Steel Co Ltd	Metals & Mining	175,000	234.06	3.03
Hindalco Industries Limited	Metals & Mining	41,666	222.70	2.89
Reliance Industries Limited	Chemicals	80,060	221.25	2.87
Divi Laboratories	Pharmaceuticals	77,840	170.98	2.22
Siemens Ltd	Electrical Equipment	57,072	161.17	2.09
Bajaj Auto Limited	Automobiles	33,100	158.76	2.06
Hindustan Petrochemicals Limited	Oil & Gas	50,000	147.18	1.91
Punjab National Bank	Banks	144,028	146.69	1.90
Nicholas Piramal India Ltd	Pharmaceuticals	70,000	144.38	1.87
Bharat Forge Limited	Machinery	58,447	140.86	1.83
ITC Ltd	Tobacco	22,211	139.82	1.81
Asea Brown Boveri Ltd	Electrical Equipment	47,188	135.85	1.75
Bharat Electronics Limited	Electrical Equipment	75,000	135.04	1.75
Great Eastern Shipping Limited	Marine	337,092	128.60	1.66
Oriental Bank Of Commerce	Banks	178,300	114.20	1.48
Aban Lloyd Chiles Offshore Limited	Oil & Gas	81,042	103.73	1.34
Federal Bank Ltd	Banks	108,106	100.11	1.30
Aventis Pharma Ltd	Pharmaceuticals	37,550	88.56	1.15
Aurubindo Pharma Limited	Pharmaceuticals	41,115	87.02	1.13
Jindal Steel and Power Ltd	Metals & Mining	26,444	84.81	1.10
Kotak Mahindra Finance Ltd	Diversified Financials	50,000	78.98	1.02
Century Textiles Industries Limited	Industrial Conglomerates	174,760	74.10	0.96
Geodesic Information Systems Ltd	IT Consulting & Services	98,866	71.68	0.93
Garden Silk Mills Ltd	Textiles & Apparels	270,000	63.99	0.83
Mahanagar Telephone Nigam Ltd	Diversified Telecommu- nication Services	60,000	57.63	0.75
E Serve International Ltd	Textiles & Apparels	11,769	53.62	0.69
Satyam Computers Ltd	IT Consulting & Services	30,000	53.09	0.69
Mukta Arts Ltd	Media	115,994	51.44	0.67
Mastek Ltd	IT Consulting & Services	10,000	51.06	0.66
Zicom Electronics Sec Ltd	IT Consulting & Services	200,200	49.55	0.64
Praj Industries Ltd	Machinery	124,542	48.38	0.63
Geometric Software Solutions Co	IT Consulting & Services	10,804	46.37	0.60
Majestic Auto Ltd	Automobiles	160,632	40.56	0.53
Cummins India Limited	Machinery	75,000	38.81	0.50
Melstar Information Tech Ltd	IT Consulting & Services	210,200	33.32	0.43
Hindustan Motors Limited	Automobiles	416,630	31.66	0.41
Karur Vysya Bank	Banks	14,274	23.27	0.30
Reliance Capital Limited	Diversified Financials	600	0.29	#
L M L Limited	Automobiles	100	0.03	#
Unit Trust Of India - Master Plus 91	Diversified Financials	200	0.03	#
Tata Engineering and Locomotive Co. Ltd. (Warrants)**	Automobiles	1	0.00	#
<b>TOTAL</b>		<b>4,500,637</b>	<b>4,905.82</b>	<b>63.56</b>

(Cond...)

### HOLDING STATEMENT AS ON MARCH 31, 2003

Name of the Instrument	Industry	Quantity	Market value (Rs. in lacs)	% of NAV
<b>(b) Unlisted</b>				
Recron Synthetics Ltd. **	Textiles & Apparels	157,641	15.76	#
Mediline Equipment & Computer Systems (I) Ltd ** ^	IT Consulting & Services	50,000	0.00	#
<b>TOTAL</b>		<b>207,641</b>	<b>15.76</b>	<b>#</b>
<b>DEBT INSTRUMENT -</b>				
<b>(a) Listed/awaiting listing on the stock exchanges</b>				
14.50% NALCO NCD ** @ AAA	Metals & Mining	479	3.56	0.05
<b>TOTAL</b>		<b>479</b>	<b>3.56</b>	<b>0.05</b>
<b>GRAND TOTAL</b>		<b>47,08,757</b>	<b>4,925.14</b>	<b>63.61</b>
<b>(b) Unlisted</b>		NIL	NIL	NIL
<b>CALL PLACEMENTS</b>				
Call Deposits		-	<b>2,382.23</b>	<b>30.87</b>
<b>OTHER ASSETS</b>		-	<b>426.26</b>	<b>5.52</b>
<b>NET ASSET VALUE</b>			<b>7,733.63</b>	<b>100.00</b>

^ Fair value as determined in good faith by Reliance Capital Asset Management Limited in accordance with SEBI guidelines.

@ Privately Placed Securities

\*\* Non-traded securities

# %age to NAV of securities which are less than 0.01% of NAV

Note:

Portfolio Turnover Ratio of Reliance Vision Fund is 15.06%

### HISTORICAL PER UNIT STATISTICS

Per Unit Particulars (Rupees)	Reliance Vision Fund			
	As on March 31, 2003	As on March 31, 2002	As on March 31, 2001	As on March 31, 2000
<b>Face Value</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b>Net Asset Value</b>				
Growth Plan	26.50	19.30	14.13	24.19
Dividend Plan	23.60	19.30	14.13	NA
Growth Plan-Bonus Option	26.50	-	-	-
<b>Income</b>				
Other than profit on sale of investment	0.58	0.70	3.72	0.60
From profit on inter-scheme sales/transfer of investments	-	5.67	-	0.05
From profit on sale of investment to third party	3.97	0.70	31.41	17.53
<b>Gross Income</b>	<b>4.55</b>	<b>7.07</b>	<b>35.13</b>	<b>18.18</b>
<b>Expenses &amp; Losses</b>				
Aggregate of expenses, write-off, amortisation and charges	0.36	0.40	1.35	0.54
Loss on sale/redemption of Investments	2.56	5.84	47.66	3.81
Provision for depreciation in value of investments	0.71	2.65	6.42	-
Provision for Loss on Securities	-	-	0.57	0.08
<b>Gross Expenditure</b>	<b>3.63</b>	<b>8.89</b>	<b>56.00</b>	<b>4.43</b>
<b>Net Income</b>	<b>0.92</b>	<b>(1.82)</b>	<b>(20.87)</b>	<b>13.75</b>
Unrealised appreciation in value of investments	-	-	2.62	-
Unprovided depreciation in value of investments	-	-	-	-
Ratio of expenses to average net assets	2.50	2.57	1.80	1.78
Ratio of gross income to average net assets	13.57	45.56	47.02	69.78
<b>Repurchase /Reissue Price</b>				
<b>Highest</b>				
Growth Plan	28.07	19.32	24.47	29.88
Dividend Plan	24.51	19.32	24.47	29.88
Growth Plan-Bonus Option	28.07	-	-	-
<b>Lowest</b>				
Growth Plan	19.55	11.75	13.79	11.07
Dividend Plan	23.57	11.75	13.79	11.07
Growth Plan-Bonus Option	19.55	-	-	-
Trading Price	NA	NA	NA	NA
Highest				
Lowest				
Price Earning Ratio	NA	NA	NA	NA
Highest				
Lowest				

\* Profit on sale of Investment to third party is net of loss on sale of investment to third party.

### PERFORMANCE AS COMPARED TO THE BENCHMARK INDICES.

Scheme / Benchmark Indices	Simple Annualised Returns	Compounded Annualised Returns		
	Last 1 year (%)	Last 3 year (%)	Last 5 year (%)	Since Inception
Reliance Vision Fund - Growth Plan	35.7457	3.0869	16.4499	13.9059
<b>BSE -100</b>	(13.6614)	(19.7354)	(2.42)	-
<b>S &amp; P CNX Nifty</b>	(14.1498)	(13.8228)	(2.6157)	-

\* April 1, 2002 being a non-transaction day, the NAV of the immediately following transaction day has been considered.

Note: Date of launch and the date allotment of units of the Scheme was September 25, 1995 and November 10, 1995 respectively.

## STATEMENT OF BOARD OF DIRECTORS OF RELIANCE CAPITAL TRUSTEE CO. LIMITED

- a) The liabilities and responsibilities of the Trustee are in accordance with the SEBI (Mutual Funds) Regulations, 1996, Trust deed and the offer document of the scheme. The liability of the Sponsor/Settlor is limited to the initial contribution of Rs. 100,000/- towards the setting up of Reliance Capital Mutual Fund.
- b) The investment objective of Reliance Vision Fund is to achieve long-term growth of capital through a research based investment approach.
- c) Reliance Vision Fund is a growth scheme and aims primarily at capital appreciation. The major components of the portfolio are Equity (including other equity- related instruments), Debt and Money Market Instruments.
- d) Investment policies of the Funds reflect the restrictions for Mutual Fund investments established by SEBI.

Avenues for investment are identified on the following criteria:

1. Sound Management
  2. Good track record of the Company
  3. Potential for future growth
  4. Industry scenario
  5. Liquidity of the Stock
  6. Any other in the opinion of RCAM.
- e) All investments in Mutual Funds are subject to market risks and the NAV, price and redemption value of the units and income from them, can go up as well as down with the fluctuations in the market value of its underlying investments. There can be no assurance that the Fund's objective will be achieved. Past performance is not necessarily indicative of future results and may not necessarily provide a basis for comparison with other investments.
  - f) The Scheme has declared and paid dividend on a Face Value of Rs. 10/- @ 30% (annualised) in the Dividend Plan in February, 2003.

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**Sponsor** : Reliance Capital Limited

**Trustee** : Reliance Capital Trustee Co. Limited

**Investment Manager** : Reliance Capital Asset Management Limited

**Statutory Details** : The Sponsor, the Trustee and the Investment Manager are incorporated under the Companies Act, 1956.

**Risk Factors** : All securities and investments are subject to market risks and there is no assurance and no guarantee that the Scheme's objectives will be achieved. As with investments in any securities, the NAVs of the units issued under the Scheme can go up or down depending on the factors and forces affecting the securities market. Reliance Vision Fund is only the name of the Scheme and do not in any manner indicate either the quality of the Scheme, its future prospects or returns. Past performance of the Sponsor or its group affiliation is not indicative of future performance of the Scheme. The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond their initial contribution of Rs.1 lac towards the setting up of the Mutual Fund. The Mutual Fund is not guaranteeing or assuring any dividends/ bonus. The Mutual Fund is also not assuring that it will make periodical dividend/ bonus distributions, though it has every intention of doing so. All dividend/ bonus distributions are subject to the availability of distributable surplus in the Scheme. The liquidity of the Scheme's investments may be inherently restricted by trading volumes, settlement periods and transfer procedures. Scheme specific risk factors have been mentioned in the Offer Document.

**Please read the offer document before investing.**

## AUDITORS' REPORT

To  
**The Board of Directors of  
Reliance Capital Trustee Co. Limited**

We have audited the attached Balance Sheet of the Scheme ' **Reliance Growth Fund** ' (the "Scheme") **of Reliance Capital Mutual Fund** as at 31st March, 2003 and the Revenue Account of the Scheme for the year ended 31st March, 2003 and report thereon as follows:

- a) The Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. These financial statements are the responsibility of the Managements of the Trustee and the Asset Management Companies.
- b) Our audit was conducted in accordance with the generally accepted auditing standards 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 presentation of the Financial Statements. We believe that our audit provides a reasonable basis for our opinion.
- c) 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.
- d) The Balance Sheet and the Revenue Account dealt with by this report are in agreement with the books of account of the Scheme.
- e) Non-traded securities have been valued in accordance with the guidelines notified by the Securities and Exchange Board of India. In our opinion, these valuations are fair and reasonable.
- f) 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 Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and subject to Note No. C(3) and C(4) regarding basis of calculation of Net Asset Value and non reconciliation of bank accounts, 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 Scheme as at 31st March,2003 and
  - (ii) in the case of the Revenue Account, of the Surplus of the Scheme for the year ended 31st March,2003.

For **HARIBHAKTI & CO.**  
Chartered Accountants

**CHETAN DESAI**  
Partner

Place : Mumbai  
Date: 29th September, 2003

**BALANCE SHEET**  
AS AT 31st MARCH, 2003

	Schedule	31st March, 2003 Amount (Rs.)	31st March, 2002 Amount (Rs.)
<b>LIABILITIES</b>			
Unit Capital	A	7,79,59,254	5,17,32,759
Reserves and Surplus	B	13,01,35,983	6,62,17,492
Current Liabilities and Provisions	C	4,63,06,001	3,61,34,397
<b>Total</b>		<b>25,44,01,238</b>	<b>15,40,84,648</b>
<b>ASSETS</b>			
Investments	D	18,94,28,285	10,02,86,589
Deposits	E	3,84,80,000	3,04,00,000
Other Current Assets	F	2,64,92,953	2,33,98,059
<b>Total</b>		<b>25,44,01,238</b>	<b>15,40,84,648</b>

Notes forming part of Accounts G

**REVENUE ACCOUNT**  
FOR THE YEAR ENDED 31st MARCH, 2003

	Schedule	31st March, 2003 Amount (Rs.)	31st March, 2002 Amount (Rs.)
<b>INCOME</b>			
Dividend		32,96,728	20,19,464
Interest	26,50,950	22,16,918	
Profit on sale/redemption of investments {other than inter-scheme transfer / sale}		6,89,96,799	2,79,89,413
Profit on inter-scheme transfer/ sale of Investment		-	-
Other Income (Net) (Note 2)		3,15,507	-
Appreciation in the value of investments		-	-
<b>Total</b>		<b>7,52,59,984</b>	<b>3,22,25,795</b>
<b>EXPENSES AND LOSSES</b>			
Loss on sale/redemption of investments (other than inter-scheme transfer/sale)		2,51,09,579	3,24,64,610
Management Fees		25,32,548	12,20,709
Audit Fees		23,812	12,926
Trusteeship Fees		4,412	7,899
Custodian Fees		91,000	4,42,635
Registrar & Transfer Agent's Fees		6,05,165	7,77,734
Other Operating Expenses		17,48,099	46,053
Unrealised depreciation in the value of investments		2,81,77,227	10,37,351
Diminution in the value of investments		60,060	-
<b>Total</b>		<b>5,83,51,903</b>	<b>3,60,09,917</b>
Net Surplus / (Deficit) for the year		<b>1,69,08,081</b>	<b>(37,84,122)</b>

As per our Report of even date

**For Haribhakti & Co.**  
Chartered Accountants

For and on behalf of  
**Reliance Capital Asset Management Limited**

For and on behalf of  
**Reliance Capital Trustee Co. Limited**

**Chetan Desai**  
Partner

**D.J.Kapadia**  
Director

**Dr. A.C.Shah**  
Director

**Shailesh Vaidya**  
Director

**Vinod M. Ambani**  
Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**K.Rajagopal**  
Chief Investment Officer

**Kunj Bansal**  
Fund Manager

Mumbai  
Date: 29th September, 2003

**Sandeep Bagla**  
Fund Manager



**APPROPRIATION ACCOUNT  
FOR THE YEAR ENDED 31st MARCH, 2003**

Schedule	31st March, 2003 Amount (Rs.)	31st March, 2002 Amount (Rs.)
Net Surplus / (Deficit) brought forward	6,60,12,772	4,52,61,664
Net Surplus / (Deficit) for the year	1,69,08,081	(37,84,122)
Less : Appreciation in the value of investments of previous year written back	-	-
Add : Depreciation of previous year written back	10,37,351	2,47,12,149
<b>TOTAL</b>	<b>8,39,58,204</b>	<b>6,61,89,691</b>
<b>Net Available Surplus/ (Deficit)</b>	<b>8,39,58,204</b>	<b>6,61,89,691</b>
Add : Transferred from Equalisation Account	5,79,82,070	(1,76,919)
Less : Dividend distributed	3,35,62,792	
<b>Net Surplus/(Deficit) carried forward</b>	<b>10,83,77,482</b>	<b>6,60,12,772</b>

Notes forming part of Accounts G

As per our Report of even date

**For Haribhakti & Co.** For and on behalf of **Reliance Capital Asset Management Limited**  
Chartered Accountants

**Chetan Desai**  
Partner

**D.J. Kapadia**  
Director

**Vinod M. Ambani**  
Director

**Shailesh Vaidya**  
Director

**Dr. A.C. Shah**  
Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**K.Rajagopal**  
Chief Investment Officer

**Kunj Bansal**  
Fund Manager

**Sandeep Bagla**  
Fund Manager

Mumbai  
Date: 29th September, 2003

**SCHEDULES FORMING PART OF THE  
BALANCE SHEET AS AT 31st MARCH, 2003**

Schedule	31st March, 2003 Amount (Rs.)	31st March, 2002 Amount (Rs.)
<b>SCHEDULE 'A' UNIT CAPITAL</b> (Face value of Rs. 10 each)		
Unit Capital (Opening Balance)	51,73,276	5,17,32,759
Add : Subscriptions during the year	2,28,27,865	22,82,78,655
Less : Redemptions during the year	2,02,05,216	20,20,52,160
Unit Capital (Closing Balance)	77,95,925	7,79,59,254
	Amount (Rs.)	Amount (Rs.)
<b>SCHEDULE 'B' RESERVES AND SURPLUS Unit Premium Reserve</b>		
Opening Balance	2,04,720	
Add: Additions during the year	74,38,68,837	43,34,740
Less: Deductions during the year	66,43,32,986	43,06,939
Less: Transferred to Equalisation Account	5,79,82,070	(1,76,919)
Closing Balance	2,17,58,501	2,04,720
<b>Equalisation Account</b>		
Transferred from Unit Premium Reserve	5,79,82,070	(1,76,919)
Less: Transferred to Revenue Account	5,79,82,070	(1,76,919)
Closing Balance	-	-
<b>Appropriation Account</b>		
Surplus / (Deficit) carried forward	10,83,77,482	6,60,12,772
<b>Total Reserves &amp; Surplus</b>	<b>13,01,35,983</b>	<b>6,62,17,492</b>
<b>SCHEDULE 'C' CURRENT LIABILITIES &amp; PROVISIONS</b>		
Sundry Creditors for expenses	3,62,643	15,65,320
Exit/Entry Load payable	2,31,12,130	2,00,93,332
Contracts for purchase of investments		1,33,30,228
Unclaimed Redemption Payable	1,74,397	1,88,793
Unclaimed Dividend Payable	1,88,793	1,10,028
Bank balance overdrawn as per books		833,106
Inter Scheme Dues	1,94,05,897	
Other Liabilities	2,24,68,038	13,590
<b>Total</b>	<b>4,63,06,001</b>	<b>3,61,34,397</b>

**SCHEDULES FORMING PART OF THE  
BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2003**

	Amount (Rs.)	Amount (Rs.)
<b>SCHEDULE 'D'</b>		
<b>INVESTMENTS</b>		
Equity Shares	<b>18,90,93,933</b>	9,69,10,662
Overseas Securities		
Privately Placed Debentures / Bonds		
Debentures and Bonds listed/ awaiting listing on recognised stock exchange Mutual Fund	<b>3,34,352</b>	33,75,927
<b>Total</b>	<b>18,94,28,285</b>	10,02,86,589
<b>SCHEDULE 'E'</b>		
<b>DEPOSITS</b>		
Deposits with Scheduled Banks	<b>3,84,80,000</b>	3,04,00,000
<b>Total</b>	<b>3,84,80,000</b>	3,04,00,000
<b>SCHEDULE 'F'</b>		
<b>OTHER CURRENT ASSETS</b>		
Balances with banks in current account , including cheques on hand	<b>1,26,45,140</b>	48,90,146
Bank Reconciliation Adjustment Account		96,60,713
Contracts for sale of investments	<b>1,05,33,454</b>	86,71,847
Outstanding and accrued income	<b>5,05,992</b>	1,75,353
Others	<b>28,08,367</b>	
<b>Total</b>	<b>2,64,92,953</b>	2,33,98,059

**Schedule G**

**RELIANCE GROWTH FUND -**

**NOTES FORMING PART OF ACCOUNTS**

**A ORGANISATION**

Reliance Growth Fund, which was launched as a close-ended scheme on September 25, 1995, was subsequently converted into an open-end scheme on September 27, 1999. Reliance Capital Trustee Co. Limited (RCTC) has been appointed as the Trustee for Reliance Capital Mutual Fund (RCMF) vide Trust Deed dated April 25, 1995. Reliance Capital Asset Management Limited (RCAM) is the Investment Manager to RCMF.

The Scheme offers two plans namely, Growth Plan for investors seeking long term appreciation and Dividend Plan for investors seeking regular income. The investment objective of the Scheme is to provide long-term growth of capital through research-based investment approach.

**B. SIGNIFICANT ACCOUNTING POLICIES**

**1. REVENUE RECOGNITION**

- Profit/loss on sale of investments is accounted for in the year in which the contract for sale is entered into. The cost is calculated on the basis of weighted average cost of investment.
- Unrealised appreciation or depreciation in the value of investments/other assets, if any, form part of the Revenue Account.
- Dividend income is recognised on the ex-dividend date
- In respect of interest bearing investments including those purchased on a Reverse Repo basis, interest income is accrued daily.
- Income other than above and of miscellaneous nature is accounted for, as and when realised.
- All major expenses are accounted for on accrual basis, while other expenses are accounted for when paid.

**2. EQUALISATION ACCOUNT**

The purpose of Equalisation Account is to maintain per unit distributable surplus so that continuing unitholders' share of distributable surplus remains unchanged on issue or redemption of units. The total distributable surplus (without considering unrealised appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalisation Account. The net balance in this account is transferred to the Revenue Account at the end of the year.

**3. INVESTMENTS**

- Investments are accounted on the trade date. In case of interest bearing securities though investments are accounted on the trade date, interest accrues from the settlement date. However, the effect of all investments traded during the financial year is recorded and reflected in the financial statements for that year. The cost of investments includes cost of acquisition, brokerage and stamp duty, if any.
- Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange

#### 4. VALUATION OF INVESTMENTS

##### 1. Traded Securities:

All traded securities are valued at the closing market price, on the principal stock exchange (BSE), as on the last trading day of the financial year. Where it is not traded on any stock exchange on the last trading day of the financial year, the value at which it was traded on the selected stock exchange or any other stock exchange, as the case may be, on the earliest previous day prior to valuation date have been used provided such date is not more than thirty days.

##### Overseas Securities:

In case of ADRs / GDRs trades are valued at the latest available market price on relevant stock exchange multiplied by the latest available exchange rate of the last trading day of the financial year.

##### 2. Thinly-traded and Non-traded Equity/ Equity-related Securities:

All thinly traded and non-traded equity and equity related securities are valued "in good faith" on the basis of valuation principles laid down by SEBI (Mutual Funds) Regulations, 1996 amended upto date, which are as follows:

- a. Where the latest Balance Sheet of the company is available, the fair value is arrived at after considering the average of net worth value per share and the capital earning value and further discounting it by 10% towards illiquidity.
- b. Where the latest Balance Sheet of the company is not available within nine months from close of the financial year, the shares of such companies are valued at zero.
- c. In case of privately placed securities where SEBI Guidelines do not provide for any specifications, we have valued the same as per the recommendations of the Investment Committee of the Asset Management Company.

##### 3. Thinly traded and Non-traded Debt Securities:

Thinly traded and non-traded debt securities have been valued alike, as per the norms laid down by SEBI (Mutual Funds) Regulations, 1996 amended upto date, depending upon the period of maturity.

Non-traded debt securities with residual maturity of upto 182 days are valued on the basis of amortization.

4. Investments in call money, bills purchased under re-discounting scheme and term deposits with banks are valued at cost plus accruals.
5. Government Securities and Treasury Bills are valued at the last traded market rate.
6. Appreciation / Depreciation, as the case may be, in the value of the securities at the year-end has been computed for the scheme, whereby the aggregate market value taken together is compared with the average cost of acquisition. Such net balance is charged to Revenue Account.
7. There were no investments recognised as Non-performing Assets (NPAs), as on March 31, 2003. An investment is regarded as non-performing, if the interest and/or principal amount has not been received or remains outstanding for one quarter from the day such income or installment has fallen due.

8. The above policies are followed as and when applicable.

#### C NOTES ON ACCOUNTS

1. The Scheme has two plans Growth and Dividend. A combined Balance Sheet and Revenue Account is prepared for the Scheme.
2. Other Income comprises excess provision for expenses of previous years written back.
3. Other Liabilities includes Rs.1.94 crs. Interscheme dues, which has been paid subsequently.
4. Net Asset Value (NAV) per unit of a Face Value of Rs.10 as on March 31, 2003 for Growth Plan is Rs. 28.23 (Previous Year Rs. 23.75) & for Dividend Plan is Rs.19.22 (Previous Year Rs. 17.58).
5. Investment Management Fees has been computed on the basis of Average Weekly Net Assets of the Scheme accrued on a daily basis.  
Computation of Investment Management Fees  
Average Weekly Net Assets = Rs. 2026.04 lacs  
Management Fees @ 1.25% of above = Rs. 25.33 lacs  
Management Fees actually charged = Rs. 25.32 lacs\*  
\* As per Offer Document
6. Contracts for sale pending deliveries as on March 31, 2003 amounting to Rs. 105.33 lacs have been excluded from the Investments. Whereas there were purchases of securities by the Scheme, the deliveries of which were pending, as on March 31, 2003 amounting to Rs. NIL.
7. Investment in Group Companies during the year ended March 31, 2003 was 83.39 lacs.
8. Holding in Group Companies as on March 31, 2003 is as follows:

(Rs. in lacs)

Scheme	Reliance Industries Limited		Reliance Petroleum Limited		Reliance Capital Limited		Total Cost
	Quantity	Cost	Quantity	Cost	Quantity	Cost	
Reliance Growth Fund	29,545	83.85	NIL	NIL	100	0.04	83.89
Total for other Schemes	80,003	228.54	200	0.08	600	0.47	229.09

The aggregate market value of the group-company holding in Reliance Growth Fund as on March 31, 2003 was Rs. 81.72 lacs.

9. During the year ended March 31, 2003 the total Purchases of investments were Rs. 9295.74 lacs and Sale of Investments (excluding redemptions) were Rs. 8571.20 lacs which are 458.82 % and 423.05% of the avg. weekly net assets, respectively.
10. Percentage of Income to Average Weekly Net Assets is 37.15% (excluding unrealised appreciation) (Previous Year 32.81%) and Percentage of Expenses to Average Weekly Net Assets is 2.53% (excluding unrealised depreciation) (Previous Year 1.97%).
11. As per the disclosure under Regulation 25(8) of the SEBI Regulations, there were no transactions with any associate broker and no brokerage was paid (Previous year Rs. 0.05 lacs). The brokerage rates are at par to those offered to non – associate brokers.
12. Disclosure under Regulation 25(11) of SEBI (Mutual Funds) Regulations, 1996 is as follows:

Investments made by the Schemes of Reliance Capital Mutual Fund in the companies that have invested more than 5% of the Net Assets of any Scheme.

(Rs. in lacs)

Name of the Company	Investment during the year		Holding as on 31st March, 2003		
	Type of Security	Quantity (At Cost) Rs. in lacs	Type of Security	Quantity (At Market Value)	
<b>Reliance Income Fund</b>					
Ashok Leyland Finance Ltd.	Debt	5	500.00	-	-
HDFC Ltd.	Debt	1045	10,738.21	250	2,524.68
HDFC Bank	Debt	-	-	10	1,110.06
IDBI	Debt	200	2,142.62	-	-
ICICI Bank	Debt	300	292.82	-	-
ICICI Bank	FD	2,000,000	2,000.84	FD	2,000,000
Indian Aluminium Co. Ltd.	Debt	10	1,000.00	-	-
ICICI Securities & Finance Co.Ltd.	Debt	15	1,524.51	-	-
Larsen & Toubro Ltd.	Debt	15	1,500.00	-	-
LIC Housing Finance	Debt	50	5,121.49	Debt	10
Punjab National Bank	Debt	100	1,113.63	-	1,027.90
UTI Bank Ltd.	Debt	100	500.71	Debt	100
UTI Bank Ltd.	FD	2,500,000	2,501.04	FD	2,500,000
<b>Reliance Monthly Income Plan</b>					
Ashok Leyland Finance Ltd.	Debt	19	1,871.44	Debt	9
HDFC Ltd.	Debt	540	5,336.11	Debt	50
IDBI	Debt	8,500	8,713.48	-	582.18
ICICI Bank	Debt	22,196	1,733.62	Debt	1,996
ICICI Securities & Finance Co.Ltd.	Debt	10	1,029.08	-	531.60
LIC Housing Finance	Debt	5	526.73	Debt	0
<b>Reliance Short Term Fund</b>					
HDFC Ltd.	Debt	50	494.21	-	0
ICICI Securities & Finance Co.Ltd.	Debt	25	2,575.47	-	-
ICICI Bank	FD	1,000,000	1,000.42	FD	1,000,000
ICICI Bank	Debt	20	1,890.40	Debt	20
ICICI Bank	CD	2,500	2,356.68	CD	2,500
IDBI Bank Ltd	FD	2,500,000	2,500.00	-	1,751.60
Industrial Development Bank of India	Debt	11,000	11,371.40	-	2,383.65
Indian Aluminium Co. Ltd.	Debt	15	1,500.00	-	-
Larsen & Toubro Ltd.	Debt	10	1,000.00	-	-
UTI Bank Ltd.	FD	6,510,000	6,510.83	FD	2,000,000
UTI Bank Ltd.	CD	2,500	2,346.23	CD	2,500
<b>Reliance Vision Fund</b>					
Bajaj Auto Ltd.	Equity	58,100	264.09	Equity	33,100
Hero Honda Motors Ltd.	Equity	50,000	109.76	Equity	Nil
IDBI	Equity	500,000	108.71	Equity	Nil
Larsen & Toubro	Equity	50,000	89.37	Equity	Nil
Punjab National Bank	Equity	548,773	340.89	Equity	264,028
Reliance Industries Ltd.	Equity	130,003	366.86	Equity	80,003
Union Bank of India	Equity	115,000	18.40	Equity	Nil
Wipro Ltd.	Equity	2,000	32.31	Equity	Nil
<b>Reliance Growth Fund</b>					
Bajaj Auto Ltd.	Equity	47,838	223.21	Equity	5,000
Hero Honda Motors Ltd.	Equity	45,000	119.74	Equity	Nil
ICICI Bank Ltd.	Equity	120,708	99.06	Equity	Nil
IDBI	Equity	300,000	70.42	Equity	300,000
Larsen & Toubro Ltd.	Equity	50,000	89.58	Equity	Nil
Punjab National Bank	Equity	317,100	144.03	Equity	50,000
Reliance Industries Ltd.	Equity	29,545	83.85	Equity	29,545
Union Bank of India	Equity	807,500	156.15	Equity	Nil
Wipro Ltd.	Equity	8,000	131.79	Equity	Nil
<b>Reliance Liquid Fund</b>					
HDFC Bank	FD	Nil	130,600.00	FD	Nil
ICICI Bank	CD	200,000,000	1,995.71	CD	Nil
ICICI Bank	Debt	9,222,250	30,073.71	Debt	200,010
ICICI Bank	FD	Nil	135,320.29	FD	Nil
IPL	Debt	3,000,000	2,946.89	Debt	Nil
Larsen & Toubro	Debt	20,500,536	25,890.57	Debt	Nil
HDFC Ltd.	Debt	20,503,970	58,581.53	Debt	5,000,000
IDBI	Debt	54,200	56,068.55	Debt	13,800
IDBI Bank Ltd.	FD	Nil	64,582.69	FD	Nil

The above investments have been made after considering the attractive valuations of these scrips. The scrips belong to sectors where the Fund recognises an immense growth potential, in the near future.

- Redemption amount of Rs. 1,74,397.00 has remained unclaimed by 8 unitholders as on March 31, 2003. Dividend amount of Rs.1778793 has remained unclaimed as on March 31, 2003.
- There is no item of expenditure, which accounts for more than 10% of the total expenditure.
- Movement in Unit Capital:

	2002-2003		2001-2002	
	Number of Units	Rupees	Number of Units	Rupees
Initial Subscription/Opening Units	51,73,275	5,17,32,759	52,41,103	5,24,11,034
Units issued during the year	22,827,865	22,827,865	4,88,606	48,86,063
Units repurchased during the year	(20,205,216)	20,205,215	(5,56,434)	(55,64,338)
Closing Units at the end of the year	7,795,925	7,795,925	51,73,275	5,17,32,759

- None of the Unit Holders, hold more than 25% of the NAV of the Scheme as on March 31, 2003.
- Other liabilities includes Rs. 1.94 crs. towards inter scheme dues, which has been paid subsequently.
- The figures of the previous period have been regrouped/rearranged, wherever necessary.
- On written request, present and prospective unit holders/investors can obtain copy of the Trust Deed, the Annual Report (at a price) and the text of the relevant scheme.
- The unitholders, if they so desire, may request for the annual report of Reliance Capital Asset Management Limited.

For and on behalf of  
**Reliance Capital Asset Management Limited**

For and on behalf of  
**Reliance Capital Trustee Co. Limited**

**D.J. Kapadia**  
Director

**Vinod M. Ambani**  
Director

**Shailesh Vaidya**  
Director

**Dr. A.C. Shah**  
Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**K.Rajagopal**  
Chief Investment Officer

**Kunj Bansal**  
Fund Manager

**Sandeep Bagla**  
Fund Manager

Mumbai  
Date: 29th September, 2003

**RELIANCE GROWTH FUND**  
**HOLDING STATEMENT AS ON MARCH 31, 2003**

<i>Name of the Instrument</i>	<i>Industry</i>	<i>Quantity</i>	<i>Market value (Rs. in lacs)</i>	<i>% of NAV</i>
<b>EQUITY &amp; EQUITY RELATED -</b>				
<b>(a) Listed/ awaiting listing on the stock exchanges</b>				
Digital Globalsoft Ltd	IT Consulting & Services	25,000	150.48	7.17
Hindustan Petrochemical Corporation Limited	Oil & Gas	50,000	147.18	7.02
Asea Brown Boveri Ltd	Electrical Equipment	43,638	125.63	5.99
Jindal Steel and Power Ltd	Metals & Mining	37,067	118.87	5.67
Jammu & Kashmir Bank Ltd	Banks	100,000	113.95	5.43
Tata Engineering & Locomotive Co. Ltd	Automobiles	68,054	105.93	5.05
IPCA Laboratories Ltd	Pharmaceuticals	62,876	103.30	4.92
Reliance Industries Limited	Chemicals	29,545	81.68	3.89
State Bank Of India	Banks	30,000	80.97	3.86
United Phosphorus Ltd	Chemicals	50,000	66.50	3.17
Glaxosmithkline Pharmaceuticals Ltd	Pharmaceuticals	22,314	65.15	3.11
Lupin Limited	Pharmaceuticals	50,000	62.65	2.99
Zee Telefilms Ltd	Media	100,000	62.50	2.98
Polyplex Corporation Ltd	Containers & Packaging	175,000	60.37	2.88
Mastek Ltd	IT Consulting & Services	10,000	51.06	2.43
Punjab National Bank	Banks	50,000	50.93	2.43
Industrial Development Bank of India	Diversified Financials	300,000	49.65	2.37
Tata Honeywell Limited	Electrical Equipment	20,702	49.32	2.35
Bongaigaon Refinery & Petrochemicals Ltd	Oil & Gas	340,056	47.78	2.28
Divi Laboratories	Pharmaceuticals	19,650	43.16	2.06
Canara Bank	Banks	60,000	42.72	2.04
Tata Iron & Steel Co Ltd	Metals & Mining	30,000	40.13	1.90
ETC Networks Ltd	Media	97,991	36.55	1.74
E Serve International Ltd	IT Consulting & Services	8,000	36.45	1.74
Shaw Wallace & Co. Ltd	Beverages	110,000	29.37	1.40
Tata Telecom Limited	Communications Equipment	27,481	26.30	1.25
Bajaj Auto Limited	Automobiles	5,000	23.98	1.14
Pantaloon Retail (India) Limited	Textiles & Apparels	37,891	16.69	0.80
Hexaware Technologies Ltd	IT Consulting & Services	592	0.66	0.03
Merck Ltd	Pharmaceuticals	200	0.46	0.02
Aptech Limited	Commercial Services & Supplies	888	0.22	0.01
L M L Limited	Automobiles	1,100	0.30	0.01
Reliance Capital Limited	Diversified Financials	100	0.05	#
	<b>TOTAL</b>	<b>1,963,145</b>	<b>1,890.94</b>	<b>90.15</b>
<b>(b) Unlisted</b>				
Globysyn Technologies Ltd ** ^	IT Consulting & Services	200,000	0.00	#
	<b>TOTAL</b>	<b>200,000</b>	<b>0.00</b>	<b>#</b>

(Contd...)

**HOLDING STATEMENT AS ON MARCH 31, 2003**

<i>Name of the Instrument</i>	<i>Industry</i>	<i>Quantity</i>	<i>Market value (Rs. in lacs)</i>	<i>% of NAV</i>
<b>DEBT INSTRUMENT -</b>				
<b>(a) Listed/ awaiting listing on the stock exchanges</b>				
14.50% NALCO NCD ** @ AAA	Metals & Mining	450	3.34	0.16
<b>TOTAL</b>		<b>450</b>	<b>3.34</b>	<b>0.16</b>
<b>(b) Unlisted</b>				
		NIL	NIL	NIL
<b>GRAND TOTAL</b>		<b>2,163,595</b>	<b>1,894.28</b>	<b>90.31</b>
<b>CALL PLACEMENTS</b>				
Call Deposits			314.00	14.97
<b>OTHER ASSETS</b>				
			(110.79)	(5.28)
<b>NET ASSET VALUE</b>				
			<b>2,097.49</b>	<b>100.00</b>

\*\* Non-traded securities

# %age to NAV of securities which are less than 0.01 of NAV.

^ Fair Value as determined in good faith by Reliance Capital Asset Management Limited in accordance with SEBI guidelines.

@ Privately Placed Securities.

Note :

The Portfolio Turnover of Reliance Growth Fund is 18.85%

**PERFORMANCE AS COMPARED TO THE BENCHMARK INDICES.**

<b>Schemes / Benchmark Indices</b>	<b>Simple Annualised Returns</b>	<b>Compounded Annualised Returns</b>		
	<b>Last 1 year (%)</b>	<b>Last 3 year (%)</b>	<b>Last 5 year (%)</b>	<b>Since Inception</b>
Reliance Growth Fund (Growth Plan)	15.4251	(10.4419)	16.4338	14.8996
BSE -100	(13.6614)	(19.7354)	(2.42)	-
S & P CNX Nifty	(14.1498)	(13.8228)	(2.6157)	-

\*April 1, 2002 being a non-transaction day the NAV of the immediately following transaction day has been considered.

Note: Date of launch and Date of allotment of the Scheme was September 25, 1995 and November 10, 1995 respectively.



**HISTORICAL PER UNIT STATISTICS**

<b>Per Unit Particulars (Rupees)</b>	<b>Reliance Growth Fund</b>			
	<b>As on March 31, 2003</b>	<b>As on March 31, 2002</b>	<b>As on March 31, 2001</b>	<b>As on March 31, 2000</b>
<b>Face Value</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b>Net Asset Value</b>				
Growth Plan	28.28	23.75	19.41	39.37
Dividend Plan	19.25	17.58	14.37	29.54
Growth Plan - Bonus option	28.28	-	-	-
<b>Income</b>				
Other than profit on sale of investment	0.80			
From profit on inter-scheme sales/transfer of investments	8.85	0.82	3.52	0.64
From profit on sale of investment to third party	9.69	-	0.01	-
		5.41	15.11	14.67
<b>Gross Income</b>	<b>9.65</b>	<b>6.23</b>	<b>18.64</b>	<b>15.31</b>
<b>Expenses &amp; Losses</b>				
Aggregate of expenses, write-off, amortisation and charges	0.65			
Loss on sale/redemption of Investments	3.22	0.48	1.33	0.49
Provision for depreciation in value of investments	3.61	6.28	47.48	1.63
Provision for Loss on Securities	0.01	0.67	4.73	-
<b>Gross Expenditure</b>	<b>7.49</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<b>6.96</b>	<b>53.54</b>	<b>2.12</b>
<b>Net Income</b>	<b>2.16</b>	<b>(0.73)</b>	<b>(34.90)</b>	<b>13.19</b>
Unrealised appreciation in value of investments	-	-	-	5.64
Unprovided depreciation in value of investments	-	-	-	-
Ratio of expenses to average net assets	2.50	1.97	1.99	1.93
Ratio of gross income to average net assets	24.75	32.81	27.55	82.47
<b>Repurchase /Reissue Price</b>				
<b>Highest</b>				
Growth Plan	31.83	24.27	39.37	NA
Dividend Plan	23.55	17.96	29.54	NA
Growth Plan - Bonus Option	31.83	-	-	-
<b>Lowest</b>				
Growth Plan	24.52	16.13	19.06	NA
Dividend Plan	18.15	11.95	14.12	NA
Growth Plan - Bonus Option	24.52	-	-	-
Trading Price				
Highest	NA	NA	NA	17.00
Lowest	NA	NA	NA	9.25
Price Earning Ratio				
Highest	NA	NA	NA	NA
Lowest	NA	NA	NA	NA

## **STATEMENT OF BOARD OF DIRECTORS OF RELIANCE CAPITAL TRUSTEE CO. LIMITED**

- a) The liabilities and responsibility of the Trustee are in accordance with the SEBI (Mutual Funds) Regulations, 1996, Trust deed and the offer documents of the scheme. The liability of the sponsor/settlor is limited to the initial contribution of Rs. 100,000/- towards the setting up of Reliance Capital Mutual Fund.
- b) The investment objective of Reliance Growth Fund is to achieve long term growth of capital through a research-based investment approach.
- c) Reliance Growth Fund is an open-end growth scheme and aims primarily at capital appreciation. The major components of the portfolio are Equity (Including other equity- related instruments), Debt and other Money Market Instruments.
- d) Investment policies of the Funds reflect restrictions for Mutual Fund investments established by SEBI.

Avenues for investment are identified on the following criteria:

1. Sound Management
  2. Good track record of the Company
  3. Potential for future growth
  4. Industry scenario
  5. Liquidity of the stock
  6. Any other in the opinion of RCAM
- e) All investments in Mutual Funds are subject to market risks and the NAV, price and redemption value of the units and income from them, can go up as well as down with the fluctuations in the market value of its underlying investments. There can be no assurance that the Fund's objective will be achieved. Past performance is not necessarily indicative of future results and may not necessarily provide a basis for comparison with other investments.
  - f) The Scheme has declared and paid dividend on a face value of Rs. 10/- @ 20% in February, 2003 to the unitholders in the Dividend Plan.

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**Sponsor** : Reliance Capital Limited

**Trustee** : Reliance Capital Trustee Co. Limited

**Investment Manager** : Reliance Capital Asset Management Limited

**Statutory Details** : The Sponsor, the Trustee and the Investment Manager are incorporated under the Companies Act, 1956.

**Risk Factors** : All securities and investments are subject to market risks and there is no assurance and no guarantee that the Scheme's objectives will be achieved. As with investments in any securities, the NAVs of the units issued under the Scheme can go up or down depending on the factors and forces affecting the securities market. Reliance Growth Fund is only the name of the Scheme and do not in any manner indicate either the quality of the Scheme, its future prospects or returns. Past performance of the Sponsor or its group affiliation is not indicative of future performance of the Scheme. The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond their initial contribution of Rs.1 lac towards the setting up of the Mutual Fund. The Mutual Fund is not guaranteeing or assuring any dividends/ bonus. The Mutual Fund is also not assuring that it will make periodical dividend/ bonus distributions, though it has every intention of doing so. All dividend/ bonus distributions are subject to the availability of distributable surplus in the Scheme. The liquidity of the Scheme's investments may be inherently restricted by trading volumes, settlement periods and transfer procedures. Scheme specific risk factors have been mentioned in the Offer Document.

**Please read the offer document before investing.**



## **AUDITORS' REPORT**

**To  
The Board of Directors of  
Reliance Capital Trustee Co. Limited**

We have audited the attached Balance Sheet of the Scheme '**Reliance Income Fund**' (the "Scheme") **of Reliance Capital Mutual Fund** as at 31st March, 2003 and the Revenue Account of the Scheme for the year ended 31st March, 2003 and report thereon as follows:

- a) The Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. These financial statements are the responsibility of the Managements of the Trustee and the Asset Management Companies.
- b) Our audit was conducted in accordance with the generally accepted auditing standards 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 presentation of the Financial Statements. We believe that our audit provides a reasonable basis for our opinion.
- c) 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.
- d) The Balance Sheet and the Revenue Account dealt with by this report are in agreement with the books of account of the Scheme.
- e) Non-traded securities have been valued in accordance with the guidelines notified by the Securities and Exchange Board of India. In our opinion, these valuations are fair and reasonable.
- f) 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 Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and subject to Note No. C(3) and C(4) regarding basis of calculation of Net Asset Value and non reconciliation of bank accounts, 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 Scheme as at 31st March,2003 and
  - (ii) in the case of the Revenue Account, of the Surplus of the Scheme for the year ended 31st March,2003

For **HARIBHAKTI & CO.**  
Chartered Accountants

**CHETAN DESAI**  
Partner

Place : Mumbai  
Date : 29th September, 2003

**BALANCE SHEET**  
AS AT 31st MARCH, 2003

	Schedule	31st March, 2003 Amount (Rs.)	31st March, 2002 Amount (Rs.)
<b>LIABILITIES</b>			
Unit Capital	A	2,71,05,79,665	2,99,71,46,008
Reserves and Surplus	B	1,69,18,20,953	1,42,10,59,754
Current Liabilities and Provisions	C	1,16,35,65,725	1,13,33,86,101
<b>Total</b>		<b>5,56,59,66,343</b>	<b>5,55,15,91,863</b>
<b>ASSETS</b>			
Investments	D	4,60,90,51,940	4,22,10,28,840
Deposits	E	79,20,85,000	2,17,00,000
Other Current Assets	F	16,48,29,403	1,30,88,63,023
<b>Total</b>		<b>5,56,59,66,343</b>	<b>5,55,15,91,863</b>
Notes forming part of Accounts	G		

**REVENUE ACCOUNT**  
FOR THE YEAR ENDED 31st MARCH, 2003

	Schedule	31st March, 2003 Amount (Rs.)	31st March, 2002 Amount (Rs.)
<b>INCOME</b>			
Interest		46,64,96,175	41,43,13,767
Profit on sale of Investments (Other than inter-scheme transfer/sale)		37,34,25,433	32,19,08,596
Profit on sale of Inter scheme Investments		3,88,20,518	
Unrealised appreciation in the value of Investments		7,52,96,851	4,98,43,317
Other Income (Net)		62,19,542	76,821
<b>Total</b>		<b>96,02,58,519</b>	<b>78,61,42,501</b>
<b>EXPENSES AND LOSSES</b>			
Loss on interscheme sale		64,09,981	
Loss on Sale of Investments (Other than inter-scheme transfers/sale)		20,67,70,496	2,72,69,198
Management Fees		5,74,31,687	4,31,20,029
Trusteeship Fees		1,76,697	2,46,872
Custodian Fees		21,41,137	16,06,086
Audit Fees		4,85,609	3,76,365
Registrar & Transfer Agent's fees		22,59,712	18,75,905
Other Operating Expenses		1,44,33,938	72,38,947
Unrealised depreciation in the value of Investments			
<b>Total</b>		<b>29,01,09,256</b>	<b>8,17,33,403</b>
Net Surplus / (Deficit) for the year		<b>67,01,49,263</b>	<b>70,44,09,098</b>

As per our Report of even date

**For Haribhakti & Co.**  
Chartered Accountants

For and on behalf of  
**Reliance Capital Asset Management Limited**

For and on behalf of  
**Reliance Capital Trustee Co. Limited**

**Chetan Desai**  
Partner

**D.J. Kapadia**  
Director

**Vinod M. Ambani**  
Director

**Shailesh Vaidya**  
Director

**Dr. A.C. Shah**  
Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**K.Rajagopal**  
Chief Investment Officer

**Sandeep Bagla**  
Fund Manager

Mumbai  
Date: 29th September 2003

**APPROPRIATION ACCOUNT**  
FOR THE YEAR ENDED 31st MARCH, 2003

Schedule	31st March, 2003 Amount (Rs.)	31st March, 2002 Amount (Rs.)
Net Surplus / (Deficit) brought forward from previous year	1,09,67,84,265	22,47,28,721
Net Surplus / (Deficit) for the year	67,01,49,263	70,44,09,098
Less : Appreciation in the value of Investments for Previous Year	4,98,43,317	1,33,79,858
<b>TOTAL</b>	<b>1,71,70,90,211</b>	<b>91,57,57,961</b>
<b>Net Available Surplus/(Deficit)</b>	1,71,70,90,211	91,57,57,961
Add : Transferred from Equalisation Account	(29,66,67,898)	32,87,27,940
Less:- Transferred to Unit Premium Reserve		
Less : Dividend distributed	3,90,57,135	13,37,36,472
Tax on Dividend distributed		1,39,65,164
<b>Net Surplus/(Deficit) carried forward</b>	<b>1,38,13,65,178</b>	<b>1,09,67,84,265</b>

Notes forming parts of Accounts

G

As per our Report of even date

**For Haribhakti & Co.** For and on behalf of  
Chartered Accountants **Reliance Capital Asset Management Limited** For and on behalf of  
**Reliance Capital Trustee Co. Limited**

**Chetan Desai** **D.J. Kapadia** **Vinod M. Ambani**  
Partner Director Director

**Shailesh Vaidya** **Dr. A.C. Shah**  
Director Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**K.Rajagopal**  
Chief Investment Officer

**Sandeep Bagla**  
Fund Manager

Mumbai  
Date: 29th September, 2003

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2003**

	31st March, 2003 Amount (Rs.)	31st March, 2002 Amount (Rs.)
<b>SCHEDULE 'A' UNIT CAPITAL</b> (Face Value of Rs. 10 Each)		
Unit Capital (Opening Balance)	29,97,14,601	16,37,97,223
Add : Subscription during the period	84,52,59,301	52,79,38,373
Less : Redemption during the period	87,39,15,936	39,20,20,995
Unit Capital (Closing Balance)	27,10,57,966	29,97,14,601
	<b>Amount (Rs.)</b>	<b>Amount (Rs.)</b>
<b>SCHEDULE 'B' RESERVES AND SURPLUS</b>		
<b>Unit Premium</b>		
Opening Balance	32,42,75,489	30,13,77,688
Add : Additions during the period	5,76,00,74,302	6,37,99,27,111
Less : Deduction during the period	6,07,05,61,914	6,02,83,01,370
Transferred to Equalisation Account	(29,66,67,898)	32,87,27,940
Add:- Transferred from Revenue Account		
<b>Closing Balance</b>	<b>31,04,55,775</b>	<b>32,42,75,489</b>
<b>Equalisation Account</b>		
Transferred from Unit Premium Reserve	(29,66,67,898)	32,87,27,940
Less: Transferred to Revenue Account	(29,66,67,898)	32,87,27,940
Closing Balance	-	-
<b>Appropriation Account</b>		
Surplus/Deficit carried forward	1,38,13,65,178	1,09,67,84,265
Total Reserves & Surplus	<b>1,69,18,20,953</b>	<b>1,42,10,59,754</b>

**SCHEDULES FORMING PART OF THE  
BALANCE SHEET AS AT 31st MARCH, 2003**

	Amount (Rs.)	Amount (Rs.)
<b>SCHEDULE 'C'</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Sundry Creditors	26408576	95,63,69,601
Unit capital pending allotment	74,26,91,983	
Load charges payable	26,77,466	1,88,381
Other liability	2,79,862	2,19,453
Overdrawn bank balance as per books		17,72,074
Purchase contract outstanding	39,30,74,250	17,48,20,889
Unclaimed Redemption Payable	3,74,314	15,703
<b>Total</b>	<b><u>1,16,35,65,725</u></b>	<b><u>1,13,33,86,101</u></b>
<b>SCHEDULE 'D'</b>		
<b>INVESTMENTS</b>		
Government Securities	2,37,96,00,000	1,47,69,11,231
Privately Placed Debentures/ Bonds	1,18,65,60,137	20,00,44,453
Debentures and Bonds listed/ awaiting listing on recognised Stock Exchange	11,18,62,427	1,20,39,75,297
Commercial paper		29,60,59,462
Others	93,10,29,376	1,04,40,38,398
<b>Total</b>	<b><u>4,60,90,51,940</u></b>	<b><u>4,22,10,28,840</u></b>
<b>SCHEDULE 'E'</b>		
<b>DEPOSITS</b>		
Call Deposits with Scheduled Banks	30,00,85,000	2,17,00,000
Bank Deposits	45,00,00,000	
Margin Money Deposit for CCIL	4,20,00,000	
<b>Total</b>	<b><u>79,20,85,000</u></b>	<b><u>2,17,00,000</u></b>
<b>SCHEDULE 'F'</b>		
<b>OTHER CURRENT ASSETS</b>		
Balances with Banks in Current Account, including cheques on hand	2,76,82,968	4,29,29,611
Bank Reconciliation adjustment account		41,29,07,996
Sale contract outstanding		11,06,22,850
Outstanding and Accrued Income	11,18,57,030	15,21,29,101
Other receivables	2,13,16,906	59,02,73,463
<b>Total</b>	<b><u>16,48,29,403</u></b>	<b><u>1,30,88,63,023</u></b>

**Schedule G**

**NOTES FORMING PART OF ACCOUNTS**

**A. ORGANISATION**

Reliance Income Fund an open-ended scheme, was launched on 20th December 1997. Reliance Capital Trustee Co. Limited (RCTC) is the Trustee for Reliance Capital Mutual Fund (RCMF) appointed vide Trust Deed dated 25th April 1995. Reliance Capital Asset Management Limited (RCAM) is the Investment Manager.

The Scheme offers two plans namely, Growth Plan for investors seeking long-term growth of capital and Dividend Plan for investors seeking regular income. Dividend plan further has the following options viz. Monthly Dividend Plan, Quarterly Dividend Plan, Half Yearly Dividend Plan and Annual Dividend Plan. Under Growth Plan Bonus plan was introduced in December 2002. The investment objective of the Scheme is to generate optimal returns consistent with moderate levels of risk by investing in Debt & Money Market Instruments.

**B. SIGNIFICANT ACCOUNTING POLICIES**

**1. REVENUE RECOGNITION**

- Profit/loss on sale of investments is accounted for in the year in which the contract for sale is entered into. The cost is calculated on the basis of weighted average cost of investment.
- Unrealised appreciation or depreciation in the value of investments/other assets, if any, form part of the Revenue Account.
- In respect of interest bearing investments including those purchased on a Reverse Repo basis, interest income is accrued daily.
- Income other than above and of miscellaneous nature is accounted, as and when realised.
- All major expenses are accounted for on accrual basis, while other expenses are accounted for when paid

**2. EQUALISATION ACCOUNT**

The purpose of Equalisation Account is to maintain per unit distributable surplus so that continuing unitholders' share of distributable surplus remains unchanged on issue or redemption of units. The total distributable surplus (without considering unrealised appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalisation Account. The net balance in this account is transferred to the Revenue Account at the end of the year.

**3. INVESTMENTS**

- Investments are accounted on the trade date. In case of interest bearing securities though investments are accounted on the trade date, interest accrues from the settlement date. However, the effect of all investments traded during the financial year is recorded and reflected in the financial statements for that year. The cost of investments includes cost of acquisition, brokerage and stamp duty, if any.
- Rights /Bonus entitlements, if any, are accounted on ex-right /ex-bonus date the principal stock exchange.

**4. VALUATION OF INVESTMENTS**

Traded Securities :

- All traded securities are valued at the closing market price

of the principal stock exchange (BSE) on the last trading day of the financial year. Where it is not traded on any stock exchange on the last trading day of the financial year, the value at which it was traded on the selected stock exchange or any other stock exchange, as the case may be, on the earliest previous day prior to valuation date have been used provided such date is not more than thirty days prior to the valuation date for equity shares and fifteen days for debt securities. (Note: thirty days for the period upto February 19, 2002 for debt securities.)

2. Thinly-traded and Non-traded securities :

Non-traded / thinly traded equity securities including those not traded within thirty days and non-traded/ thinly traded debt securities including those not traded within fifteen days (thirty days for the period upto February 19, 2002) are valued at fair value as per the procedure determined by the Investment Committee in accordance with the guidelines for valuation of securities laid down by SEBI vide its circular dated September 18, 2000 as amended upto date.

3. Government securities are valued at prices obtained from CRISIL in accordance with the guidelines by SEBI.
4. Investments in call money, commercial papers bills purchased under re- discounting scheme and term deposits with banks are valued at cost plus accruals.
5. Appreciation / Depreciation, as the case may be, in the value of the securities at the year-end has been computed for the scheme, whereby the aggregate market value taken together is compared with the average cost of acquisition. Such net balance is charged to Revenue Account.
6. Securities purchased on Reverse Repo basis are valued at a rate which appreciates/depreciates the security to the extent that the cumulative yield on such security equals the Repo rate.
7. There were no investments recognised as Non-performing Assets (NPAs), as on March 31, 2003. An investment is regarded as non-performing, if the interest and/or principal amount has not been received or remains outstanding for one quarter from the day such income or installment has fallen due.
8. The above policies are followed as and when applicable.

**C. NOTES ON ACCOUNTS:**

1. The scheme has growth and dividend plans. A combined Balance Sheet and Revenue Account is prepared for the Scheme.
2. Other Income comprises excess provision for expenses of previous years written back.
3. Reconciliation of certain subscription and redemption interse between accounts maintained with certain banks is pending and the said difference has been reflected in the bank reconciliation statement. However the subscriptions and redemptions have been matched with the registrars record and the bank statement on daily basis and therefore there is no impact on the NAV calculations.
4. Outstanding and Accrued Income includes Rs 39.72 lacs which is subject to reconciliation, which is not expected to have any material impact on NAV as on 31/03/03.
5. Other receivables includes Rs 1.94 Crores towards interscheme dues , which has been realised subsequently.

6. Net Asset Value (NAV) per unit on 31st March, 2003 of Growth Plan is Rs.18.7155 (Previous Year Rs 16.8010), Annual Dividend Plan is Rs.10.6546 (Previous Year Rs. 10.2155), Monthly Dividend Plan is Rs.10.8919 (Previous Year Rs.10.5418), Quarterly Dividend Plan is Rs.10.9160 (Previous Year Rs.10.5794), Half Yearly Dividend Plan is Rs.10.8675 (Previous Year Rs.10.5655) and Bonus Plan Rs. 11.0192 (Previous Year NA )

7. Investment Management Fees has been computed on the basis of average weekly net assets of the Scheme accrued on a daily basis.

Computation of Management Fees:

Average Daily Net Assets = Rs. 54,931.70 lacs

Management Fee actually charged = Rs. 574.32 lacs\*

Management Fee actually charged = Rs. 431.20 lacs

\*As per Offer Document

8. Contracts for purchase of securities pending deliveries, as on March 31, 2003 are as follows:

No	Security	Quantity	Amount
1	7.40% GOI 03/05/2012	30,00,000	33,49,00,000
2	8.07% GOI 15/01/2017	5,00,000	5,81,74,250

9. Investment in Group Companies during the year ended March 31, 2003 was NIL

10. Holding in Group Companies as on March 31, 2003 is as follows:

(Rs. in lacs)

Scheme	Reliance Industries Limited		Reliance Petroleum Limited		Reliance Capital Limited		Total Cost
	Quantity	Cost	Quantity	Cost	Quantity	Cost	
Reliance Income Fund	NIL	NIL	NIL	NIL	NIL	NIL	
Total for other Schemes	109,548	312.38	200	0.08	700	0.51	312.97

The aggregate market value as on March 31, 2003 of the group-company holding as mentioned above was Rs. 303.27 lacs.

11. During the year ended March 31, 2003 the total Purchases of investments were Rs. 4,57,090.30 lacs and Sale of Investments (excluding redemptions) were Rs. 4,59,201.74 lacs which are 832.11 % and 835.95 % of the avg. weekly net assets, respectively.
12. Percentage of Income to Average Weekly Net Assets is 17.50% (including unrealised appreciation) (Previous Year 17.37%) and Percentage of Expenses to Average Weekly Net Assets is 1.40 % (Previous Year 1.29%).
13. We have utilised the services of the Asset Management Company to the extend of 3.23% of total business done to the brokers for Reliance Income Fund during the year ended March 31, 2003.
14. Disclosure under Regulation 25(11) of SEBI (Mutual Funds) Regulations, 1996 is as follows:  
Investments made by the Schemes of Reliance Capital Mutual Fund in the companies that have invested more than 5% of the Net Assets of any Scheme.



(Rs. in lacs)

Name of the Company	Investment during the year			Holding as on 31st March, 2003		
	Type of Security	Quantity	(At Cost) Rs. in lacs	Type of Security	Quantity	(At Market Value)
<b>Reliance Income Fund</b>						
Ashok Leyland Finance Ltd.	Debt	5	500.00	-	-	-
HDFC Ltd.	Debt	1045	10,738.21	Debt	250	2,524.68
HDFC Bank	Debt	-	-	Debt	10	1,110.06
IDBI	Debt	200	2,142.62	-	-	-
ICICI Bank	Debt	300	292.82	-	-	-
ICICI Bank	FD	2,000,000	2,000.84	FD	2,000,000	2,000.00
Indian Aluminium Co. Ltd.	Debt	10	1,000.00	-	-	-
ICICI Securities & Finance Co.Ltd.	Debt	15	1,524.51	-	-	-
Larsen & Toubro Ltd.	Debt	15	1,500.00	-	-	-
LIC Housing Finance	Debt	50	5,121.49	Debt	10	1,027.90
Punjab National Bank	Debt	100	1,113.63	-	-	-
UTI Bank Ltd.	Debt	100	500.71	Debt	100	530.2
UTI Bank Ltd.	FD	2,500,000	2,501.04	FD	2,500,000	2,500.00
<b>Reliance Monthly Income Plan</b>						
Ashok Leyland Finance Ltd.	Debt	19	1,871.44	Debt	9	582.18
HDFC Ltd.	Debt	540	5,336.11	Debt	50	531.60
IDBI	Debt	8,500	8,713.48	-	-	-
ICICI Bank	Debt	22,196	1,733.62	Debt	1,996	388.33
ICICI Securities & Finance Co.Ltd.	Debt	10	1,029.08	-	-	-
LIC Housing Finance	Debt	5	526.73	Debt	0	0
<b>Reliance Short Term Fund</b>						
HDFC Ltd.	Debt	50	494.21	-	-	-
ICICI Securities & Finance Co.Ltd.	Debt	25	2,575.47	-	-	-
ICICI Bank	FD	1,000,000	1,000.42	FD	1,000,000	1,000.00
ICICI Bank	Debt	20	1,890.40	Debt	20	1,751.60
ICICI Bank	CD	2,500	2,356.68	CD	2,500	2,383.65
IDBI Bank Ltd	FD	2,500,000	2,500.00	-	-	-
Industrial Development Bank of India	Debt	11,000	11,371.40	-	-	-
Indian Aluminium Co. Ltd.	Debt	15	1,500.00	-	-	-
Larsen & Toubro Ltd.	Debt	10	1,000.00	-	-	-
UTI Bank Ltd.	FD	6,510,000	6,510.83	FD	2,000,000	2,000.00
UTI Bank Ltd.	CD	2,500	2,346.23	CD	2,500	2,383.50
<b>Reliance Vision Fund</b>						
Bajaj Auto Ltd.	Equity	58,100	264.09	Equity	33,100	158.76
Hero Honda Motors Ltd.	Equity	50,000	109.76	Equity	Nil	Nil
IDBI	Equity	500,000	108.71	Equity	Nil	Nil
Larsen & Toubro	Equity	50,000	89.37	Equity	Nil	Nil
Punjab National Bank	Equity	548,773	340.89	Equity	264,028	246.77
Reliance Industries Ltd.	Equity	130,003	366.86	Equity	80,003	221.17
Union Bank of India	Equity	115,000	18.40	Equity	Nil	Nil
Wipro Ltd.	Equity	2,000	32.31	Equity	Nil	Nil
<b>Reliance Growth Fund</b>						
Bajaj Auto Ltd.	Equity	47,838	223.21	Equity	5,000	23.98
Hero Honda Motors Ltd.	Equity	45,000	119.74	Equity	Nil	Nil
ICICI Bank Ltd.	Equity	120,708	99.06	Equity	Nil	Nil
IDBI	Equity	300,000	70.42	Equity	300,000	49.65
Larsen & Toubro Ltd.	Equity	50,000	89.58	Equity	Nil	Nil
Punjab National Bank	Equity	317,100	144.03	Equity	50,000	50.93
Reliance Industries Ltd.	Equity	29,545	83.85	Equity	29,545	81.68
Union Bank of India	Equity	807,500	156.15	Equity	Nil	Nil
Wipro Ltd.	Equity	8,000	131.79	Equity	Nil	Nil
<b>Reliance Liquid Fund</b>						
HDFC Bank	FD	-	130,600.00	FD	-	8,500.00
ICICI Bank	CD	200,000,000	1,995.71	CD	Nil	Nil
ICICI Bank	Debt	9,222,250	30,073.71	Debt	200,010	702.37
ICICI Bank	FD	-	135,320.29	FD	-	17,000.00
IPCL	Debt	3,000,000	2,946.89	Debt	Nil	Nil
Larsen & Toubro	Debt	20,500,536	25,890.57	Debt	Nil	Nil
HDFC Ltd.	Debt	20,503,970	58,581.53	Debt	5,000,000	4,889.57
IDBI	Debt	54,200	56,068.55	Debt	13,800	13,933.06
IDBI Bank Ltd.	FD	-	64,582.69	FD	-	10,000

The above investments have been made after considering the attractive valuations of these scrips. The scrips belong to sectors where the Fund recognises an immense growth potential, in the near future.

15. Unclaimed Redemption amounts to Rs.66,122.77 has remained unclaimed by 4 unitholders and unclaimed dividend amount of Rs.3,08,191.00 has remained unclaimed by 242 unitholders as on March 31, 2003.
16. Management Fees and Advertisement & Publicity expense are in excess of 10% of the total expenditure.
17. The Scheme has declared and paid Dividends @ 8.062% (annualised) in the Monthly Dividend Plan, @ 8.29% (annualised) in Quarterly Dividend Plan, @ 8.548% (annualised) in Half Yearly Dividend Plan and @ 7.24% (annualised) in Annual Dividend Plan for the year ended 31st March, 2003 which is in line with the limit under SEBI Regulations.
18. Movement in Unit Capital :

	2002-2003		2001-2002	
	Number of Units	Rupees	Number of Units	Rupees
Initial Subscription/Opening Units	29,97,14,601	2,99,71,46,008	16,37,97,223	1,63,79,72,232
Units issued during the year	84,52,59,301	8,45,25,93,013	52,79,38,373	5,27,93,83,731
Units repurchased during the year	(87,39,15,936)	(8,73,91,59,357)	(39,20,20,995)	(3,92,02,09,955)
Closing Units at the end of the year	27,10,57,966	2,71,05,79,665	29,97,14,601	2,99,71,46,008

19. The figures of the previous period have been regrouped/rearranged, wherever necessary.
20. On written request, present and prospective unit holders/investors can obtain copy of the Trust Deed, the Annual Report at a price, and the text of the relevant scheme.
21. The unitholders, if they so desire, may request for the annual report of Reliance Capital Asset Management Limited.

For and on behalf of  
**Reliance Capital Asset Management Limited**

For and on behalf of  
**Reliance Capital Trustee Co. Limited**

**D.J. Kapadia**  
Director

**Vinod M. Ambani**  
Director

**Shailesh Vaidya**  
Director

**Dr. A.C. Shah**  
Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**K.Rajagopal**  
Chief Investment Officer

**Sandeep Bagla**  
Fund Manager

Mumbai  
Date: 29th September, 2003

**RELIANCE INCOME FUND**  
**HOLDING STATEMENT AS ON MARCH 31, 2003**

<b>Name of the Instrument</b>	<b>Rating</b>	<b>Quantity</b>	<b>Market value (Rs. in lacs)</b>	<b>% of NAV</b>
<b>EQUITY &amp; EQUITY RELATED INSTRUMENTS</b>		NIL	NIL	NIL
<b>DEBT INSTRUMENTS</b>				
<b>Bonds / Debentures</b>				
<b>(a) Listed / Awaiting listing on the stock exchanges</b>				
9.25% Indian Railway Finance Corp. **	AAA	250	2,697.23	6.14
7.05% Housing Development Finance **	AAA	250	2,524.68	5.75
14.25% India Infrastructure Development Ltd **	AA (SO)	50	1,891.88	4.31
9.25% Power Finance Corporation Ltd. **	AAA	1,000	1,118.75	2.55
8.95% Exim Bank Of India	AAA	10	1,066.38	2.43
7.80% LIC Housing Finance Ltd. **	AAA	10	1,027.90	2.34
10.00% Sterlite Industries Ltd. **	AA-	2,583,655	263.13	0.60
<b>TOTAL</b>		<b>2,585,225</b>	<b>10,589.95</b>	<b>24.12</b>
<b>(b) Unlisted</b>				
9.52% GE Capital Service Ltd. ** @	AAA	215	2,354.38	5.36
8.20% Citicorp Finance Ltd. **	AAA	1500	1,547.21	3.52
10.25% Associates India Finance ** @	AAA	1,021	1,137.66	2.59
11.22%Hindalco Industries Ltd **	AAA	10	1,118.62	2.55
11.00% HDFC Bank Bonds **	UNRATED	10	1,110.07	2.53
9.80% UTI Bank Ltd. **	UNRATED	100	530.21	1.21
<b>TOTAL</b>		<b>2,856</b>	<b>7,798.15</b>	<b>17.76</b>
<b>PASS THROUGH CERTIFICATES (Securitised Debt)</b>				
<b>(a) Listed / Awaiting listing on the stock exchanges</b>		NIL	NIL	NIL
<b>(b) Unlisted</b>				
Loan Securitisation Trust Series-XII (NTPC) ** @	LAAA(SO)	15	1,727.04	3.94
Loan Receivable Trust Series-II **	AA+ (SO)	10	986.97	2.25
Loan Securitisation Trust Series 3 (NTPC) ** @	AAA (SO)	5	633.33	1.44
Peoples Financial Services - CFIL Dec 2001(Citicorp Finance) **	AAA (SO)	9	559.08	1.27
<b>TOTAL</b>		<b>39</b>	<b>3,906.42</b>	<b>8.90</b>
<b>GOVERNMENT SECURITIES</b>				
8.07% GS 2017 **	Sovereign	5,000,000	5,747.50	13.09
11.99% GS 2009 **	Sovereign	3,000,000	3,876.00	8.83
6.96% GS OIL Companies Bonds	Sovereign	3,500,000	3,578.75	8.15
7.40% GS 2012 **	Sovereign	3,000,000	3,262.50	7.43
9.39% GS 2011 **	Sovereign	2,500,000	3,006.75	6.85
9.81% GS 2013 **	Sovereign	2,000,000	2,553.00	5.81
8.35% GS 2022 **	Sovereign	1,500,000	1,771.50	4.03
<b>TOTAL</b>		<b>20,500,000</b>	<b>23,796.00</b>	<b>54.19</b>

(Contd...)

**HOLDING STATEMENT AS ON MARCH 31, 2003**

<i>Name of the Instrument</i>	<i>Rating</i>	<i>Quantity</i>	<i>Market value (Rs. in lacs)</i>	<i>% of NAV</i>
<b>FIXED DEPOSIT</b>				
7.60% UTI BANK LTD.		2,500,000	2 500.00	5.69
7.75% ICICI BANK LTD.		2,000,000	2 000.00	4.56
<b>TOTAL</b>		<b>4,500,000</b>	<b>4 500.00</b>	<b>10.25</b>
<b>CALL PLACEMENTS</b>				
Call Deposits		-	<b>3 000.85</b>	<b>6.83</b>
<b>OTHER ASSETS</b>				
		-	<b>(9682.25)</b>	<b>(22.05)</b>
<b>NET ASSET VALUE</b>		<b>27,588,120</b>	<b>43 909.12</b>	<b>100.00</b>

\*\* Non-traded Securities

@ Privately Placed securities

Note:

Average Maturity Period for the Scheme as on March 31, 2003 is 7.23 years.

**PERFORMANCE OF THE SCHEME AS COMPARED TO THE BENCHMARK INDEX**

<b>Schemes / Benchmark Indices</b>	<b>Simple Annualised Returns</b>	<b>Compounded Annualised Returns</b>		
	<b>Last 1 year (%)</b>	<b>Last 3 year (%)</b>	<b>Last 5 year (%)</b>	<b>Since Inception</b>
Reliance Income Fund	10.5078	12.5531	12.6063	12.5918
CRISIL Composite Bond Fund Index	10.7737	-	-	-

Note: Date of launch and the date allotment of units of the Scheme was December 20, 1997 and December 31, 1997 respectively.



**HISTORICAL PER UNIT STATISTICS**

<b>Per Unit Particulars (Rupees)</b>		<b>Reliance Income Fund</b>			
		<b>As on March 31, 2003</b>	<b>As on March 31, 2002</b>	<b>As on March 31, 2001</b>	<b>As on March 31, 2000</b>
<b>Face Value</b>		<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b>Net Asset Value</b>					
	Growth Plan	18.6612	16.8480	14.5445	13.0878
	Annual Dividend Plan	10.6237	10.2441	10.1776	10.2094
	Half yearly Dividend Plan	10.8359	10.5950	10.3671	10.1903
	Quarterly Dividend Plan	10.8843	10.6090	10.3655	10.1995
	Monthly Dividend Plan	10.8599	10.5713	10.2405	10.1783
	Growth Plan- Bonus Option	10.9872	-	-	-
<b>Income</b>					
	Other than profit on sale of investment	1.74	1.38	0.90	0.99
	From profit on inter-scheme sales/transfer of investments	0.14	-	-	-
	From profit on sale of investment to third party*	1.38	1.07	0.11	0.12
	<b>Gross Income</b>	<b>3.26</b>	<b>2.45</b>	<b>1.01</b>	<b>1.11</b>
<b>Expenses &amp; Losses</b>					
	Aggregate of expenses, write-off, amortisation and charges	0.28	0.18	0.10	0.11
	Loss on sale/redemption of Investments	0.79	0.09	0.05	0.02
	Provision for depreciation in value of investments	-	-	-	-
	Provision for Loss on Securities	-	-	-	-
	<b>Gross Expenditure</b>	<b>1.07</b>	<b>0.27</b>	<b>0.15</b>	<b>0.13</b>
<b>Net Income</b>		<b>2.19</b>	<b>2.18</b>	<b>0.86</b>	<b>0.98</b>
	Unrealised appreciation in value of investments	0.28	0.17	0.08	0.15
	Unprovided depreciation in value of investments	-	-	-	-
	Ratio of expenses to average net assets	1.40	1.29	1.20	1.26
	Ratio of gross income to average net assets	17.50	17.37	13.45	14.21
<b>Repurchase /Reissue Price</b>					
Highest	Growth Plan	19.0617	16.9168	14.5440	13.1261
	Annual Dividend plan	11.5907	11.8430	11.3210	11.4447
	Half yearly Dividend plan	11.5221	11.4562	10.8918	10.7841
	Quarterly Dividend plan	11.3309	11.2351	10.6144	10.5449
	Monthly Dividend plan	11.2547	11.0048	10.2937	10.3594
	Growth Plan-Bonus Option	11.0872	-	-	-
Lowest	Growth Plan	16.6995	14.5529	13.0954	11.5882
	Annual Dividend plan	10.1542	10.1795	10.1368	10.0882
	Half yearly Dividend plan	10.5020	10.3731	10.1609	10.0824
	Quarterly Dividend plan	10.4332	10.3714	10.1278	10.1417
	Monthly Dividend plan	10.3138	10.2086	10.0628	10.1132
	Growth Plan-Bonus Option	10.7376	-	-	-
Trading Price		NA	NA	NA	NA
	Highest				
	Lowest				
Price Earning Ratio		NA	NA	NA	NA
	Highest				
	Lowest				

\* Profit on sale of Investment to third party is net of loss on sale of investment to third party.

## **STATEMENT OF BOARD OF DIRECTORS OF RELIANCE CAPITAL TRUSTEE CO. LIMITED**

- a) The liabilities and responsibility of the Trustee are in accordance with the SEBI (Mutual Funds) Regulations, 1996, Trust Deed and the offer document of the scheme. The liability of the Sponsor/Settlor is limited to the initial contribution of Rs.100,000/- towards the setting up of Reliance Capital Mutual Fund.
- b. The investment objective of Reliance Income Fund is to generate optimal returns consistent with moderate levels of risk. This income may be complemented by capital appreciation of the portfolio.
- c. Reliance Income Fund is an Income scheme with a medium risk profile. Considering this, funds are normally invested in corporate debt, money market instruments such as treasury bills, government securities, inter-bank call and notice money, Mibor linked corporate papers, commercial papers, usance bills, trade/commercial bills accepted/co-accepted by banks, certificates of deposits and other money market instrument that may be notified by RBI/ SEBI from time to time.
- d. Investment policies of the Funds reflect restrictions for mutual fund investments established by SEBI.  
Investment views/ decisions will be taken on the basis of the following parameters:
  1. Prevailing interest rate scenario
  2. Quality of the Security/Instrument (including Financial Health of the Issuer)
  3. Maturity Profile
  4. Liquidity of the Security
  5. Growth prospects of the Company/ Industry
  6. Risk Profile of the Instrument
  7. Any other in the opinion of the Fund Management Team.
- e. All investments in Mutual Funds are subject to market risks and the NAV, price and redemption value of the units and income from them, can go up as well as down with the fluctuations in the market value of its underlying investments. There can be no assurance that the Fund's objective will be achieved. Past performance is not necessarily indicative of future results and may not necessarily provide a basis for comparison with other investments.
- f. The scheme has distributed dividend on a face value of Rs. 10/- @ 8.062% in Monthly Dividend Plan, @ 8.297% in Quarterly Dividend Plan, @ 8.548% in Half-yearly Dividend Plan and @ 7.240% in Annual Dividend Plan during the year ended March 31, 2003, to the unitholders under the respective Dividend Plan.

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**Sponsor** : Reliance Capital Limited

**Trustee** : Reliance Capital Trustee Co. Limited

**Investment Manager** : Reliance Capital Asset Management Limited

**Statutory Details** : The Sponsor, the Trustee and the Investment Manager are incorporated under the Companies Act, 1956.

**Risk Factors** : All securities and investments are subject to market risks and there is no assurance and no guarantee that the Scheme's objectives will be achieved. As with investments in any securities, the NAVs of the units issued under the Scheme can go up or down depending on the factors and forces affecting the securities market. Reliance Income Fund is only the name of the Scheme and do not in any manner indicate either the quality of the Scheme, its future prospects or returns. Past performance of the Sponsor or its group affiliation is not indicative of future performance of the Scheme. The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond their initial contribution of Rs.1 lac towards the setting up of the Mutual Fund. The Mutual Fund is not guaranteeing or assuring any dividends/ bonus. The Mutual Fund is also not assuring that it will make periodical dividend/ bonus distributions, though it has every intention of doing so. All dividend/ bonus distributions are subject to the availability of distributable surplus in the Scheme. The liquidity of the Scheme's investments may be inherently restricted by trading volumes, settlement periods and transfer procedures. Scheme specific risk factors have been mentioned in the Offer Document.

**Please read the offer document before investing.**

## AUDITORS' REPORT

To  
**The Board of Directors of  
Reliance Capital Trustee Co. Limited**

We have audited the attached Balance Sheet of the Scheme '**Reliance Liquid Fund**' (the "Scheme") of **Reliance Capital Mutual Fund** as at 31st March, 2003 and the Revenue Account of the Scheme for the year ended 31st March, 2003 and report thereon as follows:

- a) The Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. These financial statements are the responsibility of the Managements of the Trustee and the Asset Management Companies.
- b) Our audit was conducted in accordance with the generally accepted auditing standards 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 presentation of the Financial Statements. We believe that our audit provides a reasonable basis for our opinion.
- c) 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.
- d) The Balance Sheet and the Revenue Account dealt with by this report are in agreement with the books of account of the Scheme.
- e) Non-traded securities have been valued in accordance with the guidelines notified by the Securities and Exchange Board of India. In our opinion, these valuations are fair and reasonable.
- f) 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 Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and subject to Note No. C(3) and C(4) regarding basis of calculation of Net Asset Value and non reconciliation of bank accounts, 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 Scheme as at 31st March, 2003 and
  - (ii) in the case of the Revenue Account, of the Surplus of the Scheme for the year ended 31st March, 2003

For **HARIBHAKTI & CO.**  
Chartered Accountants

**CHETAN DESAI**  
Partner

Place : Mumbai

Date : 29th September, 2003

**BALANCE SHEET**  
AS AT 31st MARCH, 2003

	Schedule	31st March, 2003 Amount (Rs.)	31st March, 2002 Amount (Rs.)
<b>LIABILITIES</b>			
Unit Capital	A	12,25,92,79,607	6,13,68,14,657
Reserves and Surplus	B	2,34,87,43,318	1,44,04,98,039
Current Liabilities and Provisions	C	1,94,57,425	10,42,38,328
<b>Total</b>		<b>14,62,74,80,350</b>	<b>7,68,15,51,024</b>
<b>ASSETS</b>			
Investments	D	13,60,72,81,285	5,94,29,46,545
Deposits	E	79,21,00,000	1,31,09,00,000
Other Current Assets	F	22,80,99,065	42,77,04,479
<b>Total</b>		<b>14,62,74,80,350</b>	<b>7,68,15,51,024</b>
Notes forming part of Accounts	G		

**REVENUE ACCOUNT**  
FOR THE YEAR ENDED 31st MARCH, 2003

	Schedule	31st March, 2003 Amount (Rs.)	31st March, 2002 Amount (Rs.)
<b>INCOME</b>			
Interest		87,30,13,664	56,73,65,393
Profit on sale of Investments (Other than inter-scheme transfer/sale)		5,56,14,114	64,40,480
Appreciation in Value of Investments		80 94 270	
Profit on sale of inter scheme Investments		7,00,10,048	7,33,055
<b>Total</b>		<b>1,00,67,32,096</b>	<b>57,45,38,928</b>
<b>EXPENSES AND LOSSES</b>			
Loss on sale of investments (Other than inter-scheme transfer/sale)		1,67,13,397	1,55,25,229
Loss on sale of inter scheme Investments		60,85,925	6,61,385
Management Fees		5,87,38,244	3,54,58,367
Audit Fees		14,86,699	6,43,816
Trusteeship Fees		3,02,260	1,87,074
Custodian Fees		47,63,527	19,75,167
Registrar & Transfer Agent's Fees		15,11,459	14,30,022
Marketing & Distribution Expenses		1,96,64,983	1,55,00,960
Depreciation in the value of Investments		-	14,40,239
Other Operating Expenses		37,25,142	17,36,820
<b>Total</b>		<b>11,29,91,636</b>	<b>7,45,59,079</b>
Net Surplus / (Deficit) for the year		<b>89,37,40,460</b>	<b>49,99,79,849</b>

As per our Report of even date

For Haribhakti & Co.  
Chartered Accountants

For and on behalf of  
**Reliance Capital Asset Management Limited**

For and on behalf of  
**Reliance Capital Trustee Co. Limited**

**Chetan Desai**  
Partner

**D.J. Kapadia**  
Director

**Vinod M. Ambani**  
Director

**Shailesh Vaidya**  
Director

**Dr. A.C. Shah**  
Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**K.Rajagopal**  
Chief Investment Officer

**Sandeep Bagla**  
Fund Manager

Mumbai  
Date: 29th September, 2003

**APPROPRIATION ACCOUNT  
FOR THE YEAR ENDED 31st MARCH, 2003**

Schedule	31st March, 2003 Amount (Rs.)	31st March, 2002 Amount (Rs.)
Net Surplus brought forward from previous year	<b>89,61,77,007</b>	28,65,26,927
Net Surplus / (Deficit) for the year	<b>89,37,40,460</b>	49,99,79,849
Add : Unrealised Depreciation of previous year written back	<b>14,40,239</b>	-
<b>TOTAL</b>	<b><u>1,79,13,57,706</u></b>	<u>78,65,06,776</u>
<b>Net Available Surplus</b>	<b>1,79,13,57,706</b>	78,65,06,776
Add : Transfer from Equalisation Account for the year	<b>11,67,61,402</b>	36,82,81,651
Add : Transfer from Unit Premium Reserve		
Less : Bonus distributed	<b>15,06,52,804</b>	
Less : Dividend distributed (Inclusive of dividend tax)	<b>1,60,89,150</b>	25,86,11,420
<b>Net Surplus/(Deficit) carried forward</b>	<b><u>1,74,13,77,154</u></b>	<u>89,61,77,007</u>
Notes forming part of Accounts	<b>G</b>	

As per our Report of even date

	For and on behalf of <b>Reliance Capital Asset Management Limited</b>	For and on behalf of <b>Reliance Capital Trustee Co. Limited</b>
<b>For Haribhakti &amp; Co.</b> Chartered Accountants		
<b>Chetan Desai</b> Partner	<b>D.J. Kapadia</b> Director	<b>Vinod M. Ambani</b> Director
	<b>Shailesh Vaidya</b> Director	<b>Dr. A.C. Shah</b> Director
	<b>Amitabh Chaturvedi</b> Chief Executive Officer	
	<b>K.Rajagopal</b> Chief Investment Officer	
	<b>Sandeep Bagla</b> Fund Manager	

Mumbai  
Date: 29th September, 2003

**SCHEDULES FORMING PART OF THE  
BALANCE SHEET AS AT 31st MARCH, 2003**

	31st March, 2003 Units	31st March, 2002 Units	31st March, 2003 Amount (Rs.)	31st March, 2002 Amount (Rs.)
<b>SCHEDULE 'A'</b>				
<b>UNIT CAPITAL</b>				
<i>(Face Value of Rs. 10/- Each)</i>				
Unit Capital (Opening Balance)	<b>61,36,81,466</b>	<b>6,13,68,14,657</b>	36,53,64,976	3,65,36,49,755
Add : Subscriptions during the period	<b>31,51,36,64,767</b>	<b>315,13,66,47,667</b>	12,78,02,94,921	127,80,29,49,211
Less : Redemptions during the period	<b>30,90,14,18,272</b>	<b>309,01,41,82,717</b>	12,53,19,78,431	125,31,97,84,309
Unit Capital (Closing Balance)	<b><u>1,22,59,27,961</u></b>	<b><u>12,25,92,79,607</u></b>	61,36,81,466	6,13,68,14,657
			61,36,81,466	
	<b>Amount (Rs.)</b>	<b>Amount (Rs.)</b>	Amount (Rs.)	Amount (Rs.)
<b>SCHEDULE 'B'</b>				
<b>RESERVES AND SURPLUS</b>				
<b>Unit Premium Reserve</b>				
Opening Balance	<b>54,43,21,032</b>		69,45,82,399	
Add: Additions during the year	<b>48,55,02,52,291</b>		25,57,15,61,128	
Less:- Deductions during the year	<b>48,37,04,45,758</b>		25,35,35,40,844	
Less :-Transferred to Equalisation Account for the year	<b>11,67,61,402</b>		36,82,81,651	
Add:- Transferred from Revenue Account				
Closing Balance		<b>60,73,66,164</b>	54,43,21,032	
<b>Appropriation Account</b>				
Surplus/(Deficit) carried forward		<b>1,74,13,77,154</b>	89,61,77,007	
<b>Equalisation Account</b>				
Transferred from unit premium Reserve	<b>11,67,61,402</b>		36,82,81,651	
Less:- Transferred to Revenue Account	<b>11,67,61,402</b>		36,82,81,651	
			-	-
<b>Total Reserves &amp; Surplus</b>		<b><u>2,34,87,43,318</u></b>	<u>1,44,04,98,039</u>	
<b>SCHEDULE 'C'</b>				
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>				
Sundry Creditors for Expenses	<b>30,93,134</b>		2,00,25,387	
Other Liabilities	<b>77,55,106</b>		9,45,210	
Bank balance overdrawn as per books	<b>86,09,185</b>			
Bank Reconciliation adjustment account			8,32,67,731	
<b>Total</b>		<b><u>1,94,57,425</u></b>	<u>10,42,38,328</u>	

**SCHEDULES FORMING PART OF THE  
BALANCE SHEET AS AT 31st MARCH, 2003**

	Amount (Rs.)	Amount (Rs.)
<b>SCHEDULE 'D'</b>		
<b>INVESTMENTS</b>		
Privately placed Debentures/ Bonds		
Debentures and Bonds listed/ awaiting listing on recognised Stock Exchange	<b>13,60,72,81,285</b>	5,94,29,46,545
<b>Total</b>	<b>13,60,72,81,285</b>	5,94,29,46,545
<b>SCHEDULE 'E'</b>		
<b>DEPOSITS</b>		
Call Deposits with Scheduled Banks	<b>79,21,00,000</b>	1 31,09,00,000
<b>Total</b>	<b>79,21,00,000</b>	1 31 09 00 000
<b>SCHEDULE 'F'</b>		
<b>OTHER CURRENT ASSETS</b>		
Balances with Banks in Current Account, including cheques on hand	<b>3,12,28,573</b>	18,04,28,186
Investments redemption receivable	<b>1,41,84,796</b>	9,98,59,796
Outstanding and Accrued Income	<b>18,22,71,123</b>	14,74,16,497
Other Receivables	<b>4,14,573</b>	
<b>Total</b>	<b>22,80,99,065</b>	42,77,04,479

**Schedule G**

**NOTES FORMING PART OF ACCOUNTS**

**A. ORGANISATION**

Reliance Liquid Fund, an open-end scheme, was launched on 16th March 1998. Reliance Capital Trustee Co. Limited (RCTC) has been appointed as the Trustee for Reliance Capital Mutual Fund (RCMF) vide Trust Deed dated April 25, 1995. Reliance Capital Asset Management Limited (RCAM) is the Investment Manager.

The scheme offers three plans namely, Treasury Plan, Cash Plan and Super Cash Plan (launched during the year) with Growth, Weekly Dividend (Reinvestment) and Bonus Options. The objective of the scheme is to generate optimal returns consistent with moderate levels of risk and high liquidity by investing in debt and money market instruments. The Cash Plan with Growth and Dividend Options was introduced during the year.

**B. SIGNIFICANT ACCOUNTING POLICIES**

**1. REVENUE RECOGNITION**

- Profit/loss on sale of investments is accounted for in the year in which the contract for sale is entered into. The cost is calculated on the basis of weighted average cost of investment.
- Unrealised appreciation or depreciation in the value of investments/other assets, if any, form part of the Revenue Account.
- In respect of interest bearing securities, including those purchased on a Reverse Repo basis, interest income is accrued daily.
- Income other than above and of miscellaneous nature is accounted, as and when realised.
- All major expenses are accounted for on accrual basis, while other expenses are accounted for when paid.

**2. EQUALISATION ACCOUNT**

The purpose of Equalisation Account is to maintain per unit distributable surplus so that continuing unitholders' share of distributable surplus remains unchanged on issue or redemption of units. The total distributable surplus (without considering unrealised appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalisation Account. The net balance in this account is transferred to the Revenue Account at the end of the year.

**3. INVESTMENTS**

- Investments are accounted on the trade date. In case of interest bearing securities though investments are accounted on the trade date, interest accrues from the settlement date. However, the effect of all investments traded during the year is recorded and reflected in the financial statements for that year. The cost of investments includes cost of acquisition, brokerage and stamp duty, if any.
- Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.



#### 4. VALUATION OF INVESTMENTS

##### 1. Traded Securities:

All traded securities are valued at the closing market price, on the principal stock exchange (BSE), as on the last trading day of the financial year. Where it is not traded on any stock exchange on the last trading day of the financial year, the value at which it was traded on the selected stock exchange or any other stock exchange, as the case may be, on the earliest previous day prior to valuation date have been used provided such date is not more than thirty days.

##### 2. Thinly-traded and Non-traded Equity/ Equity-related Securities:

All thinly traded and non-traded equity and equity related securities are valued "in good faith" on the basis of valuation principles laid down by SEBI (Mutual Funds) Regulations, 1996 amended upto date, which are as follows:

- a. Where the latest Balance Sheet of the company is available, the fair value is arrived at after considering the average of net worth value per share and the capital earning value and further discounting it by 10% towards illiquidity.
- b. Where the latest Balance Sheet of the company is not available within nine months from close of the financial year, the shares of such companies are valued at zero.
- c. In case of privately placed securities where SEBI Guidelines do not provide for any specifications, we have valued the same as per the recommendations of the Investment Committee of the Asset Management Company.

##### 3. Thinly traded and Non-traded Debt Securities:

Thinly traded and non-traded debt securities have been valued alike, as per the norms laid down by SEBI (Mutual Funds) Regulations, 1996 amended upto date, depending upon the period of maturity.

Non-traded debt securities with residual maturity of upto 182 days are valued on the basis of amortization.

4. Investments in call money, bills purchased under re-discounting scheme and term deposits with banks are valued at cost plus accruals.
5. Government Securities and Treasury Bills are valued at the last traded market rate.
6. Appreciation / Depreciation, as the case may be, in the value of the securities at the year-end has been computed for the scheme, whereby the aggregate market value taken together is compared with the average cost of acquisition. Such net balance is charged to Revenue Account.
7. There were no investments recognised as Non-performing Assets (NPAs), as on March 31, 2003. An investment is regarded as non-performing, if the interest and/or principal amount has not been received or remains outstanding for one quarter from the day such income or installment has fallen due.
8. The above policies are followed as and when applicable.

#### C. NOTES ON ACCOUNTS

1. The Scheme has Treasury Plan, Cash Plan and Super Cash Plan with Growth, Weekly Dividend ( Reinvestment ) and Bonus Options. A combined Balance Sheet and Revenue Account is prepared for the Scheme.
2. Net Asset Value (NAV) per unit of Face Value of Rs.10/-, as on 31st March 2003 was Rs. 14.6660 for Growth Option (Previous Year Rs. 13.6954), Rs. 10.3525 for Weekly Dividend Option (Previous Year Rs.10.0903) and Rs. 10.4757 for Bonus Option in case of Treasury Plan. NAV of Cash Plan was Rs. 10.7294 (Previous Year Rs.10.1936) for Growth Option. NAV of Super Cash Plan was Rs. 10.3383 for Growth Option.
3. Investment Management Fee has been computed on the basis of average weekly net assets of the scheme accrued on a daily basis. Computation of Management Fees :
 

Average Weekly Net Assets	= Rs. 165,929.59 lacs.
Management Fee @ 0.35% of above	= Rs. 587.81 lacs.
Management Fee actually charged	= Rs. 587.81 lacs *

\*As per Offer Document
4. There are no contracts for sale or purchase of investments, the delivery of which is pending as on March 31, 2003.
5. Investment in Group Companies during the year ended March 31, 2003 was NIL
6. Holding in Group Companies as on March 31, 2003 is as follows:

(Rs. in lacs)

Scheme	Reliance Industries Limited		Reliance Petroleum Limited		Reliance Capital Limited		Total Cost
	Quantity	Cost	Quantity	Cost	Quantity	Cost	
Reliance Liquid Fund	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total for other Schemes	109,548	312.38	200	0.08	700	0.51	312.97

The aggregate market value as on March 31, 2003 of the group-company holding as mentioned above was Rs. 303.27 lacs.

7. During the year ended March 31, 2003 the total Purchases of investments were Rs. 170,102.6 lacs and Sale of Investments (excluding redemptions) were Rs. 217,956.73 lacs which are 102.51% and 131.35% of the avg. weekly net assets, respectively.
8. Percentage of Income to Average Weekly Net Assets is 5.93% (including unrealised appreciation) (Previous Year 8.10%) and Percentage of Expenses to Average Weekly Net Assets is 0.54% (Previous Year 0.80%).
9. No services of Associates of the Asset Management Company were utilised for Reliance Liquid Fund during the year ended March 31, 2003.
10. Disclosure under Regulation 25(11) of SEBI (Mutual Funds) Regulations, 1996 is as follows:  
Investments made by the Schemes of Reliance Capital Mutual Fund in the companies that have invested more than 5% of the Net Assets of any Scheme.

(Rs. in lacs)

Name of the Company	Investment during the year		Holding as on 31st March, 2003		
	Type of Security	Quantity	(At Cost) Rs. in lacs	Type of Security	Quantity (At Market Value)
<b>Reliance Income Fund</b>					
Ashok Leyland Finance Ltd.	Debt	5	500.00	-	-
HDFC Ltd.	Debt	1045	10,738.21	Debt	250 2,524.68
HDFC Bank	Debt	-	-	Debt	10 1,110.06
IDBI	Debt	200	2,142.62	Debt	-
ICICI Bank	Debt	300	292.82	Debt	-
ICICI Bank	FD	2,000,000	2,000.84	FD	2,000,000 2,000.00
Indian Aluminium Co. Ltd.	Debt	10	1,000.00	Debt	-
ICICI Securities & Finance Co. Ltd.	Debt	15	1,524.51	Debt	-
Larsen & Toubro Ltd.	Debt	15	1,500.00	Debt	-
LIC Housing Finance	Debt	50	5,121.49	Debt	10 1,027.90
Punjab National Bank	Debt	100	1,113.63	Debt	-
UTI Bank Ltd.	Debt	100	500.71	Debt	100 530.2
UTI Bank Ltd.	FD	2,500,000	2,501.04	FD	2,500,000 2,500.00
<b>Reliance Monthly Income Plan</b>					
Ashok Leyland Finance Ltd.	Debt	19	1,871.44	Debt	9 582.18
HDFC Ltd.	Debt	540	5,336.11	Debt	50 531.60
IDBI	Debt	8,500	8,713.48	Debt	-
ICICI Bank	Debt	22,196	1,733.62	Debt	1,996 388.33
ICICI Securities & Finance Co. Ltd.	Debt	10	1,029.08	Debt	-
LIC Housing Finance	Debt	5	526.73	Debt	0 0
<b>Reliance Short Term Fund</b>					
HDFC Ltd.	Debt	50	494.21	Debt	-
ICICI Securities & Finance Co. Ltd.	Debt	25	2,575.47	Debt	-
ICICI Bank	FD	1,000,000	1,000.42	FD	1,000,000 1,000.00
ICICI Bank	Debt	20	1,890.40	Debt	20 1,751.60
ICICI Bank	CD	2,500	2,356.68	CD	2,500 2,383.65
IDBI Bank Ltd.	FD	2,500,000	2,500.00	FD	-
Industrial Development Bank of India	Debt	11,000	11,371.40	Debt	-
Indian Aluminium Co. Ltd.	Debt	15	1,500.00	Debt	-
Larsen & Toubro Ltd.	Debt	10	1,000.00	Debt	-
UTI Bank Ltd.	FD	6,510,000	6,510.83	FD	2,000,000 2,000.00
UTI Bank Ltd.	CD	2,500	2,346.23	CD	2,500 2,383.50
<b>Reliance Vision Fund</b>					
Bajaj Auto Ltd.	Equity	58,100	264.09	Equity	33,100 158.76
Hero Honda Motors Ltd.	Equity	50,000	109.76	Equity	Nil Nil
IDBI	Equity	500,000	108.71	Equity	Nil Nil
Larsen & Toubro	Equity	50,000	89.37	Equity	Nil Nil
Punjab National Bank	Equity	548,773	340.89	Equity	264,028 246.77
Reliance Industries Ltd.	Equity	130,003	366.86	Equity	80,003 221.17
Union Bank of India	Equity	115,000	18.40	Equity	Nil Nil
Wipro Ltd.	Equity	2,000	32.31	Equity	Nil Nil
<b>Reliance Growth Fund</b>					
Bajaj Auto Ltd.	Equity	47,838	223.21	Equity	5,000 23.98
Hero Honda Motors Ltd.	Equity	45,000	119.74	Equity	Nil Nil
ICICI Bank Ltd.	Equity	120,708	99.06	Equity	Nil Nil
IDBI	Equity	300,000	70.42	Equity	300,000 49.65
Larsen & Toubro Ltd.	Equity	50,000	89.58	Equity	Nil Nil
Punjab National Bank	Equity	317,100	144.03	Equity	50,000 50.93
Reliance Industries Ltd.	Equity	29,545	83.85	Equity	29,545 81.68
Union Bank of India	Equity	807,500	156.15	Equity	Nil Nil
Wipro Ltd.	Equity	8,000	131.79	Equity	Nil Nil
<b>Reliance Liquid Fund</b>					
HDFC Bank	FD	130,600.00	-	FD	8,500.00
ICICI Bank	CD	200,000,000	1,995.71	CD	Nil Nil
ICICI Bank	Debt	9,222,250	30,073.71	Debt	200,010 702.37
ICICI Bank	FD	135,320.29	-	FD	17,000.00
IPCL	Debt	3,000,000	2,946.89	Debt	Nil Nil
Larsen & Toubro	Debt	20,500,536	25,890.57	Debt	Nil Nil
HDFC Ltd.	Debt	20,503,970	58,581.53	Debt	5,000,000 4,889.57
IDBI	Debt	54,200	56,068.55	Debt	13,800 13,933.06
IDBI Bank Ltd.	FD	64,582.69	-	FD	10,000

The above investments have been made after considering the attractive valuations of these scrips. The scrips belong to sectors where the Fund recognises an immense growth potential, in the near future.

- There is no unclaimed redemption amount, for the year ended March 31, 2003.
- The Scheme has declared and paid dividends @ 5.10% (annualised) in the Treasury Plan – Weekly Dividend option for the year ended 31st March, 2003 which is in line with the limit under SEBI Regulations.
- There is no item of expenditure, which accounts for more than 10% of the total expenditure.
- The figures of the previous period have been re-grouped/ re-arranged, wherever necessary.
- Movement in Unit Capital:

	2002-2003		2001-2002	
	Number of Units	Rupees	Number of Units	Rupees
Initial Subscription/ Opening Units	61,36,81,466	6,13,68,14,657	36,53,64,976	3,65,36,49,755
Units issued during the year	31,51,36,64,767	315,13,66,47,667	12,78,02,94,921	127,80,29,49,211
Units repurchased during the year	(30,90,14,18,272)	(309,01,41,82,717)	(12,53,19,78,431)	(125,31,97,84,309)
Closing Units at the end of the year	1,22,59,27,961	12,25,92,79,607	61,36,81,466	6,13,68,14,657

- Reliance Industries Ltd. is holding 91.88% of NAV in Reliance Liquid Fund-Super Cash Plan, 70.18% in Reliance Liquid Fund-Cash Plan as on March 31, 2003 and Jamnagar Infrastructure Enterprises is holding 26.73% of NAV in Reliance Liquid Fund - Treasury Plan as on March 31, 2003.
- Reconciliation of certain subscription and redemption interse between accounts maintained with certain banks is pending and the said different has been reflected in the bank reconciliation statement. However the subscriptions and redemptions have been matched with the registrars record and the bank statement on daily basis and therefore there is no impact on the NAV calculations.
- Outstanding and accrued income includes Rs. 1.03 crs., which is subject to reconciliation and which is not expected to have material impact on NAV as on March 31st, 2003.
- On written request, present and prospective unit holders/investors can obtain copy of the Trust Deed, the Annual Report (at a price) and the text of the relevant scheme.
- The unitholders, if they so desire, may request for the annual report of Reliance Capital Asset Management Limited.

For and on behalf of  
**Reliance Capital Asset Management Limited**

**D.J. Kapadia**  
Director

**Shailesh Vaidya**  
Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**K.Rajagopal**  
Chief Investment Officer

**Sandeep Bagla**  
Fund Manager

Mumbai  
Date: 29th September 2003

For and on behalf of  
**Reliance Capital Trustee Co. Limited**

**Vinod M. Ambani**  
Director

**Dr. A.C. Shah**  
Director



**RELIANCE LIQUID FUND - TREASURY PLAN**  
**HOLDING STATEMENT AS ON MARCH 31, 2003**

<i>Name of the Instrument</i>	<i>Rating</i>	<i>Quantity</i>	<i>Market value (Rs. in lacs)</i>	<i>% of NAV</i>
<b>EQUITY &amp; EQUITY RELATED</b>		NIL	NIL	NIL
<b>DEBT INSTRUMENT</b>				
<b>Bonds / Debentures / FRN / ZCB</b>				
<b>(a) Listed / awaiting listing on the stock exchanges</b>				
IDBI Capital Market Services ** @	A1+	1,300,000,000	13,000.00	17.68
8.50% IDBI Omni Bonds ** ^	AA+	5,200	5,262.43	7.16
6.30% Rabo India Finance ** ^	P1+	40	4,009.76	5.45
10.25% IDBI Bond **	AA+	3,500	3,525.29	4.79
5.95% Rabo India Finance **	P1+	25	2,500.06	3.40
6.27% Associates India Financial Services **	P1+	2,000,000	2,000.29	2.72
6.36% Associates India Financial Services ** ^	P1+	1,500	1,504.51	2.05
11.70% HUDCO **	AA-	1,000,000	1,024.17	1.39
9% Citicorp Finance **	P1+	1,000,000	1,003.15	1.36
9% Sundaram Finance **	AAA	1,000,000	1,002.64	1.36
6.35% Kotak Mahindra Primus **	AA-	1,000	1,000.03	1.36
Nirma Ltd. ** @	A1+	10	1,000.00	1.36
9% Ashok Leyland Finance **	AA-	500,000	504.17	0.69
8.60% GE Capital Services India **	AAA	500,000	503.09	0.68
8.95% GE Capital Services India **	AAA	500,000	500.73	0.68
<b>TOTAL</b>		<b>1,306,511,275</b>	<b>38,340.32</b>	<b>52.14</b>
<b>(b) Unlisted</b>		NIL	NIL	NIL
<b>PASS THROUGH CERTIFICATES</b>				
<b>(a) Listed / awaiting listing on the stock exchanges</b>				
PFSL PTC Series A2 (Citicorp Finance) Citispot **	P1+ (so)	5	287.84	0.39
UTI Bank - ABS Series 2002 (Kotak Mahindra Finance) **	AAA(so)	10	181.30	0.25
<b>TOTAL</b>		<b>15</b>	<b>469.14</b>	<b>0.64</b>
<b>(b) Unlisted</b>		NIL	NIL	NIL
<b>GOVERNMENT SECURITIES</b>				
<b>FIXED DEPOSITS</b>				
7.25%HDFC Bank		50	5,000.00	6.83
7.60% UTI Bank		50	5,000.00	6.83
7.85% UTI Bank		500,000,000	5,000.00	6.83
7.75% ICICI Bank		10	1,000.00	1.36
<b>TOTAL</b>		<b>500,000,110</b>	<b>16,000.00</b>	<b>21.76</b>
<b>COMMERCIAL PAPERS</b>				
HDFC Ltd **	P1+	5,000,000	4,889.57	6.65
EXIM Bank of India	P1+	4,000,000	3,856.78	5.24
<b>TOTAL</b>		<b>9,000,000</b>	<b>8,746.35</b>	<b>11.89</b>

(Contd...)

**HOLDING STATEMENT AS ON MARCH 31, 2003**

<i>Name of the Instrument</i>	<i>Rating</i>	<i>Quantity</i>	<i>Market value (Rs. in lacs)</i>	<i>% of NAV</i>
<b>CERTIFICATE OF DEPOSIT</b>				
UTI Bank **	A1+	250,000,000	2,352.66	3.20
<b>TOTAL</b>		<b>250,000,000</b>	<b>2,352.66</b>	<b>3.20</b>
<b>GRAND TOTAL</b>		<b>1,806,511,400</b>	<b>65,933.81</b>	<b>89.63</b>
<b>CALL PLACEMENTS</b>				
Call Deposits			7,138.00	9.71
<b>OTHER ASSETS</b>			493.17	0.67
<b>NET ASSET VALUE</b>			<b>73,564.98</b>	<b>100.00</b>

\*\* Non-traded securities

^ Valuation as per CRISIL Bond Valuer in accordance with SEBI guidelines.

@ Privately Placed Securities.

Note :

The Average Maturity Period for Reliance Liquid Fund - Treasury Plan is 0.24 years.

**PERFORMANCE AS COMPARED TO THE BENCHMARK INDEX.**

*Reliance Liquid Fund- Treasury Plan*

<b>Schemes/ Benchmark index</b>	<b>Simple Annualised Returns</b>	<b>Compounded Annualised Returns</b>		
	<b>Last 1 year (%)</b>	<b>Last 3 year</b>	<b>Last 5 year (%)</b>	<b>Since (%)</b>
Reliance Liquid Fund- Treasury Plan	7.0335	7.9155	7.898	7.8969
CRISIL Liquid Fund Index	6.0568	-	-	-

Note : Date of launch and Date of allotment of the units was March 16, 1998 and March 23, 1998 respectively.

**RELIANCE LIQUID FUND - CASH PLAN**  
**HOLDING STATEMENT AS ON MARCH 31, 2003**

<i>Name of the Instrument</i>	<i>Rating</i>	<i>Quantity</i>	<i>Market value (Rs. in lacs)</i>	<i>% of NAV</i>
<b>EQUITY &amp; EQUITY RELATED</b>		NIL	NIL	NIL
<b>DEBT INSTRUMENT</b>				
<b>Bonds / Debentures / FRN / ZCB</b>				
<b>(a) listed / awaiting listing on the stock exchanges</b>				
IDBI Capital Market Services (NMIB) ** @	A1+	400,000,000	4,000.00	86.77
<b>TOTAL</b>		<b>400,000,000</b>	<b>4,000.00</b>	<b>86.77</b>
<b>(b) Unlisted</b>		NIL	NIL	NIL
<b>PASS THROUGH CERTIFICATES</b>				
<b>(a) listed / awaiting listing on the stock exchanges</b>		NIL	NIL	NIL
<b>(b) Unlisted</b>		NIL	NIL	NIL
<b>GOVERNMENT SECURITIES</b>		NIL	NIL	NIL
<b>GRAND TOTAL</b>		<b>400,000,000</b>	<b>4,000.00</b>	<b>86.77</b>
<b>CALL PLACEMENTS</b>				
Call Deposits			644.00	13.97
<b>OTHER ASSETS</b>			(34.10)	(0.74)
<b>NET ASSET VALUE</b>			<b>4,609.90</b>	<b>100.00</b>

\*\* Non-traded securities

^ Valuation as per CRISIL Bond Valuer in accordance with SEBI guidelines.

@ Privately Placed Securities.

The Average Maturity Period for Reliance Liquid Fund - Cash Plan is 0.00 years.

**PERFORMANCE AS COMPARED TO THE BENCHMARK INDEX**

**Reliance Liquid Fund- Cash Plan**

<b>Schemes/ Benchmark index</b>	<b>Simple Annualised Returns</b>	<b>Compounded Annualised Returns</b>		
	<b>Last 1 year (%)</b>	<b>Last 3 year</b>	<b>Last 5 year (%)</b>	<b>Since (%)</b>
<b>Inception</b>				
Reliance Liquid Fund- Cash Plan	5.2183	-	-	5.476
CRISIL Liquid Fund Index	6.0568	-	-	-

Note :Date of launch and Date of allotment of the units was December 4, 2001 and December 7, 2001 respectively.

**RELIANCE LIQUID FUND - SUPER CASH PLAN**  
**HOLDING STATEMENT AS ON MARCH 31, 2003**

<i>Name of the Instrument</i>	<i>Rating</i>	<i>Quantity</i>	<i>Market value (Rs. in lacs)</i>	<i>% of NAV</i>
<b>EQUITY &amp; EQUITY RELATED</b>		NIL	NIL	NIL
<b>DEBT INSTRUMENT</b>				
<b>Bonds / Debentures / FRN / ZCB</b>				
<b>(a) listed / awaiting listing on the stock exchanges</b>				
10.25% IDBI Bond **	AA+	4,000	4,028.90	5.94
6.10% Rabo India Finance ** ^	P1+	25	2,499.77	3.68
8.50% IDBI Omni Bonds ** ^	AA+	2,300	2,327.61	3.43
Sundaram Finance ** @	P1+	20	2,000.00	2.95
12% Citicorp Finance Ltd. **	AAA	1,000,000	1,013.12	1.49
9.60% Associate India Financial Services **	AAA	1,000,000	1,012.95	1.49
6.75% Kotak Mahindra Finance **	AAA	1,000,000	1,000.29	1.47
Global Trade Finance ** @	P1+	10	1,000.00	1.47
IDBI Capital Market Services **	A1+	100,000,000	1,000.00	1.47
6.35% Kotak Mahindra Primus India **	P1+	1,000	999.96	1.47
12.90% Indian Railway Finance Corporation Ltd **	AAA	800,000	812.51	1.20
16.50% ICICI Bonds **	AAA	5	512.06	0.75
6.85% GE Capital Services India ** @	AAA	5	500.00	0.74
8% Kotak Mahindra Primus India ** @	P1+	500	500.00	0.74
ICICI Limited - ZCB **	AAA	200,000	190.97	0.28
<b>TOTAL</b>		<b>104,007,865</b>	<b>19,398.14</b>	<b>28.57</b>

(Contd...)

<b>(b) Unlisted</b>		NIL	NIL	NIL
<b>PASS THROUGH CERTIFICATES</b>				
<b>(a) listed / awaiting listing on the stock exchanges</b>				
Loan Securitisation Trust Series VI (ISEC) **	AAA(so)	50	5,085.57	7.50
UTI Bank ABS Series (Kotak Mahindra Finance) **	AAA(so)	10	180.64	0.27
<b>TOTAL</b>		<b>60</b>	<b>5,266.21</b>	<b>7.77</b>
<b>(b) Unlisted</b>		NIL	NIL	NIL
<b>GOVERNMENT SECURITIES</b>		NIL	NIL	NIL
<b>FIXED DEPOSIT</b>				
7.75% ICICI Bank		160	16,000.00	23.58
7.25% IDBI Bank		1,000,000,000	10,000.00	14.74
7.50% Bank Of America		500,000,000	5,000.00	7.37
7.60% UTI Bank		30	3,000.00	4.42
8% Indusind Bank		250,000,000	2,500.00	3.69
HDFC Bank		150,000,000	1,500.00	2.21
8.50% Global Trust Bank		25	2,500.00	3.69
7.50% Lord Krishna Bank		100,000,000	1,000.00	1.47
<b>TOTAL</b>		<b>2,000,000,215</b>	<b>41,500.00</b>	<b>61.17</b>
<b>GRAND TOTAL</b>		<b>2,104,008,140</b>	<b>66,164.38</b>	<b>97.51</b>
<b>CALL PLACEMENTS</b>				
Call Deposits			139.00	0.20
<b>OTHER ASSETS</b>			1,554.32	2.29
<b>NET ASSET VALUE</b>			<b>67,857.70</b>	<b>100.00</b>

\*\* Non-traded securities

^ Valuation as per CRISIL Bond Valuer in accordance with SEBI guidelines.

@ Privately Placed Securities.

Note : The Average Maturity Period as on March 31, 2003 for Reliance Liquid Fund - Super Cash Plan is 0.24 years.

## PERFORMANCE AS COMPARED TO THE BENCHMARK INDEX

### Reliance Liquid Fund- Super Cash Plan

<b>Schemes / Benchmark Index</b>	<b>NAV as on 17.09.02 *</b> <b>(Rs.)</b>	<b>NAV as on 31.03.03</b> <b>(Rs.)</b>	<b>Absolute Returns</b> <b>(%)</b>
Reliance Liquid Fund- Super Cash Plan	10.0015	10.3383	3.38
CRISIL Liquid Fund Index	1031.81	1060.63	2.79

\* The date of declaration of the 1st NAV.

Notes : 1. For the purpose of calculation of returns, the NAV at the time of inception of the Scheme (i.e. Rs. 10/- ) has been considered.  
2. Date of launch and Date of allotment of the units was September 17, 2002. The Plan has completed 196 days and hence the Absolute Return has been calculated accordingly.

### HISTORICAL PER UNIT STATISTICS

<i>Per Unit Particulars (Rupees)</i>	<i>Reliance Liquid Fund</i>			
	<i>As on March 31, 2003</i>	<i>As on March 31, 2002</i>	<i>As on March 31, 2001</i>	<i>As on March 31, 2000</i>
<b>Face Value</b>	10.00	10.00	10.00	10.00
Net Asset Value				
Treasury Plan (Growth option)	14.6660	13.6954	12.7235	11.6697
Treasury Plan ( Weekly Dividend Option)	10.3525	10.0903	12.2341	-
Treasury Plan (Bonus Option)	10.4757	-	-	-
Cash Plan ( Growth Option)	10.7294	10.1936	-	-
Super Cash Plan ( Growth Option)	10.3383	-	-	-
<b>Income</b>				
Other than profit on sale of investment	0.71	0.92	0.67	2.05
From profit on inter-scheme sales/ transfer of investments	0.06	-	-	-
From profit on sale of investment to third party*	0.04	0.01	0.02	-
<b>Gross Income</b>	<b>0.82</b>	<b>0.93</b>	<b>0.69</b>	<b>2.05</b>
<b>Expenses &amp; Losses</b>				
Aggregate of expenses,write-off, amortisation and charges	0.07	0.09	0.05	0.25
Loss on sale/redemption of Investments	0.02	0.03	-	-
Provision for depreciation in value of investments	-	0.002	-	-
Provision for Loss on Securities	-	-	-	-
<b>Gross Expenditure</b>	<b>0.09</b>	<b>0.12</b>	<b>0.05</b>	<b>0.25</b>
<b>Net Income</b>	<b>0.73</b>	<b>0.81</b>	<b>0.64</b>	<b>1.79</b>
Unrealised appreciation in value of investments	0.01	-	-	-
Unprovided depreciation in value of investments	-	-	-	-
Ratio of expenses to average net assets	0.54	0.80	0.66	0.98
Ratio of gross income to average net assets	5.93	8.10	9.69	7.92
Repurchase /Reissue Price				
<b>Highest</b>				
Treasury Plan (Growth option)	14.6660	13.6954	12.7235	11.6697
Treasury Plan ( Weekly Dividend Option)	10.3611	12.2927	12.2606	-
Treasury Plan ( Bonus Option)	14.5444	-	-	-
Cash Plan ( Growth Option)	10.7294	10.1936	-	-
Super Cash Plan ( Growth Option)	10.3383	-	-	-
<b>Lowest</b>				
Treasury Plan (Growth option)	13.7048	12.7291	11.6774	10.8706
Treasury Plan (Weekly Dividend Option)	10.0960	10.0763	12.2219	-
Treasury Plan ( Bonus Option)	10.3904	-	-	-
Cash Plan ( Growth Option)	10.1987	10.0017	-	-
Super Cash Plan ( Growth Option)	10.0015	-	-	-
Trading Price				
Highest	NA	NA	NA	NA
Lowest	NA	NA	NA	NA
Price Earning Ratio				
Highest	NA	NA	NA	NA
Lowest	NA	NA	NA	NA

\*Profit on sale of investment to third party is net of loss on sale of investment to third party.

**STATEMENT OF BOARD OF DIRECTORS OF RELIANCE CAPITAL TRUSTEE CO. LIMITED**

- a) The liabilities and responsibilities of the Trustee are in accordance with the SEBI (Mutual Funds) Regulations, 1996, Trust deed and the offer document of the scheme. The liability of the Sponsor/Settlor is limited to the initial contribution of Rs. 100,000/- towards the setting up of Reliance Capital Mutual Fund.
- b) The investment objective of Reliance Liquid Fund is to generate optimal returns consistent with moderate levels of risk and high liquidity. Accordingly, investments are made only in Debt and Money Market instruments.
- c) Funds are normally invested in corporate debt, preference shares, treasury bills, government securities, call money, commercial papers, usance bills, trade/commercial bills accepted/co-accepted by banks, certificates of deposits in banks and other instruments that may be allowed for investments by Mutual Funds by RBI/SEBI from time to time.
- d) Investment policies of the Funds reflects restrictions for Mutual Fund investments established by SEBI.  
Investment views/ decisions will be taken on the basis of the following parameters:
1. Prevailing interest rate scenario
  2. Quality of the Security/Instrument ( Including the financial health of the Issuer)
  3. Maturity Profile of the Instrument
  4. Liquidity of the Security
  5. Growth Prospects of the Company / Industry
  6. Any other factors in the opinion of the Fund Management Team
- e) All investments in Mutual Funds are subject to market risks and the NAV, price and redemption value of the units, and income from them, can go up as well as down with the fluctuations in the market value of its underlying investments. There can be no assurance that the Fund's objective will be achieved. Past performance is not necessarily indicative of future results and may not necessarily provide a basis for comparison with other investments.
- f) The Scheme has declared and paid Dividend on face value of Rs. 10/- @ 4.40% (annualised) in the Treasury Plan - Weekly Dividend option during the period ended March 31, 2003.

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**Sponsor** : Reliance Capital Limited

**Trustee** : Reliance Capital Trustee Co. Limited

**Investment Manager** : Reliance Capital Asset Management Limited

**Statutory Details** : The Sponsor, the Trustee and the Investment Manager are incorporated under the Companies Act, 1956.

**Risk Factors** : All securities and investments are subject to market risks and there is no assurance and no guarantee that the Scheme's objectives will be achieved. As with investments in any securities, the NAVs of the units issued under the Scheme can go up or down depending on the factors and forces affecting the securities market. Reliance Liquid Fund is only the name of the Scheme and do not in any manner indicate either the quality of the Scheme, its future prospects or returns. Past performance of the Sponsor or its group affiliation is not indicative of future performance of the Scheme. The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond their initial contribution of Rs.1 lac towards the setting up of the Mutual Fund. The Mutual Fund is not guaranteeing or assuring any dividends/ bonus. The Mutual Fund is also not assuring that it will make periodical dividend/ bonus distributions, though it has every intention of doing so. All dividend/ bonus distributions are subject to the availability of distributable surplus in the Scheme. The liquidity of the Scheme's investments may be inherently restricted by trading volumes, settlement periods and transfer procedures. Scheme specific risk factors have been mentioned in the Offer Document.

**Please read the offer document before investing.**

## AUDITORS' REPORT

**To**  
**The Board of Directors of**  
**Reliance Capital Trustee Co. Limited**

We have audited the attached Balance Sheet of the Scheme '**Reliance Medium Term Fund (Formerly Reliance Monthly Income Plan)**' (the "Scheme") **of Reliance Capital Mutual Fund** as at 31st March, 2003 and the Revenue Account of the Scheme for the year ended 31st March, 2003 and report thereon as follows:

- a) The Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. These financial statements are the responsibility of the Managements of the Trustee and the Asset Management Companies.
- b) Our audit was conducted in accordance with the generally accepted auditing standards 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 presentation of the Financial Statements. We believe that our audit provides a reasonable basis for our opinion.
- c) 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.
- d) The Balance Sheet and the Revenue Account dealt with by this report are in agreement with the books of account of the Scheme.
- e) Non-traded securities have been valued in accordance with the guidelines notified by the Securities and Exchange Board of India. In our opinion, these valuations are fair and reasonable.
- f) 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 Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and subject to Note No. C(2) and C(3) regarding basis of calculation of Net Assets Value and non reconciliation of bank accounts, 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 Scheme as at 31st March, 2003 and
  - (ii) in the case of the Revenue Account, of the Surplus of the Scheme for the year ended 31st March, 2003

For **HARIBHAKTI & CO.**  
Chartered Accountants

**CHETAN DESAI**  
Partner

Place : Mumbai  
Date : 29th September, 2003



**BALANCE SHEET**  
AS AT 31st MARCH, 2003

	Schedule	31st March, 2003 Amount (Rs.)	31st March, 2002 Amount (Rs.)
<b>LIABILITIES</b>			
Unit Capital	A	92,48,30,904	26,40,21,078
Reserves and Surplus	B	25,92,54,770	2,64,04,784
Current Liabilities and Provisions	C	87,97,81,265	33,97,184
<b>TOTAL</b>		<b>2,06,38,66,939</b>	<b>29,38,23,046</b>
<b>ASSETS</b>			
Investments	D	1,01,70,33,092	26,98,61,207
Deposits	E	99,85,27,320	95,00,000
Other Current Assets	F	4,83,06,527	1,44,61,839
<b>TOTAL</b>		<b>2,06,38,66,939</b>	<b>29,38,23,046</b>
Notes forming part of Accounts	G		

**REVENUE ACCOUNT**  
FOR THE YEAR ENDED 31st MARCH, 2003

	Schedule	31st March, 2003 Amount (Rs.)	31st March 2002 Amount (Rs.)
<b>INCOME</b>			
Dividend Interest		10,85,80,411	6,37,590
Profit on sale of investments {other than inter-scheme transfer / sale}		59,54,118	3,39,94,499
Profit on inter-scheme transfer / sale of Investement		1,92,82,649	13,96,288
Unrealised Appreciation in the value of Investments		1,42,50,008	47,57,370
Other Income		2,80,430	46,50,423
<b>Total</b>		<b>14,83,47,616</b>	<b>4,54,36,170</b>
<b>EXPENSES AND LOSSES</b>			
Loss on sale of investments (other than Inter Scheme transfer)		1,52,47,735	12,00,044
Loss on inter-scheme transfer/ sale of Investement		38,45,015	
Management Fees		1,28,24,604	31,32,041
Audit Fees		92,559	28,432
Trusteeship fees		13,348	49,566
Custodian Fees		4,76,906	1,14,244
Registrar & transfer Fees		11,95,032	12,23,744
Marketing Expenses		22,16,307	-
Other operating expenses		37,93,037	2,38,849
Unrealised depreciation in the value of Investments		10,82,927	
<b>Total</b>		<b>4,07,87,470</b>	<b>59,86,921</b>
Net Surplus/(Deficit) for the Year		<b>10,75,60,146</b>	<b>3,94,49,249</b>

As per our Report of even date

**For Haribhakti & Co.**  
Chartered Accountants

For and on behalf of  
**Reliance Capital Asset Management Limited**

For and on behalf of  
**Reliance Capital Trustee Co. Limited**

**Chetan Desai**  
Partner

**D.J.Kapadia**  
Director

**Dr. A.C.Shah**  
Director

**Shailesh Vaidya**  
Director

**Vinod M. Ambani**  
Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**K.Rajagopal**  
Chief Investment Officer

**Kunj Bansal**  
Fund Manager

Mumbai  
Date: 29th September, 2003

**Sandeep Bagla**  
Fund Manager

**APPROPRIATION ACCOUNT  
FOR THE YEAR ENDED 31st MARCH, 2003**

Schedule	31st March, 2003 Amount (Rs.)	31st March, 2002 Amount (Rs.)
Net Surplus brought forward from previous year	<b>2,75,43,155</b>	1,10,43,833
Net Surplus / (Deficit) for the Year	<b>10,75,60,146</b>	3,94,49,249
Less: Unrealised appreciation of previous year written back	<b>46,50,423</b>	33,90,958
Add: Transferred from Equalisation Account for the year	<b>14,03,39,748</b>	1,70,884
<b>Total</b>	<b>27,07,92,626</b>	4,72,73,008
Net Available surplus	<b>27,07,92,626</b>	<b>4,72,73,008</b>
Less : Dividend distributed	<b>1,04,56,756</b>	<b>1,77,41,103</b>
Tax on Dividend distributed	<b>19,88,750</b>	
<b>Net Surplus carried forward</b>	<b>26,03,35,870</b>	<b>2,75,43,155</b>
Notes forming parts of Accounts	<b>G</b>	

As per our Report of even date

<b>For Haribhakti &amp; Co.</b> <i>Chartered Accountants</i>	For and on behalf of <b>Reliance Capital Asset Management Limited</b>	For and on behalf of <b>Reliance Capital Trustee Co. Limited</b>
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<b>Chetan Desai</b> <i>Partner</i>	<b>D.J. Kapadia</b> <i>Director</i>	<b>Vinod M. Ambani</b> <i>Director</i>
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<b>Shailesh Vaidya</b> <i>Director</i>	<b>Dr. A.C. Shah</b> <i>Director</i>
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**Amitabh Chaturvedi**  
*Chief Executive Officer*

**K.Rajagopal**  
*Chief Investment Officer*

**Kunj Bansal**  
*Fund Manager*

**Sandeep Bagla**  
*Fund Manager*

Mumbai  
Date: 29th September, 2003

**SCHEDULES FORMING PART OF THE  
BALANCE SHEET AS AT 31st MARCH, 2003**

	31st March, 2003 Units	31st March, 2003 Amount (Rs.)	2002 Units	31st March, 2002 Amount (Rs.)
<b>SCHEDULE 'A' UNIT CAPITAL</b>				
<b>(Face value Of Rs. 10 Each)</b>				
Unit Capital (Opening Balance)	<b>2,64,02,108</b>	<b>26,40,21,078</b>	328,86,970	32,88,69,699
Add : Subscription during the year	<b>34,55,89,390</b>	<b>3,45,58,93,899</b>	1,02,69,239	10,26,92,386
Less : Redemptions during the year	<b>27,95,08,407</b>	<b>2,79,50,84,073</b>	1,67,54,101	16,75,41,007
Unit Capital (Closing Balance)	<b>9,24,83,090</b>	<b>92,48,30,904</b>	2,64,02,108	26,40,21,078
	<b>Amount (Rs.)</b>	<b>Amount (Rs.)</b>	Amount (Rs.)	Amount (Rs.)
<b>SCHEDULE 'B' RESERVES AND SURPLUS</b>				
<b>Unit Premium</b>				
<b>Reserve</b>				
Opening Balance	<b>(11,38,371)</b>		39,047	
Add:- Additions during the year	<b>97,81,91,898</b>		78,14,827	
Less:- Deductions during the year	<b>83,77,66,448</b>		88,21,361	
Less:- Transferred to Equalisation Account	<b>14,03,39,747</b>		1,70,884	
Closing Balance		<b>(10,52,668)</b>		(11,38,371)
<b>Equalisation Account</b>				
Transferred from Unit Premium Reserve	<b>14,03,39,748</b>		1,70,884	
Less: Transferred to Revenue Account	<b>14,03,39,748</b>		1,70,884	
<b>Appropriation Account</b>				
Surplus / (Deficit) carried forward		<b>26,03,35,870</b>		2,75,43,155
<b>Total Reserves &amp; Surplus</b>		<b>25,92,83,202</b>		2,64,04,784
<b>SCHEDULE 'C' CURRENT LIABILITIES AND PROVISIONS</b>				
Sundry Creditors		<b>2,38,46,660</b>		9,45,875
Exit Load Payable		<b>3,20,100</b>		1,70,603
Bank balance overdrawn as per books		<b>18,58,151</b>		1,35,777
Bank Reconciliation Adjustment Account				21,43,544
Unclaimed Dividend Amount		<b>1,11,523</b>		
Unclaimed Redemption Amount		<b>52,563</b>		
Unit Capital Pending allotment		<b>85,35,00,000</b>		
Other Liabilities		<b>92,268</b>		1,386
		<b>87,97,52,833</b>		33,97,184

**SCHEDULES FORMING PART OF THE  
BALANCE SHEET AS AT 31st MARCH, 2003**

	Amount (Rs.)	Amount (Rs.)
<b>SCHEDULE 'D'</b>		
<b>INVESTMENTS:</b>		
Privately Placed Debentures/ Bonds	<b>59,16,09,686</b>	20,56,35,020
Debentures and Bonds listed/ awaiting listing on recognised stock exchange	<b>18,05,53,358</b>	
Pass through certificate	<b>23,38,14,412</b>	6,42,26,187
Zero Coupon Bonds	<b>1,10,55, 636</b>	
<b>Total</b>	<b>1,01,70,33,092</b>	<b>26,98,61,207</b>
<b>SCHEDULE 'E'</b>		
<b>DEPOSITS</b>		
Call Deposits with Scheduled Banks	<b>99,85,27,320</b>	95,00,000
<b>Total</b>	<b>99,85,27,320</b>	<b>95,00, 000</b>
<b>SCHEDULE 'F'</b>		
<b>OTHER CURRENT ASSETS</b>		
Balances with banks on current account, including cheques on hand	<b>1,43,22,927</b>	65,08,892
Outstanding and accrued income	<b>3,39,42,613</b>	75,23,602
Other receivables	<b>40,987</b>	4,29,345
<b>Total</b>	<b>4,83,06,527</b>	<b>1,44,61,839</b>

**Schedule G**

**NOTES FORMING PART OF ACCOUNTS**

**A. ORGANISATION**

Reliance Medium Term Fund ( formerly Reliance Monthly Income Plan ) , an open-ended scheme, was launched on 16th August 2000. Reliance Capital Trustee Co. Limited (RCTC) has been appointed as the Trustee for Reliance Capital Mutual Fund (RCMF) vide Trust Deed dated April 25, 1995. Reliance Capital Asset Management Limited (RCAM) is the Investment Manager.

The Scheme initially offered two plans namely, Growth Plan for investors seeking long term appreciation and Dividend Plans for investors seeking regular income. Dividend Plans are further divided into Monthly Dividend Plan and Quarterly Dividend Plan. The primary investment objective of the Scheme is to generate regular income in order to make regular dividend payments to unitholders and the secondary objective is growth of capital. In the Month of December, 2003 Bonus Plan was introduced in the scheme.

**B. SIGNIFICANT ACCOUNTING POLICIES**

**1. REVENUE RECOGNITION**

- a. Profit/loss on sale of investments is accounted for in the year in which the contract for sale is entered into. The cost is calculated on the basis of weighted average cost of investment.
- b. Unrealised appreciation or depreciation in the value of investments/other assets, if any, form part of the Revenue Account.
- c. Dividend income is recognised on the ex-dividend date.
- d. In respect of interest bearing investments excluding those purchased on a Reverse Repo basis, interest income is accrued daily.
- e. Income other than above and of miscellaneous nature is accounted for, as and when realised.
- f. All major expenses are accounted for on accrual basis, while other expenses are accounted for when paid.

**2. EQUALISATION ACCOUNT**

The purpose of Equalisation Account is to maintain per unit distributable surplus so that continuing unitholders' share of distributable surplus remains unchanged on issue or redemption of units. The total distributable surplus (without considering unrealised appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalisation Account. The net balance in this account is transferred to the Revenue Account at the end of the year.

**3. INVESTMENTS**

- a. Investments are accounted on trade date. In case of interest bearing securities wherein though investment is accounted on trade date, interest accrues from the settlement date. However, the effect of all investments traded during the financial year is recorded and reflected in the financial statements for that year. The cost of investments includes cost of acquisition, brokerage and stamp duty, if any.
- b. Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.

#### 4. VALUATION OF INVESTMENTS

##### Traded Securities :

- All traded securities are valued at the closing market price of the principal stock exchange (BSE) on the last trading day of the financial year. Where it is not traded on any stock exchange on the last trading day of the financial year, the value at which it was traded on the selected stock exchange or any other stock exchange, as the case may be, on the earliest previous day prior to valuation date have been used provided such date is not more than thirty days prior to the valuation date for equity shares and fifteen days for debt securities. (Note: thirty days for the period upto February 19, 2002 for debt securities.)
- Thinly-traded and Non-traded securities :**  
Non-traded / thinly traded equity securities including those not traded within thirty days and non-traded/thinly traded debt securities including those not traded within fifteen days (thirty days for the period upto February 19, 2002) are valued at fair value as per the procedure determined by the Investment Committee in accordance with the guidelines for valuation of securities laid down by SEBI vide its circular dated September 18, 2000 as amended upto date.
- Government securities are valued at prices obtained from CRISIL in accordance with the guidelines by SEBI.
- Investments in call money, commercial papers bills purchased under re- discounting scheme and term deposits with banks are valued at cost plus accruals.
- Appreciation / Depreciation, as the case may be, in the value of the securities at the year-end has been computed for the scheme, whereby the aggregate market value taken together is compared with the average cost of acquisition. Such net balance is charged to Revenue Account.
- Securities purchased on Reverse Repo basis are valued at a rate which appreciates/depreciates the security to the extent that the cumulative yield on such security equals the Repo rate.
- There were no investments recognised as Non-performing Assets (NPAs), as on March 31, 2003. An investment is regarded as non-performing, if the interest and/or principal amount has not been received or remains outstanding for one quarter from the day such income or installment has fallen due.
- The above policies are followed as and when applicable.

#### C. NOTES ON ACCOUNTS

- The scheme at present has Growth, Bonus, Monthly and Quarterly dividend Plans. A combined Balance Sheet and Revenue Account is prepared for the Scheme.
- Other Income comprises excess provision for expenses of previous years written back.
- Net Asset Value (NAV) per unit of a Face Value of Rs.10 as on March 31, 2003 for Growth Plan was Rs.13.2255 (Previous Year Rs.11.9999), for Quarterly Dividend Plan was Rs.10.4307 (Previous Year Rs.10.2729) for Monthly Dividend Plan Rs.10.4923 (Previous Year Rs.10.2960) and for Bonus Plan NIL, (Previous Year NA).
- Investment Management Fees has been computed on the basis of Average Weekly Net Assets of the Scheme accrued on a daily basis.

##### Computation of Investment Management Fees :

Average Weekly Net Assets = Rs. 12,824.57 lacs  
Management Fees charged = Rs. 128.25 lacs\*

\* as per Offer Document.

- There are no contracts for sale or purchase of investments, the delivery of which is pending as on March 31, 2003.
- Investment in Group Companies during the year ended March 31, 2003 was NIL
- Holding in Group Companies as on March 31, 2003 is as follows:

(Rs. in lacs)

Scheme	Reliance Industries Limited		Reliance Petroleum Limited		Reliance Capital Limited		Total Cost
	Quantity	Cost	Quantity	Cost	Quantity	Cost	
Reliance Medium Term Fund	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total for other Schemes	109,548	312.38	200	0.08	700	0.51	312.97

The aggregate market value as on March 31, 2003 of the group-company holding as mentioned above was Rs. 303.27 lacs.

- During the year ended March 31, 2003 the total Purchases of investments were Rs 63,413.30 lacs and Sale of Investments (excluding redemption) were Rs. 58,437.61 lacs which are 494.47% and 455.67% of the avg. weekly net assets, respectively.
- Percentage of Income to Average Daily Net Assets is 11.57% (including unrealised appreciation) and Percentage of Expenses to Average Daily Net Assets is 1.61%.
- No services of Associates of the Asset Management Company were utilised for Reliance Medium Term Fund during the year ended March 31, 2003.
- Disclosure under Regulation 25(11) of SEBI (Mutual Funds) Regulations, 1996 is as follows:

(Rs. in lacs)

Name of the Company	Investment during the year			Holding as on 31st March, 2003		
	Type of Security	Quantity	(At Cost) Rs. in lacs	Type of Security	Quantity	(At Market Value) Rs. in lacs
<b>Reliance Income Fund</b>						
Ashok Leyland Finance Ltd.	Debt	5	500.00	-		
HDFC Ltd.	Debt	1045	10,738.21	Debt	250	2,524.68
HDFC Bank	Debt	-	-	Debt	10	1,110.06
IDBI	Debt	200	2,142.62	-		
ICICI Bank	Debt	300	292.82	-		
ICICI Bank	FD	2,000.84	FD	2,000.00		
Indian Aluminium Co. Ltd.	Debt	10	1,000.00	-		
ICICI Securities & Finance Co.Ltd.	Debt	15	1,524.51	-		

Larsen & Toubro Ltd.	Debt	15	1,500.00	-		
LIC Housing Finance	Debt	50	5,121.49	Debt	10	1,027.90
Punjab National Bank	Debt	100	1,113.63	-		
UTI Bank Ltd.	Debt	100	500.71	Debt	100	530.2
UTI Bank Ltd.	FD	2,501.04		FD		2,500.00

**Reliance Medium Term Fund**

Ashok Leyland	Debt	19	1,871.44	Debt	9	582.18
Finance Ltd.						
HDFC Ltd.	Debt	540	5,336.11	Debt	50	531.60
IDBI	Debt	8,500	8,713.48	-		
ICICI Bank	Debt	22,196	1,733.62	Debt	1,996	388.33
ICICI Securities &	Debt	10	1,029.08	-		
LIC Housing Finance	Debt	5	526.73	Debt	0	0

**Reliance Short Term Fund**

HDFC Ltd.	Debt	50	494.21			
ICICI Securities &	Debt	25	2,575.47	-		
Finance Co.Ltd.						
ICICI Bank	FD	1,000.42		FD		1,000.00
ICICI Bank	Debt	20	1,890.40	Debt	20	1,751.60
ICICI Bank	CD	2,500	2,356.68	CD	2,500	2,383.65
IDBI Bank Ltd	FD	2,500.00	-			
IDBI Limited	Debt	11,000	11,371.40			
Indian Aluminium	Debt	15	1,500.00	-		
Co. Ltd.						
Larsen & Toubro Ltd.	Debt	10	1,000.00	-		
UTI Bank Ltd.	FD	6,510.83	FD	2,000.00		
UTI Bank Ltd.	CD	2,500	2,346.23	CD	2,500	2,383.50

**Reliance Vision Fund**

Bajaj Auto Ltd.	Equity	58,100	264.09	Equity	33,100	158.76
Hero Honda Motors Ltd.	Equity	50,000	109.76	Equity	Nil	Nil
IDBI	Equity	500,000	108.71	Equity	Nil	Nil
Larsen & Toubro	Equity	50,000	89.37	Equity	Nil	Nil
Punjab National Bank	Equity	548,773	340.89	Equity	264,028	246.77
Reliance Industries Ltd.	Equity	130,003	366.86	Equity	80,003	221.17
Union Bank of India	Equity	115,000	18.40	Equity	Nil	Nil
Wipro Ltd.	Equity	2,000	32.31	Equity	Nil	Nil

**Reliance Growth Fund**

Bajaj Auto Ltd.	Equity	47,838	223.21	Equity	5,000	23.98
Hero Honda Motors Ltd.	Equity	45,000	119.74	Equity	Nil	Nil
ICICI Bank Ltd.	Equity	120,708	99.06	Equity	Nil	Nil
IDBI Limited	Equity	300,000	70.42	Equity	300,000	49.65
Larsen & Toubro Ltd.	Equity	50,000	89.58	Equity	Nil	Nil
Punjab National Bank	Equity	317,100	144.03	Equity	50,000	50.93
Reliance Industries Ltd.	Equity	29,545	83.85	Equity	29,545	81.68
Union Bank of India	Equity	807,500	156.15	Equity	Nil	Nil
Wipro Ltd.	Equity	8,000	131.79	Equity	Nil	Nil

**Reliance Liquid Fund**

HDFC Bank	FD	130,600.00		FD	8,500.00	
ICICI Bank	CD	200,000,000	1,995.71	CD	Nil	Nil
ICICI Bank	Debt	9,222,250	30,073.71	Debt	200,010	702.37
ICICI Bank	FD	135,320.29		FD	17,000.00	
IPCL	Debt	3,000,000	2,946.89	Debt	Nil	Nil
Larsen & Toubro	Debt	20,500,536	25,890.57	Debt	Nil	Nil
HDFC Ltd.	Debt	20,503,970	58,581.53	Debt	5,000,000	4,889.57
IDBI	Debt	54,200	56,068.55	Debt	13,800	13,933.06
IDBI Bank Ltd.	FD	64,582.69	FD	10,000		

12. The details of unclaimed redemption amount, for the year ended March 31, 2003. are as follows:

Unclaimed Redemption Cheques : Rs 52,562.60

Unclaimed Dividend Warrants : Rs 1,11,523.00

13. No services of Associates of the Asset Management Company were utilised for Reliance Medium Term Fund during the year ended March 31, 2003.

14. Management fees and Marketing expenses are in excess of 10% of the total expenditure.

15. Movement in Unit Capital :

	2002-2003		2001-2002	
	Number of Units	Rupees	Number of Units	Rupees
Initial Subscription/ Opening Units	2,64,02,108	26,40,21,078	3,28,86,970	32,88,69,699
Units issued during the year	34,55,89,390	3,45,58,93,899	1,02,69,239	10,26,92,386
Units repurchased during the year	(27,95,08,407)	(2,79,50,84,073)	(1,67,54,101)	(16,75,41,007)
Closing Units at the end of the year	9,24,83,090	92,48,30,904	2,64,02,108	26,40,21,078

16. Reliance Industries Ltd. holds 64.67% of the NAV of the scheme as on March 31, 2003.

17. On written request, present and prospective unit holders/investors can obtain copy of the Trust Deed, the Annual Report at a price, and the text of the relevant scheme.

18. The unitholders, if they so desire, may request for the annual report of Reliance Capital Asset Management Limited.

For and on behalf of  
**Reliance Capital Asset  
Management Limited**

For and on behalf of  
**Reliance Capital  
Trustee Co. Limited**

**D.J. Kapadia**  
Director

**Vinod M. Ambani**  
Director

**Shailesh Vaidya**  
Director

**Dr. A.C. Shah**  
Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**K.Rajagopal**  
Chief Investment Officer

**Kunj Bansal**  
Fund Manager

**Sandeep Bagla**  
Fund Manager

Mumbai  
Date: 29th September, 2003

RELIANCE MEDIUM TERM FUND (Formerly known as 'Reliance Monthly Income Plan')

**HOLDING STATEMENT AS ON MARCH 31, 2003**

Name of the Instrument	Rating	Quantity	Market value (Rs. in lacs)	% of NAV
<b>EQUITY &amp; EQUITY RELATED INSTRUMENTS</b>		NIL		NIL
<b>DEBT INSTRUMENTS</b>				
<b>Bonds / Debentures</b>				
<b>(a) Listed / Awaiting Listing on the stock exchanges</b>				
11.10% Indian Railway Finance Corporation Limited **@	AAA	100	1,110.86	9.37
India Infrastructure Development Ltd. **	AA(SO)	25	945.94	7.98
08.60% Housing Development Finance**	AAA	50	531.60	4.49
11.80% ICICI **	LAAA	200	222.44	1.88
14.00% Tata Chemicals Ltd **	AA	500	174.59	1.47
<b>TOTAL</b>		<b>875</b>	<b>2,985.43</b>	<b>25.19</b>
<b>(b) Unlisted</b>				
08.40% Rabo India Finance Ltd. **@	AAA	10	1,033.99	8.72
08.15% Sundaram Finance Ltd. **@	MAAAA	1,000	1,024.40	8.64
06.55% Associates India Financial Services **@	AAA	1,000	997.68	8.42
10.15% Citicorp Maruti Finance Ltd. **	AAA	500,000	520.08	4.39
08.20% Citicorp Finance Ltd. **@	AAA	500	515.74	4.35
07.75% Associates India Financial Services **@	AAA	400	405.58	3.42
09.50% GE-Capital Services **	AAA	17	183.39	1.55
ICICI **	AAA	1,746	110.56	0.93
11.20% ICICI **	LAAA	50	55.34	0.47
<b>TOTAL</b>		<b>504,723</b>	<b>4,846.76</b>	<b>40.89</b>
<b>PASS THROUGH CERTIFICATES (Securitized Debt)</b>				
<b>(a) listed / Awaiting listing on the stock exchanges</b>		NIL		NIL
<b>(b) Unlisted</b>				
ABS 2002 Series II Trust series II-D / II-D(FL) Kotak Mah. Fin. **@	AAA(SO)	10	952.64	8.04
PFS Series A2 -(Ashok Leyland Finance Limited) **@	AAA(SO)	7	466.28	3.93
PFSL Citi - Dec 2002 Series A1 **	AAA(SO)	4	388.35	3.28
PFS - A3 Series (CITIBANK N.A.) **@	AAA(SO)	5	385.32	3.25
PFS Series A4 (Ashok Leyland Finance Ltd.) **	AAA(SO)	1	87.79	0.74
Peoples Financial Services - Series 2000-1 (ORIX) **	AAA(SO)	3	28.22	0.24
PFS Series Y - (Ashok Leyland Finance Ltd.) **	AAA(SO)	1	28.11	0.24
PFS-Series 2001 A ( CITIBANK N.A.) **	AAA(SO)	3	1.42	0.01
<b>TOTAL</b>		<b>34</b>	<b>2,338.13</b>	<b>19.73</b>
<b>GOVERNMENT SECURITIES</b>		NIL	NIL	NIL
<b>Call / Repo</b>		-	9,985.27	<b>84.24</b>
<b>OTHER ASSETS</b>		-	(8,302.93)	<b>(70.05)</b>
<b>Net Assets Value</b>		<b>505,632.00</b>	<b>11,852.66</b>	<b>100.00</b>

\*\* Non-traded securities

@ Privately Placed Securities.

Note :

The Average Maturity Period as on March 31, 2003 for Reliance Medium Term Fund is 1.79 years.

### HISTORICAL PER UNIT STATISTICS

Per Unit Particulars (Rupees)	Reliance Medium Term Fund (formerly known as Reliance Monthly Income Plan)		
	As on March 31, 2003	As on March 31, 2002	As on March 31, 2001
<b>Face Value</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b>Net Asset Value</b>			
Growth Plan	13.2389	11.9999	10.7080
Monthly Dividend Plan	10.5026	10.2792	10.1679
Quarterly Dividend Plan	10.4386	10.2960	10.1350
<b>Income</b>			
Other than profit on sale of investment	1.18	1.31	0.63
From profit on inter-scheme sales/transfer of investments*	0.21	0.18	-
From profit on sale of investment to third party	0.06	0.05	0.05
<b>Gross Income</b>	<b>1.45</b>	<b>1.54</b>	<b>0.68</b>
<b>Expenses &amp; Losses</b>			
Aggregate of expenses, write-off, amortisation and charges	0.21	0.18	0.09
Loss on sale/redemption of Investments	-	0.05	-
Provision for depreciation in value of investments	-	-	-
Provision for Loss on Securities	-	-	-
<b>Gross Expenditure</b>	<b>0.21</b>	<b>0.23</b>	<b>0.09</b>
<b>Net Income</b>	<b>1.24</b>	<b>1.31</b>	<b>0.59</b>
Unrealised appreciation in value of investments	0.15	0.18	0.10
Unprovided depreciation in value of investments	0.01	-	-
Ratio of expenses to average net assets	1.61	1.52	0.84
Ratio of gross income to average net assets	11.57	13.02	7.60
Repurchase /Reissue Price			
<b>Highest</b>			
Growth Plan	13.2668	11.9999	10.7080
Monthly Dividend Plan	10.7268	10.6121	10.3893
Quarterly Dividend Plan	10.8044	10.4041	10.1943
<b>Lowest</b>			
Growth Plan	12.025	10.7094	10.0496
Monthly Dividend Plan	10.3186	10.1693	10.0643
Quarterly Dividend Plan	10.3012	10.1286	10.0244
Trading Price			
Highest	NA	NA	NA
Lowest	NA	NA	NA
Price Earning Ratio			
Highest	NA	NA	NA
Lowest	NA	NA	NA

\* Profit on sale of investment to third party is net of loss on sale of investment to third party.

### PERFORMANCE OF THE SCHEME AS COMPARED TO THE BENCHMARK INDEX

Schemes/ Benchmark Index	Simple Annualised Returns	Compounded Annualised Returns		
	Last 1 year (%)	Last 3 year (%)	Last 5 year (%)	Since Inception
Reliance Medium Term Fund	10.1532	-	-	11.5492
CRISIL Short Term Bond Fund Index	7.8407	-	-	-

\* April 1, 2002 being a non-transaction day the NAV of the immediately following transaction day has been considered

Notes : 1. Date of launch and Date of allotment of the units was August 16, 2000 and September 18, 2000 respectively.

2. For the purpose of calculation of returns, the NAV at the time of inception of the Scheme (i.e. Rs. 10/- ) has been considered.

## STATEMENT OF BOARD OF DIRECTORS OF RELIANCE CAPITAL TRUSTEE CO. LIMITED

- a) The liabilities and responsibilities of the Trustee are in accordance with the SEBI (Mutual Funds) Regulations, 1996, Trust deed and the offer document of the scheme. The liability of the Sponsor/Settlor is limited to the initial contribution of Rs. 100,000/- towards the setting up of Reliance Capital Mutual Fund.
- b) The primary investment objective of Reliance Medium Term Fund (formerly known as Reliance Monthly Income Plan) is to generate regular income in order to make regular dividend payments to unitholders and the secondary objective is growth of capital.
- c) Reliance Medium Term Fund (formerly known as Reliance Monthly Income Plan) is an Open-end Income scheme with no assured returns. The Funds are normally invested in Fixed Income Securities, Money Market Instruments, cash and cash equivalents.
- d) Investment policies of the Funds reflects restrictions for Mutual Fund investments established by SEBI. Avenues for investment are identified on the following criteria:
1. Financial Health of the Issuer
  2. Quality of the Security/Instrument
  3. Maturity Profile
  4. Liquidity of the Security
  5. Risk Profile of the Instrument
  6. Any other in the opinion of Fund Management Team
- e) All investments in Mutual Funds are subject to market risks and the NAV, price and redemption value of the units and income from them, can go up as well as down with the fluctuations in the market value of its underlying investments. There can be no assurance that the Fund's objective will be achieved. Past performance is not necessarily indicative of future results and may not necessarily provide a basis for comparison with other investments.
- f) The Scheme has declared and paid Dividends on face value of Rs. 10 @ 8.26 % (annualised) in the Monthly Dividend Plan and @ 8.75 % (annualised) in the Quarterly Dividend Plan, during the period ended March 31, 2003.

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**Sponsor** : Reliance Capital Limited

**Trustee** : Reliance Capital Trustee Co. Limited

**Investment Manager** : Reliance Capital Asset Management Limited

**Statutory Details** : The Sponsor, the Trustee and the Investment Manager are incorporated under the Companies Act, 1956.

**Risk Factors** : All securities and investments are subject to market risks and there is no assurance and no guarantee that the Scheme's objectives will be achieved. As with investments in any securities, the NAVs of the units issued under the Scheme can go up or down depending on the factors and forces affecting the securities market. Reliance Medium Term Fund is only the name of the Scheme and do not in any manner indicate either the quality of the Scheme, its future prospects or returns. Past performance of the Sponsor or its group affiliation is not indicative of future performance of the Scheme. The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond their initial contribution of Rs.1 lac towards the setting up of the Mutual Fund. The Mutual Fund is not guaranteeing or assuring any dividends/ bonus. The Mutual Fund is also not assuring that it will make periodical dividend/ bonus distributions, though it has every intention of doing so. All dividend/ bonus distributions are subject to the availability of distributable surplus in the Scheme. The liquidity of the Scheme's investments may be inherently restricted by trading volumes, settlement periods and transfer procedures. Scheme specific risk factors have been mentioned in the Offer Document.

**Please read the offer document before investing.**



## AUDITORS' REPORT

To  
**The Board of Directors of  
Reliance Capital Trustee Co. Limited**

We have audited the attached Balance Sheet of the Scheme '**Reliance Short term Fund**' (the "Scheme") **of Reliance Capital Mutual Fund** as at 31st March, 2003 and the Revenue Account of the Scheme for the period ended 31st March, 2003 and report thereon as follows:

- a) The Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. These financial statements are the responsibility of the Management of the Trustee and the Asset Management Companies.
- b) Our audit was conducted in accordance with the generally accepted auditing standards 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 presentation of the Financial Statements. We believe that our audit provides a reasonable basis for our opinion.
- c) 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.
- d) The Balance Sheet and the Revenue Account dealt with by this report are in agreement with the books of account of the Scheme.
- e) Non-traded securities have been valued in accordance with the guidelines notified by the Securities and Exchange Board of India. In our opinion, these valuations are fair and reasonable.
- f) 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 Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (ii) in the case of the Balance Sheet, of the state of affairs of the Scheme as at 31st March, 2003 and
  - (ii) in the case of the Revenue Account, of the Surplus of the Scheme for the Period ended 31st March, 2003.

For **HARIBHAKTI & CO.**  
Chartered Accountants

**CHETAN DESAI**  
Partner

Place : Mumbai

Date : 29th September, 2003

**BALANCE SHEET**  
AS AT 31st MARCH, 2003

Schedule	31st March, 2003 Amount (Rs.)
<b>LIABILITIES</b>	
Unit Capital <b>A</b>	2,99,09,64,493
Reserves and Surplus <b>B</b>	4,85,31,909
Current Liabilities and Provisions <b>C</b>	11,67,86,148
<b>TOTAL</b>	<b>3,15,62,82,550</b>
<b>ASSETS</b>	
Investments <b>D</b>	2,01,18,51,263
Deposits <b>E</b>	1,04,52,35,958
Other Current Assets <b>F</b>	9,91,95,329
<b>TOTAL</b>	<b>3,15,62,82,550</b>
Notes forming part of Accounts <b>G</b>	

**REVENUE ACCOUNT**  
FOR THE PERIOD ENDED 31st MARCH, 2003

Schedule	31st March, 2003 Amount (Rs.)
<b>INCOME</b>	
Interest	5,19,22,773
Profit on sale / redemption of investments (Other than inter-scheme transfer / sale)	9,82,800
Profit on inter scheme transfer / sale of investments	3,27,536
Unrealised appreciation in the value of investments	15,26,987
<b>Total</b>	<b>5,47,60,096</b>
<b>EXPENSES AND LOSSES</b>	
Unrealised depreciation in the value of investments	26,87,810
Loss on sale / redemption of investments ( Other than inter-scheme transfers / sale)	21,98,717
Loss on interscheme transfer / sale of investments	63,62,343
Management fees	15,79,149
Custodian fees	2,33,908
Audit fees	2,84,429
Registrar & Transfer Agent's fees	1,82,288
Other operating expenses	17,51,486
<b>Total</b>	<b>1,52,80,130</b>
Net Surplus / ( Deficit ) for the period	<b>3,94,79,966</b>

As per our Report of even date

**For Haribhakti & Co.**  
Chartered Accountants

For and on behalf of  
**Reliance Capital Asset Management Limited**

For and on behalf of  
**Reliance Capital Trustee Co. Limited**

**Chetan Desai**  
Partner

**D.J.Kapadia**  
Director

**Vinod M. Ambani**  
Director

**Shailesh Vaidya**  
Director

**Dr. A.C.Shah**  
Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**K.Rajagopal**  
Chief Investment Officer

**Sandeep Bagla**  
Fund Manager

Mumbai  
Date: 29th September, 2003

**APPROPRIATION ACCOUNT**  
FOR THE PERIOD ENDED 31st MARCH, 2003

	Schedule	31st March, 2003 Amount (Rs)
Net Surplus / (Deficit) for the period		3,94,79,966
<b>TOTAL</b>		<b>3,94,79,966</b>
<b>Net Available Surplus</b>		<b>3,94,79,966</b>
Add : Transferred from Equalisation Account		1,19,07,986
Less : Dividend distributed		10,89,429
<b>Net Surplus / (Deficit)</b>		
<b>carried forward</b>		<b>5,02,98,525</b>
Notes forming parts of Accounts	G	

As per our Report of even date

**For Haribhakti & Co.** For and on behalf of For and on behalf of  
Chartered Accountants **Reliance Capital Asset** **Reliance Capital**  
**Management Limited** **Trustee Co. Limited**

**Chetan Desai** **D.J. Kapadia** **Vinod M. Ambani**  
Partner Director Director

**Shailesh Vaidya** **Dr. A.C. Shah**  
Director Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**K.Rajagopal**  
Chief Investment Officer

**Sandeep Bagla**  
Fund Manager

Mumbai  
Date: 29th September, 2003

**SCHEDULES FORMING PART OF THE**  
**BALANCE SHEET AS AT 31st MARCH, 2002**

	Units	31st March, 2003 Amount (Rs.)
<b>SCHEDULE 'A'</b>		
<b>UNIT CAPITAL</b>		
<i>(Face Value of Rs. 10 Each)</i>		
Unit Capital (Opening Balance)		
Add : Subscription during Initial Offer period	23,67,98,889	2,36,79,88,891
Add : Subscription during the period	46,36,77,023	4,63,67,70,233
Less : Redemption during the period	40,13,79,463	4,01,37,94,631
<b>Unit Capital (Closing Balance)</b>	<b>29,90,96,449</b>	<b>2,99,09,64,493</b>
	<b>Amount</b>	<b>Amount</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>

**SCHEDULE 'B'**  
**RESERVES AND SURPLUS**

**Unit Premium**

Opening Balance		
Add : Additions during the period	4,56,15,430	
Less : Deduction during the period	3,54,74,060	
Less:- Transferred to Equalisation Account	1,19,07,986	
<b>Closing Balance</b>		(17,66,616)

**Equalisation Account**

Transferred from Unit Premium Reserve	1,19,07,986	
Less: Transferred to Revenue Account	1,19,07,986	
<b>Closing Balance</b>		(0.00)

**Appropriation Account**

Surplus/Deficit carried forward		5,02,98,525
<b>Total Reserves &amp; Surplus</b>		<b>4,85,31,909</b>

**SCHEDULE 'C'**  
**CURRENT LIABILITIES**  
**AND PROVISIONS**

Sundry Creditors		74,80,157
Other liability		38,610
Purchase contract outstanding		10,92,67,381
<b>Total</b>		<b>11,67,86,148</b>

**SCHEDULES FORMING PART OF THE  
BALANCE SHEET AS AT 31st MARCH, 2003**

	Amount (Rs.)	Amount (Rs.)
<b>SCHEDULE 'D'</b>		
<b>INVESTMENTS</b>		
Privately Placed Debentures/Bonds listing on recognised Stock Exchange	70,42,83,400	
Commercial paper	5,46,86,250	
Securitised Debt	4,93,97,778	
Public Sector Unit - Bonds	44,44,88,529	
Certificate of Deposits	10,71,18,254	
Zero Coupon Bonds	47,67,16,478	
<b>Total</b>		<b>2,01,18,51,263</b>
<b>SCHEDULE 'E'</b>		
<b>DEPOSITS</b>		
Call Deposits	74,52,35,958	
Deposits with Scheduled Banks	30,00,00,000	
<b>Total</b>		<b>1,04,52,35,958</b>
<b>SCHEDULE 'F'</b>		
<b>OTHER CURRENT ASSETS</b>		
Balances with Banks in Current Account, including cheques on hand	1,23,27,874	
Sale contract outstanding	5,88,57,072	
Outstanding and Accrued Income	2,74,70,709	
Other receivables	5,39,674	
<b>Total</b>		<b>9,91,95,329</b>

**SCHEDULE G**

**NOTES FORMING PART OF ACCOUNTS**

**A. ORGANISATION**

Reliance Short Term Fund (Scheme), an open-ended income scheme, was launched on 09<sup>th</sup> December 2002. Reliance Capital Trustee Co. Limited (RCTC) has been appointed as the Trustee for Reliance Capital Mutual Fund (RCMF) vide Trust Deed dated April 25, 1995. Reliance Capital Asset Management Limited (RCAM) is the Investment Manager.

The Scheme offers three plans namely, Growth Plan for investors seeking long term appreciation, Dividend Re-investment Plan for investors seeking income in the form of Dividend and Bonus Plan. The primary investment objective of the Scheme is to generate stable returns for investors with a short term investment horizon. This is achieved through investments in fixed income securities of short term maturity.

**B. SIGNIFICANT ACCOUNTING POLICIES**

**1. REVENUE RECOGNITION**

- a. Profit/loss on sale of investments is accounted for in the year in which the contract for sale is entered into. The cost is calculated on the basis of weighted average cost of investment.
- b. Unrealised appreciation or depreciation in the value of investments/other assets, if any, form part of the Revenue Account.
- c. Dividend income is recognised on the ex-dividend date.
- d. In respect of interest bearing investments excluding those purchased on a Reverse Repo basis, interest income is accrued daily.
- e. Income other than above and of miscellaneous nature is accounted for, as and when realised.
- f. All major expenses are accounted for on accrual basis, while other expenses are accounted for when paid.

**2. EQUALISATION ACCOUNT**

The purpose of Equalisation Account is to maintain per unit distributable surplus so that continuing unitholders' share of distributable surplus remains unchanged on issue or redemption of units. The total distributable surplus (without considering unrealised appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalisation Account. The net balance in this account is transferred to the Revenue Account at the end of the year.

**3. INVESTMENTS**

- a. Investments are accounted on trade date. In case of interest bearing securities wherein though investment is accounted on trade date, interest accrues from the settlement date. However, the effect of all investments traded during the financial year is recorded and reflected in the financial statements for that year. The cost of investments includes cost of acquisition, brokerage and stamp duty, if any.

- b. Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.

**4. VALUATION OF INVESTMENTS**

Traded Securities :

1. All traded securities are valued at the closing market price of the principal stock exchange (BSE) on the last trading day of the financial year. Where it is not traded on any stock exchange on the last trading day of the financial year, the value at which it was traded on the selected stock exchange or any other stock exchange, as the case may be, on the earliest previous day prior to valuation date have been used provided such date is not more than thirty days prior to the valuation date for equity shares and fifteen days for debt securities. (Note: thirty days for the period upto February 19, 2002 for debt securities.)

2. Thinly-traded and Non-traded securities :

Non-traded / thinly traded equity securities including those not traded within thirty days and non-traded/thinly traded debt securities including those not traded within fifteen days (thirty days for the period upto February 19, 2002) are valued at fair value as per the procedure determined by the Investment Committee in accordance with the guidelines for valuation of securities laid down by SEBI vide its circular dated September 18, 2000 as amended upto date.

3. Government securities are valued at prices obtained from CRISIL in accordance with the guidelines by SEBI.
4. Investments in call money, commercial papers bills purchased under re- discounting scheme and term deposits with banks are valued at cost plus accruals.
5. Appreciation / Depreciation, as the case may be, in the value of the securities at the year-end has been computed for the scheme, whereby the aggregate market value taken together is compared with the average cost of acquisition. Such net balance is charged to Revenue Account.
6. Securities purchased on Reverse Repo basis are valued at a rate which appreciates/depreciates the security to the extent that the cumulative yield on such security equals the Repo rate.
7. There were no investments recognised as Non-performing Assets (NPAs), as on March 31, 2003. An investment is regarded as non-performing, if the interest and/or principal amount has not been received or remains outstanding for one quarter from the day such income or installment has fallen due.
8. The above policies are followed as and when applicable.

**C. NOTES ON ACCOUNTS**

1. The scheme has Growth, Dividend Re-investment and Bonus plans. A combined Balance Sheet and Revenue Account is prepared for the Scheme.
2. Net Asset Value (NAV) per unit of a Face Value of Rs.10 as on March 31, 2003 for Growth Plan was Rs.10.1626, Dividend Re-investment Plan was Rs.10.0848 and for Bonus Plan Rs.10.1626
3. Investment Management Fees has been computed on the basis of Average Weekly Net Assets of the Scheme accrued on a daily basis.

Computation of Investment Management Fees

Average Weekly Net Assets = Rs. 23,520.52 lacs

Management Fees charged = Rs. 15.79 lacs \*

\* as per Offer Document

4. a. The following are the contracts for sale of investments, the delivery of which is pending as on March 31, 2003.

No	Security	Quantity	Amount
1	9.95% Bharat Petroleum Corpn Ltd 01/06/08	5	5,88,57,071.92

- b. The following are the contracts for purchase of investments, the delivery of which is pending as on March 31, 2003.

No	Security	Quantity	Amount
1	6.25% Export Import Bank of India 30/12/2007	5	4,97,90,394.52
2	10.05% Tata Iron & Steel Co Ltd 30/12/2006	5	5,42,11,110.96
3	8.05% Indian Railway Finance Corpn 15/07/2007	5	52,45,002.12
4	ABS -Series II 20/07/2005	5	10,873.60*

\* Part amount

5. Investment in Group Companies during the year ended March 31, 2003 was NIL
6. Holding in Group Companies as on March 31, 2003 is as follows was NIL
7. During the period ended March 31, 2003 the total Purchases of investments were Rs.73,324.05 lacs and Sale of Investments (excluding redemptions) were Rs. 58,437.61 lacs which are 311.75 % and 248.45% of the avg. weekly net assets, respectively.
8. Percentage of Income to Average Weekly Net Assets is 2.33% ,(including unrealised appreciation) and Percentage of Expenses to Average Weekly Net Assets is 0.53%
9. No services of Associates of the Asset Management Company were utilised for Reliance Short Term Fund during the period ended March 31, 2003.
10. Disclosure under Regulation 25(11) of SEBI (Mutual Funds) Regulations, 1996 is as follows:

Name of the Company	Investment during the year			Holding as on 31st March, 2003		
	Type of Security	Quantity	(At Cost) Rs. in lacs	Type of Security	Quantity	(At Market Value)
<b>Reliance Income Fund</b>						
Ashok Leyland Finance Ltd.	Debt	5	500.00	-	-	-
HDFC Ltd.	Debt	1045	10,738.21	Debt	250	2,524.68
HDFC Bank	Debt	-	-	Debt	10	1,110.06
IDBI	Debt	200	2,142.62	-	-	-
ICICI Bank	Debt	300	292.82	-	-	-
ICICI Bank	FD	2,000,000	2,000.84	FD	2,000,000	2,000.00
Indian Aluminium Co. Ltd.	Debt	10	1,000.00	-	-	-
ICICI Securities & Finance Co.Ltd.	Debt	15	1,524.51	-	-	-
Larsen & Toubro Ltd.	Debt	15	1,500.00	-	-	-
LIC Housing Finance	Debt	50	5,121.49	Debt	10	1,027.90
Punjab National Bank	Debt	100	1,113.63	-	-	-
UTI Bank Ltd.	Debt	100	500.71	Debt	100	530.2
UTI Bank Ltd.	FD	2,500,000	2,501.04	FD	2,500,000	2,500.00
<b>Reliance Monthly Income Plan</b>						
Ashok Leyland Finance Ltd.	Debt	19	1,871.44	Debt	9	582.18
HDFC Ltd.	Debt	540	5,336.11	Debt	50	531.60
IDBI	Debt	8,500	8,713.48	-	-	-
ICICI Bank	Debt	22,196	1,733.62	Debt	1,996	388.33
ICICI Securities & Finance Co.Ltd.	Debt	10	1,029.08	-	-	-
LIC Housing Finance	Debt	5	526.73	Debt	0	0
<b>Reliance Short Term Fund</b>						
HDFC Ltd.	Debt	50	494.21	-	-	-
ICICI Securities & Finance Co.Ltd.	Debt	25	2,575.47	-	-	-
ICICI Bank	FD	1,000,000	1,000.42	FD	1,000,000	1,000.00
ICICI Bank	Debt	20	1,890.40	Debt	20	1,751.60
ICICI Bank	CD	2,500	2,356.68	CD	2,500	2,383.65
IDBI Bank Ltd	FD	2,500,000	2,500.00	-	-	-
Industrial Development Bank of India	Debt	11,000	11,371.40	-	-	-
Indian Aluminium Co. Ltd.	Debt	15	1,500.00	-	-	-
Larsen & Toubro Ltd.	Debt	10	1,000.00	-	-	-
UTI Bank Ltd.	FD	6,510,000	6,510.83	FD	2,000,000	2,000.00
UTI Bank Ltd.	CD	2,500	2,346.23	CD	2,500	2,383.50
<b>Reliance Vision Fund</b>						
Bajaj Auto Ltd.	Equity	58,100	264.09	Equity	33,100	158.76
Hero Honda Motors Ltd.	Equity	50,000	109.76	Equity	Nil	Nil
IDBI	Equity	500,000	108.71	Equity	Nil	Nil
Larsen & Toubro	Equity	50,000	89.37	Equity	Nil	Nil
Punjab National Bank	Equity	548,773	340.89	Equity	264,028	246.77
Reliance Industries Ltd.	Equity	130,003	366.86	Equity	80,003	221.17
Union Bank of India	Equity	115,000	18.40	Equity	Nil	Nil
Wipro Ltd.	Equity	2,000	32.31	Equity	Nil	Nil
<b>Reliance Growth Fund</b>						
Bajaj Auto Ltd.	Equity	47,838	223.21	Equity	5,000	23.98
Hero Honda Motors Ltd.	Equity	45,000	119.74	Equity	Nil	Nil
ICICI Bank Ltd.	Equity	120,708	99.06	Equity	Nil	Nil
IDBI	Equity	300,000	70.42	Equity	300,000	49.65
Larsen & Toubro Ltd.	Equity	50,000	89.58	Equity	Nil	Nil
Punjab National Bank	Equity	317,100	144.03	Equity	50,000	50.93
Reliance Industries Ltd.	Equity	29,545	83.85	Equity	29,545	81.68
Union Bank of India	Equity	807,500	156.15	Equity	Nil	Nil
Wipro Ltd.	Equity	8,000	131.79	Equity	Nil	Nil
<b>Reliance Liquid Fund</b>						
HDFC Bank	FD	Nil	130,600.00	FD	Nil	8,500.00
ICICI Bank	CD	200,000,000	1,995.71	CD	Nil	Nil
ICICI Bank	Debt	9,222,250	30,073.71	Debt	200,010	702.37

ICICI Bank	FD	Nil	135,320.29	FD	Nil	17,000.00
IPCL	Debt	3,000,000	2,946.89	Debt	Nil	Nil
Larsen & Toubro	Debt	20,500,536	25,890.57	Debt	Nil	Nil
HDFC Ltd.	Debt	20,503,970	58,581.53	Debt	5,000,000	4,889.57
IDBI	Debt	54,200	56,068.55	Debt	13,800	13,933.06
IDBI Bank Ltd.	FD	Nil	64,582.69	FD	Nil	10,000

The investments have been made after considering the attractive valuations of these scrips. The scrips belong to sectors where the Fund recognises an immense growth potential, in the near future.

11. The Management Fees is in excess of 10% of the total expenditure.

12. Movement in Unit Capital :

	2002-2003	
	Number of Units	Rupees
Initial Subscription/Opening Units	23,67,98,889	2,36,79,88,891
Units issued during the period	46,36,77,023	4,63,67,70,233
Units repurchased during the period	40,12,79,463	4,01,37,94,361
Closing Units at the end of the period	29,90,96,449	2,99,09,64,493

14. Reliance Industries Ltd. is holding 73.61% of NAV of the Scheme as on March 31, 2003.

13. On written request, present and prospective unit holders/investors can obtain copy of the Trust Deed, the Annual Report at a price, and the text of the relevant scheme.

14. The unitholders, if they so desire, may request for the annual report of Reliance Capital Asset Management Limited.

15. Previous year figures are not given, as it is first year of accounts.

For and on behalf of  
**Reliance Capital Asset Management Limited**

For and on behalf of  
**Reliance Capital Trustee Co. Limited**

**D.J. Kapadia**  
Director

**Vinod M. Ambani**  
Director

**Shailesh Vaidya**  
Director

**Dr. A.C. Shah**  
Director

**Amitabh Chaturvedi**  
Chief Executive Officer

**K.Rajagopal**  
Chief Investment Officer

**Sandeep Bagla**  
Fund Manager

Mumbai  
Date: 29th September, 2003

RELIANCE SHORT TERM FUND  
HOLDING STATEMENT AS ON MARCH 31, 2003

Name of the Instrument	Rating	Quantity	Market value (Rs. in lacs)	% of NAV
<b>EQUITY &amp; EQUITY RELATED INSTRUMENTS</b>		NIL	NIL	NIL
<b>DEBT INSTRUMENTS</b>				
<b>Bonds / Debentures</b>				
<b>(a) Listed / Awaiting listing on the stock exchanges</b>				
8.05% National Thermal Power Corpn. **	AAA	200	1 042.33	3.43
6.35% Kotak Mahindra Finance Ltd. **@	P1+	10	998.56	3.29
9.95% Bharat Petroleum Corpn. Ltd.	AAA	5	546.86	1.80
8.71% Indian Railway Finance Corp. **	AAA	50	510.41	1.68
6.25% Exim Bank Of India	AAA	5	489.86	1.61
8.05% Indian Railway Finance Corp. **	AAA	5	52.58	0.17
<b>TOTAL</b>		<b>275</b>	<b>3 640.60</b>	<b>11.98</b>
<b>(b) Unlisted</b>				
10.25% Madras Alluminium Co. Ltd. **@	AAA(SO)	10	1 000.00	3.29
6.30% Rabo India Finance **	P1 +	10	998.31	3.28
6.30% Associate India Fin. Ser. Ltd. **@	P1+	1,000	998.23	3.28
6.75% Citicorp Finance **@	AAA	1,000	996.74	3.28
10.05% TISCO **	AA+	5	518.81	1.71
7.63% Indian Railway Finance Corp. **	AAA	50	508.19	1.68
<b>TOTAL</b>		<b>2,075</b>	<b>5 020.28</b>	<b>16.52</b>
<b>Pass Through Certificates (Securitised Debt)</b>				
<b>(a) Listed / Awaiting listing on the stock exchanges</b>		NIL	NIL	NIL
<b>(b) Unlisted</b>				
PFSL Citi - Dec 2002 Series A1 **@	AAA(SO)	11	1 067.97	3.51
Loan Receivable Trust Series-II **@	AA+ (SO)	10	986.97	3.25
ABS 2002 Series II Trust series II-D / II-D(FL) Kotak Mah. Fin. **	AAA(SO)	10	952.64	3.13
Loan Securitisation Trust Series-III (ICICI Auto Pool) **@	MAAA(SO)	10	931.89	3.07
Peoples Financial Services Limited- (TELCO ) **@	AAA (SO)	10	903.20	2.97
Loan Receivables Securitisation Trust( Series II ) **@	MAAA (SO)	10	819.72	2.70
PFSL PTC Series A3 (CITICORP Finance)-Citispot **@	AAA(SO)	5	471.98	1.55
PFSL PTC-Dec 2001 Issue (Citicorp Finance) series A2 **	AAA(SO)	1	62.12	0.20
<b>TOTAL</b>		<b>67</b>	<b>6 196.49</b>	<b>20.38</b>
<b>Government Securities</b>		NIL	NIL	NIL
<b>Commercial Paper</b>				
Exim Bank Of India	P1 +	100	493.98	1.63
<b>TOTAL</b>		<b>100</b>	<b>493.98</b>	<b>1.63</b>

(Contd...)



### HOLDING STATEMENT AS ON MARCH 31, 2003

Name of the Instrument	Rating	Quantity	Market value (Rs. in lacs)	% of NAV
<b>Fixed Deposit</b>				
7.60% UTI Bank Ltd.		2,000,000	2 000.00	6.58
7.75% ICICI Bank Ltd.		1,000,000	1 000.00	3.29
<b>TOTAL</b>		<b>3,000,000</b>	<b>3 000.00</b>	<b>9.87</b>
<b>Certificate Of Deposit</b>				
ICICI Bank Ltd. **		2,500	2 383.66	7.84
UTI Bank Ltd. **		2,500	2 383.50	7.84
<b>TOTAL</b>		<b>5,000</b>	<b>4 767.16</b>	<b>15.68</b>
<b>Call / Repo</b>		-	7 452.36	<b>24.52</b>
<b>OTHER ASSETS</b>		-	(175.90)	<b>(0.58)</b>
<b>NET ASSET VALUE</b>		<b>3,007,517</b>	<b>30 394.97</b>	<b>100.00</b>

\*\* Non-traded Securities

@ Privately placed Securities

Notes:

1. Average Maturity Period for Reliance Short Term Fund as on March 31, 2003 is 0.93 years.
2. Performance of the Scheme as compared to Benchmark is as follows:

### PERFORMANCE AS OF THE SCHEME AS COMPARED TO THE BENCHMARK INDEX

Scheme/Benchmark Index	NAV as on 23.12.02 * (Rs.)	NAV as on 31.03.03	Absolute returns % (since inception) As on 31.03.03
Reliance Short Term Fund	10.0136	10.1623	1.6230
CRISIL Short Term Bond Fund Index	1000.30	1078.64	7.8407

\* The date of declaration of the 1st NAV.

Notes:

1. The Date of launch and the Date of allotment of the units of the Scheme was December 9, 2002 and December 18, 2002 respectively. The Scheme has completed 98 days since launch, hence the absolute return is calculated accordingly.
2. For the purpose of calculation of returns, the NAV at the time of inception of the Scheme (i.e. Rs.10/-) has been considered.



**HISTORICAL PER UNIT STATISTICS**

<b>Per Unit Particulars (Rupees)</b>	<b>As on March 31, 2003</b>
<b>Face Value</b>	<b>10.0000</b>
<b>Net Asset Value</b>	
Growth Plan	10.1626
Dividend Re-investment Plan	10.0848
Bonus Plan	10.1626
<b>Income</b>	
Other than profit on sale of investment	0.174
From profit on inter-scheme sales/transfer of investments	0.001
From profit on sale of investment to third party	0.003
<b>Gross Income</b>	<b>0.178</b>
<b>Expenses &amp; Losses</b>	
Aggregate of expenses, write-off, amortisation and charges	0.013
Loss on sale/redemption of Investments	0.029
Provision for depreciation in value of investments	
Provision for Loss on Securities	
<b>Gross Expenditure</b>	<b>0.042</b>
<b>Net Income</b>	<b>0.136</b>
Unrealised appreciation in value of investments	0.005
Unprovided depreciation in value of investments	0.009
Ratio of expenses to average net assets	0.53
Ratio of gross income to average net assets	2.33
<b>Repurchase /Reissue Price</b>	
<b>Highest</b>	
Growth Plan	10.1623
Dividend Re-investment Plan	10.0846
Bonus Plan	10.1623
<b>Lowest</b>	
Growth Plan	10.0136
Dividend Re-investment Plan	10.0000
Bonus Plan	10.0136
Trading Price	N.A.
Highest	
Lowest	
Price Earning Ratio	N.A.
Highest	
Lowest	

\*Profit on sale of investment to third party is net of loss on sale of investment to third party.

As the scheme was launched on December 7, 2002, the Comparative Figures for the previous year are not available.

## **STATEMENT OF BOARD OF DIRECTORS OF RELIANCE CAPITAL TRUSTEE CO. LIMITED**

- a) The liabilities and responsibilities of the Trustee are in accordance with the SEBI (Mutual Funds) Regulations, 1996, Trust deed and the offer document of the scheme. The liability of the Sponsor/ Settlor is limited to the initial contribution of Rs. 100,000/- towards the setting up of Reliance Capital Mutual Fund.
- b) The primary investment objective of Reliance Short Term Fund is to generate stable returns for investors with a short term investment horizon by investing in fixed income securities of a short term maturity.
- c) Reliance Short Term Fund is an Open-end Income scheme. The Funds are normally invested in Fixed Income Securities, Money Market Instruments, cash and cash equivalents.
- d) Investment policies of the Funds reflects restrictions for Mutual Fund investments established by SEBI.  
Investment views/ decisions will be taken on the basis of the following parameters:
  1. Prevailing interest rate scenario
  2. Quality of the Security/Instrument (including the financial health of the Issuer)
  3. Maturity Profile of the instrument
  4. Liquidity of the Security
  5. Growth prospects of the Company/ Industry
  6. Any other factors in the opinion of the Fund Management Team
- e) All investments in Mutual Funds are subject to market risks and the NAV, price and redemption value of the units and income from them, can go up as well as down with the fluctuations in the market value of its underlying investments. There can be no assurance that the Fund's objective will be achieved. Past performance is not necessarily indicative of future results and may not necessarily provide a basis for comparison with other investments.
- f) The scheme has distributed dividend on a face value of Rs. 10/- @ 2.68% (annualised) to the unitholders under the Dividend Plan.

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**Sponsor** : Reliance Capital Limited

**Trustee** : Reliance Capital Trustee Co. Limited

**Investment Manager** : Reliance Capital Asset Management Limited

**Statutory Details** : The Sponsor, the Trustee and the Investment Manager are incorporated under the Companies Act, 1956.

**Risk Factors** : All securities and investments are subject to market risks and there is no assurance and no guarantee that the Scheme's objectives will be achieved. As with investments in any securities, the NAVs of the units issued under the Scheme can go up or down depending on the factors and forces affecting the securities market. Reliance Short Term Fund is only the name of the Scheme and do not in any manner indicate either the quality of the Scheme, its future prospects or returns. Past performance of the Sponsor or its group affiliation is not indicative of future performance of the Scheme. The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond their initial contribution of Rs.1 lac towards the setting up of the Mutual Fund. The Mutual Fund is not guaranteeing or assuring any dividends/ bonus. The Mutual Fund is also not assuring that it will make periodical dividend/ bonus distributions, though it has every intention of doing so. All dividend/ bonus distributions are subject to the availability of distributable surplus in the Scheme. The liquidity of the Scheme's investments may be inherently restricted by trading volumes, settlement periods and transfer procedures. Scheme specific risk factors have been mentioned in the Offer Document.

**Please read the offer document before investing.**