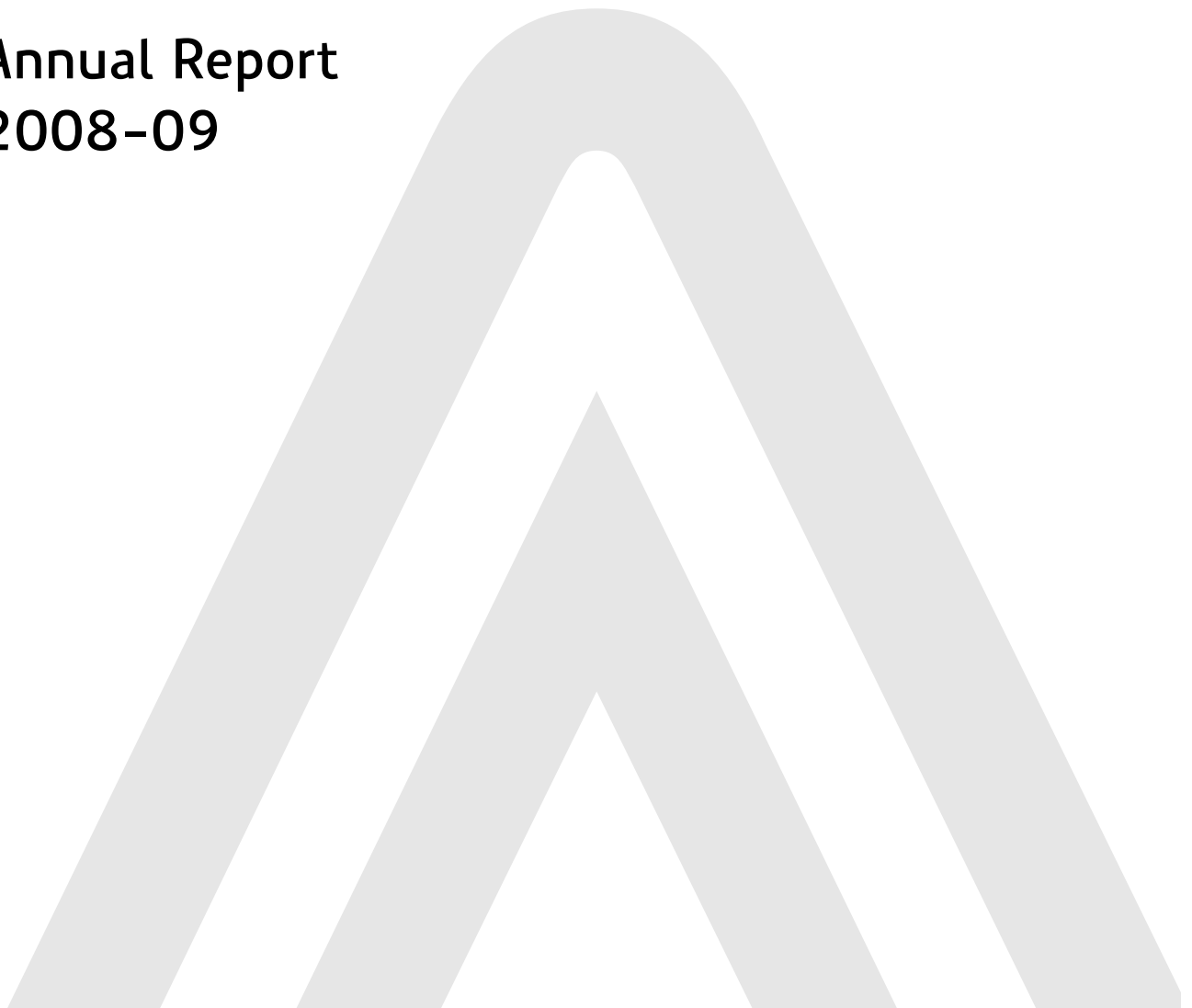
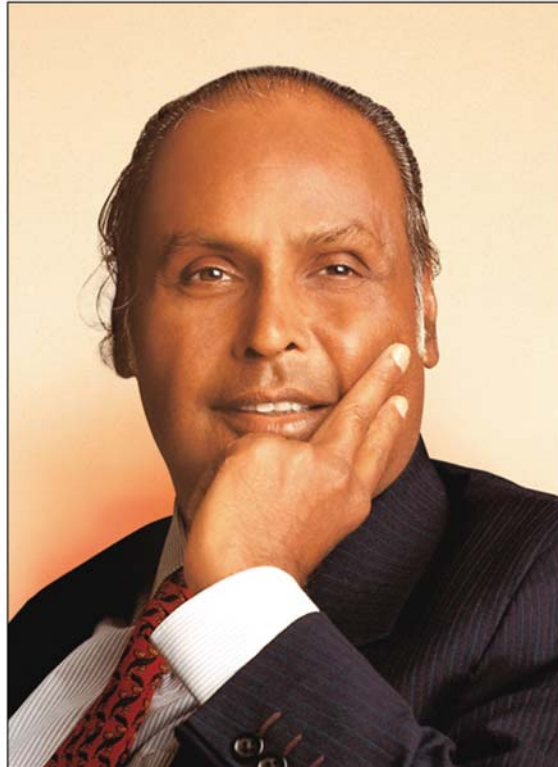


**RELIANCE** Capital  
Anil Dhirubhai Ambani Group

**Annual Report  
2008-09**





## **Dhirubhai H. Ambani**

(28th December, 1932 - 6th July, 2002)

Reliance Group - Founder and Visionary

## Profile

Reliance Capital Limited is a part of the Reliance Anil Dhirubhai Ambani Group, India's third largest business house.

Reliance Capital, incorporated in 1986, is one of India's leading and fastest growing private sector financial services companies, and ranks among the top 3 private sector financial services and banking companies, in terms of network.

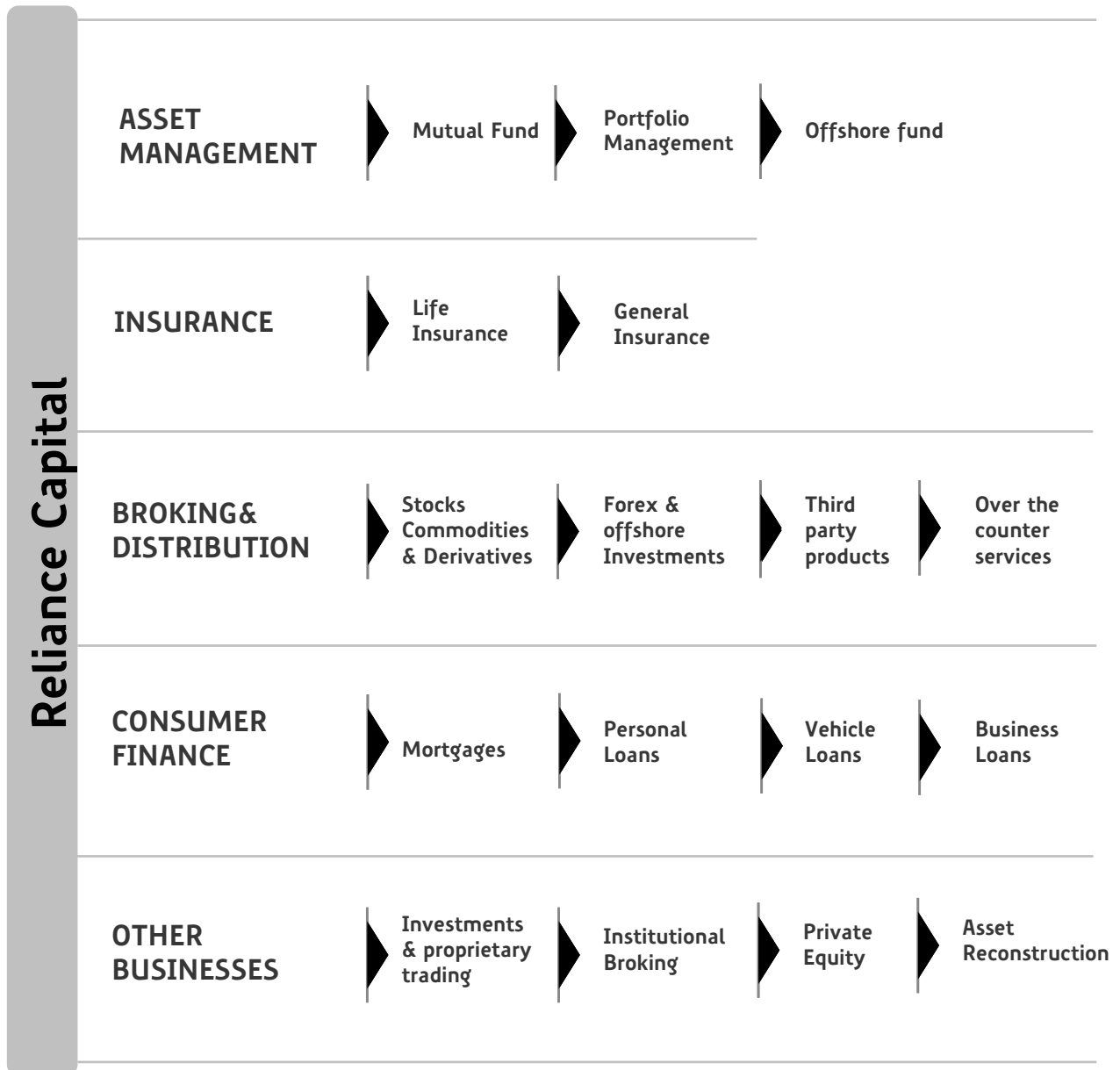
Reliance Capital has interests in asset management and mutual funds, life and general insurance, private equity and proprietary investments, stock broking and depository services, consumer finance, asset reconstruction, institutional broking and distribution of financial products.

## Mission: Excellence in financial services

- To attain global best practices and become a world-class financial services enterprise – guided by its purpose to move towards greater degree of sophistication and maturity.
- To work with vigour, dedication and innovation to achieve excellence in service, quality, reliability, safety and customer care as the ultimate goal.
- To earn the trust and confidence of all stakeholders, exceeding their expectations and make the Company a respected household name.
- To consistently achieve high growth with the highest levels of productivity.
- To be a technology driven, efficient and financially sound organisation.
- To contribute towards community development and nation building.
- To be a responsible corporate citizen nurturing human values and concern for society, the environment and above all the people.
- To promote a work culture that fosters individual growth, team spirit and creativity to overcome challenges and attain goals.
- To encourage ideas, talent and value systems.
- To uphold the guiding principles of trust, integrity and transparency in all aspects of interactions and dealings.

"This Report is printed on environmental friendly paper produced from chlorine free pulp made up of plantation trees. "

## Business mix



**Creating India's leading financial superstore**

## Reliance Capital Limited

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Andhra Pradesh, India		
Website: www.karvy.com		

### Investor Helpdesk

**Toll free no. (India): 1800 4250 999**

**Telephone : +91 40 2342 0815-25**

**Fax : +91 40 2342 0859**

**Email: rclinvestor@karvy.com**

**Post your request at**

**<http://kcpl.karvy.com/adag>**

**23rd Annual General Meeting on Tuesday, July 21, 2009 at 11:00 a.m.,  
at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020**

The Annual Report can be accessed at [www.reliancecapital.co.in](http://www.reliancecapital.co.in)

## Reliance Capital Limited

### Letter to Shareowners



**"We are not just about scale and size  
we are also about the pursuit of excellence,  
the integrity of our values and the quality of our services."**

**- Anil D. Ambani**

#### My dear fellow Shareowners,

It gives me great pleasure to share with you the highlights of our Company's performance during the year 2008-09.

For India and for the world, 2008-09 was one of the toughest years to be in business, especially in the financial services Industry. For Reliance Capital, it was another outstanding year – a year in which we made huge strides, and moved closer to our goal of being one of the top players in most of the businesses in which we operate.

What gives us the greatest satisfaction, however, is the fact that we are today closer to fulfilling the vision of our legendary founder and my father, late Shri Dhirubhai Ambani.

It was one of Dhirubhai's great dreams to bring the fruits of financial empowerment to millions of ordinary Indians, and, in the process, enable Reliance Capital to become one of India's leading financial services players. Today, we are well on our way to translating his dreams into reality. Reliance Capital is now India's fastest-growing financial services powerhouse, serving over 15 million customers.

Our customer base, amongst the largest in India in financial services, is spread across five thousand towns and cities. It is served by twelve thousand distribution outlets and over half a million business partners.

Reliance Mutual Fund remains the largest mutual fund for the second year in a row. We continue to remain amongst the fastest growing private sector players in the insurance industry. We are among the top three general insurers and top four life insurers in the private sector. Our Company has a market capitalization in excess of Rs.20,000 crore and 1.3 million shareholders.

Our Company now ranks among the top three private sector banking and finance companies on all major parameters. It has interests in asset management and mutual funds, life and general insurance, private equity and proprietary investments, stock broking and depository services, consumer finance, financial products distribution, asset reconstruction and institutional equities.

Our Company is an integral part of the Reliance Anil Dhirubhai Ambani Group, India's third largest business house. Our goal is not just to build a great enterprise for our stakeholders but a great future for India – the new India of the new millennium, a young country that desires real and rapid change and seeks a quality of life that is second to none.

Today the Reliance Anil Dhirubhai Ambani Group touches the life of one in eight Indians, every single day.

Across different companies, our group enjoys the support of a customer base of over 150 million and a shareholder base of over 11 million – the largest for any business group in India.

This proud association shapes our vision and values. It defines who we are, what we stand for and what we aspire to achieve. We are not just about scale and size; we are also about the pursuit of excellence, the integrity of our values and the quality of our services.

#### Performance Review

You will be happy to learn that during the year, our Company achieved substantial improvement in its financial and operational performance.

#### The salient points are:

- **Consolidated total income** of **Rs.6,019 crore** (US\$ 1.3 billion), against Rs.4,919 crore in the corresponding previous period, **an increase of 22 per cent.**
- **Consolidated net profit** of **Rs.1,016 crore** (US\$ 221 million), against Rs.1,009 crore in the corresponding previous period, **an increase of 1 per cent.**
- **Consolidated Earnings per share (EPS)** of **Rs.41.35** (US\$ 0.90), against Rs.41.08 in the corresponding previous period, **an increase of 1 per cent.**
- **Total Assets** of the company stood at **Rs.24,260 crore** (US\$ 4.8 billion), an increase of 142 per cent over the previous year.
- **Total net worth** was **Rs.7,340 crore** (US\$ 1.5 billion), an increase of 13 per cent over the previous year.

#### Highest credit ratings – from all raters

Your Company's short term debt programme has been assigned a rating of "A1+" by ICRA Ltd., the highest credit quality rating assigned by the agency to short-term debt instruments. Instruments rated in this category carry the lowest credit risk in the short term. CARE Ltd. assigned the long term debt programme a rating of "CARE AAA". Instruments with this rating are considered to be of the best credit quality, offering highest safety for timely servicing of debt obligations. Such instruments carry minimal credit risk.

These robust financial numbers have enabled us to recommend an increase, subject to confirmation at the AGM, in the dividend to Rs.6.50 a share against Rs.5.50 a share in the previous year.

## Reliance Capital Limited

**Letter to Shareowners****Achievements during the year**

The year under review saw our Company post significant achievements despite the most challenging market conditions in the last two decades.

The average assets under management (AAUM) of the Indian mutual fund industry declined by 7 per cent, from Rs.5,00,973 crore in March 2008 to Rs.4,93,287 crore in March 2009. In line with this, during the same period, the AAUM for Reliance Mutual Fund (RMF) also fell from Rs.90,938 crore to Rs. 80,963 crore. However, RMF continued to be India's No.1 Mutual Fund with a market share of 16.4 per cent.

**Reliance Capital Asset Management (RCAM)** was appointed as one of the fund managers by the Employees Provident Fund Organization (EPFO). A hugely prestigious account, EPFO has entrusted Rs.27,575 crore to RCAM, for investment management. RCAM was also appointed as one of the six asset managers by the Pension Fund Regulatory and Development Authority (PFRDA) to manage money under the new pension scheme (NPS). RCAM is the only private sector asset management company, which has been selected to manage funds for both the EPFO and the new pension scheme.

During the year, the Indian life insurance industry recorded new business premium of Rs.87,108 crore as against Rs.92,989 crore in the previous year, a decrease of 6.75 per cent. Against this, **Reliance Life Insurance** garnered new business premium of Rs.3,514 crore for the year as compared to Rs.2,751 crore in the previous year, an increase of 28 per cent. Reliance Life Insurance has maintained its position amongst the top four (in terms of monthly new business premium) private sector life insurance companies in India.

**Reliance Consumer Finance** offers a wide range of products, which include personal loans, vehicle loans (car and commercial), home loans, loan against property, and SME loans. The focus in this business is primarily the asset quality and the profitability of each loan given; not merely growth or market share gains. In the September to December quarter of the year, there was a steep drop in liquidity due to the global financial meltdown that had its fallout on India. Consequently we slowed our disbursals. This naturally resulted in a smaller loan book, which fell from Rs.9,513 crore last year to Rs.8,576 crore this year.

**Reliance Money**, one of the leading brokerage and distributor of financial products in India with more than three million customers. Reliance Money gives its customers comprehensive financial services and solutions by providing access to equities, equity options, and commodities futures, mutual funds, IPOs, life and general insurance products, offshore investments and credit cards. Reliance Money generated revenues of Rs.352 crore for the year ended March 31, 2009, as against Rs.239 crore – an increase of 47 per cent.

**Reliance General Insurance** has maintained its position amongst the top three (in terms of monthly gross written premium) private sector General insurance companies in India. Gross Direct Premium for the year ended March 31, 2009 was virtually unchanged at Rs.1,915 crore as against Rs.1,946 crore in the corresponding previous period. The pace of growth in this business was moderated in response to the general economic slowdown and because the management felt that we owed it to our shareholders to focus on improving profitability rather than merely increasing the revenues.

During the year, our Institutional broking arm, Reliance Equities International and our asset reconstruction business, Reliance Asset Reconstruction commenced business operations. Also, Reliance Capital Services, an initiative to cross-sell the Reliance Capital products to the all other customers of Reliance ADA group commenced operations.

**Future Plans**

We have drawn up exciting growth plans for the next three to five years

- Increase our customer base – from fifteen million to fifty million.
- Increase the distribution reach – from five thousand to twenty thousand cities and towns.
- Increase number of business partners – from half a million to one million.
- Enter the banking sector as and when regulations permit.
- Globalize operations by leveraging our domestic experience and capabilities to expand our asset management, life insurance and broking operations in emerging markets across Asia, Africa, and the Middle East

Together, these initiatives will further accelerate our growth and lead to substantial value creation for each of us.

**Corporate Governance**

We have adopted "The Corporate Governance Policies and Code of Conduct of the Reliance Anil Dhirubhai Ambani Group", as is the norm for all constituent group companies. Benchmarked to the best global standards, these model practices aim to promote and protect the interests of all stakeholders and set out the systems, processes and principles which we scrupulously adhere to at all times.

**Social Commitments**

In the past year, we have undertaken several important initiatives and measures in the area of education and healthcare, signifying our continued and long-standing commitment to social and community welfare.

**Our Commitment**

Our founder, the legendary Dhirubhai H. Ambani, gave us a simple mantra: to aspire to the highest global standards of quality, efficiency, operational performance and customer care.

We remain committed to upholding that vision.

It is this inspiration from our founder that drives us to always strive for bigger and better, achieving ever greater value for all our stakeholders.



**Anil D. Ambani**  
Chairman

## Reliance Capital Limited

### Highlights – at a glance

(Rs. in crore)

Year ended March 31	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Turnover	3 017.29	2 079.79	883.86	652.02	295.69	356.79	458.78	548.59	492.20	457.40
Earnings Before Depreciation, Interest & Tax (EBDIT)	2 335.00	1 596.69	782.88	619.00	290.06	348.27	447.09	529.83	475.06	450.87
Depreciation	21.22	17.09	7.07	23.19	27.77	42.09	91.65	55.18	71.97	84.94
Profit After Tax	968.02	1 025.45	646.18	537.61	105.81	105.79	102.63	101.22	93.45	90.56
Equity Dividend %	65.00	55.00	35.00	32.00	30.00	29.00	29.00	29.00	29.00	28.00
Dividend Payout	186.80	158.04	100.58	81.32	38.19	36.92	36.92	36.92	36.96	35.70
Equity Share Capital	246.16	246.16	246.16	223.40	127.84	127.97	127.83	127.83	127.83	126.93
Reserves and Surplus	6 560.28	5 779.07	4 915.07	3 849.58	1 310.08	1 271.84	1 208.50	1 147.99	1 901.91	1 071.03
Net Worth	6 697.42	5 927.50	5 161.23	4 122.46	1 437.92	1 399.81	1 336.33	1 275.82	2 039.74	1 197.96
Total Assets	20 594.07	15 374.31	6 573.19	4 364.35	2 809.94	2 751.47	3 106.78	3 710.70	4 356.51	3 513.40
Market Capitalisation	8 684.35	30 168.62	16 415.64	11 568.99	2 272.42	1 675.35	618.69	670.24	796.22	2 174.04
Number of Employees	218	216	196	140	21	27	30	29	34	25

### KEY INDICATORS

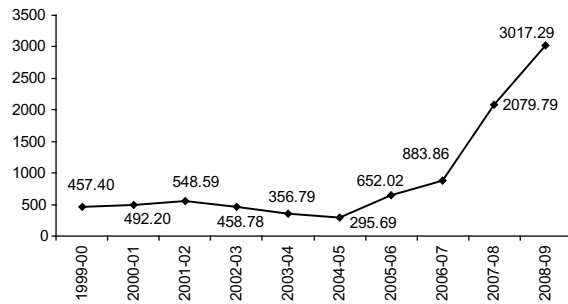
Year ended March 31	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
EBDIT/Gross Turnover %	77.39	76.77	88.58	94.94	98.10	97.61	97.45	96.58	96.52	98.57
Net Profit Margin %	32.08	49.31	73.11	82.45	35.78	29.65	22.37	18.45	18.99	19.80
Earnings Per Share (Rs.)	39.41	41.75	28.39	24.64	8.31	8.31	8.06	7.91	7.33	7.04
Book Value Per Share (Rs.)	272.66	245.29	210.12	184.97	112.95	109.96	104.97	100.22	160.24	93.21
Debt : Equity Ratio	2:1	1.5:1	0.28:1	0.06:1	0.05:1	0.42:1	0.33:1	1.91:1	1.81:1	1.93:1



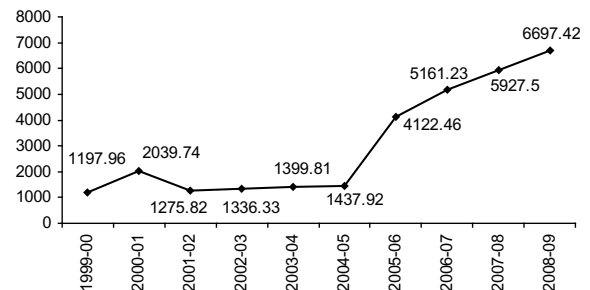
## Reliance Capital Limited

## Highlights - at a glance

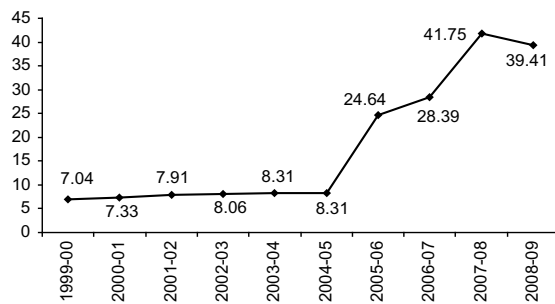
## Turnover (Rs. in crore)



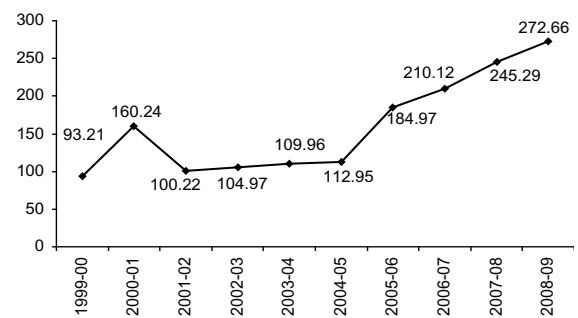
## Net Worth (Rs. in crore)



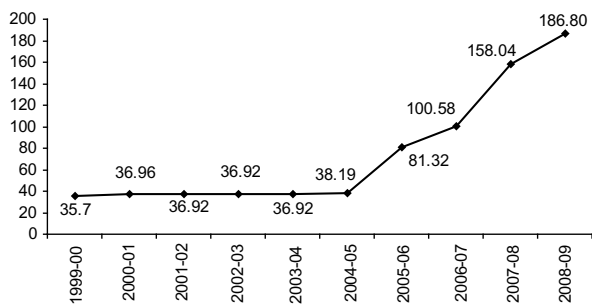
## Earning Per Share (Rs.)



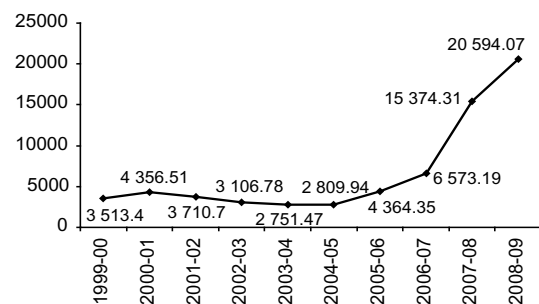
## Book Value Per Share (Rs.)



## Dividend Payout (Rs. in crore)



## Total Assets (Rs. in crore)



## Reliance Capital Limited

### Notice

Notice is hereby given that the twenty third Annual General Meeting of the members of Reliance Capital Limited will be held on Tuesday, July 21, 2009 at 11.00 a.m., at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020, to transact the following business:

#### Ordinary Business

1. To consider and adopt the audited Balance Sheet as at March 31, 2009, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of Shri C. P. Jain who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an

#### Ordinary Resolution

"RESOLVED THAT M/s. Chaturvedi & Shah, Chartered Accountants, and M/s. B S R & Co., Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of the next Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be fixed by the Board of Directors."

#### Special Business

5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**  
"RESOLVED THAT pursuant to the provisions of Section 255 and other applicable provisions, if any, of the Companies Act, 1956 and such other approval(s) as may be necessary, consent of the Company be and is hereby accorded to the appointment of Shri Anil Dhirubhai Ambani, as a Director not liable to retire by rotation."

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

"RESOLVED THAT Shri P. N. Ghatalia, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 135 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as a **Special Resolution**.

"RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into with the Stock Exchanges and subject to the provisions of Chapter XIII-A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 ("SEBI DIP Guidelines"), the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or issue of security by a Person Resident Outside India) Regulations, 2000, applicable rules, regulations, guidelines or laws and/or any approval, consent, permission or sanction of the Central Government, Reserve Bank of India and any other appropriate authorities, institutions or bodies (hereinafter collectively referred to as the "appropriate authorities"), and subject to such conditions as may be prescribed by any one of them while granting any such approval, consent, permission, and / or sanction (hereinafter referred to as the "requisite approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter called the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorised to issue, offer and allot equity shares / fully convertible debentures / partly convertible debentures / non convertible debentures with warrants / any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities"), to the Qualified Institutional Buyers (QIBs) as per the SEBI DIP Guidelines, on the basis of placement document(s), at such time or times in one or more tranche or tranches, at par or at such price or prices, and on such terms and conditions and in such manner as the Board may, in its absolute discretion determine, in consultation with the Lead Managers, Advisors or other intermediaries, provided however that the issue of securities as above shall not result in increase of the issued and subscribed equity share capital of the Company by more than 25% of the then issued and subscribed equity shares of the Company.

RESOLVED FURTHER THAT the relevant date for the determination of applicable price for the issue of the QIP Securities shall be the date on which the Board of the Company decide to open the proposed issue, or the date on which the holder of the securities which are convertible into or exchangeable with equity shares at a later date becomes entitled to apply for the said shares, as the case may be ("Relevant Date").

## Reliance Capital Limited

**Notice**

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred to in above or as may be necessary in accordance with the terms of the offering, all such shares being *pari passu* with the then existing shares of the Company in all respects, as may be provided under the terms of the issue and in the offering document.

RESOLVED FURTHER THAT such of these Securities to be issued as are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion thinks fit in accordance with the provisions of law.

RESOLVED FURTHER THAT the issue to the holders of the securities with equity shares underlying such securities shall be inter alia, subject to suitable adjustment in the number of shares, the price and the time period, etc. in the event of any change in the equity capital structure of the Company consequent upon any merger, amalgamation, takeover or any other re-organisation or restructuring in the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Securities or instruments, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its absolute discretion deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing and institution / trustees / agents and similar agreements and to remunerate the managers, underwriters and all other agencies, intermediaries by way of commission, brokerage, fees and the like as may be involved or connected in such offerings

of Securities, with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit.

RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilisation of the issue proceeds including but without limitation to the creation of such mortgage/ charge in respect of the aforesaid Securities either on *pari passu* basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or the Chairman or any other Officers / Authorised Representatives of the Company to give effect to the aforesaid resolution."

**By order of the Board of Directors**

**V. R. Mohan**  
**Company Secretary & Manager**

Registered Office :  
H Block, 1st Floor  
Dhirubhai Ambani Knowledge City  
Navi Mumbai 400 710  
April 30, 2009

**Notes**

1. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll, instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.**
2. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Meeting.
3. Members/Proxies should fill the Attendance Slip for attending the meeting.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members who hold shares in electronic form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio number in the Attendance Slip for attending the Meeting to facilitate identification of membership at the Meeting. Members are requested to bring their Attendance Slip along with their copy of the annual report to the Meeting.
6. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturday between 11.00 a.m. and 1.00 p.m. upto the date of the Meeting.
7. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956, relating to special business to be transacted at the Meeting is annexed hereto.

## Reliance Capital Limited

### Notes

8. (a) The Company has already notified closure of Register of Members and Transfer Books thereof from Friday, July 3, 2009 to Friday, July 10, 2009 (both days inclusive) for determining the names of members eligible for dividend, if approved, on equity shares for the year ended March 31, 2009. In respect of shares held in electronic form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories for this purpose.
- (b) The dividend on equity shares, as recommended by the Board of Directors, if declared at the Meeting, will be paid after the Meeting.
- (c) Members may please note that the dividend warrants shall be payable at par at the designated branches of the Bank for an initial period of three months only. Thereafter, the dividend warrants on revalidation shall be payable only at limited centres/ branches of the said Bank. The members are therefore, advised to encash dividend warrants within the initial validity period.
9. Non-resident Indian members are requested to inform Karvy Computershare Pvt. Ltd. immediately on:
- the change in the residential status on return to India for permanent settlement.
  - the particulars of the bank accounts maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
10. Re-appointment / Appointment of Director
- In terms of Article 154 of the Articles of Association of the Company, Shri C. P. Jain, Director retires by rotation and being eligible offers himself for re-appointment. Shri Anil D. Ambani, Chairman, appointed as a director liable to retire by rotation is proposed to be appointed as a non-retiring Director. Shri P. N. Ghatalia, additional director holds office upto this Annual General Meeting and is proposed to be appointed as Director under Section 257 of the Companies Act, 1956. The details pertaining to these Directors, required to be provided pursuant to Clause 49 of the listing agreement is furnished in the report on corporate governance forming part of this Annual Report.
- Members are advised to refer to the section titled "Investor Information" provided in this Annual Report.
  - Members are requested to fill in and send the Feedback Form provided in this Annual Report, to aid the Company in its constant endeavour to enhance the standards of service to investors.
  - Pursuant to Circular No.SEBI/CFD/DIL/LA/2/2007/26/4 dated April 26, 2007, issued by the Securities and Exchange Board of India, the statement containing the salient features of Balance sheet, Profit and Loss Account and Auditors' Report (Abridged Financial Statements), is sent to the members, along with the Abridged Consolidated Financial Statements. Any member interested in obtaining a copy of the full Annual Report may write to the Registrar and Transfer Agent of the Company.

### Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956.

#### Item No. 5

Shri Anil D. Ambani was appointed as Director liable to retire by rotation at the nineteenth Annual General Meeting held on August 17, 2005. The Board of Directors of the Company, at their meeting held on April 30, 2009 had approved the appointment of Shri Anil D. Ambani, as a Director not liable to retire by rotation, w.e.f. April 30, 2009.

Keeping in view the experience and qualification of Shri Anil D. Ambani, your Directors considered it to be in the interest of the Company, if he is appointed as a Director not liable to retirement by rotation.

Your Directors recommend the said resolution for your approval.

None of the Directors, except Shri Anil D. Ambani are, in any way, concerned or interested in the said resolution.

#### Item No.6

Shri P. N. Ghatalia was appointed as an additional Director with effect from September 17, 2008 in accordance with the provisions of Section 260 of the Companies Act 1956 and

Article 135 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Shri P. N. Ghatalia hold office upto the date of the ensuing Annual General Meeting. The Company has received notice from a member of the Company under section 257 of the Companies Act, 1956 proposing the respective candidature for the office of the Director.

Keeping in view the experience and qualification of Shri P. N. Ghatalia, your Directors considered it to be in the interest of the Company, if he is appointed as a Director of the Company, liable to retire by rotation as per the provisions of the Companies Act, 1956.

Your Directors therefore recommend the said resolution for your approval.

None of the Directors, except Shri P. N. Ghatalia are, in any way concerned or interested in the said resolution.

#### Item No.7

Keeping in view the business requirements, and the ability to compete with the peer group in domestic and international

## Reliance Capital Limited

**Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956.**

markets, your Company needs to strengthen its financial position by augmenting long term resources.

The proposed special resolution seeks the enabling authorisation of the Members of the Company to the Board of Directors (Board), without the need of any further approval from the Members, to undertake the Qualified Institutional Placement ("QIP") with the Qualified Institutional Buyers ("QIB"), in accordance with the provisions of Chapter XIII-A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 ("SEBI DIP Guidelines").

Pursuant to the above, the Board may, in one or more tranches, issue and allot equity shares/ fully convertible debentures/ partly convertible debentures / non convertible debentures with warrants / any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities"). The said QIP by the Board shall be subject to the provisions of the SEBI DIP Guidelines (as amended from time to time) including the pricing, which will not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the two weeks preceding the Relevant Date. The Relevant Date for the determination of applicable price for the issue of the QIP Securities shall be the date of the meeting in which the Board of the Company decide to open the proposed issue or in case of securities which are convertible into or exchangeable with equity shares at a later date, the date on which the holder of such securities becomes entitled to apply for the said shares, as the case may be. For reasons aforesaid, an enabling resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of the issue. The securities issued pursuant to the offering would be listed on the Indian stock exchanges.

The proposed issue of QIP Securities as above may be made in one or more tranches such that the QIP Securities to be issued shall not result in increasing the then issued and subscribed equity shares of the Company by more than 25 per cent of the then issued and subscribed equity shares of the Company.

The Securities issued under QIP issue pursuant to offer may, if necessary, may be secured by way of mortgage / hypothecation on the Company's assets as may be finalised by the Board of Directors in consultation with the Security Holders / Trustees in favour of Security Holders / Trustees for the holders of the said securities.

Section 81(1A) of the Companies Act, 1956 and Listing Agreement entered with the Stock Exchanges, provide, inter alia, that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the persons who on the date of the offer are holders of the equity shares of the Company, in proportion to the capital paid-up on those shares as of that date unless the Members decide otherwise. The Special Resolution seeks the consent and authorization of the Members to the Board of Directors to make the proposed issue of Securities, in consultation with the Lead Managers, Legal Advisors and other intermediaries and in the event it is decided to issue Securities convertible into equity shares, to issue to the holders of such convertible Securities in such manner and such number of equity shares on conversion as may be required to be issued in accordance with the terms of the issue, keeping in view the then prevailing market conditions and in accordance with the applicable provisions of rules, regulations or guidelines.

Your Directors therefore recommend the said resolutions for your approval.

None of the Directors are, in any way, concerned or interested in the said resolution, except to the extent of their shareholding.

**By order of the Board of Directors**

**V. R. Mohan**

**Company Secretary & Manager**

Registered Office :

H Block, 1st Floor

Dhirubhai Ambani Knowledge City

Navi Mumbai 400 710

April 30, 2009

## Reliance Capital Limited

### Directors' Report

Dear Shareowners,

Your Directors have pleasure in presenting the 23rd Annual Report, together with the audited statement of accounts of the Company for the year ended March 31, 2009.

### Financial Results

The performance of the Company for the financial year ended March 31, 2009 is summarised below:

Particulars	Financial Year ended March 31, 2009		Financial Year ended March 31, 2008	
	(Rs. in crore)	(US\$ in million*)	(Rs. in crore)	(US\$ in million**)
Gross Income	3 017.29	592.21	2 079.79	520.34
Gross Profit	1 098.24	215.55	1 188.54	297.36
Less: Depreciation	21.22	5.31	17.09	4.28
Profit before Tax	1 077.02	211.39	1 171.45	293.08
Provision for Taxation	109.00	21.39	146.00	36.53
Net Profit	968.02	189.99	1 025.45	256.55
Add: Profit brought forward from the previous year	1 429.72	280.61	873.37	218.50
Excess / Short provision of Income Tax	-	-	(3.41)	(0.85)
Profit available for Appropriation	2 397.74	470.61	1 895.40	474.21
Dividend including Dividend Tax	186.80	36.66	158.04	39.54
Transfer to General Reserve	96.81	19.00	102.55	25.66
Transfer to Statutory Reserve Fund	193.61	38.00	205.09	51.31
Balance carried forward	1 920.52	376.94	1 429.72	357.70

\*1 US\$ = Rs.50.95 \*\*1 US\$ = Rs.39.97

### Financial Performance

The Company's gross income for the financial year ended March 31, 2009 increased to Rs.3,017.29 crore, from Rs.2,079.79 crore in the previous year, registering a growth of over 45.08 per cent. The operating profit (PBDIT) of the Company increased 46.24 per cent to Rs.2,334.99 crore during the year, up from Rs.1 596.69 crore in the previous year. Interest expenses for the year increased by 203.02 per cent to Rs.1,236.75 crore, from Rs.408.15 crore, in the previous year. Depreciation was at Rs.21.22 crore as against Rs.17.09 crore in the previous year. The provision for taxation during the year was Rs.109 crore. The net profit for the year decreased by over 5.60 per cent to Rs.968.02 crore from Rs.1,025.45 crore in the previous year. An amount of Rs.193.61 crore was transferred to the Statutory Reserve Fund pursuant to section 45-IC of the Reserve Bank of India Act, 1934, and an amount of Rs.96.81 crore was transferred to the General Reserve during the year under review. The Company's Net worth as on March 31, 2009, stood at Rs.6,697.42 crore, as against Rs.5,927.50 crore last year.

### Dividend

Your Directors have recommended a dividend of Rs.6.50 (65 per cent) per equity share on 24,56,32,800 equity shares of Rs.10 each aggregating to Rs.186.80 crore (inclusive of dividend tax) for the financial year ended March 31, 2009,

which, if approved at the ensuing Annual General Meeting, will be paid to (i) all those equity shareholders whose names appear in the Register of Members as on July 3, 2009 and (ii) to those whose names as beneficial owners, are furnished by the National Securities Depository Ltd. and Central Depository Services (India) Ltd. for the purpose. The dividend payout as proposed is in accordance with the Company's policy of paying, sustainable dividend linked to long term performance, keeping in view the capital needs for the Company's growth plans and the desire to achieve optimal financing of such plans through internal accruals.

### Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the listing agreement with the Stock Exchanges in India, is presented in a separate section which forms, part of the Annual Report. The Company has entered into various contracts in the areas of financial services business. While benefits from such contracts will accrue in the future years, their progress is periodically reviewed.

### Resources and Liquidity

The Company has raised Rs.13,779.53 crore during the financial year 2008-09 by issuance of Commercial Paper, Non Convertible Debentures (NCDs) and other instruments. The

## Reliance Capital Limited

### Directors' Report

Company's NCDs for an aggregate amount of Rs.350 crore were listed on Bombay Stock Exchange Ltd. on March 20, 2009.

The funds were mainly deployed in providing consumer finance. RCL's debt equity ratio as on March 31, 2009, stands at a (conservative) level of 2:1. The Company has not accepted any deposits from the public.

#### Subsidiaries

During the year, Reliance Consultants (Mauritius) Ltd., Reliance Equities International Pvt. Ltd., Reliance Home Finance Pvt. Ltd., Reliance Capital Services Pvt. Ltd., Reliance Capital (Singapore) Pte. Ltd., Reliance Consumer Finance Pvt. Ltd., Reliance Securities Ltd., Reliance Prime International Ltd., Reliance Commodities Ltd., Reliance Financial Ltd., Reliance Alternative Investments Services Pvt. Ltd. and Reliance Capital Pension Fund Ltd. became subsidiaries of the Company.

In terms of the approval granted by the Central Government under section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Profit and Loss Account and Report of the Board of Directors and Auditors of the subsisting subsidiaries have not been attached with the Balance Sheet of the Company. However, these documents will be made available upon request to any member of the Company interested in obtaining the same. As directed by the Central Government, the financial data of the subsidiaries has been furnished under 'Details of Subsidiaries', which forms part of the Annual Report. The annual accounts of the Company including that of subsidiaries will be kept for inspection by any member. Further, pursuant to Accounting Standard-21 (AS-21) as notified by Companies (Accounting Standard) Rules, 2006, the Consolidated Financial Statements presented by the Company include the financial information about its subsidiaries.

#### Fixed Deposits

The Company has neither accepted nor renewed any fixed deposits during the year. Five deposit accounts, aggregating to Rs.26,000, remained unclaimed on the due dates as on March 31, 2009. The Company has intimated the deposit holders individually of their unclaimed amount with a request to return the Fixed Deposit Receipts duly discharged to enable the Company to repay the amount.

#### Directors

In terms of Article 154 of the Articles of Association of the Company, Shri C. P. Jain, Director of the Company, retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting.

Shri Anil D. Ambani, Chairman, appointed as a director liable to retire by rotation is proposed to be appointed as a non-retiring Director.

Shri P. N. Ghatalia, was appointed as an additional director w.e.f. September 17, 2008 and would hold office till the

ensuing Annual General Meeting. The Company has received notice in writing from a member proposing his candidature, for the office of Director.

Shri Anand Bhatt, was appointed as an additional director w.e.f. September 17, 2008. He however became an unfortunate and innocent victim of the terrorist attack at the Hotel Trident, Mumbai, on November 27, 2008. The Board has condoled the sad demise of Shri Bhatt.

A brief resume of the Director retiring by rotation at the ensuing Annual General Meeting, nature of his expertise in specific functional areas, and names of Companies in which he holds directorship and/or membership/chairmanship of Committees of the Board, as stipulated under clause 49 of the listing agreement with the Stock Exchanges, is given in the section on Corporate Governance elsewhere in the Annual Report.

#### Directors' Responsibility Statement

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

- (i) in the preparation of the accounts for the financial year ended March 31, 2009, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009, and of the profit of the Company for the year under review;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the accounts for the financial year ended March 31, 2009 on a 'going concern' basis.

#### Group

Pursuant to an intimation from the Promoters, the names of the Promoters and entities comprising 'group' as defined under the Monopolies and Restrictive Trade Practices ("MRTP") Act, 1969 are disclosed in the Annual Report for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

#### Consolidated Financial Statements

The Audited Consolidated Financial Statements, based on the Financial Statements received from subsidiaries, associates and partnership firms, as approved by their respective Board of Directors and Managing Committee, have been prepared in

## Reliance Capital Limited

### Directors' Report

accordance with Accounting Standard-21 (AS-21) on Consolidated Financial Statements read with Accounting Standard-23 (AS-23) on the Accounting for Investments in Associates.

#### Auditors

M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co., Chartered Accountants, as Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letters from M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co., Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of section 226 of the Companies Act, 1956.

#### Particulars of Employees

In terms of the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, having regard to the provisions of section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

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

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

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

Earnings	-	Rs.0.24 crore
Outgo	-	Rs.14.64 crore

#### Transfer of Unclaimed dividend to IEPF

Pursuant to the provisions of section 205(A) of the Companies Act, 1956, the declared dividend which remained unclaimed for a period of 7 years has been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to section 205C of the said Act.

#### Corporate Governance

The Company has adopted the "Reliance Anil Dhirubhai Ambani Group – Corporate Governance Policies and Code of Conduct" which has set out the systems, processes and policies conforming to International Standards. The report on Corporate Governance as stipulated under clause 49 of the listing agreement with the Stock Exchanges, forms part of the Annual Report. A Certificate from the Auditors of the Company M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co., Chartered Accountants, confirming compliance with conditions of Corporate Governance as stipulated under the aforesaid clause 49, is annexed to this Report.

#### Acknowledgements

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, bankers, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

For and on behalf of the Board of Directors



Anil D. Ambani  
Chairman

Mumbai  
April 30, 2009



## Management Discussion and Analysis

### Forward looking statements

These financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. However, readers are cautioned that this discussion may contain "forward-looking statements" by Reliance Capital Limited ("RCL") that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives, are based on the current belief, assumptions, expectations, estimates, and projections of the directors and management of RCL about the business, industry and markets in which RCL operates. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond RCL's control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of RCL. In particular, such statements should not be regarded as a projection of future performance of RCL. It should be noted that the actual performance or achievements of RCL may vary significantly from such statements.

The following discussions on our financial condition and result of operations should be read together with our audited consolidated financial statements and the notes to these statements included in the annual report.

Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company", "Reliance", "RCL", "RCL Group" or "Reliance Capital" are to Reliance Capital Limited and its subsidiaries and associates.

### Macroeconomic Overview

**Growth slowing, but still healthy:** After several quarters of around 9 per cent GDP growth, the rate moderated to 7.6 per cent and 5.3 per cent in the last two quarters of 2008, and is expected to average 7 per cent for Financial Year (FY) 2009. The slowdown has been largely caused by a deceleration in industrial growth from about 8.5 per cent in FY 2008 to 2.4 per cent in the third quarter of FY 2009. Surprisingly, the agriculture sector slowed down from 4.5 per cent in FY 2008 to -2.2 per cent in the third quarter of FY 2009. In contrast, the remarkable service sector success story remained intact as output grew 9.9 per cent in third quarter, down only slightly from 10.8 per cent in 2008.

The moderation from previous years was due to several factors. The financial crisis and global slowdown affected both export growth in goods, services and hence industrial production as well as corporates' access to diverse and low cost funding. Moreover, high inflation during the first half of FY 2009 forced RBI to pursue a tight monetary policy, which further dampened investment and consumption.

However, the fact that India's growth in the last few years has been fairly broad based (across sectors and regions) and balanced (with consumption, investment, savings and exports all rising) bodes well for the structural transformation of the economy as the business cycle enters a recovery phase, in the second half of FY 2010.

**Inflation abates, RBI cuts rates aggressively:** India's Wholesale Price Index, which was as high as 12.9 per cent in August 2008 fell to 0.3 per cent by March 2009 resulting in

an average inflation of around 8 per cent for FY09. The sharp fall in inflation was caused by a high base, a significant fall in commodity prices and various duty cuts announced by the Government. Inflation is expected to remain low and may even enter the negative territory for a short time before moving up again towards the end of 2009.

Falling inflation and slowing growth gave the Central bank enough room and reason to cut rates aggressively. From September '08 to March '09, the RBI has cut Repo, Reverse Repo and CRR by 400, 250 and 400 bps respectively. This easing in monetary policy is likely to translate, with a lag, into a significant boost for the economy.

**India's Trade Deficit widens, largely due to increasing import growth:** Global demand destruction due to the recent crisis led to a mere 3.4 per cent growth in exports in FY 2009 while higher commodity prices (including oil) pegged the imports growth at 14.3 per cent. This resulted in a trade deficit of US\$119 billion in FY09 compared to US\$88.5 billion in FY 2008.

For the first three quarters in FY 2009, the higher trade deficit, coupled with negative capital flows, reduced India's Balance of Payments (BoP) surplus to a deficit of US\$20.4 billion. After 10 consecutive quarters of surpluses, this is the second time in three quarters that BoP has ended in a deficit. The capital a/c balance too turned negative (-US\$ 3.7 billion) in third quarter FY 2009 mainly due to net outflows under portfolio investment, banking capital and short-term trade credit. Outflows under portfolio investment were led by large sales of equities by FIIs and slowdown in net inflows under ADRs/GDRs. India's foreign exchange reserves declined by about US\$ 59 billion in FY 2009, but still remained at an impressive US\$250 billion in March 2009. The country's current foreign exchange reserves far exceed its total official and private sector external debt - making India's balance of payments position quite comfortable.

**Import declines more than export in recent months, thereby improving trade deficit:** Since January 2009, Imports have declined more than exports due to both lower oil import bills and slowing domestic investment and consumption. This has helped in narrowing our trade deficit further. The trade deficit for the month of March narrowed to US\$4 billion (4.1 per cent of GDP, annualized) compared to US\$14 billion in August 2008. The year on year (YoY) monthly trade deficit declined by 36 per cent in March compared with an average growth of 48.5 per cent in the previous 12 months.

### About Reliance Capital

Reliance Capital Limited (RCL) is a part of the Reliance Anil Dhirubhai Ambani Group and is one of India's leading and fastest growing private sector financial services companies, and ranks among the top 3 private sector financial services and banking groups, in terms of net worth. It is a constituent of S&P CNX Nifty and MSCI India.

Reliance Anil Dhirubhai Ambani Group is amongst India's top 3 business houses with a market cap of US\$ 22 billion, and 150 million customers. It has a strong presence across a wide array of high growth consumer-facing businesses such as Telecom, Financial Services, Energy, Power, Infrastructure and Media and Entertainment.

Reliance Capital has interests in asset management and mutual funds, life and general insurance, private equity and proprietary investments, stock broking and depository services, consumer finance, asset reconstruction, institutional broking and distribution of financial products.

## Reliance Capital Limited

### Management Discussion and Analysis

#### Consolidated financial performance

- RCL's consolidated income from operations for the financial year ended March 31, 2009 increased to Rs.5,976 crore (US\$ 1.3 billion) from Rs.4,914 crore in the previous year, registering a growth of 22 per cent. This growth was largely due to the growth of the consumer finance business and the sale of investments.
- Staff costs for the year were Rs.554.07 crore (US\$ 131 million) as against Rs.408.98 crore in the previous year, an increase of 36 per cent. This was largely due to the rapid expansion of operations and distribution networks and entry into three new business streams i.e. institutional broking, private equity, asset reconstruction and the launch of the cross-sell initiative, Reliance Capital Services.
- Selling, administrative and other expenses in the year were Rs.1,192 crore (US\$ 240 million) as against Rs.1,307 crore, a decrease of 10 per cent. This decrease, in spite of an increase in the scale of operations, was achieved as a result of optimization of costs, improvement in operational efficiency and better utilization of own and third party distribution reach.
- Interest & finance charges for the year were Rs.1,264 crore (US\$ 283 million) as against Rs.414.00 crore in the previous year, an increase of 205 per cent. This was due to both, a rise in the cost of funds as well as an increase in aggregate borrowings on account of the consumer finance business. and cost of borrowings.
- Depreciation for the year was Rs.56.71 crore (US\$ 123 million) as against Rs.41.21 crore in the previous year, an increase of 38 per cent. This year-on-year increase was mainly due to an increase in the fixed assets base.
- Profit before tax for the year was Rs.1,204.15 crore (US\$ 262.28 million) as against Rs.1,215.74 crore in the previous year, a decrease of 1 per cent.
- Provision for tax for the year was Rs.181.09 crore (US\$ 39.44 million) as against Rs.205.50 crore in the previous year, a decrease of 14 per cent.
- Profit after tax, minority interest and share of profit of associates for the year was Rs.1,015.67 crore (US\$ 221 million) as against Rs.1,009.06 crore in the previous year, an increase of 1 per cent.

#### Resources and Liquidity

- As on March 31, 2009, the consolidated net worth of the company stood at Rs.7,340 crore (US\$ 1.5 billion) as against Rs.6,508 crore.
- The Company has raised Rs.13,779.53 crore during the financial year 2008-09 by issuance of Commercial Paper, Non Convertible Debentures (NCDs) and other instruments.
- As on March 31, 2009, the Company had a debt equity ratio of 2:1. The company has not raised any fixed deposits from the public.

#### Credit Rating

RCL's short term debt programme has been assigned a rating of "A1+" by ICRA Ltd., the highest credit quality rating assigned by the agency to short-term debt instruments. Instruments rated in this category carry the lowest credit risk in the short term. CARE Ltd. assigned the long term debt programme a rating of "CARE AAA". Instruments with this rating are considered to be of the best credit quality, offering highest safety for

timely servicing of debt obligations. Such instruments carry minimal credit risk.

#### Finance & Investments

RCL's investment portfolio as on March 31, 2009 was Rs.8,746.49 crore (US\$ 1.7 billion) at cost. The Investment portfolio of quoted investments as on March 31, 2009 amounted to Rs.2,939.53 crore (US\$577 million), at cost. RCL's strategy for its proprietary investment and private equity is to focus on asset quality and asset mix to achieve superior returns. The company has increasingly diversified its scope of operations into a variety of avenues as afforded under the Indian NBFC regulatory framework, through its interests in asset management and mutual funds, life and general insurance, stock broking and depository services, consumer finance and distribution of financial products.

#### Reliance Capital Asset Management (RCAM)

##### Reliance Mutual Fund

- Reliance Mutual Fund (RMF) has maintained its leadership position in the country. It had a market share of 16.4 per cent at the end of March 2009.
- The average assets under management (AAUM) for March 2009 was Rs.80,963 crore (US\$ 15.9 billion) from Rs.90,938 crore, a decline of 12 per cent – the shrinkage in the value of the equity AUM component (higher than the industry average) was primarily due to market action. The benchmark indices – BSE Sensex and S&P Nifty declined by 38 per cent and 36 per cent respectively during this period. During the same period, the AAUM of the Indian mutual fund industry declined by 7 per cent to Rs.4,93,287 crore for March 2009 from Rs.5,00,973 crore for March 2008.
- During the same period, 5 new asset management companies were given licenses to commence operations, taking the total number of mutual funds in India to 38. The mutual fund industry is highly fragmented and the top 5 players account for 58 per cent of the AUM. (Source: AMFI website).
- The number of investors in RMF increased to 71.7 lakh as at the end of March 31, 2009 as against 63.9 lakh investors at the end of March 31, 2008.
- As on March 31, 2009, RMF had a total of 38 schemes – 16 equity-oriented schemes, 21 debt-oriented schemes and 1 exchange-traded scheme.
- The number of Systematic Investment Plan Investors in RMF has crossed 1.2 million.
- During the year, RMF won several prestigious awards.
  - "Most Trusted Mutual Fund" by AC Nielsen/ORG MARG for the third consecutive year.
  - "Equity Fund House of the Year 2008" award by *Morning Star*, global leader in financial research.
  - "Best Fund House of the Year 2008" – India category" by Asia Asset Management.
  - Lipper award for its performance in Reliance Banking Fund for period of 3 years in the Gulf.
  - Certificate of Finalist Recognition in "Sales category – Best Sales Team" in the Annual Stevie Sales & Customer Service Awards 2009 & the Stevie International Business Awards 2008.
  - Superbrand status in the 2nd edition of the Business

## Reliance Capital Limited

**Management Discussion and Analysis**

Superbrands for the year 2008. The Superbrand status is accorded on the basis of a range of criteria such as Market dominance, Longevity, Goodwill and Customer Loyalty.

- ICRA Awards 2009- five schemes were winners and overall we have received 6 scheme awards at the ceremony in their respective category.
- "Reader's Digest Trusted Brands Gold Award" - winner for the Investment Fund Company category in India in 2008.

During the year, RCAM received approval from Malaysian Authorities to start operations in Malaysia. RCAM is looking to start a Shariah compliant fund based on Islamic principles.

- During the same period, RCAM also received approval from the Financial Services Authority in United Kingdom to commence investment advisory operations in the United Kingdom.

**Portfolio Management Services**

- Reliance Portfolio Management Services is a premium financial service for select investors from the portfolio management division of Reliance Capital Asset Management Ltd. This division creates customised portfolios for high net-worth individuals keeping in mind their risk-return preferences.
- The AUM of our portfolio management services as on March 31, 2009 increased to Rs.30,480 crore (US\$ 7 billion) from Rs.6,901 crore as at March 31, 2008, registering a growth of 342 per cent.
- This year, RCAM has been appointed as one of the fund managers by the Employees Provident Fund Organization (EPFO). A hugely prestigious account, EPFO has entrusted Rs.27,575 crore (US\$ 5.4 billion) to RCAM, for investment management.
- RCAM was also appointed as one of the six asset managers by The Pension Fund Regulatory and Development Authority (PFRDA) to manage money under the new pension scheme. The new pension scheme will be a government regulated pension plan on the lines of the '401K retirement plan' in the US (a defined contribution plan) and can be availed of by the general public in India.
- RCAM is the only private sector asset management company which has been selected to manage funds for both - EPFO and the new pension scheme.

**Reliance Asset Management (Singapore) Pte. Ltd.**

- Reliance Asset Management (Singapore) Pte. Ltd., a subsidiary of Reliance Capital Limited (through Reliance Capital Asset Management Ltd.) started its operations in February 2007. It currently manages 5 India dedicated funds viz. - India Equity Growth Fund, India Equity Long Term Fund, India Equity Derivative Fund, India Multi Strategy Fund and Lawrence India Mauritius Fund.
- Its AUM as on March 31, 2009 stood at US\$ 218 million (including an undrawn amount of US\$ 92 million) as against US\$ 200 million on March 31, 2008, a growth of 9 per cent.

**Reliance Life Insurance**

- Reliance Life Insurance (RLIC) currently offers a total of 35 products that fulfill the savings and protection needs

of customers. Of these, 29 are targeted at individuals and 6 at group businesses. Reliance Life is committed to emerging as a transnational Life Insurer of international scale and stature in the next few years.

- During the year, the Indian life insurance industry recorded new business premium of Rs.87,108 crore (US\$ 19 billion) as against Rs.93,989 crore in the previous year, a decrease of 6.75 per cent. In contrast, Reliance Life Insurance recorded New Business Premium of Rs.3,514 crore (US\$ 547 million) for the year as against Rs.2,751 crore in the previous year, an increase of 28 per cent.
- During the period from April 2008 to February 2009, 4 new life insurance companies were given licenses to commence operations, taking the total number of life insurance companies in India to 22. The industry is highly fragmented and the top 5 players account for 84 per cent of the new business premium (April 2008 to February 2009).
- Reliance Life Insurance (RLIC) has maintained its position amongst the top four (in terms of monthly new business premium) private sector life insurance companies in India. It is one of the fastest growing life insurance companies in India with a private sector market share of 10.4 per cent - up from 8.1 per cent for the previous year.
- The policyholders' funds under management amounted to Rs.5,879 crore (US\$ 1.2 billion) as on March 31, 2009 against Rs.3,554 crore as on March 31, 2008 - an increase of 65 per cent.
- An additional Rs.1,229 crore worth of capital was infused in the life insurance business in the year ended March 31, 2009, taking the total capital invested in the life insurance business till date to Rs.2,743 crore.
- Total numbers of policies in force as on March 31, 2009 stood at 33,03,165 as against 14,48,538 on March 31, 2008 - an increase of 128 per cent.
- The distribution network has been increased to 1,145 branches at the end of March 31, 2009, as against 745 branches at the end of March 31, 2008.
- The numbers of agents at the end of March 31, 2009 totalled 1,49,613 as against 1,84,194 in the corresponding previous period - a decrease of 19 per cent, reflecting the increased organizational emphasis on productivity.
- During FY09, 8 new life insurance policies were launched, viz. Reliance Super Invest Assure plan, Reliance Super Invest Assure Plus Plan, Reliance Guaranteed Return Plan Series I Insurance, Reliance Guaranteed Return Plan Series I Pension, Reliance Group Savings Linked Insurance Plan, Reliance Group Credit Shield Plan, Reliance Imaan Investment Plan and Reliance Savings Linked Insurance Plan.
- During the same period, 5 of the top selling existing products were re-launched viz. Reliance Super Automatic Investment Plan, Reliance Super Market Return Plan, Reliance Super Golden Years Plan, Reliance Super Golden Years Plan Plus and Reliance Super Golden Years Plan Value. This was done to improve profitability and standardize the charge structures.

**Reliance Consumer Finance**

- Reliance Consumer Finance offers a wide range of products which include Home loans, Loans against property, Vehicle

## Reliance Capital Limited

loans (cars and commercial vehicles), SME loans and Personal loans.

- The focus in this business is not just on the growth of credit per se but also on the quality of credit. Backed by our long-standing conservative approach, we have developed stringent in-house credit risk management systems to ensure the highest quality of credit.
- We reduced the size of our loan book to Rs.8,576 crore (US\$ 2 billion) as on March 31, 2009, as against Rs.8,902 crore at the end of December 31, 2008. Our loan book is spread across 1,19,759 customers and 23 locations. The loan book as on March 31, 2008 was Rs.7,120 crore.
- Reliance Consumer Finance generated revenues of Rs.1,200 crore (US\$ 261 million) for the year ended March 31, 2009, as against Rs.395 crore for the corresponding previous period – an increase of 204 per cent.
- For the year ended March 2009, it achieved a profit before tax of Rs.91 crore (US\$ 20 million) as against Rs.36 crore – an increase of 152 per cent.
- Reliance Capital's subsidiaries i.e. Reliance Consumer Finance Pvt. Ltd. and Reliance Home Finance Pvt. Ltd. have got approvals from RBI as NBFC and the National Housing Bank for doing the business of retail financing i.e. consumer finance and homes finance respectively. These subsidiaries, capitalized with Rs.100 crore (US\$ 20 million) each as on March 31, 2009, have commenced business operations.

### Reliance Money

- Reliance Money is the one of the leading brokerages and distributors of financial products in India, with more than 3 million customers.
- It is a comprehensive financial services and solutions provider, giving customers access to equities, equity options, commodities futures, wealth management, portfolio management services, mutual funds, IPOs, life and general insurance products, offshore investments, credit cards, money transfer, currency exchange and gold coins.
- Reliance Money generated revenues of Rs.352 crore (US\$ 767 million) for the year March 31, 2009, as against Rs.239 crore of the corresponding previous period, an increase of 47 per cent. It also achieved a net profit of Rs.37 crore (US\$ 8 million) for the same period, as against a net profit of Rs.10 lakh for the corresponding previous period.
- As on March 31, 2009, Reliance Money had a distribution network of over 10,000 outlets across 5,165 locations in India.
- Reliance Money has tied up with global partners like Reuters, Vasco, Valcambi, Webaroo, optionsXpress Holdings, Goldride Securities, World Gold Council, Wincor Nixdorf and DBS Vickers to facilitate better access to wider world class choices to its customers.
- In addition to the home-grown portfolio of products and services that Reliance Capital has to offer, Reliance Money also distributes a variety of third party financial products. It also assists millions of investors in creating customized individual portfolios based on their diverse investment needs and risk profiles.

- Reliance Money is amongst the leading Mutual fund distributors of the country distributing products of 20 AMCs. It is the largest private sector partner for Western Union Money Transfer in India.
- To further improve its position in the money changing and money transfer business, Reliance Money has acquired a significant share holding in Wall Street Finance Ltd., a leading provider of money changing and money transfer services in the country.
- Reliance Money has tied up with Kuoni India and plans to retail its forex products/ services through the national network of over 70 Kuoni outlets.
- Reliance Money has tied up with India Post and World Gold Council to sell gold coins through the post office network across the country.
- Reliance Money is taking its first steps into the Commodities Exchange business and is in the process of acquiring a 15 per cent stake in Hong Kong Mercantile Exchange (HKMEX). With this holding, Reliance Money becomes the second-largest shareholder in the commodity exchange and will have a Board membership. Reliance Money is the first Indian firm to acquire a stake in an international exchange.
- It has also obtained approval from the Ministry of Consumer Affairs for acquiring 10 per cent stake in the National Multi-Commodity Exchange of India Ltd. (NMCE).
- Reliance Securities Ltd. (RSL), a subsidiary of Reliance Capital has obtained Category I Merchant Banking License from the Securities and Exchange Board of India. This new license allows RSL to provide a wide range of investment banking services such as Issue Management, Underwriting, Private Equity Advisory/ Syndication and Corporate Finance services in India.

### Reliance General Insurance

- Reliance General Insurance (RGI) offers property, engineering, auto, health, travel, marine and commercial insurance. It also offers other specialty insurance products.
- Reliance General Insurance (RGI) has maintained its position amongst the top three (in terms of monthly gross written premium) private sector General insurance companies in India, with a market share of 6.3 per cent.
- During the period from April 2008 to March 2009, the gross written premium of the entire Indian general insurance fund industry increased by 9.3 per cent from Rs.28,138 crore of the corresponding previous period, to Rs.30,601 crore (US\$ 7 billion). (Source: Insurance Regulatory and Development Authority of India). During the same period, 2 new general insurance companies were given licenses to commence operations, taking the total number of general insurance companies in India to 16.
- Our Gross Written Premium for the year ended March 31, 2009 was virtually unchanged at Rs.1,915 crore (US\$ 416 million) as against Rs.1,946 crore in the corresponding previous period. This slight decline was caused by the general economic slowdown coupled with our increased focus on profitability rather than top-line growth.
- During the year, Rs.160 crore (US\$ 35 million) of capital was infused into the general insurance business, taking the total capital invested till date to Rs.767 crore (US\$ 157 million).

## Reliance Capital Limited

### Management Discussion and Analysis

- The distribution network composed of 200 branches and over 7,700 intermediaries at the end of March 31, 2009.

#### Reliance Asset Reconstruction

- Reliance Asset Reconstruction Company Ltd. (Reliance ARC), which is in the business of acquisition, management and resolution of distressed debt/assets, formally commenced business operations in the first half of FY09 by acquiring two non-performing assets (NPAs), from Corporation Bank and Asset Reconstruction Company (India) Ltd. respectively, at an aggregate acquisition price of Rs.3 crore (US\$ 0.6 million). These have since been resolved with recovery of our investment in full.

In January 2009, Reliance ARC acquired 2 NPAs from Dena Bank for an aggregate acquisition price of over Rs.2 crore (US\$ 0.4 million).

#### Reliance Equities International

- Reliance Equities International Private Ltd. (REIPL) is the institutional stock broking subsidiary of Reliance Capital. REIPL has been set up to complement current financial services businesses of RCL Group.
- It aims to add value to our clients' decision making on investments by thematic and differentiated research, access to corporate managements, lateral inputs and higher servicing standards.
- REIPL commenced operations in October 2008 with over 50 employees. It currently has 60 companies under research.
- Despite the challenging market environment, it has set up over 50 FII parent accounts and over 500 sub accounts.

#### Reliance Equity Advisors (India) Ltd.

- Reliance Equity Advisors (India) Ltd. (REAL), wholly owned subsidiary of Reliance Capital Ltd., is the Investment Manager of the Reliance Alternative Investments Fund (the Trust set up by RCL). The object and purpose of the Fund is to raise monies through schemes or funds to make portfolio investments.
- The "Reliance Alternative Investments Fund - Private Equity Scheme I", will be an India focused multi sector private equity fund with primary focus on acquisition, financing, growth and consolidation of capital in India with an emphasis on fast growing sunrise industries. A team with an extensive private equity and M&A background with considerable experience in transactions across diverse sectors is in place.
- With investors reining in their investment appetite, fund raising in international and domestic markets has become challenging. However, the outlook for PE asset class remains good especially in the emerging markets. India in particular is likely to remain a preferred destination, given the sheer number of promising new opportunities that exist here. Consequently the team is endeavoring to raise funds in the domestic and international markets.

#### Reliance Capital Services

- The Reliance ADA Group offers a diverse range of products and services: from telecom to financial services, from power and infrastructure to media and entertainment. This means that we have a huge pool of customers across our different businesses that are not using all of our products and services.

- A Reliance mobile user may not have a Reliance Money demat account or a Reliance Mutual Fund account. Similarly, a Reliance Power shareholder may not be buying insurance from Reliance Life or General Insurance.
- There is a tremendous opportunity in cross selling Reliance Capital products across the entire customer universe of the Reliance ADA Group.
- To capitalize on this huge opportunity, Reliance Capital Services was set up in July 2008 with a view to cross-selling Reliance Capital products to the 150 million strong family of the Reliance ADA Group, comprising shareholders, customers and other stakeholders.
- Cross selling will lower our cost of customer acquisition and further improve profitability.
- Currently, Reliance Capital Services has 1,335 employees and associates across nearly 100 locations in India. It has acquired more than 40,000 customers in less than six months of operations.
- The company today ranks among the top 3 distributors for our general insurance business and among the top 10 for our life insurance business.

#### Risks and Concerns

RCL is exposed to specific risks that are particular to its businesses and the environment within which it operates, including market risk, competition risk, interest rate volatility, human resource risk, execution risk and economic cycle.

#### Market risk

The Company has significant quoted investments which are exposed to fluctuations in stock prices. These investments represent a substantial portion of the Company's business and are vulnerable to fluctuations in the stock markets. Any decline in the price of the Company's quoted investments may affect its financial position and results of operations. Even though RCL is exposed to the systematic risk or beta, it has a well diversified portfolio of stock to mitigate stock specific risk. RCL continuously monitors market exposure and, in appropriate cases, also uses various derivative instruments as a hedging mechanism to limit volatility in its asset returns.

#### Competition risk

The financial sector industry is becoming increasingly competitive and the Company's growth will depend on its ability to compete effectively. The Company's main competitors are Indian non-banking financial companies, life and non-life insurance companies, both in the public and private sector, mutual funds, depository participants and other financial services providers. Foreign banks also operate in India through non-banking finance companies. Further liberalization of the Indian financial sector could lead to a greater presence or entry of new of foreign banks and financial services companies offering a wider range of products and services. The Company's competitors may have greater resources than it does and, in some cases, may be able to raise debt in a more cost-efficient manner. The Company's growth will depend on its ability to compete effectively in this context. The Company's strong brand image, wide distribution network, diversified product offering and depth of management places it in a strong position to deal with competition effectively.

## Reliance Capital Limited

### Management Discussion and Analysis

#### Credit risk

Credit risk is the risk of failure by the borrower to meet financial obligations to the lender. RCL has a standardized framework for evaluating loan proposals. The proposals are evaluated on various quantitative & qualitative parameters. The loan portfolios are continuously monitored, post disbursement, to proactively address credit related issues and take appropriate measures for recovery. As we have entered the consumer finance segment, our focus has been on standardizing and institutionalizing the credit evaluation process to ensure speedy service without compromising on credit quality.

In our consumer finance business, we address the retail customer segment extensively. Retail customers typically are less financially resilient than larger borrowers. Negative developments in India's economy could therefore affect these customers to a far greater degree than larger borrowers. Further, although we have compiled extensive research and knowledge on retail customers and their spending behavior, there is generally less financial information available about them and we may have difficulty assessing their creditworthiness.

In addition, we expect that a certain portion of our loan portfolio will be unsecured, which will subject us to the risk of non-recovery of unpaid amounts from defaulting or insolvent customers and further increase the volume of non-performing loans. In addition, since a large portion of our loan portfolio will have been originated relatively recently and these loans will not yet have matured, we may have greater difficulty forecasting the results of our operations and assessing our future credit risk.

Our retail financial services business is relatively new, having commenced in May 2008, and we may be unable to compete effectively with more established Indian banks and non-banking finance companies engaged in retail lending. The Indian banking industry is highly competitive and we may compete directly with large public and private sector banks, which have larger retail customer bases, larger branch networks and greater access to capital than we do. If we are unable to compete with other retail lenders in the Indian banking sector, by reason of our inexperience in retail lending or otherwise, our business, results of operations and financial condition could be affected adversely.

#### Interest rate risk

The Company may be adversely impacted by volatility in interest rates in India which could cause its margins to decline and profitability to shrink. The success of the Company's business depends heavily on interest income from its operations. It is exposed to interest rate risk, principally, as a result of lending to its customers at fixed interest rates and in amounts and for periods which may differ from those of its funding sources. Interest rates are highly sensitive to many factors beyond the Company's control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and, inflation. As a result, interest rates in India have historically experienced a relatively high degree of volatility. The Company seeks to match its interest rate positions of assets & liabilities to minimize interest rate risk. However, there can be no assurance that significant interest rate movements will not have an adverse effect on its financial position.

With the growth of the Company's business, it will become increasingly reliant on funding from the debt capital markets

and commercial borrowings. The market for such funds is competitive and the Company's ability to obtain funds at competitive rates will depend on various factors including its credit ratings.

There can be no guarantee that the Company will be able to raise debt on competitive terms, in the required quantum and in a cost effective manner. Any failure to do so may adversely impact the Company's business. The Company's treasury team actively manages Asset Liability positions as well as interest rate exposure in accordance with the overall guidelines laid down by the management in the Asset Liability Management (ALM) framework. The company is also hedged to a certain extent against this risk through the variable interest clause in its advances portfolio.

#### Human resource risk

The Company's success depends largely upon the quality and competence of its management team and key personnel. Attracting and retaining talented professionals is therefore a key element of the Company's strategy and a significant source of competitive advantage. While the Company has a salary and incentive structure designed to encourage employee retention, a failure to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on the Company's business, its future financial performance and the price of its equity shares.

#### Operational risk

The Company may encounter operational and control difficulties when commencing businesses in new markets. The rapid development and establishment of financial services businesses in new markets may raise unanticipated operational or control risks. Such risks could have a materially adverse effect on the Company's financial position and the results of its operations. An extensive system of internal controls is practiced by the Company to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition and all its transactions are authorised, recorded and reported correctly. The Audit Committee of Directors periodically reviews the adequacy of our internal controls. The Company has embarked on SAP implementation for HR and Finance. With this initiative, we believe that our overall control environment will be enhanced and we will benefit from the inherent checks & balances that come with SAP.

The Company is relentlessly focused on quality parameters and has a dedicated quality team to proactively identify and address operational issues. The mandate of the quality team is also to work closely with various business teams to bring about operational efficiencies and effectiveness through Six Sigma initiatives. It is pertinent to note that RLIC has obtained an ISO 9000 certification, being only the 2nd company in the life insurance space to do so.

#### Economic risk

A slowdown in economic growth in India could cause the business of the Company to suffer. While the Indian economy has shown sustained growth over the last several years, the growth in industrial production has been variable. Any slowdown in the Indian economy, and in particular in the demand for housing and infrastructure, could adversely affect the Company's business. Similarly, any sustained volatility in global commodity prices, including a significant increase in the prices of oil and petroleum products, could once again spark off a new inflationary cycle, thereby curtailing the purchasing power of

## Management Discussion and Analysis

the consumers. The Company manages these risks by maintaining a conservative financial profile and following prudent business and risk management practices.

### Internal Control Systems

The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls, and compliance with applicable laws and regulations.

The organization is well structured and the policy guidelines are well documented with pre-defined authority. The Company has also implemented suitable controls to ensure that all resources are utilized optimally, financial transactions are reported with accuracy and there is strict adherence to applicable laws and regulations.

The Company has put in place adequate systems to ensure that assets are safeguarded against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported. The Company also has an exhaustive budgetary control system to monitor all expenditures against approved budgets on an ongoing basis.

Recognizing the important role of internal scrutiny, the Company has an internal audit function which is empowered to examine the adequacy of, and compliance with, policies, plans and statutory requirements. It is also responsible for assessing and improving the effectiveness of risk management, control and governance process.

Continuous audit and verification of the systems enables the various business groups to plug any shortcomings sooner rather than later. It also evaluates the Company's strategic risk management system and suggests risk mitigation measures for all key operations. In addition, the top management and the Audit committee of the Board periodically review the findings and take any corrective measures that are required.

### Human Resources

Across all its business operations, Reliance Capital had a workforce of 37,302 people as on March 31, 2009. The business wise break up of the workforce is given below:

Business Operation	Number of people
Life Insurance	26,029
General Insurance	3,587
Reliance Money	3,174
Reliance Consumer Finance	1,487
Asset Management	1,405
Reliance Capital Services	1,335
Reliance Capital	218
Reliance Equities International	53
Reliance Equity Advisors	14
<b>Total</b>	<b>37,302</b>

Our workforce is young, with an average age of 29 years, and highly qualified. Nearly two-thirds of our workforce are graduates, while 8 per cent are post-graduates and another 14 per cent management graduates and chartered accountants.

### Opportunities

- Low retail penetration of financial services / products in India
- Tremendous brand strength and extensive distribution reach
- Opportunity to cross sell services
- Increasing per-capita GDP
- Changing demographic profile of the country in favour of the young

### Threats

- Competition from local and multinational players.
- Execution risk.
- Regulatory changes.
- Attraction and retention of human capital.

### Corporate Social Responsibility

Reliance Capital is committed to being a socially responsible company. It works with distressed individuals, disadvantaged groups, and with civil society at large. Some of its constituent businesses pay for critical medical support to needy citizens. Other businesses work with self-help groups to provide them with funding and other advice to function better. Some other businesses have also worked with educational institutions to promote financial literacy and financial inclusiveness.

This is in addition to supporting the charitable activities of the Reliance Anil Dhirubhai Ambani Group, both in healthcare and in caring for older people – Silvers.

The company also follows an active program of energy abatement and recycling of paper and water, to lower its carbon footprint. This is not just in its corporate office, but also in other large offices in big cities.

### Outlook

India has survived one of the worst global crises in history better than most other economies. The recent recovery in many of the leading macro indicators of economic activity has led many to believe that the worst is over for the Indian economy and we are on our way to a higher growth trajectory.

There has been a resurgence in sales across a variety of sectors – from automobiles to cement, steel and electricity production. Rail and port traffic too has seen an up tick. The Purchasing Managers' Index (PMI) has shown an improvement from a low of 49.5 for March to 53.3 for April 2009, signifying a renewed trend of growth in manufacturing. India is the second major economy after China where the PMI has crossed the baseline 50 mark, indicating the start of an expansionary phase.

The growth in first half of FY 2010 is expected to remain soft, with the economy turning around in the second half. The drivers of this turnaround include government's fiscal stimulus measures, the collapse in commodity prices, the coming on-stream of significant domestic oil and gas output, the recent infusion of record levels of FDI, the improvement in trade deficit and the environment for external commercial borrowing (ECB) the fall in the real exchange rate, the RBI's aggressive monetary policy actions and the expected stabilization of the global economy.

India remained the second fastest growing economy in FY 2009 after China. In the light of the ongoing global recession, India will, even at a modest growth of 6 per cent in FY 2010, be one of the fastest growing in the world.

## Reliance Capital Limited

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### Auditors' Certificate on Corporate Governance Report

To,  
The Members of  
Reliance Capital Limited

We have examined the compliance of conditions of Corporate Governance by **Reliance Capital Limited** ('the Company'), for the year ended on March 31, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance of conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the above mentioned Listing Agreement.

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

For **CHATURVEDI & SHAH**  
Chartered Accountants

**C. D. Lala**  
Partner  
Membership No.: 35671

Mumbai  
Dated: April 30, 2009

For **B S R & Co.**  
Chartered Accountants

**Akeel Master**  
Partner  
Membership No.: 046768

Mumbai  
Dated: April 30, 2009



## Corporate Governance Report

Reliance Capital Limited has maintained the highest standards of corporate governance principles and best practices by adopting the "Reliance Anil Dhirubhai Ambani Group – Corporate Governance Policies and Code of Conduct" as is the norm for all constituent companies in the group. These Policies and Code prescribe a set of systems, processes and principles which conform to the best international standards and are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors both local and global and all other stakeholders.

Reliance Capital'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 interactions with its stakeholders, including shareholders, employees, the government, lenders and the society. The Company believes that all its operations and actions must serve the underlying goal of enhancing long-term shareholder value. In our commitment to practice sound governance principles, we are guided by the following core principles:

- **Transparency**  
To maintain the highest standards of transparency in all aspects of our interactions and dealings.
- **Disclosures**  
To undertake timely dissemination of all price sensitive information and matters of interest to our stakeholders.
- **Empowerment and Accountability**  
To demonstrate the highest levels of personal accountability and to ensure that employees consistently pursue excellence in everything they do.
- **Compliances**  
To comply with all the laws and regulations applicable to the company.
- **Ethical conduct**  
To conduct the affairs of the company in an ethical manner.
- **Stakeholders' interests**  
To promote the interests of all stakeholders including customers, shareholders, employees, lenders, vendors and the community.

### Governance practices beyond regulatory requirements

Our governance practices go beyond the mere letter of statutory and regulatory requirements. With this in mind, we have formulated and introduced a number of policy documents as briefly described below.

#### A. Values and commitments

We have set out and adopted a policy document on the 'values and commitments' of Reliance Capital. We believe that any business conduct can be ethical only when it rests on the nine core values of honesty, integrity, respect, fairness, purposefulness, trust, responsibility, citizenship and caring.

#### B. Code of ethics

Our 'code of ethics' demands that our employees conduct the business with impeccable integrity and eschew any consideration of personal profit or advantage.

#### C. Business policies

We have clear internal norms in place on a wide range of issues from fair market practices and insider information to financial and accounting integrity, from external communication and personal conduct to work ethics. We also have, a policy on prevention of sexual harassment in

addition to guidelines on health, safety, environment and quality.

#### D. Separation of the Board's supervisory role from executive management

In line with best global practice, we have adopted the policy of separating the Board's supervisory role from that of executive management. We have also split the posts of Chairman and CEO.

#### E. Prohibition of insider trading policy

This document contains the policy on prohibiting trading in the equity shares of the Company, based on insider or privileged information.

#### F. Prevention of sexual harassment

Our policy aims at promoting a productive work environment and protecting the individual from sexual harassment.

#### G. Whistle blower policy

Our whistle blower policy encourages disclosure in good faith of any wrongful conduct on a matter of general concern and protects the whistle blower from any adverse personnel action.

#### H. Risk management

Our risk mitigation procedures ensure that the management is able to control risk through a properly defined framework.

#### I. Boardroom practices

##### i. Board charter

The board of directors has adopted a comprehensive charter, which sets out clear and transparent guidelines on matters relating to the composition of the board, the scope and function of various board committees, etc.

##### ii. Tenure of independent directors

The tenure of independent directors on the board of the company shall not exceed nine years, subject to their re-appointment on retirement by rotation as per statutory provisions.

##### iii. Lead independent director

Recognizing the need to have a representative and spokesperson for the independent directors, the Board has appointed an independent director as the lead independent director.

The lead independent director performs the following roles in addition to the role of a non-executive independent director:

- preside over all executive sessions of the Board's independent directors;
- work closely with the Chairman to finalize the information flow, and the agendas and schedules for meetings;
- to liaise between the Chairman and the independent directors on the Board; and
- take a lead role along with the Chairman in the Board evaluation process.

Shri Rajendra P. Chitale has been designated as the lead independent director.

## Reliance Capital Limited

### Corporate Governance Report

#### iv. Independent director's interaction with shareholders

Shri Rajendra P. Chitale, an independent director, interacts with shareholders on their suggestions and queries which are forwarded to the company secretary.

#### v. Meeting of independent directors with operating team

The independent directors of the company meet in executive sessions with the various operating teams as and when they deem necessary. These discussions may include topics such as operating policies and procedures; risk management strategies; measures to improve efficiencies; performance and compensation; strategic issues for board consideration; flow of information to directors; management progression and succession and others as the independent directors may determine. During these executive sessions, the independent directors have access to all such advisors and members of the management as they may determine and deem fit.

#### vi. Commitment of directors

An annual calendar of meetings, involving the Board and its various committees, is circulated to the directors at the beginning of the year. Such advance planning enables the directors to plan their commitments and facilitates optimum attendance at all meetings of the Board and its committees.

#### J. Governance practices being followed to promote the interests of our stakeholders

We have in the recent past introduced several trend setting governance practices to improve stakeholders' satisfaction. Some of the major ones among them are:

##### i. Customers

We have taken various initiatives towards customer care by providing comprehensive online support across businesses.

##### ii. Employees

We have a dedicated service portal which offers various online HR services and facilities to employees. Some of these facilities are; details of current and past salaries, income-tax computations, attendance and leave management, goal setting with relevant Key Risk Indicators (KRIs) and Key Performance Indicators (KPIs), potential assessment module, performance evaluation system, feedback mechanism, reward and recognition policy, grievance redressal system, exit interviews, training and development module, etc.

We regularly conduct an employee engagement survey through an independent external organisation. The results of this survey are communicated to all employees and appropriate action is initiated to enhance employee satisfaction based on their feedback.

As a means of providing accelerated career growth to high performing talent, we have a pilot program of assessment centers, wherein employees who have a proven track record are put through a rigorous assessment program for higher role.

We have institutionalised a leadership development process, linked to Reliance DNA & leadership competencies, which identifies high potential talent

on a periodic basis and provides necessary learning interventions to help them take on larger responsibilities and roles.

#### iii. Shareholders

The significant services and facilities being rendered to investors include e-payment of dividend at over 160 cities, odd lot share scheme for convenient disposal of such shares held in physical form and annual shareholders' satisfaction survey.

#### iv. Lenders

The Company has been prompt in honouring all debt obligations to its lenders.

#### v. Society

The Company, in keeping with its corporate social responsibility (CSR) policy, focuses on healthcare, education, and other social initiatives for the wider community.

#### Compliance with the code and rules of Luxembourg Stock Exchange (LSE)

The Global Depository Receipts (GDRs) issued by the company are listed on the LSE. The company has reviewed the code on corporate governance of LSE, though the same is not applicable to the company. The company's corporate governance practices substantially conform to these codes and rules.

#### Compliance with clause 49 of the listing agreement

Reliance Capital is fully compliant with the mandatory requirements of clause 49 of the listing agreement formulated by Securities and Exchange Board of India (SEBI).

We present our report on compliance of governance conditions specified in clause 49.

#### I. Board of directors

##### 1. Board composition - Board strength and representation

As at March 31, 2009, the board consisted of five members. The composition of and the category of directors on the board of the company were as under:

Category	Particulars of directors
Non-executive - Non independent Directors	Shri Anil D. Ambani, Chairman Shri Amitabh Jhunjunwala, Vice Chairman
Independent Directors	Shri Rajendra P. Chitale Shri C. P. Jain Shri P. N. Ghatalia

The Company has appointed Shri V. R. Mohan, Company Secretary as the Manager of the Company in respect of the provisions of the Companies Act, 1956 for a period of five years with effect from March 7, 2006.

##### 2. Conduct of board proceedings

The day to day business is conducted by the officers and the managers of Reliance Capital under the direction of the board led by the Chairman. The board holds minimum four meetings every year to review and discuss the performance of the company, its future plans, strategies and other pertinent issues relating to the company.

## Reliance Capital Limited

**Corporate Governance Report**

The board performs the following specific functions in addition to the oversight of the business and the management:

- review, monitor and approve major financial and business strategies and corporate actions.
- assess critical risks facing the company and review options for their mitigation.
- provide counsel on the selection, evaluation, development and compensation of senior management.
- ensure that processes are in place for maintaining the integrity of
  - a. the company
  - b. the financial statements
  - c. compliance with law
  - d. relationships with all the key stakeholders
- delegation of appropriate authority to the senior executives of the company for effective management of operations.

**3. Board meetings**

The board held five meetings during the financial year 2008-09 on April 29, 2008, July 30, 2008, September 16, 2008, October 31, 2008 and January 20, 2009. The maximum time gap between any two meetings was 92 days and the minimum gap was 45 days.

The board periodically reviews compliance reports of all laws applicable to the Company and takes steps to rectify non-compliances, if any.

Standards issued by ICSI: The Company is in compliance with the secretarial standards governing board meetings as also general meetings as set out in Secretarial Standards I and II issued by the Institute of Company Secretaries of India (ICSI). The board of directors of the company has taken necessary steps in order to ensure compliance with these standards. Besides, the board has constituted several committees to deal with various specialised issues.

**4. Attendance of directors**

The overall attendance of directors was 88 per cent. It is proposed to introduce tele-conferencing and video-conferencing facilities immediately upon amendment to the relevant statutes.

**Attendance of directors at the board meetings held during 2008-2009 and the last Annual General Meeting (AGM)**

Name of the Director	Meetings held during the tenure of Director	Meetings attended at the last AGM	Attendance
Shri Anil D. Ambani	5	4	Present
Shri Amitabh Jhunjhunwala	5	5	Present
Shri Rajendra P. Chitale	5	5	Present
Shri C. P. Jain	5	4	Present
Shri P. N. Ghatalia	3	3	Present
Shri Anand Bhatt*	2	1	Present

\*Shri Anand Bhatt ceased to be the Director of the Company upon demise w.e.f November 27, 2008.

**Notes**

- a. None of the directors is related to any other director.
- b. None of the directors has any business relationship with the company.
- c. None of the directors received any loans and advances from the company during the year.

**5. Other directorships**

None of the directors holds directorships in more than 15 public limited companies.

**The details of directorships (excluding private limited, foreign company and companies under section 25 of the Companies Act, 1956), Chairmanships and the Committee memberships held by the directors as on March 31, 2009.**

Name of directors	Number of directorship / (including RCL)	Committee(s) <sup>1</sup> membership <sup>2</sup> (including RCL)	
		Membership	Chairmanship
Shri Anil D. Ambani	10	4	-
Shri Amitabh Jhunjhunwala	3	2	1
Shri Rajendra P. Chitale	9	7	1
Shri C. P. Jain	3	3	1
Shri P. N. Ghatalia	11	10	5

1. The information provided above pertains to the following committees in accordance with the provisions of clause 49 of the listing agreement:

- a. Audit committee
- b. Shareholders/investors' grievances committee

2. Membership of committees includes chairmanship, if any.

**6. Membership of board committees**

No director holds membership of more than 10 committees of boards nor is any director a chairman of more than 5 committees of boards.

**7. Details of Directors**

The abbreviated resumes of the Directors being appointed/re-appointed at the ensuing AGM are furnished hereunder:

**Shri Anil D. Ambani**, Regarded as one of the foremost corporate leaders of contemporary India, Shri Anil D Ambani, 50, is the Chairman of all listed companies of the Reliance Anil Dhirubhai Ambani Group, namely, Reliance Communications, Reliance Capital, Reliance Infrastructure, Reliance Natural Resources and Reliance Power. He is also the President of the Dhirubhai Ambani Institute of Information and Communication Technology, Gandhinagar, Gujarat. An MBA from the Wharton School of the University of Pennsylvania, Shri Ambani is credited with pioneering several financial innovations in the Indian capital markets. He spearheaded the country's first forays into overseas capital markets with international public offerings of global depository receipts, convertibles and

## Reliance Capital Limited

### Corporate Governance Report

bonds. Under his chairmanship, the constituent companies of the Reliance ADA group have raised nearly US\$ 7 billion from global financial markets in a period of less than three years. Shri Ambani has been associated with a number of prestigious academic institutions in India and abroad.

He is currently a member of

- Wharton Board of Overseers, The Wharton School, USA.
- Board of Governors, Indian Institute of Management (IIM), Ahmedabad
- Board of Governors, Indian Institute of Technology (IIT), Kanpur
- Executive Board, Indian School of Business (ISB), Hyderabad.

In June 2004, Shri Ambani was elected as an Independent member of the Rajya Sabha – Upper House, Parliament of India, a position he chose to resign voluntarily on March 25, 2006.

#### Select Awards and Achievements

- Awarded by Light Readings as the Person of the Year – 2008 for outstanding achievements in the communication industry.
- Voted 'the Businessman of the Year' in a poll conducted by The Times of India – TNS, December 2006.
- Voted the 'Best role model' among business leaders in the biannual Mood of the Nation poll conducted by India Today magazine, August 2006.
- Conferred 'the CEO of the Year 2004' in the Platts Global Energy Awards.
- Conferred 'The Entrepreneur of the Decade Award' by the Bombay Management Association, October 2002.
- Awarded the First Wharton Indian Alumni Award by the Wharton India Economic Forum (WIEF) in recognition of his contribution to the establishment of Reliance as a global leader in many of its business areas, December 2001.

**Shri C. P. Jain**, 63, is the former Chairman and Managing Director of NTPC Limited (National Thermal Power Corporation). Shri Jain has an illustrious career spanning over four decades of contribution in the fields of financial management, general management, strategic management and business leadership. He is a fellow member of the Institute of Chartered Accountants of India with an advanced diploma in Management and is a law graduate. He joined the Board of NTPC in 1993 as Director (Finance), was elevated as Chairman & Managing Director in September 2000 and superannuated in March 2006. He is Chairman of the Global Studies Committee of World Energy Council (WEC), world's largest energy NGO with nearly hundred member-nations. He has been on several important committees of the Government of India, latest

being the 'Adhoc Group of Experts on Empowerment of CPSEs'. He was Chairman of Standing Conference of Public Enterprises (SCOPE) between April 2003 and March 2005. He is a Director on the Board of IL & FS Infrastructure Development Corporation Limited, PCI Limited and Centre for Fly Ash Research and Management (a Section 25 Company) and was also a member of the Audit Advisory Board of the Comptroller and Audit General of India during 2007-2009.

**Shri P. N. Ghatalia**, 68, a Fellow Member of the Institute of Chartered Accountants of India. He specializes in accountancy and tax laws. He was a senior partner of Price Waterhouse, India and the chairman of its Audit & Business Advisory Services (ABAS) Management Committee. He has served, as a committee member of SEBI – International Accounting Standards Committee, as the advisory board member of Indian Merchants Chamber (IMC) and is on the committees of various academic institutions. He is a Director on the Board of Ashok Leyland Ltd., Fosco India Ltd., Gulf Oil Corporation Ltd., Kamat Hotels (India) Ltd., Reliance Infratel Ltd., Hinduja Foundries Ltd., SI Group – India Ltd., Cinemax India Ltd., IndusInd Media and Communication Ltd.

#### 8. Insurance coverage

The company has obtained directors' liability insurance coverage in respect of any legal action that might be initiated against directors.

#### II. Audit Committee

The Audit Committee comprised of four non-executive Directors, viz, Shri Rajendra P. Chitale, Shri Amitabh Jhunjhunwala, Shri C. P. Jain and Shri P. N. Ghatalia. In terms of the rotational policy of the Company, Shri C. P. Jain, an Independent non-executive Director have been appointed as the Chairman of the Audit Committee in its meeting held on February 10, 2009 for the period of two years. All the members of Audit Committee have good knowledge of finance, accounts and company law. The Chairman of the committee is an eminent chartered accountant and has accounting and related financial management expertise. The committee held six meetings during the year. The audit committee also advises the management on the areas where internal audit can be improved. The minutes of the meetings of the audit committee are placed before the board. The terms of reference of the audit committee are in accordance with all the items listed in clause 49 (II) (D) and (E) of the listing agreement and section 292A of the Companies Act, 1956, as follows:

1. Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial information is correct, sufficient and credible.
2. Recommending the appointment, reappointment and replacement/removal of statutory auditors and fixation of audit fee.
3. Approving payment for any other services by statutory auditors.

## Reliance Capital Limited

**Corporate Governance Report**

4. Reviewing with management the annual financial statements before submission to the board, focusing primarily on;
  - a. Matters required to be included in the directors' responsibility statement included in the report of the board of directors.
  - b. Any changes in accounting policies and practices.
  - c. Major accounting entries based on exercise of judgement by management.
  - d. Qualifications in draft statutory audit report.
  - e. Significant adjustments arising out of audit.
  - f. Compliance with listing and other legal requirements concerning financial statements.
  - g. Any related party transactions.
5. Reviewing with the management the quarterly financial statements before submission to the board for approval.
6. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
7. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. 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.
10. Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
14. Review the following information:
  - a. Management discussion and analysis of financial condition and results of operations;
  - b. Internal audit reports relating to internal control weaknesses;

- c. Management letters / letters of internal control weaknesses issued by statutory / internal auditors;
- d. Statement of significant related party transactions; and
- e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The Audit Committee has the following powers

- i. to investigate any activity within its terms of reference or in relation to the compliance with the provisions of the Companies Act, 1956 or referred to it by the Board;
- ii. to seek any information from any employee;
- iii. to obtain outside legal and professional advice;
- iv. to secure attendance of outsiders with relevant expertise, if it considers necessary.

**Attendance at the meetings of the audit committee held during 2008-2009**

Name of the Member	Meetings held during the tenure of director	Meetings attended
Shri Amitabh Jhunjhunwala	6	5
Shri Rajendra P. Chitale	6	6
Shri C. P. Jain	6	5
Shri P. N. Ghatalia	3	3

The audit committee held its meetings on April 29, 2008, July 30, 2008, August 28, 2008, October 31, 2008, January 20, 2009 and February 10, 2009. Minimum and maximum gap between any two meetings was 21 days and 92 days respectively.

The Chairman of the Audit Committee was present at the last AGM.

The meeting considered all the points in terms of its reference at periodic intervals.

The Company Secretary, Shri V. R. Mohan acts as the Secretary to the Committee.

**III. Nomination / Remuneration Committee**

The Nomination / Remuneration Committee of the Board comprises of Shri Rajendra P. Chitale, Non-Executive Independent Director as Chairman, and Shri Amitabh Jhunjhunwala and Shri C. P. Jain, Non-Executive Directors, as its members. The Company Secretary of the Company is the Secretary of the Committee.

The terms of reference of the Remuneration Committee, inter alia, consist of reviewing the overall compensation policy and structure, service agreements and other employment conditions for the members of the board. During the year under review, Remuneration Committee met only once on July 30, 2008, which was attended by all members.

## Reliance Capital Limited

### Corporate Governance Report

#### Sitting fees and commission paid to directors in the year 2008-09

(Rupees in lakh)

Sr. No.	Name of the Director	Position	Sitting Fees	Salary and Perquisites	Commission	Total
1	Shri Anil D. Ambani	Chairman	0.80	-	1 100.00	1 100.80
2	Shri Amitabh Jhunjunwala	Vice Chairman	3.20	-	15.00	18.20
3	Shri Rajendra P. Chitale	Director	3.40	-	15.00	18.40
4	Shri C. P. Jain	Director	2.20	-	15.00	17.20
5	Shri P. N. Ghatalia	Director	1.20	-	-	1.20
6	Shri Anand Bhatt*	Director	0.20	-	-	0.20
<b>Total</b>			<b>11.00</b>	<b>-</b>	<b>1 145.00</b>	<b>1 156.00</b>

\*Shri Anand Bhatt ceased to be the Director of the Company upon demise w.e.f November 27, 2008.

#### Notes

- The company has not entered into any other pecuniary relationship or transactions with the non-executive directors.
- The company has so far not issued any stock options to its directors.
- Within the limits approved by the Members, the Company has paid sitting fees of Rs.20,000 per meeting to Non-Executive Directors for attending the meeting of the Board and Committees thereof.
- Pursuant to approval of Members and the approval of the Central Government, Non-Executive Directors of the Company are be entitled to remuneration by way of commission upto 3% of the profits of the Company for the current financial year.
- Shri Anil D. Ambani, Chairman has not taken commission for the year under review.

Shri Rajendra P. Chitale. The company has appointed M/s. Karvy Computershare Pvt. Ltd. to act as Registrar and Share Transfer Agent of the company. The committee also monitors redressal of investors' grievances. Particulars of investors' grievances received and redressed are furnished in the investor information section of this report.

The composition of the committee and the number of meetings held during the year are furnished hereunder.

#### Attendance of members at the meeting of the shareholders'/investors' grievances committee held during the year 2008-09

Name of the Member	Meetings held during the tenure of Directors	Meetings attended
Shri Amitabh Jhunjunwala	4	4
Shri Rajendra P. Chitale	4	4

Shri V. R. Mohan, Company Secretary, is the compliance officer.

The shareholders'/investors' grievances committee held its meetings on April 29, 2008, July 30, 2008, October 31, 2008 and January 20, 2009.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review were 1,342. There were no complaints pending as on March 31, 2009. The details of period taken on transfer of shares and nature of complaints are furnished in the investor information section of this annual report.

400 requests for transfer and 1248 requests for dematerialization were pending for approval as on March 31, 2009 which were approved, processed and dispatched on or before April 3, 2009.

#### Equity shares held by directors

Except Shri Anil D. Ambani who held 2,73,891 equity shares and Shri Rajendra P. Chitale who held 8,500 equity shares as at March 31, 2009, no other director of the company held any equity shares of the Company.

#### Details of remuneration paid to Manager for the year

The Board appointed Shri V. R. Mohan as Manager under Companies Act, 1956, w.e.f. March 7, 2006 for a period of 5 years. The aggregate value of salary, allowances and perquisites paid to Shri V. R. Mohan, Manager for the year ended March 31, 2009 was Rs.33 lakh. The above amount is inclusive of Company's contribution to Provident Fund & Superannuation Fund but does not include Gratuity & Leave Encashment which is provided at the end of tenure, as per the rules of the Company.

#### IV. Shareholders' / investors' grievances committee

The shareholders'/investors' grievances committee of the Board currently comprises Shri Amitabh Jhunjunwala and

#### V. General Body Meetings: The Company held its last three Annual General Meetings as under

Year	Location	Date	Time	Whether Special Resolution passed or not
2005-2006	Village Meghpar/Padana, Taluka Lalpur, Dist. - Jamnagar, Gujarat.	June 09, 2006	11.00 a.m.	No
2006-2007	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.	July 03, 2007	11.00 a.m.	No
2007-2008	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.	September 16, 2008	11.00 a.m.	No

**Corporate Governance Report****VI. Postal Ballot**

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

**VII. Means of communication**

Information like quarterly financial results and media releases on significant developments in the company as also presentations that have been made from time to time to the media, institutional investors and analysts are hosted on the company's web site and has also been submitted to the stock exchanges on which the company's equity shares are listed, to enable them to put them on their own web sites. The quarterly financial results are published in Business Standard (All editions) English language, Navshakti - (Mumbai edition) Marathi language.

**VIII. EDIFAR / Corporate Filing**

As per the requirements of clauses 51 and 52 of the listing agreement with the stock exchanges, all the data relating to quarterly financial results, shareholding pattern, quarterly report on Corporate Governance etc. are being electronically filed on [www.corpfiling.co.in](http://www.corpfiling.co.in) in addition to the filling the same with the Stock Exchanges within the timeframe prescribed in this regard. However, the Company has also filed the above data through electronic data information filing and retrieval (EDIFAR), website of SEBI ([www.sebiedifar.nic.in](http://www.sebiedifar.nic.in)).

**IX. Compliance with other mandatory requirements****1. Management discussion and analysis**

A management discussion and analysis report forms part of the annual report and includes discussions on various matters specified under clause 49(IV)(F) of the listing agreement.

**2. Subsidiaries**

Reliance General Insurance Company Ltd. (RGICL) is a material non-listed Indian subsidiary company in terms of clause 49 (III) of the listing agreement. Accordingly, Shri Rajendra P. Chitale, an independent director of the company has been appointed on the board of RGICL.

The minutes of the meetings of the board of directors of all subsidiary companies are placed before the board of directors of the company and the attention of the directors is drawn to all significant transactions and arrangements entered into by the subsidiary companies.

**3. Disclosures****a. Disclosures on materially significant related party transactions that may have a potential conflict of interest with the interests of Company at large**

During the year 2008-09, no transactions of material nature had been entered into by the Company with the Promoters or Directors or

Management, their subsidiaries or their relatives that may have a potential conflict with interest of the Company. We have disclosed the related party transactions with the subsidiary companies in Note No.11 of schedule N.

**b. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, or any matter related to Capital Markets, during the last three year.**

The Company has complied with the requirements of the Stock Exchange or SEBI on matters related to Capital Markets, as applicable from time to time.

**c. Disclosure of accounting treatment**

In the preparation of financial statements, the Company has followed the Accounting Standards as prescribed under Companies (Accounting Standard) Rules, 2006, as applicable.

**d. Disclosures on risk management**

The company has laid down procedures to inform the members of the board about the risk assessment and minimisation procedures. A risk management committee consisting of senior executives of the company periodically reviews these procedures to ensure that executive management controls risk through means of a properly defined framework. The company has framed the risk assessment and minimisation procedure which is periodically reviewed by the Audit Committee and the Board.

**e. Code of conduct**

The Company has adopted the code of conduct and ethics for directors and senior management. The code has been circulated to all the members of the board and senior management and the same has been put on the company's website [www.reliancecapital.co.in](http://www.reliancecapital.co.in).

The board members and senior management have affirmed their compliance with the code and a declaration signed by the Manager of the Company appointed in terms of the Companies Act, 1956 (i.e. the CEO within the meaning of clause 49-V of the listing agreement) is given below:

"It is hereby declared that the company has obtained from all members of the board and senior management affirmation that they have complied with the code of conduct for directors and senior management of the company for the year 2008-09".

**V. R. Mohan**  
Manager

## Reliance Capital Limited

### Corporate Governance Report

#### f. CEO/CFO certification

A certificate from the CEO and CFO was placed before the board.

#### g. Review of directors' responsibility statement

The board in its report has confirmed that the annual accounts for the year ended March 31, 2009 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

### X. Compliance with non-mandatory requirements

#### 1. Tenure of independent directors on the board

The tenure of independent directors on the board of the company shall not exceed, in the aggregate, a period of nine years.

#### 2. Nomination / Remuneration Committee

The board has set up a remuneration committee details whereof are furnished at Sr. No. III of this report.

#### 3. Shareholders' rights

The quarterly financial results including summary of significant events of relevant period of six months are published in newspapers and hosted on the website of the company.

#### 4. Audit qualifications

Strategic decisions were taken during the year resulting in unqualified financial statements of the company.

#### 5. Training of board members

A program has been devised to train board members in the business model of the company, risk profile of the business parameters and their responsibilities as directors.

#### 6. Whistle blower policy

The company has formulated a policy to prohibit

managerial personnel from taking adverse personnel action against employees disclosing in good faith alleged wrongful conduct on matters of public concern involving violation of any law, mismanagement, gross waste or misappropriation of public funds, substantial and specific danger to public health and safety or an abuse of authority. The policy also lays down the mechanism for making enquiry into whistle blower complaint received by the company.

Employees aware of any alleged wrongful conduct are encouraged to make a disclosure to the audit committee. Employees knowingly making false allegations of alleged wrongful conduct to the audit committee shall be subject to disciplinary action. No personnel of the company has been denied access to the grievance redressal mechanism of the company.

### XI. General shareholder information

The mandatory as also various additional information of interest to investors is voluntarily furnished in a separate section on investor information elsewhere in this annual report.

#### Auditors' certificate on corporate governance report

The Auditors' certificate on compliance of clause 49 of the listing agreement relating to corporate governance report is published elsewhere in this annual report.

#### Review of governance practices

We have in this report attempted to present the governance practices and principles being followed at Reliance Capital, as evolved over the years, and as best suited to the needs of our business and stakeholders.

Our disclosures and governance practices are continually revisited, reviewed and revised to respond to the dynamic needs of our business and ensure that our standards are at par with the globally recognised practices of governance, so as to meet the expectations of all our stakeholders.



## Reliance Capital Limited

**Investor Information****Annual General Meeting**

The twenty third Annual General Meeting will be held on Tuesday, July 21, 2009 at 11.00 a.m. at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.

**Financial year of the company**

The financial year of the company is from April 1 to March 31 each year.

**Website**

The website of the company [www.reliancecapital.co.in](http://www.reliancecapital.co.in) contains a sub-menu on Investor Relations. It carries comprehensive information of interest to our investors including on the results of the company, dividends declared by the company, any price sensitive information disclosed to the regulatory authorities from time to time, business activities of the company and the services rendered / facilities extended by the company to our investors.

**Dedicated email id for investors**

For the convenience of our investors, the Company has designated an exclusive email id for investors i.e. [rcinvestor@relianceada.com](mailto:rcinvestor@relianceada.com)

**Compliance Officer**

Shri V. R. Mohan, Company Secretary & Manager is the Compliance Officer of the Company.

**Registrar and Share Transfer Agent (RTA)****M/s. Karvy Computershare Pvt. Ltd.**

Unit: Reliance Capital Limited  
Plot No. 17-24, Vittal Rao Nagar, Madhapur,  
Hyderabad 500 081.  
Tel. No: 040 2342 0815-25  
Fax No: 040 2342 0859 e-mail: [rcinvestor@karvy.com](mailto:rcinvestor@karvy.com)

Shareholders/investors are requested to forward share transfer documents, dematerialisation requests and other related correspondence directly to Karvy Computershare Pvt. Ltd. at the above address for speedy response.

**Dividend announcements**

The Board of Directors of the Company have recommended a dividend of Rs.6.50 (65 per cent) per equity share of the company for the financial year ended March 31, 2009, subject to the approval by shareholders at the Meeting. The dividend, if approved, will be paid on or after July 21, 2009.

**Book closure dates for the purpose of dividend and AGM**

To determine the entitlement of shareholders to receive the final dividend, if any, for the year ended March 31, 2009, the Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 3, 2009 to Friday, July 10, 2009 (both days inclusive) as well as for the purpose of AGM.

**Dividend remittance**

Dividend on equity shares as recommended by the directors for the year ended March 31, 2009, when declared at the meeting, will be paid:

- (ii) to those members whose names appear on the register of members of the company, after giving effect to all valid share transfers in physical form lodged with the Company on or before July 2, 2009, and
- (iii) in respect of shares held in electronic form, to those "deemed members" whose names appear in the

statements of beneficial ownership furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) as at the end of business hours on July 2, 2009.

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

Agra, Ahmedabad, Allahabad, Amritsar, Asansol, Aurangabad, Bangalore, Baroda, Belgaum, Bhilwara, Bhopal, Bhubaneswar, Bikaner, Burdwan, Calicut, Chandigarh, Chennai, Cochin, Coimbatore, Cuttack, Deharadun, Dhanbad, Durgapur, Erode, Gorakhpur, Guwahati, Gwalior, Haldia, Hubli, Hyderabad, Indore, Jabalpur, Jaipur, Jalandhar, Jammu, Jamnagar, Jamshedpur, Jodhpur, Kakinada, Kanpur, Kolhapur, Kolkata, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Mysore, Nagpur, Nasik, Nellore, New Delhi, Panjim, Patna, Pondichery, Pune, Raipur, Rajkot, Ranchi, Salem, Shimla, Shimoga, Sholapur, Siliguri, Surat, Tirupati, Tirupur, Trichur, Trichy, Trivandrum, Udaipur, Udipi, Varanasi, Vijayawada, Vizag.

**Unclaimed Dividends****(i) Transfer to the Central Government**

Pursuant to section 205A of the Companies Act, 1956, unclaimed dividends upto and including for the financial year 1993-94 have been transferred to the General Revenue Account of the Central Government. The shareholders who have not encashed their dividend warrants relating to financial year(s) upto 1993-94 are requested to claim the amounts from the Registrar of Companies, Maharashtra, CGO Complex, 2<sup>nd</sup> Floor, "A" Wing, CBD - Belapur, Navi Mumbai 400 614, Telephone: (022) 2757 6802 in the prescribed form which will be furnished by the company on request.

**(ii) Transfer to the Investor Education and Protection Fund**

The dividends for the year 1994-95 to 2000-2001 remaining unclaimed for 7 years from the date of declaration have been transferred to the Investor Education and Protection Fund established by the Government of India pursuant to section 205C of the Companies Act, 1956. Consequently, no claim shall lie against the said Fund or the company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date they first become due for payment.

**(iii) Dividends to be transferred to the Investor Education and Protection Fund (IEPF)**

The dividend for the following years remaining unclaimed for 7 years from the date of declaration are required to be transferred by the company to IEPF and the various dates for transfer of such amounts are as under:

Financial year	Date of declaration	Due for transfer on
31-03-2002	06-07-2002	05-07-2009
31-03-2003	28-06-2003	27-06-2010
31-03-2004	10-07-2004	09-07-2011
31-03-2005	17-08-2005	16-08-2012
31-03-2006	09-06-2006	08-06-2013
31-03-2007	03-07-2007	02-07-2014
31-03-2008	16-09-2008	15-09-2015

Members who have so far not encashed their dividend warrants or have not received the dividend warrants are requested to seek issuance of duplicate warrants. The company during the

## Reliance Capital Limited

### Investor Information

year 2008-09 has also individually intimated the concerned members of non-encashment of their dividend warrants. Such members may write to the RTA of the company, for payment of unclaimed dividend amounts.

#### Direct deposit of dividend (electronic clearing service)

Members desirous of receiving dividend by direct electronic deposit to their bank accounts may authorise the company with their mandate. For details, kindly write to the RTA of the company or visit the investor relations section at our website [www.reliancecapital.co.in](http://www.reliancecapital.co.in)

#### Bank details for physical shareholdings

In order to provide protection against fraudulent encashment of dividend warrants, members are requested to provide, if not provided earlier, their bank account numbers, bank account type, names and addresses of bank branches, quoting folio numbers, to the registrar and share transfer agents of the company to enable them to incorporate the same on their dividend warrants. This is a mandatory requirement in terms of Securities and Exchange Board of India (SEBI) circular no. D&CC/FITTC/CIR-04/2001 dated November 13, 2001.

#### Bank details for electronic shareholdings

While opening Accounts with depository participants (DPs), you may have given your bank accounts details, which will be used by the company for printing on dividend warrants for remittance of dividend. SEBI vide its circular no. DCC/FITTCIR-3/2001 dated October 15, 2001 has advised that all companies should mandatorily use electronic clearing service (ECS) facility, wherever available. SEBI has also, vide its circular dated November 13, 2001 referred to above, advised companies to mandatorily print the bank account details furnished by the depositories, on the dividend warrants. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the monies in the account specified on the dividend warrants and ensures safety for the investors. However, members who wish to receive dividend in an account other than the one specified while opening the depository account, may notify their DPs about any change in bank account details. Members are requested to furnish complete details of their bank accounts including MICR codes of their banks to their DPs.

#### Nomination facility

Individual shareholders of physical shares can nominate any person for the shares held by them. This will save the nominee from going through the lengthy process of getting the shares later on transmitted to his / her name. For further details, shareholders may write to the RTA of the company or visit the investor relations section at our website [www.reliancecapital.co.in](http://www.reliancecapital.co.in)

#### Share transfer system

Shareholders / investors are requested to send share transfer related documents directly to our RTA whose address is given at the beginning of this section. A committee of executives of the company is authorised to approve transfer of shares. If the transfer documents are in order, the transfer of shares is registered within 7 days of receipt of transfer documents by our RTA.

#### Odd lot shares scheme for small shareholders

In view of the difficulty experienced by the shareholders of the Company in selling their odd lot shares in the stock market and to mitigate the hardships caused to them, Reliance Anil Dhirubhai Ambani Group has framed a scheme for the purchase and disposal of odd lot equity shares at the prevailing market

rate price. The scheme is available to the shareholders of Reliance Capital Limited who hold upto 49 shares in physical form. The shareholders who wish to avail the above facility can contact the RTA of the Company.

#### Group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969).

The following persons constitute the Group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969), which exercises, or is established to be in a position to exercise, control, directly or indirectly, over the company.

Shri Anil Dhirubhai Ambani  
Smt. Tina A. Ambani  
Smt. Kokila D. Ambani  
Master Jai Anmol Ambani  
Master Jai Anshul Ambani  
AAA & Sons Enterprises Pvt. Ltd.  
AAA Advertisement Pvt. Ltd.  
AAA Advisory Services Pvt. Ltd.  
AAA Business Machines Pvt. Ltd.  
AAA Cap Advisory Services Pvt. Ltd.  
AAA Communication Pvt. Ltd.  
AAA Corporation Pvt. Ltd.  
AAA Digital Imaging Pvt. Ltd.  
AAA Enterprises and Ventures Pvt. Ltd.  
AAA Enterprises Pvt. Ltd.  
AAA Entertainment Pvt. Ltd.  
AAA Facilities Solutions Pvt. Ltd.  
AAA Finance Management Pvt. Ltd.  
AAA Global Ventures Pvt. Ltd.  
AAA Home Entertainment Services Pvt. Ltd.  
AAA Industries Pvt. Ltd.  
AAA Infra Advising Services Pvt. Ltd.  
AAA Infrastructure Consulting and Engineers Pvt. Ltd.  
AAA Infrastructure Finance Management Pvt. Ltd.  
AAA Infrastructure Investments Pvt. Ltd.  
AAA Infrastructure Solutions Pvt. Ltd.  
AAA International Capital Pvt. Ltd.  
AAA Pivotal Enterprises Pvt. Ltd.  
AAA Power Systems (Global) Pvt. Ltd.  
AAA Project Ventures Pvt. Ltd.  
AAA Resources Pvt. Ltd.  
AAA Telecom Holdings Pvt. Ltd.  
ADA Enterprises & Ventures Pvt. Ltd.  
ADA Enterprises and Ventures Pvt. Ltd.  
ADAE Global Pvt. Ltd.  
Adlabs Films Ltd.  
Ambani Industries Pvt. Ltd.  
Ambani International Pvt. Ltd.  
Big Animation (India) Pvt. Ltd.  
Big Flicks Pvt. Ltd.  
BSES Kerala Power Ltd.  
Coastal Andhra Power Infrastructure Ltd.  
Coastal Andhra Power Ltd.  
Emerald Telecom Services Pvt. Ltd.  
Fidelity Shares and Securities Pvt. Ltd.  
Gaylord Investments and Trading Pvt. Ltd.  
Guruvas Textiles Pvt. Ltd.  
Hansdhvani Trading Company Pvt. Ltd.  
Hui Investments Unlimited  
Ikosel Investments Ltd.  
Jump Games Pvt. Ltd.  
K.D. Ambani Trust  
Kalai Power Pvt. Ltd.

## Reliance Capital Limited

**Investor Information**

Kokilaben Dhirubhai Ambani Enterprises Pvt. Ltd.	Reliance Land Pvt. Ltd.
Maharashtra Energy Generation Infrastructure Ltd.	Reliance Ltd.
Maharashtra Energy Generation Ltd.	Reliance Natural Resources Ltd.
Millsfield Enterprises Ltd.	Reliance Net Ltd.
MP Power Generation Pvt. Ltd.	Reliance Power Ltd.
ND's Art World Pvt. Ltd.	Reliance Power Transmission Ltd.
Quadro Mercantile Pvt. Ltd.	Reliance Prima Ltd.
Reliance Anil Dhirubhai Ambani Group (UK) Pvt. Ltd.	Reliance Property Developers Ltd.
Reliance Anil Dhirubhai Ambani Investments (UK) Ltd.	Reliance Telecom Ltd.
Reliance Big Broadcasting Pvt. Ltd.	Rosa Power Supply Company Ltd.
Reliance Big Entertainment Pvt. Ltd.	Sasan Power Infrastructure Ltd.
Reliance Big News Pvt. Ltd.	Sasan Power Infraventures Pvt. Ltd.
Reliance Big Pvt. Ltd.	Sasan Power Ltd.
Reliance Coal Resources Pvt. Ltd.	Serbus Asia Pvt. Ltd.
Reliance Communications Infrastructure Ltd.	Sevenstar Corporate Services Pvt. Ltd.
Reliance Communications Ltd.	Shreenathji Krupa Endeavour Management Pvt. Ltd.
Reliance Energy Generation Ltd.	Shreenathji Krupa Project Management Pvt. Ltd.
Reliance Energy Ltd.	Siyom Hydro Power Pvt. Ltd.
Reliance Enterprises and Ventures Pvt. Ltd.	Solaris Information Technology Pvt. Ltd.
Reliance Entertainment Ventures Pvt. Ltd.	Sonata Investments Ltd.
Reliance Futura Ltd.	Tareson Company Ltd.
Reliance General Insurance Company Ltd.	Tato Hydro Power Pvt. Ltd.
Reliance Goa and Samlkot Power Ltd.	Telecom Infrastructure Finance Pvt. Ltd.
Reliance India Pvt. Ltd.	Trans-Pacific Advisory Services Pvt. Ltd.
Reliance Infrastructure Ltd.	Urthing Sobla Hydro Power Pvt. Ltd.
Reliance Infratel Ltd.	Vidarbha Industries Power Ltd.
Reliance Infraventures Ltd.	Whitehills Corporate Services Pvt. Ltd.
Reliance Innoventures Pvt. Ltd.	Zapak Digital Entertainment Ltd.

The above disclosure has been made, inter alia, for the purpose of Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

**Shareholding pattern**

Category	As on 31-03-2009		As on 31-03-2008	
	No. of shares	%	No. of shares	%
<b>A Holdings of the Promoter Group</b>				
AAA Enterprises Pvt. Ltd.	12 63 89 839	51.45	12 63 89 839	51.45
Anil D. Ambani	2 73 891	0.11	2 73 891	0.11
Tina A. Ambani	2 63 474	0.11	2 63 474	0.11
Kokila D. Ambani	5 45 126	0.22	5 45 126	0.22
Jai Anmol A. Ambani	83 487	0.03	83 487	0.03
Jai Anshul A. Ambani	5	-	5	-
Reliance Innoventures Pvt. Ltd.	5 76 450	0.23	5 76 450	0.23
Hansdhvani Trading Company Pvt. Ltd.	2	-	2	-
Sonata Investments Ltd.	32 50 000	1.32	29 99 722	1.22
<b>Sub-total</b>	<b>13 13 82 274</b>	<b>53.49</b>	<b>13 11 31 996</b>	<b>53.39</b>
<b>B Non-promoters holdings</b>				
1 Institutional investors				
a. Mutual Funds and Unit Trust of India	14 40 470	0.59	25 22 628	1.03
b. Banks, Financial Institutions, Insurance Companies, Governments	85 84 388	3.49	50 07 518	2.04
c. Foreign Institutional Investors	5 01 82 165	20.43	6 47 88 942	26.38
<b>Sub-total</b>	<b>6 02 07 023</b>	<b>24.51</b>	<b>7 23 19 088</b>	<b>29.44</b>
2 Others				
a. Private Corporate Bodies	1 20 15 724	4.89	75 08 408	3.06
b. Indian Public/Others	3 90 51 396	15.90	3 18 92 774	12.98
c. Non Resident Indians/Overseas Corporate Bodies	12 84 852	0.52	10 87 811	0.44
d. GDRs	16 91 531	0.69	16 92 723	0.69
<b>Sub-total</b>	<b>5 40 43 503</b>	<b>22.00</b>	<b>4 21 81 716</b>	<b>17.17</b>
<b>Grand total</b>	<b>24 56 32 800</b>	<b>100.00</b>	<b>24 56 32 800</b>	<b>100.00</b>

## Reliance Capital Limited

### Investor Information

#### Top 10 shareholders as on March 31, 2009

Sr. No.	Name of the shareholder	No. of shares	%
1	AAA Enterprises Pvt. Ltd.	12 63 89 839	51.45
2	Janus Overseas Fund	94 59 592	3.85
3	Life Insurance Corporation of India	78 91 113	3.21
4	J. P. Morgan	66 70 282	2.72
5	Sonata Investments Ltd.	32 50 000	1.32
6	International Growth Portfolio	31 22 857	1.27
7	Janus Advisor International Growth Fund	28 51 288	1.16
8	Vanguard	27 08 990	1.10
9	Swiss Finance Corporation (Mauritius) Ltd.	21 48 388	0.87
10	Abu Dhabi Investment Authority	18 11 278	0.74

#### Distribution of shareholding

Number of shares	Number of shareholders as on 31.03.2009		Total shares as on 31.03.2009		Number of shareholders as on 31.03.2008		Total shares as on 31.03.2008	
	Number	%	Number	%	Number	%	Number	%
Upto 500	13 86 645	99.41	2 90 97 119	11.85	13 02 481	99.47	2 37 37 075	9.66
501 to 5000	7 506	0.54	84 44 137	3.44	6 340	0.48	72 51 346	2.95
5001 to 100000	585	0.04	1 23 26 433	5.02	231	0.02	16 04 106	0.65
100000 and above	112	0.01	19 57 65 111	79.70	448	0.03	21 30 40 273	86.74
<b>Total</b>	<b>13 94 848</b>	<b>100.00</b>	<b>24 56 32 800</b>	<b>100.00</b>	<b>13 09 500</b>	<b>100.00</b>	<b>24 56 32 800</b>	<b>100.00</b>

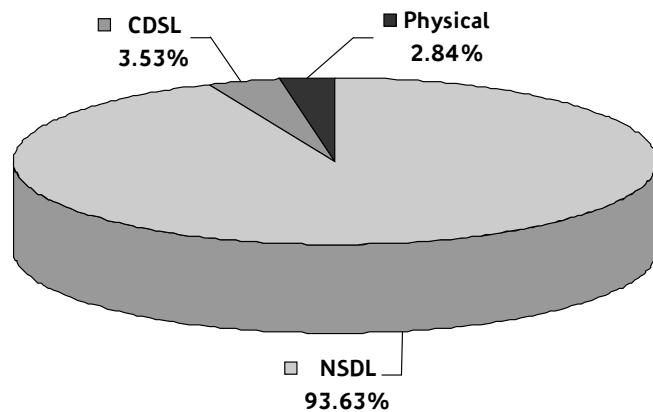
#### Dematerialisation of Shares

The company was among the first few companies to admit its shares to the depository system of National Securities Depository Ltd. (NSDL) for dematerialization of shares. The International Securities Identification Number (ISIN) allotted to the company is INE13A01015. The company was the first to admit its shares and go 'live' on to the depository system of Central Depository Services (India) Ltd. (CDSL) for dematerialization of shares. The equity shares of the company are compulsorily traded in dematerialised form as mandated by Securities and Exchange Board of India (SEBI).

#### Status of dematerialisation of shares

Electronic holdings			Physical holdings			Total		
No. of Beneficial Owners	No. of Shares	%	No. of Folios	No. of Shares	%	No. of Share holders	No. of Shares	%
8 06 489	23 86 65 121	97.16	5 88 359	69 67 679	2.84	13 94 848	24 56 32 800	100.00

The company's equity shares are actively traded on the Indian Stock Exchanges.



## Reliance Capital Limited

**Investor Information****Investors' grievances attended – April 1, 2008 to March 31, 2009**

Received from	Received during		Redressed during		Pending as on	
	2008-2009	2007-2008	2008-2009	2007-2008	31.3.2009	31.3.2008
SEBI	90	126	90	126	Nil	Nil
Stock Exchanges	42	76	42	76	Nil	Nil
NSDL/CDSL	10	19	10	19	Nil	Nil
Direct from investors	1200	815	1200	815	Nil	Nil
<b>Total</b>	<b>1342</b>	<b>1036</b>	<b>1342</b>	<b>1036</b>	<b>Nil</b>	<b>Nil</b>

**Analysis of grievances**

	2008-2009		2007-2008	
	Numbers	Percentage	Numbers	Percentage
Non-receipt of dividends	1196	89.12	738	71.24
Non-receipt of share certificates	110	8.20	227	21.91
Others	36	2.68	71	6.85
<b>Total</b>	<b>1342</b>	<b>100.00</b>	<b>1036</b>	<b>100.00</b>

**Notes**

- Investors queries / grievances are normally attended within a period of 3 days from the date of receipt thereof, except in cases involving external agencies or compliance with longer procedural requirements specified by the authorities concerned.
- The shareholder base was to 13,94,848 as of March 31, 2009 and 13,09,500 as of March 31, 2008.
- All the queries and grievances received during the year have been redressed.

**Shareholders Satisfaction Survey**

The Company constantly endeavours to extend the best of facilities and services to shareholders and intends to further improve the service standards. In response to the Shareholders' Satisfaction Survey feedback forms mailed to our shareholders in 2008, the Company received response from shareholders, results of which are summarised hereunder:

Sr. No.	Satisfaction level of services in following areas received	% of total responses received				
		Excellent	Good	Needs improvement	Invalid	Total
1.	Response to queries/complaints	46.34	34.15	19.51	0.00	100.00
2.	Your overall rating of our investor service	48.78	34.15	17.07	0.00	100.00
3.	Presentation of information on company website	48.78	26.83	17.07	7.32	100.00
4.	Quality & Contents of Annual Report 2007-08	46.34	31.71	21.95	0.00	100.00

**Legal Proceedings**

There are certain pending cases relating to disputes over title to shares, in which the Company is made a party. These cases are however not material in nature.

**Stock Exchange listings**

The company is an actively traded scrip on the bourses.

**A. Stock Exchanges on which the shares of the company are listed****1. Bombay Stock Exchange Ltd.**

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 001  
Telephone: +91 22 2272 1233 / 34  
Fax: +91 22 2272 1919  
E-mail : corp.relations@bseindia.com  
Website : www.bseindia.com

**2. National Stock Exchange of India Ltd.**

Exchange Plaza, Plot no. C/1, G Block  
Bandra-Kurla Complex,  
Bandra (East), Mumbai 400 051.  
Telephone: +91 22 2659 8235 / 36  
Fax: +91 22 2659 8237 / 38  
E-mail : cmlist@nse.co.in  
Website : www.nseindia.com

**B. Stock Exchange on which the GDRs of the Company are listed****Luxembourg Stock Exchange**

Societe de la Bourse  
De Luxembourg  
Societe Anonyme  
RC Luxembourg B 6222  
BP 165 L - 2011 Luxembourg  
Siege Social 11, Avenue De la Porte-Neuve

**C. Depository bank for GDR holders**

Deutsche Bank Trust Company Americas  
60 Wall Street  
New York  
New York 10005

## Reliance Capital Limited

### Investor Information

#### D. Stock codes/symbols for equity shares

Name of the Exchange	Physical	Electronic
Bombay Stock Exchange Ltd.	500111	INE 13A01015
National Stock Exchange of India Ltd.	RELCAPITAL	INE 13A01015

#### E. Security Codes of RCL GDRs

	Master Rule 144A GDRs	Master Regulation S GDRs
CUSIP	75945L103	75945L202
ISIN	US75945L1035	US75945L2025
Common Code	026469457	026470315

Note: The GDRs are admitted to listing on the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF market. The Rule 144A GDRs have been accepted for clearance and settlement through the facilities of DTC, New York. The Regulation S GDRs have been accepted for clearance and settlement through the facilities of Euroclear and Clearstream, Luxembourg. The Rule 144A GDRs have been designated as eligible for trading on PORTAL.

**An Index Scrip:** Equity Shares of the Company are included in the Indices viz. NSE S&P CNX Nifty, NSE S&P CNX Defty, NSE S&P CNX 500, BSE100, BSE200, BSE500, NSE S&P CNX 100, CNX Service Sector Index and MSCI India.

#### Outstanding GDRs of the company, conversion date and likely impact on equity

Outstanding GDRs as on March 31, 2009 represent 16,91,531 equity shares constituting 0.69% of the paid up equity share capital of the company.

#### Equity history

Details of issue of equity shares in the last two decades

Sr. No.	Date	Particulars of Issue / Forfeitures	Issue Price per equity share	No. of shares	Cumulative Total
1	5-3-1986	Shares issued upon incorporation	Rs.10	7 000	7 000
2	21-6-1990	1st Public Issue	Rs.10	1 99 93 000	2 00 00 000
3	28-8-1992	Equity shares issued upon amalgamation of Arasina hotels with the Company	-	18 70 000	2 18 70 000
4	10-2-1993	1st Rights Issue 1992 with a ratio of 1:1	Rs.40	2 18 77 500	4 37 47 500
5	18-7-1994 & 29-10-1994	Preferential Allotment to Promoters	Rs.50	2 74 00 000	7 11 47 500
6	20-1-1995	Public Issue 1995, Promoters / Institutions / NRI's etc.	Rs.140	4 33 97 592	11 45 45 092
7	17-2-1995	Rights Issue 1995	Rs.50	1 40 01 970	12 85 47 062
8	11-7-1995 to 13-11-1997	Allotment of Rights kept in abeyance	Rs.50	1 03 388	12 86 50 450
9	4-11-1996	Forfeiture of equity shares relating to Public Issue of 1990 and Rights Issue 1992	-	(1 23 400)	12 85 27 050
10	27-4-2000	Forfeiture of equity shares relating to Public and Rights Issue 1995	-	(12 61 455)	12 72 65 595
11	27-4-2000 to 29-7-2003	Forfeited equity shares Annulled	-	40 649	12 73 06 244
12	21-7-2005	Preferential Allotment to FIIs	Rs.228	1 62 60 001	14 35 66 245
13	2-8-2005	Preferential Allotment to promoters	Rs.228	6 00 00 000	20 35 66 245
14	22-8-2005	Allotment to promoter upon Conversion of warrants on preferential basis	Rs.228	38 00 000	20 73 66 245
15	31-3-2006	Allotment to promoter upon Conversion of warrants on preferential basis	Rs.228	1 55 00 000	22 28 66 245
16	7-8-2006 7-8-2006	Allotment pursuant to amalgamation Less: Shares extinguished due to RCVL merger with the Company	-	6 11 56 521 (6 00 89 966)	22 39 32 800
17	30-1-2007	Allotment to promoter upon Conversion of warrants on preferential basis	Rs.228	2 17 00 000	24 56 32 800

## Reliance Capital Limited

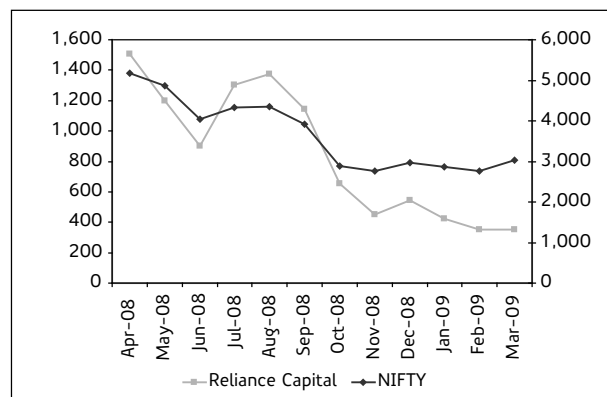
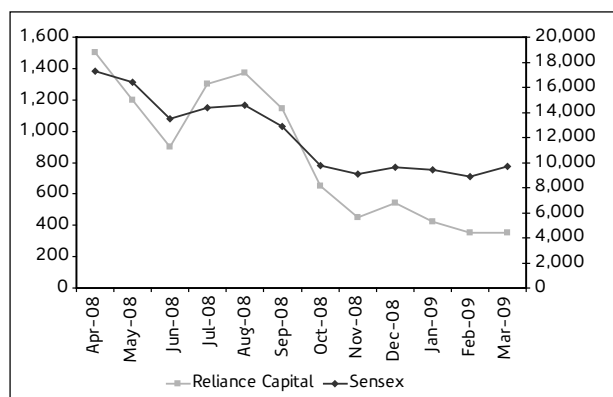
**Investor Information****Stock Price and Volume**

Monthly high and low quotations as also the volume of shares traded on the Bombay and National Stock Exchanges.

2008-09	Bombay Stock Exchange Ltd.			National Stock Exchange of India Ltd.		
	Highest Rs.	Lowest Rs.	Volume Nos.	Highest Rs.	Lowest Rs.	Volume Nos.
April	1 529.00	1 126.00	42 07 78 29 874	1529.45	1125.10	88 09 30 34 110
May	1 620.00	1 190.00	36 53 06 69 368	1569.50	1190.00	77 07 75 29 735
June	1 221.00	893.20	52 67 72 18 718	1222.00	892.20	1 07 58 37 93 546
July	1 432.50	822.50	80 74 45 56 383	1432.70	821.80	1 39 41 41 49 068
August	1 470.00	1 201.00	53 21 66 58 435	1468.70	1200.05	92 02 11 93 718
September	1 433.85	974.70	65 01 59 41 367	1433.20	1005.00	1 16 48 18 82 703
October	1 182.00	508.90	46 88 97 25 868	1182.00	505.00	87 06 54 69 012
November	778.50	405.65	31 00 78 74 117	778.90	405.00	61 45 34 78 882
December	594.80	408.00	32 99 81 79 726	596.30	407.20	67 48 75 26 120
January	625.00	376.15	27 67 14 23 636	626.40	376.10	59 57 71 19 238
February	437.00	347.10	17 89 17 35 875	437.80	347.55	39 66 93 68 561
March	381.20	274.20	23 82 44 50 026	381.70	274.10	57 15 30 40 328

**Share Price Performance in comparison to broad based indices - BSE Sensex and NSE Nifty**

During the financial year 2008-2009, RCL's share price decreased by 71.20% as compared to a decrease of 37.90% of BSE Sensex. Similarly, on NSE, RCL's share price decreased by 71.30% against an decrease of 36.20% of NSE Nifty.

**Depository services**

For guidance on depository services, shareholders may write to the RTA of the Company or National Securities Depository Ltd., Trade World, A Wing, 4th and 5th Floors, Kamala Mills Compound, Lower Parel, Mumbai 400 013, Telephone: (022) 2499 4200, Facsimile: (022) 2497 2993 / 2497 6351, e-mail: [info@nsdl.co.in](mailto:info@nsdl.co.in), website: [www.nsdl.com](http://www.nsdl.com) or Central Depository Services (India) Ltd., Phiroze Jeejeebhoy Towers, 16th Floor, Dalal Street, Mumbai 400 023. Tel.: 022-2272 3333 Facsimile: (022) 2272 3199 / 2072, website: [www.cdslindia.com](http://www.cdslindia.com), e-mail: [investors@cdslindia.com](mailto:investors@cdslindia.com).

**Communication to members**

The quarterly financial results of the company are announced within a month of the end of the respective quarter. The company's media releases and details of significant developments are also made available on the website. These are published in leading newspapers, in addition to hosting them on the company's website: [www.reliancecapital.co.in](http://www.reliancecapital.co.in).

## Reliance Capital Limited

### Investor Information

#### Policy on insider trading

The company has formulated a code of conduct for prevention of insider trading (RCL Code) in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time. The board has appointed Shri V. R. Mohan, Company Secretary & Manager as the Compliance Officer under the RCL code responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the code of conduct under the overall supervision of the board. The RCL code, inter alia, prohibits purchase and/or sale of shares of the company by an insider or by any other company, while in possession of unpublished price sensitive information in relation to the company during certain prohibited periods. The RCL code is available on the company's website.

#### Secretarial audit for reconciliation of capital

The Securities and Exchange Board of India has directed vide circular no. D&CC/FITTC/CIR-16/2002 dated December 31, 2002 that all issuer companies shall submit a certificate of capital integrity, reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued / paid up capital.

The said certificate, duly certified by a qualified chartered accountant is submitted to the stock exchanges where the securities of the company are listed within 30 days of the end of each quarter and the certificate is also placed before the board of directors of the company.

#### Key Financial Reporting Dates for the Financial Year 2009-10

Unaudited results for the first quarter ended June 30, 2009	:	On or before July 31, 2009
Unaudited results for the second quarter / half year ended September 30, 2009	:	On or before October 31, 2009
Unaudited results for the third quarter ended December 31, 2009	:	On or before January 31, 2010
Audited results for the financial year 2009-10	:	On or before June 30, 2010

#### Any queries relating to the financial statements of the company may be addressed to

Shri Amit Bapna  
Chief Financial Officer  
Reliance Capital Limited  
H Block, 1st Floor  
Dhirubhai Ambani Knowledge City  
Navi Mumbai 400 710  
Telephone: +91 22 3047 9400  
Facsimile: +91 22 3032 7202  
Email : [rcl.investor@relianceada.com](mailto:rcl.investor@relianceada.com)

#### Investors' correspondence may be addressed to the Compliance Officer of the Company

Shri V. R. Mohan  
Company Secretary & Manager  
Reliance Capital Limited  
H Block, 1st Floor,  
Dhirubhai Ambani Knowledge City,  
Navi Mumbai 400 710  
Telephone: +91 22 3047 9800  
Facsimile: +91 22 3032 7202  
Email : [rcl.investor@relianceada.com](mailto:rcl.investor@relianceada.com)

#### Plant Locations

The Company is engaged in the business of financial services and has no plant.



## Reliance Capital Limited

**Auditors' Report on Financial Statements**

To,  
The Members of  
Reliance Capital Limited

We have audited the attached balance sheet of Reliance Capital Limited ('the Company') as at March 31, 2009, the profit and loss account and the cash flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to above, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the 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, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- d) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
- e) on the basis of written representations received from the directors as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- f) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2009;
  - (ii) in the case of the profit and loss account, of the profit for the year ended on that date; and
  - (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **CHATURVEDI & SHAH**  
Chartered Accountants

**C. D. Lala**  
Partner  
Membership No.: 35671

Mumbai  
Dated: April 30, 2009

For **B S R & Co.**  
Chartered Accountants

**Akeel Master**  
Partner  
Membership No.: 046768

Mumbai  
Dated: April 30, 2009

## Reliance Capital Limited

### Annexure to Auditors' Report

(Referred to in our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.
  2. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
  - (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of inventory. As explained to us, no material discrepancies were noticed between the physical stocks and the book records.
  3. (a) The Company has granted unsecured demand loans to 2 companies covered in the register maintained under section 301 of the Act. One of the loans amounting to Rs.229.25 crore was interest-free. The maximum amount outstanding during the year was Rs.241.35 crore and the year end balance of such loans was Rs.241.35 crore.
  - (b) In our opinion, the rate of interest and other terms and conditions on which loans have been granted to companies, firms or other parties listed in the register maintained under section 301 of the Act are not, prima facie, prejudicial to the interest of the company.
  - (c) The loans granted to the aforementioned 2 companies covered in the register under section 301 of the Act are repayable on demand. According to the information and explanations given to us, the borrowers have been regular in repaying in the payment of interest, where applicable.
  - (d) There is no overdue amount of more than rupees one lakh in respect of loans granted to any of the companies listed in the register maintained under section 301 of the Act.
  - (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, paragraphs 4(iii)(f) and 4(iii)(g) of the Order are not applicable to the Company.
  4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
  5. In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Act.
  6. The Company has not accepted any deposits from the public. Accordingly, paragraph 4(vi) of the Order is not applicable.
  7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
  8. The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Act for any of the services rendered by the Company. Accordingly, paragraph 4(viii) of the Order is not applicable.
  9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.
- There were no dues on account of Cess under section 441A of the Act since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

## Reliance Capital Limited

**Annexure to Auditors' Report**

According to the information and explanations given to us, no undisputed amounts payable in respect Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues

were in arrears as at March 31, 2009 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, following dues of sales tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Gujarat Sales tax Act, 1969	Sales tax	475,916	2001-02	Gujarat Sales tax Tribunal, Ahmedabad
Madhya Pradesh Sales Tax Act, 1969	Sales tax	430,472	1996-97	Appellate Deputy Commissioner of the Commercial Tax, Indore Division 1

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or its debenture holders.
12. In our opinion, the Company has maintained adequate records in cases where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund/ society. Accordingly, paragraph 4(xiii) of the Order is not applicable.
14. The Company has maintained proper records of transactions and contracts in respect of trading in shares, debentures, and other investments and timely entries have been made therein.
15. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short- term basis have not been used for long-term investment.
18. During the year, the Company has not made any preferential allotment of shares to companies/firms/ parties covered in the register maintained under Section 301 of the Act.
19. According to the information and explanations given to us, the Company has created security or charge in respect of debentures issued during the year.
20. The Company has not raised any money by public issue during the year. Accordingly, paragraph 4(xx) of the Order is not applicable.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **CHATURVEDI & SHAH**  
Chartered Accountants

**C. D. Lala**  
Partner  
Membership No.: 35671  
Mumbai  
Dated: April 30, 2009

For **B S R & Co.**  
Chartered Accountants

**Akeel Master**  
Partner  
Membership No.: 046768  
Mumbai  
Dated: April 30, 2009

## Reliance Capital Limited

**Balance Sheet as at March 31, 2009**

(Rs. in crore)

	SCHEDULE	As at March 31, 2009	As at March 31, 2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	A	246.16	246.16
(b) Reserves & Surplus	B	<u>6 560.28</u>	<u>5 779.07</u>
		<b>6 806.44</b>	6 025.23
<b>Loan funds</b>			
(a) Secured Loans	C	4 937.04	2 454.48
(b) Unsecured Loans	D	<u>8 844.09</u>	<u>6 871.10</u>
		<b>13 781.13</b>	9 325.58
Deferred Tax Liability (Refer Note No. 13, Schedule "N")		<b>6.50</b>	23.50
<b>TOTAL</b>		<u><u>20 594.07</u></u>	<u><u>15 374.31</u></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
(a) Gross Block	E	351.63	336.24
(b) Accumulated Depreciation		<u>252.69</u>	<u>231.61</u>
(c) Net Block		<u>98.94</u>	<u>104.63</u>
(d) Capital Work-in-Progress		<u>93.79</u>	<u>17.45</u>
		<b>192.73</b>	122.08
<b>Investments</b>			
<b>Current assets, loans and advances</b>			
(a) Stock-in-trade	G	0.53	0.82
(b) Sundry Debtors		81.47	185.21
(c) Cash & Bank Balances		74.52	893.91
(d) Other Current Assets		429.88	242.12
(e) Loans & Advances		<u>11 345.87</u>	<u>10 187.15</u>
		<u>11 932.27</u>	<u>11 509.21</u>
<b>Less: Current Liabilities &amp; Provisions</b>			
(a) Current Liabilities	H	146.84	843.09
(b) Provisions		<u>239.59</u>	<u>227.01</u>
		<u>386.43</u>	<u>1 070.10</u>
Net Current Assets		<b>11 545.84</b>	10 439.11
<b>Unamortised Expenditure</b>	I	<u>109.01</u>	<u>97.73</u>
		<u><u>20 594.07</u></u>	<u><u>15 374.31</u></u>
<b>Significant Accounting Policies</b>	M		
<b>Notes to the Accounts</b>	N		

The schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date

For **CHATURVEDI & SHAH**  
Chartered Accountants

**C. D. Lala**  
Partner  
Membership No.: 35671  
Mumbai  
Dated: April 30, 2009

For **B S R & Co.**  
Chartered Accountants

**Akeel Master**  
Partner  
Membership No.: 046768

For and on behalf of the Board

Chairman  
Vice Chairman

Directors

Company Secretary & Manager  
Mumbai  
Dated: April 30, 2009

**Anil D. Ambani**  
**Amitabh Jhunjhunwala**

{ **Rajendra P. Chitale**  
**C. P. Jain**  
**P. N. Ghatalia**

**V. R. Mohan**

## Reliance Capital Limited

**Profit and Loss Account for the year ended March 31, 2009**

(Rs. in crore)

	SCHEDULE	2008-09	2007-08
<b>INCOME</b>			
Operating & Other Income	J	3 017.29	2 079.79
<b>EXPENDITURE</b>			
Interest & Finance Charges	K	1 236.75	408.15
Administrative & Other Expenses	L	682.30	483.10
Depreciation & Amortisation		21.22	17.09
		<u>1 940.27</u>	<u>908.34</u>
<b>PROFIT BEFORE TAX</b>		<b>1 077.02</b>	<b>1 171.45</b>
Provision for Current Taxation		123.50	129.00
Provision for Fringe Benefit Tax		2.50	2.50
(Writeback) / Provision for Deferred Tax		(17.00)	14.50
<b>PROFIT AFTER TAX</b>		<b>968.02</b>	<b>1 025.45</b>
Balance in Profit & Loss Account Brought Forward		1 429.72	873.36
Excess / (Short) Provision for Income Tax for Earlier Years		-	(3.41)
<b>Profit Available for Appropriations</b>		<b>2 397.74</b>	<b>1 895.40</b>
<b>APPROPRIATIONS</b>			
Proposed Dividend		159.66	135.10
Tax on Proposed Dividend		27.14	22.94
Transfer to Statutory Reserve Fund		193.61	205.09
Transfer to General Reserve		96.81	102.55
Balance in Profit & Loss Account Carried Forward		1 920.52	1 429.72
		<u>2 397.74</u>	<u>1 895.40</u>
Earning per Equity Share of Rs 10 each Fully Paidup (Refer Note No. 12, Schedule "N")			
Basic (Rs.)		39.41	41.75
Diluted (Rs.)		39.41	41.75

**Significant Accounting Policies** M**Notes to the Accounts** N

The schedules referred to above form an integral part of the Profit &amp; Loss Account.

As per our report of even date

For **CHATURVEDI & SHAH**  
Chartered Accountants**C. D. Lala**  
Partner  
Membership No.: 35671  
Mumbai  
Dated: April 30, 2009For **B S R & Co.**  
Chartered Accountants**Akeel Master**  
Partner  
Membership No.: 046768

For and on behalf of the Board

Chairman  
Vice Chairman

Directors

Company Secretary & Manager  
Mumbai  
Dated: April 30, 2009**Anil D. Ambani**  
**Amitabh Jhunjhunwala**{ **Rajendra P. Chitale**  
**C. P. Jain**  
**P. N. Ghatalia**  
**V. R. Mohan**

## Reliance Capital Limited

**Schedules forming part of the Balance Sheet as at March 31, 2009**

(Rs. in crore)

	As at March 31, 2009	As at March 31, 2008
<b>Schedule "A"</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
30 00 00 000 Equity Shares of Rs.10 each (30 00 00 000)	300.00	300.00
10 00 00 000 Preference Shares of Rs.10 each (10 00 00 000)	<u>100.00</u>	<u>100.00</u>
	<u>400.00</u>	<u>400.00</u>
<b>Issued and subscribed</b>		
24 69 77 006 equity shares of Rs.10 each (24 69 77 006)	<u>246.98</u>	<u>246.98</u>
<b>Paid up</b>		
24 56 32 800 Equity Shares of Rs.10 each (24 56 32 800)	245.63	245.63
Add: Forfeited Shares (Amount originally paid up on 13 44 206 Equity Shares of Rs.10 Each) (13 44 206)	<u>0.53</u>	<u>0.53</u>
	<u>246.16</u>	<u>246.16</u>
	<u>246.16</u>	<u>246.16</u>

**Notes**

Of the above Equity Shares

- i) 29,36,555 shares (Previous Year 29,36,555) were allotted as fully paid-up pursuant to the Schemes of Amalgamation and arrangement without payment being received in cash.
- ii) 12,63,89,839 shares (Previous Year 12,63,89,839) are held by AAA Enterprises Pvt. Ltd., the holding company.
- iii) 5,76,450 shares (previous Year 5,76,450) are held by Reliance Innoventures Pvt. Ltd., the Ultimate Parent Company.

(Rs. in crore)

	As at March 31, 2009	As at March 31, 2008
<b>Schedule "B"</b>		
<b>Reserves and Surplus</b>		
<b>Capital Reserve</b>	6.43	6.43
<b>Capital Redemption Reserve</b>	10.13	10.13
<b>Securities Premium Account</b>	3 290.96	3 290.96
<b>Statutory Reserve Fund *</b>		
As per last Balance Sheet	621.56	416.47
Add: Amount transferred from Profit & Loss Account	<u>193.61</u>	<u>205.09</u>
	<u>815.17</u>	<u>621.56</u>
<b>General Reserve</b>	420.26	317.72
Add: Amount transferred from Profit & Loss Account	<u>96.81</u>	<u>102.55</u>
	<u>517.07</u>	<u>420.27</u>
<b>Profit &amp; Loss Account</b>	<u>1 920.52</u>	<u>1 429.72</u>
	<u>6 560.28</u>	<u>5 779.07</u>

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

## Reliance Capital Limited

**Schedules forming part of the Balance Sheet as at March 31, 2009**

(Rs. in crore)

	As at March 31, 2009	As at March 31, 2008
<b>Schedule "C"</b>		
<b>SECURED LOANS</b>		
Non Convertible Debentures	1 181.90	884.32
From Banks		
Term Loan	1 794.77	-
Working Capital Loan	1 010.29	1 378.24
Short Term Loan	950.08	-
From Collateralised Borrowing and Lending Obligation (CBLO)	-	191.92
	<u>4 937.04</u>	<u>2 454.48</u>
<b>Schedule "D"</b>		
<b>UNSECURED LOANS</b>		
From Banks		
Short Term Loan	3 250.51	2 650.00
Security Deposit - Lease	1.60	1.60
Commercial Paper	5 591.98	4 219.50
	<u>8 844.09</u>	<u>6 871.10</u>

**Notes**

1. Non convertible debentures (NCDs) referred in Schedule "C" above are redeemable at par, in one or more installments, on various dates with the earliest redemption being on April 13, 2009 and the last being on March 31, 2014. The NCDs amounting to Rs.540 crore (Previous Year Rs.884.32 crore) are redeemable in the financial year 2009-10.
  - a) NCDs amounting to Rs.380 crore (Previous Year Rs.515 crore) as referred in Schedule "C" above are secured by way of first *pari passu* legal mortgage and charge over the premises situated at Avdesh House near Pritam Nagar, Ellisbridge, Ahmedabad and additional first *pari passu* charge by way of hypothecation on business receivable and loan assets of the Company's consumer finance division.
  - b) The Company is in the process of creating security on the remaining NCDs amounting to Rs.775 crore (Previous Year Rs.350 crore)
  - c) NCDs referred in Schedule "C" above includes Rs.26.90 crore (Previous Year Rs.19.32 crore) interest accrued thereon.
2.
  - a) Term Loans referred in Schedule "C" above are secured by *pari passu* first charge on all present and future book debts, receivables, bills, claims and loan assets of the Company's consumer finance division.
  - b) Term Loans amounting to Rs.598 crore (Previous Year Rs.Nil) are payable within one year.
3. Working capital loans referred in Schedule "C" above are
  - a) Rs.1,010.29 crore (Previous Year Rs.1,024.50 crore) of cash credit facility secured by *pari passu* first charge on all present and future book debts (only performing assets), receivables and loan assets pertaining only to the Company's consumer finance division.
  - b) Rs.Nil (Previous Year Rs.353.75 crore) are secured against pledge of fixed deposit receipts.
4.
  - a) Short term loans amounting to Rs.950 crore (Previous Year Rs.Nil) referred in Schedule "C" are secured by way of *pari passu* first charge on all the book debts, outstandings, moneys receivables, bills, claims and loan assets of the Company's consumer finance division.
  - b) Short term loans amounting to Rs.950 crore (Previous Year Rs.Nil) are payable within one year.
5. Loan from collateralised borrowing and lending obligation (CBLO) amounting to Rs.Nil (Previous year Rs.191.92 crore), referred in Schedule "C" above are secured by pledged of Government of India bonds and cash deposits.
6. In respect of unsecured loan referred in Schedule "D" above, amount payable within one year is Rs.8,844.09 (Previous Year Rs.6,871.10 crore).

## Reliance Capital Limited

## Schedules forming part of the Balance Sheet as at March 31, 2009

Schedule "E"  
Fixed Assets

DESCRIPTION	Gross Block			Depreciation			Net Block			
	As at April 1, 2008	Additions/ Adjustments	Deductions/ Adjustments	As at March 31, 2009	Upto April 1, 2008	For the year	Deductions	Upto March 31, 2009	As at March 31, 2009	As at March 31, 2008
<b>ASSETS ON LEASE</b>										
Plant & Machinery	139.42	-	-	139.42	139.42	-	-	139.42	-	-
<b>Sub - total</b>	139.42	-	-	139.42	139.42	-	-	139.42	-	-
<b>ASSETS FOR OWN USE</b>										
Buildings	120.81	-	-	120.81	67.14	2.68	-	69.82	50.99	53.67
Furniture & Fittings	8.69	0.93	-	9.62	5.14	0.91	-	6.05	3.57	3.55
Office & Other Equipments	39.52	6.70	0.21	46.01	13.33	10.94	0.09	24.18	21.83	26.19
Motor Vehicles	8.69	3.55	0.08	12.16	2.79	2.11	0.05	4.85	7.31	5.90
Lease Hold Improvement	6.11	0.16	-	6.27	1.54	1.41	-	2.95	3.32	4.57
<b>Sub - total</b>	183.82	11.34	0.29	194.87	89.94	18.05	0.14	107.85	87.02	93.88
<b>INTANGIBLE ASSETS</b>										
Computer Software	13.00	4.34	-	17.34	2.25	3.17	-	5.42	11.92	10.75
<b>Sub - total</b>	13.00	4.34	-	17.34	2.25	3.17	-	5.42	11.92	10.75
<b>Grand Total</b>	336.24	15.68	0.29	351.63	231.61	21.22	0.14	252.69	98.94	104.63
Previous Year	298.63	37.61	-	336.24	214.52	17.09	-	231.61	104.63	84.11
<b>CAPITAL WORK-IN-PROGRESS</b>										
<b>Total</b>									<b>93.79</b>	<b>17.45</b>
									<b>93.79</b>	<b>17.45</b>

## Notes

- Buildings include
  - Cost of shares in Co-operative Societies Rs.2,500 (previous year Rs.2,500).
  - Rs.92.94 crore (Previous Year Rs.92.94 crore) incurred towards purchase / acquisition of 131,881 equity shares of Re.1 each of Mature Trading & Investments Pvt. Ltd. with a right of occupancy of certain area of commercial premises.
- Capital Work-in-progress includes
  - Rs.13.05 crore (previous year Rs.13.05 crore) incurred towards purchase / acquisition of 50,000 equity shares of Rs.10 each of Legend Housing Pvt. Ltd. with a right of occupancy of certain area in a commercial / residential premise under construction
  - Rs.80.74 crore (previous year Rs.4.41 crore) advance against capital expenditure.
- In respect of Intangible Assets;
  - It is other than internally generated.
  - Remaining useful life is as follows
    - Additions for FY 2008-09 - 4 years
    - Additions for FY 2007-08 - 3 years (Previous Year 2 years)
    - Additions for FY 2006-07 - 2 years (Previous Year 1 year)



## Reliance Capital Limited

## Schedules forming part of the Balance Sheet as at March 31, 2009

	Face Value / Issue Price (Rs.)	As at March 31, 2009	Quantity		Value	
			As at March 31, 2008	As at March 31, 2009	As at March 31, 2008	As at March 31, 2008
(Rs. in crore)						
<b>Schedule "F"</b>						
<b>Investments</b>						
<b>Long Term Investments</b>						
<b>Government and Other Securities - Quoted</b>						
5.87% Government of India Bonds 2010	100	-	1 50 00 000	-	-	146.10
7.99% Government of India Bonds 2017	100	-	50 00 000	-	-	50.34
					<u>-</u>	<u>196.44</u>
<b>Government and Other Securities - Unquoted</b>						
(Deposited with Sales Tax Department)						
National Saving Certificates		-	-	-	<u>0.00</u>	0.00
(Rs.45,000 (Previous Year Rs.45,000))					<u>0.00</u>	<u>0.00</u>
<b>Other Investments</b>						
<b>Equity Shares - Quoted, Fully Paid-up</b>						
Adlabs Films Ltd.	5	29 55 000	12 55 000		<u>43.46</u>	12.45
Aurionpro Solutions Ltd.	10	5 00 000	-		<u>21.25</u>	-
Axsys Health Tech Ltd.	10	13 25 000	13 25 000		<u>7.95</u>	7.95
Celebrity Fashions Ltd.	10	11 58 373	11 58 373		<u>14.51</u>	14.51
EIH Ltd.	2	36 00 000	-		<u>39.86</u>	-
EMCO Ltd.	2	45 75 000	45 75 000		<u>42.16</u>	42.16
IBN 18 Broadcast Ltd. (Formerly Global Broadcast News Ltd.)	2	1 20 26 875	1 20 26 875		<u>154.64</u>	154.64
Hindalco Industries Ltd.	1	1 79 87 462	-		<u>172.68</u>	-
INOX Leisure Ltd.	10	54 23 000	54 23 000		<u>73.64</u>	73.64
Jyoti Structures Ltd.	2	39 08 401	34 08 401		<u>46.67</u>	39.39
Kinetic Engineering Ltd.	10	7 15 000	7 15 000		<u>12.73</u>	12.73
Mahanaagar Telephone Nigam Ltd.	10	30 00 000	30 00 000		<u>55.07</u>	55.07
Network 18 Media & Investments Ltd. (formerly Network 18 Fincap Ltd.)	5	48 77 686	31 27 000		<u>157.15</u>	140.25
OnMobile Global Ltd.	10	2 39 000	-		<u>6.93</u>	-
Prime Focus Ltd.	10	18 82 260	18 82 260		<u>55.93</u>	55.93
Reliance Communications Ltd. (Company under same management)	5	1 84 40 295	1 84 40 295		<u>209.05</u>	209.05
Reliance Industrial Infrastrucutre Ltd.	10	1 60 100	1 60 100		<u>0.50</u>	0.50
Reliance Industries Ltd.	10	-	74 85 295		-	129.88
Reliance Natural Resources Ltd. (Company under same management)	5	1 64 71 295	1 64 71 295		<u>2.72</u>	2.72
Spanco Ltd. (Formerly Spanco Telesystems and Solutions Ltd.)	10	8 58 000	8 58 000		<u>7.84</u>	7.84
Sparsh BPO Services Ltd.	10	5 89 010	11 83 333		<u>5.35</u>	10.76
State Bank of India	10	16 00 000	16 00 000		<u>383.26</u>	383.26
TV Today Networks Ltd.	5	69 18 527	69 18 527		<u>88.45</u>	88.45
Unitech Ltd.	2	5 00 000	-		<u>8.19</u>	-
Ventura Textiles Ltd.	10	12 87 500	12 87 500		<u>5.92</u>	5.92
					<u>1,615.91</u>	<u>1,447.10</u>
Less: Provision for Diminution in the Value of Investments					<u>56.86</u>	20.04
					<u>1,559.05</u>	<u>1,427.06</u>
<b>Equity Shares - Unquoted, Fully Paid-up</b>						
Ammolite Holdings Ltd.	\$1	1 000	1 000		<u>0.00</u>	0.00
BLR India Pvt. Ltd.	10	32 12 212	32 12 212		<u>30.30</u>	30.30
DTDC Courier and Cargo Ltd.	10	-	13 74 312		-	66.86
Gini & Jony Ltd.	10	20 00 000	20 00 000		<u>10.70</u>	10.70
Global Wind Power Ltd.	10	14 40 000	-		<u>7.20</u>	-
GTFS Multi Services Ltd.	10	12 50 000	-		<u>75.00</u>	-

## Reliance Capital Limited

## Schedules forming part of the Balance Sheet as at March 31, 2009

						(Rs. in crore)
	Face Value / Issue Price (Rs.)	As at March 31, 2009	Quantity As at March 31, 2008	As at March 31, 2009	As at March 31, 2008	Value
<b>Schedule "F"</b>						
KGS Developers Ltd. (Refer Note 3 below)	10	63 04 108	15 76 027	75.00	75.00	
KLT Automotive and Tubular Products Ltd.	10	5 25 000	5 25 000	11.29	11.29	
Kumar Urban Development Ltd. (formerly Kumar Housing and Land Development Ltd.)	10	15 99 322	15 99 322	100.00	100.00	
Maan Sarovar Properties Development Pvt. Ltd.	10	-	8 03 128	-	0.80	
Menon and Menon Ltd.	10	3 90 000	3 90 000	6.05	6.05	
Observer (India) Ltd.	10	23 200	23 200	0.02	0.02	
Phi Management Solutions Pvt. Ltd.	10	4 00 000	-	0.40	-	
Real Image Media Technologies Pvt. Ltd.	10	790	790	0.00	0.00	
Reliance Asset Reconstruction Company Ltd.	10	34 30 000	14 80 000	3.43	1.48	
Reliance Land Pvt. Ltd.	10	50 00 000	50 00 000	5.00	5.00	
Reliance Life Insurance Company Ltd.	10	18 55 53 600	18 36 32 000	413.16	221.00	
Reliance Net Ltd.	10	3 55 000	3 55 000	0.36	0.36	
Reliance Share & Stock Brokers Pvt. Ltd.	10	50 00 000	50 00 000	5.00	5.00	
Southern Wind Farms Ltd.	10	22 18 720	22 18 720	7.99	7.99	
Reliance Tech Services Pvt. Ltd. (formerly Tech Reliance Pvt. Ltd.)	10	1 000	1 000	0.00	0.00	
Victory Transformers & Switchgears Ltd.	100	1 38 639	1 38 639	75.00	75.00	
Viscount Management Services (Alpha) Ltd.	10	18 000	18 000	0.02	0.02	
Viscount Management Services Ltd.	10	10 800	10 800	0.01	0.01	
				<u>825.93</u>	<u>616.88</u>	
<b>Equity Shares - Unquoted, Partly Paid-Up</b>						
Reliance Asset Reconstruction Company Ltd.	0.50	4 55 70 000	-	2.28	-	
				<u>2.28</u>	<u>-</u>	
<b>Preference Shares - Quoted, Fully Paid-Up</b>						
5% Redeemable Preference shares of Network18 Media and Investments Ltd.	150	6 75 343	-	10.13	-	
				<u>10.13</u>	<u>-</u>	
<b>Preference Shares - Unquoted, Fully Paid-Up</b>						
14% Non- Cumulative Redeemable Preference Shares of Kinetic Engineering Ltd.	10	1 50 00 000	1 50 00 000	15.00	15.00	
8% Maan Sarovar Properties Development Pvt. Ltd.	10	-	2 91 969	-	29.19	
1% Cumulative Redeemable Preference Shares Phi Management Solutions Pvt. Ltd.	10	5 64 000	-	56.40	-	
8% Cumulative Redeemable Non Convertible Preference Shares of Reliance Land Pvt. Ltd.	10	1 00 00 000	50 00 000	6.00	5.00	
10% Cumulative Redeemable Preference Shares of Reliance Money Ltd.	10	10 00 00 000	10 00 00 000	100.00	100.00	
12% Cumulative Redeemable Preference Shares of Reliance Share & Stock Brokers Pvt. Ltd.	100	4 00 000	4 00 000	4.00	4.00	
10% Cumulative Redeemable Preference Shares of Swan Finance Management Pvt. Ltd.	1	82 35 950	-	823.60	-	
1% Non Cumulative Redeemable Preference Shares of Viscount Management Services Ltd.	1	1 89 40 000	-	189.40	-	
1% Non Cumulative Redeemable Preference Shares of Viscount Management Services (Alpha) Ltd.	1	2 52 55 000	-	252.55	-	
Series B - Convertible Cumulative Preference Shares of Real Image Media Technologies Pvt. Ltd.	10	7 89 941	7 89 941	6.68	6.68	
Series A - Suvidha Infoserv Pvt. Ltd.	10	7 23 798	-	11.04	-	
Series A - Yatra Online Inc.	\$0.0001	42 00 042	42 00 042	6.20	6.20	
Series B - Yatra Online Inc.	\$0.0001	27 31 960	27 31 960	15.52	15.52	
Series C - Yatra Online Inc.	\$0.0001	11 44 946	-	15.88	-	
				<u>1 502.27</u>	<u>181.59</u>	
Less: Provision for Diminution in the Value of Investments				<u>1.50</u>	<u>-</u>	
				<u>1 500.77</u>	<u>181.59</u>	

## Reliance Capital Limited

## Schedules forming part of the Balance Sheet as at March 31, 2009

(Rs. in crore)

	Face Value / Issue Price (Rs.)	As at March 31, 2009	Quantity	Value	
			As at March 31, 2008	As at March 31, 2009	As at March 31, 2008
<b>Schedule "F"</b>					
<b>INVESTMENTS</b>					
<b>Debentures - Quoted , Fully Paid-Up</b>					
9.07% Rural Electrification Corporation Ltd. Bond, 2018					
	10 00 000	<b>750</b>	750	<b>75.00</b>	75.00
9.50% NABARD Bond, 2012					
	10 00 000	<b>150</b>	150	<b>15.00</b>	15.00
				<b>90.00</b>	<b>90.00</b>
<b>Debentures - Unquoted , Fully Paid-Up</b>					
Series I - Deep Discount Bonds - Ammolite Holdings Ltd.					
	\$961	<b>7 524</b>	-	<b>29.01</b>	-
11% Optionally Fully Convertible Debentures Series A - Ventura Textiles Ltd.					
	50 00 000	<b>20</b>	20	<b>10.66</b>	10.00
12% Optionally Fully Convertible Debentures Series B - Ventura Textiles Ltd.					
	50 00 000	<b>22</b>	22	<b>11.00</b>	11.00
Zero Coupon Convertible Unsecured Debentures Viscount Management Services Ltd.					
	1 000	<b>78 16 630</b>	53 50 630	<b>750.44</b>	503.84
Zero Coupon Convertible Unsecured Debentures Viscount Management Services (Alpha) Ltd.					
	1 000	<b>1 05 54 710</b>	72 66 710	<b>997.81</b>	669.01
				<b>1 798.92</b>	<b>1 193.85</b>
Less: Provision for Diminution in the Value of Investments				<b>2.17</b>	-
				<b>1 796.75</b>	<b>1 193.85</b>
<b>Subsidiary Companies</b>					
<b>Equity Shares - Unquoted, Fully Paid-Up</b>					
Medybiz Pvt. Ltd.					
	10	<b>24 74 000</b>	24 74 000	<b>4.33</b>	4.33
Net Logistics Pvt. Ltd.					
	10	<b>9 000</b>	9 000	<b>0.42</b>	0.42
Reliance Alternative Investment Services Pvt. Ltd.					
	10	<b>9 999</b>	-	<b>0.01</b>	-
Reliance Capital Asset Management Ltd.					
	10	<b>1 00 00 000</b>	1 00 00 000	<b>10.00</b>	10.00
Reliance Capital Markets Pvt. Ltd.					
	10	<b>52 50 000</b>	52 50 000	<b>5.28</b>	5.28
Reliance Capital Research Pvt. Ltd.					
	10	<b>10 000</b>	10 000	<b>0.01</b>	0.01
Reliance Capital Services Pvt. Ltd.					
	10	<b>50 00 000</b>	-	<b>5.00</b>	-
Reliance Capital Trustee Co. Ltd.					
	10	<b>50 700</b>	50 700	<b>0.05</b>	0.05
Reliance Capital Singapore Pte. Ltd.					
	\$1	<b>1</b>	-	<b>0.00</b>	-
Reliance Consumer Finance Pvt. Ltd.					
	10	<b>20 00 000</b>	-	<b>2.00</b>	-
Reliance Equity Advisors (India) Ltd. (Formerly Reliance Venture Asset Management Pvt. Ltd.)					
	10	<b>50 000</b>	10 000	<b>0.05</b>	0.01
Reliance Equities International Pvt. Ltd.					
	10	<b>1 30 00 000</b>	-	<b>40.00</b>	-
Reliance General Insurance Company Ltd.					
	10	<b>10 87 86 412</b>	10 71 53 759	<b>767.00</b>	607.00
Reliance Gilts Ltd.					
	10	<b>70 00 700</b>	70 00 700	<b>7.00</b>	7.00
Reliance Home Finance Pvt. Ltd.					
	10	<b>1 00 00 000</b>	-	<b>10.00</b>	-
Reliance Money Express Ltd. (formerly Travelmate Services (India) Pvt. Ltd.)					
	10	<b>1 38 13 140</b>	1 38 13 140	<b>24.95</b>	24.95
Reliance Securities Ltd.					
	10	<b>2 50 00 000</b>	-	<b>25.06</b>	-
Reliance Technology Ventures Pvt. Ltd.					
	10	<b>10 000</b>	10 000	<b>0.01</b>	0.01
				<b>901.17</b>	<b>659.06</b>
<b>Subsidiary Companies</b>					
<b>Preference Shares - Unquoted, Fully Paid-Up</b>					
10% Cumulative Redeemable Preference Shares of Reliance Securities Ltd.					
	10	<b>15 00 00 000</b>	15 00 00 000	<b>150.00</b>	150.00
8% Non Cumulative Redeemable Preference Shares of Reliance Capital Service Pvt. Ltd.					
	10	<b>50 000</b>	-	<b>5.00</b>	-
10% Cumulative Redeemable Preference Shares of Reliance Money Express Ltd.					
	10	<b>1 50 00 000</b>	-	<b>15.00</b>	-

## Reliance Capital Limited

**Schedules forming part of the Balance Sheet as at March 31, 2009**

(Rs. in crore)

	Face Value / Issue Price (Rs.)	Quantity		Value	
		As at March 31, 2009	As at March 31, 2008	As at March 31, 2009	As at March 31, 2008
<b>Schedule "F"</b>					
8% Compulsory Convertible Preference Shares of Reliance Consumer Finance Pvt. Ltd.	10	9 90 000	-	99.00	-
8% Compulsory Convertible Preference Shares of Reliance Home Finance Pvt. Ltd.	10	9 10 000	-	91.00	-
				<u>360.00</u>	<u>150.00</u>
<b>Warrants - Unquoted , Fully Paid-Up</b>					
Global Wind Power Ltd.	10	65 00 000	-	32.50	-
				<u>32.50</u>	<u>-</u>
<b>Warrants - Unquoted , Partly Paid-Up</b>					
Aurionpro Solutions Ltd.	42.50	5 00 000	-	2.13	-
Kinetic Engineering Ltd.	154.44	6 00 000	6 00 000	9.26	9.26
Maan Sarovar Properties Development Pvt. Ltd. (Refer Note 2 below)	-	-	21 41 676	-	-
Southern Wind Farm Ltd.	0.10	5 50 00 000	5 50 00 000	0.46	0.46
Textrade International Ltd.	-	60 985	60 985	-	-
				<u>11.85</u>	<u>9.72</u>
Less: Provision for Diminution in the Value of Investments				<u>9.27</u>	<u>-</u>
				<u>2.58</u>	<u>9.72</u>
<b>Investment in Seed Fund - Unquoted, Partly Paid-Up</b>					
The India Seed Investment Trust	80 000	500	500	4.00	2.00
				<u>4.00</u>	<u>2.00</u>
<b>Investment in unincorporated Joint Venture</b>					
KGS Development Pvt. Ltd.				85.00	-
				<u>85.00</u>	<u>-</u>
<b>Total Long Term Investments</b>				<u>7 170.16</u>	<u>4 526.60</u>
<b>Short Term Investments</b>					
<b>Mutual Funds - Quoted*, Fully Paid-Up</b>					
Reliance Mutual Fund - Liquidity Fund	10	75 90 75 534	6 58 04 626	1 005.35	80.00
LIC Mutual Fund - Savings Plus Fund - Growth	10	19 96 08 187	-	275.00	-
				<u>1 280.35</u>	<u>80.00</u>
<b>Share in Partnership Firm</b>					
Reliance Capital Partners Current Account				295.98	108.79
				<u>295.98</u>	<u>108.79</u>
<b>Total Short Term Investments</b>				<u>1 576.33</u>	<u>188.79</u>
<b>Total Investments</b>				<u>8 746.49</u>	<u>4 715.39</u>

**Notes**

1. The Aggregate Value of Investments

	As at March 31, 2009		As at March 31, 2008	
	Book Value	Market Value	Book Value	Market Value
Quoted	2 939.53	2 398.72	1 793.48	4 211.91
Unquoted	5 806.96	-	2 921.91	-

2. The Company has been allotted Warrants without paying any consideration at the time of allotment.  
3. In case of KGS Developer Ltd., the Company received 47,28,081 bonus shares in the ratio of 3:1.  
4. The above includes Rs.Nil (Previous year Rs.1.84 crore) of shares pledged towards security on behalf of third parties.  
\*For Mutual Fund Net Asset Value is available.

## Reliance Capital Limited

## Schedules forming part of the Balance Sheet as at March 31, 2009

(Rs. in crore)

	As at March 31, 2009	As at March 31, 2008
<b>Schedule "G"</b>		
<b>Current Assets, Loans and Advances</b>		
<b>Current Assets</b>		
Stock-in-trade	0.53	0.82
Sundry debtors (Unsecured)		
Debts outstanding for a period exceeding six months	73.76	4.27
Other Debts, considered good	<u>7.71</u>	<u>180.94</u>
	<b>81.47</b>	185.21
Cash & Bank Balances		
Cash in hand	0.57	0.10
Balances with scheduled banks		
In Current Accounts	73.95	33.66
In Fixed Deposit Accounts	<u>0.00</u>	<u>860.15</u>
(Refer Note No.1 given below)		
	<b>74.52</b>	893.91
Other Current Assets		
Income Accrued on Investments	328.67	148.04
Assets held for sale	93.46	93.46
(Refer Note No.2 given below )		
Receivables for Assets on Lease	<u>0.01</u>	<u>0.01</u>
	<b>422.14</b>	241.51
Repossessed Assets	12.30	0.88
Less : Provision for Repossessed Assets	<u>4.56</u>	<u>0.27</u>
	<b>7.74</b>	0.61
	<b>429.88</b>	242.12
	<b>586.40</b>	1 322.06
<b>Loans &amp; Advances</b>		
Loan to others		
Considered doubtful	337.10	27.44
Less: Provision for Non Performing Assets and Doubtful Debt	<u>137.57</u>	<u>13.32</u>
	<b>199.53</b>	14.12
Considered Good		
Portfolio Assignment	7.89	11.61
Loans to Subsidiaries	168.83	7.39
Others	<u>10 473.59</u>	<u>9 824.65</u>
	<b>10 849.84</b>	9 857.77
Advances Recoverable in Cash or in kind or for Value to be received.		
Considered Doubtful	15.00	15.00
Less: Provision for Non Performing Assets and Doubtful Debt	<u>15.00</u>	<u>7.50</u>
	<b>-</b>	7.50
Considered Good	<u>435.14</u>	<u>269.50</u>
	<b>435.14</b>	277.00
Deposits	56.32	52.38
Taxes Paid (Net)	<u>4.57</u>	<u>-</u>
	<b>60.89</b>	52.38
	<b>11 345.87</b>	10 187.15

**Notes**

- In respect of balances with Scheduled Banks in Fixed Deposit accounts, Rs.Nil (Previous Year Rs.660 crore) pledged against loan amounting to Rs.Nil (Previous Year Rs.353.75 crore) from banks and Rs.12,500/- (Previous Year Rs.12,500/-) deposit with sales tax authority.
- Assets held for sale, represents aircraft, at written down value as on April 1, 2006 that was previously classified as a fixed asset.
- Sundry debtors includes Rs.6.94 crore (Previous Year Rs.9.22 crore) due from the Reliance Communications Ltd. (maximum balance outstanding at any time during the year Rs.9.22 crore (Previous Year Rs.9.22 crore), a company under the same management.
- Sundry debtors include Rs.Nil crore (Previous Year Rs.3.86 crore) due from subsidiary companies.
- Loan to others include Rs.Nil (Previous Year Rs.385 crore) due from Reliance Communications Infrastructure Ltd., a company under the same management. (Maximum balance outstanding at any time during the year Rs.385 crore (Previous Year Rs.1,548.25 crore)).
- Advances recoverable in cash or in kind includes Rs.60.30 crore (Previous Year Rs.11.57 crore) paid towards share application money pending allotment.
- Advances recoverable in cash or in kind includes Rs.0.05 crore due from the manager / officer (Previous Year Rs.0.05 crore) (maximum balance outstanding at any time during the year Rs.0.05 crore (Previous Year Rs.0.05 crore)).
- Advances recoverable in cash or in kind includes Rs.141.03 crore (Previous Year Rs.0.17 crore) due from subsidiary companies.
- In the opinion of the management, loans and advances, other than doubtful, are considered as good and fully recoverable.

## Reliance Capital Limited

**Schedules forming part of the Balance Sheet as at March 31, 2009**

(Rs. in crore)

	As at March 31, 2009	As at March 31, 2008	
<b>Schedule "H"</b>			
<b>Current Liabilities and Provisions</b>			
<b>Current Liabilities</b>			
Sundry Creditors			
Small Scale Industries - Creditors	-	-	
Others	29.17	20.88	
Other Liabilities	109.54	816.84	
Interest Accrued but not due	2.40	0.36	
Investor Education and Protection Fund			
Unclaimed Dividend	5.71	4.93	
Unclaimed Fixed Deposit	0.02	0.08	
	<u>146.84</u>	<u>843.09</u>	
<b>Provisions</b>			
Provision for Wealth Tax	0.18	0.66	
Provision for Income Tax (Net)	-	15.98	
Provision for Reduction in the Value of Assets	46.52	46.52	
Provision for Leave Encashment	6.10	5.69	
Provision for Gratuity	-	0.11	
Proposed Dividend	159.66	135.10	
Provision for Tax on Proposed Dividend	27.13	22.95	
	<u>239.59</u>	<u>227.01</u>	
	<u><u>386.43</u></u>	<u><u>1 070.10</u></u>	
<b>Schedule "I"</b>			
<b>Unamortised Expenditure</b>			
(to the extent not written off or adjusted)			
Unamortised Loan Acquisition Cost	97.73	-	
Add : Incurred during the year	47.97	111.67	
Less : Amortised during the year	47.72	13.94	97.73
	<u>97.98</u>	<u>97.73</u>	
Unamortised Brokerage on Borrowings	-	-	
Add : Incurred during the year	15.21	-	
Less : Amortised during the year	4.18	-	-
	<u>11.03</u>	<u>-</u>	<u>-</u>
	<u><u>109.01</u></u>	<u><u>97.73</u></u>	

**Notes**

- Investor Education and Protection Fund does not include any amounts, due and outstanding, to be deposited to the said fund.
- Based on the information available, there are no dues outstanding for a period exceeding 30 days at March 31, 2009. (Previous Year Rs.Nil) to small scale industries, as defined under clause (j) of section 3 of the Industries (Development and Regulation) Act, 1951.
- Other Liability includes Rs.Nil (Previous Year Rs.638 crore) for bank account overdrawn balances for cheques issued but not presented.

**Schedules forming part of the Profit and Loss Account for the year ended March 31, 2009**

(Rs. in crore)

	2008-09	2007-08
<b>Schedule "J"</b>		
<b>Operating Income</b>		
<b>Interest and Finance Income on</b>		
Long Term Investments	217.08	102.10
(Tax Deducted at source Rs.1.92 crore. Previous Year Rs.23.14 crore)		
Inter Corporate Loans	304.33	332.45
(Tax Deducted at Source Rs.35.91 crore. Previous Year Rs.75.33 crore)		
Others	39.58	74.17
(Tax Deducted at source Rs.9.31 crore. Previous Year Rs.16.81 crore)	<u>560.99</u>	<u>508.72</u>
From Consumer Finance Business		
Interest Income	1 156.33	337.26
(Tax Deducted at source Rs.13.55 crore. Previous Year Rs.76.42 crore)		
Processing Fees	38.04	62.72
Less : Service Tax Recovered	4.18	6.90
	<u>33.86</u>	<u>55.82</u>
<b>Profit on Sale of (Net)</b>		
Long Term Investments	1 146.24	1 056.17
Stock-in-trade / Short Term Investments	31.49	67.13
	<u>1 177.73</u>	<u>1 123.30</u>

## Reliance Capital Limited

**Schedules forming part of the Profit and Loss Account for the year ended March 31, 2009**

(Rs. in crore)

	2008-09		2007-08	
<b>Dividends on</b>				
Long Term Investments	17.91		9.41	
Stock-in-trade	<u>0.01</u>		<u>0.01</u>	
		17.92		9.42
Profit Share in Partnership Firm (Refer Note No.6(i), Schedule "N")		-		32.47
Profit on Securities/Commodities		0.61		-
Depository Participant Transaction Charges	11.31		2.17	
Other Operating Income	<u>16.11</u>	<u>27.42</u>	<u>5.43</u>	<u>7.60</u>
		<b>2 974.86</b>		<b>2 074.59</b>
<b>Other Income</b>				
Profit on Sale of Fixed Assets		0.01		-
Front End Fee		1.13		-
Premium on Loan Assignment and Securitisation		2.80		-
Credit Balance Written Back		0.93		-
Rent		6.61		5.20
Miscellaneous Income		<u>30.95</u>		<u>-</u>
		<u>42.43</u>		<u>5.20</u>
		<b>3 017.29</b>		<b>2 079.79</b>
<b>Schedule "K"</b>				
<b>Interest and Finance Charges</b>				
Interest on				
Debtures		120.09		202.53
Bank Loans		506.88		1.37
Bank Loans Cash Credit Limits		61.45		-
Collateralised Borrowing and Lending Obligation (CBLO)		7.80		8.29
Discount on Commercial Paper		<u>540.53</u>		<u>195.96</u>
		<b>1 236.75</b>		<b>408.15</b>
<b>Schedule "L"</b>				
<b>Administrative and Other Expenses</b>				
Payments to and Provisions for Employees (Including Managerial Remuneration)				
Salary and Bonus etc.	127.65		136.90	
Contribution to Provident Fund and Other Funds	9.42		10.70	
Staff Welfare and Other Amenities	<u>12.01</u>		<u>10.26</u>	
		149.08		157.86
Bank Charges	1.09		0.46	
Rent	30.34		19.22	
Rates and Taxes	14.52		9.58	
Repairs and Maintenance				
Buildings	0.00		1.07	
Others	18.10		13.20	
Electricity	4.32		2.44	
Insurance	3.74		2.18	
Travelling and Conveyance	14.99		16.63	
Postage, Telegram and Telephones	9.38		14.63	
Professional Fees	72.35		49.52	
Loss on Securities Option Trading (Net)	36.11		2.73	
Auditors' Remuneration (Refer Note No.7, Schedule "N")	0.66		0.66	
Sales and Marketing Expenses	11.10		23.09	
Employee Seminar and Training	1.29		0.55	
Donation	2.59		3.18	
Directors' Sitting Fees	0.11		0.07	
Brokerage on Borrowing (Refer Schedule "I")	4.18		2.47	
DSA Commission (Refer Schedule "I")	47.72		13.94	
Balances Written Off	4.47		1.17	
Provision for Non Performing Assets and Doubtful Debt	131.75		16.32	
Provision for Diminution in the Value of Assets	-		46.52	
Provision for Repossessed Stock	4.29		0.27	
Provision for Diminution in the Value of Investments	49.76		20.04	
Loss on Sale of Repossessed Stock	5.82		0.09	
Loss (Profit) Share in Partnership Firm (Refer Note No.6(i), Schedule "N")	4.40		-	
Miscellaneous Expenses	<u>60.14</u>		<u>65.21</u>	
		<b>533.22</b>		<b>325.24</b>
		<b>682.30</b>		<b>483.10</b>

## Reliance Capital Limited

### Significant Accounting Policies to the Financial Statements

#### Schedule "M"

#### Significant Accounting Policies

##### A. Background

Reliance Capital Limited ('the Company') is registered as a Non-Banking Financial Company ('NBFC') as defined under section 45-IA of the Reserve Bank of India ('RBI') Act, 1934. The Company is principally engaged in lending and investing activities.

##### B. Basis of preparation of Financial Statements

The accompanying financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956 to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest crore upto two decimal places.

The Company complies in all material respects, with the prudential norms relating to income recognition, asset classification and provisioning for bad and doubtful debts and other matters, specified in the directions issued by the Reserve Bank of India in terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007, as applicable to it.

##### C. Use of Estimates and Judgments

The preparation of financial statements is in conformity with generally accepted accounting principles (GAAP) and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual result could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

##### D. Revenue recognition

The Company's policy satisfies the prudential norms for income recognition as prescribed by the RBI for NBFCs.

###### i) Interest income

Interest income is recognised in the Profit and Loss Account as it accrues except in the case of Non Performing Assets ("NPAs") where it is recognised, upon realisation.

###### ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

###### iii) Income from investments

Profit earned from sale of securities is recognised on a trade date basis. The cost of securities is computed based on a weighted average basis.

###### iv) Discount on Investments

The difference between the acquisition cost and face value of debt instruments is recognised as interest income over the tenor of the instrument.

###### v) Redemption Premium on Investments in Preference Shares

Redemption premium on investments in preference shares is recognised as income over the tenor of the investment.

###### vi) Share of Profits or Losses in Partnership Firm

Share of profit/loss on share in partnership firm is accounted for once the amount of the share of profit/loss is ascertained and credited/debited to the Company's account in the books of the partnership firm.

###### vii) Loan Processing Fee Income

Loan processing fee income is accounted for upfront as and when it becomes due.

###### viii) Income from Assignment

In case of assignment of receivables, the assets are derecognised when all the rights, title, future receivables and interest thereof are assigned to the purchaser. On de-recognition, the difference between book value of the receivables assigned and consideration received is recognised as gain or loss arising on assignment.

###### ix) Income from Derivatives

Realised gains or losses on derivative contracts are recognised on a settlement date basis.

##### E. Fixed Assets

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes all expenses incidental to the acquisition of the fixed assets.

##### F. Leased Assets

All assets given on finance lease on or before March 31, 2001 are capitalised as Fixed Assets and all assets given on finance lease on or after April 1, 2001 are shown as receivables at an amount equal to net investment in the lease.

Initial direct costs in respect of leases are expensed in the year in which such costs are incurred.

##### G. Intangible Assets

Intangible assets comprising of software purchased / developed and licensing costs are depreciated on straight line basis over the useful life of the software up to a maximum of five years commencing from the month in which such software is first installed.



### Significant Accounting Policies to the Financial Statements

#### H. Depreciation / Amortisation

Depreciation on fixed assets other than software development and licensing costs is provided as follows

- i) Assets for Own Use : On Written Down Value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- ii) Leased Assets : On Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- iii) Leasehold Improvements : Amortised over the primary period of the lease on Straight-Line Basis.  
The Company provides pro-rata depreciation from the day the asset is put to use and for any asset sold, till the date of sale.

#### I. Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

#### J. Investments

Investments are classified as long term or current based on intention of the management at the time of purchase.

Current investments are valued, scrip wise, at cost or fair value, whichever is lower.

Long-term investments are carried at carrying cost less diminution in value which is other than temporary, determined separately for each individual investment.

#### K. Stock-in-trade

Securities held as stock-in-trade are valued scrip wise at weighted average cost or fair value, whichever is lower.

#### L. Assets Held for Sale

Assets held for sale are valued at cost or market value, whichever is lower.

#### M. Repossession of Assets

Assets repossessed against the settlement of loan are carried in the Balance Sheet at outstanding loan amount or market value whichever is lower. The difference between the outstanding loan amount and the market value is charged to Profit and Loss Account in the year of repossession of assets.

#### N. Loan Origination/Acquisition Cost

The direct commission cost incurred for the loan origination is written off over the average tenure of the loan.

#### O. Zero Coupon Instrument

The difference between the acquisition cost and the redemption value of commercial papers is apportioned on time basis and recognised as discounting charge expense.

#### P. Employee Retirement Benefits

##### i) Provident fund

Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the Profit and Loss Account.

##### ii) Gratuity

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

##### iii) Leave Encashment

Leave encashment which is a defined benefit, is accrued for based on an actuarial valuation at the balance sheet date carried out by an independent actuary.

##### iv) Compensated Absences

The employees of the Company are entitled to compensated absence. The employees can carry forward a portion of the unutilised accrued leave balance and utilise it in future periods. The Company records an obligation for compensated

## Reliance Capital Limited

### Significant Accounting Policies to the Financial Statements

absences in the period in which the employee renders the service that increases the entitlement. The Company measures the expected cost of compensated absence as the amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

#### Q. Foreign Currency Transactions

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the Profit and Loss Account.

Monetary assets and liabilities denominated in foreign currencies at the year end are restated at year end rates.

#### R. 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. Brokerage costs directly attributable to a borrowing are expensed over the tenure of the borrowing.

#### S. Operating Leases

Lease payments for assets taken on an operating lease are recognised as an expense in the Profit and Loss Account on a Straight Line Basis over the lease term.

#### T. Earnings Per Share

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit / loss per share are included.

#### U. Provisions for Non Performing Assets and Doubtful Debts

Assets including loans and advances, receivables are identified as bad/ doubtful based on the duration of the delinquency. The duration is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning meets the prudential norms prescribed by RBI.

#### V. Taxation

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law), deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) and fringe benefit tax.

##### Deferred Taxation

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

##### Fringe Benefit Tax

Provision for Fringe Benefit Tax has been recognised on the basis of applicable Fringe Benefit Tax on the taxable value of chargeable expenses of the Company as prescribed under the Income Tax Act, 1961.

#### W. Provisions, Contingent Liabilities and Contingent Assets

The Company creates a provision when there is a present obligation as a result of past events and it is probable that there will be outflow of resources and a reliable estimate of the obligation can be made of the amount of the obligation. Contingent liabilities are not recognised but are disclosed in the notes to the financial statements. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

## Reliance Capital Limited

## Notes to the Financial Statements

## Schedule "N"

1. Previous year's figures have been reworked, regrouped and reclassified wherever necessary.
2. Miscellaneous expenses referred to in Schedule 'L' include net prior period items Rs.0.46 crore (net credit) (Previous Year Rs.2.45 crore (net debit)).
3. As per deeds of assignment with the subsidiary companies, loans aggregating to Rs.97.78 crore (Previous Year Rs.Nil) have been assigned to Reliance Consumer Finance Pvt. Ltd. for a consideration of Rs.100.01 crore and loans aggregating to Rs.99.42 crore (Previous Year Rs.Nil) have been assigned to Reliance Home Finance Pvt. Ltd. for a consideration of Rs.100 crore.
4. In the case of loans acquired by the Company, in accordance with the requirements of RBI circular: DBOD.NO.BP.BC.16/21.04.048/2005-06 dated July 13, 2005 the Company has classified such loans as standard assets. None of these accounts were restructured during the year and the aggregate outstanding as at March 31, 2009 was Rs.7.89 crore (Previous year Rs.11.61 crore.).
5. **Micro, small and medium enterprises:**  
The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of medium and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. There have been no reporting cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments.
6. The Company is a partner in the following firms
  - i) Reliance Capital Partners
    - a) The firm consists of following partners
      - i) Reliance Capital Ltd.
      - ii) Reliance Land Pvt. Ltd.
      - iii) Shri Surendra Pipara
    - b) Profit sharing ratio  
The profit is distributed between the partners on the basis of the weighted average capital.  
The profit/ (loss) of Rs.(4.40) crore of Reliance Capital Partners is considered as Loss of the current financial year (Previous Year profit of Rs 32.47 crore).
  - ii) Reliance Capital Infrastructure Partners
    - a) The firm consists of following partners
      - i) Reliance Capital Ltd.
      - ii) Reliance Infocomm Infrastructure Pvt. Ltd.
      - iii) Reliance Infraprojects Ltd. (Formerly known Reliance AWorld Ltd.)
    - b) Profit sharing ratio  
The profit is distributed between the partners on the basis of the weighted average capital.  
The firm has not commenced operations during the year ended March 31, 2009 and there has been no contribution of capital upto March 31, 2009.
7. **Auditors' Remuneration (excluding Service Tax) includes**

Particulars	(Rs.in crore)	
	2008-09	2007-08
i) Audit Fees	0.64	0.64
ii) Tax Audit Fees	0.01	0.01
iii) Reimbursement of Out of Pocket Expenses	0.01	0.01

8. **Managerial Remuneration**

- (a) Remuneration to Company Secretary & Manager  
(included under the head "Payments to and Provisions for Employees")

Particulars	(Rs.in crore)	
	2008-09	2007-08
i) Salary	0.28	0.25
ii) Contribution to Provident Fund and Superannuation Fund	0.05	0.05
<b>Total</b>	<b>0.33</b>	<b>0.30</b>

Information relating to the payment to manager does not include payment for Gratuity and Leave Encashment which is provided for employees on an overall basis.

## Reliance Capital Limited

### Notes to the Financial Statements

- (b) Commission to Non-Executive Directors  
(included under the head "Payments to and provisions for employees")

The Company has taken the approval of the Central Government u/s 309(4) of the Companies Act, 1956 for payment of Commission to Non Executive Directors upto 3% of the net profits calculated in accordance with the provisions of section 198, 349 and 350 of the Companies Act, 1956 for a period of five years commencing April 1, 2006.

Computation of net profit in accordance with Section 349 of the Companies Act, 1956.

Particulars	(Rs.in crore)	
	2008-09	2007-08
Profit before taxation	1077.02	1171.45
Add: Depreciation as per accounts	21.22	17.09
Managerial Remuneration	0.44	23.33
Less: Depreciation as per Section 350 of the Companies Act, 1956	21.22	17.09
Net Profit for the year	1077.46	1194.78
Salaries, Perquisites and Commission to Non-Executive Directors	0.44	12.00
Commission Restricted to (3%)	32.32	35.84

The Chairman has not accepted commission for the year under review.

#### 9. Employee benefits

- a) Defined contribution Plans

Amount of Rs 5.10 crore (Previous Year : Rs.4.19 crore) is recognised as expense and included in "Employee Costs" referred to in Schedule 'L' in the Profit and Loss Account.

- b) Defined Benefit Plans

The following tables summarise the components of the net employee benefit expenses recognised in the Profit and Loss Account, the fund status and amount recognised in the balance sheet for the gratuity benefit plan and leave encashment plan.

#### Part A: Gratuity Benefits

Particulars	(Rs.in crore)	
	2008-09	2007-08
<b>I. Table showing change in Benefit Obligation</b>		
Liability at the beginning of the period	1.52	0.69
Interest Cost	0.12	0.06
Current Service Cost	1.06	0.43
Benefit Paid	-	(0.07)
Actuarial (gain)/loss on obligations	(0.87)	0.41
Liability at the end of the period	1.83	1.52
<b>II. Tables of Fair Value of Plan Assets</b>		
Fair Value of Plan Assets at the beginning of the period	2.69	0.37
Expected return on Plan Assets	0.21	0.03
Contributions	0.22	1.57
Benefit paid	-	(0.07)
Actuarial gain/(loss) on Plan Assets	(0.14)	0.03
Fair Value of Plan Assets at the end of the period	2.98	1.93
Total Actuarial gain/(loss) to be recognised	0.73	(0.38)
<b>III. Actual return on Plan Assets</b>		
Expected return on Plan Assets	0.21	0.03
Actuarial gain/(loss) on Plan Assets	(0.14)	0.03
Actual return on Plan Assets	0.07	0.06
<b>IV. Amount recognised in the Balance Sheet</b>		
Liability at the end of the period	1.83	1.52
Fair Value of Plan Assets at the end of the period	2.97	1.93
Difference Funded Status	(1.14)	(0.42)
Amount Recognised in the Balance Sheet (liability)	(1.14)	(0.42)

## Reliance Capital Limited

**Notes to the Financial Statements**

(Rs.in crore)

Particulars	Gratuity benefit funded	
	2008-09	2007-08
<b>V. Expenses recognised in the Profit and Loss Account</b>		
Current Service Cost	1.07	0.43
Interest Cost	0.12	0.06
Expected Return on Plan Assets	(0.21)	(0.03)
Net Actuarial (gain)/loss to be recognised	(0.73)	0.38
Expense recognised in the Profit and Loss Account	0.25	0.84
<b>VI. Amount recognised in the Balance Sheet</b>		
Opening Net Liability	(1.17)	0.32
Expense as above	0.25	0.84
Employers Contribution paid	(0.22)	(1.57)
Closing Net Liability	(1.14)	(0.42)
<b>VII. Assumptions</b>		
Discount Rate	7.50%	8.00%
Rate of return on Plan Assets	7.50%	8.00%
Salary Escalation Rate	5.00%	5.00%

**Part B: Leave Encashment**

(Rs.in crore)

Particulars	Leave Encashment Benefit -Unfunded	
	2008-09	2007-08
<b>I. Table showing change in Benefit Obligation</b>		
Liability at the beginning of the period	5.70	1.84
Interest Cost	0.29	0.09
Current Service Cost	2.01	1.61
Benefit paid	(3.76)	(1.37)
Actuarial (gain)/loss on obligations	1.86	3.53
Liability at the end of the period	6.10	5.70
<b>II. Tables of Fair Value of Plan Assets</b>		
Fair Value of Plan Assets at the beginning of the period	-	-
Expected return on Plan Assets	-	-
Contributions	3.76	1.37
Benefit Paid	(3.76)	(1.37)
Actuarial gain/(loss) on Plan Assets	-	-
Fair Value of Plan Assets at the end of the period	-	-
Total Actuarial gain/(loss) to be recognised	(1.86)	(3.53)
<b>III. Actual return on Plan Assets</b>		
Expected return on Plan Assets	-	-
Actuarial gain/(loss) on Plan Assets	-	-
Actual return on Plan Assets	-	-
<b>IV. Amount recognised in the Balance Sheet</b>		
Liability at the end of the period	6.10	5.69
Fair Value of Plan Assets at the end of the period	-	-
Difference/ Funded Status	(6.10)	(5.69)
Unrecognised Actual Gain/ (Loss)	-	-
Amount Recognised in the Balance Sheet (liability)	(6.10)	(5.69)
<b>V. Expenses recognised in the Profit and Loss Account</b>		
Current Service Cost	2.02	1.61
Interest Cost	0.29	0.09
Expected Return on Plan Assets	-	-

## Reliance Capital Limited

**Notes to the Financial Statements**

(Rs.in crore)

Particulars	Leave Encashment Benefit -Unfunded	
	2008-09	2007-08
Net Actuarial (gain)/loss to be recognised	1.86	3.53
Expense recognised in Profit and Loss Account	4.17	5.23
<b>VI. Amount recognised in the Balance Sheet</b>		
Opening Net Liability	5.69	1.84
Expense as above	4.17	5.23
Employers Contribution paid	(3.76)	(1.37)
Closing Net Liability	6.10	5.69
<b>VII. Assumptions</b>		
Discount rate	7.00%	7.50%
Rate of return on Plan Assets	0.00%	0.00%
Salary Escalation	5.00%	5.00%

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

General Descriptions of significant defined plans

## a) Gratuity plan

Gratuity is payable to all eligible employees of the Company on superannuation, death and permanent disablement, in terms of the provisions of the Payment of Gratuity Act 1972 or as per the Company's Scheme whichever is more beneficial.

## b) Leave plan

Encashment of leave can be availed by the employee for the balance in the earned account as on January 2009. All carry forward earned leaves are available for availment but not encashment. The minimum earned leave balance for encashment is 30 days and the reserve earned leave limit is 15 days.

## 10. Segment reporting

As per paragraph 4 of Accounting Standard (AS-17), on "Segment Reporting" notified by the Companies (Accounting Standard) Rules 2006, where a single financial report contains both consolidated financial statements and the separate financial statements of the holding company, segment reporting needs to be presented only on the basis of consolidated financial statements. In view of this, segment information has been presented at Note No. 12 of Schedule 'O' of the attached consolidated financial statements.

## 11. Related Party Disclosures:

## List of related parties

## i) Promoters

AAA Enterprises Pvt. Ltd. (Holding Company)  
Reliance Innoventures Pvt. Ltd. (Ultimate Parent Company)  
Shri Anil D. Ambani  
Smt. Tina A. Ambani  
Smt. Kokilaben D. Ambani  
Master Jai Anmol A. Ambani  
Master Jai Anshul A. Ambani  
Hansdhwani Trading Company Pvt. Ltd.

## ii) Subsidiaries

Reliance Capital Asset Management Ltd.  
Reliance Capital Trustee Co. Ltd.  
Reliance General Insurance Company Ltd.  
Reliance Gilts Ltd.  
Reliance Capital Research Pvt. Ltd.  
Reliance Money Express Ltd.  
Medybiz Pvt. Ltd.  
Net Logistics Pvt. Ltd.  
Reliance Technology Ventures Pvt. Ltd.  
Reliance Capital Markets Pvt. Ltd.  
Reliance Asset Management (Mauritius) Ltd.  
Reliance Asset Management (Singapore) Pte. Ltd.  
Reliance Capital Asset Management (UK) Plc  
Reliance Equity Advisors (India) Ltd. (formerly Reliance Venture Asset Management Pvt. Ltd.)  
Reliance Consultants (Mauritius) Ltd. (w.e.f. April 2, 2008)

## Reliance Capital Limited

**Notes to the Financial Statements**

Reliance Equities International Pvt. Ltd. (w.e.f. May 17, 2008)  
 Reliance Home Finance Pvt. Ltd. (w.e.f. June 26, 2008)  
 Reliance Capital Services Pvt. Ltd. (w.e.f. July 15, 2008)  
 Reliance Capital (Singapore) Pte Ltd. (w.e.f. August 7, 2008)  
 Reliance Consumer Finance Pvt. Ltd. (w.e.f. August 14, 2008)  
 Reliance Securities Ltd. (w.e.f. August 28, 2008)  
 Reliance Commodities Ltd. (w.e.f. August 28, 2008)  
 Reliance Financial Ltd. (w.e.f. August 28, 2008)  
 Reliance Alternative Investments Services Pvt. Ltd. (w.e.f. September 27, 2008)  
 Reliance Prime International Ltd. (w.e.f. August 28, 2008)  
 Reliance Capital Pension Fund Ltd. (w.e.f. March 31, 2009)  
 Reliance Money Infrastructure Ltd. (w.e.f. August 28, 2008 to March 14, 2009)

**Partnership firm**

Reliance Capital Partners  
 Reliance Capital Infrastructure Partners

**iii) Associates**

Reliance Land Pvt. Ltd.  
 Reliance Share & Stock Brokers Pvt. Ltd.  
 Ammolite Holdings Ltd.  
 Reliance Asset Reconstruction Company Ltd.  
 Wall Street Finance Ltd. (w.e.f. May 31, 2008) (Associate of Reliance Money Express Ltd., a subsidiary of the company)

**iv) Fellow Subsidiaries**

Reliance Communications Ltd.  
 Reliance Communications Infrastructure Ltd.  
 Reliance Telecom Ltd.  
 Matrix Innovations Ltd.  
 Reliance Natural Resources Ltd.  
 Reliance WiMax Ltd. (Formerly known as Gateway Systems (India) Ltd.)  
 Reliance Webstores Ltd.  
 Reliance Infocomm Infrastructure Pvt. Ltd.

**v) Key Management Personnel**

Shri V. R. Mohan – Company Secretary & Manager

**vi) Transactions during the year with related parties**

(Rs.in crore)

Particulars	Holding company	Subsidiaries	Fellow Subsidiaries	Associates	Key Management Personnel	Total
<b>Investments</b>						
a) Subscribed / Purchased during the year	- (-)	<b>452.11</b> (412.78)	- (-)	<b>259.24</b> (0.25)	- (-)	<b>711.35</b> (413.03)
b) Investment in Partnership firm during the year	- (-)	<b>192.39</b> (-)	- (-)	- (-)	- (-)	<b>192.39</b> (-)
c) Profit/(Loss)of Partnership firm during the year	- (-)	<b>(4.40)</b> (32.47)	- (-)	- (-)	- (-)	<b>(4.40)</b> (32.47)
d) Sold/Redeemed/withdrawal during the year (includes Partnership Firm) *Re.1 of World Tel Holding Ltd.	- (-)	<b>0.80</b> (81.17)	- (-*)	- (2.05)	- (-)	<b>0.80</b> (83.22)
e) Brokerage paid during the year	- (-)	<b>2.47</b> (-)	- (-)	- (0.89)	- (-)	<b>2.47</b> (0.89)
f) Balance as at March 31, 2009 (includes Partnership Firm)	- (-)	<b>1 557.16</b> (767.86)	<b>211.77</b> (211.77)	<b>54.72</b> (20.49)	- (-)	<b>1 823.65</b> (1 000.12)

## Reliance Capital Limited

## Notes to the Financial Statements

(Rs.in crore)

Particulars	Holding company	Subsidiaries	Fellow Subsidiaries	Associates	Key Management Personnel	Total
<b>Sundry Debtors Balance</b>	-	-	<b>6.94</b>	-	-	<b>6.94</b>
as at March 31, 2009	(-)	(3.86)	(9.22)	(0.03)	(-)	(13.11)
<b>Loans to Others</b>						
a) Given during the year	-	<b>65.46</b>	-	<b>559.80</b>	-	<b>625.26</b>
	(-)	(2.39)	(-)	(294.39)	(-)	(296.78)
b) Returned during the year	-	<b>15.02</b>	<b>385.00</b>	<b>641.55</b>	-	<b>1041.57</b>
	(-)	(-)	(1 163.45)	(567.43)	(-)	(1 730.88)
c) Balance as at March 31, 2009	-	<b>168.83</b>	-	<b>483.43</b>	-	<b>652.26</b>
	(-)	(7.39)	(385.00)	(565.17)	(-)	(957.56)
d) Interest Receivable on above (# Rs.10 411)	-	<b>0.68</b>	-	<b>11.43</b>	-	<b>12.11</b>
	(-)	(#)	(-)	(2.92)	(-)	(2.92)
<b>Advances recoverable in cash or in kind</b>						
a) Given during the year	-	-	-	-	-	-
	(-)	(-)	(-)	(4.23)	(-)	(4.23)
b) Returned during the year Rs.#14 400 (##Previous year Rs.14 400)	-	-	-	-	<b>#</b>	<b>#</b>
	(-)	(-)	(-)	(-)	(##)	(##)
c) Balance as at March 31, 2009	-	<b>141.03</b>	<b>0.01</b>	<b>0.11</b>	<b>0.05</b>	<b>141.20</b>
	(-)	(0.17)	(-)	(4.23)	(0.04)	(4.44)
d) Interest receivable as at March 31, 2009	-	-	-	-	<b>0.01</b>	<b>0.01</b>
	(-)	(-)	(-)	(-)	(0.01)	(0.01)
<b>Current Liabilities</b>						
a) Sundry Creditors Balance as at March 31, 2009 *Rs 36 872	-	<b>0.09</b>	-	-	-	<b>0.09</b>
	(-)	(- *)	(1.43)	(-)	(-)	(1.43)
<b>Income</b>						
a) Interest & Finance Income	-	<b>13.06</b>	<b>21.00</b>	<b>41.78</b>	-	<b>75.84</b>
	(-)	(0.40)	(122.01)	(11.40)	(-)	(133.81)
b) Loss on Sale of Investment	-	-	-	-	-	-
	(-)	(-)	(22.65)	(-)	(-)	(22.65)
c) Rent	-	<b>1.56</b>	<b>4.41</b>	-	-	<b>5.97</b>
	(-)	(0.77)	(4.41)	(-)	(-)	(5.18)
d) Front End Fees	-	-	-	<b>1.25</b>	-	<b>1.25</b>
	(-)	(-)	(-)	(-)	(-)	(-)
e) Miscellaneous Income * Credit Balance Written back Rs.36,871 (Previous Year Rs.938)	-	<b>*</b>	-	-	-	-
	(-)	(-*)	(-)	(-)	(-)	(-*)
f) Reimbursement of Expenditure taken	-	<b>10.61</b>	<b>2.41</b>	<b>0.08</b>	-	<b>13.10</b>
	(-)	(-)	(-)	(-)	(-)	(-)
g) Premium on Loan Assignment and Securitisation	-	<b>2.80</b>	-	-	-	<b>2.80</b>
	(-)	(-)	(-)	(-)	(-)	(-)
<b>Expenditure</b>						
a) Rent	-	<b>0.79</b>	<b>2.53</b>	-	-	<b>3.32</b>
	(-)	(-)	(-)	(-)	(-)	(-)
b) Insurance	-	<b>0.49</b>	-	-	-	<b>0.49</b>
	(-)	(0.80)	(-)	(-)	(-)	(0.80)



## Reliance Capital Limited

## Notes to the Financial Statements

(Rs.in crore)

Particulars	Holding company	Subsidiaries	Fellow Subsidiaries	Associates	Key Management Personnel	Total
c) Payment to and Provisions for Employees	-	-	-	-	<b>0.33</b>	<b>0.33</b>
	(-)	(-)	(-)	(-)	(0.30)	(0.30)
d) Professional and Management Fees	-	<b>1.94</b>	<b>1.37</b>	-	-	<b>3.31</b>
	(-)	(0.78)	(0.04)	(-)	(-)	(0.82)
e) Repairs & Maintenance - Others	-	-	<b>6.38</b>	-	-	<b>6.38</b>
	(-)	(-)	(5.39)	(-)	(-)	(5.39)
g) Miscellaneous **Rs.500	-	<b>0.77</b>	<b>0.05</b>	<b>0.01</b>	-	<b>0.83</b>
	(-)	(0.02)	(0.13)	(**)	(-)	(0.15)
<b>Contingent Liability</b>						
a) Guarantees to Banks and Financial Institutions on behalf of third parties	-	<b>290.00</b>	-	<b>75.00</b>	-	<b>365.00</b>
	(-)	(-)	(0.65)	(-)	(-)	(0.65)
<b>Assignment of Loans</b>	-	<b>200.00</b>	-	-	-	<b>200.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)

The nature and volume of material transaction for the year with above related parties ar as follows

(Rs.in crore)

Particulars	Holding company	Subsidiaries	Fellow Subsidiaries	Associates	Key Management Personnel	Total
<b>Investments</b>						
a) Subscribed/Purchased during the year						
i) Reliance General Insurance Company Ltd	-	<b>159.99</b>	-	-	-	<b>159.99</b>
	(-)	(399.99)	(-)	(-)	(-)	(399.99)
ii) Reliance Consumer Finance Pvt. Ltd.	-	<b>101.00</b>	-	-	-	<b>101.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
iii) Reliance Home Finance Pvt. Ltd	-	<b>101.00</b>	-	-	-	<b>101.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
iv) Reliance Land Pvt. Ltd.	-	-	-	<b>226.00</b>	-	<b>226.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
b) Investment in Partnership firm during the year	<b>(-)</b>	<b>192.39</b>	-	-	-	<b>192.39</b>
Reliance Capital Partners	(-)	(-)	(-)	(-)	(-)	(-)
c) Profit/(Loss) of Partnership firm during the year	<b>(-)</b>	<b>(4.40)</b>	-	-	-	<b>(4.40)</b>
Reliance Capital Partners	(-)	(32.47)	(-)	(-)	(-)	(32.47)
d) Sold / Redeemed / withdrawal during the year (includes Partnership Firm)	-	<b>0.80</b>	-	-	-	<b>0.80</b>
	(-)	(77.67)	(*)	(-)	(-)	(77.67)
*Re.1 of WorldTel Holding Ltd. Reliance Capital Partners						
e) Brokerage paid during the year						
i) Reliance Securities Ltd.	-	<b>2.47</b>	-	-	-	<b>2.47</b>
	(-)	(-)	(-)	(-)	(-)	(-)
ii) Reliance Share & Stock Brokers Pvt. Ltd.	-	-	-	-	-	-
	(-)	(-)	(-)	(0.89)	(-)	(0.89)

## Reliance Capital Limited

## Notes to the Financial Statements

(Rs.in crore)

Particulars	Holding company	Subsidiaries	Fellow Subsidiaries	Associates	Key Management Personnel	Total
f) Balance as at March 31, 2009 (includes Partnership Firm)						
i) Reliance Capital Partner	- (-)	<b>295.98</b> (108.79)	- (-)	- (-)	- (-)	<b>295.98</b> (108.79)
ii) Reliance General Insurance Co. Ltd	- (-)	<b>767.00</b> (607.00)	- (-)	- (-)	- (-)	<b>767.00</b> (607.00)
iii) Reliance Communications Ltd.	- (-)	- (-)	<b>209.05</b> (209.05)	- (-)	- (-)	<b>209.05</b> (209.05)
<b>Sundry Debtors Balance as at March 31, 2009</b>						
i) Reliance Communications Ltd.	- (-)	- (-)	<b>6.94</b> (9.22)	- (-)	- (-)	<b>6.94</b> (9.22)
<b>Loans to Others</b>						
a) Given during the year						
i) Reliance Land Pvt. Ltd.	- (-)	- (-)	- (-)	<b>558.20</b> (233.03)	- (-)	<b>558.20</b> (233.03)
ii) Reliance Share & Stock Brokers Pvt. Ltd.	- (-)	- (-)	- (-)	- (59.39)	- (-)	- (59.39)
b) Returned during the year						
i) Reliance Communications Infrastructure Ltd.	- (-)	- (-)	<b>385.00</b> (1 163.45)	- (-)	- (-)	<b>385.00</b> (1 163.45)
ii) Reliance Land Pvt. Ltd.	- (-)	- (-)	- (-)	<b>581.05</b> (431.18)	- (-)	<b>581.05</b> (431.18)
c) Balance as at March 31, 2009						
i) Reliance Securities Ltd.	- (-)	<b>111.00</b> (-)	- (-)	- (-)	- (-)	<b>111.00</b> (-)
ii) Reliance Land Pvt. Ltd.	- (-)	- (-)	- (-)	<b>483.43</b> (506.28)	- (-)	<b>483.43</b> (506.28)
iii) Reliance Communication Infrastructure Ltd.	- (-)	- (-)	- (385.00)	- (-)	- (-)	- (385.00)
d) Interest Receivable on above						
i) Reliance Land Pvt. Ltd.	- (-)	- (-)	- (-)	<b>8.53</b> (-)	- (-)	<b>8.53</b> (-)
ii) Ammolite Holdings Ltd.	- (-)	- (-)	- (-)	<b>2.90</b> (2.92)	- (-)	<b>2.90</b> (2.92)
<b>Advances recoverable in cash or in kind</b>						
a) Given during the year						
i) Reliance Asset Reconstruction Co. Ltd.	- (-)	- (-)	- (-)	- (4.23)	- (-)	- (4.23)
b) Returned during the year						
i.) Reliance Asset Reconstruction Co. Ltd.	- (-)	- (-)	- (-)	- (4.23)	- (-)	- (4.23)
c) Balance as at March 31, 2009						
i) Reliance Securities Ltd.	- (-)	<b>138.93</b> (-)	- (-)	- (-)	- (-)	<b>138.93</b> (-)
ii) Reliance Capital Research Pvt. Ltd.	- (-)	- (0.17)	- (-)	- (-)	- (-)	- (0.17)
d) Interest receivable as at March 31, 2009 Shri V. R. Mohan	- (-)	- (-)	- (-)	- (-)	<b>0.01</b> (0.01)	<b>0.01</b> (0.01)

## Reliance Capital Limited

## Notes to the Financial Statements

(Rs.in crore)

Particulars	Holding company	Subsidiaries	Fellow Subsidiaries	Associates	Key Management Personnel	Total
<b>Current Liabilities</b>						
a) Sundry Creditors Balance as at March 31, 2009						
i) Reliance Equities International Pvt. Ltd.	-	<b>0.09</b>	-	-	-	<b>0.09</b>
	(-)	(-)	(-)	(-)	(-)	(-)
ii) Reliance Communication Infrastructure Ltd.	-	-	-	-	-	-
	(-)	(-)	(1.43)	(-)	(-)	(1.43)
<b>Income</b>						
a) Interest & Finance Income						
i) Reliance Securities Ltd.	-	<b>11.17</b>	-	-	-	<b>11.17</b>
	(-)	(-)	(-)	(-)	(-)	(-)
ii) Reliance Land Pvt. Ltd.	-	-	-	<b>37.69</b>	-	<b>37.69</b>
	(-)	(-)	(-)	(1.45)	(-)	(1.45)
iii) Reliance Communications Infrastructure Pvt. Ltd.	-	-	<b>21.00</b>	-	-	<b>21.00</b>
	(-)	(-)	(122.01)	(-)	(-)	(122.01)
b) Loss on Sale of Investment						
i) Reliance Communications Ltd.	-	-	-	-	-	-
	(-)	(-)	(22.65)	(-)	(-)	(22.65)
c) Rent						
i) Reliance Capital Asset Management Ltd.	-	<b>1.56</b>	-	-	-	<b>1.56</b>
	(-)	(0.77)	(-)	(-)	(-)	(0.77)
ii) Reliance Communications Ltd.	-	-	<b>4.41</b>	-	-	<b>4.41</b>
	(-)	(-)	(4.41)	(-)	(-)	(4.41)
d) Front End Fees						
i) Reliance Land Pvt. Ltd.	-	-	-	<b>1.25</b>	-	<b>1.25</b>
	(-)	(-)	(-)	(-)	(-)	(-)
e) Premium on Loan Assignment						
i) Reliance Consumer Finance Pvt. Ltd.	-	<b>2.22</b>	-	-	-	<b>2.22</b>
	(-)	(-)	(-)	(-)	(-)	(-)
ii) Reliance Home Finance Pvt. Ltd.	-	<b>0.58</b>	-	-	-	<b>0.58</b>
	(-)	(-)	(-)	(-)	(-)	(-)
f) Reimbursement of Expenditure taken						
i) Reliance General Insurance Company Ltd.	-	<b>7.35</b>	-	-	-	<b>7.35</b>
	(-)	(-)	(-)	(-)	(-)	(-)
ii) Reliance Communications Infrastructure Ltd.	-	-	<b>2.41</b>	-	-	<b>2.41</b>
	(-)	(-)	(-)	(-)	(-)	(-)
iii) Reliance Asset Reconstruction Co. Ltd	-	-	-	<b>0.09</b>	-	<b>0.09</b>
	(-)	(-)	(-)	(-)	(-)	(-)
<b>Expenditure</b>						
a) Rent						
i) Reliance Communications Infrastructure Ltd.	-	-	<b>2.53</b>	-	-	<b>2.53</b>
	(-)	(-)	(-)	(-)	(-)	(-)
b) Insurance						
i) Reliance General Insurance Company Ltd.	-	<b>0.49</b>	-	-	-	<b>0.49</b>
	(-)	(0.80)	(-)	(-)	(-)	(0.80)
c) Payment to and provisions for employees						
i) Shri V. R. Mohan	-	-	-	-	<b>0.33</b>	<b>0.33</b>
	(-)	(-)	(-)	(-)	(0.30)	(0.30)
d) Professional and Management fees						
i) Reliance Technology Ventures Pvt. Ltd.	-	<b>1.26</b>	-	-	-	<b>1.26</b>
	(-)	(0.78)	(-)	(-)	(-)	(0.78)

## Reliance Capital Limited

## Notes to the Financial Statements

(Rs.in crore)

Particulars	Holding company	Subsidiaries	Fellow Subsidiaries	Associates	Key Management Personnel	Total
ii) Reliance Communication Infrastructure Ltd	- (-)	- (-)	1.37 (-)	- (-)	- (-)	1.37 (-)
e) Repairs & Maintenance – Others						
i) Reliance Communications Infrastructure Ltd.	- (-)	- (-)	6.10 (4.97)	- (-)	- (-)	6.10 (4.97)
<b>Contingent Liability</b>						
a) Guarantees to Banks and Financial Institutions on behalf of third parties	- (-)	290.00 (-)	- (0.65)	75.00 (-)	- (-)	365.00 (0.65)
i) Reliance Money Express Ltd.	- (-)	40.00 (-)	- (-)	- (-)	- (-)	40.00 (-)
ii) Reliance Equities International Pvt. Ltd.	- (-)	200.00 (-)	- (-)	- (-)	- (-)	200.00 (-)
iii) Ammolite Holdings Ltd.	- (-)	75.00 (-)	- (-)	- (-)	- (-)	75.00 (-)
<b>Assignment of Loans</b>						
i) Reliance Home Finance Pvt. Ltd.	- (-)	100.00 (-)	- (-)	- (-)	- (-)	100.00 (-)
ii) Reliance Consumer Finance Pvt. Ltd.	- (-)	100.01 (-)	- (-)	- (-)	- (-)	100.01 (-)

## Notes

- Figures in bracket indicate previous year figures.
- Expenses incurred towards public utilities services such as telephone and electricity charges have not been considered for related party disclosures.
- Previous year transactions with parties that have ceased to be related parties in the current year have been excluded in the above mentioned table as the relationship did not exist.
- In addition to the above, Commission amounting to Rs.Nil (Previous Year Rs.11.00 crore) and Director Sitting Fees of Rs.80,000. (Previous Year Rs.60,000) has been paid to Shri Anil D. Ambani, an individual having significant influence.
- The Company's stake in Share Capital of, Gini & Jony Ltd., BLR India Pvt. Ltd., Victory Transformers & Swithchgears Pvt. Ltd. is in excess of 20 per cent each. These investments have been made by the Company for a short term with an intention to sell these investments in the near future. The Company does not have any "Significant Influence" on these companies, as defined by Accounting Standard (AS-18) on Related Party Disclosures as per Companies (Accounting Standard) Rules 2006 and hence the transaction with these parties is not considered for Related Party Disclosures.

## 12. Basic and Diluted Earnings Per Share

The computation of earnings per share is set out below

(Rs.in crore)

Particulars	2008-09	2007-08
a) Amounts used as the numerators		
Net Profit after tax	968.02	1025.45
Net Profit attributable to equity shareholders	968.02	1025.45
b) Weighted average number of equity shares (Nos.)	24 56 32 800	24 56 32 800
c) Basic earnings per share of face value Rs.10 each (Rs.)	39.41	41.75
d) Diluted earnings per share of face value Rs.10 each (Rs.)	39.41	41.75

## Reliance Capital Limited

**Notes to the Financial Statements****13. Deferred Taxation**

Deferred tax liability included in the balance sheet comprises the following

(Rs.in crore)

Particulars	As at	As at
	March 31, 2009	March 31, 2008
<b>Deferred Tax Liabilities</b>		
Depreciation on Fixed Assets/ Deferred Expenses	65.50	74.70
<b>Deferred Tax Assets</b>		
Provision for NPA and Disallowance u/s 43B of the Income tax Act,1961	59.00	51.20
Net Deferred Tax Liabilities	6.50	23.50

14. During the year, the Company has entered into a joint venture with KGS Developers Ltd. in respect of certain projects. The Company has invested Rs.85 crore and is entitled to share the Profit / Loss equally.

15. **Disclosure of loans / advances and investments in its own shares by the listed companies, in its subsidiaries, associates etc. (as certified by the management) as required by clause 32 of Listing Agreement.**

(Rs.in crore)

Particulars	Outstanding Balance		Maximum Balance outstanding	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
i) Loans and advances in the nature of loans to subsidiaries				
i. Reliance Gilts Ltd.	2.00	2.00	2.00	2.00
ii. Medybiz Pvt. Ltd.	7.87	5.37	7.87	5.37
iii. Reliance Technology Ventures Pvt. Ltd.	-	0.02	0.02	0.02
iv. Reliance Equity Advisors (India) Ltd.	12.10	-	12.10	-
v. Reliance Equities International Pvt. Ltd.	20.00	-	20.00	-
vi. Reliance Capital Services Pvt. Ltd.	15.85	-	8.20	-
vii. Reliance Securities Ltd.	111.00	-	111.00	-
ii) Loans and advances in the nature of loans to associates				
a) Reliance Share & Stock Brokers Pvt. Ltd.	-	29.89	31.49	106.75
b) Reliance Land Pvt. Ltd.	483.43	506.28	983.43	540.39
c) Ammolite Holdings Ltd.	29.01	29.01	29.01	29.01
ii) Loans and advances in the nature of loans to fellow subsidiary				
Reliance Communications Infrastructure Ltd.	-	385.00	385.00	385.00
iii) Loans and advances in the nature of loans where there is				
a) No repayment schedule or repayment beyond seven years Loans to employees (in ordinary course of business)	-	9.84	9.84	9.84
b) No interest or interest below Section 372A of the Companies Act, 1956				
1) Reliance Gilts Ltd.	2.00	2.00	2.00	2.00
2) Reliance Land Pvt. Ltd.	483.43	506.28	983.43	540.39
3) Reliance Capital Services Pvt. Ltd.	15.85	-	15.85	-
4) Mandke Foundation	229.25	-	229.25	-
5) Loans to employees (in ordinary course of business- same as (iii)(a) above)	-	9.84	9.84	9.84
iv) Loans and advances in nature of loans to firms / companies in which directors are interested.	Nil	-	Nil	-
v) Investments by loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.			<b>No. of shares</b>	<b>Amount (Rs.)</b>
a) Medybiz Pvt. Ltd.				
- Net Logistics Pvt. Ltd.			1,000 (1,000)	10,000 (10,000)

## Reliance Capital Limited

**Notes to the Financial Statements**

16. Disclosure of details as required by Revised Para 13 of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007, earlier Para 9BB of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

(Rs. in crore)

Particulars	Amount Outstanding		Amount Overdue	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
(1) Loans and advances availed by NBFC inclusive of interest accrued thereon but not paid				
a) Debentures :				
(Other than falling within the meaning of public deposits)				
i) Secured	1 181.90	884.32	-	-
ii) Unsecured	-	-	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans	-	-	-	-
d) Inter-Corporate Loans and Borrowing	-	-	-	-
e) Commercial Paper	5 591.98	4 219.50	-	-
f) Other Loans (specify nature)				
i) Loan from banks				
Working capital loan (including accrued interest)	1 010.29	1 378.24	-	-
Others	5 995.36	2 650.00	-	-
ii) Security deposit lease#	61.60	61.60	-	-
iii) From - CBLO	-	191.92	-	-
Collateralised Borrowing and Lending Obligation				
# Rs.60.00 crore lying in Current Liabilities				

(Rs. in crore)

Particulars	Amount Outstanding	Amount Outstanding
	March 31, 2009	March 31, 2008
(2) Break up of loans and advances including bills receivable Other than those included in (3) below		
a) Secured	6 758.43	6 126.23
b) Unsecured	4 740.01	4 081.74
	<b>11 498.44</b>	<b>10 207.97</b>

**Note**

Housing loans / loans against property granted are secured by equitable registered mortgage of property and / or undertaking to create a security. Secured loans in the nature of commercial vehicle, auto finance are secured against hypothecation of respective vehicle.

- (3) Break up of Leased Assets and Stock on Hire and

Other assets counting towards AFC activities

Lease assets including lease rentals under sundry debtors

1) Financial Lease (Net of Depreciation and Lease Adjustment)	0.01	0.01
2) Operating Lease	-	-

- (4) Break up of Investments

a) Current Investments

1) Quoted Shares

- Equity (Stock-in trade)	0.53	0.82
- Preference	-	-
- Mutual Fund	1 280.35	80.00

2) Unquoted Shares

Others

- Reliance Capital Partners current account	295.98	108.79
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## Reliance Capital Limited

## Notes to the Financial Statements

(Rs. in crore)

Particulars	Amount Outstanding	
	March 31, 2009	March 31, 2008
b) Long Term Investments		
1) Quoted Shares		
- Equity	1 559.05	1 427.04
- Preference	10.13	-
- Debentures and Bonds	90.00	90.00
- Government Securities	-	196.44
2) Unquoted Shares		
- Equity	1 729.39	1 275.94
- Preference	1 860.75	331.59
- Debentures and Bonds	1 796.75	1 193.85
- Units of Mutual Funds	4.00	2.00
- GOI securities Rs.45,000 (Previous Year Rs.45,000)	-	-
- Others (please specify)		
- Warrants	35.09	9.73
- Investments in Joint Venture	85.00	-
<b>Total</b>	<b>8 747.02</b>	<b>4 716.21</b>

(5) Borrower group-wise classification of assets financed as in (2) and (3) above  
(Amount net of provisions)

(Rs. in crore)

	Secured		Unsecured		Total	
	March31, 2009	March31, 2008	March31, 2009	March31, 2008	March31, 2009	March31, 2008
a) Related parties						
1) Subsidiaries	-	-	168.83	7.56	168.83	7.56
2) Companies in the same group	-	-	-	385.00	-	385.00
3) Other related parties	-	-	483.43	569.41	483.43	569.41
b) Other than related parties	6 758.43	6 123.94	3 935.18	3 101.24	10 693.61	9 225.18
<b>Total</b>	<b>6 758.43</b>	<b>6 123.94</b>	<b>4 587.44</b>	<b>4 063.21</b>	<b>11 345.87</b>	<b>10 187.15</b>

## (6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted excluding stock in trade)

(Rs. in crore)

Particulars	Market value / Fair value or NAV		Book value (Net of provisions)	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
a) Related parties				
1) Subsidiaries	1 261.18	767.86	1 261.18	767.86
2) Companies in the same group	395.84	1 101.54	211.77	211.77
3) Other related parties	54.72	20.49	54.72	20.49
b) Other than related parties	6 493.94	5 243.94	7 218.82	3 715.27
<b>Total</b>	<b>8 205.68</b>	<b>7 133.83</b>	<b>8 746.49</b>	<b>4 715.39</b>

## Reliance Capital Limited

**Notes to the Financial Statements****(7) Other information**

	March 31, 2009	March 31, 2008
a) Gross Non Performing Assets		
1) Related Parties	-	-
2) Other than Related Parties	352.10	42.44
b) Net Non Performing Assets		
1) Related Parties	-	-
2) Other than Related Parties	199.53	21.62
c) Assets Acquired in Satisfaction of Debt	7.74	0.61

**Note**

- a) Companies in the same group means companies under the same management as per section 370(1B) of the Companies Act, 1956.
- b) In case of investments in case of unquoted shares, it is assumed that market value is same as book value.

16. **Disclosure of details as required by Para 5 of Reserve Bank of India Circular No RBI 2008-09/116 DNBS (PD).CC. No. 125/03.05.002/2008-09.**

**I. Capital to Risk Asset Ratio ("CRAR")**

Items	March 31, 2009	March 31, 2008
i) CRAR (%)	28.87	32.69
ii) CRAR - Tier I capital (%)	28.87	32.69
iii) CRAR - Tier II Capital (%)	-	-

**II. Exposure to Real Estate**

Category	2008-09	2007-08
a) Direct Exposure		
i) Residential Mortgage		
Individual Housing Loan up to 15 lakhs	321.56	172.98
Individual Housing Loan More than 15 lakhs	1877.43	1475.64
ii) Commercial Real Estate	751.82	512.94
iii) Individual Housing Loan More than 15 lakhs and other securitised exposure		
Residential	-	-
Commercial	-	-
b) Indirect Exposure	-	-
Fund Based and Non Fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

**III. Maturity pattern of asset and liabilities (At Book Values)**

	(Rs. in crore)								
	1 day to 30/31 days	Over 1 month to 2 months	Over 2 month to 3 months	Over 3 month to 6 months	Over 6 month to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 year to	Total
<b>Liabilities</b>									
Borrowings from Banks (including NCD/ CP)	-	500.04	200.00	600.47	3 432.09	2 273.05	-	-	7 005.65
Market Borrowings	1 202.87	698.57	220.69	1 833.64	2 193.12	454.90	170.09	-	6 773.88
<b>Assets</b>									
Loans/Advances	1 528.80	719.92	298.92	712.86	1 304.53	3 119.23	809.79	2 493.36	10 987.41
Investments	2 986.26	-	21.66	2.13	202.55	391.30	3 034.88	2 177.51	8 816.29

All quoted investments have been included in 1 day to 30/31 days (one month) bucket considering its liquidity. All unquoted equity shares/warrants including investment in subsidiaries have been included in 'Over 3 years to 5 years' bucket.



## Reliance Capital Limited

**Notes to the Financial Statements****17. Contingent Liabilities and Commitments (As Certified by the Management)**

(Rs. in crore)

	As at March 31, 2009	As at March 31, 2008
<b>Contingent Liabilities</b>		
i) Guarantees to Banks and Financial Institutions on behalf of Subsidiaries and Associates.	366.43	30.62
ii) Claims against the Company not acknowledged as debt (Sales Tax)	0.09	6.56
<b>Commitments</b>		
iii) Estimated amount of contracts remaining to be executed on capital account (net of advances)	23.09	1.37
iv) Uncalled amount on Investment	265.17	516.23

**18. Expenditure in foreign currency**

(Rs. in crore)

Particulars	2008-09	2007-08
i) Traveling Expenses	0.04	0.02
ii) Donations	2.57	2.44
iii) Conference Expenses	0.52	0.13
iv) Professional Fees	4.86	3.29
v) Software	2.19	2.13
vi) Others	1.47	1.99

**19. Value of imports on C.I.F. basis in respect of**

(Rs. in crore)

Particulars	2008-09	2007-08
Capital goods	2.99	3.23

**20. Earning in foreign currency**

(Rs. in crore)

Particulars	2008-09	2007-08
Interest income (Ammolite Holdings Ltd.)	0.24	-

**21. Remittance in foreign currency on account of dividend**

The Company has paid dividend in respect of shares held by non residents on repatriation basis. This, inter-alia includes portfolio investment and direct investment, where the amount is also credited to Non Resident External Account (NRE A/c). The total amount remittable in this respect is specified below:

Particulars	2008-09	2007-08
Dividend		
a) Number of Non Resident Shareholders	951	842
b) Number of Equity Shares held by them	52 129	40 984
c) (i) Amount of Dividend Paid (gross) (amount in Rs.)	2 86 708	1 43 444
(ii) Year to which Dividend Relates	2007-08	2006-07

## Reliance Capital Limited

**Notes to the Financial Statements**22. **Stock-in-trade**

Particulars	QUANTITY (in Nos.)		VALUE (Rs. in crore)	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
<b>Shares</b>				
<b>Equity Shares</b>				
Bag Films Ltd.	3 94 400	3 94 400	0.25	0.25
Kothari Industrial Corporation Ltd. * Re. 1	3 93 880	3 93 880	*	*
Kothari Sugars and Chemicals Ltd.	34 123	34 123	0.02	0.04
Padmalaya Telefilms Ltd.	5 11 000	5 11 000	0.26	0.53
<b>Total Equity Shares</b>	<b>13 33 403</b>	<b>13 33 403</b>	<b>0.53</b>	<b>0.82</b>

**Note**

Above includes

3,93,880 equity shares of Kothari Industrial Corporation Ltd. delivered to the escrow agency, namely Axis Bank Ltd. pursuant to the Settlement Order of the Hon'ble Supreme Court of India. The settlement proceeds will be received upon due completion of the process of the Order.

23. **Particulars in respect of opening stock, purchase, sales and closing stock for stock-in-trade.**

Particulars	QUANTITY (in Nos.)		VALUE (Rs. in crore)	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
<b>Opening Stock</b>				
Equity shares	13 33 403	13 33 403	0.53	0.82
Preference shares	-	-	-	-
<b>Total</b>			<b>0.53</b>	<b>0.82</b>
<b>Purchases</b>				
Equity shares	-	-	-	-
Preference shares	-	-	-	-
<b>Total</b>			-	-
<b>Sales</b>				
Equity shares	-	-	-	-
Preference shares	-	-	-	-
<b>Total</b>			-	-
<b>Closing Stock</b>				
Equity shares	13 33 403	13 33 403	0.53	0.82
Preference shares	-	-	-	-
<b>Total</b>			<b>0.53</b>	<b>0.82</b>

+ The change in carrying amount is on account of the shares held as stock in trade is on account of recognition of mark-to-market loss.

24. **Disclosure under Part II of Schedule VI to the Companies Act, 1956**

Disclosure under Part II of Schedule VI to the Companies Act, 1956, has been made to the extent applicable to the Company.

## Reliance Capital Limited

**Notes to the Financial Statements****25. Balance Sheet Abstract and Company's General Business Profile****I. Registration Details**

Registration No. :    1  6  5  6  4  5 State Code :        1  1  
 Balance Sheet Date :  3  1  0  3  2  0  0  9

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

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 (Rs. in crore)**

Total Liabilities :  2  0  5  9  4  .  0  7 Total Assets :  2  0  5  9  4  .  0  7  
**Sources of Funds :** **Application of Funds**  
 Paid up Capital :    2  4  6  .  1  6 Net Fixed Assets :    1  9  2  .  7  3  
 Equity Warrants :       N  I  L Investments :   8  7  4  6  .  4  9  
 Reserves & Surplus :   6  5  6  0  .  2  8 Net Current Assets :  1  1  5  4  5  .  8  4  
 Secured Loans :   4  9  3  7  .  0  4 Loan Originating Cost (Unamortised) :    1  0  9  .  0  1  
 Unsecured Loans :   8  8  4  4  .  0  9 Accumulated Losses :       N  I  L

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

Turnover :   3  0  1  7  .  2  9 Total Expenditure :   1  9  4  0  .  2  7  
 Profit Before Tax :   1  0  7  7  .  0  2 Profit After Tax :    9  6  8  .  0  2  
 Earning Per Share (Rs.) : Dividend Rate % :     6  5  .  0  0  
 Basic     3  9  .  4  1

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

Item Code no. : Not applicable  
 (ITC Code)

Product Description I. Asset Financing  
 II. Lending  
 III. Investments

For and on behalf of the Board

Chairman **Anil D. Ambani**  
 Vice Chairman **Amitabh Jhunjhunwala**  
 Directors **Rajendra P. Chitale**  
**C. P. Jain**  
**P. N. Ghatalia**  
 Company Secretary & Manager **V. R. Mohan**

Mumbai  
 Dated: April 30, 2009

## Reliance Capital Limited

**Cashflow Statement for the year ended March 31, 2009**

(Rs. in crore)

Particulars	2008-09	2007-08
<b>A. Cash Flow from Operating Activities</b>		
<b>Net Profit before Tax as per Profit &amp; Loss Account</b>	<b>1 077.02</b>	1 171.45
Adjusted for		
Prior period items	<u>0.46</u>	<u>(2.45)</u>
<b>Net Profit before Tax and Prior Period Items</b>	<b>1 077.48</b>	1 169.00
Adjusted for		
Depreciation	21.22	17.09
Balances Written Off	4.47	1.16
Provision for Non Performing Assets	131.75	16.32
Provision for Reduction in Value of Assets	-	46.52
Provision for Repossessed Stock	4.29	0.27
Provision for Diminution in the Value of Investments	49.76	20.04
Provision for Gratuity /Leave Encashment	3.81	2.82
Excess Provision / Credit Balance Written Back	(31.65)	-
Profit on Sale of Fixed Assets	(0.01)	-
Amortisation of Brokerage/ DSA Commission	51.90	13.94
(Profit)/ Loss on Partnership Firm	4.40	(32.47)
Investments		
Interest	(217.08)	(102.10)
Dividend Income	(17.91)	(9.41)
(Profit) / Loss on Sale of Investment (Net)	(1 146.24)	(1 056.17)
Interest Expenses	<u>1 236.75</u>	<u>408.15</u>
	<b>95.46</b>	(673.84)
<b>Operating Profit before Working Capital Changes</b>	<b>1 172.94</b>	495.16
Adjusted for		
Trade and Other Receivables	(616.45)	(7 123.17)
Proceeds from/(Repayment of) Short Term Borrowings (Net)	2 317.80	7 760.53
Proceeds from Long Term Borrowings	1 794.76	-
Deferred Expenses	(63.18)	(111.67)
Trade Payables	<u>(687.38)</u>	<u>750.87</u>
<b>Cash Generated from Operations</b>	<b>3 918.49</b>	1,276.56
Interest Paid	(891.73)	(247.36)
Taxes Paid	<u>(53.92)</u>	<u>(34.15)</u>
<b>Cash Flows before Prior Period Items</b>	<b>2 972.84</b>	1 490.21
Prior Period Item	<u>(0.46)</u>	<u>2.45</u>
<b>Net Cash from / (used in) Operating Activities</b>	<b>2 972.38</b>	1 492.66

## Reliance Capital Limited

**Cashflow Statement for the year ended March 31, 2009**

(Rs. in crore)

Particulars	2008-09	2007-08
<b>B. Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets including Capital Work in Progress	(92.01)	(40.46)
Sale of Fixed Assets	0.16	0.01
Purchase of Investments	(3 133.19)	(3 219.92)
Investment in Subsidiaries	(602.12)	(412.78)
Investment in Partnership Firm (Net)	(191.59)	77.67
Sale of Investments	2 190.40	2 497.81
Interest Received	36.45	-
Dividend Received	17.91	9.41
Short Term Investment (Net)	(1 200.35)	(80.00)
<b>Net Cash from / (used in) Investing Activities</b>	<b>(2 974.35)</b>	<b>(1 168.27)</b>
<b>C. Cash Flows from Financing Activities</b>		
Dividends Paid	(157.27)	(100.43)
<b>Net Cash from / (used in) Financing Activities</b>	<b>(157.27)</b>	<b>(100.43)</b>
<b>Net Increase / (decrease) in Cash and Cash Equivalents ( A + B + C )</b>	<b>(159.24)</b>	<b>223.96</b>
Opening Balance of Cash and Cash Equivalents	233.76	9.80
Closing Balance of Cash and Cash Equivalents*	74.52	233.76

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

\* Fixed Deposits with banks amounting to Rs.Nil (Previous Year Rs.660.15 crore) under lien are not considered for cash and cash Equivalents.

As per our report of even date

For **CHATURVEDI & SHAH**  
Chartered Accountants

**C. D. Lala**  
Partner  
Membership No.: 35671

Mumbai, April 30, 2009

For **B S R & Co.**  
Chartered Accountants

**Akeel Master**  
Partner  
Membership No.: 046768

For and on behalf of the Board

Chairman  
Vice Chairman

Directors

Company Secretary & Manager  
Mumbai, April 30, 2009

**Anil D. Ambani**  
**Amitabh Jhunjhunwala**

{ **Rajendra P. Chitale**  
**C. P. Jain**  
**P. N. Ghatalia**  
**V. R. Mohan**

## Reliance Capital Limited

## Details of Subsidiary Companies forming part of Consolidated Financial Statements

(Rs. in crore)

Sr. No.	Particulars	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover / Total Income	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
1	Reliance Capital Asset Management Ltd.	10.51	874.76	945.07	54.84	837.61	454.69	168.58	42.88	125.70	-
2	Reliance Capital Trustee Co. Ltd.	0.05	0.21	0.27	0.01	0.18	0.10	0.03	0.01	0.02	-
3	Reliance General Insurance Company Ltd.	108.78	498.81	2198.49	1567.75	1433.56	2311.61	(50.17)	2.15	(52.32)	-
4	Reliance Gilts Ltd.	7.00	-	5.01	-	-	-	-	-	-	-
5	Reliance Asset Management (Mauritius) Ltd.	0.56	(1.29)	3.50	4.24	0.01	0.27	(0.88)	-	(0.88)	-
6	Reliance Asset Management (Singapore) Pte. Ltd.	6.69	53.01	61.10	0.86	36.68	13.76	(6.34)	1.04	(5.30)	-
7	Reliance Money Express Ltd.	28.81	14.41	115.36	72.28	18.89	58.52	14.91	5.75	9.17	-
8	Medybiz Pvt. Ltd.	2.47	(9.67)	2.78	2.19	-	1.58	(3.44)	0.03	(3.47)	-
9	Net Logistics Pvt. Ltd.	0.01	(0.04)	0.15	0.18	-	0.26	(0.01)	-	(0.01)	-
10	Reliance Capital Research Pvt. Ltd.	0.01	-	0.01	-	-	0.17	0.17	-	0.17	-
11	Reliance Technology Ventures Pvt. Ltd.	0.01	4.70	4.74	0.03	-	5.54	4.29	1.50	2.79	-
12	Reliance Equity Advisors (India) Ltd.	0.05	9.44	3.56	0.59	0.86	0.26	(9.49)	0.03	(9.53)	-
13	Reliance Capital Asset Management (UK) Plc.	2.18	(0.99)	1.37	0.18	-	-	(1.07)	-	(1.07)	-
14	Reliance Capital Markets Pvt. Ltd.	5.25	0.61	5.98	-	5.97	0.38	0.38	-	0.38	-
15	Reliance Equities International Pvt. Ltd.	13.00	12.25	47.23	2.06	2.16	6.41	(14.67)	0.08	(14.74)	-
16	Reliance Home Finance Pvt. Ltd.	10.91	89.88	101.28	0.49	-	1.11	(0.21)	-	(0.21)	-
17	Reliance Capital Services Pvt. Ltd.	5.05	(14.77)	8.20	2.06	0.01	8.03	(13.02)	0.15	(13.16)	-
18	Reliance Capital (Singapore) Pte. Ltd.	-	-	-	-	-	-	-	-	-	-
19	Reliance Consumer Finance Pvt. Ltd.	2.99	97.72	101.30	0.59	-	0.84	(0.29)	-	(0.29)	-
20	Reliance Securities Ltd.	175.00	22.64	1237.94	599.28	107.12	175.97	32.87	19.52	13.35	-
21	Reliance Prime International Ltd.	3.00	0.11	3.14	0.04	3.14	0.14	0.11	-	0.11	-
22	Reliance Commodities Ltd.	3.00	0.28	15.01	7.92	0.03	2.61	1.21	0.16	1.05	-
23	Reliance Financial Ltd.	11.00	5.80	232.46	204.49	3.53	27.74	7.02	2.34	4.68	-
24	Reliance Alternative Investments Services Pvt. Ltd.	0.01	-	0.01	-	-	-	-	-	-	-
25	Reliance Consultants (Mauritius) Ltd.	0.26	(0.01)	0.20	0.03	-	0.14	(0.07)	-	(0.07)	-
26	Reliance Capital Pension Fund Ltd.	-	-	-	-	-	-	-	-	-	-

Exchange rate as on March 31, 2009: 1 US\$ = Rs.50.95, 1 SGD = Rs.33.29

## Reliance Capital Limited

**Auditors' Report on Consolidated Financial Statements**

To,  
The Board of Directors,  
Reliance Capital Limited

We have audited the attached consolidated balance sheet of **Reliance Capital Limited** ('the Company') and its subsidiaries and associates (as per the list appearing in Note 13 of the Notes to the consolidated financial statements) (collectively referred to as the 'Group') as at March 31, 2009, the related consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We did not audit the financial statements and financial information of five subsidiaries including a partnership firm. The financial statements of these subsidiaries including the partnership firm for the year ended March 31, 2009 have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on these reports. The attached consolidated financial statements include total assets of Rs.358.01 crore as at March 31, 2009, total revenues of Rs.15.38 crore and total cash inflows amounting to Rs.59.73 crore in respect of the aforementioned subsidiaries for the year then ended.
3. The financial statements and financial information of ten subsidiaries for the year ended March 31, 2009 have been audited by one of the joint auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on these reports. The attached consolidated financial statements include total assets of Rs.3,415.81 crore as at March 31, 2009, total revenues of Rs.2,667.40 crore and total cash flows amounting to Rs.30.64 crore in respect of the aforementioned subsidiaries for the year then ended.
4. We have relied on the unaudited financial statements and financial information of 4 subsidiaries whose financial statements reflect total assets of assets of Rs.1,240.96 crore as at March 31, 2009, total revenues of Rs.301.78 crore and total cash flows amounting to Rs.186.25 crore in respect of the aforementioned subsidiaries for the year then ended. These unaudited financial statements as approved by the respective Board of Directors of the companies have been furnished to us by the management of the Company, and our report in so far as it relates to the amount included in respect of the subsidiaries is based solely on such approved unaudited financial statements and financial information.
5. We have relied on the unaudited financial statements and financial information of three associates. These unaudited financial statements as approved by the respective Board of Directors of the companies have been furnished to us by the management of the Company, and our report in so far as it relates to the amount included in respect of the associates is based solely on such approved unaudited financial statements and financial information.
6. The financial statements and financial information of one associate for the year ended March 31, 2009 has been audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the associate, is based solely on the report.
7. The financial statements and financial information of one associate for the year ended March 31, 2009 has been audited by one of the joint auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the associate, is based solely on the report.
8. We report that the consolidated financial statement have been prepared by the Company's management in accordance with the requirements of the Accounting Standard (AS)- 21, "Consolidated Financial Statements" and Accounting Standard (AS)- 23, "Accounting for Investments in Associates in Consolidated Financial Statements", notified by the Companies (Accounting Standards) Rules, 2006.
9. Based on our audit as aforesaid, and on consideration of the reports of other auditors and financial statements approved by the Board of Directors as explained in paragraphs 2,4,5 and 6 above, and to the best of our information and according to the explanations given to us, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2009;
  - (ii) in the case of the consolidated profit and loss account, of the results of the Group for the year ended on that date; and in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For **CHATURVEDI & SHAH**  
Chartered Accountants

**C. D. Lala**  
Partner  
Membership No.: 35671

Mumbai  
Dated: April 30, 2009

For **B S R & Co.**  
Chartered Accountants

**Akeel Master**  
Partner  
Membership No.: 046768

Mumbai  
Dated: April 30, 2009

## Reliance Capital Limited

**Consolidated Balance Sheet as at March 31, 2009**

(Rs. in crore)

SCHEDULE		As at March 31, 2009	As at March 31, 2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	A	246.16	246.16
(b) Reserves & Surplus	B	7 207.20	6 363.53
		7 453.36	6 609.69
Minority Interest		83.26	50.68
<b>Loan Funds</b>			
(a) Secured Loans	C	4 954.48	2 454.99
(b) Unsecured Loans	D	9 154.21	6 871.23
		14 108.69	9 326.22
Deferred Tax Liability (Net) (Refer Note No. 10, Schedule "O")		4.46	19.44
		<u>21 649.77</u>	<u>16 006.03</u>
<b>APPLICATION OF FUNDS</b>			
<b>Goodwill</b> (Refer Note No. 4, Schedule "O")		-	0.09
<b>Fixed Assets</b>			
(a) Gross Block	E	530.68	452.78
(b) Less: Accumulated Depreciation		326.62	269.88
(c) Net Block		204.06	182.90
(d) Capital Work-in-Progress		97.76	19.07
		301.82	201.97
<b>Investments</b>			
<b>Current Assets, Loans and Advances</b>	G	9 874.24	6 056.43
(a) Stock-in-trade		37.68	32.77
(b) Sundry Debtors		296.24	437.51
(c) Cash & Bank Balances		1 167.53	1 056.26
(d) Other Current Assets		474.49	276.56
(e) Loans & Advances		11 932.43	10 280.34
		13 908.37	12 083.44
<b>Less: Current Liabilities &amp; Provisions</b>			
(a) Current Liabilities	H	1 607.87	1 532.10
(b) Provisions		939.81	905.57
		2 547.68	2 437.67
Net Current Assets		11 360.69	9 645.77
Unamortised Expenditure	I	109.02	97.73
Miscellaneous Expenditure (to the extent not written off or adjusted)	J	4.00	4.04
		<u>21 649.77</u>	<u>16 006.03</u>
<b>Significant Accounting Policies</b>			
<b>Notes on Accounts</b>			

Schedules referred to above form an integral part of the Consolidated Balance Sheet.

As per our report of even date

For **CHATURVEDI & SHAH**  
Chartered Accountants**C. D. Lala**  
Partner  
Membership No.: 35671  
Mumbai  
Dated: April 30, 2009For **B S R & Co.**  
Chartered Accountants**Akeel Master**  
Partner  
Membership No.: 046768

For and on behalf of the Board

Chairman  
Vice Chairman

Directors

Company Secretary & Manager  
Mumbai  
Dated: April 30, 2009**Anil D. Ambani**  
**Amitabh Jhunjunwala**{ **Rajendra P. Chitale**  
**C. P. Jain**  
**P. N. Ghatalia****V. R. Mohan**



## Reliance Capital Limited

**Consolidated Profit and Loss Account for the year ended March 31, 2009**

(Rs. in crore)

	SCHEDULE	2008-09	2007-08
<b>INCOME</b>			
Operating & Other Income	K	6 019.14	4 919.19
<b>EXPENDITURE</b>			
Interest and Finance Charges	L	1 263.84	413.88
Administrative & Other Expenses	M	3 494.44	3 247.21
Depreciation & Amortisation		56.71	41.21
Miscellaneous Expenditure Written Off		-	1.15
		<b>4814.99</b>	<b>3703.45</b>
<b>PROFIT BEFORE TAX AND MINORITY INTERESTS</b>		<b>1 204.15</b>	<b>1 215.74</b>
Provision for Current Taxation		187.15	186.09
Provision for Fringe Benefit Tax		10.44	6.78
(Writeback) / Provision for Deferred Tax		(16.50)	12.63
<b>PROFIT AFTER TAX BEFORE MINORITY INTEREST</b>		<b>1 023.06</b>	<b>1 010.24</b>
Share of Minority Shareholders		7.84	6.18
<b>PROFIT AFTER TAX AND MINORITY INTEREST</b>		<b>1 015.22</b>	<b>1 004.06</b>
Share of Profit in Associates		0.45	5.00
<b>PROFIT AFTER SHARE OF PROFIT OF ASSOCIATES</b>		<b>1 015.67</b>	<b>1 009.06</b>
Balance in Profit and Loss Account brought forward		1 541.83	1 014.51
(Short) / excess Provision for Income Tax for earlier years		0.05	(3.41)
Amount available for appropriations		<b>2 557.55</b>	<b>2 020.16</b>
<b>APPROPRIATIONS</b>			
Proposed Dividend		159.66	135.10
Tax on Proposed Dividend		27.14	22.94
Transfer to Statutory Reserve Fund		193.61	205.09
Transfer to General Reserve		96.81	102.56
Transfer to Capital Redemption Reserve		-	1.00
Employee Benefits Transitional Liability		-	1.37
(Previous Year Amount Net of Deferred Tax Assets Rs.0.70 crore)			
Balance in Profit & Loss Account Carried Forward (Gross of Minority Interest of Rs.5.8 crore)		2 080.33	1 552.10
		<b>2 557.55</b>	<b>2 020.16</b>
<b>Earning Per Share</b>			
(Refer Note No.9, Schedule "O")			
Basic		41.35	41.08
Diluted		41.35	41.08

**Significant Accounting Policies****N****Notes on Accounts****O**

Schedules referred to above form an integral part of the Consolidated Profit &amp; Loss Account.

As per our report of even date

For **CHATURVEDI & SHAH**  
Chartered Accountants**C. D. Lala**  
Partner  
Membership No.: 35671  
Mumbai  
Dated: April 30, 2009For **B S R & Co.**  
Chartered Accountants**Akeel Master**  
Partner  
Membership No.: 046768

For and on behalf of the Board

Chairman  
Vice Chairman

Directors

Company Secretary & Manager  
Mumbai  
Dated: April 30, 2009**Anil D. Ambani**  
**Amitabh Jhunjhunwala**{ **Rajendra P. Chitale**  
**C. P. Jain**  
**P. N. Ghatalia**  
**V. R. Mohan**

## Reliance Capital Limited

**Schedules forming part of the Consolidated Balance Sheet as at March 31, 2009**

(Rs. in crore)

	As at March 31, 2009	As at March 31, 2008
<b>Schedule "A"</b>		
<b>Share Capital</b>		
<b>Authorised:</b>		
30 00 00 000 Equity Shares of Rs.10 each (30 00 00 000)	300.00	300.00
10 00 00 000 Preference Shares of Rs.10 each (1 00 00 000)	100.00	100.00
	<u>400.00</u>	<u>400.00</u>
<b>Issued and subscribed</b>		
24 69 77 006 equity shares of Rs.10 each (24 69 77 006)	246.98	246.98
	<u>246.98</u>	<u>246.98</u>
<b>Paid up</b>		
24 56 32 800 Equity Shares of Rs.10 each (24 56 32 800)	245.63	245.63
Add: Forfeited Shares (Amount Originally paid up on 13 44 206 Equity Shares (13 44 206)	<u>0.53</u>	<u>0.53</u>
	<u>246.16</u>	246.16
	<u>246.16</u>	<u>246.16</u>

**Notes**

Of the above equity shares

1. i) 29,36,555 shares (Previous Year 29,36,555) were allotted as fully paid-up pursuant to the Schemes of Amalgamation and arrangement without payment being received in cash.
- ii) 12,63,89,839 shares (Previous Year 12,63,89,839) are held by AAA Enterprises Pvt. Ltd. the Holding Company.
- iii) 5,76,450 shares (Previous Year 5,76,450) are held by Reliance Innoventures Pvt. Ltd. the Ultimate Parent Company.

## Reliance Capital Limited

**Schedules forming part of the Consolidated Balance Sheet as at March 31, 2009**

(Rs. in crore)

	As at March 31, 2009	As at March 31, 2008
<b>Schedule "B"</b>		
<b>Reserves and Surplus</b>		
<b>Capital reserve</b>		
As per last Balance Sheet	6.43	6.43
<b>Capital Reserve on Consolidation of Subsidiaries</b>		
As per last Balance Sheet	-	-
Add : Capital Reserve on consolidation of subsidiaries	2.44	-
	2.44	-
Less : Goodwill as per last Balance Sheet (Refer Note No. 1 given below)	(0.09)	-
	2.35	-
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	11.06	10.13
Add: amount transferred from Profit & Loss Account	-	1.00
Less: minority interests	-	0.07
	11.06	11.06
<b>Securities Premium Account</b>		
As per last Balance Sheet	3 758.27	3 290.96
Add: Premium on issue of shares	25.99	500.49
Less: Minority Interests	25.99	33.18
	3 758.27	3 758.27
<b>Statutory Reserve Fund *</b>		
As per last Balance Sheet	621.35	416.47
Add: Amount transferred from Profit & Loss Account	193.82	205.09
	815.17	621.56
<b>Foreign Currency Translation Reserve</b>		
As per last Balance Sheet	4.10	-
Add: Addition during the year	3.73	4.39
Less: Minority Interests	0.25	0.29
	7.58	4.10
<b>General Reserve</b>		
As per last Balance Sheet	420.28	317.72
Add: Amount transferred from Profit & Loss Account	99.93	102.56
	520.21	420.28
<b>Profit &amp; Loss Account</b>		
As per Consolidated Profit & Loss Account	2 080.33	1 552.10
Less: Minority Interest	(5.80)	10.27
	2 086.13	1 541.83
	<u>7 207.20</u>	<u>6 363.53</u>

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

**Note**

1) Goodwill on consolidation of subsidiaries as per last Balance Sheet has been reduced.

## Reliance Capital Limited

**Schedules forming part of the Consolidated Balance Sheet as at March 31, 2009**

	As at March 31, 2009	As at March 31, 2008
(Rs. in crore)		
<b>Schedule "C"</b>		
<b>Secured Loans</b>		
Non Convertible Debentures	1 181.90	884.32
From Banks		
Term Loan	1 794.76	-
Working Capital Loan	1 010.29	1 378.24
Short Term Loan	967.53	0.51
From Collateralised Borrowing and Lending Obligation (CBLO)	-	191.92
	<u>4 954.48</u>	<u>2 454.99</u>
<b>Schedule "D"</b>		
<b>Unsecured Loans</b>		
From Banks		
Short Term Loan	3 250.51	2 650.13
From Bodies Corporate	0.12	-
Security Deposit Received - Lease	1.60	1.60
Commercial Paper	5 901.98	4 219.50
	<u>9 154.21</u>	<u>6 871.23</u>

**Notes**

1. Non convertible debentures (NCDs) referred in Schedule "C" above are redeemable at par, in one or more installments, on various dates with the earliest redemption being on April 13, 2009 and the last being on March 31, 2014. The NCDs amounting to Rs.540 crore (Previous Year Rs.884.32 crore) are redeemable in the financial year 2009-10.
  - a) NCDs amounting to Rs.380 crore (Previous Year Rs.515 crore) as referred in Schedule "C" above are secured by way of first *pari passu* legal mortgage and charge over the premises situated at Avdesh House near Pritam Nagar, Ellisbridge, Ahmedabad and additional first *pari passu* charge by way of hypothecation on business receivables and loan assets of the Company's Consumer Finance Division.
  - b) The Company is in the process of creating security on the remaining NCDs amounting to Rs.775 crore (Previous Year Rs.350 crore)
  - c) NCDs referred in Schedule "C" above includes Rs.26.90 crore (Previous Year Rs.19.32 crore) interest accrued thereon.
2.
  - a) Term Loans referred in Schedule "C" above are secured by *pari passu* first charge on all present and future book debts, receivables, bills, claims and loan assets of the Company's Consumer Finance Division.
  - b) Term Loans amounting to Rs.598 crore (Previous Year Rs.Nil) are payable within one year.
3. Working Capital Loans referred in Schedule "C" above are
  - a) Rs.1,010.29 crore (Previous Year Rs.1,024.50 crore) of cash credit facility secured by *pari passu* first charge on all present and future book debts (only performing assets), receivables and loan assets pertaining only to the Company's Consumer Finance Division.
  - b) Rs.Nil (Previous Year Rs.353.75 crore) are secured against pledge of fixed deposit receipts.
4.
  - a) Other Loans amounting to Rs.950 crore (Previous Year Rs.Nil) referred in Schedule "C" are secured by way of *pari passu* first charge on all the book debts, outstandings, moneys receivables, bills, claims and loan assets of Company's Consumer Finance Division.
  - b) Other Loans amounting to Rs.950 crore (Previous Year Rs.Nil) are payable within one year.
5. Loan from Collateralised Borrowing and Lending Obligation (CBLO) amounting to Rs.Nil (Previous Year Rs.191.92 crore), referred in Schedule "C" above are secured by pledged of Government of India bonds and cash deposits.
6. In respect of unsecured loan referred in Schedule "D" above, amount payable within one year is Rs.8,844.09 (Previous Year Rs.6,871.10 crore).

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2009

Schedule "E"  
Fixed Assets

DESCRIPTION	Gross Block			Depreciation			Net Block		
	As at April 1, 2008	Additions/ Adjustments	Deductions/ Adjustments	As at April 1, 2008	For the year	Deductions	Upto March 31, 2009	As at March 31, 2009	As at March 31, 2008
<b>ASSETS ON LEASE</b>									
Plant & Machinery	139.43	-	-	139.43	-	-	139.43	-	-
<b>Sub - total</b>	139.43	-	-	139.43	-	-	139.43	-	-
<b>Assets for own use</b>									
Buildings	120.81	0.00	0.00	67.23	2.58	0.00	69.78	51.00	53.66
Furniture & Fittings	24.71	5.41	2.97	10.94	3.46	1.80	12.61	14.55	13.87
Office and Other Equipments	69.15	16.82	2.64	19.17	15.52	0.73	33.97	49.37	50.90
Motor Vehicles	13.61	3.83	1.49	4.90	2.76	0.71	6.95	9.00	8.70
Leased Assets	17.34	17.27	0.06	4.89	7.87	0.04	12.72	21.83	12.49
Computers	13.05	6.26	3.24	6.62	2.81	1.08	8.36	7.72	19.62
<b>Sub - total</b>	258.67	49.59	10.40	113.75	35.00	4.36	144.39	153.47	159.24
<b>INTANGIBLE ASSETS</b>									
Computer Software *	54.68	39.41	0.69	20.31	21.71	0.20	42.80	50.59	23.66
<b>GRAND TOTAL</b>	452.78	89.00	11.09	273.49	56.71	4.56	326.62	204.06	182.90
Previous Year	348.03	105.43	0.68	452.78	41.21	0.39	269.88	182.90	
<b>CAPITAL WORK-IN-PROGRESS</b>								97.76	19.07
								97.76	19.07
								301.82	201.97

## Notes

- Buildings include
  - Cost of shares in Co-operative Societies Rs.2,500 (Previous Year Rs.2,500).
  - Rs.92.94 crore (Previous Year Rs.92.94 crore) incurred towards purchase/acquisition of 1,31,881 equity shares of Re.1 each of Mature Trading & Investments Pvt. Ltd. with a right of occupancy of certain area of commercial premises.
- Capital Work-in-progress includes
  - Rs.13.05 crore (Previous Year Rs.13.05 crore) incurred towards purchase/acquisition of 50,000 equity shares of Rs.10 each of Legend Housing Pvt. Ltd. with a right of occupancy of certain area in a commercial/residential premise under construction.
  - Rs.80.74 crore (Previous Year Rs.4.41 crore) advance against capital expenditure.
- In respect of intangible assets
  - It is other than internally generated.
  - remaining useful life is as follows
    - Additions for FY 2008-09 - 4 years
    - Additions for FY 2007-08 - 3 years (Previous Year 2 years)
    - Additions for FY 2006-07 - 2 years (Previous Year 1 year)

## Reliance Capital Limited

**Schedules forming part of the Consolidated Balance Sheet as at March 31, 2009**

	(Rs.in crore)	
	As at March 31, 2009	As at March 31, 2008
<b>Schedule "F"</b>		
<b>Investments</b>		
In Associates (carrying amount)	43.60	20.02
In Government and Other Securities	1 318.99	640.54
In Equity Shares (Net of provision for diminution in the value of investment of Rs.56.86 crore, Previous Year Rs.20.04 crore)	2 767.59	2 225.61
In Preference Shares (Net of provision for diminution in the value of investment of Rs.1.50 crore, Previous Year Rs.Nil)	1 515.89	336.59
In Others (Net of provision for diminution in the value of investment of Rs.11.43 crore, Previous Year Rs.Nil)	4 228.17	2 833.67
	<u>9 874.24</u>	<u>6 056.43</u>
<b>Schedule "G"</b>		
<b>Current Assets, Loans and Advances</b>		
<b>Current Assets</b>		
Stock-in-trade (as certified by the management)	37.68	32.77
Sundry Debtors (Unsecured)		
Debts outstanding for a period exceeding six months - Considered good	89.15	4.30
Other debts, Considered Good	<u>207.09</u>	<u>433.21</u>
	296.24	437.51
Cash & Bank Balances		
Cash and Cheques on hand	148.28	17.83
Balance with non Schedule Banks in Current Accounts	22.11	57.78
Balances with Scheduled Banks		
- In Current Accounts	954.31	117.28
- In Fixed Deposit Account (Refer note no. 1 given below)	<u>42.83</u>	<u>863.37</u>
	1 167.53	1 056.26
Other Current Assets		
Income Accrued on Investments	373.27	182.47
Asset Held for Sale (Refer note no. 2 given below)	93.47	93.47
Receivables for Assets on Lease	0.01	0.01
Repossessed Assets (Net of provision for Repossessed Assets of Rs.4.56 crore, Previous Year Rs.0.27 crore)	12.30	0.88
Less: Provision for Repossessed Assets	<u>(4.56)</u>	<u>(0.27)</u>
	474.49	276.56
	<u>1 975.94</u>	<u>1 803.10</u>
<b>Loans and Advances</b>		
Loan to Others		
Considered Doubtful	337.10	27.44
Less: Provision for Non Performing Assets and Doubtful Debts	<u>137.57</u>	<u>13.32</u>
	199.53	14.12
Considered Good		
- Portfolio Assignment	7.89	11.61
- Others	<u>10 698.16</u>	<u>9 640.25</u>
	10 905.58	9 665.98
Advances Recoverable in Cash or in Kind or for Value to be received		
- Considered Doubtful	15.00	15.00
Less : Provision for Non Performing Assets and Doubtful Debts	<u>15.00</u>	<u>7.50</u>
	-	7.50
- Considered Good	<u>435.07</u>	<u>335.32</u>
	435.07	342.82
Due from other entities carrying on Insurance Business	411.87	212.16
Deposits	127.13	59.38
Taxes Paid (Net)	<u>52.78</u>	<u>-</u>
	179.91	59.38
	<u>11 932.43</u>	<u>10 280.34</u>

## Reliance Capital Limited

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2009

## Notes

- 1 In respect of balances with Scheduled banks in Fixed Deposit accounts, Rs.16.90 crore (Previous Year Rs.660 crore) pledged against loan from banks Rs.16.90 crore (Previous Year Rs.353.75 crore) and Rs.12,500/- (Previous Year Rs.12,500/-) deposit with Sales Tax Authority.
- 2 Assets held for sale, represents Aircraft, at written down value as on April 1, 2006 that was previously classified as a fixed asset.
- 3 Sundry debtors includes Rs.6.94 crore (Previous Year Rs.9.22 crore) due from the Reliance Communications Ltd. (Maximum balance outstanding at any time during the year Rs.9.22 crore (Previous Year Rs.9.22 crore). a company under same management.
- 4 Loan to others include Rs.Nil (Previous Year Rs.385 crore) due from Reliance Communications Infrastructure Ltd., a company under the same management. (Maximum balance outstanding at any time during the year Rs.385 crore (Previous Year : Rs.385 crore)).
- 5 Advances recoverable in cash or in kind includes Rs.13.54 crore (Previous Year : Rs.15.42 crore) due from the Reliance ADA Group Private Limited. and Rs.0.34 crore (Previous Year : Rs.0.65 crore) due from Reliance Big Entertainment Private Limited, companies in which there is a common director.
- 6 Advances recoverable in cash or in kind includes Rs.60.30 crore (Previous Year Rs.11.57 crore) paid towards share application money pending allotment.
- 7 Advances recoverable in cash or in kind includes Rs.0.05 crore due from the manager / officer (Previous Year : Rs.0.05 crore) (maximum balance outstanding at any time during the year Rs.0.05 crore (Previous Year : Rs.0.05 crore)).
- 8 In the opinion of the management, loans and advances, other than doubtful, are considered as good and fully recoverable.

(Rs.in crore)

	As at March 31, 2009	As at March 31, 2008
--	-------------------------	-------------------------

## Schedule "H"

## Current Liabilities and Provisions

## Current Liabilities

Sundry Creditors

- Small Scale Industries - Creditors

- Others

Other Liabilities

(Refer note 3 below)

Claims Outstanding

(Includes claims related to IMTPIP of Rs.279.22 crore,  
(Previous year Rs.90.03 crore.))

Bank Overdraft

Interest Accrued But Not Due

Investor Education and Protection Fund

(Refer note 1 below)

- Unclaimed Dividend

- Unclaimed Fixed Deposit

-

433.59

196.78

631.58

337.79

2.40

5.71

0.02

0.18

-

46.53

23.24

0.07

682.99

159.66

27.14

939.81

2 547.68

-

116.37

863.12

362.44

184.79

0.37

4.93

0.08

0.66

4.84

46.52

23.09

0.11

672.30

135.10

22.95

905.57

2 437.67

1 607.87

1 532.10

## Provisions

Provision for Wealth Tax

Provision for Income Tax (Net)

Provision for Reduction in Value of Assets

Provision for Leave Encashment

Provision for Gratuity

Provision for Unexpired Risk

Proposed Dividend on Shares

Provision for Dividend Tax

## Reliance Capital Limited

**Schedules forming part of the Consolidated Balance Sheet as at March 31, 2009**

	(Rs.in crore)	
	As at March 31, 2009	As at March 31, 2008
<b>Schedule "I"</b>		
<b>Unamortised Expenditure</b>		
Unamortised DSA Commission	97.73	-
Add: Incurred during the year	47.97	111.67
Less: Amortised during the year	47.71	13.94
	97.99	97.73
Unamortised brokerage on borrowings	-	-
Add : Incurred during the year	15.21	-
Less: Amortised during the year	4.18	-
	11.03	-
	109.02	97.73
<b>SCHEDULE "J"</b>		
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)		
Preliminary Expenses	4.09	4.05
Add: Incurred during the year	(0.09)	0.17
Less: Written off during the year	-	0.18
	4.00	4.04
Deferred revenue expenditure	-	0.97
Add: Incurred during the year	-	-
Less: Written off during the year	-	0.97
	4.00	4.04
	4.00	4.04

**Notes**

- Investor Education and Protection Fund does not include any amounts, due and outstanding, to be deposited to the said fund.
- Based on the information available with the company, there are no dues outstanding for a period exceeding 30 days at March 31, 2009 (Previous Year Rs.Nil) to small scale industries, as defined under clause (j) of section 3 of the Industries (Development and Regulation) Act, 1951.
- Other liabilities includes Rs.Nil (Previous Year Rs.638 crore) for bank account overdrawn balances for cheques issued but not presented.

**Schedules forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2009**

	(Rs.in crore)	
	2008-09	2007-08
<b>Schedule "K"</b>		
<b>Operating &amp; Other Income</b>		
Interest and Finance Income on Long Term Investments (Tax Deducted at Source Rs.1.92 crore, Previous Year Rs.23.14 crore)	326.49	173.06
Inter Corporate Loans (Tax Deducted at source Rs.35.91 crore, Previous Year Rs.75.33 crore)	304.33	332.05
Others (Tax Deducted at source Rs.9.31 crore, Previous Year Rs.17.36 crore)	43.21	76.45
	674.03	581.56
From Consumer Finance Business : Interest Income (Tax Deducted at source Rs.13.55 crore, Previous Year Rs.76.42 crore)	1 156.33	337.26
Processing Fees	38.04	62.72
Less : Service Tax Recovered	4.18	6.90
	33.86	55.82



## Reliance Capital Limited

**Schedules forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2009**

(Rs.in crore)

	2008-09	2007-08
<b>Schedule "K" (Contd.)</b>		
Profit on sale of (Net)		
Long term Investments	1 176.44	1 089.96
Stock-in-trade/ Short Term Investments	36.23	76.40
	<u>1 212.67</u>	<u>1 166.36</u>
Dividends on		
Long Term Investments	71.07	13.54
Stock-in-trade	42.54	4.51
	<u>113.61</u>	<u>18.05</u>
Profit Share in Partnership Firm (Refer Note No. 3(i), schedule "O")	-	32.47
Premium Earned	1 911.44	1 944.69
Brokerage and Commission Earned	162.21	140.11
Reinsurance Accepted	160.44	157.53
Management and Advisory Fees	478.32	427.11
Trustee / Portfolio Management Fees	20.73	28.68
Margin on Sale of Foreign Currency	14.95	5.80
Exchange Difference (Net)	7.86	-
Sale of Medicines	0.52	4.44
Depository Participant Transaction Charges	11.31	2.16
Revenues from Specialty Services (Net)	0.36	0.82
Others	17.16	11.13
	<u>5 975.80</u>	<u>4 913.99</u>
<b>Other Income</b>		
Profit on Sale of Fixed Assets (Net)	0.01	-
Profit on Securities / Commodities	1.13	-
Excess Provision Written Back	30.74	-
Credit Balance Written Back (Net)	1.10	0.24
Rent	4.86	4.42
Miscellaneous Income	5.50	0.54
	<u>43.34</u>	<u>5.20</u>
	<u>6 019.14</u>	<u>4 919.19</u>
<b>Schedule "L"</b>		
<b>Interest &amp; Finance Charges</b>		
<b>Interest</b>		
Debentures	120.09	208.26
Bank Loans	595.41	1.37
Collateralised Borrowing and Lending Obligation (CBLO)	7.81	8.29
Discount on Commercial Papers	540.53	195.96
	<u>1 263.84</u>	<u>413.88</u>

## Reliance Capital Limited

**Schedules forming part of the Consolidated Profit and Loss Account for the year ended March 31, 2009**

(Rs.in crore)

	2008-09	2007-08
<b>Schedule "M"</b>		
<b>Administrative and Other Expenses</b>		
Payments to and Provisions for Employees (Including Managerial Remuneration)		
Salary, Bonus etc.	<b>493.79</b>	352.85
Contribution to Provident Fund and Other Funds	<b>22.06</b>	22.88
Staff Welfare and Other Amenities	<b>38.22</b>	33.25
	<b>554.07</b>	408.98
Bank Charges	<b>4.29</b>	0.64
Rent	<b>96.67</b>	51.93
Rates and Taxes	<b>23.42</b>	18.04
Repairs and Maintenance		
Buildings	<b>0.42</b>	2.74
Others	<b>140.80</b>	208.68
Electricity	<b>7.77</b>	3.90
Legal and Professional Fees	<b>118.55</b>	85.52
Membership & Subscription	<b>7.55</b>	2.37
Insurance	<b>2.11</b>	1.62
Travelling and Conveyance	<b>41.06</b>	42.74
Postage, Telegram and Telephones	<b>102.58</b>	109.07
Claims Incurred (Net)	<b>1 072.89</b>	750.68
Premium Paid on Reinsurance Ceded	<b>675.76</b>	766.50
Commission and Brokerage Paid	<b>75.63</b>	51.25
Reserve for Unexpired Risk	<b>10.70</b>	377.41
Loss on Sale of Fixed Assets (Net)	-	0.01
Provision for Diminution in the Value of Investments	<b>60.16</b>	26.05
Loss on Securities Option Trading (Net)	<b>36.11</b>	2.73
Auditor's Remuneration (Refer Note No. 6, Schedule "O")	<b>1.56</b>	1.23
Directors' Sitting Fees	<b>0.33</b>	0.34
Donation	<b>2.59</b>	3.18
Marketing and Publicity Expenses	<b>79.44</b>	156.80
Provision for Non Performing Assets and Doubtful Debts	<b>131.84</b>	16.86
Balances Written Off (Net)	<b>6.52</b>	1.20
Brokerage on Borrowings Amortised	<b>4.18</b>	-
DSA Commission Amortised	<b>47.72</b>	13.94
Provision for Diminution in the Value of Assets	<b>4.70</b>	46.52
Provision for Repossessed of Stock	<b>4.29</b>	0.27
Loss on Sale of Repossessed Stock	<b>5.82</b>	0.09
Loss Share in Partnership Firm	<b>4.40</b>	-
Miscellaneous Expenses	<b>170.51</b>	95.92
	<b>2 940.37</b>	2 838.23
	<b>3 494.44</b>	3 247.21

## Reliance Capital Limited

**Significant Accounting Policies to Consolidated Financial Statements****Schedule "N"****Significant Accounting Policies****A. Background**

Reliance Capital Ltd. ('the Company') along with its subsidiaries and associates is a leading Non Banking Financial Company ('NBFC'). The Group of companies ("the Group") is broadly engaged in lending, investing, asset management, insurance and broking activities

**B. Principles of Consolidation**

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

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

**C. Other Accounting Policies****i) Basis of Preparation of Financial Statements**

The consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards as per Companies (Accounting Standards) Rules, 2006. The financial statements are presented in Indian Rupees rounded off to the nearest crore upto two decimal places.

**ii) Use of Estimates and Judgments**

The preparation of financial statements is in conformity with generally accepted accounting principles (GAAP) and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual result could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

**iii) Revenue Recognition****a) Interest Income**

Interest income is recognised in the Profit and Loss Account as it accrues except in the case of Non Performing Assets ("NPAs") where it is recognised, upon realisation.

**b) Dividend Income**

Dividend Income is recognised when the right to receive payment is established

**c) Discount on Investments**

The difference between the acquisition cost and face value of debt instruments is recognised as interest income over the tenor of the instrument.

**d) Redemption Premium on Investments in Preference Shares**

Redemption premium on investments in preference shares is recognised as income over tenor of the investment.

**e) Investment Management Fees**

Investment management fees are recognised on an accrual basis in accordance with Investment Management Agreement and SEBI Regulations based on average assets under management (AUM) confirmed by Reliance Mutual Fund schemes.

## Reliance Capital Limited

### Significant Accounting Policies to Consolidated Financial Statements

- f) **Portfolio Management Fees**  
Portfolio Management fees are recognised on an accrual basis in accordance with Portfolio Management Agreement entered with respective clients.
- g) **Income From Investment**  
Profit earned from sale of securities is recognised on a trade date basis. The cost of securities is computed based on a weighted average basis.
- i) **Discount on Investments**  
The difference between the acquisition cost and face value of debt instruments is recognised as interest income over the tenor of the instrument.
- ii) **Redemption Premium on Investments in Preference Shares**  
Redemption premium on investments in Preference shares is recognised as income over the tenor of the investment.
- iii) **Share of Profits or Losses in Partnership Firm**  
Share of profit/loss on share in partnership firm is accounted for once the amount of the share of profit/loss is ascertained and credited/debited to the Company's account in the books of the partnership firm.
- iv) **Loan Processing Fee Income**  
Loan processing fee income is accounted for upfront as and when it becomes due.
- v) **Income from Derivatives**  
Gains or losses on derivative contracts are recognised on a settlement date basis.
- h) **Trusteeship Remuneration**  
Trusteeship remuneration income is recognised on the basis of the Unit Capital of Reliance Mutual Fund as per the terms of the deed.
- i) **Premium**  
Premium is recognised as income over the contract period or the period of risk which ever is appropriate. Any subsequent revisions to or cancellations of premium are recognised for in the year in which they occur.
- j) **Commission**
- i) **Commission income on reinsurance cessions** is recognised as income in the period in which reinsurance premium is ceded.
- ii) **Profit commission under reinsurance treaties**, wherever applicable, is recognised in the year of the final determination of the profits and as intimated by reinsurers.
- iii) **Commission income on money transfer services** is recognised on rendering the service at agreed rates
- k) **Reinsurance**
- i) **Reinsurance** is ceded in the year in which the risk commences and recognised over the contract period.
- ii) **Reinsurance inward** is accounted to the extent of the returns received from the reinsurers.
- l) **Premium Received in Advance**  
Premium received in advance represents premium received in respect of policies issued during the year, where the risk commences subsequent to the balance sheet date.
- m) **Revenue on Foreign Exchange Transaction**  
Revenue on foreign exchange transactions is recognised at the time of purchase and sale. The income arising from the buying and selling of foreign currencies has been included on the basis of margins achieved. Sales incentive for sale of traveller's cheque and forex cards is recorded on accrual basis in term of underlying agreement.
- n) **Sales & Services**  
All Sales & Services are excluding the sales tax & service tax recovery.
- o) **Brokerage Income**  
Brokerage income is recognized net of services tax on the date of transaction.
- p) **Infrastructure and Resource Management Fees**  
Infrastructure and resource management services fees are recognised on accrual basis as per agreements with the clients.
- q) **Online Access Fees**  
Online access fees is recognized on straight line basis, based on the agreement with the clients.
- iv) **Fixed Assets**  
Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes all expenses incidental to the acquisition of the fixed assets.

## Reliance Capital Limited

**Significant Accounting Policies to Consolidated Financial Statements**

- a) Leased Assets**  
All assets given on finance lease on or before March 31, 2001 are capitalised as Fixed Assets and all assets given on finance lease on or after April 1, 2001 are shown as receivables at an amount equal to net investment in the lease.  
Initial direct costs in respect of leases are expensed in the year in which such costs are incurred.
- b) Intangible Assets**  
Intangible assets comprising of software purchased / developed and licensing costs are depreciated on straight line basis over the useful life of the software up to a maximum of five years commencing from the month in which such software is first installed.
- v) Depreciation / Amortisation**  
Depreciation on fixed assets other than software development and licensing costs is provided as follows
- a) Assets for Own Use : On Written Down Value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except for assets of Reliance Gilts Ltd., which are depreciated as per Straight Line Method, at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. In case of Medybiz Pvt. Ltd., computer is depreciated over three years.
- b) Leased Assets : On Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- c) Leasehold Improvements : Amortised over the primary period of the lease on Straight-Line Basis. In case of Reliance Capital Asset Management Ltd., depreciation on Improvement to Rented Premises is provided on Straight Line Method over the period of lease or three years, whichever is less. In case of Medybiz Pvt. Ltd., leasehold improvements are amortised over a period of three years.  
The Company provides pro-rata depreciation from the day the asset is put to use and for any asset sold, till the date of sale.
- vi) Impairment of Assets**  
The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.
- vii) Investments**  
Investments are classified as long term or current based on intention of the management at the time of purchase. Current investments are valued, scrip wise, at cost or fair value, whichever is lower.  
Long-term investments are carried at carrying cost less diminution in value which is other than temporary, determined separately for each individual investment.
- viii) Stock-in-trade**  
Securities held as Stock-in-trade are valued scrip wise at weighted average cost or fair value, whichever is lower.
- ix) Assets Held for Sale**  
Assets held for sale are valued at cost or market value, whichever is lower.
- x) Repossession of Assets**  
Assets repossessed against the settlement of loan are carried in the Balance Sheet at outstanding loan amount or market value, whichever is lower. The difference between the outstanding loan amount and the market value is charged to Profit and Loss Account in the year of repossession of assets.
- xi) Loan Origination/Acquisition Cost**  
The direct commission cost incurred for the loan origination is written off over the average tenure of the loan.
- xii) Security of Loans Given**  
Housing loans / loans against property granted are secured by equitable registered mortgage of property and / or undertaking to create a security. Secured loans in the nature of commercial vehicle, auto finance are secured against hypothecation of respective vehicle.
- xiii) Zero Coupon Instrument**  
The difference between the acquisition cost and the redemption value of commercial papers is apportioned on time basis and recognised as discounting charge expense.
- xiv) Employee Retirement Benefits**
- i) Provident Fund  
Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the Profit and Loss Account.

## Reliance Capital Limited

### Significant Accounting Policies to Consolidated Financial Statements

- ii) **Gratuity**  
 The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.  
 The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.  
 The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.  
 Actuarial gains and losses are recognised immediately in the Profit and Loss Account.
- iii) **Leave Encashment**  
 Leave encashment which is a defined benefit, is accrued for based on an actuarial valuation at the balance sheet date carried out by an independent actuary.
- iv) **Compensated Absences**  
 The employees of the Company are entitled to compensated absence. The employees can carry forward a portion of the unutilised accrued leave balance and utilise it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the service that increases the entitlement. The Company measures the expected cost of compensated absence as the amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.
- xv) Foreign Currency Transactions**  
 Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the profit and loss account.  
 Monetary assets and liabilities denominated in foreign currencies at the year end are restated at year end rates.
- xvi) 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. Brokerage costs directly attributable to a borrowing are expensed over the tenure of the borrowing.
- xvii) Operating Leases**  
 Lease payments for assets taken on an operating lease are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term.
- xviii) Earnings Per Share**  
 The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.  
 In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit / loss per share are included.
- xix) Provisions for Non Performing Assets and Doubtful Debts**  
 Assets including loans and advances, receivables are identified as bad/ doubtful based on the duration of the delinquency. The duration is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning meets the prudential norms prescribed by RBI.
- xx) Taxation**  
 Income tax expense comprises current tax (i. e. amount of tax for the period determined in accordance with the income tax law), deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) and fringe benefit tax.  
 Deferred taxation  
 The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

## Reliance Capital Limited

**Significant Accounting Policies to Consolidated Financial Statements**

Fringe benefit tax

Provision for Fringe Benefit Tax has been recognised on the basis of applicable Fringe Benefit Tax on the taxable value of chargeable expenses of the Company as prescribed under the Income Tax Act, 1961.

**xxi) Provisions, Contingent Liabilities and Contingent Assets**

The Company creates a provision when there is a present obligation as a result of past events and it is probable that there will be outflow of resources and a reliable estimate of the obligation can be made of the amount of the obligation. Contingent liabilities are not recognised but are disclosed in the notes to the financial statements. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

**xxii) Initial Issue Expenses of Schemes**

Expenses relating to Initial Issue of Mutual Fund Schemes in excess of the entry load collected are charged to the Profit and Loss Account in the year in which such expenses are incurred.

**xxiii) Preliminary Expenditure**

In case of Reliance Gilts Ltd., Preliminary expenses or pre-operative expenses are amortised over a period of five years after the commencement of business.

**xxiv) Expenses of Management**

Expenses relating to insurance business is allocated on the basis of net premium written to the Revenue Account(s).

Expenses relating to investment activities of shareholder's fund are charged to the Profit and Loss Account.

**xxv) Financial Derivatives and Commodity Hedging Transactions**

Financial Derivatives and commodity hedging transaction are accounted for on a mark to market basis. Payments of margin requirements on this contract are recognised on the Balance Sheet.

**xxvi) Claims Incurred**

Claims incurred comprise claims paid, estimated liability for outstanding claims made following a loss occurrence reported and estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER'). Further, claims incurred also include specific claim settlement costs such as survey/legal fees and other directly attributable costs.

Claims reported and outstanding are provided net of claims recoverable from reinsurer / coinsurer based on intimations received up to the date of Balance Sheet, survey reports, information provided by insured, past experience and other applicable laws.

Claims outstanding include provision for claims incurred but not reported ('IBNR') and also for claims incurred but not enough reported ('IBNER'). The said provision has been determined by Appointed Actuary, which is in accordance with the accepted actuarial practice, requirements of Insurance Act, 1938, IRDA Regulations and the stipulations of the Institute of Actuaries of India.

**xxvii) Reserve for Unexpired Risk**

Reserve for unexpired risk is made on the amount representing that part of the net premium written which is attributable to, and to be allocated to the succeeding accounting periods, subject to the provisions of requirements under Section 64V (1) (ii) (b) of the Insurance Act, 1938. Reserve for unexpired risk is made at 100% of net premium for marine hull business and 50% of net premium for other class of business except unexpired risk in Health segment.

In case of Health segment, the Reserve for Unexpired Risks is created at the end of the Accounting period based on the 1/365 method as per IRDA Circular No.IRDA/F&A/CIR/49/Mar-09 dated March 24, 2009.

**xxviii) Premium Deficiency**

Premium deficiency is recognised if the ultimate amount of expected net claim costs, related expenses and maintenance costs exceeds the sum of related premium carried forward to subsequent accounting period as the reserve for unexpired risk, Premium deficiency is calculated by line of business. The company considers maintenance as relevant costs incurred for ensuring claim handling operations.

**xxix) Acquisition Cost**

Acquisition costs are costs that vary with and are primarily related to acquisition of insurance contracts and are expensed in the period in which they are incurred.

**xxx) Fund Expenses**

Expenses incurred (inclusive of advertisement/brokerage expenses) on behalf of schemes of Reliance Mutual Fund are recognised to the profit and loss account unless considered recoverable from the schemes of the Fund in accordance with the provisions of SEBI (Mutual Fund) Regulations, 1996.

## Reliance Capital Limited

### Notes to the Consolidated Financial Statements

#### Schedule "O"

1. Previous year's figures have been reworked, regrouped and reclassified wherever necessary.
2. Miscellaneous expenses referred to in schedule 'M' include net prior period items Rs.0.46 crore (net credit) (Previous Year Rs.2.45 crore (net debit)).
3. The Company has partnership in the following firms
  - i) Reliance Capital Partners
    - a) The firm consists of following partners
      - i) Reliance Capital Ltd.
      - ii) Reliance Land Pvt. Ltd.
      - iii) Shri Surendra Pipara
    - b) Profit Sharing Ratio  
The profit is distributed between the partners on the basis of weighted average capital.  
The Profit/ (Loss) of (Rs.4.40 crore) of Reliance Capital Partners is considered as loss of the current financial year.
  - ii) Reliance Capital Infrastructure Partners
    - a) The firm consists of following partners
      - i) Reliance Capital Ltd.
      - ii) Reliance Infocomm Infrastructure Pvt. Ltd.
      - iii) Reliance Infraprojects Ltd. (Formerly known Reliance AWorld Ltd.)
    - b) Profit Sharing Ratio  
The profit is distributed between the partners on the basis of weighted average capital.

#### 4. Capital Reserve on Consolidation of Subsidiaries

During the year the Company has acquired 100% holding in three subsidiaries. On Consolidation of the above subsidiaries the Company has recognised capital reserve of Rs.2.44 crore.

Particulars	(Rs. in crore) Amount
Opening balance of Goodwill on Consolidation of Subsidiaries	(0.09)
Add: Capital Reserve on acquisition of subsidiaries during the year	2.44
<b>Closing balance of Capital Reserve on Consolidation of Subsidiaries</b>	<b>2.35</b>

#### 5. Payment to and provision for employees include Managerial Remuneration by way of

Particulars	(Rs. in crore)	
	2008-09	2007-08
i) Salaries	3.72	1.68
ii) Perquisites	0.19	0.14
iii) Contribution to Provident Fund and Superannuation Fund	0.46	0.14
<b>Total</b>	<b>4.37</b>	<b>1.96</b>

Information relating to payment to Manager/Directors does not include payment for gratuity and leave encashment which is provided for group of employees on an overall basis.

#### 6. Auditors' Remuneration (excluding service tax) includes

Particulars	(Rs. in crore)	
	2008-09	2007-08
i) Audit Fees	1.49	1.16
ii) Tax Audit Fees	0.05	0.04
iii) In other Capacity / Certification Charges	-	0.02
iv) Reimbursement of Out of Pocket Expenses	0.02	0.01
<b>Total</b>	<b>1.56</b>	<b>1.23</b>



## Reliance Capital Limited

**Notes to the Consolidated Financial Statements**7. **Contingent Liabilities and Commitments (As certified by the management)** (Rs. in crore)

	As at March 31, 2009	As at March 31, 2008
<b>Contingent Liabilities</b>		
i) Guarantees to Banks and Financial Institutions +	<b>558.43</b>	30.62
ii) Claims against the Company not acknowledged as Debt (Sales Tax/ Income Tax)	<b>3.29</b>	6.62
iii) Claims outstanding	-	307.99
<b>Commitments</b>		
iv) Estimated amount of contracts remaining to be executed on capital account (net of advances)	<b>265.17</b>	1.98
v) Uncalled amount on Investment	<b>23.09</b>	516.23

+ On behalf of company, subsidiaries and associates.

8. **Related party disclosures****List of related parties****i) Promoters**

AAA Enterprises Pvt. Ltd. (Holding Company)  
 Reliance Innoventures Pvt. Ltd. (Ultimate Parent Company)  
 Shri Anil D. Ambani  
 Smt. Tina A. Ambani  
 Smt. Kokilaben D. Ambani  
 Master Jai Anmol A. Ambani  
 Master Jai Anshul A. Ambani  
 Hansdhwani Trading Company Pvt. Ltd.

**ii) Associates**

Reliance Land Pvt. Ltd.  
 Reliance Share & Stock Brokers Pvt. Ltd.  
 Reliance Asset Reconstruction Company Ltd.  
 Ammolite Holdings Ltd.  
 Wall Street Finance Ltd. (w.e.f. May 31, 2008) (Associate of Reliance Money Express Ltd., a subsidiary of the company)

**iii) Fellow Subsidiaries**

Reliance Communications Ltd.  
 Reliance Communications Infrastructure Ltd.  
 Reliance Telecom Ltd.  
 Matrix Innovations Ltd.  
 Reliance Natural Resources Ltd.  
 Reliance WiMax Ltd. (Formerly known as Gateway Systems (India) Ltd.)  
 Reliance Webstores Ltd.  
 Reliance Infocomm Infrastructure Pvt. Ltd.

**iv) Key Managerial Personnel**

a) Shri V. R. Mohan - Company Secretary & Manager  
 b) Smt. Geeta Chandran - Manager - Reliance Capital Asset Management Ltd.  
 c) Shri K. A. Somasekharan - CEO & President - Reliance General Insurance Company Ltd.

## Reliance Capital Limited

## Notes to the Consolidated Financial Statements

## vi) Transactions during the year with related parties

(Rs. in crore)

Particulars	Holding Company	Fellow Subsidiaries	Associates	Key Management Personnel	Total
<b>Investments</b>					
a) Subscribed / Purchased during the year	- (-)	- (-)	<b>259.24</b> (0.25)	- (-)	<b>259.24</b> (0.25)
b) Balance as at March 31, 2009 (includes Partnership Firm)	- (-)	<b>211.77</b> (211.77)	<b>54.72</b> (20.49)	- (-)	<b>266.49</b> (232.26)
<b>Sundry Debtors Balance</b> as at March 31, 2009	- (-)	<b>6.94</b> (9.22)	- (0.03)	- (-)	<b>6.94</b> (9.25)
<b>Loans to Others</b>					
a) Given during the year	- (-)	- (-)	<b>559.80</b> (294.39)	- (-)	<b>559.80</b> (294.39)
b) Returned during the year	- (-)	<b>385.00</b> (1 163.45)	<b>641.55</b> (567.43)	- (-)	<b>1 026.55</b> (1 730.88)
c) Balance as at March 31, 2009	- (-)	- (385.00)	<b>483.43</b> (565.17)	- (-)	<b>483.43</b> (950.17)
d) Interest Receivable on above	- (-)	- (-)	<b>11.43</b> (2.92)	- (-)	<b>11.43</b> (2.92)
<b>Advances recoverable in cash or in kind</b>					
a) Balance as at March 31, 2009	- (-)	<b>0.01</b> (-)	<b>0.11</b> (4.23)	<b>0.05</b> (0.04)	<b>0.17</b> (0.04)
b) Interest receivable as at March 31, 2009	- (-)	- (-)	- (-)	<b>0.01</b> (0.01)	<b>0.01</b> (0.01)
<b>Current Liabilities</b>					
a) Sundry Creditors Balance as at March 31, 2009	- (-)	- (1.43)	- (-)	- (-)	- (1.43)
<b>Income</b>					
a) Interest & Finance Income	- (-)	<b>21.00</b> (122.01)	<b>41.78</b> (11.40)	- (-)	<b>62.78</b> (133.41)
b) Loss on Sale of Investment	- (-)	- (22.65)	- (-)	- (-)	- (22.65)
c) Rent	- (-)	<b>4.41</b> (4.41)	- (-)	- (-)	<b>4.41</b> (4.41)
d) Front End Fees	- (-)	- (-)	<b>1.25</b> (-)	- (-)	<b>1.25</b> (-)
e) Reimbursement of Expenditure taken.	- (-)	<b>2.41</b> (-)	<b>0.08</b> (-)	- (-)	<b>2.49</b> (-)
<b>Expenditure</b>					
a) Rent	- (-)	<b>2.53</b> (-)	- (-)	- (-)	<b>2.53</b> (-)
b) Payment to and provisions for employees	- (-)	- (-)	- (-)	<b>0.33</b> (0.30)	<b>0.33</b> (0.30)
c) Professional and management fees	- (-)	<b>1.37</b> (0.04)	- (-)	- (-)	<b>1.37</b> (0.04)
d) Repairs & Maintenance - Others	- (-)	<b>6.38</b> (5.39)	- (-)	- (-)	<b>6.38</b> (5.39)
e) Miscellaneous **Rs.500	- (-)	<b>0.05</b> (0.13)	<b>0.01</b> (**)	- (-)	<b>0.06</b> (0.13)
<b>Contingent Liability</b>					
a) Guarantees to Banks and Financial Institutions on behalf of third parties	- (-)	- (0.65)	<b>75.00</b> (-)	- (-)	<b>75.00</b> (0.65)

## Reliance Capital Limited

**Notes to the Consolidated Financial Statements**

The nature and volume of material transactions for the year with above related parties are as follows

(Rs.in crore)

Particulars	Holding Company	Fellow Subsidiaries	Associates	Key Management Personnel	Total
<b>Investments</b>					
a) Subscribed / Purchased during the year					
i) Reliance Land Pvt. Ltd.	-	-	226.00	-	226.00
	(-)	(-)	(-)	(-)	(-)
ii) Reliance Communications Ltd.	-	209.05	-	-	209.05
	(-)	(209.05)	(-)	(-)	(209.05)
b) Brokerage Paid during the year					
ii) Reliance Share & Stock Broker Pvt. Ltd.	-	-	(0.89)	-	(0.89)
	(-)	(-)	(-)	(-)	(-)
<b>Sundry Debtors Balance</b>					
as at March 31, 2009		6.94	-	-	6.94
i) Reliance Communications Ltd.	(-)	(9.22)	(-)	(-)	(9.22)
<b>Loans to Others</b>					
a) Given during the year					
i) Reliance Land Pvt. Ltd.	-	-	558.20	-	558.20
	(-)	(-)	(233.03)	(-)	(233.03)
ii) Reliance Share & Stock Broker Pvt. Ltd.	-	-	(59.39)	-	(59.39)
	(-)	(-)	(-)	(-)	(-)
b) Returned during the year					
i) Reliance Communications Infrastructure Ltd.	-	385.00	-	-	385.00
	(-)	(1 163.45)	(-)	(-)	(1 163.45)
ii) Reliance Land Pvt. Ltd.	-	-	581.05	-	581.05
	(-)	(-)	(431.18)	(-)	(431.18)
c) Balance as at March 31, 2009					
i) Reliance Land Pvt. Ltd.	-	-	483.43	-	483.43
	(-)	(-)	(506.28)	(-)	(506.28)
ii) Reliance Communication Infrastructure Ltd.	-	-	-	-	-
	(-)	(385.00)	(-)	(-)	(385.00)
d) Interest Receivable on above					
i) Reliance Land Pvt. Ltd.	-	-	8.53	-	8.53
	(-)	(-)	(-)	(-)	(-)
ii) Ammolite Holdings Ltd.	-	-	2.90	-	2.90
	(-)	(-)	(2.92)	(-)	(2.92)
<b>Advances recoverable in cash or in kind</b>					
a) Given during the year					
i) Reliance Asset Reconstruction Co. Ltd.	-	-	(4.23)	-	(4.23)
	(-)	(-)	(-)	(-)	(-)
b) Returned during the year					
i) Reliance Asset Reconstruction Co. Ltd.	-	-	(4.23)	-	(4.23)
	(-)	(-)	(-)	(-)	(-)
c) Interest receivable as at March 31, 2009					
Shri V. R. Mohan	-	-	-	0.01	0.01
	(-)	(-)	(-)	(0.01)	(0.01)
<b>Current Liabilities</b>					
a) Sundry Creditors Balance as at March 31, 2009					
i) Reliance Communication Infrastructure Ltd.	-	(1.43)	-	-	(1.43)
	(-)	(-)	(-)	(-)	(-)
<b>Income</b>					
a) Interest & Finance Income					
i) Reliance Land Pvt. Ltd.	-	-	37.69	-	37.69
	(-)	(-)	(1.45)	(-)	(1.45)
ii) Reliance Communications Infrastructure Pvt. Ltd.	-	21.00	-	-	21.00
	(-)	(122.01)	(-)	(-)	(122.01)
b) Loss on Sale of Investment					
i) Reliance Communications Ltd.	-	-	-	-	-
	(-)	(22.65)	(-)	(-)	(22.65)
c) Rent					
i) Reliance Communications Ltd.	-	4.41	-	-	4.41
	(-)	(4.41)	(-)	(-)	(4.41)
d) Front End Fees					
i) Reliance Land Pvt. Ltd.	-	-	1.25	-	1.25
	(-)	(-)	(-)	(-)	(-)

## Reliance Capital Limited

## Notes to the Consolidated Financial Statements

(Rs. in crore)

Particulars	Holding Company	Fellow Subsidiaries	Associates	Key Management Personnel	Total
e) Reimbursement of Expenditure taken.					
i) Reliance Communications Infrastructure Ltd.	- (-)	2.41 (-)	- (-)	- (-)	2.41 (-)
ii) Reliance Asset Reconstruction Co. Ltd.	- (-)	- (-)	0.09 (-)	- (-)	0.09 (-)
<b>Expenditure</b>					
a) Rent					
i) Reliance Communications Infrastructure Ltd.	- (-)	2.53 (-)	- (-)	- (-)	2.53 (-)
b) Payment to and provisions for employees					
i) Shri V. R. Mohan	- (-)	- (-)	- (-)	0.33 (0.30)	0.33 (0.30)
c) Professional and Management fees					
i) Reliance Communication Infrastructure Ltd.	- (-)	1.37 (-)	- (-)	- (-)	1.37 (-)
d) Repairs & Maintenance – Others					
i) Reliance Communications Infrastructure Ltd.	- (-)	6.10 (4.97)	- (-)	- (-)	6.10 (4.97)
<b>Contingent Liability</b>					
a) Guarantees to Banks and Financial Institutions on behalf of third parties	- (-)	- (0.65)	75.00 (-)	- (-)	75.00 (0.65)

## Notes

- Figures in bracket indicate previous year figures.
- Expenses incurred towards public utilities services such as telephone and electricity charges has not been considered for related party transaction.
- Previous year transactions with parties that have ceased to be related parties in the current year have been excluded in the above mentioned table as the relationship did not exist.
- In addition to the above, Commission amounting to Rs.Nil (Previous Year Rs.11 crore) and Director Sitting Fees of Rs.80,000. (Previous Year Rs.60,000) has been paid to Shri Anil D. Ambani, an individual having significant influence.

## 9. Basic and Diluted Earning per Share

The computation of earnings per share is set out below

(Rs. in crore)

Particulars	2008-09	2007-08
a) Amounts used as the numerators		
Net Profit after share of profit / (loss) of Associates	1 015.67	1 009.06
Net Profit attributable to Equity Shareholders	1 015.67	1 009.06
b) Weighted Average Number of Equity Shares (Nos.)	24 56 32 800	24 56 32 800
c) Basic Earnings per Share of Face Value Rs.10 each (Rs.)	41.35	41.08
d) Diluted Earnings per Share of Face Value Rs.10 each (Rs.)	41.35	41.08

## 10. Deferred Taxation

Deferred Tax Liability included in the Balance Sheet comprises the following

(Rs. in crore)

	As at March 31, 2009	As at March 31, 2008
<b>Deferred Tax Liabilities</b>		
Depreciation on Fixed Assets/ Deferred Expenses	72.03	76.53
Others	5.66	-
<b>Deferred Tax Assets</b>		
Provision for NPA and Disallowance	72.77	57.09
Net Deferred Tax Liabilities / (Assets)	4.45	19.44

## Reliance Capital Limited

**Notes to the Consolidated Financial Statements****11. Micro, Small and Medium Enterprises**

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of medium and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. There have been no reporting cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments.

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

(Rs. in crore)

	Finance & Investments	Asset Management	General Insurance	Consumer Finance	Others	Elimination	Total
<b>Revenue</b>							
External	1 875.21 (1686.42)	392.49 (472.92)	2 314.89 (2 346.12)	1 205.20 (394.58)	251.90 (56.34)	- (-)	6 039.69 (4 956.38)
Inter Segment	- (35.03)	1.75 (0.12)	3.45 (2.13)	- (-)	15.35 (-)	20.55 (37.28)	20.55 (37.28)
<b>Total Revenue</b>	<b>1 875.21</b> (1 651.39)	<b>390.74</b> (472.80)	<b>2 311.44</b> (2 343.99)	<b>1 205.20</b> (394.58)	<b>236.55</b> (56.34)	- (-)	<b>6 019.14</b> (4 919.10)
<b>Results</b>							
Segment Results (Profit before tax)	1 037.51 (1 159.50)	114.73 (193.10)	(50.17)* (-162.84)	92.15 (36.11)	11.03 (14.04)	(1.10)* (-23.99)	1 204.15 (1 215.75)
* indicates loss in current year / # indicates unallocated expenses							
<b>Other information</b>							
Segment Assets	13 032.45 (9 222.29)	98.03 (153.09)	2198.49 (1 733.82)	8 885.84 (7 368.59)	1 727.31 (-)	(1 857.70) (-)	24 084.42 (18 464.46)
Unallocated Assets	- (-)	- (-)	- (-)	- (-)	- (0.09)	- (-)	- (0.09)
Segment Liabilities	13 872.61 (3 294.19)	55.38 (88.52)	1 567.75 (1 249.73)	296.03 (7 160.76)	1 174.73 (-)	(310.16) (-)	16 656.34 (11 779.87)
Unallocated Liabilities	- (-)	- (-)	- (-)	- (-)	- (24.28)	- (-)	- (24.28)
Capital Expenditure	6.95 (18.90)	20.76 (13.84)	20.65 (52.14)	8.51 (20.55)	3.64 (-)	- (-)	60.51 (105.43)
Depreciation	13.57 (13.34)	9.67 (4.97)	22.93 (18.77)	7.65 (4.33)	2.89 (-)	- (-)	56.71 (41.41)
Non Cash Expenses other than Depreciation	189.25 (84.35)	0.24 (7.53)	10.70 (377.41)	- (-)	18.03 (-)	- (-)	218.22 (469.21)

Figures in bracket indicate previous year figures.

**Notes**

- i) As per Accounting Standard (AS-17) on "Segment Reporting", notified by the Companies (Accounting Standards) Rules 2006, the Company has reported segment information on the consolidated basis including business conducted through its subsidiaries.
- ii) The reportable Segments are further described below
  - a) Finance & Investment
  - b) Asset Management
  - c) General Insurance
  - d) Consumer Finance and
  - e) Others
- iii) Since all the operations of the Company are conducted within India, as such there is no separate reportable geographical segment.

## Reliance Capital Limited

### Notes to the Consolidated Financial Statements

13. The subsidiaries / associate companies considered in the consolidated financial statements with their proportion of ownership are as under

Name	Country of Incorporation	Year Ending	Proportion of ownership (interest)
<b>List of Subsidiaries</b>			
Reliance Capital Asset Management Ltd.	India	March 31, 2009	93.37%
Reliance Capital Trustee Co. Ltd.	India	March 31, 2009	100%
Reliance General Insurance Company Ltd.	India	March 31, 2009	96.20%
Reliance Gilts Ltd.	India	March 31, 2009	100%
Reliance Capital Research Pvt. Ltd.	India	March 31, 2009	100%
Reliance Technology Ventures Pvt. Ltd.	India	March 31, 2009	100%
Reliance Money Express Ltd.	India	March 31, 2009	100%
Reliance Capital Markets Pvt. Ltd.	India	March 31, 2009	100%
Medybiz Pvt. Ltd.	India	March 31, 2009	100%
Net Logistics Pvt. Ltd.	India	March 31, 2009	#90%
Reliance Asset Management (Mauritius) Ltd.	Mauritius	March 31, 2009	93.37%
Reliance Asset Management (Singapore) Pte. Ltd.	Singapore	March 31, 2009	93.37%
Reliance Capital Asset Management (UK) Plc	United Kingdom	March 31, 2009	93.37%
Reliance Capital Partners (Partnership Firm)	India	March 31, 2009	##
Reliance Equity Advisors (India) Ltd.	India	March 31, 2009	100%
Reliance Equities International Pvt. Ltd.	India	March 31, 2009	100%
Reliance Home Finance Pvt. Ltd.	India	March 31, 2009	100%
Reliance Capital Services Pvt. Ltd.	India	March 31, 2009	100%
Reliance Consumer Finance Pvt. Ltd.	India	March 31, 2009	100%
Reliance Securities Ltd.	India	March 31, 2009	100%
Reliance Commodities Ltd.	India	March 31, 2009	100%
Reliance Financial Ltd.	India	March 31, 2009	100%
Reliance Alternative Investments Services Pvt. Ltd.	India	March 31, 2009	100%
Reliance Prime International Ltd.	India	March 31, 2009	100%
Reliance Capital Pension Fund Ltd.	India	March 31, 2009	100%
Reliance Capital (Singapore) Pte. Ltd.	Singapore	March 31, 2009	100%
Reliance Consultants (Mauritius) Ltd.	Mauritius	March 31, 2009	100%
<b>List of Associates</b>			
Reliance Land Pvt. Ltd.	India	March 31, 2009	50%
Reliance Share & Stock Brokers Pvt. Ltd.	India	March 31, 2009	50%
Ammolite Holdings Ltd.	Bermuda	December 31, 2008	50%
Wall Street Finance Ltd.	India	March 31, 2009	@
Reliance Asset Reconstruction Company Ltd.	India	March 31, 2009	49%

#### Notes

- a) # Balance 10% Proportion of ownership interest in Net Logistics Pvt. Ltd. is held by Medybiz Pvt. Ltd.
- b) ## Proportion of ownership interest in Partnership firm is on the basis of weighted average capital.
- c) \* The financial statements of Ammolite Holdings Ltd. have been certified by the management.
- d) @ Proportion of ownership interest 36.56% is held by Reliance Money Express Ltd., a subsidiary of the Company.
14. The Investments of Reliance General Insurance Company Ltd. amounting to Rs.1,363.97 crore (Previous Year Rs.1,310.73 crore) have been accounted on held till maturity basis in accordance with the Insurance Regulatory & Development Act, 1999 and the regulations framed thereunder read with relevant provisions of Insurance Act, 1938 and Companies Act, 1956.
15. Since Reliance Gilts Ltd. has not commenced business, expenditure incurred during the year of Rs.9,14,664 (Previous Year Rs.62,381) are treated as pre-operation expenses (included in Preliminary Expenses) and carried to the Balance Sheet.
16. The Company's stake in Share Capital of Gini & Jony Ltd, BLR India Pvt. Ltd., and Victory Transformers and Switchgears Pvt. Ltd. is in excess of 20% each. These investments have been made by the Company for a short term with an intention to sell these investments in the future.
- a) In accordance with Para 7 of Accounting Standard (AS-23) on Accounting for Investments in Associates in Consolidated Financial Statements as per the Companies (Accounting Standard), Rules 2006, these investments have not been accounted for as associates in the preparation of consolidated financial statements.
- b) The Company does not have any "Significant Influence" on these companies, as defined by Accounting Standard (AS-18) on Related Party Disclosures as per the Companies (Accounting Standard), Rules 2006 and hence the transaction with these parties have not been considered for Related Party Disclosures.

## Reliance Capital Limited

**Consolidated Cashflow for the year ended March 31, 2009**

(Rs. in crore)

Particulars	2008-2009	2007-2008	
<b>A. Cash Flow from Operating Activities</b>			
<b>Net Profit Before Tax</b>	<b>1 204.15</b>	<b>1 215.74</b>	
Adjusted for			
Prior Period Expenses	0.46	(2.45)	
Depreciation	56.71	41.21	
Miscellaneous Expenditure Written Off	-	0.96	
Provision for Non Performing Assets / Doubtful Debts	131.84	16.86	
Provision for Diminution in the Value of Assets	4.70	46.52	
Provision for Diminution in the Value of Investment	60.16	26.05	
Provision for Grauity/ Leave Encashment	3.71	-	
Provision for Repossessed Stock	4.29	0.27	
Amortised DSA Commission	47.72	-	
Amortised Brokerage on Borrowings	4.18	-	
Balances Written Off	6.52	1.20	
Excess Provision/Credit Balance Written Back	(31.84)	(0.05)	
Investments			
Interest	(326.49)	(173.05)	
Dividend Income	(71.70)	(13.54)	
(Profit) / Loss on Sale of Investment (Net)	(1 176.44)	(1 089.96)	
Interest Expenses	1 263.83	413.88	
(Profit) / Loss on Partnership Firm	4.40		
Loss / (Profit) on Sale of Fixed Assets (Net)	(1.13)	0.01	(732.09)
<b>Operating Cash Flows before Working Capital Changes</b>	<b>1 185.07</b>	<b>483.65</b>	
Adjusted for			
Trade and Other Recievables	(1 341.27)	(7 379.95)	
Inventories	(4.91)	(2.05)	
Loan Originating Cost	(63.18)	(97.74)	
Proceeds from/(Repayment of) Short Term Borrowings (Net)	2 644.72	7 761.77	
Proceeds from Long Term Borrowings	1 794.76	-	
Trade Payables	79.67	3 109.79	1 614.48
<b>Cash Generated from Operations</b>	<b>4 294.86</b>	<b>2 380.16</b>	
Interest Paid	(918.73)	(253.00)	
Taxes Paid	(150.53)	(1 069.26)	(317.88)
<b>Cash Flows before Prior Period Items</b>	<b>3 225.60</b>	<b>2 062.28</b>	
Prior Period Expense	(0.46)	2.45	
<b>Net Cash Provided by Operating Activities</b>	<b>3 225.14</b>	<b>2 064.73</b>	

## Reliance Capital Limited

**Consolidated Cashflow for the year ended March 31, 2009**

Particulars	(Rs. in crore)	
	2008-2009	2007-2008
<b>B. Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets	167.69	(104.58)
Sale of Fixed Assets	7.57	0.30
Purchase of Investments	(18 696.35)	(13 732.41)
Sale of Investments	15 990.42	11 656.49
Interest Received	135.69	51.03
Dividend Received	71.70	13.54
<b>Net Cash Used in Investing Activities</b>	<u>(2 323.28)</u>	<u>(2 115.63)</u>
<b>C. Cash Flows from Financing Activities</b>		
Issue / (Redemption) of Share Capital	30.06	501.00
Dividend Paid	(157.27)	(100.43)
<b>Net Cash Provided / (used in) Financing Activities</b>	<u>(127.21)</u>	<u>400.57</u>
<b>Net Increase in Cash and Cash Equivalents (A + B + C)</b>	<b>774.65</b>	349.67
Cash and Cash Equivalents at the Beginning of the Period	<b>392.88</b>	43.21
Cash and cash Equivalents at the End of the Period*	<u>1 167.53</u>	<u>392.88</u>

The Previous Year's Figures have been Regrouped and Reclassified wherever necessary.

\* Fixed Deposits with Banks Amounting to Rs.663.37 crore (Previous Year Rs.145 crore) under lien are are not considered as cash and cash equivalents.

As per our report of even date

For **CHATURVEDI & SHAH**  
Chartered Accountants

**C. D. Lala**  
Partner  
Membership No.: 35671  
Mumbai, April 30, 2009

For **B S R & Co.**  
Chartered Accountants

**Akeel Master**  
Partner  
Membership No.: 046768

For and on behalf of the Board  
Chairman  
Vice Chairman

Directors

Company Secretary & Manager  
Mumbai, April 30, 2009

**Anil D. Ambani**  
**Amitabh Jhunjhunwala**

{ **Rajendra P. Chitale**  
**C. P. Jain**  
**P. N. Ghatalia**  
**V. R. Mohan**



## Reliance Capital Limited

### Shareholder Satisfaction Survey 2009

We have been constantly endeavouring to extend the best possible services to our shareowners and we seek your feedback on the same. Kindly, therefore, return this response form duly filled to our R & T agents, Karvy Computershare Private Limited.  
It is indeed our privilege to have you as our shareowner and to continue to receive your trust and confidence.

To,  
Karvy Computershare Private Limited  
Unit : Reliance Capital Limited  
Plot No. 17-24, Vittal Rao Nagar,  
Madhapur,  
Hyderabad 500 081.

Reg : **Shareholder Satisfaction Survey-2009-Response Form**

Name of Sole/First holder : \_\_\_\_\_

Folio No.

STD Code

DP ID

Telephone No.

Client ID                     e-mail \_\_\_\_\_

Kindly rate our services in following areas

- |  | Excellent                | Good                     | Needs<br>Improvement     |
|--|--------------------------|--------------------------|--------------------------|
| 1. Responses to queries/complaints   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Your overall rating of our investor service   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Presentation of information on Company's website www.reliancecapital.co.in  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Quality and contents of Annual Report 2008-09   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Do you have any grievance which has not been addressed so far : <input type="checkbox"/> Yes <input type="checkbox"/> No<br>If yes, please furnish details in brief |                          |                          |                          |

\_\_\_\_\_

\_\_\_\_\_

6. Your suggestions and comments for improvement in our services

\_\_\_\_\_

\_\_\_\_\_

Date \_\_\_\_\_

Signature of member

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**Unit: Reliance Capital Ltd.**

Plot No. 17-24, Vittal Rao Nagar

Madhapur, Hyderabad - 500 081

Telephone : +91 40 2342 0818 - 25

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Email: [rclinvestor@karvy.com](mailto:rclinvestor@karvy.com)