

FIFTEENTH ANNUAL REPORT 2000-2001



**Reliance Capital Limited**

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**FIFTEENTH ANNUAL GENERAL MEETING**

on Saturday, the 16th June, 2001 at Thakorebhai Desai Hall,  
Law College Road, Near Law Gardens, Ahmedabad - 380 006  
at 11.30 a.m.

**BOARD OF DIRECTORS**

Shri D. Chaturvedi Chairman  
Shri D. J. Kapadia  
Shri Lalit Bhasin  
Shri Mathew Panikar  
Shri Anand Jain Managing Director

**CONTENTS**
**Page No.(s)**

Index and Company Information	2
Notice of Annual General Meeting	3
Directors' Report	4-5
Compliance Certificate on Corporate Governance	5
Corporate Governance	6-8
Auditors' Report	9
Balance Sheet	10
Profit & Loss Account	11
Schedules Annexed to Balance Sheet and Profit & Loss Account and Notes on Accounts	12-25
Cashflow Statement	26
Statement pursuant to Section 212	27
Particulars as to Company Subsidiaries	28-53
Dematerialisation of Securities	54
Proxy Form and Attendance Slip	55

**COMPANY SECRETARY**

Shri V. R. Mohan

**SOLICITORS & ADVOCATES**

M/s. Bhasin & Co.

**AUDITORS**

M/s. Pathak H. D. & Associates

**BANKERS**

Allahabad Bank  
Bank of America  
HDFC Bank Limited  
Punjab National Bank  
Syndicate Bank

**SUBSIDIARIES**

Reliance Capital Asset Management Limited  
Reliance Capital Trustee Co. Limited  
Reliance Net Limited  
Observer Network Private Limited

**REGISTERED OFFICE**

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

**CORPORATE OFFICE**

Mittal Chambers  
Ground Floor,  
228, Nariman Point,  
Mumbai - 400 021

**REGISTRAR & TRANSFER AGENT**

Karvy Consultants Limited,  
Hyderabad : 46, Avenue 4, Street No. 1, Banjara Hills,  
Hyderabad- 500 034.  
Tel 91-40-3320251/3320751/3312454.  
Fax No. 91-40-3311968  
E-mail: investor@karvy.com  
Mumbai : Tulsiani Chambers  
10th Floor, Nariman Point  
Mumbai 400 021, India.  
Tel. Nos. 91-22-2884769/2875951  
Fax No. 91-22-2828454  
Ahmedabad : 201/203, 'Shail' Opp. Madhusudan House,  
Near Navrangpura, C.G. Road,  
Ahmedabad-380 006,  
Tel.No. 91-79-6420422.

**NOTICE**

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of Reliance Capital Limited will be held on Saturday, June 16, 2001 at 11.30 a.m. at Thakorebhai Desai Hall, Law College Road, Near Law Gardens, Ahmedabad 380 006 to transact the following business:

**Ordinary Business**

1. To consider and adopt the Balance Sheet as at March 31, 2001 and the Profit and Loss Account of the Company for the year ended on March 31, 2001 and the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares and to note payment of dividend on preference shares.
3. To appoint a Director in place of Shri D. Chaturvedi, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Shri Anand Jain, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of Directors.

By order of the Board of Directors

V. R. Mohan  
Company Secretary

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

Dated: April 30, 2001

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
2. Documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days except Sundays and Holidays between 11:00 a.m. and 1:00 p.m. upto the date of Annual General Meeting.
3. The Company has already notified the dates of closure of Register of Members and the Transfer Books to be from Friday the 1st June, 2001 to Saturday the 16th June, 2001 (both days inclusive) for payment of dividend. The dividend in respect of equity shares held in the electronic form will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose.
4. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all working days, except Saturdays, and holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
5. Members are requested to send to the Registrars his/her Bank Account details to ensure safe and prompt receipt of dividend warrants. This is in view of the fraudulent encashment of such warrants.
6. Members / proxies should bring the attendance slip duly filled in for attending the meeting.
7. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
8. The Company has already transferred unclaimed dividend declared for the financial year ended 31st March, 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, Gujarat.
9. Members are requested to note that the Dividend Warrants are payable at par at the branches as printed overleaf of Dividend Warrant within the initial validity period of 3 months. Thereafter, the Dividend within the initial validity period.
10. Members are requested to note that all correspondence relating to share transfer should be addressed to its Registrar and Transfer Agents, M/s. Karvy Consultants Ltd. 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad 500 034.
11. Re-appointment of Directors:  
Shri D. Chaturvedi, aged 66, was appointed as a Director on 15th June, 1990. He is a Chartered Accountant and has wide experience in the field of finance. He is the chairman of the Board of Directors and the Audit committee of Directors of the Company. Currently he is the Director of Reliance Consultancy Services Ltd., Reliance Capital Trustee Co. Limited and Pradeep Sandeep Investment & Trading Co. Ltd. He is also Partner in M/s. Chaturvedi & Shah, Chartered Accountants.  
Shri Anand Jain, aged 43 was appointed as Director on 4th March, 1991. He has extensive experience in industry, trade and finance. He was appointed as the Managing Director of the Company in January 1995 and re-appointed in January 2000. He is the member of the Shareholders/Investors Grievances Committee. He is also on the Board of Reliance Transport & Travels Ltd., Jai Yatayat Ltd., Surela Investment & Trading Pvt. Ltd., Ruchi Properties Pvt. Ltd., Free Press House Ltd., Reliance Capital Asset Management Ltd., Tally Solutions Pvt. Ltd. and Observer India Limited.

By order of the Board of Directors

V. R. Mohan  
Company Secretary

Registered Office:  
Avdesh House, 2nd Floor  
Pritam Nagar, 1st Slope  
Ellisbridge, Ahmedabad - 380 006.  
Dated: April 30, 2001

**To The Members**

Your Directors have pleasure in presenting the 15th Annual Report, together with the audited statements of Accounts of the Company for the year ended March 31, 2001.

**Financial Results :**

	(Rs. in crores)	
	Year ended 31-3-2001	Year ended 31-3-2000
Gross Income	492.20	457.40
Gross Profit	172.92	185.50
LESS: Depreciation	71.97	84.94
Profit Before Tax	100.95	100.56
Provision for Taxation	7.50	10.00
Net Profit	93.45	90.56
ADD :Profit brought forward from the previous year	119.36	126.49
Excess provision for previous year dividend	0.14	0.06
Profit available for Appropriation	212.95	217.11
Proposed Dividend including Dividend Tax	40.73	39.63
Transfer to General Reserve	40.00	40.00
Transfer to Debenture Redemption Reserve	5.00	-
Transfer to Statutory Reserve Fund	18.70	18.12
Balance carried forward	108.52	119.36

**Dividends:**

Your Directors have declared dividend of 29% on fully paid Equity shares of Rs.10/- each and 10% (prorata dividend) on Preference shares of Rs.100/- each aggregating to Rs.36.96 crores for the financial year ended March 31, 2001. The dividend will be paid to all those equity shareholders whose names appear on the Register of Members as on June 1, 2001.

**Management Discussion & Analysis (MD&A)**
**Financial Review:**

Reliance Capital Ltd. (RCL), one of India's leading private sector non-banking financial services companies (NBFCs), has reported satisfactory financial and operating performance during the period under review i.e. financial year 2000-01.

Gross income for the year increased 7.6% to Rs. 492.20 crores compared to Rs. 457.40 crores in the previous financial year. Net profit also increased from Rs. 90.56 crores to Rs. 93.45 crores.

Depreciation was lower at Rs. 71.97 crores (previous year Rs. 84.94 crores), and the tax provision decreased to Rs. 7.50 crores (previous year Rs. 10 crores). Gross profit for the year was lower at Rs. 172.92 crores as against Rs. 185.50 crores in the previous year.

**Resources and Liquidity:**

RCL raised Rs. 800 crores during the year by way of private placement of preference shares with corporate bodies. RCL redeemed non-convertible debentures (NCDs) and discount bonds to the tune of Rs. 206 crores during the year.

RCL's gross debt: equity ratio, including long term and short term debt, as on March 31, 2001, is a conservative 1.81:1 - well below the comparable levels in the industry.

During the year, the ratings on the company's long term debt were reaffirmed at "AA+" from Credit Analysis and Research Ltd. (CARE), indicating that the instruments carrying this rating are of high quality by all standards, and are of high investment grade.

RCL's short term borrowing programme is rated "PR1+" by CARE, the highest credit rating that may be assigned to short term debt instruments.

**Industry Structure and developments:**

The non-banking financial services (NBFC) industry in the private sector in India is represented by a mix of a few large and national level companies, and a large number of small and medium sized, regional and local companies. These NBFCs provide a variety of services including fund based, and fee based activities, as well as cater to retail and non-retail markets, and niche segments.

The imposition of stricter registration and other regulatory compliance requirements over the years, has led to better investor protection, and an improved overall industry environment.

**Business Review:**

RCL continued to focus on the promising areas of big-ticket leasing and infrastructure sector investments, providing attractive growth opportunities and substantial tax benefits.

**Leasing:**

RCL increased its presence in the leasing business by Rs.184.45 crores during the year, providing plant & machinery, computers, aircraft, and speedboats on lease.

**Investments in the Infrastructure sector:**

During the year, RCL invested an additional Rs. 1,184 crores in the infrastructure sectors of telecommunications and power, with substantial tax benefits.

RCL has, till date, invested an aggregate amount of over Rs. 1,400 crores in infrastructure sector projects in the field of power, ports, and telecommunications, etc., contributing to infrastructural development.

**Opportunities:**

The Indian economy provides several attractive growth opportunities with GDP generally forecast to grow by 5%-7% per annum over the next several years. Development of key infrastructure sectors is a focus area for the government, which presents additional opportunities for companies like RCL that are active in areas of infrastructure investments.

The services sectors in India are generally expected to grow at a faster pace compared to the overall economy in the future. This is likely to create a positive environment for the financial services industry in India.

During the year, RCL has also obtained approval from the Reserve Bank of India (RBI) for financial participation in the insurance sector, which has recently been opened up to the private sector.

RCL is well positioned to take advantage of emerging attractive growth opportunities in the Indian economy in view of its healthy credit rating and low debt: equity ratio.

**Challenges:**

RCL faces normal market competition in its business. RCL's healthy financial position and adoption of suitable business strategies have enabled it to consistently post satisfactory performance despite competitive conditions.

**Outlook:**

RCL is likely to maintain its focus on infrastructure investments and corporate leasing.

The company will also seek attractive opportunities in other growth areas in the financial services sector.

**Risks and Concerns:**

RCL is exposed to the normal industry risk factors of interest rate volatility, economic cycle, and credit risk. RCL manages these risks by maintaining a conservative financial profile, and by following prudent business and risk management practices.

**Adequacy of Internal Control:**

RCL has a proper and adequate system of internal controls to ensure that all activities are monitored and controlled against any unauthorised use or disposition of assets, and that the transactions are authorised, recorded and reported correctly.

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

The audit committee of the Board of Directors reviews the adequacy of internal controls.

**Human Resource Development (HRD):**

RCL has a team of able and experienced industry professionals. During the year, RCL further invested in human resources, with the number of employees increasing from 25 to 34.

**DIRECTORS' REPORT - contd.**

This is with a view to strengthen its presence in existing businesses, and for taking advantage of the emerging growth opportunities in the financial services sector.

**Subsidiaries:**

As required under Section 212 of the Companies Act, 1956 the audited statements of accounts alongwith the report of the Board of Directors of the respective Auditors report thereon of the Company's subsidiaries for the year ended March 31, 2001 are annexed.

**Fixed Deposits:**

During the year, RCL has not accepted or renewed any deposits. RCL continued to prepay the deposits at the request of the deposit holders.

At the end of the financial year, there were 172 deposits aggregating Rs.0.18 crore due for repayment but which remained unclaimed on the due dates. Till the date of this report, deposits aggregating Rs.0.02 crore have been refunded. RCL has intimated the deposit holders individually of their unclaimed amount with a request to return the Fixed Deposit Receipts duly discharged to enable the Company to refund the amount.

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

**Directors:**

Shri D.Chaturvedi and Shri Anand Jain are retiring by rotation and being eligible offer themselves for re-appointment.

**Directors' Responsibility Statement :**

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

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

**Auditors & Auditors' Report:**

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

The Accounting policy A of Schedule M and note no. 5 of Schedule N referred to in the Auditors' Report are self-explanatory.

**Personnel:**

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However as per the provisions of Section 219(1)(b)(iv) of the Companies Act 1956, the report and the accounts is being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company at its Corporate Office.

**Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo :**

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

(1) Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company.

(2) Foreign Exchange earnings and outgo:

Earnings	- Nil
Outgo	- Rs. 104.72 crores

**Compliance Certificate:**

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

**Acknowledgements:**

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

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

For and on behalf of the Board of Directors

D. Chaturvedi  
Chairman

Mumbai, April 30, 2001.

**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Board of Directors  
Reliance Capital Limited  
Mittal Chambers, Ground Floor,  
228, Nariman Point,  
Mumbai - 400 021

We have reviewed implementation of Corporate Governance procedure set by Reliance Capital Limited ("The Company") for the year ended 31st March 2001 with the relevant records and documents maintained by the Company and furnished to us for our review.

Based on our verifications and information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges.

for Pathak H. D. & Associates  
Chartered Accountants

R. S. Vahia  
Partner

Mumbai, April 30, 2001

**CORPORATE GOVERNANCE**

The Securities and Exchange Board of India (SEBI) has introduced a comprehensive code on Corporate Governance and is to be implemented on or before March 31, 2001. The Company has accordingly implemented the code.

**1. Company's Philosophy on Code of Governance**

The Company's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its inter-actions with its stakeholders, including shareholders, employees, the government and lenders.

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

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

**2. Board of Directors**

The Board of Directors of the Company is comprised of:

➡ 4 independent non-executive directors

➡ 1 executive director

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

Name of the Director	Category	Attendance Particulars		No. of other directorships and committee member/chairmanship		
		Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
D.Chaturvedi	C	6	Yes	3	1	1
D.J.Kapadia	NED	6	Yes	2	2	1
Lalit Bhasin	NED	2	No	8	9	1
Mathew Panikar	NED	0	No	1	-	-
Anand Jain	MD	6	Yes	8	1	-

C: Chairman, NED: Non-Executive Director, MD: Managing Director

Number of Board of Directors Meeting held and the dates on which held:

During the year the Company has held 6 Board Meetings as against the minimum requirement of 4 meetings. The meetings were held on April 27, 2000, June 24, 2000, July 28, 2000, October 23, 2000, January 31, 2001 and March 14, 2001. The maximum time gap between any two meetings was not more than two calendar months.

**Audit Committee:**

The Company has constituted an Audit Committee, comprising three independent non executive Directors viz. Shri D.Chaturvedi, Shri D.J.Kapadia and Shri Lalit Bhasin. The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956.

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the board, focussing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgement by management, (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi)

compliance with accounting standards, (vii) compliance with Stock Exchange and legal requirements concerning financial statements and (vii) any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit functions.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non payment of declared dividends) and creditors.

During the year, the Committee has met three times. All the committee members were present at all the meetings.

**Remuneration Committee:**

The Company has one Executive Director who is not paid remuneration by the Company.

**Shareholders / Investors Grievance Committee:**

- ☞ The Company has constituted the Shareholders / Investors grievance committee comprising of Shri D.J.Kapadia and Shri Anand Jain.
- ☞ The committee oversees the performance of the Registrar and Transfer Agent and recommends measures to improve the level of investor services.
- ☞ The company has authorised Shri D.J.Kapadia, Director and Shri V.R.Mohan, Company Secretary severally to approve the share transfers.
- ☞ The Board has designated Shri V.R.Mohan, Company Secretary, as the compliance officer.
- ☞ The total number of complaints received and replied to the satisfaction of the shareholders during the year under review was 16,495. Outstanding complaints as on 31st March, 2001 were 3 which were attended and replied to on or before April 3, 2001. 219 requests for transfer and 60 requests for dematerialisation were pending for approval as on 31st March, 2001 which were approved on or before April 9, 2001.

**General Body Meetings:**

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

Year	Location	Date	Time
1997-98	Thakorebhai, Desai Hall, Ahmedabad	30th September, 1998	11.30 a.m
1998-99	Thakorebhai, Desai Hall, Ahmedabad	21st September, 1999	11.30 a.m
1999-2000	Thakorebhai, Desai Hall, Ahmedabad	24th June, 2000	11.30 a.m

**Note:**

No postal ballots were used / invited for voting at these meetings in respect of special resolutions passed as there were no such provisions in the Companies Act, 1956. The Company shall comply with the requirements relating to postal ballot as and when the relevant guidelines in this connection are issued.

**CORPORATE GOVERNANCE - contd.**

- a. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the company at large.

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

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

None

Means of Communication:

- a. Half yearly report sent to each household of shareholders : This will be implemented for the half year ending September 30, 2001.
- b. Quarterly results : The Company has published quarterly results in The Economic Times (English) and Gujarat Samachar (Vernacular), both at Ahmedabad.
- c. Management Discussion and Analysis forms part of the Directors' report which is posted to the shareholders of the Company.

General Shareholder Information:

1. Annual General Meeting						
Date and Time	:	June 16, 2001 at 11.30 a.m.				
Venue	:	Thakorebhai Desai Hall, Ahmedabad				
2. Financial Calendar 2001-02 (tentative)	:	Annual General Meeting - June 2002.				
		Board Meetings				
		Results for the quarter ending June 30, 2001.			Last week of July 2001.	
		Results for the quarter ending September 30, 2001.			Last week of October 2001.	
		Results for the quarter ending December 31, 2001.			Last week of January 2002.	
		Results for the year ending March 31, 2002.			Last week of April 2002.	
3. Book closure date	:	Friday, June 1, 2001 to Saturday, June 16, 2001.				
4. Dividend payment date	:	June 18, 2001.				
5. Registered Office:	:	Avdesh House, 2nd floor, Pritamnagar 1st slope, Ellisbridge, Ahmedabad 38006. Telephone : (079) 6576895. Fax : (079) 6578070.				
6a. Equity shares Listed on Stock Exchanges at	:	1. The Stock Exchange, Ahmedabad 2. The Stock Exchange, Mumbai 3. National Stock Exchange of India Limited				
6b. Listing of Deep Discount Bonds and Non Convertible Debentures	:	National Stock Exchange of India Limited on Wholesale Debt Market Segment.				
6c. Annual listing fees	:	Duly paid to all the above Stock Exchanges for the year 2001-02.				
7. Stock Code						
(a) Trading Symbol at	:	The Stock Exchange, Ahmedabad (Physical Segment) '49040 RELIANCAPT' The Stock Exchange, Mumbai (Physical Segment) '111 RELIANCE CAP' National Stock Exchange of India Ltd.(Physical Segment) 'RELCAPITAL'				
(b) Demat ISIN Numbers in NSDL & CDSL	:	Equity Shares INE 013A01015				
8. Stock Market Data:						
		The Stock Exchange Ahmedabad		The Stock Exchange Mumbai		The National Stock Exchange of India Ltd.
		High Low		High Low		High Low
April 2000		173.00 107.10		175.00 121.00		173.80 106.80
May 2000		119.50 68.50		115.00 92.10		119.20 68.50
June 2000		143.00 105.00		141.95 107.00		142.45 108.35
July 2000		128.00 85.00		128.70 84.60		128.40 83.10
August 2000		110.80 83.15		110.90 82.55		111.25 82.55
September 2000		124.50 88.05		124.90 87.50		124.90 88.00
October 2000		94.45 73.75		94.75 74.00		94.90 73.75
November 2000		97.70 79.50		97.60 79.20		98.00 79.25
December 2000		104.50 82.25		104.50 82.20		104.75 81.00
January 2001		101.00 87.00		101.40 87.80		101.45 86.60
February 2001		116.00 85.65		116.35 85.50		116.00 85.05
March 2001		97.10 58.00		97.50 56.00		97.65 57.00

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

RCL share price performance relative to BSE Sensex based on share price on 31st March, 2001

Period	% Change in		RCL relative to Sensex
	RCL share price	Sensex	
Year to Date	-29%	-9%	-20%
Financial Year 2000-2001	-63%	-28%	-35%
Year-on-Year	-63%	-28%	-35%
2 years	+83%	-4%	+87%
3 years	-2%	-7%	+5%
5 years	-19%	+7%	-26%
10 years	+123%	+209%	-86%

RCL share price performance relative to Nifty based on share price on 31st March, 2001

Period	% Change in		RCL relative to Nifty
	RCL share price	Nifty	
Year to Date	-28%	-9%	-19%
Financial Year 2000-2001	-63%	-25%	-38%
Year-on-Year	-63%	-25%	-38%
2 years	+93%	+7%	+86%
3 years	0%	+3%	-3%
5 years	-21%	+17%	-38%

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

11. Share Transfer System : Presently, the share transfers in physical form are processed and the share certificates returned within a period of 10 to 15 days from the date of receipt, subject to the documents being clear in all respects. The Company has, as per SEBI guidelines with effect from 24th March 2000 offered the facility of transfer cum demat. Under the said system, after the share transfer is effected, a letter will be sent to the transferee indicating the details of the transferred shares and in case the transferee wishes to demat the shares he can approach a Depository Participant (DP) with the letter. The DP will, based on the letter, generate a demat request which he will send to the Company along with the option letter issued by the Company. On receipt of the same the Company will demat the shares. In case the transferee does not wish to dematerialise the shares, he need not exercise the option and the Company will despatch the share certificates after 15 days.

**12. Distribution of Shareholding as on March 31, 2001.**

Category	%
Financial Institutions / Banks / Mutual Funds	2.25
NRI/OCBs	0.56
Bodies Corporate	53.37
Others	43.82
<b>Total</b>	<b>100.00</b>

13. Dematerialisation of Shares : Approximately 84% of the equity shares have been dematerialised upto 31st March 2001.  
 Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. April 5, 1999 as per notification issued by the Securities and Exchange Board of India (SEBI).

Liquidity : Company's Shares are among the most liquid and actively traded shares on the Indian stock exchanges. Relevant data for the average daily turnover for the financial year 2000-01 is given below:

	Bombay Stock Exchange (BSE)	National Stock Exchange (NSE)	BSE + NSE
In no. of shares (in lakhs)	13.77	12.88	26.65
In value terms – (Rs. Crores)	14.08	13.24	27.32

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

15. Any query on Annual Report : Secretarial Department  
 Mittal Chambers, Ground Floor,  
 228, Nariman Point, Mumbai 400 021.



**AUDITORS' REPORT**

To  
The Members of  
Reliance Capital Limited

We have audited the attached Balance Sheet of 'Reliance Capital Limited' as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of Section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order, to the extent applicable to the Company.
2. Further to our comment in the Annexure referred to in paragraph (1) above:
  - (a) we have obtained all the information and explanations which is to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) in our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books ;
  - (c) the Balance sheet and Profit & Loss Account referred to in this report are in agreement with the books of account;
  - (d) in our opinion , the Balance Sheet and the Profit and Loss account comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

- (e) As per the information and explanations given to us, none of the Directors of the company are disqualified from being appointed as a Director under clause 'g' of sub-section (1) of Section 274 of the Companies Act, 1956.
- (f) in our opinion and to the best of our information and according to the explanations given to us the said Balance Sheet and Profit and Loss Account together with the notes thereon, and in particular note no. 5 of schedule 'N' regarding amount withdrawn from General Reserve, subject to Accounting Policy (A) of Schedule 'M' relating to interest on allotment / call money in arrears being accounted by the Company as and when received, give the information as required under the Companies Act, 1956 in the manner so required and give a true and fair view :
  - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2001, and
  - (ii) in case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

for Pathak H. D. & Associates  
Chartered Accountants

R. S. Vahia  
Partner

Mumbai, April 30, 2001

**ANNEXURE TO AUDITORS' REPORT**

Re: Reliance Capital Limited

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

1. The Company has maintained proper records showing full particulars including quantitative details and locations of fixed assets. Most of the fixed assets of the Company have been leased. The Assets on lease have been certified by the respective lessees as to their physical existence and good working conditions. The fixed assets other than the assets on lease have been physically verified by the management during the year. No material discrepancies were noticed on such verifications, as compared to available records.
2. None of the fixed assets has been revalued during the year.
3. As explained to us, the Stock-in-Trade (Investments) has been physically verified by the management at reasonable intervals.
4. In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
5. As explained to us, no discrepancies have been noticed on physical verification of stocks as compared to book records.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles.
7. The Company has not taken any loans, secured or unsecured from Companies (except from the subsidiary companies) firms or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956. The Company has taken unsecured loan from a company under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956. In our opinion, the terms and conditions of the above loans are prima-facie not prejudicial to the interest of the Company.
8. The Company has not granted any loans, secured or unsecured to Companies (except to subsidiary companies) firms or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956 and / or to the Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956. In our opinion, the terms and conditions of the above loans are prima-facie not prejudicial to the interest of the Company.
9. In respect of loans and advances in the nature of loan given by Company to the parties other than subsidiary Companies, they are generally repaying the principal amounts as stipulated and are also regular in payment of interest, wherever applicable except the loans classified as non performing assets.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of plant and machinery, equipment and other assets.

11. According to information & explanations given to us there are no transactions of purchase of goods & material and sale of goods, materials & services made in pursuance of contracts or arrangements required to be entered in the register maintained under Section 301 of the Companies Act, 1956, aggregating during the year to Rs. 50,000/- or more in respect of each party.
12. In our opinion and according to the information and explanation given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
13. In our opinion, the Company has an Internal Audit system commensurate with its size and nature of its business.
14. According to the records of the Company, Provident Fund and Employees State Insurance dues have been regularly deposited with the appropriate authorities.
15. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as at 31st March, 2001 for a period of more than six months from the date they became payable.
16. According to the information and explanations given to us no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
17. Being a Finance Company the provisions of Section 3(1) (0) of the Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the Company.
18. In our opinion and according to the information and explanations given to us, adequate documents and records have been maintained by the Company in respect of loans and advances granted on the basis of security by way of pledge of shares, debentures and other securities.
19. The provisions of any special statute applicable to chit fund, nidhi or mutual benefit society do not apply to the Company.
20. The Company has maintained proper records of transactions and contracts in respect of trading in shares, debentures and other securities and timely entries have been made therein. The Investments are held by the Company in its own name except for certain shares which are lodged for transfer or held with valid transfer forms or are pending for rectification of bad deliveries.

for Pathak H. D. & Associates  
Chartered Accountants

R. S. Vahia  
Partner

Mumbai, April 30, 2001

**BALANCE SHEET AS AT 31ST MARCH, 2001**

(Rs. in crores)

	Schedule	As at 31st March, 2001	As at 31st March, 2000
<b>Sources of funds</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	A	137.83	126.93
(b) Reserves & Surplus	B	1,901.91	1,071.03
		<u>2,039.74</u>	<u>1,197.96</u>
<b>Loan Funds</b>			
(a) Secured Loans	C	1,448.46	1,547.84
(b) Unsecured Loans	D	868.31	767.60
		<u>2,316.77</u>	<u>2,315.44</u>
<b>Total</b>		<u><u>4,356.51</u></u>	<u><u>3,513.40</u></u>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
(a) Gross Block	E	921.16	849.30
(b) Less: Depreciation		327.13	371.35
(c) Lease Adjustment A/c		(91.70)	(50.22)
(d) Net Block		<u>502.33</u>	<u>427.73</u>
(e) Capital Work-in-Progress		<u>138.43</u>	<u>296.87</u>
		640.76	724.60
<b>Investments</b>	F	2,295.23	1,290.25
<b>Current Assets, Loans &amp; Advances</b>			
(a) Current Assets	G	703.95	768.26
(b) Loans & Advances		928.72	879.72
		<u>1,632.67</u>	<u>1,647.98</u>
<b>Less: Current Liabilities &amp; Provisions</b>			
(a) Current Liabilities	H	150.16	96.92
(b) Provisions		61.99	52.51
		<u>212.15</u>	<u>149.43</u>
<b>Net Current Assets</b>		<u>1,420.52</u>	<u>1,498.55</u>
<b>Total</b>		<u><u>4,356.51</u></u>	<u><u>3,513.40</u></u>
Accounting Policies	M		
Notes to the Accounts	N		

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

R. S. Vahia  
Partner

Mumbai, April 30, 2001

For and on behalf of the Board

Chairman D. Chaturvedi  
Managing Director Anand Jain  
Directors { D. J. Kapadia  
Lalit Bhasin  
Company Secretary V. R. Mohan

Mumbai, April 30, 2001

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001**

(Rs. in crores)

	Schedule	2000-2001	1999-2000
<b>Income</b>			
Lease Income	I	96.22	128.95
Other Income	J	<u>395.98</u>	<u>328.45</u>
		<u>492.20</u>	<u>457.40</u>
<b>Expenditure</b>			
Interest and Finance Charges	K	302.14	265.37
Administrative and Other Expenses	L	17.14	6.53
Depreciation		71.97	84.94
Bad Debts Written Off		23.54	29.40
Less: Transferred from General Reserve		<u>(23.54)</u>	<u>(29.40)</u>
		<u>391.25</u>	<u>356.84</u>
Profit Before Tax		100.95	100.56
Provision for Taxation - Income Tax		7.50	10.00
Profit After Tax		93.45	90.56
Balance Brought Forward		119.36	126.49
Excess Provision for Dividend (Previous year)		0.14	0.06
Profit available for appropriations		<u>212.95</u>	<u>217.11</u>
<b>Appropriations</b>			
Interim Dividend		-	35.70
Proposed Dividend - Preference Shares		0.04	-
- Equity Shares		36.92	-
Dividend Tax		3.77	3.93
Transfer to Statutory Reserve Fund		18.70	18.12
Transfer to Debenture Redemption Reserve		5.00	-
Transfer to General Reserve		40.00	40.00
Balance Carried to Balance Sheet		<u>108.52</u>	<u>119.36</u>
		<u>212.95</u>	<u>217.11</u>
Accounting Policies	M		
Notes to the Accounts	N		

As per our report of even date  
 For PATHAK H.D. & ASSOCIATES  
 Chartered Accountants  
  
 R. S. Vahia  
 Partner

For and on behalf of the Board  
  
 Chairman D. Chaturvedi  
 Managing Director Anand Jain  
 Directors { D. J. Kapadia  
 Lalit Bhasin  
 Company Secretary V. R. Mohan

Mumbai, April 30, 2001

Mumbai, April 30, 2001

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

Schedule	As at		(Rs. in Crores)
	31st March, 2001	31st March, 2000	As at
<b>Schedule "A"</b>			
Share Capital			
Authorised:			
20,00,00,000 Equity Shares of Rs. 10/- each	200.00	200.00	
1,00,00,000 Preference Shares of Rs.100/- each	100.00	100.00	
10,00,00,000 Unclassified Shares of Rs.10/- each	100.00	100.00	
	<u>400.00</u>	<u>400.00</u>	
Issued and Subscribed			
12,86,50,450			
(12,86,50,450) Equity Shares of Rs.10/- each	128.65	128.65	
10,00,000 10% Cumulative Redeemable Preference			
(Nil) Shares of Rs.100/- each fully paid-up	10.00	-	
	<u>138.65</u>	<u>128.65</u>	
Paid up			
12,72,93,639			
(12,85,27,050) Equity Shares of Rs. 10/- each	127.29	128.53	
Less: Unpaid Allotment / Call Money - By Others	-	1.64	
Add: Forfeited Shares (Amount originally	0.54	0.04	
paid up on 13,56,811 Equity Shares)			
	<u>127.83</u>	<u>126.93</u>	
10,00,000 10% Cumulative Redeemable Preference			
(Nil) Shares of Rs. 100/- each fully paid-up	10.00	-	
	<u>10.00</u>	<u>-</u>	
	<u>137.83</u>	<u>126.93</u>	
1. Of the above Equity Shares:			
18,70,000 shares were allotted as fully paid-up pursuant to the Scheme of Amalgamation without payment being received in cash.			
28,044 shares were annulled during the year.			
2. The above preference shares of Rs. 100/- each are redeemable at a premium of Rs. 7900/- per share on 13th September / 22nd September 2002.			
<b>Schedule "B"</b>			
Reserves and Surplus			
Capital Reserve			
As per last Balance Sheet	0.22	0.07	
Add: On Redemption of Bonds	-	0.15	
	<u>0.22</u>	<u>0.22</u>	
Add: On Forfeiture of shares	6.20	-	
	<u>6.42</u>	<u>0.22</u>	
Share Premium Account			
As per last Balance Sheet	778.43	778.43	
Add: On Issue of preference Shares	790.00	-	
	<u>1,568.43</u>	<u>778.43</u>	
Less: Amount on forfeited shares	15.75	-	
Less: Allotment / Calls in arrears	-	21.11	
	<u>1,552.68</u>	<u>757.32</u>	
Statutory Reserve Fund *			
As per last Balance Sheet	77.82	59.70	
Add: Amount transferred from Profit & Loss Account	18.70	18.12	
	<u>96.52</u>	<u>77.82</u>	
Debenture Redemption Reserve			
As per last Balance Sheet	-	-	
Less: Amount transferred from Profit & Loss Account	5.00	-	
	<u>5.00</u>	<u>-</u>	
General Reserve			
As per last Balance Sheet	116.31	105.71	
Less: Amount transferred to Profit & Loss Account	23.54	29.40	
	<u>92.77</u>	<u>76.31</u>	
Add: Amount transferred from Profit & Loss Account	40.00	40.00	
	<u>132.77</u>	<u>116.31</u>	
Profit & Loss Account	108.52	119.36	
	<u>1,901.91</u>	<u>1,071.03</u>	

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

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	(Rs. in Crores)	
	As at 31st March, 2001	As at 31st March, 2000
<b>Schedule "C"</b>		
Secured Loans		
Working Capital Loans from Banks	0.44	1.51
Discount Bonds & Debentures		
Secured Redeemable Discount Bonds	864.28	920.48
Less : Discount not written off	<u>182.96</u>	<u>283.35</u>
	681.32	637.13
Secured, Redeemable, Non Convertible Debentures	<u>766.70</u>	<u>909.20</u>
	<u><u>1,448.46</u></u>	<u><u>1,547.84</u></u>

**Notes :**

1. Working Capital Loans from Banks are secured by hypothecation of Movable Assets, Leased Assets, Book Debts and Lease Rent receivables both present and future on pari-passu basis.
2. Debentures / Bonds referred to above amounting to Rs.920.98 crores are secured by way of mortgage of office premises and hypothecation of specific lease assets and pledge of shares, bonds and debentures, including interest accrued thereon, aggregating to Rs.641.24 crores. Debentures aggregating to Rs.710 crores are secured/ to be secured by way of mortgage of residential properties and hypothecation of specific lease assets and pledge of shares, bonds and debentures, including interest accrued thereon, aggregating to Rs.634.56 crores.
3. Discount Bonds referred to above consists of
  - (i) Non interest bearing Discount Bonds of the face value of Rs.13,60,489 each aggregating to Rs.94.28 crores issued at Rs.6,30,170 each redeemable on May 10, 2002.
  - (ii) Non interest bearing Discount Bonds of the face value of Rs.1 crore each aggregating to Rs.110 crores issued at Rs.45,63,927 each redeemable on October 3, 2002.
  - (iii) Non interest bearing Discount Bonds of the face value of Rs.1 crore each aggregating to Rs.110 crores issued at Rs.45,62,040 each redeemable on October 20, 2002.
  - (iv) Non interest bearing Discount Bonds of the face value of Rs.1 crore each aggregating to Rs.110 crores issued at Rs.45,63,923 each redeemable on October 21, 2002.
  - (v) Non interest bearing Discount Bonds of the face value of Rs.1 crore each aggregating to Rs.110 crores issued at Rs.45,63,926 each redeemable on October 24, 2002.
  - (vi) Non interest bearing Discount Bonds of the face value of Rs.1 crore each aggregating to Rs.110 crores issued at Rs.45,62,042 each redeemable on October 27, 2002.
  - (vii) Non interest bearing Discount Bonds of the face value of Rs.1 crore each aggregating to Rs.110 crores issued at Rs.45,63,926 each redeemable on October 28, 2002.
  - (viii) Non interest bearing Discount Bonds of the face value of Rs.1 crore each aggregating to Rs.110 crores issued at Rs.45,63,926 each redeemable on October 29, 2002.
4. Debentures referred to above consists of :
  - (i) 16% Debentures of Rs.10,00,000 each aggregating to Rs.40 crores redeemable at par on May 21, 2002
  - (ii) 15.75% Debentures of Rs.10,00,000 each aggregating to Rs.16.70 crores redeemable at par on May 31, 2002
  - (iii) 11.50% Debentures of Rs.1,00,00,000 each aggregating to Rs.100 crores redeemable at par on September 29, 2003.
  - (iv) 12% Debentures of Rs.1,00,00,000 each aggregating to Rs.115 crores redeemable at par on November 3, 2003.
  - (v) 12% Debentures of Rs.1,00,00,000 each aggregating to Rs.50 crores redeemable at par on November 10, 2003.
  - (vi) 12% Debentures of Rs.1,00,00,000 each aggregating to Rs.35 crores redeemable at par on November 26, 2003.
  - (vii) 12% Debentures of Rs.1,00,00,000 each aggregating to Rs.100 crores redeemable at par on September 9, 2003.
  - (viii) 12% Debentures of Rs.1,00,00,000 each aggregating to Rs.100 crores redeemable at par on November 27, 2003.
  - (ix) Mibor linked interest rate Debentures of Rs.1,00,00,000 each aggregating to Rs.100 crores redeemable at par on December 28, 2001.
  - (x) 12% Debentures of Rs.1,00,00,000 each aggregating to Rs.100 crores redeemable at par on March 1, 2004.
  - (xi) Mibor linked interest rate Debentures of Rs.1,00,00,000 each aggregating to Rs.10 crores redeemable at par on July 10, 2001.

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31st March, 2001	As at 31st March, 2000
(Rs. in crores)		
<b>Schedule "D"</b>		
Unsecured Loans		
Fixed Deposits	8.55	10.33
From Subsidiary Company	1.92	1.92
From Banks	50.00	50.00
From Bodies Corporate	327.64	337.28
Non Convertible Debentures	-	1.67
Security Deposit Received - Lease	201.55	141.55
Assigned Liabilities (Refer Note No.4 of Schedule "N")	278.65	224.85
	<u>868.31</u>	<u>767.60</u>

Notes : Amount payable within one year is Rs. 389.05 crores. (Previous year Rs. 392.83 crores.)

**Schedule "E"**
**Fixed Assets**

Assets	Gross Block			Depreciation		Lease Adjustment	Net Block		
	As at 01.04.2000	Addition	Deduction	As at 31.03.2001	For the year		Up to 31.03.2001	As at 31.03.2001	As at 31.03.2000
Assets on lease									
Plant & Machinery	642.04	50.32	-	692.36	42.46	297.91	(79.17)	315.28	313.94
Temporary Erections	116.13	-	116.13	-	15.19	-	-	-	39.52
Furniture & Fittings	1.07	-	-	1.07	0.06	0.37	(0.22)	0.48	0.62
Ships	31.45	8.15	-	39.60	2.35	4.00	(3.17)	32.43	29.80
Aircraft	-	105.79	-	105.79	3.45	3.45	2.19	104.53	-
Office & Other Equipments	37.08	20.19	-	57.27	7.84	15.16	(11.33)	30.78	28.00
Sub - total	827.77	184.45	116.13	896.09	71.35	320.89	(91.70)	483.50	411.88
Assets for own use									
Buildings	15.92	3.46	-	19.38	0.27	2.10	-	17.28	14.09
Furniture & Fittings	2.31	-	-	2.31	0.15	1.63	-	0.68	0.83
Office & Other Equipments	2.92	0.08	-	3.00	0.17	2.25	-	0.75	0.84
Motor Vehicles	0.38	0.07	0.07	0.38	0.03	0.26	-	0.12	0.09
Sub - total	21.53	3.61	0.07	25.07	0.62	6.24	-	18.83	15.85
<b>GRAND TOTAL</b>	<b>849.30</b>	<b>188.06</b>	<b>116.20</b>	<b>921.16</b>	<b>71.97</b>	<b>327.13</b>	<b>(91.70)</b>	<b>502.33</b>	<b>427.73</b>
Previous year	793.45	76.09	20.24	849.30	84.94	371.35	(50.22)	427.73	
Capital Work-in-progress									
Assets to be Leased								8.47	176.36
Assets For Own use								129.96	120.51
Total								138.43	296.87

Notes : 1. Buildings include cost of shares in Co-operative Societies Rs.2,500 (Previous year Rs.2,500)

2. Capital Work-in-progress includes:

- (i) Advance for Capital Expenditure for assets to be leased Rs. 8.47 crores (Previous year Rs. 176.36 crores) and,
- (ii) Advances of Rs. 55.81 crores (Previous year Rs. 55.15 crores) paid towards purchase/aquisition of 1,081 Equity Shares of Re. 1 each, and 1,30,800 Optionally Convertible Debentures of face value of Rs.1,150 each of M/s. Mature Trading & Investments Pvt. Ltd. with a right of occupancy of certain area in a commercial premises under construction.
- (iii) Advances of Rs.6.65 crores (Previous year Rs. 6.65 crores) paid towards purchase / acquisition of 50,000 Equity Shares of Rs.10 each of M/s. Legend Housing Pvt. Ltd. and Rs.6.40 crores (Previous year Rs. 56.40 crores) paid towards building fund with a right of occupancy of certain area in a commercial / residential premises under construction.

3 The cost of borrowed funds amounting to Rs. 14.06 crores (Previous year Rs. 10.83 crores) capitalised during the year.

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	Face Value/ Issue Price	Quantity		(Rs. in crores ) Value	
		As at	As at	As at	As at
		31.03.2001	31.03.2000	31.03.2001	31.3.2000
<b>Schedule "F"</b>					
Investments	Rs.				
Long term Investments					
PSU Bonds - Unquoted (Government Guaranteed)					
13% Gujarat State Road Transport Corporation Ltd.	100	10,91,000	12,00,000	10.91	12.00
				<u>10.91</u>	<u>12.00</u>
Trade Investments					
In Equity Shares - Quoted, Fully Paid Up					
Reliance Petroleum Ltd.	10	2,19,20,747	1,89,54,247	57.49	43.27
Reliance Industries Ltd.	10	14,05,000	14,05,000	38.58	38.58
In Warrant Equity Shares - Quoted, Fully Paid Up					
Warrant Equity Shares, 2000 Reliance Petroleum Ltd.	10	-	29,66,500	-	14.22
Warrant Equity Shares, 2001 Reliance Petroleum Ltd.	10	58,38,600	29,66,500	28.45	13.63
				<u>124.52</u>	<u>109.70</u>
In Equity Shares - Unquoted, Fully Paid Up					
Reliance Europe Ltd.	1£	5,54,250	5,54,250	1.97	1.97
Reliance Enterprises Ltd.	10	11,279	11,279	-	-
Reliance Land Ltd.	10	50,00,000	50,00,000	5.00	5.00
Reliance Share & Stock Brokers Ltd.	10	50,00,000	50,00,000	5.00	5.00
In Preference Shares - Unquoted, Fully Paid Up					
12% Cumulative Redeemable Preference Shares-					
Reliance Share & Stock Brokers Ltd.	100	4,00,000	4,00,000	4.00	4.00
				<u>15.97</u>	<u>15.97</u>
In Subsidiary Companies - Unquoted, Fully Paid up					
In Equity Shares					
Reliance Capital Asset Management Ltd.	10	75,00,700	75,00,700	7.50	7.50
Reliance Capital Trustee Co. Ltd.	10	50,700	50,700	0.05	0.05
Observer Network Pvt. Ltd. (Rs. 15,000 Previous year Rs.15,000)	100	150	150	-	-
Reliance Net Ltd.	10	20,20,000	20,20,000	2.02	2.02
In Preference Shares					
5% Cumulative Redeemable Preference Shares-					
Reliance Capital Asset Management Ltd.	100	3,50,000	3,50,000	3.50	3.50
				<u>13.07</u>	<u>13.07</u>
Equity Shares - Quoted , Fully Paid Up					
Padmalaya Telefilms Ltd.	10	9,50,000	-	6.89	-
				<u>6.89</u>	<u>-</u>
Equity Shares - Unquoted , Fully Paid Up					
Comart Lithographers Ltd.	10	6,87,500	6,87,500	5.50	5.50
Him Tekno Forge Ltd.	10	17,80,000	17,80,000	4.45	4.45
Observer (India) Ltd.	10	23,200	23,200	0.02	0.02
Padmalaya Telefilms Ltd.	10	-	15,00,000	-	1.50
Reliance Telecom Ltd. (PreviousYear Rs.1,000)	10	39,860	100	0.04	-
Roots Industries Ltd.	10	4,00,000	4,00,000	4.00	4.00
Shiraz Photo Films Ltd.	10	5,40,000	5,40,000	2.70	2.70
Taj Kerala Hotels & Resorts Ltd.	10	5,00,000	5,00,000	2.00	2.00
				<u>18.71</u>	<u>20.17</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	Face Value/ Issue Price	Quantity		(Rs. in crores ) Value	
		As at	As at	As at	As at
		31.03.2001	31.03.2000	31.03.2001	31.3.2000
<b>Schedule "F" - Investments (contd.)</b>					
Preference Shares - Unquoted, Fully Paid Up					
14% Cumulative Redeemable Preference Shares of Reliance Ports & Terminals Ltd.	100	1,08,00,000	1,08,00,000	108.00	108.00
14% Cumulative Redeemable Preference Shares of Reliance Utilities & Power Ltd.	100	37,50,000	37,50,000	37.50	37.50
				<u>145.50</u>	<u>145.50</u>
Debentures - Unquoted, Fully Paid Up					
21% Optionally Convertible Debentures of Padmalaya Telefilms Ltd.	100	-	4,00,000	-	4.35
Zero Coupon Optionally Convertible Unsecured Debentures of Reliance Petro Products Pvt. Ltd.	100	56,00,000	1,00,00,000	64.40	115.00
14.50% Unsecured Non-Convertible Debentures of Reliance Industrial Enterprises Pvt. Ltd.	100	-	1,169,000	-	11.69
14.50% Unsecured Non-Convertible Debentures of Reliance Chemicals Pvt. Ltd.	100	-	1,71,000	-	1.71
Deep Discount Bonds - Secured, Unquoted, Fully Paid Up					
Reliance Utilities & Power Ltd.	10,00,000	4,158	1,842	265.31	80.96
Reliance Infocom Ltd.	1,00,000	3,21,190	-	800.00	-
Reliance Power Ltd.	1,00,000	80,130	-	200.01	-
Deep Discount Bonds - Unsecured, Unquoted, Fully Paid Up					
Reliance Elastomers Pvt. Ltd.	2,26,100	-	5,057	-	50.57
Reliance Elastomers Pvt. Ltd.	1,99,000	5,920	5,920	59.20	59.20
Reliance Elastomers Pvt. Ltd.	2,261	1,29,218	1,29,218	12.92	12.92
Reliance Chemicals Pvt. Ltd.	2,26,100	545	7,660	5.45	76.60
Reliance Chemicals Pvt. Ltd.	1,99,000	2,800	2,800	28.00	28.00
Reliance Chemicals Pvt. Ltd.	2,261	1,25,244	1,25,244	12.52	12.52
Reliance Petrosynth Pvt. Ltd.	2,26,100	1,413	2,260	14.13	22.60
Reliance Petrosynth Pvt. Ltd.	1,99,000	6,000	6,000	60.00	60.00
Reliance Industrial Enterprises Pvt. Ltd.	1,99,000	11,538	11,538	115.38	115.38
Reliance Alkalies Pvt. Ltd.	1,52,100	10,890	10,890	108.90	108.90
				<u>1,746.22</u>	<u>760.40</u>
Premium Notes - Unquoted, Fully Paid Up					
Reliance Elastomers Pvt. Ltd.	1,00,000	4,155	4,155	41.55	41.55
Reliance Elastomers Pvt. Ltd.	1,000	17,951	17,951	1.80	1.80
Reliance Chemicals Pvt. Ltd.	1,00,000	4,714	4,714	47.14	47.14
Reliance Chemicals Pvt. Ltd.	1,000	5,275	5,275	0.53	0.53
Reliance Petrosynth Pvt. Ltd.	1,00,000	8,005	8,005	80.05	80.05
Reliance Petrosynth Pvt. Ltd.	1,000	36,420	36,420	3.64	3.64
Reliance Industrial Enterprises Pvt. Ltd.	1,00,000	3,873	3,873	38.73	38.73
				<u>213.44</u>	<u>213.44</u>
<b>Total Long Term Investments</b>				<u><u>2,295.23</u></u>	<u><u>1,290.25</u></u>
<b>Notes:</b>					
1. The book value and market value of quoted investments is as under:					
Book Value				131.41	109.70
Market Value				191.99	190.56
2. Of the above, Investment in companies under the same management is as under:					
Name of the Company					
Reliance Europe Ltd. (Equity Shares)				1.97	1.97



**SCHEDULES FORMING PART OF THE BALANCE SHEET**

(Rs. in crores)

	As at 31st March, 2001	As at 31st March, 2000
<b>Schedule "G"</b>		
Current Assets Loans and Advances		
Interest accrued on Investments	421.06	339.59
Stock in Trade	262.90	382.35
Sundry Debtors (Unsecured)		
Debts outstanding for a period exceeding six months		
- Considered Doubtful	0.70	0.59
- Considered Good	0.79	-
	<u>1.49</u>	<u>0.59</u>
Other Debts, considered good	9.36	26.97
	<u>10.85</u>	<u>27.56</u>
Cash & Bank Balances		
Cash on hand	0.01	0.01
Balances with the Scheduled Banks		
In Current Accounts	4.08	12.95
In Fixed Deposit Account	5.05	5.80
	<u>9.14</u>	<u>18.76</u>
	<u>703.95</u>	<u>768.26</u>
Loans & Advances		
Loans to Others		
- Considered Doubtful	9.24	9.69
- Considered Good	436.76	800.06
	<u>446.00</u>	<u>809.75</u>
Advances recoverable in Cash or in kind or for value to be received		
- Considered Doubtful	7.92	-
- Considered Good	412.69	9.34
	<u>420.61</u>	<u>9.34</u>
Deposits	13.86	12.77
TDS (Net)	48.25	47.86
	<u>928.72</u>	<u>879.72</u>

**Notes :**

- (i) Advances Recoverable in cash or in kind includes Rs.0.05 crores due from an officer (Previous year - Rs. 0.05 crores) (Maximum balance outstanding at any time during the year Rs.0.05 crores (Previous year - Rs. 0.05 crores))
- (ii) Loan to Others Rs. 2.33 crores (Previous year - Rs.16.36 crores) are secured.
- (iii) Loan to Others includes Rs.3.66 crores (Previous year - Rs.3.50 crores) to a subsidiary company.
- (iv) In the opinion of the Management, Loans and Advances, other than doubtful, have been considered as good and fully recoverable. However, a provision for Sub-Standard / doubtful advances of Rs.20.90 crores (Previous year - Rs.12.76 crores) (including Rs.17.16 crores for doubtful advances and Rs.0.70 crores for doubtful debtors) (Previous year Rs.9.69 crores for doubtful advances and Rs.0.59 crores for doubtful debtors) is made in accounts in accordance with Prudential norms prescribed by the Reserve Bank of India for Non-Banking Finance Companies.
- (v) Advances recoverable in cash or in kind includes Rs.408.77 crores (Previous year Rs.nil) paid towards shares / debentures application money pending allotment.

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31st March, 2001	(Rs. in crores) As at 31st March, 2000
<b>Schedule "H"</b>		
Current Liabilities And Provisions		
Current Liabilities		
Sundry Creditors (Other than SSI)	20.08	15.03
Unclaimed Dividend	3.53	2.64
Other Liabilities	49.60	32.26
Interest accrued but not due	76.75	46.78
Refunds - Issue Application Money	0.20	0.21
	<u>150.16</u>	<u>96.92</u>
Provisions		
Provision for Wealth Tax (Net)	0.04	0.01
Provision for Sub - Standard and Doubtful Assets	20.90	12.76
Provision for Leave Encashment	0.32	0.11
Provision for Interim Dividend	-	35.70
Provision for Dividend Tax	3.77	3.93
Proposed Dividend on Preference Shares	0.04	-
Proposed Dividend on Equity Shares	36.92	-
	<u>61.99</u>	<u>52.51</u>
	<u>212.15</u>	<u>149.43</u>

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

	Current Year	Previous Year
<b>Schedule "I"</b>		
Lease Income		
Lease Rentals	130.73	127.29
Less : - Lease Equalisation (Net)	41.48	10.54
	<u>89.25</u>	<u>116.75</u>
Lease Management / Syndication Fees	2.33	0.39
Lease - Other Income	4.64	11.81
	<u>96.22</u>	<u>128.95</u>
<b>Schedule "J"</b>		
Other Income		
Dividends on :		
Long Term Investments	1.26	0.84
Stock in Trade	5.87	3.88
	<u>7.13</u>	<u>4.72</u>
Interest on :		
Long Term Investments	218.54	181.50
(Tax Deducted at Source Rs.11.17 crores - Previous year Rs.0.42 crores)		
Others	136.00	113.88
(Tax Deducted at Source Rs. 9.02 crores-Previous year Rs.15.87 crores)	<u>354.54</u>	<u>295.38</u>
Profit (Net) on sale of :		
Long Term Investments	3.90	23.72
Stock in Trade	23.08	0.64
	<u>26.98</u>	<u>24.36</u>
Profit on Sale of Fixed Assets (Net)	0.24	-
Bad Debts Recovered	2.12	0.64
Income on Securities Lending (Net)	1.90	0.61
Miscellaneous Income	3.07	2.74
	<u>395.98</u>	<u>328.45</u>

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

	Current Year	(Rs. in crores) Previous Year
<b>Schedule "K"</b>		
Interest & Finance Charges		
<b>INTEREST</b>		
On Fixed Loans	85.12	41.68
On Debentures	97.40	117.77
On Others	0.08	0.45
	<u>182.60</u>	<u>159.90</u>
Discount on Assigned liability	21.84	11.99
Discount on Bonds	97.70	93.48
	<u>302.14</u>	<u>265.37</u>
<b>Schedule "L"</b>		
Administrative and Other Expenses		
Payments to and provisions for employees -		
Salary, Bonus etc.	1.03	0.51
Contribution to Provident Fund & other funds	0.19	0.09
Staff Welfare & Other Amenities	0.46	0.14
	<u>1.68</u>	<u>0.74</u>
Rent	0.12	0.08
Rates and Taxes	0.61	0.19
Repairs and Maintenance	0.17	0.15
Electricity	0.07	0.01
Donation	1.01	-
Insurance	0.02	0.02
Loss on Sale of Fixed Assets (net)	-	1.49
Travelling and Conveyance	0.60	0.40
Postage, Telegram and Telephones	0.45	0.46
Directors' Fees	0.01	0.01
Auditor's Remuneration	0.22	0.21
Provision for Sub Standard and Doubtful Assets	8.14	-
Miscellaneous Expenses	4.04	2.77
	<u>15.46</u>	<u>5.79</u>
	<u>17.14</u>	<u>6.53</u>

**ACCOUNTING POLICIES****Schedule "M"****A. System of Accounting:**

The Company follows the accrual system of accounting except in the case of interest on Allotment / Call Money in arrears on Shares which are accounted for as and when received.

**B. Revenue Recognition:****i) Lease Finance:**

Income from leased assets is accounted for in the year in which lease rentals fall due, by applying the interest rate implicit in the lease to the net investment in the lease during the period, as recommended by the Institute of Chartered Accountants of India in the Guidance Note on Accounting for leases.

Front-ended lease management / syndication fees are treated as income of the period in which they accrue.

**ii) Income from Bill Discounting:**

Income from Bill Discounting is net of rediscounting charges paid.

**iii) Merchant Banking Division:****[a] Management Fees, Credit Syndication and Other Financial Services.**

Income is recognised on completion of assignment.

**[b] Underwriting Commission:**

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

**C. Fixed Assets:**

All the Fixed Assets are stated at cost less depreciation after taking into consideration the Lease Adjustment account.

**D. Depreciation:**

Depreciation is provided as under:

**(a) Assets for own use:**

On building on Straight Line Method and on other assets on Written Down Value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

**(b) Leased Assets:**

On straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

**E. Preliminary and Share Issue Expenses:**

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

**F. Investments:**

Investments are classified into current investments and long term investments.

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

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

**G. Stock-in-trade:**

Stock-in-Trade is valued scripwise at Book value or Market Price whichever is lower.

**H. Gratuity & Superannuation:**

Gratuity and Superannuation payments are made to the fund / trust maintained with LIC.

**I. Expenditure / Discount on Bond Issue:**

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

**J. Assigned Liabilities and Discount on Assigned Liabilities:**

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

**K. Foreign Currency Transactions:**

(a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.

(b) Monetary items denominated in foreign currency remaining unsettled at the end of the year are translated at year end rates.

(c) Non monetary foreign currency items are carried at cost.

**L. Borrowing Costs:**

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

**M. Securities Lending:**

Income and Expenses on Securities Lending activities are accounted for on accrual basis and are netted off.

**NOTES ON ACCOUNTS**
**Schedule "N"**

## Notes to the Accounts

		(Rs. in crores)			
		As at		As at	
		31.3.2001	31-3-2000		
1. Contingent Liabilities:					
A. Estimated amount of contracts remaining to be executed on capital account (net of advances)		15.42	40.50		
B. Allotment Money & Calls unpaid for partly paid Shares, Debenture		0.01	0.01		
C. Guarantees issued against facilities extended to third parties		135.13	36.30		
2. The Company is advised that the computation of the net profit under Section 349 of the Companies Act, 1956 need not be made since no remuneration / commission is paid / payable to the Managing Director for the year ended 31st March 2001.					
3. Income Tax assessments of the Company have been completed upto Assessment Year 1998-99. The total demand raised by the Income-tax Department upto the said Assessment Year amounting to Rs. 21.19 crores is disputed in appeal. Based on the decisions of the Appellate Orders and the interpretation of relevant provisions of law, the Company has been advised that no provision for tax is required.					
4. The Company has accepted assignments of sales tax deferral liabilities of Rs. 1605.73 crores (Previous year Rs. 645.19 crores) of bodies corporate for which the net present value as on March 31, 2001 is Rs. 278.65 crores (Previous year Rs. 224.85 crores). The aforesaid liability has to be discharged between the years 2001 and 2021 to the sales tax departments of the Governments of Maharashtra and Gujarat.					
5. In compliance with the Prudential Norms issued by the Reserve Bank of India, effective May 1998 the unrealised interest / lease income relating to earlier year, on accounts which have been classified as non-performing assets, amounting to Rs. 1.14 crores has been reversed. Bad debts and advances amounting to Rs. 22.40 crores have also been charged to the Profit & Loss Account. This charge of Rs. 23.54 crores has been adjusted against withdrawal from General Reserve.					
6. Miscellaneous Expenses referred to in Schedule 'L' include: 1) Net Prior Period items Rs. 0.07 crores (net credit) (Previous year Rs. 0.09 crores (net credit)) 2) Sales tax paid Rs. 0.01 crores (Previous year Rs. 0.01 crores)					
7. Stock In Trade:				(Rs. in crores)	
	Quantity			Value	
	As at	As at	As at	As at	
	31.03.2001	31.03.2000	31.03.2001	31.03.2000	
Shares					
Equity Shares					
Anglo French Drug Co. (East.) Ltd. (Rs. 47,420, Previous year Rs. 38,720)	48,550	48,400	-	-	
Aptech Ltd. (Rs.2,830, Previous year Rs.2,830)	40	20	-	-	
Arvind Products Ltd.	2,33,400	2,33,400	0.12	0.12	
Associated Hotels Ltd.	12,500	12,500	0.05	0.05	
Biochem Synergy Ltd. (Rs. 350, Previous year Rs. 350)	700	700	-	-	
BSES Ltd.	10,76,424	10,76,424	17.53	17.53	
Centurion Bank Ltd. (Rs.1,000, Previous year Rs.1,000)	100	100	-	-	
Central Cables Ltd.	24,600	24,600	0.05	0.05	
Chlorosulf Pvt. Ltd.	500	-	2.00	-	
Conick Alloys (India) Ltd.	30,000	30,000	0.02	0.02	
Cybertech Systems & Software Sys. Ltd.	2,250	1,000	0.01	0.07	
DCL Polyester Ltd.(Rs. 4,400, Previous year Rs.7,370 )	2,200	2,200	-	-	
Diamond Regina Ceramic Ltd.	3,61,200	3,61,200	0.02	0.02	
Digitron Computers Pvt. Ltd.	69,500	69,500	0.45	0.45	
Essar Steel Ltd. (Rs.5,885, Previous year Rs. 8,305)	1,100	1,100	-	-	
Essar Shipping Ltd. (Rs. 9,365, Previous year 9,365)	1,892	1,892	-	-	
Electronica Machine Tools Ltd.	18,900	18,900	0.01	0.01	
Forbes Gokak Ltd.	4,88,000	4,88,000	1.96	2.72	
Galada Power & T. C. Ltd.	2,50,000	2,50,000	0.13	0.23	
GNFC Ltd. (Rs. 1,237 Previous year Rs.1,237)	75	75	-	-	
GTN Textile Industries Ltd.	4,54,700	4,54,700	0.66	0.89	
Guj Lease Financing Ltd. (Rs. Nil, Previous year Rs. Nil)	25	25	-	-	
Himachal Futuristic Communication Ltd.	-	1,11,520	-	10.52	
ICICI Ltd.	1,030	1,030	0.01	0.01	
IPCL Ltd.	2,170	2,170	0.01	0.01	
JL Morrison Ltd.	65,000	65,000	0.38	0.55	
JP Industries Ltd. (Rs. 815, Previous year Rs. 815)	100	100	-	-	
Karur Vysya Bank Ltd. (Rs. 13,671, Previous year Rs. 13,671)	140	140	-	-	

**NOTES ON ACCOUNTS**

	Quantity		(Rs. in crores) Value	
	As at	As at	As at	As at
	31.03.2001	31.03.2000	31.03.2001	31.3.2000
Kothari Industrial Corporation Ltd.	3,18,900	3,18,900	0.03	0.18
Kothari Sugars & Chem. Ltd.(Previous year Rs. 400)	6,82,470	100	0.22	-
Larsen & Toubro Ltd.	5,862	21,78,969	0.13	62.65
LML Ltd. (Rs. 2,350, Previous year Rs. 3,700)	100	100	-	-
Magnum Intermediates Ltd. (Rs. 26,350, Previous year Rs. 26,350 )	6,800	6,800	-	-
Maxwell Apparels Industries Ltd.	14,350	14,350	0.02	0.02
Nielcon Ltd. ( Rs. 25,950, Previous year Rs. 25,950)	51,900	51,900	-	-
Philips (I) Ltd. (Rs.11,450)	200	3,600	-	0.03
Punjab Communications Ltd.	37,600	37,600	0.10	0.10
PNB Gilts Ltd.	3,28,600	-	0.56	-
Rallis India Ltd.	10,18,800	10,18,800	3.74	9.49
Renewable Energy Systems Ltd. ( Rs.7,700, Previous year Rs. 7,700)	7,000	7,000	-	-
Reliance Industries Ltd.	64,44,021	64,44,021	105.24	84.03
Reliance Petroleum Ltd.	4,48,41,958	3,60,97,258	102.42	88.90
Reliance Petroleum Ltd. (PP)	10,000	10,000	0.01	0.01
Reliance Industrial Infrastructure Ltd.	1,60,100	1,60,100	0.50	0.50
Rosche Trading Pvt. Ltd.	25,000	-	0.03	-
RPG Telecom Ltd.	50,900	50,900	0.08	0.08
Saket Projects Ltd.	1,50,000	1,50,000	0.15	0.15
Saw Pipes Ltd.	4,00,000	4,00,000	0.95	0.95
State Bank Of India	7,500	7,500	0.15	0.15
Sri Vindhya Paper Mills Ltd.	60,000	60,000	0.02	0.03
South India Corp Agency Ltd.- Bonus	1,750	1,750	-	-
Sterling Tools Ltd.	10,900	10,900	0.02	0.02
Sunearth Ceramics Ltd.	37,800	18,900	0.06	0.06
Tatia Skyline & Health Farms Ltd.	4,64,300	4,64,300	0.03	0.03
Tata Chemicals Ltd. (Rs. 3,919, Previous year Rs. 5,382)	103	103	-	-
Tata Iron & Steel Co. Ltd. (Rs. 5,496, Previous year Rs. 5,496)	53	53	-	-
Tebma Shipyards Ltd. (Rs. 24,750, Previous year Rs.28,875)	11,000	8,750	-	-
Titagarh Steel Ltd.	63,564	63,564	0.01	0.03
Tribology India Ltd. (Rs. 18,250, Previous year Rs. 18,250)	18,250	18,250	-	-
Valecha Engineering Ltd.	35,000	35,000	0.06	0.06
Wall Street Finance Ltd. (Rs.75, Previous year Rs.75)	50	50	-	-
<b>Total Equity Shares</b>	<b>5,84,09,927</b>	<b>5,08,94,214</b>	<b>237.94</b>	<b>280.72</b>
<b>Warrant Equity Shares</b>				
Warrant Equity Shares,2000 Reliance Petroleum Ltd.	-	87,45,900	-	13.52
Warrant Equity Shares,2001 Reliance Petroleum Ltd.	86,20,300	86,20,900	12.32	12.32
<b>Total Warrant Equity Shares</b>	<b>86,20,300</b>	<b>1,73,66,800</b>	<b>12.32</b>	<b>25.84</b>
<b>Debentures</b>				
18% Anglo French Drug Co (Estn.) Ltd. (Previous year Rs.8,700)	-	150	-	-
0% Chlorosulf Pvt. Ltd.	27,360	-	0.27	-
17.5% ITC Hotels Ltd. (FV Rs. 250)	3,375	3,375	0.08	0.08
17.5% ITC Hotels Ltd. (FV Rs. 175) (Previous year Rs. 12,750)	-	75	-	-
17.5% ITC Hotels Ltd. (FV Rs. 90) (Rs. 6,750)	75	-	-	-
16% Kothari Ind. Corpn.Ltd.(Rs.9,525, Previous year Rs.9,525)	127	127	-	-
14.5% Rajashree Polyfil Ltd.	-	3,520	-	0.12
0% Reliance Land Ltd.	2,00,000	-	2.00	-
10.5% Reliance Telecom Ltd.	29	224	1.45	11.21
16% Rama Newsprint Pulp Ltd.	64,325	64,325	0.39	0.39
12.5% Reliance Industries Ltd. -H- Series	610	3,022	0.01	0.03
15% Recron Synthetics Ltd.	5,00,000	-	4.00	-
17.5% Synthetic & Chemicals Ltd.	-	12,50,000	-	11.88
Reliance Petroleum Ltd.-TOCD	1,000	1,200	0.01	0.01
<b>Total Debentures</b>	<b>7,96,901</b>	<b>13,26,018</b>	<b>8.21</b>	<b>23.72</b>

**NOTES ON ACCOUNTS**

	Quantity		(Rs. in crores) Value	
	As at	As at	As at	As at
	31.03.2001	31.03.2000	31.03.2001	31.3.2000
<b>Units</b>				
Master Gain – UTI	7,08,900	7,00,500	0.69	0.68
Master Growth – UTI	12,73,300	12,73,300	1.21	1.21
Master Plus - UTI	3,900	3,900	0.01	0.01
Master Share – UTI	1,29,006	1,29,006	0.15	0.15
Morgan Stanley Growth Fund ( Rs.600, Previous year Rs. 600)	100	100	-	-
PNB Mutual Fund	29,000	29,000	0.26	0.26
Reliance Growth Fund	-	99,88,500	-	16.11
Reliance Vision Fund	-	1,89,48,770	-	20.89
SBI Magnum Mult Plus (Rs. 7,686, Previous year Rs.7,686)	700	700	-	-
SBI Magnum Rising	2,50,000	2,50,000	0.15	0.15
UTI US 1964	1,21,520	1,21,520	0.17	0.17
UTI - Grand Master - 93 (Rs.4,260, Previous year Rs. 5,310)	500	500	-	-
<b>Total Units</b>	<b>25,16,926</b>	<b>3,14,45,796</b>	<b>2.64</b>	<b>39.63</b>
<b>Government Securities</b>				
11.85% Maharashtra State Loan (Previous year Rs.31,779)	-	300	-	-
12.25% Maharashtra State Loan	-	1,77,900	-	2.00
10.82% Karnataka State Loan 2011	42,100	-	0.44	-
12.60% GOI 2018	-	3,47,600	-	4.00
12.30% GOI 2016	-	18,800	-	0.21
12.32% GOI 2011	22,100	-	0.25	-
<b>Total Government Securities</b>	<b>64,200</b>	<b>5,44,600</b>	<b>0.69</b>	<b>6.21</b>
<b>PSU Bonds</b>				
12.50% Bharat Earth Movers Ltd.	-	4,79,500	-	1.00
12.50% Union Bank of India	-	113	-	1.23
12.65% Vysya Bank Ltd.	-	100	-	1.00
11.50% Syndicate Bank Regular Income Bonds	-	10	-	1.00
13.50% IDBI Bonds	-	35	-	1.97
14.50% MSEB Bonds	-	3	-	0.03
12.35% Vijaya Bank 2006	10	-	0.10	-
11% UCO Bank 2006	20	-	1.00	-
<b>Total PSU Bonds</b>	<b>30</b>	<b>4,79,761</b>	<b>1.10</b>	<b>6.23</b>
<b>Grand Total</b>			<b>262.90</b>	<b>382.35</b>

Note: Above includes -

- 1,63,730 Equity Shares of Kothari Industrial Corpn. Ltd. in respect of which Kothari Industrial Corpn. Ltd. has filed a reference under Section 22-A of the Securities Contract (Regulation) Act, 1956 before Company Law Board;
- shares / units amounting to Rs. 51.45 crores are pledged towards security on behalf of third parties;
- bad deliveries pending for rectification amounting to Rs. 0.79 crores;
- equity shares of Rs.0.50 crores of Reliance Industrial Infrastructure Ltd. which is a company under the same management.

8. Auditors' Remuneration includes:

Particulars	(Rs. in crores)	
	2000-2001	1999-2000
1. Audit Fees	0.15	0.14
2. Tax Audit Fees	0.05	0.05
3. In other capacity	0.01	0.01
4. Out of Pocket Expenses	0.01	0.01

**NOTES ON ACCOUNTS**
**9. Particulars in respect of Opening Stock, Purchase, Sales and Closing Stock for Stock in Trade.**

	Quantity		Value (Rs. in crores)	
	As at	As at	As at	As at
	31.03.2001	31.03.2000	31.03.2001	31.03.2000
Opening stock				
Shares	5,08,94,214	3,68,01,125	280.72	150.71
Warrant Equity Shares	1,73,66,800	2,62,37,700	25.84	40.43
Debentures	13,26,018	16,77,743	23.72	28.26
Mutual Fund Units	3,14,45,796	4,91,41,269	39.63	59.11
Government securities	5,44,600	20,700	6.21	0.22
PSU Bonds	4,79,761	22,000	6.23	0.22
Warrants	-	6,860	-	-
			<u>382.35</u>	<u>278.95</u>
Purchases/Transfers				
Shares	2,36,49,345	2,60,95,190	335.73	603.78
Warrant Equity Shares	-	-	-	0.13
Debentures	51,11,555	3,82,250	351.39	328.34
Mutual Fund Units	8,400	-	0.01	0.03
Government securities	26,51,440	22,95,000	27.91	24.78
PSU Bonds	4,216	5,98,563	67.37	29.73
			<u>782.41</u>	<u>986.79</u>
Sales /Transfers				
Shares	1,61,33,632	1,20,02,101	377.74	449.43
Warrant Equity Shares	87,46,500	88,70,900	13.52	14.82
Debentures	56,40,672	7,33,975	368.31	333.86
Mutual Fund Units	2,89,37,270	1,76,95,473	58.09	43.00
Government securities	31,31,840	17,71,100	33.43	18.87
PSU Bonds	4,83,947	1,40,802	73.85	24.05
Warrants	-	6,860	-	-
			<u>924.94</u>	<u>884.03</u>
Closing stock				
Shares	5,84,09,927	5,08,94,214	237.94	280.72
Warrant Equity Shares	86,20,300	1,73,66,800	12.32	25.84
Debentures	7,96,901	13,26,018	8.21	23.72
Mutual Fund Units	25,16,926	3,14,45,796	2.64	39.63
Government securities	64,200	5,44,600	0.69	6.21
PSU Bonds	30	4,79,761	1.10	6.23
			<u>262.90</u>	<u>382.35</u>

**10. Value of imports on CIF basis:**

Particulars	2000-2001	1999-2000
Capital Goods for Lease	105.21	-

**11. Expenditure in Foreign Currency:**

Particulars	2000-2001	1999-2000
1 Travelling Expenses	0.17	0.14
2 Others	0.01	0.01

**12. Remittance in Foreign Currency:**

The Company has paid dividend in respect of shares held by Non Residents on repatriation basis. The total amount remitted in this respect is given herein below:

Particulars	2000-2001	1999-2000
1 Number of Non – resident shareholders	-	-
2 Number of Equity Shares held by them	-	-
3 i) Amount of dividend paid (Gross Rs. )	-	-
Tax deducted at source	-	-
ii) Year to which dividend relates	-	-



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

 Registration No. : 

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

 State Code: 

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

 Balance sheet sDate: 

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

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

 Public Issue 

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

 Rights Issue 

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

 Bonus Issue 

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

 Private Placement  
(Preference Shares) 

		8	0	0						
--	--	---	---	---	--	--	--	--	--	--

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

 Total Liabilities 

		4	5	6	8			.	6	6
--	--	---	---	---	---	--	--	---	---	---

 Total Assets 

		4	5	6	8			.	6	6
--	--	---	---	---	---	--	--	---	---	---

**Sources of funds**

 Paid-up Capital 

				1	3	7		.	8	3
--	--	--	--	---	---	---	--	---	---	---

**Applications of funds**

 Net Fixed Assets 

				6	4	0		.	7	6
--	--	--	--	---	---	---	--	---	---	---

 Reserves & Surplus 

		1	9	0	1			.	9	1
--	--	---	---	---	---	--	--	---	---	---

 Investments 

		2	2	9	5			.	2	3
--	--	---	---	---	---	--	--	---	---	---

 Secured Loans 

		1	4	4	8			.	4	6
--	--	---	---	---	---	--	--	---	---	---

 Net Current Assets 

		1	4	2	0			.	5	2
--	--	---	---	---	---	--	--	---	---	---

 Unsecured Loans 

				8	6	8		.	3	1
--	--	--	--	---	---	---	--	---	---	---

 Miscellaneous Expenditure 

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

 Accumulated Losses 

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

**IV. Performance of Company: (Amount in Rs. Crores)**

 Turnover 

				4	9	2		.	2	0
--	--	--	--	---	---	---	--	---	---	---

 Total Expenditure 

				3	9	1		.	2	5
--	--	--	--	---	---	---	--	---	---	---

 Profit Before Tax 

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

 Profit After Tax 

						9	3	.	4	5
--	--	--	--	--	--	---	---	---	---	---

 Earning Per Share (Rs.) 

						7		.	3	3
--	--	--	--	--	--	---	--	---	---	---

 Dividend Rate 

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

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

 Item Code No. 

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

Product Description I. ASSET FINANCING

II. LENDING

III. INVESTMENTS

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

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

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

 R. S. Vahia  
Partner

Mumbai, April 30, 2001

For and on behalf of the Board

Chairman	D. Chaturvedi
Managing Director	Anand Jain
Directors	{ D. J. Kapadia
	{ Lalit Bhasin
Company Secretary	V. R. Mohan

Mumbai, April 30, 2001

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2001**

	2000-2001	(Rs. in Crores) 1999-2000
<b>A. Cash Flow from Operating Activities</b>		
Net profit before tax as per P & L Account	100.95	100.56
Adjusted for		
Extraordinary items	(0.07)	(0.09)
Net profit before tax and extraordinary items	100.88	100.47
Adjusted for		
Depreciation	71.97	84.94
Lease Equalisation	41.48	10.54
Provision for Sub Standard Assets	8.14	(0.06)
Investments -		
Interest/Dividend Income	(219.80)	(182.34)
Profit on sale of Investment	(3.90)	(23.72)
Interest Expenses	302.14	265.37
Loss / (Profit) on sale of Fixed Assets	(0.24)	1.49
Operating Profit before working Capital Changes	300.67	256.69
Adjusted for		
Trade and Other Receivables	(52.23)	(159.30)
Inventories	119.45	(79.35)
Trade Payables	22.59	(5.42)
Cash generated from operations	390.48	12.62
Interest Paid	(166.69)	(151.31)
Taxes Paid	(0.01)	(151.32)
Cash Flow before extraordinary items	223.78	(138.70)
Extraordinary Items	0.07	0.09
Net Cash from Operating Activities	223.85	(138.61)
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(15.56)	(129.12)
Sale of Fixed Assets	0.29	0.78
Purchase of Investments	(1210.07)	(151.95)
Sale of Investments	208.99	8.18
Interest Received	125.97	1.34
Dividend Received	1.26	0.84
Net Cash used in Investing Activities	(889.12)	(269.93)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of Share Capital (Net)	812.46	40.44
Proceeds from Long Term Borrowings	94.65	245.51
Repayment of Long Term Borrowings	(202.15)	(118.30)
Proceeds from Short Term Borrowings	(10.71)	292.18
Dividends Paid	(38.60)	(37.21)
Net cash used in Financing Activities	655.65	422.62
Net increase in Cash and Cash Equivalents ( A + B + C )	(9.62)	14.08
Opening Balance of Cash and Cash Equivalents	18.76	4.68
Closing Balance of Cash and Cash Equivalents	9.14	18.76

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

For and on behalf of the Board

Chairman	D. Chaturvedi
Managing Director	Anand Jain
Directors	{ D. J. Kapadia
	{ Lalit Bhasin
Company Secretary	V. R. Mohan

Mumbai, April 30, 2001

**Auditors' Report**

We have examined the attached Cash Flow Statement of Reliance Capital Limited for the year ended 31st March, 2001 and 31st March 2000. The statement has been prepared by the Company in accordance with the requirements of the Company's Listing Agreement with Stock Exchanges. The statement is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

For Pathak H. D. & Associates  
Chartered Accountants

R. S. Vahia  
Partner

Mumbai, April 30, 2001

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

Name of Subsidiary Company	Reliance Capital Asset Management Limited	Reliance Capital Trustee Co. Limited	Reliance Net Limited	Observer Network Private Limited
1. The Financial year of the Subsidiary Companies ended on	March 31, 2001	March 31, 2001	March 31, 2001	March 31, 2001
2. Date from which they became Subsidiary Companies	May 12,1995	May 12,1995	December 23,1999	November 5,1999
3 a. Number of shares held by Reliance Capital Limited with its nominees in the Subsidiaries as at 31st March, 2001	75,00,700 Equity Shares of the face value of Rs.10/- each fully paid-up and 3,50,000 Preference Shares of Rs.100/- each fully paid up.	50,700 Equity Shares of the face value of Rs.10/- each fully paid-up.	20,02,000 Equity Shares of the face value of Rs.10/- each fully paid-up.	1,500 Equity Shares of the face value of Rs.10/- each fully paid-up.
b. Extent of interest of Holding Company as at 31st March, 2001	100%	100%	100%	100%
4. The net aggregate amount of the Profit/(Loss) so far as it concerns the members of the Holding Company				
a. Not dealt with in the Holding Company's Accounts.				
(i) For the Financial year ended 31st March, 2001	(Rs. 0.02 Lakhs)	Rs. 2.61 Lakhs	(Rs. 0.72 Lakhs)	(Rs. 14.89 Lakhs)
(ii) For the previous Financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries.	Rs. 119.44 Lakhs	Rs. 3.73 Lakhs	(Rs. 0.39 Lakhs)	Rs. 0.27 Lakhs
b. Dealt with in the Holding Company's accounts				
i) For the Financial year ended 31st March, 2001	Rs. 25.00 Lakhs	Nil	Nil	Rs. 0.01 Lakhs
ii) For the previous Financial years of the Subsidiary companies since they became the Holding Company's Subsidiaries.	Rs. 53.29 Lakhs	Nil	Nil	Nil

For and on behalf of the Board

Chairman	D. Chaturvedi
Managing Director	Anand Jain
Directors	{ D. J. Kapadia Lalit Bhasin
Company Secretary	V. R. Mohan

Mumbai, April 30, 2001

**DIRECTORS' REPORT**

To the Members,

Your Directors present the Sixth Annual Report, together with the audited statement of Accounts of the Company for the year ended 31st March, 2001.

**Financial Results:**

During the year under review, the performance of Company can be seen from the summarized results provided below :

	(Rupees)	
	Year ended 31st March, 2001	Year ended 31st March, 2000
Gross Income	4,64,80,639	3,75,72,689
Gross Profit	7,66,417	90,79,093
Depreciation	9,92,696	11,35,574
Profit before tax	(2,26,279)	79,43,519
Provision for taxation	NIL	22,00,000
Profit After Tax	(2,26,279)	57,43,519
Excess provision for tax in the previous year	2,69,771	1,66,350
Proposed Dividend	NIL	25,00,070
Balance carried to	1,19,87,397	1,19,43,905
Balance Sheet		

**Dividend :**

In view of no profit made during the year, the Board of Directors has not recommended any dividend for the year under review.

**Company's Operations :**

The Company is the Investment Manager to Reliance Capital Mutual Fund. The schemes currently in existence are Reliance Vision Fund, Reliance Growth Fund - Open End Equity Growth Schemes and Reliance Income Fund, Reliance Monthly Income Plan and Reliance Liquid Fund - Open End Income Schemes.

During the period, Reliance Monthly Income Plan was launched and in the existing Reliance Liquid Fund, two plans namely, Treasury Plan and Serial Plan were introduced.

We have obtained an approval from RBI to invest in ADR/GDR issues and have initiated investments in the same. We have also been granted a registration to act as Foreign Institutional Investor by SEBI.

During the year, the Mutual Fund industry saw most of the inflows coming into Income and Liquid schemes of Mutual Funds. The focus of our marketing and distribution efforts was on our Income and Liquid schemes, namely - Reliance Income Fund and Reliance Liquid Fund. We have seen a significant increase in the net collections of Reliance Income Fund and a significant increase in the number of transactions in Reliance Liquid Fund in this period.

Intelligent Investor (February 28, 2001) has in its "Best Funds 2001" survey ranked Reliance Income Fund (Growth Plan) as the No.1 Debt (Income) Fund in the country based on Risk Adjusted Returns (RAR) for the three year period ending December 31,2000.

We have set up additional offices at various cities namely, Bangalore, Kolkata, Chennai, Hyderabad and Pune. These branches are currently operating out of business centres. There have been good inflows from these cities in Reliance Income Fund and Reliance Liquid Fund.

**Fixed Deposits :**

The Company has not accepted any Fixed Deposit from the public during the year under review. Hence, no information is required to be appended to this report.

**Directors :**

Shri D.J. Kapadia was appointed as an Additional Director with effect from February 20, 2001. He holds office upto the date of the Annual General Meeting vide section 260 of the Companies Act, 1956. The Company has received a notice in writing under section 257 of the Companies Act, 1956 proposing his candidature for the office of Director. Your Directors recommend his appointment as a Director, retiring by rotation in the Sixth Annual General Meeting.

Shri Vinod M. Ambani resigned as a Director during the year. The Board wishes to place on record their appreciation for the services rendered by him.

Shri P.S. Gopalakrishnan Director of the Company retires by rotation and being eligible, offers himself for re-appointment.

**Auditors & Auditors' Report :**

M/s. C. C. Chokshi & Co., Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. They have indicated their willingness to continue as Statutory Auditors, if re-appointed. The Company has received a letter from M/s. C. C. Chokshi & Co., Chartered Accountants, Auditors, to the effect that their re-appointment, if made, will be within the prescribed limits under Section 224(1B) of the Companies Act, 1956. Members are requested to appoint the Auditors and fix their remuneration.

**Personnel :**

The Company has not paid any remuneration attracting the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975. Hence, no information is required to be appended to this report in this regard.

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

Under section 217(1)(e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule 1988 :

- (1) Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company.
- (2) Foreign Exchange earnings and outgo: We have been granted approval by the Reserve Bank of India to invest in American Depository Receipt(ADR) and Global Depository Receipt (GDR) issues of the Indian Companies in the overseas market by way of remittance from India. As on date our investments in ADRs is US \$ 1,57,850.00.

**Responsibility Statement :**

As required by the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors hereby give their Responsibility statement as under :

- That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- That your Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- That your Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- That your Directors had prepared the annual accounts on a going concern basis.

**Acknowledgements:**

Your Directors acknowledge the co-operation and assistance received from Securities and Exchange Board of India, Reserve Bank of India, custodian, bankers, registrars, shareholders and other business constituents during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the devoted services by executives, officers and staff of the Company.

For and on behalf of the Board of Directors

Directors { Anand Jain  
D. J. Kapadia

Mumbai, April 27, 2001



**AUDITORS' REPORT**

To The Members,  
Reliance Capital Asset Management Limited

We have audited the attached Balance Sheet of Reliance Capital Asset Management Limited as at 31st March 2001 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that :
  - a] We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b] In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
  - c] The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - d] The Balance Sheet and Profit and Loss Account comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

- e] On the basis of written representations received from the Directors as on 31st March 2001 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2001 from being appointed as a Director in terms of clause (g) of sub-section 1 of section 274 of the Companies Act, 1956
- f] In our opinion and to the best of our information and according to the explanation given to us, the said accounts read with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
  - [i] in the case of the Balance Sheet - of the state of affairs of the Company as at 31st March, 2001. and
  - [ii] in the case of the Profit and Loss Account - of the loss of the Company for the year ended on that date.

For C.C. Chokshi & Co.  
Chartered Accountants

R. Salivati  
Partner

Mumbai, April 27, 2001

**ANNEXURE TO AUDITORS' REPORT**

Referred to in Paragraph I of our report of even date on the accounts of Reliance Capital Asset Management Limited for the year ended 31st March 2001.

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

11. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as on 31st March 2001 for a period of more than six months from the date they become payable.
12. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
13. The Company is not a sick industrial company within the meaning of clause (o) of the sub-section (l) of section 3 of the Sick Industrial Companies Act (Special Provisions) Act, 1985.
14. The nature of the services/activities carried on by the Company does not require a system of recording receipts, issues and consumption of materials and allocation thereof and labour to jobs. Further, the question of having a system of authorisation and internal control on issue of stores and allocation of stores and labour does not arise.
15. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and any other similar securities.
16. We are informed that the provisions of any special statute applicable to the Chit Funds, Nidhi or Mutual Benefit Society are not applicable to the Company.
17. The Company has maintained records of the transactions and contracts of dealing or trading in securities and timely entries have been made therein. The securities are in the name of the company/in the process of being transferred in the name of the Company.
18. The Nature of the Company's activities is such that requirements of items [iii], [iv], [v], [vi], [xii], [xiv] and [xvi] of clause A and item [ii] of Clause C of paragraph 4 of the Order are not applicable to the Company.

For C.C. Chokshi & Co.  
Chartered Accountants

R. Salivati  
Partner

Mumbai, April 27, 2001

**BALANCE SHEET AS AT 31ST MARCH, 2001**

		(Rupees)	
	Schedule	As At 31st March 2001	As At 31st March 2000
<b>Sources of Funds :</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	A	11,00,07,000	11,00,07,000
(b) Reserves & Surplus (Balance in Profit and Loss Account)		<u>1,19,87,397</u>	<u>1,19,43,905</u>
<b>Total</b>		<u><u>12,19,94,397</u></u>	<u><u>12,19,50,905</u></u>
<b>Application of Funds :</b>			
<b>Fixed Assets</b>			
(a) Gross Block	B	84,08,436	74,22,506
(b) Less : Depreciation		<u>59,96,953</u>	<u>50,04,256</u>
(c) Net Block		24,11,483	24,18,250
<b>Investments</b>	C	9,89,36,059	9,03,56,145
<b>Current Assets, Loans &amp; Advances</b>			
(a) Current Assets	D	41,74,421	2,80,80,291
(b) Debtors		31,200	31,200
(c) Loans & Advances		53,94,773	55,74,930
(d) Other Current Assets		<u>63,18,341</u>	<u>33,93,750</u>
		<u>1,59,18,735</u>	<u>3,70,80,171</u>
<b>Less : Current liabilities &amp; Provisions</b>	E		
(a) Current Liabilities		40,92,923	19,98,712
(b) Provisions		<u>22,00,000</u>	<u>60,75,079</u>
		<u>62,92,923</u>	<u>80,73,791</u>
		96,25,812	2,90,06,380
<b>Net Current Assets</b>			
Miscellaneous Expenditure (to the extent not written off or adjusted)	F	1,10,21,043	1,70,130
<b>Total</b>		<u><u>12,19,94,397</u></u>	<u><u>12,19,50,905</u></u>
<b>Notes to Accounts</b>	K		

As per our report of even date  
For C. C. Chokshi & Co.  
Chartered Accountants

R. Salivati  
Partner  
Mumbai, April 27, 2001

For and on behalf of the Board

Directors { Anand Jain  
D. J. Kapadia  
Chief Investment Officer K. Rajagopal

Vice President Laxmikant Vaidya  
Mumbai, April 27, 2001



# Reliance Capital Asset Management Limited

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001

				(Rupees)	
	Schedule	2000-2001		1999-2000	
<b>Income</b>					
Investment Management and Advisory fees		3,53,49,067		2,69,23,488	
Interest	G	70,27,059		52,80,284	
Dividend		21,235		23,10,544	
Profit on Sale/Redemption of Investment		37,86,180		30,58,373	
Other Income		<u>2,97,098</u>		<u>-</u>	
		4,64,80,639		3,75,72,689	
<b>Expenditure</b>					
Salaries and benefits to employees	H	1,20,77,198		59,52,594	
Administrative and other expenses	I	1,46,72,129		84,42,394	
Marketing & Publicity Exps.	J	1,62,09,634		1,06,23,289	
Depreciation		9,92,696		11,35,574	
Preliminary Expenses Written Off		34,026		34,026	
Deferred Revenue expenditure written off		<u>27,21,235</u>		<u>34,41,294</u>	
		4,67,06,918		2,96,29,170	
Profit/(Loss) before Taxation		(2,26,279)		79,43,519	
Provision for Taxation		-		22,00,000	
Profit After Taxation		(2,26,279)		57,43,519	
Excess or short provisions for tax written back		2,69, 771		1,66,350	
Balance brought forward		<u>1,19,43,905</u>		<u>88,09,114</u>	
Profit available for appropriations		<u>1,19,87,397</u>		<u>1,47,18,983</u>	
<b>Appropriations</b>					
Interim Preference Dividend @ 5%		-		17,50,000	
Interim Equity Dividend		-		7,50,070	
Dividend Tax		-		2,75,008	
Balance carried to Balance Sheet		<u>1,19,87,397</u>		<u>1,19,43,905</u>	
		<u>1,19,87,397</u>		<u>1,47,18,983</u>	
		<u>1,19,87,397</u>		<u>1,47,18,983</u>	
Notes to Accounts	K				

As per our report of even date  
For C. C. Chokshi & Co.  
Chartered Accountants

R. Salivati  
Partner  
Mumbai, April 27, 2001

For and on behalf of the Board

Directors { Anand Jain  
D. J. Kapadia  
Chief Investment Officer K. Rajagopal

Vice President Laxmikant Vaidya  
Mumbai, April 27, 2001

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

(Rupees)

31st March 2001

31st March 2000

**Schedule "A"**

## Share Capital

## Authorised

1,00,00,000	Equity shares of Rs.10/- each	10,00,00,000	10,00,00,000
3,50,000	5% Cumulative Redeemable Preference shares of Rs.100/- each	3,50,00,000	3,50,00,000
15,00,000	unclassified shares of Rs.10/- each	<u>1,50,00,000</u>	<u>1,50,00,000</u>
		<u>15,00,00,000</u>	<u>15,00,00,000</u>

## Issued, subscribed and paid up

75,00,700	Equity shares of Rs.10/- each, fully paid up	7,50,07,000	7,50,07,000
3,50,000	5% - Cumulative Redeemable Preference shares of Rs.100/- each, fully paid up	<u>3,50,00,000</u>	<u>3,50,00,000</u>

(All the shares are held by the holding company

Reliance Capital Limited &amp; its nominees)

11,00,07,000
11,00,07,000
**Schedule "B"**

## Fixed Assets

(Rupees)

Assets	Gross Block				Depreciation				Net Block	
	As at 01.04.2000	Addition	Deduction	As at 31.03.2001	Upto 31.03.2000	For the the year	Deduction	Upto 31.03.2001	As at 31.03.2001	As at 31.03.2000
Computer	55,71,948	7,09,800	-	62,81,748	39,62,448	8,15,738	-	47,78,186	15,03,562	16,09,500
Motor Car	9,67,985	-	-	9,67,985	6,76,350	75,504	-	7,51,854	2,16,131	2,91,635
Office Equipemnt	1,60,654	2,19,630	-	3,80,284	45,459	27,670	-	73,129	3,07,155	1,15,195
Furniture	7,21,919	56,500	-	7,78,419	3,20,000	73,784	-	3,93,784	3,84,635	4,01,919
	<u>74,22,506</u>	<u>9,85,930</u>	-	<u>84,08,436</u>	<u>50,04,257</u>	<u>9,92,696</u>	-	<u>59,96,953</u>	<u>24,11,483</u>	<u>24,18,249</u>
Previous year	69,19,897	5,02,609	-	74,22,506	38,68,682	11,35,574	-	50,04,256	24,18,250	30,51,215

(Rupees)

	Quantity	Cost	Quantity	Cost
Face	As at	As at	As at	As at
Value	31.3.2001	31.3.2001	31.3.2000	31.3.2000

**Schedule "C"**

## Long term Investments

## (a) Fully paid Debentures

## 10.50% Secured Reedemable Deb. of

Reliance Telecom Ltd.	5,00,000	70	3,50,00,000	70	3,50,00,000
IDBI - Deep Discount Bonds	2,00,000	-	-	3000	2,03,25,000
12.50% BEML Debentures	10	4,79,500	47,39,905	-	-
12.25% Tata Finance Ltd.	1,00,00,000	2	2,00,00,000	-	-
			<u>5,97,39,905</u>		<u>5,53,25,000</u>

## (b) Fully Paid Shares / Warrants

Reliance Petroleum Ltd.	10	1,77,400	27,71,826	79,700	12,45,333
RPL - WES 2000*	15	-	-	97,700	15,26,493
RPL - WES 2001*	15	97,700	15,26,493	97,700	15,26,493
HCL Technologies Ltd	4	-	-	2,000	11,60,000
Glenmark Pharma Ltd.	10	50	10,000	50	10,000
Kirloskar Multimedia Ltd	10	-	-	4,00,000	40,00,000





## Reliance Capital Asset Management Limited

### SCHEDULES FORMING PART OF THE BALANCE SHEET

	Face Value	Quantity	Cost	Quantity	Cost
		As at 31.3.2001	As at 31.3.2001	As at 31.3.2000	As at 31.3.2000
Morepen Labs	10	-	-	10,000	65,00,000
Shree Rama Multi-tech Ltd	5	-	-	7,300	8,76,000
ISIBARS Ltd.	10	193	2,171	5,00,000	56,25,000
			<u>43,10,490</u>		<u>2,24,69,319</u>
(c) Other Investments - Mutual Funds					
fully paid units of Rs.10 each					
Reliance Income Fund - Growth Plan	10	26,70,466	3,48,32,704	10,71,223	1,22,42,482
Reliance Income Fund - Dividend Plan	10	-	-	10,319	1,04,745
Reliance Liquid Fund	10	-	-	14,519	1,67,070
Unit Scheme, 1964	10	124.71	1,890	124.71	1,890
Alliance '95	10	152.36	2,667	121.87	1,375
JM Equity Fund	10	107.41	1,000	107.41	1,000
JM Balanced Fund	10	107.99	1,000	107.99	1,000
JM Liquid Fund	10	105.60	1,000	105.60	1,000
Birla Advantage Fund	10	109.12	1,205	109.12	1,205
Apple Platinum Share	10	147.38	1,337	147.38	1,337
GIC Fortune - 94	10	105.93	1,000	105.93	1,000
Centurion Open End Fund	10	138.70	1,006	138.70	1,006
Kothari Pioneer Prima Plus	10	203.86	2,120	148.58	1,256
Birla Income Plus	10	260.87	3,000	260.87	3,000
Birla Balance	10	300.00	3,000	300.00	3,000
Templeton India Growth Fund	10	203.43	2,274	182.32	2,000
Templeton India Income Fund	10	200.00	2,000	200.00	2,000
Tata Equity Growth Fund	10	208.99	2,000	208.99	2,000
Zurich India Top 200 Fund - Dividend	10	259.29	3,000	259.29	3,000
Chola Triple Ace	10	200.00	2,000	200.00	2,000
Alliance Liquid Income	10	50.00	500	50.00	500
Sundaram Growth Fund	10	200.00	2,000	200.00	2,000
Kothari Pioneer Guaranteed Income Plan	10	200.00	2,000	200.00	2,000
Anagram Income Scheme'97	10	100.00	1,000	100.00	1,000
DSP Merrill Lynch Equity Fund	10	627.52	7,960	627.52	7,960
DSP Merrill Lynch Bond Fund	10	500.00	5,000	500.00	5,000
HDFC Balanced Fund	10	300.00	3,000	-	-
			<u>3,48,85,664</u>		<u>1,25,61,826</u>
Total			<u>9,89,36,059</u>		<u>9,03,56,145</u>

(Rupees)

31st March,2001

31st March,2000

The book value and the Market value of quoted Investments is as under :

Book value	3,91,96,154	3,87,94,320
Market value	5,20,86,913	6,41,96,945

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	31st March 2001	31st March 2000	(Rupees)
<b>Schedule "D"</b>			
Current Assets, Loans & Advances			
<b>A. Current Assets</b>			
Cash on hand	1,83,256	36,152	
Balance in current accounts with scheduled banks	39,91,165	2,80,44,139	
	<u>41,74,421</u>	<u>2,80,44,139</u>	<u>2,80,80,291</u>
<b>B. Sundry Debtors (Unsecured, considered good more than 6 months)</b>			
Other Debtors	31,200	31,200	
	<u>31,200</u>	<u>31,200</u>	<u>31,200</u>
<b>C. Loans &amp; Advances (Unsecured, considered good)</b>			
Advances recoverable in cash or in kind or for value to be received			
Loans to employees	7,60,577	13,59,290	
Income tax deducted at source	46,27,209	42,15,640	
Other Receivable	6,987	-	
	<u>53,94,773</u>	<u>55,74,930</u>	<u>55,74,930</u>
<b>D. Other Current Assets</b>			
Accrued Interest	27,84,578	9,18,750	
Prepaid expenses	5,24,926	27,000	
Deposits	30,08,837	24,48,000	
	<u>63,18,341</u>	<u>33,93,750</u>	<u>33,93,750</u>
<b>Schedule "E"</b>			
<b>A. Current Liabilities</b>			
TDS Payable	216	4,950	
Pension fund payable	417	-	
E.P.F. Payable	247	-	
Other Liabilities	40,92,043	19,93,762	
	<u>40,92,923</u>	<u>19,93,762</u>	<u>1,998,712</u>
<b>B. Provisions</b>			
Provision for Taxation	22,00,000	33,00,000	
Preference Dividend	-	17,50,000	
Equity Dividend	-	7,50,070	
Tax on dividend	-	2,75,009	
	<u>22,00,000</u>	<u>60,75,079</u>	<u>60,75,079</u>
<b>Schedule "F"</b>			
Miscellaneous Expenditure (To the extent not written off or adjusted)			
Preliminary Expenses	1,70,130	2,04,156	
Less : Written off during the year	34,026	34,026	
	<u>1,36,104</u>	<u>1,70,130</u>	<u>1,70,130</u>
Deferred Revenue Expenditure (Promotional Expenditure on launch of Mutual Fund Schemes)			
Less : Written off during the year	1,36,06,174	34,41,294	
	<u>27,21,235</u>	<u>34,41,294</u>	<u>34,41,294</u>
	<u>1,08,84,939</u>	<u>-</u>	<u>-</u>
	<u>1,10,21,043</u>	<u>1,70,130</u>	<u>1,70,130</u>



# Reliance Capital Asset Management Limited

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	(Rupees)	
	Current Year	Previous Year
<b>Schedule "G"</b>		
Interest Income		
Interest on long term Investment (Gross)	70,11,982	49,20,098
(Tax deducted at source Rs.11,87,703/- Previous year Rs.8,10,530/-)		
Other Interest	<u>15,077</u>	<u>3,60,186</u>
	<u>70,27,059</u>	<u>52,80,284</u>
<b>Schedule "H"</b>		
Salaries & Benefits to Employees		
Salaries, allowances and Bonus	1,04,80,452	46,48,289
Contribution to Superannuation Fund	10,99,095	8,22,546
Staff Welfare expenses	<u>4,97,651</u>	<u>4,81,759</u>
	<u>1,20,77,198</u>	<u>59,52,594</u>
<b>Schedule "I"</b>		
Administrative and other expenses		
Bank charges	12,912	-
Miscellaneous expenses	2,66,594	8,57,503
Professional tax	850	-
Courier charges	3,10,651	-
Filing fees	4,60,192	-
Directors sitting fees	18,000	13,000
Seminar & training	99,270	-
Conveyance & Travelling Expenses	16,34,423	11,45,663
Petrol & Car	10,66,369	3,25,210
Office Expenses	9,36,813	6,42,848
News Paper / Magazines & periodicals	71,842	76,378
Printing & Stationary	10,38,425	6,65,748
Repairs & Maintenance	4,75,264	1,24,500
Audit fees	57,750	55,000
Professional Charges	16,18,225	6,00,265
Rent	21,81,993	13,82,000
Hire Charges & Lease Rent Car	4,55,410	-
Telephone Expenses	23,04,829	10,09,871
Computer Software	85,570	1,25,762
Electricity	9,55,875	6,56,900
Membership & Subscription	<u>6,20,872</u>	<u>7,61,746</u>
Total	<u>1,46,72,129</u>	<u>84,42,394</u>
<b>Schedule "J"</b>		
Marketing & Publicity Expenses		
Marketing Expenses	59,240	-
Postage	1,53,826	-
Printing and stationery	-	12,61,300
Brokerage & Incentives	1,35,22,944	60,50,464
Business Promotion	76,315	16,56,758
Publicity Expenses	<u>23,97,309</u>	<u>16,54,767</u>
	<u>1,62,09,634</u>	<u>1,06,23,289</u>

**NOTES ON ACCOUNTS**
**Schedule "K"**
**Notes on Accounts and Significant Accounting Policies**
**A. Significant Accounting Policies**
**1. Fixed Assets :**

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

**2. Depreciation :**

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

**3. Investment :**

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

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

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

**1. Preliminary Expenses :**

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

**2. Revenue Recognition :**

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

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

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

**(II) Other Income :**

Other Income is accounted on accrual basis.

**3. Retirement benefits :**

Gratuity and Superannuation schemes are administered through policy taken from Life Insurance Corporation of India.

**4. Income :**

Investment Management fees are computed in accordance with Investment Management Agreement and SEBI Regulations based on Net Asset Value confirmed by Reliance Capital Mutual Fund schemes i.e. Reliance Vision Fund, Reliance Growth Fund, Reliance Income Fund, Reliance Liquid Fund and Reliance Monthly Income Plan.

**B. Notes on Accounts**

	2000-2001	1999-2000
	Rs.	Rs.

**1. Payment to Auditors**

Audit Fees	47,250	45,000
Tax Audit Fees	10,500	10,000
Other Professional fees	10,500	-

**2. Information regarding Managerial Remuneration:**
**Remuneration to Managers**

Salaries	2,91,883	3,68,475
Contribution to Provident Fund	17,595	25,380
Contribution to Gratuity	6,110	8,813
Contribution to Superannuation	21,994	31,725
Perquisites	-	19,150
	3,37,582	4,53,543



**NOTES ON ACCOUNTS**

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

Balance Sheet Abstract and Company's General Business profile:

I. Registration Details

Registration No. : 

			2	4	7	8	0
--	--	--	---	---	---	---	---

 State Code: 

						0	4
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Balance sheet Date: 

3	1	0	3	2	0	0	1
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II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue 

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

 Rights Issue 

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

  
Bonus Issue 

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

 Private Placement 

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

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

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

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

Turnover <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>4</td><td>6</td><td>4</td><td>8</td><td>1</td></tr></table>				4	6	4	8	1	Total Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>4</td><td>6</td><td>7</td><td>0</td><td>7</td></tr></table>				4	6	7	0	7
			4	6	4	8	1										
			4	6	7	0	7										
Profit/Loss Before Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>(</td><td>2</td><td>2</td><td>6</td><td>)</td></tr></table>				(	2	2	6	)	Profit/Loss After Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>(</td><td>2</td><td>2</td><td>6</td><td>)</td></tr></table>				(	2	2	6	)
			(	2	2	6	)										
			(	2	2	6	)										
Earning Per Share (Rs.) <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	Dividend Rate % <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
					N	I	L										
					N	I	L										

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

Item Code No. 

						N	A
--	--	--	--	--	--	---	---

  
Product Description 

						N	A
--	--	--	--	--	--	---	---

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

As per our report of even date  
For C. C. Chokshi & Co.  
Chartered Accountants

R. Salivati  
Partner  
Mumbai, April 27, 2001

For and on behalf of the Board

Directors { Anand Jain  
D. J. Kapadia  
Chief Investment Officer K. Rajagopal

Vice President Laxmikant Vaidya  
Mumbai, April 27, 2001

**DIRECTORS' REPORT**

To the Members,

Your Directors have pleasure in presenting the Sixth Annual Report together with the audited Statement of Accounts of the Company for the year ended 31st March 2001.

**Financial Results:**

	(Rupees)	
	Year ended 31st March, 2001	Year ended 31st March, 2000
Gross Income	5,14,460.00	5,12,512.00
Gross Profit	4,22,416.10	3,81,108.00
Depreciation	-	-
Profit before tax	4,22,416.10	3,81,108.00
Provision for taxation	1,61,000.00	1,50,000.00
Profit after tax	2,61,416.10	2,31,108.00
Short provision for tax	-	5,403.00
Profit brought forward	3,73,401.85	1,47,696.85
Balance carried to Balance Sheet	6,34,817.95	3,73,401.85

**Operations:**

The Company is the Trustee to Reliance Capital Mutual Fund. There are five schemes currently in existence viz. Reliance Vision Fund, Reliance Growth Fund, Reliance Income Fund, Reliance Liquid Fund and Reliance Monthly Income Plan.

During the period under review Reliance Monthly Income Plan was launched as an open end Income Scheme and in the existing Reliance Liquid Fund, two plans viz. Treasury Plan and Serial Plan were introduced.

The Mutual Fund has obtained an approval from RBI to invest in ADR/GDR issues and have initiated investments in the same. The Mutual Fund has also been granted a registration to act as Foreign Institutional Investor (FII) by SEBI.

During the year under review, the Mutual Fund industry witnessed most of the inflows coming into Income and Liquid schemes. Accordingly, we have seen a significant growth in the collections of Reliance Income Fund and a significant increase in the number of transactions of Reliance Liquid Fund.

Intelligent Investor (February 28, 2001) has, in its survey "Best Funds 2001", ranked Reliance Income Fund (Growth Plan) as the No. 1 Debt (Income) Fund in the country based on Risk Adjusted Returns (RAR) for the three year period ending December 31, 2000.

**Dividend:**

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

**Fixed Deposits:**

The Company has not accepted any Fixed Deposit from the public. Hence no information is required to be appended to this report.

**Directors:**

Shri. Vinod M. Ambani was appointed as an Additional Director with effect from February 20, 2001. He automatically ceases to be a director at the conclusion of forthcoming Annual General Meeting as per section 260 of the Companies Act, 1956. The Company has received a notice in writing under section 257 of the Companies Act, 1956 proposing his candidature for the office of Director. Your Directors recommends his appointment as a Director in the sixth Annual General Meeting.

Shri D.J. Kapadia resigned from the Board of Directors during the year. The Board wishes to place on record the appreciation of the

services rendered by him.

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

**Auditors & Auditors' Report:**

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

Members are requested to consider the appointment of the Auditors and fix their remuneration.

**Personnel:**

The Company has not paid any remuneration attracting the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975. Hence, no information is required to be appended to this report in this regard.

Particulars required to be furnished by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule 1988:

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

We have been granted approval by the Reserve Bank of India to invest in American Depository Receipts (ADRs) and Global Depository Receipts (GDRs) issues of the Indian Companies in the overseas market by way of remittance from India and as on date our investments in ADRs is US \$ 1,57,850.00.

**Directors' Responsibility Statement :**

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

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

**Acknowledgements:**

Your Directors acknowledge the co-operation and assistance received from Securities and Exchange Board of India, Reserve Bank of India, custodian, bankers, registrars, shareholders and other business constituents during the year under review

For and on behalf of the Board of Directors

D. Chaturvedi                      Vinod M. Ambani  
Chairman                              Director

Mumbai, April 27, 2001.



**AUDITORS' REPORT**

To The Members,  
Reliance Capital Trustee Co. Limited

We have audited the attached Balance Sheet of Reliance Capital Trustee Co. Limited as at 31<sup>st</sup> March 2001 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and we report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in the paragraph 4 & 5 of the said Order to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that :
  - a] We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b] In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
  - c] The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - d] In our opinion, the Balance Sheet and Profit and Loss Account comply with Accounting Standards referred to in

sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent made mandatory.

- e] On the basis of written representations received from the Directors as on 31<sup>st</sup> March 2001 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2001 from being appointed as a Director in terms of clause (g) of sub-section 1 of section 274 of the Companies Act, 1956.
- f] In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon give the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view:
  - [i] in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2001 and
  - [ii] in the case of the Profit and Loss Account, of the 'Profit' of the Company for the year ended on that date.

For Malpani & Associates  
Chartered Accountants

Shyam S. Malpani  
Proprietor

Mumbai, April 27, 2001

**ANNEXURE TO AUDITORS' REPORT**

(As Referred to in Paragraph 1 of our Report of even date)

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

1. The Company has not taken any loans during the year from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. There are no Companies under the Same Management as defined Under Section 370(1B) of the Companies Act, 1956.
2. The Company has not granted any loans during the year to Companies, Firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. There are no companies under the same management as defined Under Section 370(1B) of the Companies Act, 1956.
3. The Company has not given any loans or advances in the nature of loans to any parties during the year.
4. There are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of goods and/or services and other assets as well as for the sale of goods/services.
5. There are no transactions of purchase and sale of goods and/or services made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party.
6. The Company has not accepted any deposits during the year from the public within the meaning of Section 58-A of the Companies Act, 1956.
7. The Company is not required to have an Internal Audit System during the year under review.

8. The provisions of Provident Fund Act and Employee's state Insurance Act are not applicable to the company during the year under review.
9. There were no undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Excise Duty and Customs duty which as on the balance sheet date were outstanding for a period exceeding six months from the date they became payable.
10. No personal expenses of employees or Directors have been charged to revenue account, other than that payable under contractual obligations or in accordance with generally accepted business practices.
11. The Company is not a sick industrial company within the meaning of Clause (O) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
12. In relation to the Service activities of the Company, there exists a reasonable internal control system commensurate with the size of the Company and the nature of its business.
13. During the year under review, the provisions of any special statute applicable to Chit fund, Nidhi or Mutual Benefit Society do not apply to the Company.

For Malpani & Associates  
Chartered Accountants

Shyam S. Malpani  
Proprietor

Mumbai, April 27, 2001

**BALANCE SHEET AS AT 31ST MARCH, 2001**

	Schedule	As at 31st March, 2001	As at 31st March, 2000	(Rupees)
<b>Sources of Funds</b>				
<b>Shareholders Funds :</b>				
(a) Share Capital	1	5,07,000.00	5,07,000.00	
(b) Reserves & Surplus	2	6,34,817.95	3,73,401.85	
<b>Total</b>		<u>11,41,817.95</u>	<u>8,80,401.85</u>	
<b>Application of Funds :</b>				
Investments	3	10,00,000.00	10,00,000.00	
Current Assets, Loans & Advances				
Cash and Bank balances	4	1,18,582.95	7,000.00	
Loans and Advances	5	3,67,160.00	67,740.00	
		<u>4,85,742.95</u>	<u>74,740.00</u>	
Less : Current liabilities & Provisions	6	<u>3,67,925.00</u>	<u>2,24,338.15</u>	
<b>Net Current Assets</b>		1,17,817.95	(1,49,598.15)	
Miscellaneous Expenditure (to the extent not written off or adjusted)	7	24,000.00	30,000.00	
<b>Total</b>		<u>1,141,817.95</u>	<u>8,80,401.85</u>	
Significant Accounting policies and Notes to Accounts	8			
For Malpani & Associates Chartered Accountants		For and behalf of the Board		
Shyam S. Malpani Proprietor		D. Chaturvedi Chairman	Vinod M. Ambani Director	
Mumbai, April 27, 2001		Mumbai, April 27, 2001		

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001**

Schedule	2000-2001	1999-2000	(Rupees)
<b>Income</b>			
Trustee Fees (TDS Rs.27,501. Previous year Rs.24,287)	5,00,001.00	4,85,737.00	
Interest (TDS Rs. Nil. Previous year Rs.Nil)	-	6,246.00	
Dividend	14,459.00	20,529.00	
<b>Total - I</b>	<u>5,14,460.00</u>	<u>5,12,512.00</u>	
<b>Expenditure</b>			
Professional Fees	3,600.00	-	
Travelling and Conveyance Expenses	51,208.90	90,419.00	
Directors sitting fees	17,000.00	18,000.00	
Filing fees	-	240.00	
Professional Tax	850.00	850.00	
Auditors' Remuneration	13,125.00	13,750.00	
Bank charges	260.00	145.00	
Preliminary Expenses written off	6,000.00	6,000.00	
Pre-operative Expenses written off	-	2,000.00	
<b>Total - II</b>	<u>92,043.90</u>	<u>1,31,404.00</u>	
Profit for the year before Taxation (I-II)	4,22,416.10	3,81,108.00	
Less: Provision for Taxation	1,61,000.00	1,50,000.00	
Profit for the year after Taxation	2,61,416.10	2,31,108.00	
Less: Short provision for tax (A.Y. 1997-98)	-	5,464.00	
Add: Provisions for tax (A.Y. 1998-99)	-	61.00	
Profit brought forward	3,73,401.85	1,47,696.85	
<b>Balance carried to Balance Sheet</b>	<u>6,34,817.95</u>	<u>3,73,401.85</u>	
Significant Accounting policies and Notes to Accounts	8		
For Malpani & Associates Chartered Accountants		For and behalf of the Board	
Shyam S. Malpani Proprietor		D. Chaturvedi Chairman	Vinod M. Ambani Director
Mumbai, April 27, 2001		Mumbai, April 27, 2001	





**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As At 31.03.2001	(Rupees) As At 31.03.2000
<b>Schedule "1"</b>		
Share Capital		
Authorised		
10,00,000 Equity shares of Rs.10 each	1,00,00,000.00	1,00,00,000.00
Issued, subscribed and paid up		
50,700 Equity shares of Rs.10 each, fully paid up in cash	5,07,000.00	5,07,000.00
(All the shares are held by the holding company Reliance Capital Limited & its nominees)	<u>5,07,000.00</u>	<u>5,07,000.00</u>
<b>Schedule "2"</b>		
Reserves & Surplus		
Profit and Loss Account:		
Surplus as per Annexed Account	6,34,817.95	3,73,401.85
	<u>6,34,817.95</u>	<u>3,73,401.85</u>
<b>Schedule "3"</b>		
Investments (At cost)		
Units (unquoted)		
Reliance Income fund		
a) Half yearly dividend plan		
19034.748 units at Rs.10/- each fully paid up	2,00,000.00	2,00,000.00
b) Growth plan		
66488.809 units at Rs.10/- each fully paid up	8,00,000.00	8,00,000.00
	<u>10,00,000.00</u>	<u>10,00,000.00</u>
Market value as at 31.03.2001	11,63,845.00	10,64,162.00
<b>Schedule "4"</b>		
Cash & Bank Balances		
Cash in hand	7,000.00	7,000.00
Balance with Scheduled Bank in Current Account	1,11,582.95	-
	<u>1,18,582.95</u>	<u>7,000.00</u>
<b>Schedule "5"</b>		
Loans & Advances (Unsecured, considered good)		
Advances Recoverable in cash or in kind or for Value to be received		
Advance Tax and Tax Deducted at Source	3,66,520.00	67,740.00
Prepaid Expenses	640.00	-
	<u>3,67,160.00</u>	<u>67,740.00</u>
<b>Schedule "6"</b>		
Current Liabilities		
Sundry Creditors for expenses	14,925.00	13,125.00
Other Liabilities	-	360.00
Bank Balances (Overdrawn)	-	18,853.15
Provisions		
Provisions for taxation	3,53,000.00	1,92,000.00
	<u>3,67,925.00</u>	<u>2,24,338.15</u>
<b>Schedule "7"</b>		
Miscellaneous Expenditures		
(To the extent not written off or adjusted)		
Preliminary Expenses	24,000.00	30,000.00
Pre-operative Expenses	-	-
	<u>24,000.00</u>	<u>30,000.00</u>

**NOTES ON ACCOUNTS**

**Schedule "8"**

Significant Accounting Policies and Notes on Accounts :

I. Significant Accounting Policies :

1. Method of Accounting :

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

2. Basis of Accounting :

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



**NOTES ON ACCOUNTS**

3. Investment :

Investment is stated at cost.

4. Trusteeship Remuneration :

Trusteeship Remuneration is recognised in the books based on the Unit Capital of the Mutual Fund at the beginning of the year.

5. Miscellaneous Expenditure :

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

(b) Pre-operative expenses are being amortised in equal instalments over a period of five years.

II Notes on Accounts :

1. The Auditors Remuneration comprises of the following:

Particulars	Amount (Rs)
As Auditors	12,500.00
Reimbursement of Expenses (Service Tax)	625.00
Total :	13125.00

2. No provision has been made for gratuity payable since none of the employees has yet put in the prescribed qualifying number of years of service with the company.

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

4. Information pursuant to part - IV of Schedule VI to the Companies Act 1956.

Balance Sheet abstract and company's business profile

I Registration Details

Registration No. :					2	4	8	2	6
Balance sheet Date:		3	1	0	3	2	0	0	1

State Code: 

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

II. Capital Raised during the year

Public Issue									N	I	L
Bonus Issue									N	I	L

Rights Issue									N	I	L
Private Placement									N	I	L

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

Total Liabilities	1	1	4	1	8	1	7	.	9	5	
(a) Sources of funds											
Paid-up Capital				5	0	7	0	0	0	0	
Secured Loans									N	I	L
(b) Applications of funds											
Net Fixed Assets									N	I	L
Net Current Assets	1	1	7	8	1	7	.	9	5		
Accumulated Losses									N	I	L

Total Assets	1	1	4	1	8	1	7	.	9	5	
Reserves & Surplus	6	3	4	8	1	7	.	9	5		
Unsecured Loans									N	I	L
Investments				1	0	0	0	0	0	0	0
Misc. Expenditure						2	4	0	0	0	0

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

Turnover/Income				5	1	4	4	6	0
Profit/loss Before Tax	4	2	2	4	1	6	.	1	0
Earning Per Share (annualised) (Rs.)						5	.	1	5

Total Expenditure				9	2	0	4	3	.	9	0
Profit/loss After Tax	2	6	1	4	1	6	.	1	0		
Dividend %									N	I	L

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

Item Code No.(ITC Code)											
Product Description											

- N A -  
TRUSTEESHIP FEES

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

For Malpani & Associates  
Chartered Accountants

Shyam S. Malpani  
Proprietor

Mumbai, April 27, 2001

For and behalf of the Board

D. Chaturvedi  
Chairman

Mumbai, April 27, 2001

Vinod M. Ambani  
Director

**DIRECTORS' REPORT**

To,

The Members

The Directors present the 2nd Annual Report and the audited accounts for the year ended 31st March, 2001.

**Financial Results**

The Financial Results of the Company for the year ended 31st March 2001 are as under:

	(in Rs.)	
	Year ended 31st March 2001	Year ended 31st March, 2000
Gross Income	-	45,205
Loss before tax	72,068	31,154
Provision for taxation	-	7,650
Net loss after tax	72,068	38,804
Loss brought forward from		
Previous balance sheet	38,804	-
Balance loss carried to balance sheet	1,10,872	38,804

**Operations**

During the period, the Company has incurred loss of Rs. 72068. In view of the above your Directors have not recommended any dividend on equity shares for the period under review.

**Directors**

Shri S. M. Dandekar, Director of the Company, retires by rotation and being eligible, offers himself for re- appointment.

Shri V. R. Mohan, was appointed on March 7, 2001 as an Additional Director and in terms of Section 260 of the Companies Act, 1956, he shall hold office upto the date of the ensuing Annual General Meeting. Necessary resolution has been set out in the notice for appointment of Shri V R Mohan at the ensuing General Meeting.

**Directors' Responsibility Statement :**

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

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;

(iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

**Personnel**

Particulars of employees as required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are not given, as your Company has not paid any remuneration attracting these provisions.

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

Being an investment company, there are no particulars furnished in this report as required under Section 217(1)(e) of the Companies Act, 1956, relating to conservation of energy and technology absorption. There was no foreign exchange earnings or outgo during the year.

**Fixed Deposits**

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the Rules made thereunder.

**Auditors**

Messrs. H D Pathak & Associates., Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. The notes to the accounts referred to in the Auditors' Report are self explanatory and, therefore, do not call for any further comments.

**Acknowledgement**

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

For and on behalf of the Board of Directors

Director { D H Shah  
S M Dandekar

Mumbai, April 30, 2001.

**AUDITORS' REPORT**

To  
The Members of  
Reliance Net Limited

We have audited the attached Balance Sheet of 'Reliance Net Private Limited' as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of Section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order, to the extent applicable to the Company.
2. Further to our comment in the Annexure referred to in paragraph (1) above:
  - (a) we have obtained all the information and explanations which is to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
  - (c) the Balance sheet and Profit & Loss Account referred to in this report are in agreement with the books of account;

(d) in our opinion , the Balance Sheet and the Profit and Loss account comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;

(e) As per the information and explanation given to us, none of the Director of the Company are disqualified from being appointed as a director under clause 'g' of sub section (l) of section 274 of the Companies Act, 1956.

(f) in our opinion and to the best of our information and according to the explanations given to us the said Balance Sheet and Profit and Loss Account together with the notes thereon, give the information as required under the Companies Act, 1956 in the manner so required and give a true and fair view :

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2001, and
- (ii) in case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.

for Pathak H. D. & Associates  
Chartered Accountants  
R. S. Vahia  
Partner

Mumbai, April 30, 2001

**ANNEXURE TO AUDITORS' REPORT**

Re: Reliance Net Limited  
(Referred to in paragraph 1 of our report of even date)

1. The Company has not acquired any fixed assets and hence maintenance of records showing full particulars including quantitative details and locations of fixed assets is not applicable. Further, physical verification as also revaluation of fixed assets is not applicable.
2. The Company has not taken any loans, secured or unsecured from companies, firms or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from the companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
3. The Company has not granted any loans, secured or unsecured to Companies (except to holding company) firms or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956 and / or to the Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956. In our opinion, the terms and conditions of the above loan are prima-facie not prejudicial to the interest of the Company.
4. In respect of loans and advances in the nature of loan given by Company to the parties, they are generally repaying the principal amounts as stipulated and are also regular in payment of interest, wherever applicable.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business.
6. According to information & explanations given to us there are no transactions of purchase of goods & material and sale of

goods, materials & services made in pursuance of contracts or arrangements required to be entered in the register maintained under Section 301 of the Companies Act, 1956, aggregating during the period to Rs. 50,000/- or more in respect of each party.

7. The Company has not accepted any deposit from the public and consequently, the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 and the directives issued by the Reserve Bank of India are not applicable.
8. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as at 31st March, 2001 for a period of more than six months from the date they became payable.
9. According to the information and explanations given to us no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
10. Being a Finance Company the provisions of Section 3(1) (0) of the Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the Company.

for Pathak H. D. & Associates  
Chartered Accountants  
R. S. Vahia  
Partner

Mumbai, April 30, 2001

**BALANCE SHEET AS AT 31ST MARCH, 2001**

	Schedule	As at 31st March 2001	(Rupees) As at 31st March 2000
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Share Capital	A	2,02,00,000	2,02,00,000
<b>TOTAL</b>		<u>2,02,00,000</u>	<u>2,02,00,000</u>
<b>APPLICATION OF FUNDS</b>			
Current Assets, Loans & Advances	B		
Current Assets		4,97,284	4,98,784
Loans & Advances		1,92,22,295	1,92,22,295
		<u>1,97,19,579</u>	<u>1,97,21,079</u>
Less : Current Liabilities & Provisions	C		
Current Liabilities		39,000	19,500
		<u>39,000</u>	<u>19,500</u>
Net Current Assets		1,96,80,579	1,97,01,579
Miscellaneous Expenditure (To the extent not written off or adjusted)			
Preliminary Expenses		4,08,549	4,59,617
Profit & Loss Account		1,10,872	38,804
<b>TOTAL</b>		<u>2,02,00,000</u>	<u>2,02,00,000</u>
Notes to the Accounts	F		

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

For and on behalf of the Board

Directors { D. H. Shah  
S. M. Dandekar

R. S. VAHIA  
Partner

Mumbai, April 30, 2001

Mumbai, April 30, 2001

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001**

	Schedule	For the year ended on 31st March 2001	For the period ended on 31st March 2000
<b>INCOME</b>			
Interest	D	-	45,205
		<u>-</u>	<u>45,205</u>
<b>EXPENDITURE</b>			
Administrative & Other Expenses	E	21,000	25,291
Preliminary Expenses Written Off		51,068	51,068
		<u>72,068</u>	<u>76,359</u>
Loss Before Tax		<u>(72,068)</u>	<u>(31,154)</u>
Provision for Taxation			7,650
Loss After Tax		<u>(72,068)</u>	<u>(38,804)</u>
Balance Brought Forward		<u>(38,804)</u>	<u>(38,804)</u>
Balance carried to the Balance Sheet		<u>(1,10,872)</u>	<u>(38,804)</u>
Notes to the Accounts	F		

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

For and on behalf of the Board

Directors { D. H. Shah  
S. M. Dandekar

R. S. VAHIA  
Partner

Mumbai, April 30, 2001

Mumbai, April 30, 2001

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As At 31st March, 2001		(Rupees) As At 31st March, 2000	
<b>Schedule "A"</b>				
Share Capital				
Authorised :				
20,20,000 Equity Shares of Rs. 10/- Each		2,02,00,000		2,02,00,000
5,00,000 Preference Shares of Rs. 100/- Each		5,00,00,000		5,00,00,000
29,80,000 Unclassified Shares of Rs. 10/- Each		2,98,00,000		2,98,00,000
		<u>10,00,00,000</u>		<u>10,00,00,000</u>
Issued, Subscribed and Paid up				
20,20,000 Equity Shares of Rs. 10/- Each Fully Paid up		2,02,00,000		2,02,00,000
(All the shares are held by holding Company, Reliance Capital Limited)		<u>2,02,00,000</u>		<u>2,02,00,000</u>
<b>Schedule "B"</b>				
Current Assets, Loans & Advances				
Current Assets				
Cash & Bank Balance				
Cash on hand	2,000		2,000	
Balances with Scheduled Banks in Current Account	4,95,284	4,97,284	4,96,784	4,98,784
		<u>4,97,284</u>		<u>4,98,784</u>
Loans & Advances				
Loan to Holding Company	1,92,20,000		1,92,20,000	
TDS (Net)	2,295	1,92,22,295	2,295	1,92,22,295
		<u>1,92,22,295</u>		<u>1,92,22,295</u>
		<u>1,97,19,579</u>		<u>1,97,21,079</u>
<b>Schedule "C"</b>				
Current Liabilities And Provisions				
Current Liabilities				
Other Liabilities	39,000	39,000	19,500	19,500
		<u>39,000</u>		<u>19,500</u>

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

	For the year ended on 31st March 2001		For the period ended on 31st March 2000	
<b>Schedule "D"</b>				
Interest				
Interest Income		-		45,205
( Tax Deducted at Source nil - Previous Year Rs.9,945 )		-		45,205
		<u>-</u>		<u>45,205</u>
<b>Schedule "E"</b>				
Administrative & Other Expenses				
Rent		9,000		9,000
Rates,Taxes,Filing & Registration fees		1,500		275
Bank Charges		-		266
Auditor's Remuneration				
Audit Fees		10,500		10,500
Other Capacity		-		5,250
		<u>21,000</u>		<u>25,291</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET**
**Schedule "F"**
**NOTES TO THE ACCOUNTS**
**1. Accounting Policies**
**a) System of accounting:**

The Company follows the accrual system of accounting.

**b) Preliminary Expenses:**

The Company amortises Preliminary Expenses over a period of 10 years.

2. The figure for the previous period are not comparable with that of current year as the previous period was from 17th June 1999 to 31st March 2000.

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

Balance Sheet Abstract and Company's General Business

**I. Registration Details**

Registration No. : 

		1	2	0	3	7	8
--	--	---	---	---	---	---	---

 State Code: 

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

Balance sheet Date: 

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

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

Public Issue 

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

 Rights Issue 

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

Bonus Issue 

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

 Private Placement 

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

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

Total Liabilities 

			2	0	2	0	0
--	--	--	---	---	---	---	---

 Total Assets 

			2	0	2	0	0
--	--	--	---	---	---	---	---

**Sources of funds**

Paid-up Capital 

			2	0	2	0	0
--	--	--	---	---	---	---	---

Reserves & Surplus 

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

Secured Loans 

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

Unsecured Loans 

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

**Applications of funds**

Net Fixed Assets 

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

Investments 

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

Net Current Assets 

			1	9	6	8	1
--	--	--	---	---	---	---	---

Miscellaneous Expenditure 

						4	0	8
--	--	--	--	--	--	---	---	---

Accumulated Losses 

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

**IV. Performance of Company: (Amount in Rs. Thousands)**

Turnover 

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

 Total Expenditure 

							7	2
--	--	--	--	--	--	--	---	---

Profit Before Tax 

						(	7	2	)
--	--	--	--	--	--	---	---	---	---

 Profit After Tax 

						(	7	2	)
--	--	--	--	--	--	---	---	---	---

Earning Per Share (Rs.) 

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

 Dividend Rate % 

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

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

Item Code No. 

						N	A
--	--	--	--	--	--	---	---

Product Description 

						N	A
--	--	--	--	--	--	---	---

3a. The previous year's figures have been reworked, regrouped and reclassified wherever necessary.

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

R. S. VAHIA  
Partner

Mumbai, April 30, 2001

For and on behalf of the Board

Directors

{  
D. H. Shah  
S. M. Dandekar

Mumbai, April 30, 2001

**DIRECTORS' REPORT**

To the Members,

Your Directors present the 8th Annual Report together with the Audited Statement of Accounts for the Financial Year ended 31st March, 2001.

#### Financial Results

The Company has incurred a loss of Rs. 13,98,859/- in comparison to a profit of Rs.31,590/- in the previous year. Your Directors have not recommended any dividend for the year ended 31st March, 2001.

#### Operations

The Company participated in the open auction conducted by the Ministry of Information and Broadcasting (I&B) for setting up FM radio stations during March 2000 and was declared successful in 9 cities.

The Ministry of I&B issued the Letters of Intent (LOI) for the nine stations in August 2000 to the company and the company was required to execute Bank Guarantees in favour of the Ministry of I&B to convert the LOIs into licences. It was observed that there were major deviations in the terms and conditions of the LOI as compared to that of the tender document. In view of this the company has represented to the Ministry of I&B to revert back to the tender document conditions failing which it has sought refund of amounts paid. A final reply from the Ministry of I&B is awaited.

#### Status of Company

The Company is a wholly owned subsidiary of Reliance Capital Limited and has applied to the Registrar of Companies, Maharashtra for change in status.

#### Directors

Shri B S Raman, Director of the Company, retires by rotation and being eligible, offers himself for re- appointment.

Shri A N Sethuraman was appointed as an Additional Director on 7th March, 2001. In terms of Section 260 of the Companies Act, 1956, he shall hold office upto the date of ensuing Annual General Meeting. Necessary resolution has been set out in the notice for appointment of Shri A N Sethuraman at the ensuing Annual General Meeting.

#### Directors' Responsibility Statement

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

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and

estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;

(iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

#### Personnel

The company has not paid any remuneration attracting the provisions of Companies (Particulars of Employees) rules, 1975 read with section 217 (2A) of The Companies Act, 1956. Hence, no information is required to be appended to this report in this regard.

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

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to this Company. Hence no information is required to be appended to this Report.

#### Deposits

The Company has not accepted any public deposit during the year, within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

#### Auditors

Messrs. M.S. Sethi & Associates, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956.

#### Acknowledgement

Your Directors wish to place on record their immense appreciation for the assistance and co-operation received from various Statutory Authorities.

For and on behalf of the Board

Director { B.S. Raman  
Anthony Jesudasan  
A. N. Sethuraman

New Delhi, April 26, 2001



**AUDITORS' REPORT**

- To  
The Members of Observer Network Private Limited.
- We have audited the attached Balance Sheet of Observer Network Private Limited as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date annexed thereto and report that:
1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
  2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
    - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
    - c) The Balance Sheet and Profit and Loss Account referred to in this Report are in agreement with the books of account.
    - d) In our opinion, the Balance Sheet and Profit and Loss Account complies with the requirements of the mandatory accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
  - e) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31st March 2001 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
    - i) in so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March 2001, and
    - ii) in so far as it relates to the Profit and Loss Account of the 'Loss' of the Company for the year ended on that date.

For M.S. Sethi & Associates  
Chartered Accountants

M. Sethi  
Proprietor

Mumbai, April 28, 2001

**ANNEXURE TO AUDITORS' REPORT**

- Referred to in Paragraph 1 of our Report of even date
1. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. According to information and explanations given to us, the fixed assets have been physically verified by the management at the year end and no material discrepancies were noticed on such verification as compared to the available records. In our opinion the frequency of such verification is reasonable having regard to the size of the Company and the nature of its assets.
  2. None of the fixed assets have been revalued during the year.
  3. Since the Company has not carried out any manufacturing and/or trading activity, items (iii), (iv), (v), (vi), (xii), (xiv) and (xvi) of the clause A of paragraph 4 of the aforesaid Order are not applicable.
  4. The Company has taken interest-free unsecured loans from its holding Company. It has not taken any other loans, secured or unsecured, from companies, firms or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956, or from companies under the same management within the meaning of sub section (1B) of Section 370 of the Companies Act, 1956. The terms and conditions of such loans are not, in our opinion, prima-facie prejudicial to the interests of the Company.
  5. The Company has not granted any loans, secured or unsecured to companies, firms, or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, or to Companies under the same management within the meaning of sub section (1B) of Section 370 of the Companies Act, 1956.
  6. The Company has not given any loans or advances in the nature of loans during the year.
  7. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business.
  8. In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods or material and sale of goods, materials and services made in pursuance of contracts or arrangement entered in the register maintained under Section 301 and aggregating during the year to Rs. 50,000/- or more in respect of each party.
  9. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public.
  10. According to the information and explanations given to us and in our opinion, internal audit is not required statutorily.
  11. According to the information and explanations given to us, the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and the Employees' State Insurance Act, 1948 are not applicable to the Company.
  12. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Wealth-tax Sales-tax, Excise Duty and Customs Duty were outstanding as at 31st March, 2001 for a period of more than six months from the date they became payable.
  13. In our opinion and according to the information and explanations given to us, no personal expenses of Directors have been charged to revenue account.
  14. The Company is not a Sick Industrial Company within the meaning of clause (0) of sub section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
  15. In respect of the service activities, in our opinion, the Company has a reasonable system of recording receipts, issues and consumption of materials commensurate with the size and the nature of its business.  
Since there is no utilisation of stores, man-hours and labour, no comments are required on the same.

For M.S. Sethi & Associates  
Chartered Accountants

M. Sethi  
Proprietor

Mumbai, April 28, 2001

**BALANCE SHEET AS AT 31ST MARCH, 2001**

	Schedule	As at 31st March, 2001		As at 31st March, 2000	
		Rs.	Rs.	Rs.	Rs.
<b>Sources of Funds</b>					
Shareholders' Funds					
Share Capital	A	15,000		15,000	
Reserves and Surplus	B	<u>3,950</u>		<u>31,130</u>	
			18,950		46,130
Loan Funds					
Unsecured Loans (from Holding Company)			<u>3,65,90,000</u>		<u>3,49,60,000</u>
<b>Total</b>			<u><b>3,66,08,950</b></u>		<u><b>3,50,06,130</b></u>
<b>Application of Funds</b>					
Fixed Assets	C				
Gross Block		3,66,700		--	
Less : Depreciation		<u>79,776</u>		<u>--</u>	
Net Block		2,86,924		--	
Capital work-in-progress		<u>--</u>		<u>90,000</u>	
			2,86,924		90,000
Current Assets, Loans and Advances	D				
Current Assets					
Cash and Bank Balance		4,64,392		1,50,102	
Loans and Advances		<u>3,44,19,895</u>		<u>3,48,13,534</u>	
		3,48,84,287		3,49,63,636	
Less : Current Liabilities and Provisions	E				
Current Liabilities		3,250		25,852	
Provisions		<u>22,427</u>		<u>24,257</u>	
		25,677		50,109	
Net Current Assets			3,48,58,610		3,49,13,527
Miscellaneous Expenditure (To the extent not written off or adjusted)			1,737		2,603
Profit and Loss account			<u>14,61,679</u>		<u>--</u>
<b>Total</b>			<u><b>3,66,08,950</b></u>		<u><b>3,50,06,130</b></u>
Notes on Accounts	G				

As per our report of even date  
For M. S. Sethi & Associates  
Chartered Accountants

M. Sethi  
Proprietor  
Mumbai, April 28, 2001

For and on behalf of the Board

Directors

{ B. S. Raman  
Anthony Jesudasan  
A. N. Sethuraman

New Delhi, April 26, 2001

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001**

	Schedule	2000 - 2001		1999 - 2000	
		Rs.	Rs.	Rs.	Rs.
<b>Income</b>					
Job Work charges		8,85,111		2,48,000	
Advertisements		<u>30,000</u>		<u>-</u>	
			9,15,111		2,48,000
<b>Expenditure</b>					
Job Work charges		7,52,298		1,20,000	
Professional fees		10,06,900		-	
Rent		1,25,000		-	
Internet server hire charges		1,82,576		-	
Administrative expenses	F	1,66,554		4,544	
Tender form fees		-		70,000	
Licence fees		-		1,000	
Depreciation		79,776		-	
Preliminary Expenditure written off		<u>866</u>		<u>866</u>	
			23,13,970		1,96,410
Profit / (loss) before taxation			(13,98,859)		51,590
Less: Provision for Taxation			-		20,000
Profit / (loss) for the year			(13,98,859)		31,590
Add : Expenses for earlier year (Tender form fee)			<u>90,000</u>		<u>-</u>
Amount available for appropriations			(14,88,859)		31,590
<b>Appropriations</b>					
Transfer to General reserves		-		3,200	
Proposed Dividend		-		1,500	
Tax payable on Dividend		<u>-</u>		<u>330</u>	
			-		5,030
			(14,88,859)		26,560
Add : Balance brought forward from last year			27,180		620
Balance carried to Balance Sheet			<u>( 14,61,679 )</u>		<u>27,180</u>
Notes on Accounts	G				

As per our report of even date  
For M. S. Sethi & Associates  
Chartered Accountants

M. Sethi  
Proprietor  
Mumbai, April 28, 2001

For and on behalf of the Board

Directors

{ B. S. Raman  
Anthony Jesudasan  
A. N. Sethuraman

New Delhi, April 26, 2001

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31st March 2001		As at 31st March 2000	
	Rs.	Rs.	Rs.	Rs.
<b>Schedule "A"</b>				
Share Capital				
Authorised				
5,000 Equity shares of Rs.100 each		5,00,000		5,00,000
		<u>5,00,000</u>		<u>5,00,000</u>
Issued, subscribed and paid up				
150 Equity shares of Rs.100 each, fully paid up (Held by Reliance Capital Ltd., the Holding Company)		15,000		15,000
		<u>15,000</u>		<u>15,000</u>
<b>Schedule "B"</b>				
Reserves and Surplus				
General Reserves				
As per last Balance Sheet		3,950		750
Add: Transferred from Profit and Loss Account		<u>-</u>		<u>3,200</u>
		3,950		3,950
Profit and Loss Account		-		27,180
		<u>3,950</u>		<u>31,130</u>

**Schedule "C"**

Fixed Asset

(Amount in Rs)

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 1.4.2000	Additions	As at 31.03.2001	As at 1.4.2000	For the period	As at 31.03.2001	As at 31.03.2001	As at 31.3.2000
Office Equipments	--	38,000	38,000	--	1,504	1,504	36,496	--
Computer	--	1,98,000	1,98,000	--	22,695	22,695	1,75,305	--
Furniture & Fixtures	--	1,30,700	1,30,700	--	55,577	55,577	75,123	--
<b>Total</b>	--	<b>3,66,700</b>	<b>3,66,700</b>	--	<b>79,776</b>	<b>79,776</b>	<b>2,86,924</b>	--
Previous year	--	--	--	--	--	--	--	--
Capital Work-in-progress (Tender form fees)							--	90 000

	As at 31st March 2001		As at 31st March 2000	
	Rs.	Rs.	Rs.	Rs.
<b>Schedule "D"</b>				
Current Assets, Loans and Advances				
Current Assets:				
Cash and Bank Balance				
Balance with Scheduled Banks:				
in current account		4,64,392		1,50,102
Loans and Advances				
Advances recoverable in cash or in kind or for value to be received		3,35,25,843		3,39,55,651
Deposits		8,50,000		8,50,000
Advance Payment of Taxes		<u>44,052</u>		<u>7,883</u>
		<u>3,44,19,895</u>		<u>3,48,13,534</u>
		<u>3,48,84,287</u>		<u>3,49,63,636</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31st March 2001		As at 31st March 2000	
	Rs.	Rs.	Rs.	Rs.
<b>Schedule "E"</b>				
Current Liabilities and Provisions				
Current Liabilities				
Sundry Creditors	3,250		3,000	
Other liabilities	--		22,852	
		3,250		25,852
Provisions				
Provision for taxation	22,427		22,427	
Proposed Dividend	--		1,500	
Tax on Dividend	--		330	
		22,427		24,257
		<u>25,677</u>		<u>50,109</u>

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

	2000-2001		1999- 2000	
	Rs.	Rs.	Rs.	Rs.
<b>Schedule "F"</b>				
Administrative Expenses				
Establishment Expenses				
Membership and Subscription	50,000		-	
Hire charges	13,000		-	
Marketing expenses	7,000		-	
Printing and Stationery	4,409		-	
Office maintenance	4,664		-	
Electricity charges	7,550		-	
Telephone (ISDN)/Website registration charges	21,000		-	
Telephone expenses	14,719		-	
Travelling expenses	24,958		-	
Filing fees	600		600	
General expenses	15,354		944	
		1,63,254		1,544
Auditors' remuneration				
Audit fees		3,300		3,000
		<u>1,66,554</u>		<u>4,544</u>

**NOTES ON ACCOUNTS**
**Schedule "G"**
**1. Significant Accounting Policies**
**a) General**

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

**b) Revenue recognition**

The Company follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

**c) Fixed Assets**

i) Fixed assets are stated at cost less depreciation.

ii) Depreciation on fixed assets is provided on Straight Line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

**d) Pre-operative Expenditure**

Expenditure during construction / installation period are included under Capital Work-in-Progress and will be allocated to the fixed assets on commencement of commercial operations.

2. During the previous year the Company became a Public Limited Company by virtue of Section 43A of the Companies Act, 1956, however necessary certificate for change of name of the company is awaited from the Registrar of Companies, Maharashtra.

3. As no Manufacturing and / or Trading activities were carried out during the year, information required under para 3 and 4 of schedule VI to the Companies Act, 1956 are not applicable.

4. The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

5. Loans and advances includes Rs.343.50 lacs paid towards Earnest money and 50% reserve licence fees for nine centres where Letter of Intent (LOI) for operating FM Radio station has been awarded to the Company. Subsequently it was observed that there were major deviations in the terms and conditions of the LOI as compared to that of original tender document and necessary representation was made to the Ministry of Information and Broadcasting (I&B) for reverting to conditions stipulated in the tender document, failing which the company has sought refund of the amounts paid. In view of this, the company did not furnish necessary Bank Guarantees to the Ministry of I&B for converting the LOIs into licences. A final reply from the Ministry of I&B is awaited.

**NOTES ON ACCOUNTS**
**Schedule "G"**

6. Balance sheet abstract and Company's General Business Profile as per Part IV of Schedule VI to the Companies Act, 1956.

**I. Registration Details**

Registration No. : 

			7	0	1	6	1
--	--	--	---	---	---	---	---

  
 Balance sheet Date: 

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

State Code: 

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

**II. Capital raised during the year (Rupees)**

Public Issue 

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

  
 Bonus Issue 

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

Rights Issue 

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

  
 Private Placement 

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

**III. Position of Mobilisation and Deployment of funds (Rupees)**

Total Liabilities 

3	6	6	0	8	9	5	0
---	---	---	---	---	---	---	---

Total Assets 

3	6	6	0	8	9	5	0
---	---	---	---	---	---	---	---

**Sources of funds**

Paid-up Capital 

			1	5	0	0	0
--	--	--	---	---	---	---	---

  
 Secured Loans 

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

Reserves & Surplus 

					3	9	5	0
--	--	--	--	--	---	---	---	---

  
 Unsecured Loans 

3	6	5	9	0	0	0	0
---	---	---	---	---	---	---	---

**Applications of funds**

Net Fixed Assets 

			2	8	6	9	2	4
--	--	--	---	---	---	---	---	---

  
 Net Current Assets 

3	4	8	5	8	6	1	0
---	---	---	---	---	---	---	---

  
 Accumulated Losses 

	1	4	6	1	6	7	9
--	---	---	---	---	---	---	---

Investments 

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

  
 Miscellaneous Expenditure 

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

**IV. Performance of Company: (Rupees)**

Turnover 

			9	1	5	1	1	1
--	--	--	---	---	---	---	---	---

  
 Profit/(Loss) Before Tax 

			(1	3	9	8	8	5	9)
--	--	--	----	---	---	---	---	---	----

  
 Earning Per Share (Rs.) 

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

Total Expenditure 

			2	3	1	3	9	7	0
--	--	--	---	---	---	---	---	---	---

  
 Profit/(Loss) After Tax 

			(1	3	9	8	8	5	9)
--	--	--	----	---	---	---	---	---	----

  
 Dividend per Share(Rs.) 

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

**V. Generic Names of Products/ Services of the Company.**

Item Code No. 

						N	A
--	--	--	--	--	--	---	---

  
 Product Description 

						N	A
--	--	--	--	--	--	---	---

6a. The previous year's figures have been reworked, regrouped and reclassified wherever necessary.

As per our report of even date  
 For **M. S. Sethi & Associates**  
 Chartered Accountants

**M. Sethi**  
 Proprietor

Mumbai, April 26, 2001

For and on behalf of the Board

Directors { **B. S. Raman**  
**Anthony Jesudasan**  
 A. N. Sethuraman

New Delhi, April 26, 2001

## CIRCULAR TO THE SHAREHOLDER

Dear Shareholder(s),

We are happy to inform you that we have received an overwhelming response to our initiatives for dematerialisation of shares in our Company, and presently, over 83.75% of our paid up share capital stands converted into dematerialised form. For those investors still holding shares in physical form, we have arranged a Special Offer for conversion into dematerialised shares.

Why dematerialise?

- Compulsory Demat**  
As you may be aware, trading in the shares of Reliance Capital Limited is under compulsory demat segment.
- Demat - Most Preferred**  
Dematerialised securities are most preferred by the banks and other financiers for providing credit facility against securities. Generally, demat securities attract lower margin and lower interest rate compared to physical securities.
- Safety**  
Securities in dematerialised form reduce all risk of loss of certificates. Under your specific instructions the same can be kept in the "Frozen Mode" by your Depository participant (DP).

To facilitate the process for share holders who have still not dematerialised their holdings, we have entered into special arrangements with leading Depository Participants (DPs). The DPs have agreed to provide a special tariff to Reliance share holders. The details of the DPs and their special tariff is provided in the annexure for your kind information.

Under this "Special Offer" you can dematerialise your shareholdings in our Company FREE OF COST.

Please ensure the following while availing the service from the DPs :

- Open a demat account with any of the Depository Participants (DPs)
- Submit demat request form (DRF) duly signed by all the holders alongwith the certificates duly cancelled only to the DPs.

- Obtain acknowledgement from the DP for having accepted the certificates.
- Receive a confirmation statement of holding from your DP within 30 days from the lodgement of securities with DPs.
- PLEASE DO NOT SEND THE SHARE CERTIFICATES/DOCUMENTS TO THE COMPANY OR OUR REGISTRAR & TRANSFER AGENT, M/s. KARVY CONSULTANTS LIMITED.

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

Demat Advisory Cell  
Karvy Consultants Limited  
46, Avenue 4, Street No.1, Banjara Hills,  
Hyderabad - 500 034, India.  
Telephone Nos. 91-40-3320251/3320751/3312454.

In order to serve you better, we are providing a feedback form to you through the DPs, wherein you are kindly requested to provide your contact details such as Phone (office- residence), Fax, Cellphone numbers and e-mail address.

For any specific / latest information and the validity period of the special offer you may contact the DP.

In case you have already dematerialised your holdings kindly ignore this communication.

Disclaimer:

At present there are TWO depositories and various depository participants (DPs) who are providing the demat services. The special offer mentioned above is provided by select DPs for the benefit of our shareholders and valid for a certain period. However, it is not mandatory to open demat account only with these select DPs, and the shareholders are free to select any of the Depositories / DPs for converting and holding their securities in demat form. While utmost care will be taken during the process, the Company does not guarantee the completeness, quality or accuracy of the services, and disclaim all costs, liabilities, losses and damages, if any, arising out of the dematerialisation process and the special offer.

## SPECIAL TARIFF FOR DEMATERIALISATION BY "RELIANCE GROUP" SHARE HOLDERS

(applicable only for Reliance group shares)

Heading	IDBI Bank	Karvy Consultants	Standard Chartered
Account Opening	FREE	FREE	FREE
Account Closing	FREE	FREE	FREE
Annual Maintenance / Custody for 1st year	FREE	FREE	FREE upto Sep 2001
Annual Maintenance (AMC) / Custody from 2nd year onwards	Will be charged by the DP at prevailing rates at that time. Current tariff is Rs. 200/- p.a.	Will be charged by the DP at prevailing rates at that time. Current tariff is Rs. 375/- p.a.	Will be charged by the DP at prevailing rates at that time. Current tariff is maximum of Rs. 500/- per quarter
Dematerialisation	FREE	FREE	FREE upto 30 June 2001
Postage for demat	FREE	FREE	FREE
Rematerialisation	NSDL charges at actual	NSDL charges at actual	0.12%, minimum of Rs. 50/-
Transaction (Purchase)	0.04% on the value, minimum of Rs. 15/- per transaction	0.04% on the value, minimum of Rs. 15/- per transaction	0.05% on the value, minimum of Rs. 25/- per transaction
Transaction (Sales)	0.04% on the value, minimum of Rs. 15/- per transaction	0.04% on the value, minimum of Rs. 15/- per transaction	0.05% on the value, minimum of Rs. 25/- per transaction
Transaction (Off-Mkt)	0.04% on the value, minimum of Rs. 15/- per transaction	0.04% on the value, minimum of Rs. 15/- per transaction	0.04% on the value, minimum of Rs. 25/- per transaction
Mode of payment of fees to DP	Through existing and prospective Savings - Current account of IDBI Bank	After the transaction / event through Bill	1) Through ECS mandate 2) Through existing SCB A/c 3) Through SCB credit card A/c
Documentation Charges	At actual	At actual	At actual
Additional offer(s)	1) OD facility upto 65% on RIL & RPL shares. 2) Single scrip lending facility upto 50% on RIL & RPL. 3) Attractive rate of interest, easy documentation & quick disbursal	1) DP on the Net 2) Statement of Holding provided alongwith market price 3) News letter and stock market, IPO review through e-mail 4) Other personal finance schemes	1) OD facility upto 65% on demat securities 2) Special single scrip borrowing facility on Reliance Industries and Reliance Petroleum with special offer 3) Pre-approved Global Credit with special offer 4) NO requirement of Savings account with SCB. (Above offers are subject to terms and conditions)
NOTE	Above offer is only for existing/prospective Savings - Current A/c holders of IDBI Bank and valid till September 2001	-	1) AMC will be charged for all accounts from October 2001 onwards 2) The above offer is valid only till 30/06/2001
Please refer to the DPs for tariff for pledge services.			
<del>Estimated cost to maintain</del> a demat account on the above tariff for an average value of Rs. 60,000/- p.a.			
First year (365 days)	-	-	FREE (upto June 2001)
2nd year onwards	Rs.200.00	Rs.375.00 October 2001 onwards	Rs. 360 for a year from



## Reliance Capital Limited

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

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

Joint shareholders may obtain additional attendance slip on request at the venue.

DP. Id*	
---------	--

Master Folio No.	
------------------	--

Client Id*	
------------	--

No. of Share(s) held	
----------------------	--

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 15TH ANNUAL GENERAL MEETING of the company held on Saturday the 16th June, 2001 at 11.30 a.m. at Thakorebhai Desai Hall, Law college Road, Near Law Gardens, Ahmedabad - 380 006.

Signature of the shareholder or proxy

\* Applicable for investors holding shares in electronic form.

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



## Reliance Capital Limited

PROXY FORM

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

DP. Id*	
---------	--

Master Folio No.	
------------------	--

Client Id*	
------------	--

No. of Share(s) held	
----------------------	--

I/We ----- of

----- being a member/members of Reliance Capital Limited hereby appoint

----- of

----- or failing him

----- of

as my/our proxy to vote for me/us and on my/our behalf at the 15th Annual General Meeting to be held on Saturday the 16th June, 2001. at 11.30 a.m. or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2001.

\* Applicable for investors holding shares in electronic form.

Note:

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

Affix a  
30 paise  
Revenue  
Stamp

## Book Post

If undelivered, please return to:  
Karvy Consultants Limited,  
Unit: Reliance Capital Limited  
46, Avenue 4, Street No.1,  
Banjara Hills,  
Hyderabad- 500 034.