

**RELIANCE**

Capital

**Annual Report  
2010-11**



## **Dhirubhai H. Ambani**

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

Reliance Group - Founder and Visionary

# Profile

Reliance Capital Ltd. is a part of the Reliance Group, one of the Leading business houses in India.

Reliance Capital, incorporated in 1986, is one of India's leading and fastest growing private sector financial services companies, and ranks among the top 4 private sector financial services and banking companies, in terms of networth.

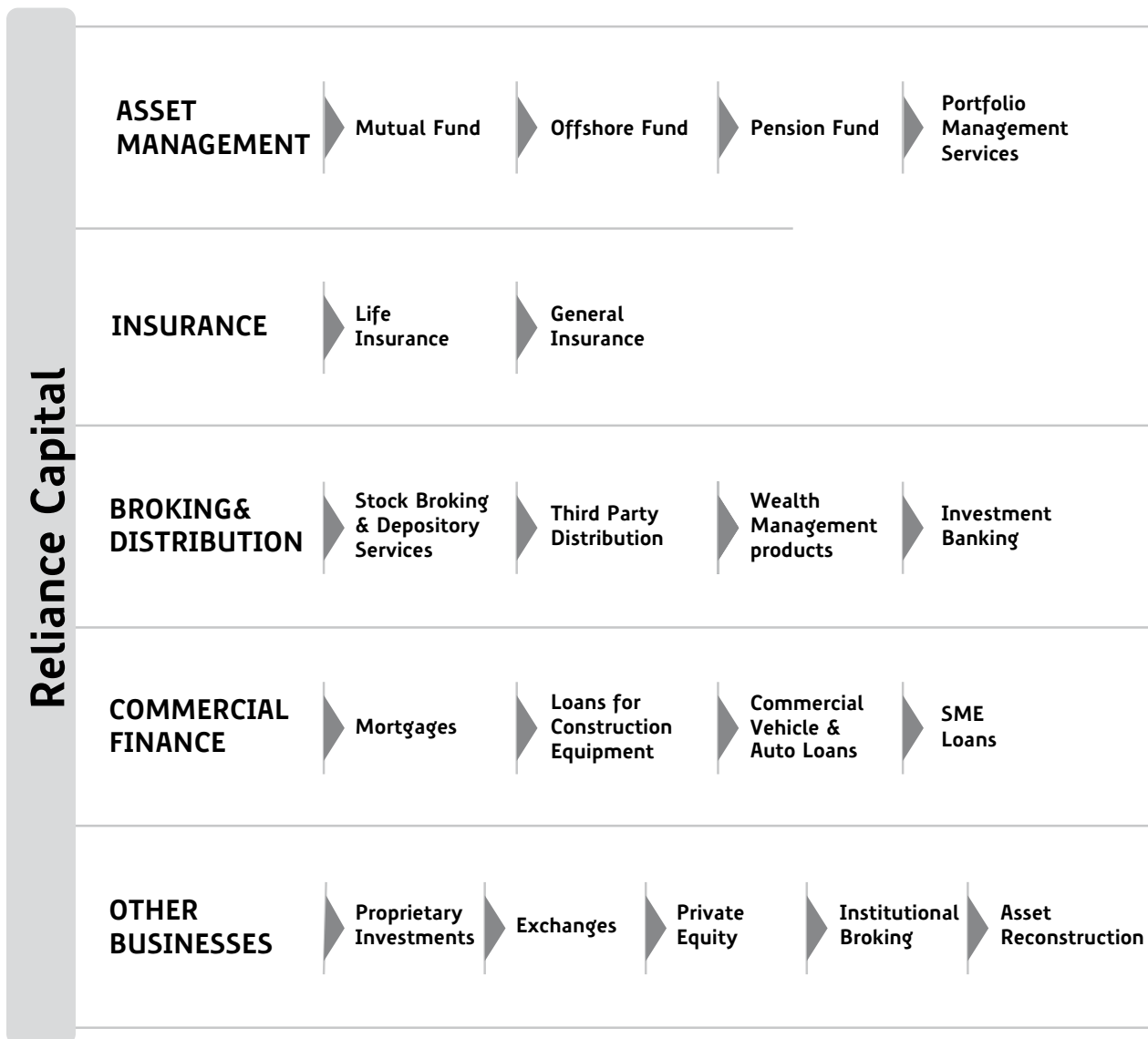
Reliance Capital has interests in asset management, mutual funds, portfolio management services, pension funds, life and general insurance, private equity and proprietary investments, stock broking and depository services, investment banking, wealth management, home and commercial finance, financial products distribution, venture capital, exchanges, asset reconstruction and other activities in financial services.

## 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.*

## Business mix



**Creating India's leading financial superstore**



# Reliance Capital Limited

## Letter to Shareowners



My Dear fellow Shareowners,

It gives me great pleasure to share with you the highlights of our Company's performance during the financial year 2010-11.

Today we stand closer to fulfilling the vision of our legendary founder and my father, late Shri Dhirubhai Ambani, in taking Reliance Capital to a position of pre-eminence as the leading financial powerhouse of a young, competitive and globalising India.

Our current base of 20 million strong and loyal customers puts us in the ranks of the largest financial services players in India. This large and rapidly growing family is served by over 6,800 distribution outlets and half-a-million business partners.

### 25 Years old but a 'Young' achiever

This year, our Company completed 25 years of existence, although we started our commercial operations seriously only six years ago in late 2005. This makes us one of the youngest players in India's financial services space.

However, our relative youth compared to peers does not deter us from pursuing our core values or DNA of thinking big and setting ourselves industry-beating milestones in the fastest possible time.

It is this strong faith and self-belief that has powered our emergence in a short span of time as a leading Indian player in nearly all our businesses, surpassing established names operating for decades.

### Growth Mantra

For us, growth is not an end in itself. It is but a means to the creation of wealth and value for our investors. We remain committed to being one of the most profitable financial services companies in India.

In line with this vision, we looked, during the year, to lower our cost structures and dramatically raise operational efficiencies across all our businesses. As a result, we maintained our profitability despite important changes in the regulatory regime that severely impacted growth and gave rise to avoidable uncertainties in key service segments.

### Bottomline Boost

I am very happy to inform you that our hard work and clarity of focus during the year paid off handsomely. Some of our key businesses viz., asset management, commercial finance and broking & distribution, grew their bottomline substantially – well over 40 per cent year on year – while others managed to considerably pare down their losses. Our life insurance business, for instance, reduced its losses by as much as 54 per cent.

In fact, it achieved a small profit of ₹ 34 crore in the second half of the year. We are on course to achieve significant profits in the life insurance domain in the current financial year.

Reliance Mutual Fund retains its ranking as the largest mutual fund in India for the fourth year in a row. Reliance Life Insurance counts amongst the top four private sector life insurers in India in terms of individual new business premium. Reliance Commercial Finance is amongst the leading lenders in the non-banking financial space. Reliance General Insurance is amongst the leading private sector general insurance companies in India.

Our Company is one of India's leading private sector financial services companies and ranks among the top four private sector financial services and banking groups, in terms of net worth. It has interests in asset management and mutual funds; life and general insurance; commercial finance; stock broking; investment banking; wealth management services; distribution of financial products; exchanges; private equity; asset reconstruction; proprietary investments and other activities in financial services.

Our Company is an integral part of the Reliance Group. Reliance Group is amongst India's leading business houses with 10 million strong shareholders base and over 230 million customers. It has a strong presence across a wide array of high growth commercial-facing businesses of telecom, financial services, energy, power, infrastructure and media and entertainment.

Today, each of us can claim with pride and humility that the Reliance Group touches the life of one in every eight Indians, every single day.

This proud association defines our vision and values. It defines who we are, what we stand for and what we aspire to achieve.

### Performance Review

The key financial highlights on a consolidated basis are:

- ☛ **Total income of ₹ 5,498 crore** (US\$ 1.2 billion), against ₹ 6,141 crore (US\$ 1.3 billion) in the previous year
- ☛ **Net profit (before one-time provisioning) of ₹ 475 crore** (US\$ 104.2 million), against ₹ 435 crore (US\$ 95.3 million) in the previous year, an increase of 9 per cent
- ☛ **Earnings per share (EPS) of ₹ 11.85** (US\$ 0.3), against ₹17.69 (US\$ 0.4) in the previous year
- ☛ **Total Assets of ₹ 31,965 crore** (US\$ 7.2 billion), against ₹ 26,029 crore (US\$ 5.8 billion) in the previous year, an increase of 23 per cent

## Letter to Shareowners

☛ **Total net worth of ₹ 7,862 crore** (US\$ 1.8 billion) as against ₹ 7,712 crore (US\$ 1.7 billion) in the previous year, an increase of 1 per cent

These robust financial numbers have enabled us to recommend a dividend of ₹ 6.5 per share.

### Highest credit ratings

Our Company's short term borrowing program has been assigned a rating of "A1+" by ICRA, the highest credit rating given by the agency. Another credit rating agency, Fitch, assigned our borrowing program a rating of "F1+", which stands for the highest credit quality and indicates the strongest capacity for timely repayment of "financial commitment" – a resounding reaffirmation of our unwavering and long-standing commitment to financial prudence and conservatism.

A third agency, CARE, assigned our long term debt paper a rating of "CARE AAA". Instruments with this rating are considered to have the best credit quality, and offer investors the highest degree of safety for timely servicing of debt obligations. Such instruments carry minimal credit risk.

### Achievements during the year across key operating businesses

The year under review has seen our operating businesses grow from strength to strength despite continual changes in the regulatory environment which led to operating uncertainties in some of the financial services sector.

**Reliance Capital Asset Management (RCAM)** managed nearly ₹ 1,50,000 crore (US\$ 33.4 billion) across its mutual funds, pension funds, managed accounts and hedge funds. RCAM's profit before tax increased by 10 per cent at ₹ 294 crore (US\$ 64.6 million) as against ₹ 268 crore (US\$ 58.8 million) in the corresponding previous period.

Reliance Mutual Fund (RMF) maintained its leadership position with a market share of 14.5 per cent. The average assets under management (AAUM) for RMF stands at ₹ 1,01,576 crore (US\$ 22.3 billion). The number of investor folios have remained steady at 7.3 million, despite recent regulatory changes.

In conjunction with hardening liquidity conditions, these changes have adversely impacted the pace of growth in AAUMs for India's mutual fund industry. RMF has addressed this by focusing on newer opportunities. RMF shifted its product mix to tap the retail opportunity. During the year, our portfolio of Systematic Investment Plan and Systematic Transfer plan investor accounts increased by 71 per cent to 1.87 million.

RMF launched a unique retail Gold Savings Fund in February 2011. It is the largest gold fund in India in terms of retail participation. More than 2 lakh investors participated in this fund offer through systematic investment plans (SIPs) and RMF has received a commitment of approximately ₹ 3,000 crore (US\$ 658.1 million) over 10 years through these SIPs.

**Reliance Life Insurance (RLI)** is amongst the leading private sector life insurers with a market share of 7.7 per cent in the private sector. It ranks among the top four private sector companies in terms of new individual business premium with a market share of 8.7 per cent. RLI garnered a total premium of ₹ 6,548 crore (US\$ 1.4 billion) in the year, as against ₹ 6,588 crore (US\$ 1.4 billion) in the previous year.

RLI received new business premium of ₹ 3,035 crore (US\$ 665.9 million) for the year as compared to ₹ 3,921 crore (US\$ 860.3 million) in the previous year. The renewal premium for the year was ₹ 3,536 crore (US\$ 776.0 million) as against ₹ 2,684 crore (US\$ 588.9 million) in the previous year – an increase of 32 per cent. The total funds under management increased by 31 per cent to ₹ 17,855 crore (US\$ 4.0 billion). During the year, RLI sold the highest number of individual premium policies in the private sector at 1.9 million. The Company invested a sum of ₹ 120 crore (US\$ 26.9 million) into the business by way of capital infusion during the year as against ₹ 231 crore (US\$ 51.7 million) in the previous year, a 48 per cent reduction. RLI did not require any fresh capital for the last 2 quarters of the financial year 2010-11.

In fourth quarter of financial year 2010-11, Nippon Life, Japan's largest private life insurer, signed a definitive agreement to acquire a 26 per cent stake in Reliance Life Insurance, subject to necessary regulatory approvals. This is the largest FDI in Indian Financial Services sector and by far, the largest FDI in Insurance sector. The transaction pegs the valuation of Reliance Life Insurance at ₹ 11,500 crore (US\$ 2.6 billion). Nippon Life Insurance will invest ₹ 3,062 crore (US\$ 680.0 million) to acquire 26 per cent in Reliance Life Insurance. A 121 year old life insurance company, Nippon Life is the 6th largest private life insurer in the world. As a strategic partner, Nippon Life will bring vast experience, expertise and global best practices in areas of product development, underwriting, investment management, distribution, customer relationship management and risk management.

**Reliance Securities**, the equity broking arm of Reliance Capital, is one of the leading retail broking houses in India, providing customers with access to equities, equity options, wealth management services, mutual funds, IPOs and investment banking. Reliance Securities had 6.64 lakh broking accounts as on March 31, 2011. The average daily equity broking turnover stood at ₹ 1,413 crore (US\$ 310.0 million). In wealth management, the AUM stood at ₹ 169 crore as on March 31, 2011, an annual growth of 85 per cent. In investment banking, the company handled 4 issues and mobilized ₹ 620 crore (US\$ 136.0 million) and did IPO funding of ₹ 3,164 crore (US\$ 694.2 million). Reliance Securities achieved profit before tax of ₹ 22 crore (US\$ 4.8 million) for the year ended March 31, 2011, as against ₹ 28 crore (US\$ 6.0 million) in the previous year.

**The distribution business of Reliance Capital, known as Reliance Money**, is a comprehensive financial services and solutions provider, providing customers with access to mutual funds, life and general insurance products, money transfer, currency exchange, loans, gold coins and premium products. It has a pan-India distribution network of 6,200 outlets. Reliance Money sold nearly 1,500 kg. of Gold in the financial year 2010-11, an increase of 235 per cent over the previous year figure of 433 kg. Reliance Money is now the largest private sector partner for Western Union Money Transfer, and has handled over 20 lakh money transfer transactions during the year. The business achieved profit before tax of ₹ 12 crore (US\$ 2.7 million) for the year ended March 31, 2011 as against a loss of ₹ 13 crore (US\$ 2.8 million) in the previous year.

# Reliance Capital Limited

## Letter to Shareowners

**Reliance General Insurance** is amongst the leading private sector general insurance companies in India with a market share of 9.4 per cent. Reliance General Insurance's gross written premium for the year ended March 31, 2011 was ₹ 1,655 crore (US\$ 363.1 million) as against ₹ 1,980 crore (US\$ 434.3 million) in the corresponding previous period.

**Commercial Finance Business** offers a wide range of products which include home loans, loans against property, SME loans, commercial vehicle loans, loans for construction equipment and infrastructure financing. The focus in this business is primarily on improving the asset quality as well as the profitability of each loan given; and not merely a gain in market share. Reliance Commercial Finance has emerged as one of the leading lenders in the Indian non banking finance space with a 52 per cent increase in disbursements at ₹ 8,782 crore (US\$ 1.9 billion). The Company has been disbursing only secured loans and is winding down the unsecured loans portfolio. The outstanding loan book grew by 34 per cent to ₹ 12,290 crore (US\$ 2.8 billion) as on March 31, 2011, compared to ₹ 9,166 crore (US\$ 2.1 billion) as on March 31, 2010. This loan book is spread over 1,09,800 customers from top 18 Indian metros. The profit before tax grew 99 per cent at ₹ 269 crore (US\$ 59.1 million) as against ₹ 135 crore (US\$ 29.6 million) for the previous year.

### Future Plans

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

- ☞ Increase our customer base – from 20 million to 50 million
- ☞ Increase the distribution reach – from 5 thousand to 25 thousand cities and towns
- ☞ Increase the number of business partners – from half a million to one million
- ☞ Globalize operations by leveraging our domestic experience and capabilities to expand our asset management and wealth management businesses in emerging markets across the world

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

### Corporate Governance

Reliance Capital has always maintained the best governance standards and practices by adopting, as is the norm for all constituent companies of the Group, the "Reliance Group – Corporate Governance Policies and Code of Conduct". These Policies and Code prescribe a set of systems, processes and principles, which conform to the highest 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.

### Social Commitments

The Company continued to contribute actively to community welfare activities and took up several initiatives and measures related to education and healthcare.

### Our Commitment

Our founder, the legendary Shri Dhirubhai 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.

Dhirubhai exhorted us to think big. With your continued support, we will think bigger. Indeed not just bigger but better, creating ever greater value for all our stakeholders.



**Anil Dhirubhai Ambani**  
Chairman



## Highlights – at a glance (Standalone)

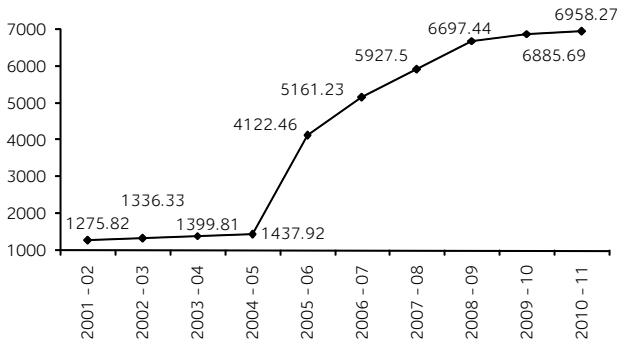
(₹ in crore)

Year ended March 31	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Turnover	1 934.01	2 389.88	3 014.45	2 079.79	883.80	52.02	295.69	356.79	458.78	548.59
Earnings Before De- preciation, Interest & Tax (EBDIT)	1 471.70	1 723.69	2 335.17	1 596.68	782.88	619.00	290.06	348.27	447.09	529.83
Depreciation	14.33	18.16	21.22	17.09	7.07	23.19	27.77	42.09	91.65	55.18
Profit after Tax	229.27	339.42	968.02	1 025.45	646.18	537.61	105.81	105.79	102.63	101.22
Equity Dividend %	65.00	65.00	65.00	55.00	35.00	32.00	30.00	29.00	29.00	29.00
Dividend Payout	160.65	186.80	186.80	158.04	100.58	81.32	38.19	36.92	36.92	36.92
Equity Share Capital	246.16	246.16	246.16	246.16	246.16	223.40	127.84	127.97	127.83	127.83
Reserves and Surplus	6 781.53	6 712.90	6 560.28	5 779.07	4 915.07	3 849.50	1 310.08	1 271.84	1 208.50	1 147.99
Net Worth	6 958.27	6 885.69	6 697.43	5 927.50	5 161.23	4 122.46	1 437.92	1 399.81	1 336.33	1 275.82
Total Assets	26 538.98	20 024.61	21 135.17	15 374.31	6 573.19	4 364.35	2 809.94	2 751.47	3 106.78	3 710.70
Market Capitalisation	14 279.86	18 536.68	8 684.35	30 168.62	16 415.64	11 568.99	2 272.42	1 675.35	618.69	670.24
Number of Employees	139	54	48	216	196	140	21	27	30	29

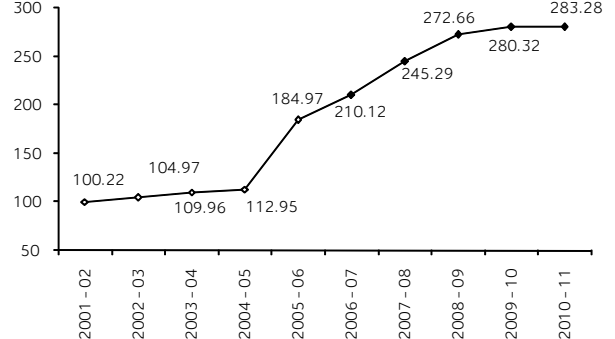
## Key Indicators

Year ended March 31	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
EBDIT/Gross Turnover %	76.10	72.12	77.47	73.91	88.58	94.94	98.10	97.61	97.45	96.58
Net Profit Margin %	11.85	14.20	32.11	49.31	73.11	82.45	35.78	29.65	22.37	18.45
Earnings Per Share (₹)	9.33	13.82	39.41	41.75	28.39	24.64	8.31	8.31	8.06	7.91
Book Value Per Share (₹)	283.28	280.32	272.66	245.29	210.12	184.97	112.95	109.96	104.97	100.22
Debt : Equity Ratio	2.66:1	1.71:1	2:1	1.5:1	0.28:1	0.06:1	0.05:1	0.42:1	0.33:1	1.91:1

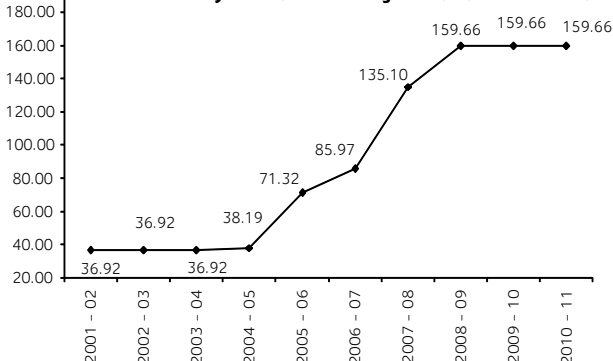
Net Worth (₹ in crore)



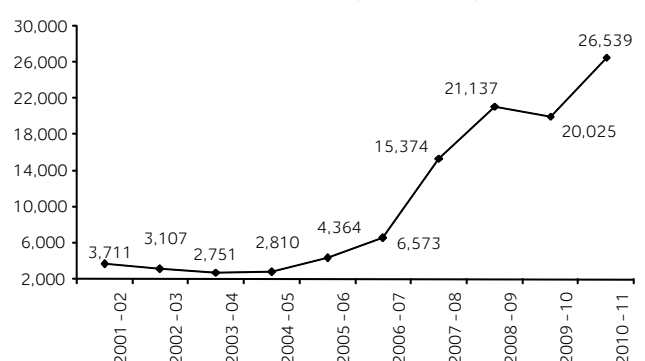
Book Value Per Share (₹)



Dividend Payout (Excluding Tax) (₹ in crore)



Total Assets (₹ in crore)



# Reliance Capital Limited

## Notice

NOTICE is hereby given that the 25<sup>th</sup> Annual General Meeting of the Members of **Reliance Capital Limited** will be held on Tuesday, September 27, 2011 at 10:00 a.m., at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020, to transact the following business:

### Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at March 31, 2011, the 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 Amitabh Jhunjhunwala who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Shri C. P. Jain who retires by rotation and being eligible offers himself for re-appointment.
5. 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 (Firm Reg. No. 101720W) and M/s. B S R & Co., Chartered Accountants (Firm Reg. No. 101248W), be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors."

### Special Business:

6. **Issue of equity shares to the Qualified Institutional Buyers**  
To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution:**

- a) "RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (Act) (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 VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR"), 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 ICDR, whether or not such QIBs are Members of the Company, 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 aggregate amount raised by issue of QIP 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.

- b) 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").
- c) 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 paragraph (a) 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.
- d) RESOLVED FURTHER THAT such of these QIP 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.
- e) 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.
- f) RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of QIP Securities or instruments representing the same, as described in paragraph (a) above, 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.
- g) 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 QIP Securities and utilisation of the issue proceeds including but without limitation to the creation of

## Notice

such mortgage/ hypothecation/charge on the Company's assets under Section 293(1)(a) of the said act in respect of the aforesaid QIP 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.

- h) 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 any other Officer(s)/Authorised Representative(s) of the Company to give effect to the aforesaid resolution."

**By order of the Board of Directors**

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

Registered Office:  
H Block, 1<sup>st</sup> Floor,  
Dhirubhai Ambani Knowledge City,  
Navi Mumbai 400 710.

May 30, 2011

### 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 / herself 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 representative(s) to attend and vote on their behalf at the Meeting.
3. Members/Proxies should fill in the Attendance Slip for attending the Meeting and bring their Attendance Slip along with their copy of the annual report to 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 DP ID and Client 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.
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 Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting. The certificate from the Auditors of the Company confirming the compliance of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 with respect to the Company's ESOS Plans will be available for inspection at the Meeting.
7. a. The Company's Register of Members and Transfer Books will remain close from Monday, September 19, 2011 to Tuesday, September 27, 2011 (both days

inclusive) for determining the names of members eligible for dividend, if declared, on equity shares for the year ended March 31, 2011.

- 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. Members are therefore, requested to encash dividend warrants within the initial validity period.
8. Members may please note that for shares in electronic form bank particulars registered against their depository accounts will be used by the Company for payment of dividend. Members are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. The Company or its Registrars and Transfer Agents cannot change bank particulars or bank mandates for shares held in electronic form.
  9. Members holding shares in physical form are requested to advise any change of address immediately to the Company/ Registrar and Transfer Agent, Karvy Computershare Pvt. Ltd.
  10. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial years 1995-96 to 2002-03, to the Investor Education and Protection Fund (IEPF) established by the Central Government.
  11. Non-Resident Indian members are requested to inform Karvy Computershare Pvt. Ltd. immediately on:
    - a. the change in the residential status on return to India for permanent settlement.
    - b. the particulars of the bank account(s) maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
  12. Re-appointment of Directors:  
At the ensuing Meeting, Shri Amitabh Jhunjhunwala and Shri C. P. Jain, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. The details pertaining to Shri Amitabh Jhunjhunwala and Shri C. P. Jain required to be provided pursuant to the requirements of Clause 49 of the listing agreement are furnished in the statements on Corporate Governance forming part of this Annual Report.
  13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Transfer Agent, Karvy Computershare Pvt. Ltd.
  14. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's

## Notes

- website [www.reliancecapital.co.in](http://www.reliancecapital.co.in) under the section 'Investor Relations'.
15. Members are advised to refer to the section titled "Investor Information" provided in this Annual Report.
  16. Members are requested to fill in and send the Feedback Form provided in the 'Investor Relations' section on the Company's website [www.reliancecapital.co.in](http://www.reliancecapital.co.in) to aid the Company in its constant endeavour to enhance the standards of service to investors.
  17. 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 the 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.
  18. 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.
  19. Green initiative in Corporate Governance: The Ministry of Corporate Affairs (MCA) has vide its circular dated April 29, 2011 stated that service of notice / documents including Annual Report to the members can be made by e-mail. To support this green initiative of the MCA, members who have not yet registered their email addresses are requested to do so (i) in respect of the electronic holdings through their concerned depository participants and (ii) in respect of the physical holdings to Karvy Computershare Pvt. Ltd.

### **Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 to the accompanying Notice dated May 30, 2011**

#### **Item No. 6: Issue of equity shares to the Qualified Institutional Buyers**

The Company, in order to enhance its global competitiveness, and the ability to compete with the peer group in domestic and international markets, needs to strengthen its financial position and net worth by augmenting long term resources.

For this purpose and for general corporate purposes as may be decided by the Board from time to time, it is proposed to seek 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 VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR"), as set out in the Resolution at item No.6.

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" or "Securities").

The said QIP by the Board shall be subject to the provisions of the SEBI ICDR (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 equity shares issued pursuant to the offering would be listed on the Indian stock exchanges.

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

The Securities issued under QIP issue pursuant to offer may, if necessary, 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. The security that may have to be created for the purposes of this issue, as above may come within the purview of section 293(1) (a) of the Companies Act, 1956, Necessary approval has already been accorded by Members of the Company for creation of such Security(s) by passing of resolution on December 30, 1994.

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 authorisation 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 resolution for your approval.

None of the Directors or Manager of the Company is, in any way, concerned or interested in the said resolution.

**By order of the Board of Directors**

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

Registered Office:  
H Block, 1<sup>st</sup> Floor,  
Dhirubhai Ambani Knowledge City,  
Navi Mumbai 400 710.  
May 30, 2011

## Directors' Report

Dear Shareowners,

Your Directors present the 25<sup>th</sup> Annual Report together with the audited statement of accounts of the Company for financial year ended March 31, 2011.

### Financial Results

The standalone performance of the Company for the financial year ended March 31, 2011 is summarised below:

Particulars	Financial Year ended March 31, 2011		Financial Year ended March 31, 2010*	
	(₹ in crore)	(US\$ in million*)	(₹ in crore)	(US\$ in million**)
Gross Income	1 934.01	433.15	2 389.88	529.39
Gross Profit	215.09	48.17	446.49	98.91
Less: Depreciation	14.33	3.21	18.16	4.02
Profit before Tax	200.76	44.96	428.33	94.89
Provision for Taxation	(28.51)	(6.39)	88.91	19.70
Net Profit	229.27	51.35	339.42	75.19
Add: Profit brought forward from the Previous Year	1 971.32	441.51	1 920.52	425.46
Profit available for Appropriation	2 200.59	492.85	2 259.94	500.65
Dividend including Dividend Tax	160.65	35.98	186.80	41.38
Transfer to General Reserve	22.93	5.14	33.94	7.52
Transfer to Statutory Reserve Fund	45.85	10.27	67.88	15.04
Balance carried forward	1 971.16	441.47	1 971.32	436.71

\*1 US\$ = ₹ 44.65 \*\* 1 US\$ = ₹ 45.14 (Source: Reserve Bank of India website).

\*Figures of Previous Year have been regrouped and reclassified, wherever required.

The assets and liabilities of Reliance Commercial Finance Pvt. Ltd. (RCFPL), a wholly owned subsidiary of the Company and its operating results have been incorporated in the Company's books pursuant to the merger of RCFPL with the Company with effect from April 1, 2010 i.e., the Appointed Date. Accordingly, financial results for the year 2010-11 may not be comparable with that of financial year 2009-10.

### Financial Performance

The Company's gross income for the financial year ended March 31, 2011 decreased to ₹ 1,934.01 crore, from ₹ 2,389.88 crore in the previous year, a decline of 24 per cent. The operating profit (PBDIT) of the Company decreased by 17 per cent to ₹ 1,471.70 crore during the year, from ₹ 1,723.69 crore, in the previous year. Interest expenses for the year decreased by 2 per cent to ₹ 1,256.61 crore, from ₹ 1,277.40 crore, in the previous year. Depreciation was at ₹ 14.33 crore as against ₹ 18.16 crore in the previous year. The net provision written back for taxation during the year was ₹ 28.51 crore. The net profit for the year decreased by 48 per cent to ₹ 229.27 crore from ₹ 339.42 crore, in the previous year. An amount of ₹ 45.85 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 ₹ 22.93 crore was transferred to the General Reserve during the year under review.

### Dividend

Your Directors have recommended a dividend of ₹ 6.50 (65 per cent) per equity share aggregating to ₹ 160.65 crore (inclusive of dividend tax) for the financial year ended March 31, 2011, 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 September 18, 2011, and (ii) to those whose names appear as beneficial owners, as on September 18, 2011 as 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 of the capital needs of the Company's growth plans and desire to achieve optimal financing of such plans through internal accruals.

### Schemes of Arrangement

- (a) Amalgamation of Reliance Commercial Finance Pvt. Ltd. with the Company  
Reliance Commercial Finance Pvt. Ltd. ('RCFPL'), a wholly owned subsidiary of the Company, has been amalgamated with the Company with effect from April 1, 2010.
- (b) Reorganisation of Subsidiaries
  - i) Infrastructure Division of Reliance Money Infrastructure Pvt. Ltd. has been demerged into Reliance Capital Asset Management Company Ltd. vide Order dated January 13, 2011 of the Hon'ble High Court of Gujarat. The Appointed date was February 17, 2011.
  - ii) Brokerage and Financial Services Business of Reliance Equities International Pvt. Ltd. has been demerged into Quant Broking Pvt. Ltd. vide Order dated June 14, 2010 of the Hon'ble High Court of Gujarat. The Appointed date was April 1, 2009.



# Reliance Capital Limited

## Directors' Report

### 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 forming 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's Net worth as on March 31, 2011, stood at ₹ 6,958.27 crore. The Company has raised ₹ 6,692 crore (net) during the financial year 2010-11 by issuance of Commercial Paper, Non Convertible Debentures (NCDs) and other money market instruments. The Company's NCDs amounting to ₹ 5,092 crore are listed on Bombay Stock Exchange Ltd. as on March 31, 2011. The funds were mainly deployed in providing consumer finance. RCL's debt equity ratio as on March 31, 2011 stood at 2.66:1.

### Subsidiaries

During the year, Reliance Exchangenext Limited, Reliance Spot Exchange Infrastructure Limited, Quant Capital Pvt. Ltd., Quant Broking Pvt. Ltd., Quant Securities Pvt. Ltd., Quant Commodities Pvt. Ltd., Quant Commodity Broking Pvt. Ltd., Quant Capital Advisors Pvt. Ltd., Quant Capital Finance and Investments Pvt. Ltd., Reliance Wealth Management Limited, Quant Investment Services Pvt. Ltd., Qoppa Trading Pvt. Ltd. and Valankulam Investments & Trading Pvt. Ltd. became subsidiaries of the Company. Medybiz Pvt. Ltd., Net Logistics Pvt. Ltd. and Reliance Capital Services Pvt. Ltd. ceased to be subsidiaries of the Company.

As per approval granted by the Ministry of Corporate Affairs vide Circular No. 02/2011 dated February 8, 2011, copies of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Auditors of the subsidiary companies are not being attached to the Balance Sheet of the Company. The financial information of the subsidiary companies as required by the above circular is disclosed under 'Financial Information of Subsidiary Companies', which forms part of the Annual Report.

The Company will make available hard copy of Annual Accounts of the subsidiary companies and the related detailed information to the shareholder of the Company seeking the same.

The annual accounts of the subsidiary companies will also be kept for inspection by any shareholders at the Registered Office the Company and that of the respective subsidiary companies.

Further, pursuant to the provisions of Accounting Standard - 21 (AS-21) prescribed under the Companies (Accounting Standards) Rules, 2006 and Listing Agreement as prescribed by the Securities and Exchange Board of India, Consolidated Financial Statements presented by the Company includes financial information of subsidiary companies, which forms part of the Annual Report.

### Fixed Deposits

The Company has neither accepted nor renewed any fixed deposits during the year. There are no unclaimed deposits, unclaimed / unpaid interest, refunds due to the deposit holders or to be deposited to the Investor Education and Protection Fund as on March 31, 2011.

### Capital Adequacy Ratio

Your Company's Capital to Risk Assets Ratio (CRAR) calculated in line with the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ("RBI Directions") stood at 17.82 per cent, well above the regulatory minimum of 15 per cent. Your Company's asset size is ₹ 26,538.98 crore. The Company has received a certificate from the Auditors of the Company, M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co., Chartered Accountants, pursuant to Non Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008, confirming compliance of the conditions with respect to Systemically Important Non-Deposit taking Non-Banking Financial Companies.

### Directors

In terms of the provision of the Companies Act, 1956 Shri Amitabh Jhunjhunwala and Shri C. P. Jain, Directors of the Company, retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

A brief resume of the Directors retiring by rotation at the ensuing Annual General Meeting, nature of their expertise in specific functional areas and names of companies in which they hold 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 annual accounts for the financial year ended March 31, 2011, 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, 2011, and of the profit of the Company for the year ended on that date;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts for the financial year ended March 31, 2011 on a 'going concern' basis.

### Group

Pursuant to intimation received 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.

Directors' Report

Employees Stock Option Scheme

Your Company had obtained Members' approval through Postal Ballot on January 8, 2007 for the introduction and implementation of Employees Stock Option Scheme.

Employees Stock Option Scheme was approved and implemented by the Company and Options were granted to employees in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the SEBI Guidelines'). The ESOS Compensation Committee, constituted in accordance with the SEBI Guidelines, administers and monitors the Scheme. The applicable disclosures as stipulated under the SEBI Guidelines as at March 31, 2011 are given below:

Particulars	ESOS Plan A	ESOS Plan B
a) Total Options granted	3 99 900	3 97 000
b) No of Options surrendered	Nil	Nil
c) Pricing formula decided by ESOS Compensation Committee	The options were granted at the market price i.e. ₹ 800	The options were granted at the market price i.e. ₹ 800
d) Options vested	73 280	36 870
e) Options exercised	Nil	Nil
f) Total number of equity shares arising as a result of exercise of Options	Nil	Nil
g) Options lapsed during the year	33 500	28 300
h) Variation of terms of Options	Nil	Nil
i) Money realised by exercise of Options during the year	Nil	Nil
j) Total number of Options in force at the end of the year	3 66 400	3 68 700
k) Employee wise details of Options granted to:		
i. Senior managerial personnel (i.e. Managing Director/ Wholtime Director/Manager)	Nil	Nil
ii. Employee who receives grant in any one year of option amounting to 5% or more of option granted during the year	Nil	Nil
iii. Identified employees who were granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil	Nil
l) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard - 20 (AS-20)	N.A. There would not be any fresh issue of Company's equity shares upon exercise of options by employees.	
m) The difference between employee compensation cost using intrinsic value method and fair value of the Options and impact of this difference on Profit; and on EPS of the Company	No difference, as the exercise would be made at the market price prevailing as on date of the grant plus applicable taxes as may be levied on the Company. However, if the fair value of the options using the Black Scholes model was used, considering the assumptions as of the date of Grant the Net Profit and EPS for the year would have been lower by ₹ 14.20 crore and ₹ 0.57 respectively.	
n) Weighted-average exercise prices of Options granted during the year where exercise price is less than market price.	Company has not granted any option during the year.	
o) Weighted-average fair values of Options granted during the year where exercise price is less than market price	Company has not granted any option during the year.	
p) Significant assumptions made in computation of fair value	Company has not granted any option during the year.	
i) risk-free interest rate		
ii) expected life (years)		
iii) expected volatility		
iv) expected dividends (yield), and		
v) the price of the underlying share in market at the time of option grant		

# Reliance Capital Limited

## Directors' Report

The Company had received a certificate from the Auditors of the Company M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co., Chartered Accountants, that the Scheme and ESOS Plan A and B have been implemented in accordance with the SEBI Guidelines and as per the resolution passed through Postal Ballot on January 8, 2007.

### Consolidated Financial Statements

The Audited Consolidated Financial Statements based on the Financial Statements received from subsidiaries, joint ventures and associates, as approved by their respective Board of Directors and management committee have been prepared in accordance with the Accounting Standard-21 (AS-21) on 'Consolidated Financial Statements' read with Accounting Standard-23 (AS-23) on 'Accounting for Investments in Associates' notified under Section 211 (3C) of the Companies Act, 1956 read with the Companies (Accounting Standards) Rules, 2006, as applicable.

### Auditors and Auditors' Report

M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co., Chartered Accountants, as 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.

The observations and comments given by Auditors in their report read together with notes to Accounts are self explanatory and hence do not call for any further comments under Section 217 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 and the Companies (Particulars of Employees) Amendment Rules, 2011, the names and other particulars of 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 Companies Act, 1956, 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	-	Nil
Outgo	-	₹ 4.50 crore

### Transfer of unclaimed dividend to Investor Education and Protection Fund (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 established by the Central Government pursuant to Section 205C of the said Act.

### Corporate Governance

The Company has adopted the "Reliance Group - Corporate Governance Policies and Code of Conduct" which has set out the systems, processes and policies conforming to International Standards and corporate governance guidelines issued by Reserve Bank of India for Non Banking Financial Companies. The corporate governance framework in the Company is based on an effective independent Board, the separation of the Board's supervisory role from the executive management and the constitution of Board Committees, generally comprising a majority of independent Directors and chaired by an independent Director, to oversee critical areas. This Code is also available on the website of the Company [www.reliancecapital.co.in](http://www.reliancecapital.co.in).


In terms of Clause 49 of the Listing Agreement, a confirmation from the Company Secretary & Manager of the Company regarding compliance with the Code by all the Directors and senior management forms part of this Annual Report.

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 attached to this Report.

### Acknowledgements

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, debentureholders, 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 Dhirubhai Ambani  
Chairman

Mumbai  
May 30, 2011



## Management Discussion and Analysis

### Forward looking statements

Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events.

The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise forward looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include changes in government regulations, tax laws, economic developments within the country and such other factors globally.

The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provisions of the Companies Act, 1956 (the Act) and comply with the Accounting Standards notified under Section 211(3C) of the Act read with the Companies (Accounting Standards) Rules, 2006. The management of Reliance Capital Limited has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements, reflect in a true and fair manner, the state of affairs and profit/ loss for the year.

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" or "Reliance Capital" are to Reliance Capital Limited and its subsidiaries and associates.

### Macroeconomic Overview

#### Indian Economic environment

The financial year 2010-11, saw credit growth restored across the World. India saw the return of over 8 per cent growth in Gross Domestic Product (GDP). The Indian economy continued to remain resilient owing to proactive actions on the part of the country's policymakers.

#### GDP Growth

The GDP growth in the first half of the financial year 2010-11 was a robust 8.9 per cent year on year and moderated to 8.2 per cent in the third quarter due to lower industrial growth. According to the advance estimates of the Central Statistical Organization (CSO), India's GDP is expected to clock a growth of 8.5 per cent in the financial year 2010-11, thanks to contributions from all the three sectors viz., Agriculture, Industries and Services.

#### Industrial Production

For the fiscal year 2010-11, the Index of Industrial Production (IIP) grew at 7.8 per cent compared to 10.5 per cent in the financial year 2009-10. The new IIP series launched in June 2011, with 2004-05 as the base year, is expected to address the shortcomings of the old series, and help economists get a more accurate picture of industrial growth in the years to come.

#### Fiscal Consolidation

The Central Government's fiscal policy is firmly in the consolidation mode. A number of reform measures ranging from better subsidy targeting to market-linked petroleum pricing and public expenditure management are in the works to drive this

process of consolidation. The Finance Ministry has revised the fiscal deficit of financial year 2010-11 to 5.1 per cent from 5.5 per cent budgeted earlier, on account of buoyant tax and non tax revenues. The fiscal deficit numbers for financial year 2011-12 have been projected at 4.6 per cent with net borrowing numbers lowered at ₹ 3.40 trillion.

#### Inflation and Interest Rate

A loose monetary and fiscal regime helped boost demand and translated into strong economic growth in the last two years. The supply constraint in food articles and commodities caused inflation to become more generalized and contributed to a higher priceline. The inflation figure stood at 9 per cent at the end of March 2011, 100 basis points (bps) above RBI's expectations, which have been revised twice.

Inflation remained a primary policy concern and the principal threat to economic stability. Yet, there were no immediate solutions in sight on account of both global and domestic factors. On the global front, high commodity prices due to improved growth outlook, particularly in the emerging markets, coupled with higher oil prices because of geopolitical tensions in the Middle East, were a source of continuing worry. At home, a higher domestic demand, coupled with supply side constraints, kept policy makers on edge. Despite every effort, the average inflation in financial year 2010-11 hovered at uncomfortably high 9.5 per cent.

RBI had already begun to tighten the Repo and Reverse Repo rates since March 2010. As the spectre of inflation continued to loom, much above RBI's expectations and acceptance levels, the Regulator hiked the Repo and Reverse Repo rates by 50 bps to 7.25 per cent and 6.25 per cent respectively in May 2011.

#### About Reliance Capital

Reliance Capital Limited is a part of the Reliance Group and is one of India's leading private sector financial services companies, and ranks amongst the top four 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 Group is amongst India's leading business houses with over 230 million customers. It has a strong presence across a wide array of high growth commercial-facing businesses of financial services, telecom, energy, power, infrastructure, media and entertainment.

Reliance Capital has interests in asset management and mutual funds; life and general insurance; commercial finance; stock broking; investment banking; wealth management services; distribution of financial products; exchanges; private equity; asset reconstruction; proprietary investments and other activities in financial services.

#### Consolidated Financial Performance – Overview

The Company's standalone performance is discussed in detail under the head 'Financial Performance' in the Directors' report. The consolidated performance of the Company is as follows:

RCL's consolidated income from operations for the financial year ended March 31, 2011 stood at ₹ 5,498.47 crore (US\$ 1.2 billion) from ₹ 6,140.60 crore (US\$ 1.3 billion) in the previous year. The decrease was on account of reduced contribution by finance and investment operations and lower premium income in general insurance business

Staff cost for the year were ₹ 496.82 crore (US\$ 109.0 million) as against ₹ 535.35 crore (US\$ 117.5 million) in the previous year, a decrease of 7 per cent

Selling, administrative and other expenses in the year were

# Reliance Capital Limited

## Management Discussion and Analysis

₹ 1,203.58 crore (US\$ 264.1 million) as against ₹1,682.22 crore (US\$ 373.9 million) in the previous year, a decrease of 28 per cent

Interest & finance charges for the year were ₹ 1,462.04 crore (US\$ 317.1 million) as against ₹ 1,350.20 crore (US\$ 292.3 million) in the previous year, an increase of 8 per cent

Depreciation for the year was ₹ 49.96 crore (US\$ 11.0 million) as against ₹ 67.63 crore (US\$ 14.8 million) in the previous year, a decrease of 26 per cent

Provision for tax for the year was ₹ 58.55 crore (US\$ 12.7 million) as against ₹ 147.97 crore (US\$ 32.2 million) in the previous year, a decrease of 60 per cent

Profit after tax, minority interest, share of profit of associates and sale of subsidiaries, but before one time provisioning, for the year was ₹ 474.87 crore (US\$ 104.2 million) as against ₹ 434.53 crore (US\$ 95.3 million) in the previous year, an increase of 9 per cent

Profit after tax, minority interest, share of profit of associates and sale of subsidiaries and one time provisioning, for the year was ₹ 291.18 crore (US\$ 63.9 million) as against ₹ 434.53 crore (US\$ 95.3 million) in the previous year, a decrease of 33 per cent

The one time provisioning of ₹ 183.69 crore (US\$ 40.3 million) was made on account of change in the provisioning norms relating to commercial motor third party pool losses in the general insurance business, as intimated by the Insurance Regulatory and Development Authority of India (IRDA). These losses, aggregating to approximately ₹ 7,000 crore (US\$ 1.5 billion), for the entire general insurance industry, were shared by all the industry players in proportion to their market share

Nearly 100 per cent of the operating profits were contributed by core businesses viz., asset management, commercial finance and broking & distribution, as against 56 per cent in the previous year

The operating profits from these core businesses stood at ₹ 598.64 crore (US\$ 131.3 million) as against ₹ 417.91 crore (US\$ 91.7 million) in the previous year, an increase of 43 per cent

### Resources and Liquidity

As on March 31, 2011, the consolidated net worth of the Company stood at ₹ 7,862.13 crore (US\$ 1.8 billion) as against ₹ 7,711.82 crore (US\$ 1.7 billion) as on March 31, 2010, an increase of 1 per cent

As on March 31, 2011, the Company had a net debt equity ratio of 2.23

As on March 31, 2011, the consolidated total assets were ₹ 31,965.48 (US\$ 7.2 billion) as against ₹ 26,029.30 crore (US\$ 5.8 billion) as on March 31, 2010, an increase of 23 per cent

### 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 with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Fitch assigned the short term borrowing program a rating of "F1+", which reflects strong capitalization of RCL. CARE Ltd. assigned the long term debt programme a rating of "CARE AAA". Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. These ratings indicate that the debt instruments carry lowest credit risk.

### Finance & Investments

The investment portfolio of quoted investments as on March 31, 2011 was ₹ 1,671.96 crore (US\$ 374.4 million), at cost.

### Reliance Capital Asset Management (RCAM)

RCAM managed ₹ 1,49,175.39 crore (US\$ 33.4 billion) as on March 31, 2011 across mutual funds, pension funds, managed accounts and hedge funds, as against ₹ 1,51,989.03 crore (US\$ 34.0 billion) as on March 31, 2010

RCAM's income from operations for the year ended March 31, 2011 was at ₹ 732.97 crore (US\$ 160.8 million) as against ₹ 681.68 crore (US\$ 149.6 million) in the previous year, an increase of 8 per cent

Profit before tax for the year ended March 31, 2011 was ₹ 294.28 crore (US\$ 64.6 million) as against ₹ 268.00 crore (US\$ 58.8 million) in the previous year, an increase of 10 per cent

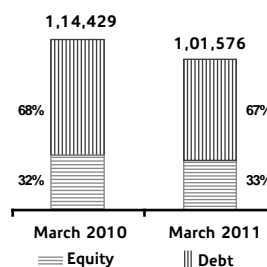
### Reliance Mutual Fund (RMF)

RMF has maintained its leadership position in the country, with a market share of 14.5 per cent at the end of March 2011

The Industry's average assets under management (AAUM) for the quarter ended March 31, 2011 stood at ₹ 7,00,537.70 crore (US\$ 154.8 billion) as against ₹ 7,47,525.00 crore (US\$ 165.2 billion) for the quarter ended March 31, 2010, a decline of 6 per cent (Source: Association of mutual fund of India website)

The AAUM of RMF for the quarter ended March 31, 2011 stood at ₹ 1,01,576.00 crore (US\$ 22.4 billion) as against ₹ 1,14,428.61 crore (US\$ 25.3 billion) for the quarter ended March 31, 2010, a decline of 11 per cent (Source: Association of mutual fund of India website)

AAUM (₹ in crore)

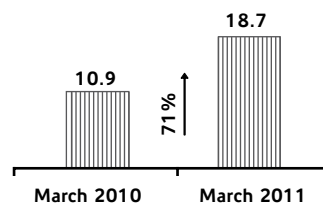


RMF has created a wide distribution network in more than 200 cities and over 75,000 retail touch points in India

The number of investor folios in RMF stood at 73.11 lakh as at March, 2011 as against 74.75 lakh as at March, 2010

The number of Systematic Investment Plan (SIP) and Systematic Transfer Plan (STP) investor accounts in RMF, increased by 71 per cent to 18.68 lakh

Number of SIP & STP Accounts (in lakhs)



## Management Discussion and Analysis

Reliance Mutual Fund launched the unique retail Gold Savings Fund NFO in the last quarter of the financial year 2010-11

- This fund is the first Gold Fund in India and largest in terms of retail participation
- RMF has received a commitment of approximately ₹ 3,000 crore (US\$ 672.0 million) over ten years through Systematic Investment Plan (SIP) accounts from more than two lakh investors

### Achievements in the financial year 2010-11:

- RMF was awarded with 'Best Fund House – Debt Category' by ICRA & Bloomberg UTV
- RMF won the award for 'Best Asset Management Company' from Business World
- RMF won the 'Best Mutual Fund House' Award by Outlook Money
- RMF won 5 Awards – the maximum by any asset management company (AMC) – on different categories in the NDTV Profit Mutual Fund Awards 2010
- RMF won the Bloomberg UTV award in Investor Education – 'Best Contribution in Investor Education & Category Enhancement of the Year'. During the year, RMF conducted over 4,400 training programs with more than 100,000 participants
- RCAM is the first AMC to create a separate asset category in Gold for retail investors by launching Gold Savings Fund allowing retail investors to invest as low as ₹ 500 without the need of a demat account
- ET Intelligence Group awarded RMF with twelve awards including the highest number, five of Platinum Awards for various schemes
- RMF achieved the highest CSAT (customer satisfaction survey) score conducted by AC Nielsen, the highest in the industry, reflecting the positive experience of customers and distributors

### Reliance Life Insurance (RLI)

RLI currently offers a total of 23 products that fulfill the savings and protection needs of customers. Out of 18 are targeted at individuals and 5 at group businesses. RLI is committed to emerging as a transnational Life Insurer of global scale and standard and attaining leadership rankings in the industry within the next few years

During the year, the Indian life insurance industry recorded new business premium of ₹ 1,25,826.03 crore (US\$ 27.6 billion) as against ₹ 1,09,290.37 crore (US\$ 24.0 billion) in the previous year, an increase of 15 per cent. During the year, the Indian private sector life insurance industry recorded new business premium of ₹ 39,381.31 crore (US\$ 8.6 billion) as against ₹ 38,399.32 crore (US\$ 8.4 billion) in the previous year, an increase of 3 per cent (Source: Financial Year 2010-11 data, Insurance Regulatory and Development Authority of India (IRDA) website)

RLI is amongst the top four private sector life insurers with a private sector market share of 8.7 per cent, in terms of individual new business premium. (Source: Financial Year 2010-11 data, IRDA website)

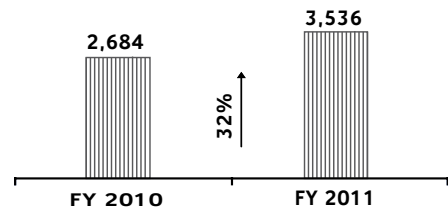
The total net premium for the year remained steady at ₹ 6,547.86 crore (US\$ 1.4 billion) as against ₹ 6,588.33 crore (US\$ 1.4 billion) for the previous year

The new business premium income for the year ended March

31, 2011 was ₹ 3,034.94 crore (US\$ 665.9 million) as against ₹ 3,920.77 crore (US\$ 860.3 million) in the previous year

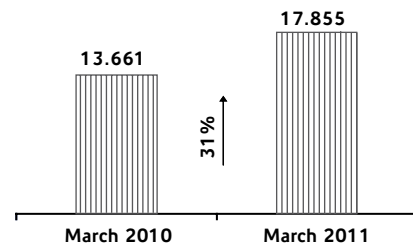
For the year ended March 31, 2011, the renewal premium was ₹ 3,536.21 crore (US\$ 775.9 million) as against ₹ 2,684.12 crore in the previous year, an increase of 32 per cent

### Renewal Premium (₹ in crore)



The total funds under management was at ₹ 17,855.27 crore (US\$ 3.9 billion) as on March 31, 2011 against ₹ 13,660.82 crore (US\$ 3.0 billion) as on March 31, 2010, an increase of 31 per cent

### Total funds under management (₹ in crore)



The loss for the year ended March 31, 2011 stood at ₹ 129.29 crore (US\$ 28.3 million) as against ₹ 283.78 crore (US\$ 62.3 million) for the previous year, a decrease of 54 per cent. In fact, since September 2010, RLI has achieved profits every month and generated a profit of ₹ 34.13 crore (US\$ 7.4 million) in the second half of the financial year 2010-11. RLI aims to be profitable in the current financial year

During the year, ₹ 120 crore (US\$ 26.9 million) was infused into the business as against ₹ 231 crore (US\$ 51.7 million) for the previous year, 48 per cent reduction in capital infusion, reflecting successful steps taken towards achieving profitability. RLI did not need any fresh capital infusion since August 2010

RLI sold the highest number of individual policies in the financial year 2010-11 in the private sector. The number of policies sold during the year were 19,02,685

The distribution network stood at 1,248 branches at the end of March 2011

The number of agents at the end of March 31, 2011 were at 1,89,304 as against 1,95,565 in the previous year, a decrease of 3 per cent. This was in line with the strategy to focus on productivity and performance of agents

### Achievements in the financial year 2010-11:

In the last quarter of financial year 2010-11, Nippon Life Insurance, Japan's largest private life insurer, signed a definitive agreement to acquire 26 per cent stake in RLI, subject to necessary regulatory approvals

- o This is the largest single foreign direct investment (FDI) in

# Reliance Capital Limited

## Management Discussion and Analysis

Indian financial services sector and by far, the largest FDI in insurance sector

- The transaction pegs the value of RLI at approximately ₹ 11,500 crore (US\$ 2.6 billion). Nippon Life Insurance will invest ₹ 3,062 crore (US\$ 680 million) to acquire 26 per cent in RLI
- Nippon Life is 121 year old life insurance company, 6<sup>th</sup> largest in the world and also the largest private sector life insurance company in Japan. As a strategic partner, Nippon Life will bring vast experience, expertise and global best practices, in areas of product development, underwriting, investment management, distribution, customer relationship management and risk management

RLI was assigned 'AAA' risk rating from Brickwork Ratings for best Enterprise wide risk management capabilities and financial strength to meet ongoing policyholder obligations. It is the first life insurance company in India to be awarded a high rating from Brickwork, a global reputed risk rating agency

17 of the 23 funds at RLI outperformed their respective benchmark indices, reflecting superior fund management performance. The Flagship Equity Fund which is the largest Unit Linked Investment Product (ULIP) fund in private sector Industry with assets under management of ₹ 9,400 crore (US\$ 2.1 billion), is amongst the top three in fund performance

During the year, RLI launched seven new products – six targeted towards individuals and one group premium product

RLI made its foray into the health insurance space with the launch of a new health insurance product – 'Reliance Life Care For You', which offers unique and attractive features that are first-of-a-kind in India

RLI was ranked amongst 'Top 3 Most Trusted Insurance Brands' in ET-Brand Equity Most Trusted Brands Survey 2010. RLI also ranked 30<sup>th</sup> amongst "Most Trusted Service Brands" in this survey

RLI was awarded 'best campaign of the year' and 'brand excellence' by CMO Asia

### Reliance Commercial Finance (RCF)

RCF offers a wide range of products which include home loans, loans against property, SME loans, commercial vehicle loans, auto loans, loans for construction equipment, loans against securities and infrastructure loans

RCF is amongst the leading lenders in the Indian non banking finance sector. The focus in this business continues to be on asset backed lending and de-emphasize unsecured loans. As on March 31, 2011, 97 per cent of the loan book was secured as against 88 per cent as on March 31, 2010

The aim of RCF is not only credit growth per se but the quality of credit sourced. In line with this, the Company has been disbursing only secured asset backed loans and winding down the unsecured loans portfolio

The disbursements for the year ended March 31, 2011 were ₹ 8,781.95 crore (US\$ 1.9 billion) as against ₹ 5,776.24 crore (US\$ 1.3 billion) for previous year, an increase of 52 per cent

As on March 31, 2011, the assets under management (including securitised portfolio) was ₹ 13,788.80 crore (US\$ 3.1 billion) as against ₹ 11,041.74 crore (US\$ 2.5 billion) as on March 31, 2010, an increase of 25 per cent

During the year, the Company securitised loans of ₹ 1,053.54 crore (US\$ 235.9 million), as against ₹ 2,505.29

crore (US\$ 549.6 million) in previous year

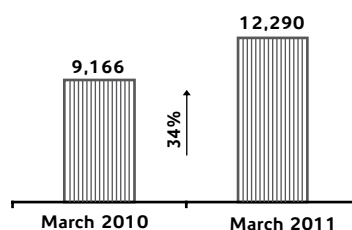
The Net Interest Income for the year ended March 31, 2011 was ₹ 512.20 crore (US\$ 112.4 million), an increase of 11 per cent

The gross non-performing assets were at ₹ 158.51 crore (US\$ 35.5 million), a reduction of 51 per cent over previous year, reflecting improved asset quality

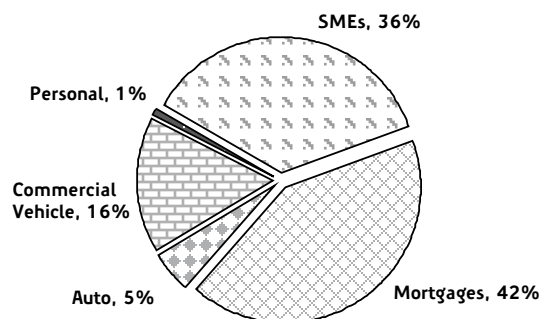
RCF achieved a profit before tax of ₹ 269.32 crore (US\$ 59.1 million) as against ₹ 135.01 crore for the previous year – an increase of 99 per cent

As on March 31, 2011 the outstanding loan book was ₹ 12,290.15 crore (US\$ 2.8 billion) as against ₹ 9,165.75 crore (US\$ 2.1 billion) at the end of March 31, 2010, an increase of 34 per cent. This loan book is spread across 109,800 customers from top 18 Indian metros

**Outstanding loan book (₹ in crore)**



**Loan Book Composition**



### Broking businesses

Reliance Securities Limited (RSL), the equity broking arm of Reliance Capital, is the one of the leading retail broking houses in India, providing customers with access to equities, equity options, wealth management services, mutual funds, Initial Public Offers (IPOs) and investment banking

The focus at RSL is on the key business verticals of equity broking, wealth management and investment banking

At the end of March 31, 2011, RSL had 6,63,868 retail equity broking accounts and achieved average daily turnover of over ₹ 1,400 crore (US\$ 307.2 million)

In wealth management business, the client needs are assessed to create customized financial investment opportunities. The customized individual portfolios are based on their diverse investment needs and risk profiles. RSL managed assets of ₹ 169 crore (US\$ 37.8 million) as on March 31, 2011 as against ₹ 91.23 crore (US\$ 20.4 million) as on March 31, 2010, an increase of 85 per cent

## Management Discussion and Analysis

In investment banking business, the capital requirements of enterprises are addressed through various instruments- IPOs, private placements, Merger & Acquisitions (M&A) etc.

- In the financial year 2010-11, RSL as a syndicate member handled four issues, mobilizing a total amount of ₹ 620 crore (US\$136.0 million) and provided IPO funding of ₹ 3,164.16 crore (US\$ 694.3 million)

Reliance Commodities, the commodity broking arm of Reliance Capital, is the one of the leading retail commodity broking houses in India, providing customers with access to commodities market

- At the end of March 31, 2011, Reliance Commodities had 34,200 commodity broking accounts and recorded average daily commodities broking turnover of over ₹ 300 crore (US\$ 65.8 million)

RSL achieved revenues of ₹ 164.95 crore (US\$ 36.2 million) for the year ended March 31, 2011 as against ₹ 215.10 crore (US\$ 47.2 million) for the previous year

RSL achieved a profit before tax of ₹ 22.07 crore (US\$ 4.8 million) for the year ended March 31, 2011, as against ₹ 27.52 crore (US\$ 6.1 million) in previous year

### Distribution business ('Reliance Money')

The distribution business of Reliance Capital, branded as 'Reliance Money' is a comprehensive financial services and solutions provider, providing customers with access to mutual funds, life and general insurance products, money transfer, currency exchange, loans, gold coins and premium products

As on March 31, 2011, Reliance Money had a distribution network of over 6,200 outlets across India

Reliance Money is manufacturer agnostic and distributes mutual funds, life & general insurance products, loans and precious metal retailing

Reliance Money has tied up with India Post to sell gold coins through the post office network across the country and sold over 1,450 kilos of gold in the year ended March 31, 2011, a 235 per cent year on year increase

Reliance Money is the largest private sector partner for Western Union Money Transfer in India – over 20 lakh money transfer transactions handled during the year, a 20 per cent year on year increase. This translated to a market share of 12 per cent as against 10.75 per cent market share during previous year

Reliance Money achieved revenues of ₹ 58.54 crore (US\$ 12.8 million) for the year ended March 31, 2011 as against ₹ 43.44 crore (US\$ 9.5 million) for the previous year, an increase of over 35 per cent

Reliance Money achieved a profit before tax of ₹ 12.45 crore (US\$ 2.7 million) for the year ended March 31, 2011, as against a loss of ₹ 12.58 crore (US\$ 2.8 million) for the previous year. The shift towards higher margin products and leaner cost of operations, translated to healthy profit margin of 21 per cent in the financial year 2010-11

### Reliance General Insurance (RGI)

RGI offers insurance solutions for auto, health, home, property, travel, marine, commercial and other speciality products

RGI is amongst the leading private sector general insurance players in India with a private sector market share of 9.4 per cent

During the financial year 2010-11, gross written premium of the total Indian general insurance industry increased by 22 per cent from ₹ 34,984.08 crore (US\$ 7.7 billion) of the previous year,

to ₹ 42,568.52 crore (US\$ 9.3 billion) (Source: IRDA website)

During the financial year 2010-11, gross written premium of the private Indian general insurance industry increased by 22 per cent from ₹ 14,341.39 crore (US\$ 3.1 billion) of the previous year, to ₹ 17,566.92 crore (US\$ 3.9 billion) (Source: IRDA website)

RGI's gross written premium for the year ended March 31, 2011 was ₹ 1,655.43 crore (US\$ 363.2 million), a decrease of 16 per cent over previous year. This was in line with the strategy of focusing on writing profitable business

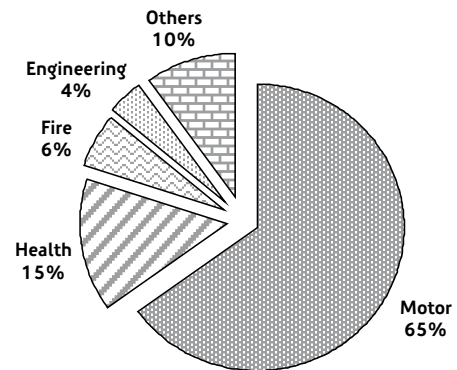
The loss for the financial year ended March 31, 2011 was at ₹ 309.76 crore (US\$ 68.0 million) as compared to a loss of ₹ 90.55 crore (US\$ 19.9 million) for the year ended March 31, 2010

Loss for the year has largely been on account of change in the provisioning norms relating to commercial motor third party pool losses. The third party pool losses have been shared by the industry players in proportion to their total market share in the industry, RGI provided for the losses during the last quarter of financial year 2010-11

The distribution network comprised of 200 branches and over 4,200 intermediaries and associates at the end of March 31, 2011

As on March 31, 2011, the investment book increased 29 per cent year on year to ₹ 2,137.18 crore (US\$ 478.6 million)

### Sectorwise Premium Contribution



During the year, ₹ 142 crore (US\$ 31.8 million) was infused into the business, as against ₹ 210 crore for the previous year, a decrease of 32 per cent. The total capital invested till date is ₹ 1,149 crore (US\$ 257.3 million)

### Reliance Exchangenext (R Next)

R Next is an initiative of Reliance Capital in the exchange space, to set up modern exchanges in various segments

During the year, R Next acquired 26 per cent as an anchor investor in Indian Commodity Exchange Ltd (ICEX), a screen based online derivative exchange for commodities

- Reliance Spot Exchange (RSX) along with ICEX will be able to offer comprehensive range of integrated products. ICEX will enable physical delivery to its members while RSX members can hedge their positions, creating immense benefit for the members of both exchanges and upgrade the existing ecosystem
- R Next aims to make ICEX an unique Commodity Exchange, a choice for all Stakeholders



# Reliance Capital Limited

## Management Discussion and Analysis

### Reliance Spot Exchange (RSX)

RSX, a wholly owned subsidiary of R Next, is a physical delivery based commodity Spot Exchange

RSX has received State licenses from Gujarat, Karnataka & Rajasthan Governments. The process for obtaining State licenses from Maharashtra, Andhra Pradesh and Madhya Pradesh has also been initiated

Subsequent to receiving of Licenses from Gujarat, Rajasthan and Karnataka, daily transactions are being executed on the exchange auction platform. The total delivery transacted on this platform has crossed 6,500 metric tonnes

During the year, RSX has received a trademark for 'e-mandi', an innovative electronic solution for auction markets

RSX aims to bring different markets together on a national electronic platform thereby creating transparency, efficiency and infrastructure for spot markets across India

### Quant Capital

During the year, Quant Capital has become the subsidiary of Reliance Capital and the management team at Quant Capital continues to be responsible for its operations

Quant Capital focuses on the wholesale client segment of the capital markets which includes foreign and domestic institutions, corporations and ultra high net worth individuals

Quant Capital has built and implemented state of the art trading, risk and operational platforms. The firm employs nearly 200 professionals with diverse skills and has expanded its research and quantitative teams to ensure complete sector coverage across Indian equities

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

REAIL, a wholly owned subsidiary of Reliance Capital, manages a private equity fund i.e. Reliance Alternative Investments Fund – Private Equity Scheme I (Fund), which has successfully raised funds from domestic market (i.e. Institutional and HNI clients)

The fund's investments made in the education and infrastructure materials sectors are progressing in line with expectations

REAIL continues to evaluate investment opportunities in the promising and fast growing sectors viz., consumer durables, auto-components, power equipment manufacturer, print & media and fashion & designer apparel. Some of the investments in these sectors are in pipeline

### Reliance Asset Reconstruction

Reliance Asset Reconstruction Company Ltd. (Reliance ARC) is in the business of acquisition, management and resolution of distressed debt/assets. The other sponsors/ shareholders of Reliance ARC are Corporation Bank, Indian Bank, GIC of India, Daccroft and Blue Ridge

The assets under management as on March 31, 2011 were ₹ 198.26 crore (US\$ 44.4 million), a 12 fold year on year increase

### Reliance Venture Asset Management (RVAM)

RVAM, a wholly owned subsidiary of Reliance Capital, is the venture capital arm of the Reliance Capital with an investment mandate to incubate or invest into high-growth, new business ideas and is stage, sector and geography agnostic

Ranked 30<sup>th</sup> in the reputed list of US-based, Red Herring Top 100 Global Venture Capital firms in 2009 out of 1,800 Global Venture Capital firms from 32 countries and across 12 benchmarks, RVAM is the only Indian Corporate Venture Capital firm to feature in the ranking

RVAM is also a recipient of the "Excellence Award" from India's Institute of Economic Studies, a quasi-government agency started by Members of the Indian Parliament, industry leaders, economists and educational leaders

RVAM's portfolio companies are considered as category creators and industry leaders. It has spawned companies including household names such as India's largest online travel website 'Yatra.com', 'Suvidhaa' – India's leading service commerce company, 'Stoke, Inc.' – a leader in multi access convergence network, 'Tessolve' – a leading semi-conductor testing company amongst many others

RVAM has fostered relations with global premier institutions and is the exclusive India partner for Massachusetts Institute of Technology (MIT) and Stanford University for their entrepreneurship and business competitions. RVAM has also funded two start-ups from MIT

RVAM endeavours to be the preferred choice and premier partner of all its portfolio companies and assures its full commitment to them over an unlimited period of time

RVAM managed assets of ₹ 189 crore (US\$ 42.3 million) as at the end of March 31, 2011

### 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, credit risk, operational risk, competition risk, liquidity and interest rate risk, regulatory risk, 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, it has a well diversified portfolio of stock to mitigate stock specific risk. RCL continuously monitors market exposure for both equity and debt 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, broking houses, mortgage lenders, 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 foreign banks and financial services companies offering a wider range of products and services. This could significantly toughen our competitive environment. 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 place it in a strong position to deal with competition effectively.

#### Credit risk

Credit risk is a risk arising out of default or failure on the part of borrowers in meeting their financial obligations towards

**Management Discussion and Analysis**

repayment of loans. Thus credit risk is a loss as a result of non-recovery of funds lent both on principal and interest counts. This risk is comprehensively addressed both at the strategic level and at the client level. Extensive and strict norms have been stipulated in identification of the borrower and evaluation of credit proposals. All critical underwriting activities are automated. Extensive product programme guidelines have been developed to suit various products requirements and appropriate delegation and deviation grids have been put in place. Each credit proposal is evaluated on various lending parameters both in qualitative and quantitative terms. Proper security, industry norms and ceilings have been prescribed to ensure well spreading out of risks and to avoid concentration risk. Cross references to credit bureau data are made to assess the credit behaviour of the prospective customers. The credit evaluation process is thus standardized and institutionalized and incorporates continuous monitoring.

In our commercial and home finance businesses, we provide various customized products to different segment of borrowers. Borrowers are affected by economic and market changes and government policies. Since most loans are secured against assets which are valued by independent agencies and loan to value ratio is restricted, chances of non recoverability in case of default are minimized. Any early signal of default is addressed on priority to minimize/ prevent credit loss. The unsecured portfolio has been reduced considerably. Regular portfolio risk analysis is done extensively on various financial and policy parameters for making required changes in the credit policy as a proactive approach to risk management.

The Indian banking industry is highly competitive and the Company 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 the Company do. Large Indian banks have made significant investments in retail credit in recent periods and currently have a larger market share in the retail credit segment as compared to non-banking finance companies. If the Company is unable to compete with other retail lenders in the Indian banking sector, by reason of our lesser experience in retail lending or otherwise, its business, results of operations and financial condition could be affected adversely. With the experience and market knowledge the Company have gained over the years in lending business, the Company is well placed to be the preferred provider of asset based finance in coming years.

**Liquidity and Interest Rate Risk**

The Company is exposed to liquidity risk principally, as a result of lending to its customers for periods which may differ from those of its funding sources. RCL's treasury team actively manages asset liability positions in accordance with the overall guidelines laid down by various regulators in the Asset Liability Management (ALM) framework.

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 significantly on interest income from its operations. It is exposed to interest rate risk, both as a result of lending to its customers at fixed interest rates and for reset 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, its future financial performance and the price of its shares. The Company is also hedged to some 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 executives, 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. The operations of the company have been extensively automated which minimizes the operational risk arising out of human errors and omissions. A robust system of internal controls is practiced by RCL to ensure that all its assets are safeguarded and protected against loss from unauthorised use or disposition and all its transactions are authorized, recorded and reported correctly. The Audit Committee of Board periodically reviews the adequacy of our internal controls. The Company has implemented SAP systems for HR and Finance along with other key systems and checks and balances established, we believe that our overall control environment has been enhanced. The Company is relentlessly focused on quality parameters and has a dedicated quality team to pro-actively 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 Reliance Life Insurance, Reliance General Insurance, Reliance Mutual Fund and Reliance Commercial Finance have obtained an ISO 9001:2008 certification, are among the few companies in their respective industries.

**Regulatory risk**

As a non-deposit taking NBFC, the Company is subject to regulations by Indian governmental authorities, including the Reserve Bank of India. Also as the Company operates in various lines of businesses, it is governed by different Indian regulators across these businesses.

Their laws and regulations impose numerous requirements including asset classifications and prescribed levels of capital adequacy, cash reserves, solvency requirements and liquid assets. There may be future changes in the regulatory system or in the enforcement of the laws and regulations that could adversely affect the Company's performance.

# Reliance Capital Limited

## Management Discussion and Analysis

### Economic risk

Any 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 particularly 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 financial products by consumers. RCL 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 unauthorised 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 independent 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.

Periodical audit and verification of the systems enables the various business groups to plug any shortcomings on time. It also evaluates the Company's strategic risk management system and suggests improvement in strengthening risk mitigation measures for all key operations, controls and governance process. In addition, the top management and the Audit committee of the Board periodically review the findings and ensure corrective measures are taken.

### 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 favor of the young

### Threats

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

### Human Resources

Across all its business operations, Reliance Capital had a workforce of 18,069 people as on March 31, 2011. The business wise break up of the workforce is given below:

Business Operation	Number of people
Asset Management	958
General Insurance	1 711
Life Insurance	13 183
Reliance Money	1 117
Commercial Finance	906
Other businesses	55
Reliance Capital	139
<b>Total</b>	<b>18 069</b>

Our workforce is young, with an average age of 34 years, and highly qualified. 77 per cent of our workforce are graduates, while 12 per cent are post-graduates and another 11 per cent management graduates and chartered accountants.

### Corporate Social Responsibility (CSR)

Reliance Group is committed to being an ideal corporate citizen and doing more than its fair share to support various deserving causes, in the field of medicine in particular; setting up and operating Kokilaben Dhirubhai Ambani Hospital. Reliance Capital supports this and other CSR ventures.

RCL is committed to being a socially responsible company. It works with distressed individuals, disadvantaged groups etc, and with civil society at large. Some of its constituent businesses pay for critical medical support to needy citizens. Each of Reliance Capital's different businesses vigorously implements their own CSR initiatives. Indeed, their CSR efforts are counted when calculating the business's performance. Some of the work done by them include blood donation camps, donation of old computers to various schools, donations are given to NGOs working with children or the aged or to the Missionaries of Charity across the country, direct cash aid for paying the medical expenses of life-threatening requirements for some under-privileged people etc.

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 Group, both in healthcare and in caring for older people – Silvers.

The Company also follows an active program of energy abatement. This is not just in its corporate office, but also in other large offices in big cities.

### Outlook

India's GDP growth is expected to consolidate at 8 per cent in financial year 2011-12 compared to 8.5 per cent in financial year 2010-11 on account of continued tightening by RBI to manage inflation. But medium term prospects remain positive due to robust expansion in private services, strong consumption in both rural and urban sectors, acceleration in export demand and strong investment pipeline with emphasis on infrastructure. In the short term, outlook may turn cautious and growth may disappoint if oil price remain high, interest rates and inflation remain sticky. Higher cost of financing might lower capital expenditure and delay expansion plans of companies. Consumer demand, that has remained robust till now, may also get impacted as interests on auto loans, personal loans, educational loans, housing loans will increase.



**Corporate Governance Report**

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges in India and some of the best practices on Corporate Governance across the globe, the report containing the details of governance systems and processes at Reliance Capital Limited is as under:

Reliance Capital Limited has maintained the highest standards of corporate governance principles and best practices by adopting the "Reliance 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.

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations and interactions with its stakeholders, including shareholders, employees, the government, lenders and the society. The Company believes that its operations and actions must serve the underlying goal of enhancing long-term shareholders' value. In our commitment to practice sound governance principles, we are guided by the following core principles:

**1. Transparency**

To maintain the highest standards of transparency in all aspects of our operations, interactions and dealings.

**2. Disclosure**

To undertake timely dissemination of all price sensitive information and matters of interest to our stakeholders.

**3. Empowerment and Accountability**

To demonstrate the highest levels of personal accountability and to ensure that employees consistently pursue excellence in everything they do.

**4. Compliances**

To comply with all the laws and regulations applicable to the Company.

**5. Ethical conduct**

To conduct the affairs of the Company in an ethical manner.

**6. 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 number of policy documents and accordingly introduced the following set of governance practices:

**A. Values and commitments**

We have set out and adopted a policy document on '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 policy document on '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**

Our "Business Policies" cover a comprehensive range of issues such as fair market practices, inside information, financial records and accounting integrity, external communication, work ethics, political contribution, personal conduct, policy on prevention of sexual harassment, health, safety, environment and quality.

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

In line with best global practices, we have adopted the policy of separating the Board's supervisory role from that of executive management. We have also split the offices of the Chairman and the Chief Executive Officer.

**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. Policy on prevention of sexual harassment**

Our policy on prevention of sexual harassment aims at promoting a productive work environment and protects individual rights against 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. Environment policy**

The Company is committed to achieving excellence in environmental performance; preservation and promotion of clean environment. These are the fundamental concern in all our business activities.

**I. Risk management**

Our risk management procedures ensure that the management controls various business related risks through means of a properly defined framework.

**J. Boardroom practices**

**i. Chairman**

In line with the highest global standards of corporate governance, the Board has separated the Chairman's role from that of an executive in managing day-to-day business affairs.

**ii. 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.

**iii. Board committees**

The Board constituted Audit Committee, Nomination/Remuneration Committee, Shareholders / Investors Grievances Committee and ESOS Compensation Committee. The Board rotates Chairman of these Committees.

**iv. 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.

**v. Independent director's interaction with shareholders**

Member(s) of the Shareholders / Investors Grievances Committee interact with shareholders on their suggestions and queries, if any, which are forwarded to the Company Secretary.

### vi. Lead independent director

Recognizing the need for a representative and spokesperson for the independent directors, the Board has appointed 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, meeting agenda and meeting schedules;
- 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.

The Board designated Shri Rajendra P. Chitale as the lead independent director. The position of the lead independent director is rotated.

### vii. Training of Board Members

The Board members are periodically given formal orientation and training with respect to the Company's vision, strategic direction, core values including ethics, corporate governance practices, financial matters and business operations. The Directors are facilitated to get familiar with the Company's functions at the operational levels. Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. The Board members are also provided with the necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. Periodic updates and training programs for Board members are also conducted on relevant statutory changes and landmark judicial pronouncements encompassing important laws.

### viii. 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 members of management and other advisors, as they may determine and deem fit.

### ix. Monitoring of subsidiaries

All the subsidiary companies of the Company are managed by their respective boards. Their boards have the rights and obligations to manage such companies in the best interest of their stakeholders. The Company monitors performance of subsidiary companies, inter alia, by the following means:

- (a) All minutes of Board meetings of the subsidiary companies are periodically placed before the Company's Board.
- (b) Financial statements, in particular the investments made by the subsidiary companies, are reviewed quarterly by the Audit Committee of the Company.
- (c) A statement containing all significant transactions and arrangements entered into by the subsidiary companies is placed before the Audit Committee.
- (d) Quarterly review of Risk Management process by the Risk Management Committee / Board.

### x. Commitment of directors

The meeting dates for the entire financial year are scheduled in the beginning of the year and an annual calendar of meetings of the Board and its Committees is circulated to the directors. This enables the directors to plan their commitments and facilitates attendance at all meetings of the Board and its Committees.

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

We have 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 as well as world class call centre backed up by established customer relationship management system across all businesses. The efficiency of complaint and query management and service levels are monitored by the businesses on a continual basis.

#### ii. Employees

In our relentless pursuit of driving operational excellence', and our resolve to make Reliance Capital a "Great Place to Work, we focus on evolving efficient and agile organization structures, relentlessly driving capability, leadership and culture building and acquiring, developing and retaining high quality talent. We review and revise our HR policies constantly to align to the Market and Industry benchmarks and making them increasingly transparent and employee friendly. These policies have been extensively communicated to employees and automated.

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 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 organization aimed to identify the areas of strengths as well as those which need improvement. 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 Company recognises the importance of two way communication with shareholders and of giving a balanced report of results and progress and responds to questions and issues raised in a timely and consistent manner. To ensure this, the Company's corporate website; [www.reliancecapital.co.in](http://www.reliancecapital.co.in) has information for institutional and retail shareholders alike. Shareholders seeking information may contact the Company directly throughout the year. They also have an opportunity to ask questions in person at the Annual General Meeting. Shareholders can contact Reliance

**Corporate Governance Report**

Capital via dedicated shareholders contact points as provided in this report or through any of Investor Service Centers of the Company's Registrars and Transfer Agents spread in more than 84 cities across India, details of which are available on the Company's website.

**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 policy, focuses on healthcare, education, and other social initiatives.

**L. Role of the Company Secretary in Governance Process**

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. All the Directors of the Company have access to the advice and services of the Company Secretary.

**M. Independent Statutory Auditors**

The Company's accounts are audited by a panel of 2 leading independent audit firms viz:

- M/s. Chaturvedi & Shah, Chartered Accountants
- M/s. B S R & Co., Chartered Accountants

**N. 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. However, the Company's corporate governance practices substantially conform to these codes and rules.

**O. Compliance with Clause 49 of the listing agreement**

The Company 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 of the listing agreement.

**I. Board of Directors**

**1. Board composition – Board strength and representation**

As at March 31, 2011, the Board consisted of six members. The composition of and the category of directors on the Board of the Company were as under:

Category	Particulars of directors
Promoter, Non Executive, Non independent Director	Shri Anil D. Ambani, Chairman
Non Executive, Non independent Director	Shri Amitabh Jhunjunwala, Vice Chairman
Independent Directors	Shri Rajendra P. Chitale Shri C. P. Jain Dr. Bidhubhusan Samal Shri V. N. Kaul

**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 has received any loans and advances from the Company during the year.

All the independent directors of the Company furnish a declaration at the time of their appointment as also annually that they qualify the conditions of their being independent. All such declarations are placed before the Board.

The Company has reappointed Shri V. R. Mohan, President & Company Secretary as the Manager of the Company in terms of the provisions of the Companies Act, 1956 for a period of five years commencing from March 7, 2011.

**2. Conduct of Board proceedings**

The day to day business is conducted by the executives and the business heads of the Company 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.

The Board performs the following specific functions in addition to overseeing the business and the management:

- review, monitor and approve major financial and business strategies and corporate actions;
- assess critical risks facing the Company – 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) relationship with all the stakeholders
- delegation of appropriate authority to the senior executives of the Company for effective management of operations.

**3. Board meetings**

The Board held four meetings during the financial year 2010-11 on April 30, 2010, August 9, 2010, November 13, 2010, and February 12, 2011. The maximum time gap between any two meetings during the year under review was 101 days and the minimum gap was 91 days.

The Board periodically reviews compliance reports of all laws applicable to the Company.

**4. Standards issued by ICSI**

The Institute of Company Secretaries of India (ICSI) has issued various 'Secretarial Standards' on key corporate functions like Board Meetings, General Meetings, Payment of Dividend, Maintenance of Registers and Records, Minutes of Meetings, Transmission of Shares and Debentures, Passing of Resolutions by Circulation, Affixing of Common Seal, Forfeiture of Shares and Board's Report. Although these standards are not mandatory, the Company adheres to them voluntarily.

# Reliance Capital Limited

## Corporate Governance Report

### 5. Attendance of directors at the Board meetings held during 2010-2011 and the last Annual General Meeting (AGM)

Name of the Director	Meetings held during the tenure	Meetings attended	Attendance at the last AGM
Shri Anil D. Ambani	4	4	Present
Shri Amitabh Jhunjhunwala	4	4	Present
Shri Rajendra P. Chitale	4	4	Present
Shri C. P. Jain	4	4	Present
Dr. Bidhbusan Samal	4	4	Present
Shri V. N. Kaul*	3	3	Present

\*Appointed w.e.f. April 30, 2010

### 6. Other directorships

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

The details of directorships (calculation as per provisions of Section 275 & 278 of the Companies Act, 1956), Chairmanships and the Committee memberships held by the directors as on March 31, 2011.

Name of the Director	Number of directorship (including RCL)	Committee(s) <sup>1</sup> Membership <sup>2</sup> (including RCL)	
		Membership	Chairmanship
Shri Anil D. Ambani	6	1	-
Shri Amitabh Jhunjhunwala	3	2	-
Shri Rajendra P. Chitale	9	6	1
Shri C. P. Jain	4	3	1
Dr. Bidhbusan Samal	12	4	3
Shri V. N. Kaul	1	1	-

<sup>1</sup>The information provided above pertains to the following Committees in accordance with the provisions of Clause 49 of the listing agreement:

- Audit Committee
- Shareholders/Investors Grievances Committee

<sup>2</sup>Membership of Committees includes chairmanship, if any.

### 7. Membership of Board Committees

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

### 8. Details of Directors

The abbreviated resumes of all directors are furnished hereunder:

**Shri Anil D. Ambani**, regarded as one of the foremost corporate leaders of contemporary India, Shri Anil D. Ambani, 52, is the Chairman of Reliance Capital Limited, Reliance Infrastructure Limited, Reliance Communications Limited and Reliance Power Limited. He is also on the Board of Reliance Infratel Limited

and Reliance Anil Dhirubhai Ambani Group Limited. He is the President of the Dhirubhai Ambani Institute of Information and Communication Technology, Gandhinagar, Gujarat. He is a member of the Shareholders / Investors Grievance Committee and the Nomination / Remuneration Committee of Reliance Communication Limited.

An MBA from the Wharton School of the University of Pennsylvania, Shri Ambani is credited with pioneering several path-breaking 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 bonds. Under his Chairmanship, the constituent companies of the Reliance Group have raised nearly US\$ 7 billion from global financial markets in a period of less than 3 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
- 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 29, 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 Amitabh Jhunjhunwala**, 54, is a Fellow Chartered Accountant. He has had a wide exposure in developing, strategizing and overseeing businesses in financial services, power, telecommunication and entertainment sectors. Currently, he oversees and leads businesses in financial services and entertainment sectors of the Reliance Group. He has experience in the areas of finance, commercial, banking, accounts and general management. Shri Jhunjhunwala is the Group Managing Director of Reliance Anil Dhirubhai Ambani Group. He is a Vice Chairman of Reliance Capital Ltd. and also a director on the Board of Reliance Equity Advisors (India) Ltd., Reliance Anil Dhirubhai Ambani Group Ltd. and Harmony Art Foundation. Shri Amitabh Jhunjhunwala is a member of Audit Committee, Shareholders / Investors Grievance Committee, Nomination / Remuneration Committee, and ESOS Compensation Committee of the Company.

Corporate Governance Report

**Shri C. P. Jain**, 65, is the former Chairman and Managing Director of NTPC Ltd. (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. Shri C. P. Jain joined the Board of NTPC in 1993 as Director (Finance), was elevated as Chairman & Managing Director in September 2000 and superannuated in March 2006. Mr. Jain is the winner of "Ernst & young Entrepreneur of the year award" in the year 2005 for India in the category. He was Chairman of the Global Studies Committee of World Energy Council (WEC), one of the world's largest energy NGOs with nearly ninety four member-nations during the period 2004 to 2010. He has been on several important committees of the Government of India, latest being the 'Adhoc Group of Experts on Empowerment of CPSEs' and was also a member of the Audit Advisory Board of the Comptroller and Audit General of India. 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 Ltd., PCI Ltd. and Reliance Securities Limited. Shri C.P. Jain is the Chairman of the Audit Committee and Nomination/Remuneration Committee and a member of Shareholders / Investors Grievance Committee and ESOS Compensation Committee of the Company. He is a member of Audit Committee of IL&FS Infrastructure Development Corporation Ltd. and PCI Ltd.

**Shri Rajendra P. Chitale**, 50, a law graduate and an eminent Chartered Accountant, is a Managing Partner of Chitale & Associates (India's only boutique full service structuring and tax advisory firm) and M. P. Chitale & Co. (one of the India's leading accounting and consulting firms). He is a member of the Insurance Advisory Committee of the Insurance and Regulatory Authority of India (IRDA), and has served as a member of the Company Law Advisory Committee, Government of India, the Takeover Panel of the Securities & Exchange Board of India, Investor Education & Protection Fund Committee, Government of India, the Advisory Committee on Regulations of the Competition Commission of India, and the Maharashtra Board for Restructuring of State Enterprises, Government of Maharashtra. He has served as a director on the boards of Life Insurance Corporation of India, Unit Trust of India, Small Industries Development Bank of India, National Stock Exchange of India Ltd., Asset Reconstruction Company (India) Ltd., SBI Capital Markets Ltd. He currently serves as a director on the boards of several large companies including National Securities Clearing Corporation Ltd., Ambuja Cements Limited, Ishaan Real Estate Plc, Hinduja Ventures Ltd., Hinduja Global Solutions Ltd., Reliance Life Insurance Company Ltd. and Reliance General Insurance Company Ltd. Shri Rajendra Chitale is the Chairman of the Shareholders / Investors Grievance Committee and ESOS Compensation Committee and a member of Audit Committee and Nomination/Remuneration Committee of the Company. He is member of Audit Committee of National Securities Clearing Corporation Ltd., Ambuja Cements Limited, Hinduja Ventures Ltd., Hinduja Global Solutions Ltd., Reliance Life Insurance Company Ltd. and Reliance General Insurance Company Ltd. He is a member of Nomination/Remuneration Committee of Hinduja Global Solutions Ltd., Reliance Life Insurance Company Ltd. He is member of Shareholders / Investors Grievance Committee of Ambuja Cements Limited.

**Dr. Bidhubhusan Samal**, 67, Master in Agriculture (Gold Medalist) and doctorate in Economics from Kalyani University, West Bengal. He is also a Post Graduate Diploma holder in Bank Management from the National Institute of Bank Management, Pune. He has more than 30 years of work experience in the field of Banking, Securities Markets and Industrial Finance. He has

served as Chairman and Managing Director of Allahabad Bank, Chairman and Managing Director of Industrial Investment Bank of India and as Member of the Securities Appellate Tribunal. Presently, he is a member of the Task Force set up by the Ministry of Heavy Industries and Public Enterprises, Government of India and Employment Mission set up by the Government of Orissa. He is a Director on the Board of Surana Industries Ltd., IITL Projects Limited, Industrial Investment Trust Ltd., IIT Investtrust Ltd., IIT Insurance Broking and Risk Management Pvt. Ltd., May Fair Hotels and Resorts Ltd., ARSS Infrastructure Projects Ltd., Jaiprakash Associates Ltd., Jaypee Infratech Ltd., Jaypee Karcham Hydro Corporation Ltd., Vipul Limited and World Resorts Limited. He is the Chairman of Audit Committee of Surana Industries Ltd. and Jaypee Karcham Hydro Corporation Ltd. He is a member of Audit Committee of Vipul Limited, ARSS Infrastructure Projects Ltd. and May Fair Hotels and Resorts Ltd.

**Shri V. N. Kaul**, 68, is a former Comptroller and Auditor General of India (2002 to 2008). He completed his Masters degree from the University of Delhi in 1964. He joined the Indian Administrative Service in 1965. After completion of his tenure as C&AG, he was elected by the UN General Assembly to the United Nations Independent Audit Advisory Committee in 2008 and served as Vice Chairman of the Committee upto January 2011. Prior to his appointment as C&AG Shri Kaul held senior positions in the Government and in the United Nations. In Government of India he was inter-alia Secretary in the Ministries of Petroleum and Natural Gas, Chemicals and Fertilisers and Coal. He has also been Principal Secretary, Finance of Madhya Pradesh. He has served as Chairman of public sector companies and as Director of many private and public sector companies including Tata Exports and MMTC . He was with the United Nations- ESCAP, Bangkok as Advisor, Trade Policy and Negotiations for Asia-Pacific Region from 1991 to 1998. He is a Fellow of the EDI, Washington. Shri V. N. Kaul is a member of the Audit Committee of the Company.

**9. Insurance coverage**

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

**II. Audit Committee**

In terms of Clause 49 of the listing agreement, Section 292A of the Companies Act, 1956 and Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 the Board has constituted Audit Committee of the Board of Directors. The Committee was reconstituted by the Board of Directors at its meeting held on April 30, 2010. At present, the Committee consists of four independent, non-executive director and one non-independent non-executive director of the Company., viz., Shri C. P. Jain as Chairman, Shri Rajendra P. Chitale, Shri V. N. Kaul, Dr. Bidhubhusan Samal and Shri Amitabh Jhunjhunwala as members. All the members of the Committee possess financial/accounting exposure.

The Audit Committee inter alia advises the management on the areas where systems, processes, measures for controlling and monitoring revenue assurance, internal audit and risk management 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) of the Listing Agreement as follows:

- i. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the



## Corporate Governance Report

- financial information is correct, sufficient and credible;
- ii. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of statutory auditor and fixation of audit fees;
  - iii. Approving payment for any other services rendered by the statutory auditors;
  - iv. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to
    - a. Matters required to be included in the Director's Responsibility Statement included in the report of the Board of Directors
    - b. Any changes in accounting policies and practices and reasons for the same
    - c. Major accounting entries based on exercise of judgment by management
    - d. Significant adjustments made in the financial statements arising out of audit findings
    - e. Compliance with listing and other legal requirements concerning financial statements
    - f. Disclosure of related party transactions
    - g. Qualifications in draft audit report
  - v. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
  - vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter;
  - vii. Reviewing, with the management, the performance of statutory and internal auditors, the adequacy of internal control systems;
  - viii. 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;
  - ix. Discussion with internal auditors on any significant findings and follow up thereon;
  - x. 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;
  - xi. 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;
  - xii. To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors;
  - xiii. To review financial statement of subsidiary particularly investments;
  - xiv. To review the functioning of the Whistle Blower mechanism;
  - xv. To approve appointment of Chief Financial Officer after assessing qualification, experience, and background etc.

- xvi. Carrying out all other functions as is mentioned in the terms of reference of the Audit committee;
- xvii. Review the following information:
  - a. Management discussion and analysis of financial condition and results of operations
  - b. Statement of significant related party transactions and
  - c. Management letters / letters of internal control weaknesses issued by statutory auditors
  - d. Internal audit reports relating to internal control weaknesses
  - e. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

The Audit Committee has the following powers:

- i. to investigate any activity within its terms of reference;
- 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 2010-2011

The Audit Committee held its meetings on April 30, 2010, August 9, 2010, October 30, 2010, November 13, 2010 and February 12, 2011. Minimum and maximum gap between any two meetings, during the year under review was 101 days and 13 days respectively.

Name of the member	Number of Meetings held during the tenure	Number of Meetings attended
Shri Amitabh Jhunjunwala	5	4
Shri Rajendra P. Chitale	5	5
Shri C. P. Jain	5	5
Dr. Bidhhusan Samal*	4	4
Shri V. N. Kaul*	4	4

\* Appointed as member of Audit Committee w.e.f. April 30, 2010.

- The Chairman of the Audit Committee was present at the last Annual General Meeting.
- The Committee considered all the points in terms of its reference at periodic intervals.
- Shri V. R. Mohan, President & Company Secretary acts as the Secretary to the Audit Committee.

During the year, the Committee discussed with the Company's auditors the overall scope and plans for the independent audit.

The Management represented to the Committee that the Company's financial statements were prepared in accordance with prevailing laws and regulations. The Committee discussed the Company's audited financial statements, the rationality of significant judgments and the clarity of disclosures in the financial statements. Based on the review and discussions conducted with the Management and the Auditors, the Audit Committee believes that the Company's financial statements are fairly presented in conformity with prevailing laws and regulations in all material aspects.

The Committee has also reviewed the internal controls put in place to ensure that the accounts of the Company are

Corporate Governance Report

properly maintained and that the accounting transactions are in accordance with the prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control systems of the Company. The Committee also reviewed the financial policies of the Company and expressed its satisfaction with the same. The Committee, after review expressed its satisfaction on the independence of both the Internal and the Statutory Auditors.

Based on the Committee's discussion with the Management and the Auditors and the Committee's review of the representations of the Management and the report of the Auditors to the Committee, the Committee has recommended the following to the Board of Directors:

1. The audited annual financial statements of the Company for the year ended March 31, 2011, be accepted by the Board as a true and fair statement of the financial status of the Company,
2. The audited abridged financial statements of the Company for the year ended March 31, 2011, be accepted by the Board as a true and fair statement of the financial status of the Company, and
3. The audited consolidated financial statements of the Company and its subsidiaries for the year ended March 31, 2011, be accepted by the Board as a true and fair statement of the financial status.

**III. Nomination / Remuneration Committee**

The Nomination/Remuneration Committee of the Board is constituted to formulate from time to time (a) process for selection and appointment of new directors and succession plans, and (b) recommend to the Board from time to time, a compensation structure for directors and the manager.

Presently, the Company has no executive director.

During the year under review, Nomination /Remuneration Committee met twice on April 30, 2010, August 9, 2010 and meetings were attended by all the Committee Members.

The Nomination / Remuneration Committee of the Board comprises of Shri C. P. Jain, Chairman, Shri Amitabh Jhunjhunwala and Shri Rajendra P. Chitale, as its members. Shri V. R. Mohan, President & Company Secretary acts as the Secretary to the Nomination / Remuneration Committee.

**Equity shares held by Directors**

Except Shri Anil D. Ambani who held 2,73,891 equity shares as at March 31, 2011, no other director of the Company held any equity shares of the Company.

**Managerial remuneration policy**

The Nomination/Remuneration Committee determines and recommends to the Board, the compensation of the directors and the manager. The key components of the Company's Remuneration Policy are:

- Compensation will be a major driver of performance.
- Compensation will be competitive and benchmarked with a select group of companies from the service sector.
- Compensation will be transparent, fair and simple to administer.
- Compensation will be fully legal and tax compliant.

The Members had, through Postal Ballot on July 21, 2006, approved payment of commissions to non executive directors, who are not in the whole time employment, upto the limits laid down under the provisions of Section 309(4) of the Companies

Act, 1956, computed in the manner specified in the Act or such other limit as approved by the Central Government, for a period of 5 years from the financial year commencing April 1, 2006. The Company had obtained approval from the Central Government for payment of commission to non executive directors upto a limit of 3% of the net profits of the Company each year for a period of five years from the financial year commencing April 1, 2006.

The Members had approved payment of commissions to non executive directors through resolution passed at its Annual General Meeting held on September 28, 2010, who are not in the whole time employment, upto the limits laid down under the provisions of Section 309(4) of the Companies Act, 1956, computed in the manner specified in the Act or such other limit as approved by the Central Government, for a period of 5 years from the financial year commencing April 1, 2011. The Company had sought approval of the Central Government for payment of commission to non executive directors upto a limit of 3% of the net profits of the Company each year for a period of five years from the financial year commencing April 1, 2011.

The Board of Directors based on recommendation of Nomination/Remuneration Committee at their meeting held on August 9, 2010 had approved payment of commission of ₹ 52.50 lakh to the Non Executive, Independent Directors and ₹ 550 lakh to the Chairman of the Company for the year ended March 31, 2010, which was paid during the financial year 2010-11.

**Criteria for making payments to non executive directors**

The remuneration to non executive directors is benchmarked with the relevant market and performance oriented, balanced between financial and sectored market, comparative scales, aligned to Corporate goals, role assumed and number of meetings attended.

**Details of sitting fees and commission paid to directors in the year 2010-11**

(₹ in lakh)

Name of the Director	Sitting fees	Commission
Shri Anil D. Ambani	0.80	550.00
Shri Amitabh Jhunjhunwala	2.80	15.00
Shri Rajendra P. Chitale	3.00	15.00
Shri C. P. Jain	3.00	15.00
Dr. Bidhubhusan Samal	1.60	7.50
Shri V. N. Kaul	1.40	-

**Notes:**

- a. Commission paid for the year commencing from April 1, 2010 to March 31, 2011.
- b. The Company has not entered into any other pecuniary relationship or transactions with the Non-Executive Directors. vis-a-vis the Company.
- c. The Company has so far not issued any stock options to its Directors.
- d. Pursuant to the limits approved by the Board, all directors being Non-Executive, are paid sitting fees of ₹ 20,000 for attending the meeting of the Board and its Committees.
- e. The Members had approved the re-appointment of Shri V. R. Mohan, President & Company Secretary as

# Reliance Capital Limited

## Corporate Governance Report

Manager of the Company at its Annual General Meeting held on September 28, 2010, for a period of five years commencing from March 7, 2011.

### IV. Shareholders / Investors Grievances Committee

The Shareholders / Investors Grievances Committee of the Board currently comprises of Shri Rajendra P. Chitale as Chairman, Shri Amitabh Jhunjhunwala and Shri C. P. Jain as Members.

The Company has appointed Karvy Computershare Pvt. Ltd. to act as Registrar and Share Transfer Agent of the Company.

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities 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 Committee oversees performance of the Registrar and Transfer Agent of the Company and recommends measures for overall improvement in the quality of investor services. The Committee also monitors implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

The Shareholders / Investors Grievances Committee held its meetings on April 30, 2010, August 9, 2010, November 13, 2010 and February 12, 2011

### Attendance of members at the meeting of the Shareholders / Investors Grievances Committee held during the year 2010-11

Name of the member	Meetings held during the tenure	Meetings attended
Shri Rajendra P. Chitale	4	4
Shri Amitabh Jhunjhunwala	4	4
Shri C. P. Jain	4	4

Shri V. R. Mohan, President & Company Secretary acts as the Secretary to the Shareholders / Investors Grievances Committee.

The maximum time gap between any two meetings during the year under review was 101 days and the minimum gap was 91 days.

### V. Compliance Officer

Shri V. R. Mohan, President & Company Secretary, is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review were 68. There were no complaints pending as on March 31, 2011. The details of period taken on transfer of Shares and nature of complaints are furnished in the investor information section of this annual report.

34 requests for transfer of 134 shares and 67 requests for dematerialization of 826 shares were pending for approval as on March 31, 2011 which were processed and dispatched on or before April 4, 2011.

### VI. Employees Stock Option Scheme (ESOS) Compensation Committee

The ESOS Compensation Committee comprises of three Directors i.e. Shri Rajendra P. Chitale as the Chairman, Shri Amitabh Jhunjhunwala and Shri C. P. Jain as members. Shri V. R. Mohan,

President & Company Secretary acts as the Secretary to the ESOS Compensation Committee. During the year no ESOS Compensation Committee meeting was held.

### VII. Employee Stock Option Scheme

In order to share the growth in value and reward with employees for having participated in the unprecedented success of the Company, our Employee Stock Option Scheme (the Scheme) has been implemented by the Company to the eligible employees of the Company, its holding and subsidiary companies based on specified criteria, under Employee Stock Option Plans A and B.

The Plans under the scheme are prepared in due compliance of Scheme, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and other applicable laws.

### VIII. General Body Meeting:

The Company held its last three Annual General Meetings as under:

Year	Date & Time	Whether Special Resolution passed or not
2009-2010	September 28, 2010 12.00 noon	Yes, 1. Qualified Institutional Placement (QIP) 2. Approval of payment of commission to non-executive Directors
2008-2009	July 21, 2009 11.00 a.m.	Yes, Qualified Institutional Placement (QIP)
2007-2008	September 16, 2008 11.00 a.m.	No

Above Annual General meetings were held at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.

### IX. Postal Ballot

The Company had not conducted any Postal Ballot during the year and there is no resolution proposed to be passed by postal ballot at the ensuing Annual General Meeting.

None of the Businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

### X. Means of communication

**a. Quarterly Results:** Quarterly Results are published in Business Standard, English daily newspaper circulating in substantially the whole of India and in Navshakti, Marathi vernacular daily newspaper and are also posted on the Company's website [www.reliancecapital.co.in](http://www.reliancecapital.co.in).

**b. Media Releases and Presentations:** Official media releases are sent to the Stock Exchanges before their release to the media for wider dissemination. Presentations made to media, analysts, institutional investors, etc. are posted on the Company's website.

**c. Website:** The Company's website contains a separate dedicated section 'Investor Relations'. It contains comprehensive database of information of interest to our investors including the financial results and Annual Report of the Company, information



Corporate Governance Report

on dividend declared by the Company, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered/ facilities extended by the Company to our investors, in a user friendly manner. The basic information about the Company as called for in terms of clause 54 of the Listing Agreement with the Stock Exchanges is provided on the Company's website and the same is updated regularly.

**d. Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report and is displayed on the Company's website.

**e. Corporate Filing and Dissemination System (CFDS):** The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by listed companies. All disclosures and communications to BSE & NSE are filed electronically through the CFDS portal and hard copies of the said disclosures and correspondence are also filed with the Stock Exchanges.

**f. Unique Investor helpdesk:** Exclusively for investor servicing the Company has set up a unique investor Help Desk with multiple access modes as under:

Toll free No. (India) : 1800 4250 999  
 Telephone Nos. : +91 40 4030 8000  
 Fax No. : +91 40 2342 0859  
 Email : rclinvestor@karvy.com

Post your request: <http://kcpl.karvy.com/adag>

**g. Designated email-id:** The Company has also designated email-id [rcl.investors@relianceada.com](mailto:rcl.investors@relianceada.com) for investor servicing.

**XI. 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 subsidiary companies are placed before the meeting of Board of Directors of the Company and the attention of the directors is drawn to all significant transactions and arrangements entered into by subsidiary companies.

**3. Disclosures**

**a.** There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority.

**b. Related party transactions**

During the year 2010-11, 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. The related party transactions with subsidiary companies and others are disclosed in Notes to Accounts.

**c. 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. The Accounting Policies followed by the Company, to the extent relevant, are set out elsewhere in this Annual Report.

**d. Risk management**

The Company has laid down a robust Risk Management Policy, defining Risk profiles involving Strategic, Technological, Operational, financial, Organisational, Legal and Regulatory risks within a well defined framework. The Risk management Policy acts as an enabler of growth for the Company by helping its businesses to identify the inherent risks, assess, evaluate and monitor these risks continuously and undertake effective steps to manage these risks.

A Risk Management Committee (RMC) consisting of senior executives of the Company periodically reviews the robustness of the Risk Management Policy. The periodical update on the risk management practices and mitigation plan of the Company and subsidiaries are presented to the Audit Committee and Board of Directors. The Audit Committee and Board periodically review such updates and findings and suggest areas where internal controls and risk management practices can be improved.

Asset Liability Management Committee (ALCO) consisting of senior management executives, monitors liquidity and interest rate risks of the Company. The functioning of ALCO is reviewed by the RMC which meets on quarterly basis and reports to the Board of Directors.

**e. Anti Money Laundering – Know your customer policy**

In keeping with specific requirements for Non Banking Financial Companies (NBFCs) the Company has also formulated an Anti Money Laundering and Know Your Customer Policy.

**f. 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 posted 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 2010-11".

**V. R. Mohan**  
 Manager

**g. CEO and CFO certification** Shri V. R. Mohan, President & Company Secretary being the CEO and Shri Amit Bapna, CFO of the Company give certification on financial reporting and internal controls to the Board as required under Clause 49(V) of the Listing Agreement.

### **h. Review of Directors' Responsibility Statement**

The Board in its report has confirmed that the Annual Accounts for the year ended March 31, 2011 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

### **XII. 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. The Board has appointed Shri V. R. Mohan, President & Company Secretary 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 while in possession of unpublished price sensitive information in relation to the company and also during certain prohibited periods. The RCL code is available on the Company's website.

### **XIII. Compliance of Clause 5A of Listing Agreement**

Pursuant to Clause 5A of the Listing agreement (as amended), equity shares issued in physical and electronic form pursuant to a public issue or any other issue, which remain unclaimed, the registrar shall send at least three reminders at the address given in the application form as well as captured in depository's database asking for the correct particulars. If no response is received, the company shall transfer all the shares into one folio in the name of "Unclaimed Suspense Account". The Registrar has already sent two reminder notices in this respect.

### **XIV. 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 nine years in aggregate.

#### **2. Nomination / Remuneration Committee**

The Board has set up a Nomination / Remuneration Committee, details whereof are furnished at Sr. No. III of this report.

#### **3. Disclosures**

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

#### **4. Audit qualifications**

The financial statements of the company are unqualified.

### **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 action against employees, who are 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 in to 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 have been denied access to the grievance redressal mechanism of the Company.

### **XV. Corporate Governance Voluntary Guidelines 2009**

The Company has ensured substantially compliance with most of the guidelines issued by the Ministry of Corporate Affairs on Corporate Governance in the year 2009, notwithstanding that they are subject to only voluntary compliance by corporates.

### **XVI. General shareholder information**

The mandatory and 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**

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.

**Investor Information**

**Green Initiative in Corporate Governance**

The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode. In accordance with the recent circular no. 17/2011 dated April 21, 2011 and circular no. 18/2011 dated April 29, 2011 issued by the Ministry, companies can now send various notices and documents, including Annual Report, to its shareholders through electronic mode to the registered e-mail addresses of shareholders. This welcome initiative of MCA will reduce paper consumption to a great extent and enhance corporate contribution to a greener and safer environment.

All shareholders of the Company can contribute to this initiative and reduce paper usage by opting to receive various notices and documents through electronic mode to their registered e-mail address.

Company had informed all the shareholders who have registered their e-mail address with the depository/Company for their consent to use their e-mail address for sending documents including Annual Report through e-mail. The annual report is sent through e-mail to the shareholders who have registered their e-mail address. The shareholders who hold shares in physical form can register their e-mail address with our Registrar and Transfer Agent - Karvy Computershare Pvt. Ltd..

All the shareholders are requested to contribute to this initiative and reduce paper usage by opting to receive various notices and documents through electronic mode to their registered e-mail address with the depository/ Company.

**Annual General Meeting**

The 25<sup>th</sup> Annual General Meeting (AGM) will be held on Tuesday, September 27, 2011 at 10:00 a.m., at Birla Matushri Sabhagar, 19, New Marine Lines, 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 Company's website [www.reliancecapital.co.in](http://www.reliancecapital.co.in) contains a separate dedicated section called 'Investor Relations'. It contains comprehensive data base of information of interest to our investors including the financial results, annual reports, dividends declared, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered / facilities extended to our investors.

**Dedicated e-mail id for investors**

For the convenience of our investors, the Company has designated an e-mail id i.e. [rcl.investor@relianceada.com](mailto:rcl.investor@relianceada.com)

**Registrar and Share Transfer Agent (RTA)**

**Karvy Computershare Pvt. Ltd.,**

Unit: Reliance Capital Ltd.  
 Madhura Estates, Municipal No. 1-9/13/C  
 Plot No. 13 & 13C, Madhapur Village,  
 Hyderabad - 500081, Andhra Pradesh  
 e-mail: [rclinvestor@karvy.com](mailto:rclinvestor@karvy.com)  
 Toll free no. (India) : 1800 4250 999  
 Telephone : +91 40 4030 8000  
 Fax No. : +91 40 2342 0859  
 e-mail : [rclinvestor@karvy.com](mailto:rclinvestor@karvy.com)  
 Post your request : <http://kcpl.karvy.com/adag>

Shareholders/investors are requested to forward share transfer documents, dematerialisation requests (through their Depository Participant (DP)) and other related correspondence directly to Company's RTA at the above address for speedy response.

**Dividend announcements**

The Board of Directors of the Company have recommended a Dividend of ₹ 6.50 (65%) per equity share of the Company for the financial year ended March 31, 2011, subject to the declaration by shareholders at the ensuing AGM. The dividend, if declared, will be paid after the Meeting.

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

To determine the entitlement of shareholders to receive the Dividend, if any, for the year ended March 31, 2011, the Register of Members and Share Transfer Books of the Company will remain closed from Monday, September 19, 2011 to Tuesday, September 27, 2011 (both days inclusive) as well as for the purpose of AGM.

**Dividend remittance**

Dividend on Equity Shares as recommended by the Directors for the financial year ended March 31, 2011, when declared at the AGM will be paid to:

- (i) all those equity shareholders whose names appear in the Register of Members as on September 18, 2011 and
- (ii) those whose names as beneficial owners as on September 18, 2011 are furnished by the National Securities Depository Ltd. and Central Depository Services (India) Ltd. for the purpose.

**Modes of payment of dividend**

The dividend is paid under two modes viz:

- (a) Credit to the Bank account via Electronic Clearing Services
- (b) Dispatch of physical dividend warrant

**Payment of dividend through National Electronic Clearing Service (NECS) facility**

NECS facility is a centralised version of ECS facility. The NECS system takes advantage of the centralized accounting system in banks. Accordingly, the account of a bank that is submitting or receiving payment instructions is debited or credited centrally at Mumbai. The branches participating in NECS can, however, be located anywhere across the length and breadth of the country. NECS has no restriction of centres or of any geographical area inside the country. Presently around 50,000 branches of 116 banks participate in NECS.

**Benefits of NECS (payment through electronic facilities)**

Shareholders are advised to avail the payment of dividend through NECS, which has the following advantages:

- a. Shareholders need not make frequent visits to their bank for depositing the physical paper instruments.
- b. Prompt credit to the bank account of the investor through electronic clearing.
- c. Fraudulent encashment of warrants is avoided.
- d. Exposure to delays / loss in postal service avoided.
- e. As there can be no loss in transit of warrants, issue of duplicate warrants is avoided.

**How to avail NECS Facility?**

Investors holding shares in physical form may send their NECS Mandate Form, duly filled in, to the Company's RTA.

## Investor Information

The form may be downloaded from the Company's website [www.reliancecapital.co.in](http://www.reliancecapital.co.in) under the section "Investor Relations".

However, if shares are held in dematerialised form, NECS mandate has to be sent to the concerned depository participants (DP) directly, in the format prescribed by the DP.

Investors must note that NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS). Therefore, shareholders are requested to furnish the new bank account number allotted by the banks post implementation of CBS, along with a copy of cheque pertaining to the concerned account, to the Company's RTA in case the shareholders hold shares in physical form and to the concerned DP in case the shareholders hold shares in demat form.

In case shareholders do not provide their new account number allotted after implementation of CBS, the ECS to their old account may either be rejected or returned.

### Payment of dividend through Direct Credit

The Company will be appointing one bank as its Dividend banker for distribution of dividend. The said banker will carry out direct credit to those investors who are maintaining accounts with the said bank, provided the bank account details are registered with the DP for dematerialised shares and / or registered with Company's RTA for shares held in physical form prior to the payment of dividend.

### NECS Facility may be opted out by investors

Investors have a right to opt out from this mode of payment by giving an advance notice of four weeks, prior to payment of dividend, either to the Company's RTA or to the concerned DP, as the case may be.

### Company can not take on record the bank details in case of dematerialised shares

As per the Depository Regulations, the Company is obliged to pay dividend on dematerialised shares as per the bank account details furnished by the concerned Depository. Therefore, investors are requested to keep their bank particulars updated with the DP.

### 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 Company's RTA 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/ FITC/CIR-04/2001 dated November 13, 2001.

### Bank details for electronic shareholdings

While opening Accounts with DP, 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/FITCIR- 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.

### Course of Action in case of Non-receipt of Dividend, Revalidation of Dividend Warrant etc.

Shareholders may write to the Company's RTA, furnishing the particulars of the dividend not received, and quoting the folio number/DP ID and Client ID particulars (in case of dematerialised shares). On expiry of the validity period, if the dividend warrant still appears as unpaid in records, duplicate warrant will be issued. The Company's RTA would request the concerned shareholder to execute an indemnity before issuing the duplicate warrant. However, duplicate warrants will not be issued against those shares wherein a 'stop transfer indicator' has been instituted either by virtue of a complaint or by law, unless the procedure for releasing the same has been completed. Shareholders are requested to note that they have to wait till the expiry of the validity of the original warrant before a duplicate warrant is issued to them, since the dividend warrants are payable at par at several centres across the country and the banks do not accept 'stop payment' instructions on the said warrants.

### 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 1994-95 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 1994-95 are requested to claim the amounts from the Registrar of Companies, Maharashtra, CGO Complex, 2nd Floor, "A" Wing, CBD - Belapur, Navi Mumbai 400 614, in the prescribed form which will be furnished by the Company on request.

#### (ii) Transfer to the Investor Education and Protection Fund (IEPF)

The dividends for the year 1995-96 to 2002-2003 remaining unclaimed for 7 years from the date of declaration have been transferred to the IEPF 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

## Investor Information

for transfer of such amounts are as under:

Financial year ended	Date of declaration	Due for transfer on
31-03-2004	10-07-2004	09-08-2011
31-03-2005	17-08-2005	16-09-2012
31-03-2006	09-06-2006	08-07-2013
31-03-2007	03-07-2007	02-08-2014
31-03-2008	16-09-2008	15-10-2015
31-03-2009	21-07-2009	20-08-2016
31-03-2010	28-09-2010	27-10-2017

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 has also individually intimated the concerned members of non-encashment of their dividend warrants. Such members may write to the Company's RTA, for payment of unclaimed dividend amounts.

### 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. Shareholders, especially those who are holding shares in single name, are advised to avail of the nomination facility by submitting the prescribed Form 2B to the Company's RTA. Form 2B may be downloaded from the Company's website, [www.reliancecapital.co.in](http://www.reliancecapital.co.in) under the section "Investor Relations". However, if shares are held in dematerialised form, nomination has to be registered with the concerned DP directly, as per the format prescribed by the DP.

### Share transfer system

Shareholders / investors are requested to send share certificate(s) along with share transfer deed in the prescribed form 7B, duly filled in, executed and affixed with share transfer stamps, to the Company's RTA. If the transfer documents are in order, the transfer of shares is registered within 7 days of receipt of transfer documents by Company's RTA.

### Permanent Account Number (PAN) for transfer of shares in physical form mandatory

SEBI vide its Circular dated May 20, 2009 has stated that for securities market transactions and off-market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company's RTA for registration of such transfer of shares.

### 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 Group has framed a scheme for the purchase and disposal of odd lot equity shares at the prevailing market rate price. The scheme has been launched and is available to the shareholders of Reliance Capital Ltd. who hold upto 49 shares in physical form. The shareholders who wish to avail the above facility can contact the Company's RTA.

### 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, Shri Jai Anmol Ambani, Master Jai Anshul Ambani, K D Ambani Trust, Fidelity Shares and Securities Private Limited, Gaylord Investments and Trading Private Limited, Guruvas Textiles Private Limited, Hansdhwani Trading Company Private Limited, KDA Enterprises Private Limited, Shreeji Comtrade LLP, Guruvas Commercials LLP, Shrikrishna Tradecom LLP, Lord Comtrade LLP, Krupa Commercials LLP, Dhvani Enterprises LLP, Reliance Innoventures Private Limited, AAA Enterprises Private Limited, AAA Communication Private Limited, AAA Project Ventures Private Limited, AAA Power Systems (Global) Private Limited, AAA Pivotal Enterprises Private Limited, AAA Infrastructure Consulting & Engineers Private Limited, AAA Entertainment Private Limited, AAA Industries Private Limited, AAA & Sons Enterprises Private Limited, AAA International Capital Private Limited, AAA Business Machines Private Limited, AAA Infrastructure Finance Management Private Limited, AAA Corporation Private Limited, AAA Facilities Solutions Private Limited, AAA Resources Private Limited, AAA Home Entertainment Services Private Limited, AAA Micro Services Private Limited, AAA Integrated Services Private Limited, AAA Electrical Power Development Private Limited, Atlanta Advisory Services Private Limited, AAA Industrial Services Private Limited, AAA Utility Ventures Private Limited, AAA Commercial Enterprises Private Limited, Relcom Software Solutions Private Limited, AAA Capital Consultants Private Limited, Aricent Commercial Services Private Limited, AAA Engineering Services Private Limited, Acerock Infrastructure & Consulting Private Limited, Sealink Infra Technology Private Limited, Ambani Enterprises Private Limited, Dhirubhai Ambani Enterprises Private Limited, Quadro Mercantile Private Limited, AAA Multivision Services Private Limited, Whitehills Mercantile Private Limited, Whitehills Corporate Services Private Limited, AAA Cinecreation Services Private Limited, Alsoft Techventures Private Limited, AAA Allied Services Private Limited, AAA Infra Advising Services Private Limited, AAA Advertisement Private Limited, AAA Evershine Entertainment Private Limited, Jumbo Mercantile Private Limited, Atlantic Ventures Private Limited, Microtech Development Private Limited, AAA Illuminative Solutions Private Limited, ADA Enterprises and Ventures Private Limited, Ambani Industries Private Limited, Reliance Enterprises and Ventures Private Limited, Shreenathji Krupa Project Management Private Limited, Shriji Krupa Endeavour Management Private Limited, Solaris Information Technologies Private Limited, Sevenstar Corporate Services Private Limited, Ariel Trading Private Limited, Trans-Pacific Advisory Services Private Limited, Trans-Americas Enterprise Private Limited, Trans-Atlantic Endeavour Management Private Limited, AAA Communication Partners, AAA Enterprises Partners, AAA Project Ventures Partners, AAA Project Ventures Holdings Partners, RCom Holdings Partners, RCap Holdings Partners, RPower Holdings Partners, RInfra Holdings Partners, Reliance Innoventures Partners, Reliance ADA Group Holdings Partners, AAA Infrastructure Investments Private Limited, AAA Enterprises and Ventures Private Limited, AAA Telecom Holdings Private Limited, AAA Commercial Enterprises Private Limited, Deltainfra Technology Private Limited, Trans-Pacific Holdings Private Limited, Reliance ADA Group Trustees Private Limited, Reliance Infrastructure Limited, Reliance Power Limited, Reliance MediaWorks Limited, Reliance Broadcast Network Limited and Reliance Communications Limited.

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.



# Reliance Capital Limited

## Investor Information

### Shareholding Pattern

Category	As on 31-03-2011		As on 31-03-2010	
	No. of Shares	%	No. of Shares	%
1. Promoters	13 29 82 274	54.14	13 24 82 274	53.94
2. Foreign Holding				
A. Foreign Holdings – GDRs	16 72 872	0.68	19 59 952	0.80
B. Direct by Foreign Companies	13 060	0.01	13 975	0.01
C. Individual and others	11 93 096	0.49	13 52 265	0.55
D. Foreign Institutional Investors	5 31 20 563	21.63	5 02 70 579	20.47
3. Public Financial/ Development Institutions and Central and State Government owned institutions Holdings	1 96 89 406	8.01	94 89 396	3.85
4. Bank and Mutual Funds	10 01 239	0.41	22 26 480	0.91
5. General Public	3 59 60 290	14.63	4 78 37 879	19.47
Total	24 56 32 800	100.00	24 56 32 800	100.00

### Distribution of Shareholding

Number of shares	Number of shareholders as on 31.03.2011		Total shares as on 31.03.2011		Number of shareholders as on 31.03.2010		Total shares as on 31.03.2010	
	Number	%	Number	%	Number	%	Number	%
Upto 500	12 77 180	99.40	2 83 88 843	11.56	13 13 669	99.42	2 76 87 810	11.27
501 to 5000	7 155	0.56	79 36 526	3.23	7 033	0.53	79 08 570	3.22
5001 to 100000	436	0.03	84 32 423	3.43	531	0.04	1 09 33 363	4.45
Above 100000	103	0.01	20 08 75 008	81.78	128	0.01	19 91 03 057	81.06
Total	12 84 874	100.00	24 56 32 800	100.00	13 21 361	100.00	24 56 32 800	100.00

### 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 Shareholders	No. of Shares	%
7 61 289	23 94 70 734	97.49	5 23 585	61 62 066	2.51	1284874	24 56 32 800	100.00

### Investors' Grievances Attended

Received from	Received during		Redressed during		Pending as on	
	2010-2011	2009-2010	2010-2011	2009-2010	31.3.2011	31.3.2010
SEBI	36	72	36	72	Nil	Nil
Stock Exchanges	21	38	21	38	Nil	Nil
NSDL/CDSL	0	6	0	6	Nil	Nil
Direct from investors	11	152	11	152	Nil	Nil
Total	68	268	68	268	Nil	Nil

**Investor Information**

**Analysis of Grievances**

	2010-2011		2009-2010	
	Numbers	Percentage	Numbers	Percentage
Non-receipt of dividends	35	51.47	199	74.25
Non-receipt of share certificates	21	30.88	56	20.90
Others	12	17.65	13	4.85
Total	68	100.00	268	100.00

**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 12,84,874 as of March 31, 2011 and 13,21,361 as of March 31, 2010.

**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.

**Equity History**

Sr. No.	Date	Particulars	Price per equity share	No. of shares	Cumulative Total
1	05-03-1986	Shares issued upon incorporation	10	7000	7 000
2	21-06-1990	1st Public Issue	10	1 99 93 000	2 00 00 000
3	28-08-1992	Shares Issued upon amalgamation of Arasina hotels with the Company	-	18 70 000	2 18 70 000
4	10-02-1993	1st Rights Issue 1992 with a ratio of 1:1	40	2 18 77 500	4 37 47 500
5	18-07-1994 & 29-10-1994	Preferential Allotment to Promoters	50	2 74 00 000	7 11 47 500
6	20-01-1995	Public Issue 1995	140	4 33 97 592	11 45 45 092
7	17-02-1995	Rights Issue 1995	50	1 40 01 970	12 85 47 062
8	11-07-1995 to 13-11-1997	Allotment of Rights kept in abeyance	50	1 03 388	12 86 50 450
9	04-11-1996	Forfeiture of equity shares relating to Public Issues of 1990 and Rights Issue 1992	-	(1 23 400)	12 85 27 050
10	27-04-2000	Forfeiture of equity shares relating to Public and Rights Issue 1995	-	(12 61 455)	12 72 65 595
11	27-04-2000 to 29-07-2003	Forfeiture of equity shares annulled	-	40 649	12 73 06 244
12	21-07-2005	Preferential Allotment to FIIs	228	1 62 60 001	14 35 66 245
13	02-08-2005	Preferential Allotment to Promoters	228	6 00 00 000	20 35 66 245
14	22-08-2005	Allotment to Promoter upon Conversion of warrants on preferential basis	228	38 00 000	20 73 66 245
15	31-03-2006	Allotment to Promoter upon Conversion of warrants on preferential basis	228	1 55 00 000	22 28 66 245
16	07-08-2006	Allotment pursuant to amalgamation of Reliance Capital Ventures Ltd. (RCVL) with the Company	-	6 11 56 521	
	07-08-2006	Less: Shares extinguish due to amalgamation of RCVL with the Company	-	(6 00 89 966)	22 39 32 800
17	30-01-2007	Allotment to Promoter upon Conversion of warrants on preferential basis	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 Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

2010-11	Bombay Stock Exchange Ltd.			National Stock Exchange of India Ltd.		
	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos.)
April	803.90	725.00	92 89 981	804.00	725.00	2 67 91 984
May	742.90	611.30	90 05 809	742.00	611.10	2 61 08 453
June	788.00	633.35	2 00 00 737	788.00	632.00	5 74 19 597
July	823.00	745.50	1 19 70 830	825.00	743.10	4 35 39 066
August	798.70	741.40	70 14 304	848.00	730.00	2 48 78 352
September	845.00	753.00	89 37 557	847.60	753.00	2 95 80 006
October	881.90	785.00	82 96 721	882.30	783.55	2 97 94 292
November	843.50	617.00	57 84 562	842.70	615.00	2 36 97 976
December	725.80	632.50	66 58 054	726.00	631.80	2 70 01 063
January	687.10	519.00	65 11 983	687.50	517.50	2 23 16 800
February	529.45	388.10	2 60 34 925	528.65	388.40	7 28 76 845
March	595.90	463.60	2 42 40 318	595.80	463.70	7 57 58 924

### Stock Exchange listings

The Company's equity shares are actively traded on BSE & NSE the Indian Stock Exchanges.

### Listing on Stock Exchanges

#### Equity Shares

#### Bombay Stock Exchange Limited

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001.

E-mail : corp.relations@bseindia.com

Website : www.bseindia.com

#### National Stock Exchange of India Limited

Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051.

E-mail : cmlist@nse.co.in

Website : www.nseindia.com

#### Stock codes

Bombay Stock Exchange Limited : 500111  
National Stock Exchange of India Limited : RELCAPITAL  
ISIN for equity shares : INE 13A01015

**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.

### Global Depository Receipts (GDRs)

#### Luxembourg Stock Exchange

Societe de la Bourse, De Luxembourg, 11, av de la Porte Neuve, L 2227 Luxembourg

E-mail : info@bourse.lu

Website : www.bourse.lu

#### Depository bank for GDR holders

Deutsche Bank Trust Company America  
60 Wall Street, New York - 10005

### Security Codes of RCL GDRs

	Master Rule 144A GDRs	Master Regulation SGDRs
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.

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

Outstanding GDRs as on March 31, 2011 represent 16,72,872 equity shares constituting 0.68% of the paid up equity share capital of the Company.

### Debt Securities

The Debt Securities of the Company are listed on the Wholesale Debt Market Segment of BSE.

### Debenture Trustee

IL & FS Trust Company Ltd.

The IL & FS Financial Center, Plot C-22, G Block, Bandra- Kurla Complex, Bandra East, Mumbai-400051,

### Payment of Listing Fees

Annual listing fee for the year 2011-12 (as applicable) has been paid by the Company to BSE and NSE.



## Investor Information

### Share Price Performance in comparison to broad based indices – BSE Sensex and NSE Nifty

	RCL	Sensex BSE	Nifty NSE
FY 2010–11	-22.96%	10.94%	11.14%
2 years	64.43%	100.29%	93.11%
5 years	11.93%	72.39%	71.45%

### Depository services

For guidance on depository services, shareholders may write to the Company's RTA 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, website: www.nsdl.com or Central Depository Services (India) Ltd., Phiroze Jeejeebhoy Towers, 16<sup>th</sup> Floor, Dalal Street, Mumbai 400 023. Tel.: 022-2272 3333 Facsimile: (022) 2272 3199 / 2072, website: www.cdslindia.com, e-mail: investors@cdslindia.com

### Communication to members

The quarterly financial results of the Company were announced within 45 days of the end of the respective quarter during the year under review. The Company's media releases and details of significant developments are made available on the Company's website: www.reliancecapital.co.in. These are also published in leading newspapers.

### Reconciliation of Share Capital

The Securities and Exchange Board of India has directed vide circular no. D&CC/FITTC/CIR-1 6/2002 dated December 31, 2002 that all issuer companies shall submit a certificate 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.

## 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, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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

### Key Financial Reporting Dates for the Financial Year 2011-12

Quarter ending June 30, 2011	On or before August 13, 2011
Quarter ending September 30, 2011	On or before November 14, 2011
Quarter ending December 31, 2011	On or before February 14, 2012
Audited results for the financial year 2011-12	On or before May 30, 2012

### 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, 1<sup>st</sup> Floor  
Dhirubhai Ambani Knowledge City  
Navi Mumbai 400 710  
Telephone: +91 22 3047 9400  
Facsimile: +91 22 3032 7202  
e-mail : rcl.investor@relianceada.com

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

Shri V. R. Mohan  
President & Company Secretary  
Reliance Capital Limited  
H Block, 1<sup>st</sup> Floor,  
Dhirubhai Ambani Knowledge City,  
Navi Mumbai 400 710  
Telephone: +91 22 3047 9800  
Facsimile: +91 22 3032 7202  
e-mail : rcl.investor@relianceada.com

### Plant Locations

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

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  
Firm Reg. No.: 101720W

**Lalit R. Mhalsekar**  
Partner  
Membership No.: 103418  
Mumbai  
Dated: May 30, 2011

For **B S R & Co.**  
Chartered Accountants  
Firm Reg. No.: 101248W

**Akeel Master**  
Partner  
Membership No.: 046768  
Mumbai  
Dated: May 30, 2011

# 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, 2011, 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 in paragraph 1 above, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of the books;
  - c) the balance sheet, 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, 2011 and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as at March 31, 2011 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 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, 2011;
  - (ii) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
  - (iii) in the case of the cash flow statement, of the cash flow of the Company for the year ended on that date.

For **CHATURVEDI & SHAH**  
Chartered Accountants  
Firm Reg. No.: 101720W  
**Lalit R. Mhalsekar**  
Partner  
Membership No.: 103418  
Mumbai  
Dated: May 30, 2011

For **B S R & Co.**  
Chartered Accountants  
Firm Reg. No.: 101248W  
**Akeel Master**  
Partner  
Membership No.: 046768  
Mumbai  
Dated: May 30, 2011

## Annexure to Auditors' Report

(Referred to in our report of even date)

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The Company has a program 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 accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) As per information and explanation given to us, during the year, the Company has not disposed off any substantial part of fixed assets that would affect the going concern.
- (ii) The Company is a service company, primarily engaged in lending and investing activities. Accordingly, it does not hold any physical inventories. Thus, paragraph 4 (ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loan secured/unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of clauses (iii) (a) to (iii)(g) of paragraph 4 of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and

Annexure to Auditors' Report

- 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 sale of 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.
- (v) According to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered in the register required to be maintained under that section. Accordingly, clause (v) of the Order is not applicable to the Company.
- (vi) The Company has not accepted deposits from public hence directives issued by the Reserve Bank of India and the provisions of Section 58A and 58 AA or any other relevant provisions of the Act, and rules framed there under are not applicable for the year under audit.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) According to the information and explanations given to us, The Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Act, in respect of activities carried on by the Company. Hence the provisions of clause 4 (viii) of the Order is not applicable to the Company.
- (ix) (a) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Investor Education Protection Fund, Income-tax, Sales-tax, Wealth tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, except in case of Professional Tax and Provident Fund in which cases there were a few delays in payment of the said dues. There were no dues on account of Cess under section 441A of the Companies Act, 1956, since the date from which the aforesaid section comes into force has not yet been notified by the Central Government. According to the information and explanations given to us, there are no undisputed amounts payable outstanding as at March 31, 2011 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no such statutory dues, which have not been deposited on account of any dispute, except in respect of sales tax under Gujarat Sales Tax Act, 1969 of ₹ 4,75,916 for the period 2001-02 which is pending before the Gujarat Sales Tax Tribunal, Ahmedabad and sales tax under Madhya Pradesh Sales Tax Act, 1969 of ₹ 4,30,472 for the period 1996-97 which is pending before Appellate Deputy Commissioner of the Commercial Tax, Indore Division - I.
- (x) The Company neither has accumulated losses nor has it incurred any cash losses during the current financial year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and the information and explanation given by management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, adequate documents and records have been maintained by the Company in respect of loans and advances granted on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund, a nidhi or a mutual benefit society/society. Therefore, the provisions of clause 4 (xiii) of the Order is not applicable to the Company.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of trading in shares, securities, debentures, and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name except certain securities which are kept as collateral security for margin requirement on behalf of its subsidiaries.
- (xv) The Company has given guarantees for loans taken by others from banks or financial institutions. According to the information and explanations given by the management, in our opinion the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- (xvi) According to the information and explanation given to us, the term loans taken by the Company have been applied for the purpose for which they were raised except in few cases where the loans have been taken towards the year end the amounts of which are lying in bank accounts and were subsequently utilized for the purpose for which loans have been taken.
- (xvii) According to information and explanation given to us and on an overall examination of the Balance Sheet of the Company as at March 31 2011, no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year to a company, covered in the register maintained under Section 301 of the Act.
- (xix) The Company has created securities and /or charges in respect of secured debentures issued and redeemed during the year except in case of Non Convertible Debentures amounting to ₹ 416 crore for which the Company is in the process of creation of securities.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) 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  
Firm Reg. No.: 101720W

**Lalit R. Mhalsekar**  
Partner  
Membership No.: 103418  
Mumbai  
Dated: May 30, 2011

For **B S R & Co.**  
Chartered Accountants  
Firm Reg. No.: 101248W

**Akeel Master**  
Partner  
Membership No.: 046768  
Mumbai  
Dated: May 30, 2011

# Reliance Capital Limited

## Balance Sheet as at March 31, 2011

(₹ in crore)

	SCHEDULE	As at March 31, 2011	As at March 31, 2010
<b>Sources of Funds</b>			
<b>Shareholders' Funds</b>			
(a) Share capital	A	246.16	246.16
(b) Reserves and surplus	B	<u>6 781.53</u>	<u>6 712.90</u>
		<b>7 027.69</b>	6 959.06
<b>Loan Funds</b>			
(a) Secured loans	C	13 646.11	6 354.94
(b) Unsecured loans	D	<u>4 836.91</u>	<u>5 436.13</u>
		<b>18 483.02</b>	11 791.07
Deferred tax liability (net) (Refer Note No. 17, Schedule "N")		-	6.00
<b>Total</b>		<u><u>25 510.71</u></u>	<u><u>18 756.13</u></u>
<b>Application of Funds</b>			
<b>Fixed assets</b>			
(a) Gross block	E	157.34	211.20
(b) Less: depreciation		<u>78.32</u>	<u>125.69</u>
(c) Net block		<u>79.02</u>	<u>85.51</u>
(d) Capital work-in-progress		<u>110.03</u>	<u>82.25</u>
		<b>189.05</b>	167.76
<b>Investments</b>			
Deferred tax asset (Net) (Refer Note No. 17, Schedule "N")	F	11 166.66	10 676.04
Accrued premium / Interest on investments (Refer Note No. 18, Schedule "N")		<u>27.40</u>	-
		<b>1 039.60</b>	587.48
<b>Current assets, loans and advances</b>			
(a) Sundry debtors	G	16.69	133.21
(b) Cash and bank balances		1 171.16	390.66
(c) Other current assets		143.88	176.14
(d) Loans and Advances		<u>12 784.54</u>	<u>7 893.32</u>
		<b>14 116.27</b>	<u>8 593.33</u>
<b>Less: Current liabilities and provisions</b>			
(a) Current liabilities	H	896.30	1 133.45
(b) Provisions		<u>201.39</u>	<u>208.40</u>
		<b>1 097.69</b>	<u>1 341.85</u>
Net current assets		<b>13 018.58</b>	7 251.48
<b>Unamortised expenditure</b>	I	<u>69.42</u>	<u>73.37</u>
<b>Total</b>		<u><u>25 510.71</u></u>	<u><u>18 756.13</u></u>
<b>Significant accounting policies</b>			
<b>Notes to the accounts</b>			

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  
Firm Reg. No.: 101720W

**Lalit R. Mhalsekar**  
Partner  
Membership No.: 103418

Mumbai  
Dated: May 30, 2011

For **B S R & Co.**  
Chartered Accountants  
Firm Reg. No.: 101248W

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

For and on behalf of the Board

Chairman  
Vice Chairman

Directors

President & Company Secretary

Mumbai  
Dated: May 30, 2011

**Anil D. Ambani**  
**Amitabh Jhunjunwala**

**Rajendra P. Chitale**  
**C. P. Jain**  
**Dr. Bidhubhusan Samal**  
**V. N. Kaul**

**V. R. Mohan**

# Reliance Capital Limited

## Profit and Loss Account for the year ended March 31, 2011

(₹ in crore)

	SCHEDULE	2010-11	2009-10
<b>Income</b>			
Operating and other income	J	1 934.01	2,389.88
<b>Expenditure</b>			
Interest and finance charges	K	1 256.61	1 277.40
Administrative and other expenses	L	462.31	665.99
Depreciation and amortisation		14.33	18.16
		<u>1 733.25</u>	<u>1 961.55</u>
<b>Profit Before Tax and Before Adjustment Pursuant to Scheme of Amalgamation</b>		<b>200.76</b>	<b>428.33</b>
Provision for income tax (Net of MAT credit entitlement)		0.17	64.75
Provision for income tax for earlier years		4.72	24.66
Provision for deferred tax (asset) / liability		(33.40)	(0.50)
<b>Profit After Tax and Before Adjustment Pursuant to Scheme of Amalgamation</b>		<b>229.27</b>	<b>339.42</b>
Investment written off due to merger (Refer Note No. 2(c)(iv), Schedule "N")		329.00	-
Transfer / withdrawal from general reserve (Refer Note No. 2(c)(iv), Schedule "N")		(329.00)	-
<b>Profit After Tax and After Adjustment Pursuant to Scheme of Amalgamation</b>		<b>229.27</b>	<b>339.42</b>
Add : Balance in profit and loss account brought forward		1 971.32	1 920.52
<b>Profit available for appropriations</b>		<b>2 200.59</b>	<b>2 259.94</b>
<b>Appropriations</b>			
Proposed dividend		159.66	159.66
Tax on proposed dividend (Refer Note No. 11, Schedule "N")		1.57	27.14
Reversal of tax on proposed dividend for earlier years		(0.58)	-
Transfer to statutory reserve fund		45.85	67.88
Transfer to general reserve		22.93	33.94
Balance in profit and loss account carried forward		1 971.16	1 971.32
		<u>2 200.59</u>	<u>2 259.94</u>
Earning per equity share of ₹ 10 each fully paid up (Refer Note No. 16, Schedule "N")			
Basic (₹)		9.33	13.82
Diluted (₹)		9.33	13.82
<b>Significant accounting policies</b>	M		
<b>Notes to the accounts</b>	N		

The Schedules referred to above form an integral part of the Profit & Loss Account.

As per our report of even date

For **CHATURVEDI & SHAH**  
Chartered Accountants  
Firm Reg. No.: 101720W

**Lalit R. Mhalsekar**  
Partner  
Membership No.: 103418

Mumbai  
Dated: May 30, 2011

For **B S R & Co.**  
Chartered Accountants  
Firm Reg. No.: 101248W

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

For and on behalf of the Board

Chairman  
Vice Chairman

Directors

President & Company Secretary

Mumbai  
Dated: May 30, 2011

**Anil D. Ambani**  
**Amitabh Jhunjunwala**

**Rajendra P. Chitale**  
**C. P. Jain**  
**Dr. Bidhubhusan Samal**  
**V. N. Kaul**

**V. R. Mohan**

# Reliance Capital Limited

## Cash flow Statement for the year ended March 31, 2011

(₹ in crore)

Particulars	2010-11	2009-10
<b>A. Cash flows from operating activities</b>		
Net profit before tax as per profit and loss account	<b>200.76</b>	428.33
Adjusted for		
Depreciation & Amortisation	<b>14.33</b>	18.16
Bad Debts written off	<b>171.43</b>	289.54
(Reversal )/Provision for Standard & Non Performing Assets	<b>(25.45)</b>	(33.28)
Loss on Sale of repossessed stock	<b>6.89</b>	10.08
(Reversal) / Provision for repossessed stock	<b>(2.71)</b>	0.93
Provision for diminution in the value of investments	<b>17.89</b>	1.87
Provision for gratuity /leave encashment	<b>0.47</b>	1.28
Excess provision / credit balance written back	<b>(29.37)</b>	(15.58)
(Profit) / Loss on sale of Fixed Assets	<b>(11.17)</b>	0.83
Amortisation of DSA commission	<b>30.96</b>	81.94
( Profit ) / Loss on Partnership Firm	<b>(39.58)</b>	1.04
Investments:		
Interest income	<b>(600.67)</b>	(467.26)
Dividend income	<b>(5.30)</b>	(10.30)
( Profit ) / Loss on sale of Investment (Net)	<b>(61.42)</b>	(484.53)
Brokerage on borrowing	<b>16.76</b>	17.80
Discount on commercial papers	<b>387.00</b>	403.38
Interest expenses	<b>852.85</b>	856.22
	<b>722.91</b>	672.12
	<b>923.67</b>	1 100.45
<b>Operating profit before working capital changes</b>		
Adjusted for		
Short term borrowings (net)	<b>(1 501.68)</b>	(4 707.73)
Long term borrowings (net)	<b>6 931.63</b>	2 569.62
Deferred expenses	<b>(43.77)</b>	(64.10)
Trade and other receivables	<b>(3 749.48)</b>	2 770.13
Trade payables	<b>(36.58)</b>	141.24
	<b>1 600.12</b>	709.16
<b>Cash generated from operations</b>	<b>2 523.79</b>	1 809.61
Interest paid	<b>(785.60)</b>	(963.08)
Taxes paid	<b>(11.85)</b>	(11.22)
	<b>(797.45)</b>	(974.30)
<b>Net cash from / (used in) operating activities</b>	<b>1 726.34</b>	835.31
<b>B. Cash flows from investing activities</b>		



**Cash flow Statement for the year ended March 31, 2011**

(₹ in crore)

Particulars	2010-11	2009-10
Purchase of fixed assets including Capital Work in Progress	<b>(70.96)</b>	(10.08)
Sale of fixed assets	<b>47.44</b>	3.84
Investment in subsidiaries	<b>(441.71)</b>	(673.00)
Proceed from sale of subsidiaries	<b>9.91</b>	-
Contribution toward partnership firm current account (Net)	<b>(180.21)</b>	(148.23)
Purchase of investments	<b>(3 396.53)</b>	(5 668.17)
Proceed from sale of Long Term Investments	<b>2 693.27</b>	4 490.40
Proceed from sale of /(Investments in) Short term investment (Net)	<b>573.98</b>	625.61
Interest received	<b>146.86</b>	207.88
Dividend received	<b>5.30</b>	10.30
<b>Net Cash from / (used in) investing activities</b>	<b><u>(612.65)</u></b>	<b><u>(1 161.45)</u></b>
 <b>C. Cash flows from financing activities</b>		
Dividends Paid	<b><u>(185.13)</u></b>	<b><u>(185.77)</u></b>
<b>Net Cash from / (used in) Financing Activities</b>	<b><u>(185.13)</u></b>	<b><u>(185.77)</u></b>
<b>Net increase / (decrease) in Cash and Cash Equivalents ( A + B + C )</b>	<b>928.56</b>	(511.91)
Opening balance of cash and cash equivalents	<b>(437.36)</b>	74.55
Add: On Amalgamation (Refer Note 1(b) given below)	<b><u>0.54</u></b>	<b><u>-</u></b>
	<b>(436.82)</b>	74.55
Closing balance of cash and cash equivalents	<b>491.74</b>	(437.36)

**Notes:**

- 1 a) The Previous Year's figures have been regrouped and reclassified wherever necessary.
- b) Assets and liabilities pertaining to the Reliance Commercial Finance Pvt. Ltd. (formerly Reliance Consumer Finance Pvt. Ltd. (RCFPL) transferred pursuant to the Scheme of Amalgamation to the Company with effect from April 1, 2010 have not been considered for the current year's cash flow statement.
2. For the Purpose of Closing Balance of Cash & Cash Equivalents :
  - a) Fixed Deposits with banks amounting to ₹ 262.97 crore (Previous Year ₹ 165.21 crore ) under lien are not considered for Cash & Cash Equivalents.
  - b) Temporary overdrawn balances on account of cheques issued but not presented for payment lying in Other Liabilities ₹ 416.45 crore (Previous Year ₹ 662.82 crore) are considered for Cash & Cash Equivalents.

As per our report of even date

For **CHATURVEDI & SHAH**  
Chartered Accountants  
Firm Reg. No.: 101720W

**Lalit R. Mhalsekar**  
Partner  
Membership No.: 103418

Mumbai  
Dated: May 30, 2011

For **B S R & Co.**  
Chartered Accountants  
Firm Reg. No.: 101248W

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

Mumbai  
Dated: May 30, 2011

For and on behalf of the Board

Chairman  
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Directors

President & Company Secretary

**Anil D. Ambani**  
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**Rajendra P. Chitale**  
**C. P. Jain**  
**Dr. Bidhubhusan Samal**  
**V. N. Kaul**

**V. R. Mohan**

# Reliance Capital Limited

## Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in crore)

	As at March 31, 2011	As at March 31, 2010
<b>Schedule "A"</b>		
<b>Share Capital</b>		
<b>Authorised:</b>		
30,00,00,000 equity shares of ₹ 10 each (Previous Year 30,00,00,000)	300.00	300.00
10,00,00,000 preference shares of ₹ 10 each (Previous Year 10,00,00,000)	100.00	100.00
	<u>400.00</u>	<u>400.00</u>
<b>Issued and Subscribed</b>		
24,69,77,006 equity shares of ₹ 10 each (Previous Year 24,69,77,006)	246.98	246.98
<b>Paid up</b>		
24,56,32,800 equity shares of ₹ 10 each (Previous Year 24,56,32,800)	245.63	245.63
Add: Forfeited shares (amount originally paid up on 13,44,206 equity shares of ₹ 10 each) (Previous Year 13,44,206)	0.53	0.53
	<u>246.16</u>	<u>246.16</u>
	<u>246.16</u>	<u>246.16</u>
<b>Notes:</b>		
Of the above Equity Shares		
i) 5,76,450 Equity Shares (Previous Year 5,76,450) are held by Reliance Innoventures Pvt. Ltd. the Holding Company. 9,84,14,206 Equity Shares (Previous Year 10,64,14,206) are held by AAA Enterprises Pvt. Ltd. and 2,79,75,633 Equity Shares (Previous Year 1,99,75,633) are held by AAA Infrastructure Consulting and Engineers Pvt. Ltd. subsidiaries of the Holding Company.		
ii) 29,36,555 (Previous Year 29,36,555) Equity Shares allotted as fully paid up pursuant to the various Schemes of Amalgamations without payment being received in cash.		
<b>Schedule "B"</b>		
<b>Reserves and Surplus</b>		
Capital reserve	6.43	6.43
Capital redemption reserve	10.13	10.13
Securities premium account	3 290.96	3 290.96
<b>Statutory Reserve Fund *</b>		
As per last balance sheet	883.05	815.17
Add: Amount transferred from profit & loss account	45.85	67.88
	<u>928.90</u>	<u>883.05</u>
<b>General Reserve</b>		
As per last balance sheet	551.01	517.07
Add : Amount transferred from profit & loss account	22.93	33.94
Add : Amount transferred as per Scheme of Amalgamation	329.01	-
Less: Withdrawn as per Scheme of Amalgamation	329.00	-
(Refer Note No. 2(c)(iv), Schedule "N")#	<u>573.95</u>	<u>551.01</u>
<b>Profit &amp; Loss Account</b>	<u>1 971.16</u>	<u>1 971.32</u>
	<u>6 781.53</u>	<u>6 712.90</u>

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

# Includes ₹ 0.01 crore created pursuant to scheme of amalgamation.

Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in crore)

	As at March 31, 2011	As at March 31, 2010
<b>Schedule "C"</b>		
<b>Secured Loans</b>		
Non Convertible Debentures	<b>5 802.00</b>	3 715.00
From Banks		
Long Term	<b>7 524.01</b>	1 754.38
Cash Credit	<b>120.10</b>	785.26
Short Term	<b>200.00</b>	100.30
	<b>7 844.11</b>	2 639.94
	<b>13 646.11</b>	6 354.94
<b>Schedule "D"</b>		
<b>Unsecured Loans</b>		
From Banks		
Short Term	<b>300.00</b>	700.00
Long Term	-	50.00
	<b>300.00</b>	750.00
From Body Corporates		
Others	<b>16.82</b>	15.69
Subsidiary	<b>280.00</b>	-
Commercial Paper	<b>4 240.09</b>	4 670.44
	<b>4 836.91</b>	5 436.13

**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 May 17, 2011 and the last being on January 17, 2016. The NCDs amounting to ₹ 1,510 crore (Previous Year ₹ 140 crore) are redeemable in the financial year 2011-12.
  - a) NCDs amounting to ₹ 225 crore (Previous Year ₹ 265 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, Ellis bridge, Ahmedabad and additional first pari passu charge by way of hypothecation on business receivable and loan assets of the commercial finance division, against security not exceeding ₹ 281.25 crore.
  - b) NCDs amounting to ₹ 5,161 crore (Previous Year ₹ 3,450 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, Ellis bridge, Ahmedabad and additional first pari passu charge by way of hypothecation on business receivable and loan assets of the Company or as may be decided by the Company, against security not exceeding ₹ 5,411 crore.
  - c) The Company is in the process of creating security on the remaining NCDs amounting to ₹ 416 crore (Previous Year ₹ Nil).
  - d) NCDs referred in Schedule "C" above includes ₹ 80 crore (Previous Year ₹ Nil) privately placed with Reliance Securities Ltd., a subsidiary of the Company.
2. Long Term Loans of ₹ 7,524.01 crore referred in Schedule "C" above includes :
  - a) Long Term Loans ₹ 5,449.01 crore are secured by pari passu first charge on all present and future book debts, receivables, bills, claims and loan assets of the Company's commercial finance division.
  - b) Long Term Loans ₹ 2,075 crore are secured by pari passu first charge on all present and future book debts, receivables, bills, claims and loan assets of erstwhile Reliance Commercial Finance Pvt. Ltd. (Formerly Reliance Consumer Finance Pvt. Ltd.)
  - c) Long Term Loans amounting to ₹ 1,231.67 crore (Previous Year ₹ 515 crore) are payable within one year.
3. Cash Credits amounting to ₹ 120.10 crore (Previous Year ₹ 785.26 crore) referred in Schedule "C" above are 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 commercial finance division.
4.
  - a) Short Term Loans amounting to ₹ 200 crore (Previous Year ₹ 100.30 crore) referred in Schedule "C" are secured by way of pari passu first charge on all present and future book debts (only performing assets), outstandings, moneys receivables, bills, claims and loan assets of the Company's commercial finance division.
  - b) Short Term Loans amounting to ₹ 200 crore (Previous Year ₹ 100.30 crore) are payable within one year.
5. In respect of Commercial Papers maximum amount outstanding during the year was ₹ 6,923.06 crore (Previous Year ₹ 5,840.21 crore).
6. In respect of unsecured loan referred in Schedule "D" above, amount payable within one year is ₹ 4,686.91 crore (Previous Year ₹ 5,386.13 crore)

## Schedule "E"

## Fixed Assets

(₹ in crore)

Description	Gross Block				Depreciation			Net Block					
	As at April 1, 2010	Adjustments#	Additions	Deductions / Sales	As at March 31, 2011	Upto April 1, 2010	Adjustments#	For the Year	Deductions	Upto March 31, 2011	As at March 31, 2010	As at March 31, 2011	
<b>Leased Assets</b>													
Plant and machinery	-	-	15.59	-	15.59	-	-	0.23	-	0.23	-	15.36	
Motor vehicles	-	-	22.52	-	22.52	-	-	0.67	-	0.67	-	21.85	
<b>Sub - total - A</b>	-	-	38.11	-	38.11	-	-	0.90	-	0.90	-	37.21	
<b>Own Assets</b>													
Buildings	120.81	-	-	95.23	25.58	72.37	-	1.07	59.86	13.58	48.44	12.00	
Furniture and fittings	9.09	-	0.64	0.97	8.76	6.37	-	0.66	0.80	6.23	2.73	2.53	
Office and other equipments	41.03	-	2.73	1.55	42.21	27.33	-	4.48	0.97	30.84	13.69	11.37	
Motor vehicles	12.82	-	0.60	0.15	13.27	6.48	-	1.80	0.14	8.14	6.34	5.13	
Leasehold improvement	4.99	-	0.92	-	5.91	3.32	-	0.92	-	4.24	1.67	1.67	
<b>Sub - total - B</b>	188.74	-	4.89	97.90	95.73	115.87	-	8.93	61.77	63.03	72.87	32.70	
<b>Intangible Assets</b>													
Computer software	22.46	0.43	0.61	-	23.50	9.82	0.07	4.50	-	14.39	12.64	9.11	
<b>Sub - total - C</b>	22.46	0.43	0.61	-	23.50	9.82	0.07	4.50	-	14.39	12.64	9.11	
<b>Grand Total</b>	211.20	0.43	43.61	97.90	157.34	125.69	0.07	14.33	61.77	78.32	85.51	79.02	
Previous Year	351.63	-	8.57	149.00	211.20	252.69	-	18.16	145.16	125.69	-	85.51	
<b>Capital Work-in-Progress</b> [Net of Impairment Provisions ₹ 13.88 crore (Previous Year ₹ 13.88 crore)]												110.03	82.25
<b>Total</b>												189.05	167.76

## Notes

- Buildings include:
    - Cost of shares in Co-operative Societies ₹ Nil (Previous Year ₹ 2,500)
    - ₹ Nil (Previous Year ₹ 92.94 crore) incurred towards purchase / acquisition of 1,31,881 equity shares of ₹ 1 each of Mature Trading & Investments Pvt. Ltd., with a right to occupancy of certain area of commercial premises.
  - Capital Work-in-Progress includes:
    - ₹ 109.06 crore (Previous Year ₹ 82.25 crore) advance against capital expenditure and ₹ 0.97 crore (Previous Year ₹ Nil) advance against leased assets.
    - ₹ 13.88 crore (Previous Year ₹ 13.88 crore) incurred towards purchase / acquisition of 50,000 equity shares of ₹ 10 each of Legend Housing Pvt. Ltd., with a right of occupancy of certain area in a commercial / residential premise under construction. The Company has provided impairment of ₹ 13.88 crore (Previous Year ₹ 13.88 crore) on account of delay in project commencement.
    - The gross figure before provision to be read as ₹ 123.91 crore (Previous Year ₹ 96.13 crore)
  - In respect of Intangible Assets:
    - It is other than internally generated.
    - Remaining useful life is as follows
      - Additions for FY 2010-11 - 4 years
      - Additions for FY 2008-09 - 2 years (Previous Year 3 years)
      - Additions for FY 2009-10 - 3 years (Previous Year 4 years)
      - Additions for FY 2007-08 - 1 year (Previous Year 2 years)
- # As per scheme of Amalgamation (Refer No. 2, Schedule N)

Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in crore)

	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
<b>Schedule "F"</b>					
<b>Investments</b>					
<b>Long Term Investments</b>					
<b>Government and Other Securities - Unquoted</b>					
National Saving Certificates [₹ 45,000/- (Previous Year ₹ 45,000/-)] (Deposited with Sales Tax Department)	-	-	-	-	-
				-	-
<b>Other Investments</b>					
<b>Equity Shares - Quoted, fully paid-up</b>					
A2Z Maintenance & Engineering Services Ltd.	10	18 29 265	-	73.17	-
Aurionpro Solutions Ltd.	10	10 19 213	10 01 955	31.65	31.20
Action Construction Equipment Ltd.	2	30 00 000	-	19.81	-
B.A.G. Films & Media Ltd.	2	3 94 400	3 94 400	0.39	0.39
Celebrity Fashions Ltd. (Refer Note 2 below)	10	11 58 373	11 58 373	0.15	14.51
D B Realty Ltd.	10	9 47 203	9 47 203	43.10	43.10
DLF Ltd.	2	1 50 000	3 00 000	6.27	12.54
EIH Ltd.	2	46 54 545	75 00 000	47.26	88.27
EMCO Ltd.	2	16 20 000	16 20 000	13.01	13.01
HBL Power Systems Ltd.	1	1 43 60 000	1 70 00 000	26.74	31.66
IBN 18 Broadcast Ltd.	2	98 00 000	1 06 00 000	126.04	136.33
Indage Vintners Ltd.	10	3 50 000	9 16 000	2.94	7.70
India Bulls Power Ltd.	10	20 00 000	20 00 000	9.00	9.00
Indian Terrain Fashions Ltd. (Refer Note 2 below)	10	3 30 962	-	14.36	-
Inox Leisure Ltd.	10	26 00 005	31 00 005	33.92	40.45
Jyoti Structure Ltd.	2	-	15 00 000	-	19.44
Kinetic Engineering Ltd.	10	7 15 000	7 15 000	12.73	12.73
Kothari Sugars & Chemicals Ltd.	10	-	34 123	-	0.27
KSK Energy Ventures Ltd.	10	14 19 000	14 19 000	24.95	24.95
Mahanagar Telephone Nigam Ltd.	10	30 00 000	30 00 000	55.07	55.07
Network 18 Media & Investments Ltd.	5	52 30 000	52 30 000	162.72	162.72
Padmalaya Telefilms Ltd.	10	5 11 000	5 11 000	2.06	2.06
Pratibha Industries Ltd.	2	10 00 000	-	7.87	-
Prime Focus Ltd.	10	-	17 39 000	-	51.67
Reliance Communications Ltd.	5	84 20 295	84 20 295	95.46	95.46
Reliance Industrial Infrastructure Ltd.	10	1 60 100	1 60 100	0.50	0.50
Reliance MediaWorks Ltd.	5	81 05 000	81 05 000	213.43	213.43
Reliance Broadcast Network Ltd. (Formerly Reliance Media World Ltd.)	5	50 70 000	29 55 000	28.04	10.06
Reliance Natural Resources Ltd. (Refer Note 4 below)	5	-	1 64 71 295	-	2.72
Reliance Power Ltd. (Refer Note 4 below)	10	41 17 823	-	2.72	-
Spanco Ltd.	10	-	8 58 000	-	7.84
Sparsh BPO Services Ltd.	10	-	5 89 010	-	5.35
TV Today Networks Ltd.	5	81 00 000	81 00 000	101.97	101.97
Unitech Ltd.	2	10 00 000	5 00 000	11.00	8.19
Ventura Textiles Ltd.	10	12 87 500	12 87 500	5.92	5.92

# Reliance Capital Limited

## Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in crore)

	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
				<b>1 172.25</b>	1 208.51
Less: Provision for diminution in the value of investments				<b>31.93</b>	48.31
				<b>1 140.32</b>	1 160.20
<b>Equity Shares - Unquoted, full paid-up</b>					
All Green Energy India Pvt. Ltd. [₹ 4,230/- (Previous Year ₹ Nil)]	10	<b>10</b>	-	-	-
Axsys Health Tech Ltd.	10	<b>13 25 000</b>	13 25 000	<b>7.95</b>	7.95
Bombay Stock Exchange Ltd.	1	<b>1 30 000</b>	-	<b>1.50</b>	-
Gradatim IT Ventures (India) Pvt. Ltd. [₹ 2,611/- (Previous Year ₹ Nil)]	10	<b>64</b>	-	-	-
Gini & Jony Ltd.	10	<b>17 51 685</b>	20 00 000	<b>9.37</b>	10.70
Global Wind Power Ltd.	10	<b>21 60 000</b>	14 40 000	<b>24.48</b>	7.20
GTFS Multi Services Ltd. (Refer Note 5 below)	10	<b>25 00 000</b>	12 50 000	<b>75.00</b>	75.00
Himland Buildcon Pvt. Ltd.	1	<b>8 500</b>	8 500	<b>42.50</b>	42.50
KGS Developers Ltd.	10	<b>47 28 081</b>	47 28 081	<b>75.00</b>	75.00
KLT Automotive & Tubular Products Ltd.	10	<b>5 25 000</b>	5 25 000	<b>11.29</b>	11.29
Kothari Industries Ltd.	10	-	3 93 880	-	0.72
Menon & Menon Ltd.	10	<b>3 90 000</b>	3 90 000	<b>6.05</b>	6.05
National Multi Commodity Exchange India Ltd.	10	<b>16 66 667</b>	-	<b>10.83</b>	-
Observer (India) Ltd.	10	-	23 200	-	0.02
One 97 Communications Ltd.	10	<b>3 84 616</b>	-	<b>10.00</b>	-
Phi Management Solutions Pvt. Ltd.	10	<b>4 00 000</b>	4 00 000	<b>0.40</b>	0.40
Real Image Media Technologies Pvt. Ltd. [₹ 7,900/- (Previous Year ₹ 7,900/-)]	10	<b>790</b>	790	-	-
Reliance Life Insurance Company Ltd.	10	<b>18 61 15 200</b>	18 59 23 200	<b>469.32</b>	450.12
Reverse Logistics Company Pvt. Ltd.	10	<b>16 542</b>	16 542	<b>5.22</b>	5.22
Reliance Net Ltd.	10	<b>5 26 497</b>	5 26 497	<b>0.53</b>	0.53
Roseland Buildtech Pvt. Ltd.	10	<b>84 38 430</b>	84 38 430	<b>148.08</b>	148.08
Southern Wind Farms Ltd.	10	<b>22 18 720</b>	22 18 720	<b>7.99</b>	7.99
Reliance Tech Services Pvt. Ltd. [₹ 10,000/- (Previous Year ₹ 10,000/-)]	10	<b>1 000</b>	1 000	-	-
Tessolve Services Pvt Limited [₹ 6,600/- (Previous Year ₹ 6,600/-)]	10	<b>100</b>	100	-	-
Unilazer Media Ltd.	10	<b>17 77 191</b>	-	<b>36.54</b>	-
Victory Transformers and Switchgears Ltd.	100	<b>1 15 041</b>	1 38 639	<b>62.23</b>	75.00
Viscount Management Services (Alpha) Ltd.	10	<b>18 000</b>	18 000	<b>0.02</b>	0.02
Viscount Management Services Ltd.	10	<b>10 800</b>	10 800	<b>0.01</b>	0.01
				<b>1 004.31</b>	923.80
Less: Provision for diminution in the value of investments				<b>7.95</b>	8.67
				<b>996.36</b>	915.13
<b>Preference Shares - Quoted, fully paid-up</b>					
5% Non Convertible Cumulative Preference Shares of Network 18 Media & Investments Ltd.	150	<b>6 75 343</b>	6 75 343	<b>10.13</b>	10.13
				<b>10.13</b>	10.13
Less: Provision for diminution in the value of investments				<b>0.32</b>	0.37
				<b>9.81</b>	9.76



# Reliance Capital Limited

## Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in crore)

	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
<b>Preference Shares - Unquoted, fully paid-up</b>					
Series A 8% Non Cumulative Convertible Preference Shares of All Green Energy India Pvt. Ltd.	10	2 00 140	-	8.46	-
8% Redeemable, Optionally Convertible Preference Shares of Dhama Apparel Innovations Pvt. Ltd.	10	-	13 496	-	0.67
Fully & Compulsorily Convertible Cumulative Participating Preference Shares of Gradatim IT Ventures (India) Pvt. Ltd.	39	6 37 191	-	2.60	-
9% Non Cumulative Redeemable Preference Shares of India Best Buy Pvt. Ltd.	10	20 00 000	40 00 000	200.00	400.00
14% Redeemable Non Convertible Non Cumulative Preference Shares of Kinetic Engineering Ltd.	10	1 50 00 000	1 50 00 000	15.00	15.00
1% Cumulative Redeemable Preference Shares of Phi Management Solutions Pvt. Ltd.	10	5 64 000	5 64 000	56.40	56.40
Series B- Convertible Cumulative Preference Shares of Real Image Media Technologies Pvt. Ltd.	10	7 89 941	7 89 941	6.68	6.68
12% Non Cumulative Convertible Redeemable Preference Shares of Reliance Big Entertainment Pvt. Ltd.	1	1 00 00 000	1 00 00 000	1 000.00	1 000.00
8% Non Cumulative Redeemable Preference Shares of Reliance Capital Services Pvt. Ltd.		3 68 558	-	36.86	-
Optionally Convertible Redeemable Preference Shares of Emerging Money Mall Ltd.	1	60 00 000	-	600.00	-
10% Cumulative Redeemable Preference Shares of Reliance Money Infrastructure Ltd.	10	-	10 00 00 000	-	100.00
Optionally Convertible Redeemable Preference Shares of Reliance Net Ltd.	10	47 50 000	47 50 000	475.00	475.00
Series A Preference Shares of Suvidha Infoserve Pvt. Ltd. #	1	72 37 980	7 23 798	11.04	11.04
Series B Preference Shares of Suvidha Infoserve Pvt. Ltd.	3	3 69 709	-	1.20	-
Compulsory Convertible Preference Shares of Tessolve Services Pvt. Ltd.	10	16 13 537	11 36 264	10.65	7.50
Optionally Convertible Redeemable Preference Shares of Viscount Management Services Ltd.	1	4 95 85 877	3 72 67 530	495.86	372.68
Optionally Convertible Redeemable Preference Shares of Viscount Management Services (Alpha) Ltd.	1	6 66 43 130	5 26 25 310	666.43	526.25
Series A Preference Shares of Yatra Online Inc.	\$0.0001	42 00 042	42 00 042	6.20	6.20
Series B Preference Shares of Yatra Online Inc.	\$0.0001	27 31 960	27 31 960	15.52	15.52
Series C Preference Shares of Yatra Online Inc.	\$0.0001	11 44 946	11 44 946	15.88	15.88
#Previous Year Face Value ₹ 10 each				3 623.78	3 008.82
Less: Provision or diminution in the value of investments				3.00	1.50
				<b>3 620.78</b>	<b>3 007.32</b>
<b>Debentures - Quoted, fully paid-up</b>					
9.24% Indian Overseas Bank Bonds 05 Sep 2021	1,000,000	-	310	-	32.00
8.70% Punjab & Sind Bank Bonds 11 April 2020	1,000,000	-	300	-	30.00
9.35% The Great Eastern Shipping Co. Ltd. Bonds 8 Feb 2019	1,000,000	-	750	-	75.00
8.90% UCO Bank Bonds 25 March 2025	1,000,000	-	370	-	37.00
				-	174.00
<b>Debentures - Unquoted, fully paid-up</b>					
16% Kumar Urban Development Ltd. 20 July 2012	1,000,000	231	-	23.10	-
16% L&T Arun Excello Pvt. Ltd. Secured NCD 29 March 2013	100,000	1 650	-	16.50	-
12% UTV News Ltd.	10,000	60 000	-	60.07	-

# Reliance Capital Limited

## Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in crore)

	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
11% Secured Optionally Fully Convertible Redeemable Debentures Series A - Ventura Textiles Ltd.	5,000,000	20	20	10.66	10.66
12% Secured Optionally Fully Convertible Redeemable Debentures Series B - Ventura Textiles Ltd.	5,000,000	22	22	11.00	11.00
Zero Coupon Optionally Fully Convertible Unsecured Debentures Viscount Management Services Ltd.	1,000	63 28 800	68 57 230	632.88	685.67
Zero Coupon Optionally Fully Convertible Unsecured Debentures Viscount Management Services (Alpha) Ltd.	1,000	84 38 400	89 87 210	843.84	898.63
				<b>1 598.05</b>	1 605.96
Less: Provision for diminution in the value of investments				<b>8.68</b>	4.34
				<b>1 589.37</b>	1 601.62
<b>Subsidiary Companies</b>					
<b>Equity Shares - Unquoted, fully paid-up</b>					
Medybiz Pvt. Ltd. (Refer Note 6 below)	10	-	24 74 000	-	4.33
Net Logistics Pvt. Ltd. (Refer Note 6 below)	10	-	9 000	-	0.42
Quant Capital Pvt. Ltd.	10	74 01 423	-	199.84	-
Reliance Alternative Investment Services Pvt. Ltd.	10	9 999	9 999	0.01	0.01
Reliance Capital Asset Management Ltd.	10	1 00 00 000	1 00 00 000	10.00	10.00
Reliance Infrastructure Finance Pvt. Ltd. (Formerly known as Reliance Capital Markets Pvt. Ltd.)	10	52 50 000	52 50 000	5.28	5.28
Reliance Capital Research Pvt. Ltd.	10	30 000	10 000	0.03	0.01
Reliance Capital Services Pvt. Ltd. (Refer Note 6 below)	10	-	50 00 000	-	5.00
Reliance Capital Trustee Company Ltd.	10	50 700	50 700	0.05	0.05
Reliance Consumer Finance Pvt. Ltd.	10	-	50 00 000	-	5.00
Reliance Capital (Singapore) Pte. Ltd. (Previous Year ₹ 50)	\$1	20 00 001	1	9.35	-
Reliance Commodities Ltd.	10	30 00 000	-	3.00	-
Reliance Equity Advisors (India) Ltd.	10	50 000	50 000	0.05	0.05
Reliance Equities International Pvt. Ltd. (Refer Note 7 below)	10	1 50 00 000	1 50 00 000	79.99	80.00
Reliance Exchangenext Ltd.	10	69 10 000	-	69.01	-
Reliance Financial Ltd.	10	1 10 00 000	-	11.00	-
Reliance General Insurance Company Ltd.	10	11 23 78 248	11 09 29 269	1 119.00	977.00
Reliance Gilts Ltd.	10	70 00 700	70 00 700	7.00	7.00
Reliance Home Finance Pvt. Ltd.	10	3 00 00 000	3 00 00 000	30.00	30.00
Reliance Investment Banking Services Ltd. (formerly Reliance Prime International Ltd.)	10	30 00 000	-	3.00	-
Reliance Money Express Ltd.	10	1 38 13 140	1 38 13 140	24.95	24.95
Reliance Securities Ltd.	10	2 49 00 000	2 50 00 000	24.96	25.06
Reliance Venture Asset Management Pvt. Ltd.	10	10 000	10 000	0.01	0.01
Reliance Wealth Management Ltd.	10	45 00 000	-	4.50	-
				<b>1 601.03</b>	1 174.17
Less: Provision for diminution in the value of investments				<b>29.19</b>	-
				<b>1 571.84</b>	1 174.17
<b>Preference Shares - Unquoted, fully paid-up</b>					
9% Non Cumulative Non Convertible Redeemable Preference Shares of Quant Broking Pvt. Ltd. (Refer Note 7 below)	10	10 000	-	0.01	-
10% Cumulative Redeemable Preference Shares of Reliance Securities Ltd.	10	15 00 00 000	15 00 00 000	150.00	150.00

# Reliance Capital Limited

## Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in crore)

	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
Optionally Convertible Redeemable Preference Shares of Reliance Money Express Ltd.	10	1 50 00 000	1 50 00 000	15.00	15.00
8% Compulsory Convertible Preference Shares of Reliance Commercial Finance Pvt. Ltd.	10	-	32 40 000	-	324.00
8% Non Cumulative Redeemable Preference Shares of Reliance Capital Services Pvt. Ltd.	10	-	50 000	-	5.00
8% Compulsory Convertible Preference Shares of Reliance Home Finance Pvt. Ltd.	10	26 60 000	26 60 000	266.00	266.00
				<b>431.01</b>	<b>760.00</b>
<b>Associate Companies</b>					
<b>Equity Shares - Unquoted, fully paid-up</b>					
Ammolite Holdings Ltd. [₹ 45,332/- (Previous Year ₹ 45,332/-)]	\$1	1 000	1 000	-	-
Reliance Land Pvt. Ltd.	10	50 00 000	50 00 000	5.00	5.00
Reliance Share & Stock Brokers Pvt. Ltd.	10	50 00 000	50 00 000	5.00	5.00
Reliance Asset Reconstruction Company Ltd.	10	4 90 00 000	4 90 00 000	49.00	49.00
				<b>59.00</b>	<b>59.00</b>
<b>Preference Shares - Unquoted, fully paid-up</b>					
Optionally Convertible Redeemable Preference Shares of Reliance Land Pvt. Ltd.	10	1 35 00 000	1 35 00 000	356.00	356.00
Optionally Convertible Redeemable Preference Shares of Reliance Share and Stock Brokers Pvt. Ltd.	100	4 00 000	4 00 000	4.00	4.00
Optionally Convertible Redeemable Preference Shares of Reliance Share and Stock Brokers Pvt. Ltd.	10	7 65 000	-	76.50	-
				<b>436.50</b>	<b>360.00</b>
<b>Debentures - Unquoted, fully paid-up</b>					
Series DDB I - Non Secured Redeemable Non Interest Bearing Non Convertible Deep Discount Bonds - Ammolite Holdings Ltd.	\$961	7 524	7 524	29.01	29.01
				<b>29.01</b>	<b>29.01</b>
<b>Warrants - Unquoted, fully paid-up</b>					
Global Wind Power Ltd.	10	-	65 00 000	-	32.50
				<b>-</b>	<b>32.50</b>
<b>Warrants - Unquoted, partly paid-up</b>					
Aurionpro Solutions Ltd.	42.50	5 00 000	5 00 000	2.13	2.13
Kinetic Engineering Ltd.	154.44	6 00 000	6 00 000	9.27	9.27
Southern Wind Farm Ltd.	0.10	5 50 00 000	5 50 00 000	0.46	0.46
Textrade International Ltd. (Refer Note 8 below)	-	60 985	60 985	-	-
				<b>11.86</b>	<b>11.86</b>
Less: Provision for diminution in the value of investments				<b>11.39</b>	<b>11.39</b>
				<b>0.47</b>	<b>0.47</b>
<b>Investment in units of Seed/Equity Fund - Unquoted, fully paid-up</b>					
The India Seed Investment Trust	100,000	500	500	2.98	5.00
				<b>2.98</b>	<b>5.00</b>
<b>Investment in units of Fund - Unquoted, partly paid-up</b>					
Class A units of Reliance Alternative Investments Fund	10	20 00 00 000	20 00 00 000	52.00	30.00
				<b>52.00</b>	<b>30.00</b>

# Reliance Capital Limited

## Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in crore)

	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
<b>Investment in Joint Venture</b>					
KGS Developers Ltd. (Refer Note No. 19, Schedule "N")				<b>85.00</b>	85.00
				<b>85.00</b>	85.00
<b>Pass through Certificates &amp; Security Receipts</b>					
IDBI Trusteeship Services Ltd.	-	2	1	<b>131.50</b>	45.68
Deutsche Investor Services Pvt. Ltd.	-	7	-	<b>21.75</b>	-
IL & FS Trust Company Ltd.	-	4	-	<b>57.87</b>	-
ARCIL SPCI Trust Security Receipt	1,000	<b>5 91 375</b>	-	<b>15.52</b>	-
				<b>226.64</b>	45.68
<b>Total Long Term Investments</b>				<b>10 251.09</b>	9 448.86
<b>Current Investments</b>					
Mutual Funds Units - Quoted*, fully paid-up					
Reliance Mutual Fund - Liquidity Fund - Growth Option	10	<b>6 95 09 935</b>	49 35 20 737	<b>102.61</b>	684.00
Reliance Mutual Fund - Money Manager Fund - Institutional Option - Growth Plan	1,000	<b>11 20 737</b>	-	<b>150.00</b>	-
LIC Mutual Fund - Savings Plus Fund - Growth Option	10	-	6 83 26 432	-	100.01
				<b>252.61</b>	784.01
<b>Share in Partnership Firm</b>					
Reliance Capital Partners current account				<b>662.96</b>	443.17
				<b>662.96</b>	443.17
<b>Total Current Investments</b>				<b>915.57</b>	1 227.18
<b>Total Invesments</b>				<b>11 166.66</b>	10 676.04

### Notes:

1. The aggregate Value of Investments

	As at March 31, 2011		As at March 31, 2010	
	Book Value	Market Value	Book Value	Market Value
Quoted	<b>1 402.74</b>	<b>1 025.07</b>	2 127.97	2 079.54
Unquoted	<b>9 763.92</b>	-	8 548.07	-

2. In terms of the scheme of demerger of Celebrity Fashions Ltd.

a) the Company has been allotted 3,30,962 equity shares of Indian Terrain Fashions Ltd.

b) the above shares have been valued at 99% of the cost of Celebrity Fashions Ltd. shares and consequently the value of Celebrity Fashions Ltd. shares have been reduced to that extent.

3. Investments includes ₹ 371.75 crore (Previous Year ₹ 336.44 crore) of shares given as collateral towards Margin with Brokers.

4. In terms of the Scheme of Arrangement of Reliance Natural Resources Ltd., the Company has been allotted 41,17,823 equity shares of ₹ 10 each of Reliance Power Ltd., against the 1,64,71,295 equity shares of ₹ 5 each of Reliance Natural Resources Ltd.

5. In case of GTFS Multi Services Ltd., the Company received 12,50,000 bonus shares in the ratio of 1:1.

6. Reliance Capital Services Pvt. Ltd., Net Logistics Pvt. Ltd. and Medyzib Pvt. Ltd. ceased to be Subsidiaries on account of sale of investments.

7. In terms of the scheme of demerger of Reliance Equities International Pvt. Ltd.

a) the Company has been allotted 10,000 preference shares of Quant Broking Pvt. Ltd.

b) the above shares have been valued at cost and consequently the Company has made provision of ₹ 29.19 crore for diminution on the cost of Reliance Equity International Pvt. Ltd. shares.

8. The Company has been allotted Warrants without paying any consideration at the time of allotment.

\* For Mutual Funds, Net Asset Value is taken as Market Value

Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in crore)

	As at March 31, 2011	As at March 31, 2010	
<b>Schedule "G"</b>			
<b>Current Assets, Loans and Advances</b>			
<b>Current Assets</b>			
<b>Sundry debtors (Unsecured)</b>			
Debts outstanding for a period exceeding six months	12.24	53.30	
Less : Provision for Doubtful Debts	12.00	-	
	<u>0.24</u>	<u>53.30</u>	
Other Debts, considered good			
Subsidiaries	-	0.65	
Others	16.45	79.26	
		<u>16.69</u>	133.21
<b>Cash and bank balances</b>			
Cash on hand	0.68	0.27	
Balances with scheduled banks			
In current accounts	832.51	225.14	
In fixed deposit accounts (Refer Note 1 below)	337.97	165.25	
		<u>1 171.16</u>	390.66
<b>Other current assets</b>			
Interest accrued from loans	132.09	102.34	
Assets held for sale	-	93.47	
Less : Provision for assets held for sale	-	33.47	
(Refer Note 2 below)	-	60.00	
Repossessed assets	14.60	19.30	
Less : Provision for repossessed assets	2.81	5.50	
	<u>11.79</u>	<u>13.80</u>	
		<u>143.88</u>	176.14
		<u>1 331.73</u>	<u>700.01</u>
<b>Loans and Advances (Refer Note 3 below)</b>			
Loans to others			
Considered doubtful	124.64	264.10	
Less : Provision for non performing assets and doubtful debt	23.51	63.16	
	<u>101.13</u>	<u>200.94</u>	
Considered good			
Subsidiaries	97.10	99.85	
Associates	146.14	27.81	
Others	11 963.63	7 092.61	
	<u>12 206.87</u>	<u>7 220.27</u>	
		<u>12 308.00</u>	7 421.21
Advances recoverable in cash or in kind or for value to be received			
Considered doubtful	48.36	79.74	
Less : Provision for non performing assets and doubtful debt	27.42	37.84	
	<u>20.94</u>	<u>41.90</u>	
Considered good			
Subsidiaries	57.60	16.18	
Associates	0.28	-	

# Reliance Capital Limited

## Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in crore)

	As at March 31, 2011	As at March 31, 2010
<b>Schedule "G" (Contd.)</b>		
Others (Refer Note 4 below)	<u>255.48</u>	352.24
	<b>334.30</b>	410.32
Deposits	<b>31.32</b>	29.92
Less : Provision for non performing assets and doubtful debt	<u>0.40</u>	-
	<b>30.92</b>	29.92
VAT receivable	<b>3.55</b>	-
Service tax input receivable	<b>29.48</b>	27.38
Taxes paid	<u>78.29</u>	4.49
[Net of Provisions for Tax ₹ 67.25 crore (Previous Year ₹ 397.77 crore)]	<b>142.24</b>	61.79
	<u><b>12 784.54</b></u>	<u>7 893.32</u>

### Notes:

- In respect of balances with Scheduled Banks in Fixed Deposit accounts, ₹ 262.89 crore (Previous Year ₹ 165.20 crore) is kept as credit enhancement towards securitisation transaction with IDBI Trusteeship Services Ltd., ₹ 1,12,500/- (Previous Year ₹ 12,500/-) is kept as deposit with sales tax authority, ₹ 5,00,000/- is kept as deposit with The Pension Fund Regulatory and Development Authority (PFRDA) and ₹ 2,00,000/- is kept as deposit with bank for issuing of Bank Guarantee.
- In the financial year 2009-10 assets held for sale, represents aircraft, at written down value as on April 1, 2006, that was previously classified as a fixed asset has been disposed off during the year.
- Out of total Loans and Advances recoverable in cash or in kind or for value to be received of ₹ 12,642.30 crore (Previous Year ₹ 7,831.53 crore), ₹ 9,121.33 crore (Previous Year ₹ 5,086.83 crore) is secured by way of hypothecation.
- Advances recoverable in cash or in kind includes ₹ 226.91 crore (Previous Year ₹ 275.19 crore) paid towards share application money pending allotment.
- Loan to others include ₹ 0.05 crore due from manager / officer (Previous Year ₹ 0.05 crore) [maximum balance outstanding at any time during the year is ₹ 0.05 crore (Previous Year ₹ 0.05 crore)]
- In the opinion of the management, loans and advances, other than doubtful, are considered as good and fully recoverable.

### Schedule "H"

#### Current Liabilities and Provisions

##### Current Liabilities

##### Sundry creditors

Due to others	<b>0.80</b>	1.41
Due to subsidiaries	<b>0.04</b>	2.68
Other liabilities (Refer Note 1 below)	<b>653.30</b>	893.93
Security deposit - lease	-	61.60
Interest accrued but not due on debentures (Refer Note 2 below)	<b>234.33</b>	167.08
Investor education and protection fund (Refer Note 3 below)		
Unclaimed dividend	<b>7.83</b>	6.74
Unclaimed refund warrants (Fixed deposit)	<u>-</u>	<u>0.01</u>
	<b>896.30</b>	1 133.45

##### Provisions

Provision for sales tax	-	0.13
Provision for leave encashment	<b>4.50</b>	4.03
Provision for standard assets	<b>35.66</b>	17.44
Proposed dividend	<b>159.66</b>	159.66
Provision for tax on proposed dividend	<u>1.57</u>	<u>27.14</u>
	<b>201.39</b>	208.40
	<u><b>1 097.69</b></u>	<u>1 341.85</u>



Schedules forming part of the Balance Sheet as at March 31, 2011

(₹ in crore)

	As at March 31, 2011	As at March 31, 2010	
<b>Schedule "I"</b>			
<b>Unamortised Expenditure</b> (to the extent not written off or adjusted)			
Unamortised DSA Commission			
As per last Balance Sheet	51.93	97.98	
Add : Incurred during the year	37.09	35.89	
Less : Amortised during the year	34.74	81.94	
	<u>54.28</u>	<u>81.94</u>	51.93
Unamortised Brokerage on Borrowings			
As per last Balance Sheet	21.44	11.03	
Add : Incurred during the year	10.46	28.21	
Less : Amortised during the year	16.76	17.80	
	<u>15.14</u>	<u>17.80</u>	21.44
	<u>69.42</u>	<u>73.37</u>	

Notes:

1. Other Liabilities includes the temporary overdrawn balances of ₹ 416.45 crore (Previous Year ₹ 662.82 crore) are on account of cheques issued but not presented for payment.
2. Interest accrued but not due on debentures includes ₹ 0.07 crore (Previous Year ₹ Nil) interest due to Reliance Securities Ltd. a subsidiary of the Company
3. Investor Education and Protection Fund does not include any amounts, due and outstanding, to be deposited to the said fund.

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2011

(₹ in crore)

	2010-11	2009-10	
<b>Schedule "J"</b>			
<b>Operating Income</b>			
Interest and finance income on			
Long term investments (TDS ₹ 5.45 crore (Previous Year ₹ 3.44 crore))	600.67	467.26	
Inter corporate / Commercial finance loans (TDS ₹ 31.24 crore (Previous Year ₹ 31.03 crore))	1 046.27	1 158.48	
Fixed Deposits (TDS ₹ 3.55 crore (Previous Year ₹ 0.60 crore))	19.70	10.82	1 636.56
Profit / (Loss) on sale of (Net)			
Long term investments	15.83	315.53	
Current investments	45.59	169.00	484.53
Dividends on long term investments		5.30	10.30
Premium on loan assignment and securitisation		-	153.32
Profit share in partnership firm (Refer Note No. 8, Schedule "N")		39.58	-
Depository participant transaction charges	8.89	17.48	
Less: Service tax recovered	0.83	1.63	15.85
Lease rental income		2.17	-

# Reliance Capital Limited

## Schedules forming part of the Profit and Loss Account for the year ended March 31, 2011

(₹ in crore)

	2010-11		2009-10	
<b>Schedule "J" (Contd.)</b>				
Processing fees	41.43		41.17	
Less: Service tax recovered	<u>3.87</u>	<u>37.56</u>	<u>3.84</u>	<u>37.33</u>
Other operating income	21.68		31.69	
Less: Service tax recovered	<u>2.02</u>	<u>19.66</u>	<u>2.96</u>	<u>28.73</u>
		<u>1 840.39</u>		<u>2 366.62</u>
<b>Other Income</b>				
Management fees	32.90		-	-
Less: Service tax recovered	<u>3.07</u>	<u>29.83</u>	<u>-</u>	<u>-</u>
Credit balance / excess provision written back		29.37		15.58
Profit on sale of fixed assets		11.17		-
Bad debts recovered		-		1.20
Rent	0.85		6.09	
Less Service tax recovered	<u>0.08</u>	<u>0.77</u>	<u>0.57</u>	<u>5.52</u>
Miscellaneous income		<u>22.48</u>		<u>0.96</u>
		<u>93.62</u>		<u>23.26</u>
		<u>1 934.01</u>		<u>2 389.88</u>
<b>Schedule "K"</b>				
<b>Interest and Finance Charges</b>				
Interest on:				
Debentures	415.21		342.07	
Bank loans - long term and short term	420.58		496.44	
Bank loans - cash credit	10.93		14.25	
Inter corporate deposits	6.12		0.69	
Others	<u>0.01</u>	<u>852.85</u>	<u>2.77</u>	<u>856.22</u>
Discount on commercial papers		387.00		403.38
Amortised brokerage on borrowing (Refer Schedule "I")		<u>16.76</u>		<u>17.80</u>
		<u>1 256.61</u>		<u>1 277.40</u>
<b>Schedule "L"</b>				
<b>Administrative and other Expenses</b>				
Payments to and provisions for employees: (Including managerial remuneration) [Refer Note No. 10, Schedule "N"]				
Salary and bonus etc.	97.27		108.79	
Contribution to provident fund and other funds	5.12		5.50	
Staff welfare and other amenities	<u>7.08</u>	<u>109.47</u>	<u>7.35</u>	<u>121.64</u>
Bank charges	0.86		1.92	
Lease rentals	23.17		29.40	

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2011

(₹ in crore)

	2010-11	2009-10
<b>Schedule "L" (Contd.)</b>		
Rates and taxes	5.78	5.20
Repairs and maintenance		
Buildings	0.23	0.36
Others	12.16	15.64
Electricity	1.88	2.75
Insurance	0.23	0.23
Travelling and conveyance	6.45	6.79
Postage, telegram and telephones	5.64	5.54
Professional fees	52.76	63.71
Auditors' remuneration (Refer Note No. 9, Schedule "N")	0.66	0.66
Sales and marketing expenses	16.01	20.05
Employee seminar and training	1.06	0.75
Donation	3.34	2.89
Directors' sitting fees (Including ₹ 0.02 crore of erstwhile Reliance Commercial Finance Pvt. Ltd.)	0.14	0.12
Amortised DSA commission (Refer Schedule "I")	30.96	81.94
Provision for NPA, doubtful debts and balances written off (Net) (Refer Note 1 below)	145.98	256.26
Provision and loss on repossessed stock (Refer Note 2 below)	4.18	11.01
Provision for diminution in the value investments	17.89	1.87
Loss on sale of fixed assets	-	0.83
Loss share in partnership firm (Refer Note No. 8, Schedule "N")	-	1.04
Loss on securities / commodities	-	7.01
Miscellaneous expenses	23.46	28.38
	<b>352.84</b>	<b>544.35</b>
	<b>462.31</b>	<b>665.99</b>

Notes:

- Provision for NPA, doubtful debts and bad debts written off (Net) represents the following:

(Reversal) / provision for NPA and doubtful debts	(38.85)	(7.38)
(Reversal) / provision for standard debts	13.40	(25.90)
Bad debts written off	171.43	289.54
	<b>145.98</b>	<b>256.26</b>
- Provision and loss on repossessed stock represents the following:

Loss on sale of repossessed stock	6.89	10.08
(Reversal)/provision for repossessed stock	(2.71)	0.93
	<b>4.18</b>	<b>11.01</b>

# Reliance Capital Limited

## Significant Accounting Policies to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date

### Schedule "M"

#### 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 Act, 1934. The Company is principally engaged in lending and investment 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 unless otherwise stated 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 (RBI) 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

##### 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 weighted average basis.

##### iv) Lease Rental Income

Income from operating lease is recognised as rental as per the lease agreement over the period of lease.

##### v) 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.

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

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

##### vii) 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.

##### viii) Loan Processing Fee Income

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

##### ix) Management fee income

Management fee income is recognized based on the contractual terms with the parties.

##### x) Income from Assignment / Securitisation

a) In case of assignment of loans, the assets are derecognised when all the rights, title, future receivables and interest thereof along with all the risks and rewards of ownership are transferred to the purchasers of assigned loans. On

## Significant Accounting Policies to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date

derecognition, the difference between book value of the loans assigned and consideration received, as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction, is recognised as gain or loss arising on assignment.

- b) In case of securitisation of loans, the transferred loans are de-recognised and gains/losses are accounted for only if the Company surrenders the rights to benefits specified in the underlying securitised loan contract. In accordance with the RBI guidelines for securitisation of standard assets, which is effective from February 1, 2006, the Company has recognised any loss arising from securitisation immediately at the time of sale and premium arising from securitisation is amortized over the life of securities issued or to be issued by the special purpose vehicle to which the assets are sold. Income on retained interest in securitised assets is booked on accrual 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 operating lease are shown in fixed assets net of depreciation.

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.

### H. Depreciation / Amortisation

Depreciation on fixed assets, lease assets and intangible assets are provided as follows:

- i) Own assets : All assets other than lease hold improvements, on Written Down Value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 and lease hold improvements are amortised over the primary period of the lease on Straight Line Basis.
- ii) Leased assets: Depreciated on Straight Line Method over the useful life of assets. The estimated useful lives of the assets for the different types of assets are:
  - a) Vehicle for personal use – 8 years
  - b) Vehicle for commercial use (Taxi) – 6 years
  - c) Vehicle for commercial use (Lorries) – 8 years
  - d) Plant & Machinery – 8 years
- iii) Intangible Assets : Intangible Assets 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.

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.

# Reliance Capital Limited

## Significant Accounting Policies to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date

### 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. 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.

### P. Discount on Commercial Paper

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

### Q. 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 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.

### R. Employee Stock Option Scheme ("ESOS")

The Employees Stock Option Scheme ("the Scheme") provides for grant of equity shares of the Company to Directors (including whole-time) and employees of the Company and its subsidiaries. The Scheme provides that employees are granted an option to acquire equity shares of the Company that vests in a graded manner. The options may be exercised within a specified period. The Company follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured as the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date and is amortized over the vesting period of the option on a Straight Line Basis.



**Significant Accounting Policies to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date**

The fair market price is the latest closing price, immediately prior to the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date, is considered.

**S. 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.

**T. 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 expended over the tenure of the borrowing.

**U. 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.

**V. 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.

**W. Provisions for Non Performing Assets (NPA) 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.

**X. Provisions for Standard Assets**

Provisions on Standard Assets are made in line with the prudential norms prescribed by RBI.

**Y. 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).

Deferred Tax

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.

**Z. 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 Accounts to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date

#### Schedule "N"

1. a) Previous Year's figures have been reworked, regrouped and reclassified wherever necessary.
- b) The figures for the current year includes figures of Reliance Commercial Finance Pvt. Ltd. (Formerly Reliance Consumer Finance Pvt. Ltd.) (RCFPL) which is amalgamated with the Company with effect from April 1, 2010 and therefore to that extent not comparable to the Previous Year's figures.
2. a) Pursuant to the Scheme of Amalgamation ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 as sanctioned by the Hon'ble High Court of judicature at Bombay vide Order dated April 29, 2011 and filed with the Registrar of Companies (RoC) Maharashtra on May 18, 2011, Reliance Commercial Finance Pvt. Ltd. (RCFPL) - (wholly owned subsidiary of the Company whose core business was commercial finance business) has been amalgamated with the Company with effect from April 1, 2010 i.e., the Appointed Date.
- b) The Amalgamation has been accounted for under the "Purchase Method" as prescribed by Accounting Standard (AS) 14 "Accounting for Amalgamation" prescribed by Companies (Accounting Standards) Rules, 2006.
- c) In accordance with the said Scheme :
  - i) All the assets, debts, liabilities, duties and obligations of RCFPL have been vested in the Company with effect from April 1, 2010 and have been recorded at their respective book values under the purchase method of accounting for Amalgamation. All Intercompany balances and transactions during the year has been cancelled. There were no difference in the accounting policies of RCFPL and the Company.
  - ii) In accordance with the said Scheme, any excess / (shortfall) arising on transfer of assets over liabilities have been credited / (debited) to the General Reserve.
  - iii) The computation of the amount transferred to General Reserve is as under :

(₹ in crore)			
Book Value of Assets			
Fixed Assets (Gross Block)		0.43	
Sundry Debtors		4.67	
Bank Balance		0.54	
Other Current Assets		0.10	
Loans & Advances		1 205.18	
		1 210.92	
Less : Secured Loan	875.00		
Current Liabilities		2.02	
Provisions		4.82	
Accumulated Depreciation		0.07	
			881.91 329.01

- iv) As per Scheme of Amalgamation, investments in the shares of RCFPL of ₹ 329 crore is written off in the Profit & Loss Account and an equivalent amount is withdrawn from the General Reserve. Had the scheme not provided for the treatment the difference of ₹ 0.01 crore would have been credited to Capital Reserve and General Reserve would have been lower by ₹ 0.01 crore.
3. a) The Company sells loans through securitisation and direct assignment. The information related to securitisation and assignment made by the Company during the year, as an originator is given below:

Particulars	(₹ in crore)			
	Securitisation Outside	Assignment Subsidiaries	Assignment Outside	Total
Total number of loan assets Securitised / Assigned (Nos.)	<b>16 204</b> (33 314)	<b>1 095</b> (21 241)	<b>3 219</b> (17 788)	<b>20 518</b> (72 343)
Total book value of loan assets Securitised / Assigned (Net of Provisions, if any)	<b>768.33</b> (1 249.16)	<b>513.38</b> (2 512.36)	<b>147.64</b> (1 241.54)	<b>1 429.35</b> (5 003.06)
Sale consideration received for the Securitised / Assigned assets	<b>768.33</b> (1 249.16)	<b>513.38</b> (2 531.01)	<b>147.64</b> (1 376.21)	<b>1 429.35</b> (5 156.38)
Net gain on account of Securitisation / Assigned	-	-	-	-
Outstanding Credit Enhancement (Funded)	(-)	(18.65)	(134.67)	(153.32)
Outstanding Liquidity Facility	<b>242.96</b> (165.20)	-	<b>19.93</b> (-)	<b>262.89</b> (165.20)
Outstanding Liquidity Facility	-	-	-	-
Net Outstanding Servicing Asset / (Liability)	(-)	(-)	(-)	(-)
	<b>60.90</b> (-)	-	<b>43.59</b> (-)	<b>104.49</b> (2.68)

Note : Figures in bracket indicate Previous Year figures.

**Notes to Accounts to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date**

- b) The Company invests in Pass Through Certificates (PTCs) and purchases loans through the direct assignment route. In some of the securitisation transactions, the Company also has invested in the assets securitised by it, which, however, is restricted to the maximum limit prescribed by RBI from time to time.
- c) During the year, Company has entered into an agreement with Reliance Home Finance Pvt. Ltd., a subsidiary of the Company (Previous Year with AU Financiers (India) Pvt. Ltd.) for loan assignment. As per deed of assignment, for loans aggregating to ₹ 492.88 crore (Previous Year ₹ 8.16 crore), the Company has been assigned the right for future receivables along with a power of attorney authorising the Company, inter-alia, to obtain possession of the assets in case of default. The above loans are secured against hypothecation of underlying assets.
4. The Company had entered into business transfer agreements (BTA) on April 26, 2010 with its subsidiaries i.e. Reliance Home Finance Pvt. Ltd. (RHFPL) and Reliance Commercial Finance Pvt. Ltd. (RCFPL) to transfer the business of Commercial Finance Division (RCF) at book value, such that the entire economic risk and reward of the RCF segment passes to the purchasers from the commencement of business on the value date i.e. April 1, 2010.
5. Owing to the amalgamation of Reliance Commercial Finance Pvt. Ltd. (Formerly Reliance Consumer Finance Pvt. Ltd.) wholly owned subsidiary, with the Company with effect from April 1, 2010, the business transfer agreements (BTA) entered on April 26, 2010 stand cancelled.

The Company has amended the BTA with Reliance Home Finance Pvt. Ltd. on January 31, 2011. As per the amended BTA with RHFPL :

- a) The Company holds loan assets of ₹ 134.88 crore and liabilities of ₹ 1.14 crore of RHFPL in the capacity of trustee as on March 31, 2011.
- b) During the year, the Company has transferred the following assets, income and expenses :
- i) unamortized DSA Commission of ₹ 1.91 crore
  - ii) interest & other income of ₹ 46.68 crore
  - iii) interest & other expenses of ₹ 31.25 crore
  - iv) DSA commission expenses of ₹ 1.87 crore
6. The Company operates two Employee Stock Option Plans; ESOS Plan A and ESOS Plan B introduced in the financial year 2009-10, which cover eligible employees of the Holding Company, the Company and its subsidiaries. The vesting of the options is from expiry of one year and ranges till four to five years as per Plan under the respective ESOS(s). Each Option entitles the holder thereof to apply for and be allotted / transferred one Equity Share of the Company of ₹ 10 each upon payment of the exercise price during the exercise period. The Company implements and manages the ESOS plan through a trust. Advance of ₹ 130.41 crore (Previous Year ₹ 96.41 crore) has been granted to Trust. Out of the said advance, Trust has purchased 16,00,000 (Previous Year 11,00,000) Equity Shares on account of ESOS upto March 31, 2011.

Details of scheme of Employee Stock Option Plans are as under :

Particulars	Plan A	Plan B
Date of Grant	February 1, 2010	February 1, 2010
Prices of the Underlying Stock (₹)	789.65	789.65
Exercise / Strike Price	800.00	800.00

The fair value of the options granted was estimated on the date of grant using the Black Scholes Model with the following assumptions:

Particulars	Plan A	Plan B
Risk Free Interest Rate	7.01% - 7.27%	7.01% - 7.34%
Expected Dividend Yield	0.62%	0.62%
Expected Life (years)	5.5 to 7.0	5.5 to 7.5
Expected Volatility	61.23% to 64.04%	59.56% to 64.04%
Weighted Average Fair Value (₹)	536.00	546.00

The information covering stock options granted, exercised, forfeited and outstanding at the year end is as follows:

Particulars	Plan A		Plan B	
	No. of Stock Options	Exercise Price (₹)	No. of Stock Options	Exercise Price (₹)
Outstanding at the beginning of the year	3 99 900	800.00	3 97 000	800.00
Granted	Nil	N.A.	Nil	N.A.
Exercised	Nil	N.A.	Nil	N.A.
Lapsed / Forfeited	33 500	N.A.	28,300	N.A.
Outstanding at the end of the year	3 66 400	800.00	3 68 700	800.00
Exercisable at end of the year	73 280	800.00	36 870	800.00

# Reliance Capital Limited

## Notes to Accounts to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date

The Company has chosen to account for the Plan by the Intrinsic Value Method. The total expense recognised for the period arising from stock option plan as per Intrinsic Value Method is ₹ Nil (Previous Year ₹ Nil). Had the company adopted fair value method the net results for the year would have been lower by ₹ 14.20 crore (Previous Year ₹ 2.53 crore) [net of tax saving ₹ 14.20 crore (Previous Year ₹ 2.11 crore) and accordingly EPS (both Basic and Diluted) would have been lower by ₹ 0.57 (Previous Year ₹ 0.09).

### 7. Micro, small and medium enterprises :

During the current year, the management has carried out the process of identification of 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. Based on the inputs received on above, 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.

### 8. The Company is a partner in the following firms:

#### i) Reliance Capital Partners:

##### a) The firm consists of following partners:

- i) Reliance Capital Limited                      ii) Reliance Land Pvt. Ltd.

##### b) Profit sharing ratio:

The profit is distributed between the partners on the basis of the weighted average capital.

##### c) The profit of ₹ 39.58 crore is considered as profit of the current financial year (Previous Year Loss of ₹ 1.04 crore).

#### ii) Reliance Capital Infrastructure Partners:

##### a) The firm consists of following partners:

- i) Reliance Capital Limited                      ii) Reliance Infocomm Infrastructure Pvt. Ltd.                      iii) Reliance Infraprojects Ltd.

##### b) Profit sharing ratio:

The profit is distributed between the partners on the basis of the weighted average capital.

##### c) The firm has not commenced operations as at March 31, 2011 and there has been no contribution of capital upto March 31, 2011.

### 9. Auditors' remuneration includes:

Particulars	(₹ in crore)	
	2010 - 11	2009 - 10
i) Audit Fees	0.64	0.64
ii) Tax Audit Fees	0.01	0.01
iii) Out of Pocket Expenses	0.01	0.01
<b>Total</b>	<b>0.66</b>	<b>0.66</b>

### 10. Managerial remuneration:

#### (a) Remuneration to Company Secretary and Manager

(included under the head "Payments to and provisions for employees")

Particulars	(₹ in crore)	
	2010 - 11	2009 - 10
i) Salary	0.38	0.36
ii) Contribution to provident fund and superannuation fund	0.05	0.05
<b>Total</b>	<b>0.43</b>	<b>0.41</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.

#### (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 349/350 of the Companies Act, 1956.

Particulars	(₹ in crore)	
	2010 - 11	2009 - 10
Profit before taxation	200.76	428.33
Add:		
Depreciation as per accounts	14.33	18.16

Notes to Accounts to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date

Particulars	(₹ in crore)	
	2010 - 11	2009 - 10
(Profit) / Loss on sale of Fixed Assets	(11.17)	0.83
Managerial Remuneration *	5.43	0.76
	8.59	19.75
	209.35	448.08
Less: Depreciation as per Section 350 of the Companies Act, 1956	14.33	18.16
Net Profit for the year	195.02	429.92
Commission Restricted to 3%	5.85	12.90
Commission to Non-Executive Directors	5.43	0.76

\*The Company has paid ₹ 6.03 crore as Managerial Remuneration during the current year for the FY 2009-10. The total amount of ₹ 5.43 crore reflected above is excess amount paid during the current year over provision made for FY 2009-10 ( ₹ 6.03 crore - ₹ 0.60 crore).

11. Tax on Proposed Dividend

As on April 27, 2011, the Reliance Capital Assets Management Ltd. (RCAM), a subsidiary of the Company has proposed dividend of ₹ 161.40 crore (Dividend distribution tax thereon ₹ 26.18 crore) which is subsequently approved by its shareholders in their general meeting held on May 23, 2011. As on May 26, 2011 the Company has received dividend of ₹ 149.99 crore from RCAM. In view of Section 115- O of the Income Tax Act, 1961, the Company has reduced its dividend tax liabilities to that extent.

12. Employee benefits

a) Defined contribution plan

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Particulars	(₹ in crore)	
	2010 - 11	2009 - 10
Employer's Contribution to Provident Fund	3.17	3.35
Employer's Contribution to Superannuation Fund	0.22	0.29
Employer's Contribution to Pension Scheme	0.50	0.58
	3.89	4.22

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.

Particulars	(₹ in crore)			
	Gratuity benefit funded		Leave Encashment Benefit Unfunded	
	2010 - 11	2009 - 10	2010 - 11	2009 - 10
<b>I. Table showing change in</b>				
Liability at the beginning of the period	2.90	1.83	4.03	6.10
Interest cost	0.24	0.14	0.27	0.32
Current service cost	0.87	0.69	1.04	4.38
Benefit paid	(0.17)	(0.05)	(0.93)	(2.84)
Actuarial (gain)/loss on obligations	(0.60)	0.29	0.09	(3.93)
Liability at the end of the period	3.24	2.90	4.50	4.03
<b>II. Changes in the fair Value of Plan Assets and the reconciliation thereof:</b>				
Fair value of plan assets at the beginning of the period	3.76	2.98	-	-
Expected return on plan assets	0.31	0.22	-	-
Contributions	-	0.38	0.93	2.84
Benefit paid	(0.17)	(0.05)	(0.93)	(2.84)
Actuarial gain/(loss) on plan assets	(0.09)	0.23	-	-
Fair value of plan assets at the end of the period	3.81	3.76	-	-
Total actuarial gain/(loss) to be recognized	0.52	(0.06)	(0.09)	3.93
<b>III. Actual return on plan assets :</b>				
Expected return on plan assets	0.31	0.22	-	-
Actuarial gain/(loss) on plan assets	(0.09)	0.23	-	-
Actual return on plan assets	0.22	0.45	-	-

# Reliance Capital Limited

Notes to Accounts to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date

Particulars	(₹ in crore)			
	Gratuity benefit funded		Leave Encashment Benefit Unfunded	
	2010 - 11	2009 - 10	2010 - 11	2009 - 10
<b>IV. Amount recognised in the balance sheet :</b>				
Liability at the end of the period	3.24	2.90	4.50	4.03
Fair value of plan assets at the end of the period	3.82	3.76	-	-
Difference funded status	0.57	(0.86)	(4.50)	(4.03)
Unrecognised actual gain / (loss)	-	-	-	-
Amount recognised in the balance sheet (liability)	0.57	(0.86)	(4.50)	(4.03)
<b>V. Expenses recognised in the profit and loss account :</b>				
Current service cost	0.87	0.69	1.04	4.38
Interest cost	0.24	0.14	0.27	0.32
Expected return on plan assets	(0.31)	(0.22)	-	-
Net actuarial (gain)/loss to be recognized	(0.52)	0.06	0.09	(3.93)
Expense recognised in profit and loss account	0.28	0.67	1.40	0.77
<b>VI. Amount recognised in the balance sheet :</b>				
Opening net liability	(0.86)	(1.15)	4.03	6.10
Expense as above	0.28	0.67	1.40	0.77
Employers contribution paid	-	(0.38)	(0.93)	(2.84)
Closing net liability/(assets)	(0.58)	(0.86)	4.50	4.03
<b>VII Assumptions</b>				
Discount rate	8.50%	8.25%	7.50%	7.50%
Rate of return on plan assets	8.50%	8.25%	-	-
Salary escalation rate	5.00%	5.00%	5.00%	5.00%
<b>VIII Experience Adjustment</b>				
Plan assets	-	3.76	-	-
Defined benefit obligations	-	2.90	-	-
Amount not recognised as an asset (limit in para 59(b))	-	-	-	-
Surplus / (deficit)	-	0.86	-	-
Experience adjustment on plan assets	(0.09)	0.23	-	-
Experience adjustment on plan liabilities	(0.51)	0.58	-	-

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 balance in the earned account as on January 1, 2009. All carry forward earned leaves with a maximum limit of 10 days, are available for availment but not for encashment.

13. **Segment reporting:**

As per paragraph 4 of Accounting Standard -17 (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. 17 of the abridged consolidated financial statements.

14. **Related party disclosures:**

(A) List of Related Parties:

i) **Holding Company**

Reliance Innoventures Pvt. Ltd.

ii) **Individual Promoter**

Shri Anil D. Ambani, the person having control during the year

## Notes to Accounts to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date

### iii) Subsidiaries

Medybiz Pvt. Ltd. (ceased w.e.f. March 24, 2011)  
 Reliance Commodities Ltd.  
 Reliance Alternative Investments Services Pvt. Ltd.  
 Reliance Asset Management (Malaysia) SDN BHD  
 Reliance Asset Management (Mauritius) Ltd.  
 Reliance Asset Management (Singapore) Pte. Ltd.  
 Reliance Capital (Singapore) Pte Ltd.  
 Reliance Capital Asset Management (UK) Plc  
 Reliance Capital Asset Management Ltd.  
 Reliance Capital Pension Fund Ltd.  
 Reliance Capital Research Pvt. Ltd.  
 Reliance Capital Services Pvt. Ltd. (ceased w.e.f. July 31, 2010)  
 Reliance Capital Trustee Company Ltd.  
 Reliance Equities International Pvt. Ltd.  
 Reliance Equity Advisors (India) Ltd.  
 Quant Broking Pvt. Ltd. ( w.e.f.) July 01, 2010)  
 Quant Capital Advisors Pvt. Ltd. (w.e.f. July 01, 2010)  
 Quant Commodities Pvt. Ltd. ( w.e.f. July 01, 2010)  
 Quant Securities Pvt. Ltd. (w.e.f. July 01, 2010)  
 Quant Investments Services Pvt. Ltd. (w.e.f. March 18, 2011)

### iv) Partnership firm

Reliance Capital Partners

### v) Associates

Ammolite Holdings Ltd.  
 Reliance Asset Reconstruction Co. Ltd.  
 Indian Commodity Exchange Ltd. (w.e.f. December 13, 2010)

### vi) Fellow subsidiaries

Big Flicks Pvt. Ltd.  
 Jump Games Pvt. Ltd.  
 Reliance Big Entertainment Pvt. Ltd.  
 Reliance Communications Infrastructure Ltd.

### vii) Key managerial personnel

Shri V. R. Mohan – Company Secretary & Manager

Net Logistics Pvt. Ltd. (ceased w.e.f. December 20, 2010)  
 Reliance Consultants (Mauritius) Ltd.  
 Reliance Exchangenext Ltd. ( w.e.f. May 31, 2010)  
 Reliance Financial Ltd.  
 Reliance General Insurance Co. Ltd.  
 Reliance Gilts Ltd.  
 Reliance Home Finance Pvt. Ltd.  
 Reliance Infrastructure Finance Pvt. Ltd.  
 Reliance Investment Banking Services Ltd.  
 Reliance Money Express Ltd.  
 Reliance Securities Ltd.  
 Reliance Spot Exchange Infrastructure Ltd. ( w.e.f. May 31, 2010)  
 Reliance Venture Asset Management Pvt. Ltd.  
 Reliance Wealth Management Ltd.  
 Quant Capital Finance and Investments Pvt. Ltd. (w.e.f. July 01, 2010)  
 Quant Capital Pvt. Ltd. ( w.e.f. July 01, 2010)  
 Quant Commodity Broking Pvt. Ltd. ( w.e.f. July 01, 2010)  
 QOPPA Trading Pvt. Ltd. ( w.e.f. February 28, 2011)  
 Valankulam Investments and Trading Pvt. Ltd. ( w.e.f. March 01, 2011)

Reliance Capital Infrastructure Partners

Reliance Land Pvt. Ltd.  
 Reliance Share & Stock Brokers Pvt. Ltd.

Reliance Communications Ltd.  
 Reliance Webstores Ltd.  
 Zapak Digital Entertainment Ltd.  
 Reliance Infocomm Infrastructure Pvt. Ltd.

## (B) Transactions during the year with related parties:

(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Key Management Personnel	Total
<b>Investments</b>						
a) Subscribed during the year	441.72	-	76.50	-	-	518.22
	(673.00)	(-)	(393.29)	(-)	(-)	(1 066.29)
b) Balance as at March 31, 2011	2 002.85	1 095.46	524.51	-	-	3 622.82
	(1 934.17)	(1 098.18)	(448.01)	(-)	(-)	(3 480.36)
<b>Partnership Current Accounts</b>						
a) Contribution / (withdrawal) during the year (Net)	-	-	-	180.21	-	180.21
	(-)	(-)	(-)	(148.23)	(-)	(148.23)
b) Profit / (Loss) of Partnership firm during the year	-	-	-	39.58	-	39.58
	(-)	(-)	(-)	-(1.04)	(-)	-(1.04)
c) Balance as at March 31, 2011	-	-	-	662.96	-	662.96
	(-)	(-)	(-)	(443.17)	(-)	(443.17)
<b>Interest / Premium accrued on Investment</b>						
a) Balance as at March 31, 2011	-	170.30	61.08	-	-	231.38
	(-)	(50.30)	(24.95)	(-)	(-)	(75.25)
<b>Loans Given</b>						
a) Given during the year	2 350.31	26.60	127.85	-	-	2 504.76
	(1 562.52)	(-)	(35.56)	(-)	(-)	(1 598.08)
b) Returned during the year	2 429.96	-	9.52	-	-	2 439.48
	(1 631.50)	(-)	(491.18)	(-)	(-)	(2 122.68)



# Reliance Capital Limited

Notes to Accounts to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date

(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Key Management Personnel	Total
c) Balance as at March 31, 2011	<b>97.10</b> (99.85)	<b>26.60</b> (-)	<b>146.14</b> (27.81)	- (-)	<b>0.05</b> (0.05)	<b>269.89</b> (127.71)
d) Assignment of Loans	<b>513.38</b> (2 531.01)	- (-)	- (-)	- (-)	- (-)	<b>513.38</b> (2 531.01)
e) Re-Assignment of Loans	<b>492.88</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>492.88</b> (-)
<b>Loans Taken</b>						
a) Taken during the year	<b>365.00</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>365.00</b> (-)
b) Returned during the year	<b>85.00</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>85.00</b> (-)
c) Balance as at March 31, 2011	<b>280.00</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>280.00</b> (-)
<b>Debentures Issued</b>						
a) Issued during the year	<b>80.00</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>80.00</b> (-)
b) Balance as at March 31, 2011	<b>80.00</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>80.00</b> (-)
<b>Sundry Debtors / Advances recoverable in Cash or in Kind</b>						
a) Balance as at March 31, 2011	<b>57.60</b> (28.79)	<b>4.57</b> (7.02)	<b>0.28</b> (0.00)	- (-)	- (-)	<b>62.45</b> (35.81)
<b>Current Liabilities</b>						
a) Sundry Creditors Balance as at March 31, 2011	<b>0.04</b> (2.68)	<b>0.05</b> (-)	- (-)	- (-)	- (-)	<b>0.09</b> (2.68)
<b>Income</b>						
a) Interest & Finance Income (including Premium on Preference Shares)	<b>10.89</b> (13.11)	<b>121.04</b> (-)	<b>36.82</b> (22.74)	- (-)	- (-)	<b>168.75</b> (35.85)
b) Rent	- (0.67)	<b>0.76</b> (4.41)	- (-)	- (-)	- (-)	<b>0.76</b> (5.08)
c) Miscellaneous Income	- (0.16)	- (-)	- (-)	- (-)	- (-)	- (0.16)
d) Reimbursement of Expenditure	<b>26.26</b> (12.10)	<b>0.65</b> (2.40)	<b>2.29</b> (0.05)	- (-)	- (-)	<b>29.20</b> (14.55)
e) Management Fees	<b>23.03</b> (-)	- (-)	<b>0.22</b> (-)	- (-)	- (-)	<b>23.25</b> (-)
f) Premium on Loan Assignment	- (18.65)	- (-)	- (-)	- (-)	- (-)	- (18.65)
g) Income transferred as per Business Transfer Agreement	<b>46.68</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>46.68</b> (-)
<b>Expenditure</b>						
a) Rent	- (0.21)	- (-)	- (-)	- (-)	- (-)	<b>0.00</b> (0.21)
b) Interest Expenses	<b>5.44</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>5.44</b> (0.00)
c) Insurance	<b>0.29</b> (0.42)	- (-)	- (-)	- (-)	- (-)	<b>0.29</b> (0.42)
d) Payment to and provisions for employees	- (-)	- (-)	- (-)	- (-)	<b>0.43</b> (0.41)	<b>0.43</b> (0.41)
e) Professional and management fees	<b>1.53</b> (4.99)	- (3.26)	- (-)	- (-)	- (-)	<b>1.53</b> (8.25)
f) Repairs & Maintenance - Others	- (-)	- (4.95)	- (-)	- (-)	- (-)	- (4.95)
g) Brokerage paid during the year	<b>2.62</b> (4.68)	- (-)	- (-)	- (-)	- (-)	<b>2.62</b> (4.68)
h) Expenses transferred as per Business Transfer Agreement	<b>33.22</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>33.22</b> (0.00)

## Reliance Capital Limited

**Notes to Accounts to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date**

(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Key Management Personnel	Total
i) Miscellaneous	-	-	1.96	-	-	1.96
	(8.39)	(-)	(-)	(-)	(-)	(8.40)
<b>Shares given as collateral</b>	<b>371.75</b>	-	-	-	-	<b>371.75</b>
	(264.57)	(-)	(-)	(-)	(-)	(264.57)
<b>Contingent Liability</b>						
Guarantees to Banks and Financial Institutions on behalf of third parties	40.00	-	79.97	-	-	119.97
	(40.00)	(-)	(75.00)	(-)	(-)	(115.00)
<b>(C) The nature and volume of material transactions for the year with above related parties are as follows:</b>						
<b>Investments</b>						
a) Subscribed / Purchased during the year						
i) Reliance General Insurance Company Ltd.	142.00	-	-	-	-	142.00
	(210.00)	(-)	(-)	(-)	(-)	(210.00)
ii) Reliance Commercial Finance Pvt. Ltd.	-	-	-	-	-	-
	(228.00)	(-)	(-)	(-)	(-)	(228.00)
iii) Reliance Home Finance Pvt. Ltd.	-	-	-	-	-	-
	(195.00)	(-)	(-)	(-)	(-)	(195.00)
iv) Reliance Land Pvt. Ltd.	-	-	-	-	-	-
	(-)	(-)	(350.00)	(-)	(-)	(350.00)
v) Reliance Asset Reconstruction Company Ltd.	-	-	-	-	-	-
	(-)	(-)	(43.29)	(-)	(-)	(43.29)
vi) Quant Capital Pvt. Ltd.	199.84	-	-	-	-	199.84
	(-)	(-)	(-)	(-)	(-)	(-)
vii) Reliance Exchangenext Ltd.	69.00	-	-	-	-	69.00
	(-)	(-)	(-)	(-)	(-)	(-)
viii) Reliance Share & Stock Brokers Pvt. Ltd.	-	-	76.50	-	-	76.50
	(-)	(-)	(-)	(-)	(-)	(-)
b) Balance as at March 31, 2011						
i) Reliance General Insurance Company Ltd.	1 119.00	-	-	-	-	1 119.00
	(977.00)	(-)	(-)	(-)	(-)	(977.00)
ii) Reliance Land Pvt. Ltd.	-	-	361.00	-	-	361.00
	(-)	(-)	(361.00)	(-)	(-)	(361.00)
iii) Reliance Home Finance Pvt. Ltd.	296.00	-	-	-	-	296.00
	(296.00)	(-)	(-)	(-)	(-)	(296.00)
iv) Reliance Share & Stock Brokers Pvt. Ltd.	-	-	85.50	-	-	85.50
	(-)	(-)	(9.00)	(-)	(-)	(9.00)
v) Reliance Big Entertainment Pvt. Ltd.	-	1 000.00	-	-	-	1 000.00
	(-)	(1 000.00)	(-)	(-)	(-)	(1 000.00)
vi) Reliance Communications Ltd.	-	95.46	-	-	-	95.46
	(-)	(95.46)	(-)	(-)	(-)	(95.46)
vii) Reliance Asset Reconstruction Company Ltd.	-	-	49.00	-	-	49.00
	(-)	(-)	(49.00)	(-)	(-)	(49.00)
viii) Ammolite Holdings Ltd.	-	-	29.01	-	-	29.01
	(-)	(-)	(29.01)	(-)	(-)	(29.01)
ix) Reliance Securities Ltd.	174.96	-	-	-	-	174.96
	(175.06)	(-)	(-)	(-)	(-)	(175.06)
x) Quant Capital Pvt. Ltd.	199.84	-	-	-	-	199.84
	(-)	(-)	(-)	(-)	(-)	(-)
xi) Reliance Exchangenext Ltd.	69.01	-	-	-	-	69.01
	(-)	(-)	(-)	(-)	(-)	(-)
xii) Reliance Commercial Finance Pvt. Ltd.	-	-	-	-	-	-
	(329.00)	(-)	(-)	(-)	(-)	(329.00)
<b>Partnership Current Accounts</b>						
Reliance Capital Partners						
a) Contribution /(withdrawal) during the year (Net)	-	-	-	180.21	-	180.21
	(-)	(-)	(-)	(148.23)	(-)	(148.23)

# Reliance Capital Limited

Notes to Accounts to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date

(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Key Management Personnel	Total
b) Profit / (Loss) of Partnership firm during the year	-	-	-	<b>39.58</b>	-	<b>39.58</b>
	(-)	(-)	(-)	-(1.04)	(-)	-(1.04)
c) Balance as at March 31, 2011	-	-	-	<b>662.96</b>	-	<b>662.96</b>
	(-)	(-)	(-)	(443.17)	(-)	(443.17)
<b>Premium accrued on Investment</b>						
a) Balance as at March 31, 2011	-	-	-	-	-	-
i) Reliance Land Pvt. Ltd.	-	-	<b>47.21</b>	-	-	<b>47.21</b>
	(-)	(-)	(15.71)	(-)	(-)	(15.71)
ii) Ammolite Holdings Ltd.	-	-	<b>13.87</b>	-	-	<b>13.87</b>
	(-)	(-)	(9.24)	(-)	(-)	(9.24)
iii) Reliance Big Entertainment Pvt. Ltd.	-	<b>170.30</b>	-	-	-	<b>170.30</b>
	(-)	(50.30)	(-)	(-)	(-)	(50.30)
<b>Loans Given</b>						
a) Given during the year	-	-	-	-	-	-
i) Reliance Land Pvt. Ltd.	-	-	<b>127.85</b>	-	-	<b>127.85</b>
	(-)	(-)	(15.56)	(-)	(-)	(15.56)
ii) Reliance Financial Ltd.	<b>1 706.00</b>	-	-	-	-	<b>1 706.00</b>
	(1 087.50)	(-)	(-)	(-)	(-)	(1 087.50)
iii) Quant Broking Pvt. Ltd.	<b>301.00</b>	-	-	-	-	<b>301.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
iv) Zapak Digital Entertainment Ltd.	-	<b>20.00</b>	-	-	-	<b>20.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
v) Jump Games Pvt. Ltd.	-	<b>5.00</b>	-	-	-	<b>5.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
vi) Reliance Asset Reconstruction Company Ltd.	-	-	-	-	-	-
	(-)	(-)	(20.00)	(-)	(-)	(20.00)
vii) Reliance Securities Ltd.	<b>73.00</b>	-	-	-	-	<b>73.00</b>
	(329.00)	(-)	(-)	(-)	(-)	(329.00)
viii) Quant Commodities Pvt. Ltd.	<b>240.00</b>	-	-	-	-	<b>240.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
b) Returned during the year	-	-	-	-	-	-
i) Reliance Land Pvt. Ltd.	-	-	<b>3.70</b>	-	-	<b>3.70</b>
	(-)	(-)	(486.87)	(-)	(-)	(486.87)
ii) Reliance Financial Ltd.	<b>1 706.00</b>	-	-	-	-	<b>1 706.00</b>
	(1 087.50)	(-)	(-)	(-)	(-)	(1 087.50)
iii) Reliance Asset Reconstruction Company Ltd.	-	-	<b>5.82</b>	-	-	<b>5.82</b>
	(-)	(-)	(-)	(-)	(-)	(-)
iv) Quant Broking Pvt. Ltd.	<b>271.00</b>	-	-	-	-	<b>271.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
v) Quant Commodities Pvt. Ltd.	<b>240.00</b>	-	-	-	-	<b>240.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
vi) Reliance Capital Asset Management Ltd.	<b>75.00</b>	-	-	-	-	<b>75.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
vii) Reliance Securities Ltd.	<b>73.00</b>	-	-	-	-	<b>73.00</b>
	(440.00)	(-)	(-)	(-)	(-)	(440.00)
c) Balance as at March 31, 2011	-	-	-	-	-	-
i) Reliance Land Pvt. Ltd.	-	-	<b>136.26</b>	-	-	<b>136.26</b>
	(-)	(-)	(12.12)	(-)	(-)	(12.12)
ii) Reliance Equity Advisors (India) Ltd.	<b>32.10</b>	-	-	-	-	<b>32.10</b>
	(32.10)	(-)	(-)	(-)	(-)	(32.10)
iii) Quant Broking Pvt. Ltd.	<b>40.00</b>	-	-	-	-	<b>40.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
iv) Quant Capital Finance & Investment Pvt. Ltd.	<b>25.00</b>	-	-	-	-	<b>25.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
v) Zapak Digital Entertainment Ltd.	-	<b>20.00</b>	-	-	-	<b>20.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)

# Reliance Capital Limited

**Notes to Accounts to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date**

(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Key Management Personnel	Total
vi) Jump Games Pvt. Ltd.	-	<b>5.00</b>	-	-	-	<b>5.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
vii) Shri V. R. Mohan	-	-	-	-	<b>0.05</b>	<b>0.05</b>
	(-)	(-)	(-)	(-)	(0.05)	(0.05)
viii) Reliance Gilts Ltd.	-	-	-	-	-	-
	(22.80)	(-)	(-)	(-)	(-)	(22.80)
ix) Medybiz Pvt. Ltd.	-	-	-	-	-	-
	(10.09)	(-)	(-)	(-)	(-)	(10.09)
x) Reliance Capital Services Pvt. Ltd.	-	-	-	-	-	-
	(34.86)	(-)	(-)	(-)	(-)	(34.86)
xi) Reliance Asset Reconstruction Company Ltd.	-	-	<b>9.88</b>	-	-	<b>9.88</b>
	(-)	(-)	(15.69)	(-)	(-)	(15.69)
d) Assignment of Loans						
i) Reliance Home Finance Pvt. Ltd.	<b>513.38</b>	-	-	-	-	<b>513.38</b>
	(1 365.03)	(-)	(-)	(-)	(-)	(1 365.03)
ii) Reliance Commercial Finance Pvt. Ltd.	-	-	-	-	-	-
	(1 165.98)	(-)	(-)	(-)	(-)	(1 165.98)
e) Re-Assignment of Loans						
i) Reliance Home Finance Pvt. Ltd.	<b>492.88</b>	-	-	-	-	<b>492.88</b>
	(-)	(-)	(-)	(-)	(-)	(-)
<b>Loans Taken</b>						
a) Taken during the year						
i) Reliance Capital Asset Management Ltd.	<b>280.00</b>	-	-	-	-	<b>280.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
ii) Reliance Securities Ltd.	<b>85.00</b>	-	-	-	-	<b>85.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
b) Returned during the year						
i) Reliance Securities Ltd.	<b>85.00</b>	-	-	-	-	<b>85.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
c) Balance as at March 31, 2011						
i) Reliance Capital Asset Management Ltd.	<b>280.00</b>	-	-	-	-	<b>280.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
<b>Debentures Issued</b>						
a) Issued during the year						
i) Reliance Securities Ltd.	<b>80.00</b>	-	-	-	-	<b>80.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
b) Balance as at March 31, 2011						
i) Reliance Securities Ltd.	<b>80.00</b>	-	-	-	-	<b>80.00</b>
	(-)	(-)	(-)	(-)	(-)	(-)
<b>Sundry Debtors / Advances recoverable in Cash or in Kind</b>						
a) Balance as at March 31, 2011						
i) Reliance Securities Ltd.	<b>2.65</b>	-	-	-	-	<b>2.65</b>
	(23.69)	(-)	(-)	(-)	(-)	(23.69)
ii) Reliance General Insurance Company Ltd.	<b>4.69</b>	-	-	-	-	<b>4.69</b>
	(4.33)	(-)	(-)	(-)	(-)	(4.33)
iii) Quant Capital Pvt. Ltd.	<b>50.16</b>	-	-	-	-	<b>50.16</b>
	(-)	(-)	(-)	(-)	(-)	(-)
iv) Reliance Asset Reconstruction Co Ltd.	-	-	<b>0.28</b>	-	-	<b>0.28</b>
	(-)	(-)	(-)	(-)	(-)	(-)
v) Reliance Communications Infrastructure Ltd.	-	<b>4.19</b>	-	-	-	<b>4.19</b>
	(-)	(6.74)	(-)	(-)	(-)	(6.74)
<b>Current Liabilities</b>						
a) Sundry Creditors Balance as at March 31, 2011						
i) Reliance Home Finance Pvt. Ltd.	-	-	-	-	-	-
	(1.99)	(-)	(-)	(-)	(-)	(1.99)

# Reliance Capital Limited

Notes to Accounts to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date

(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Key Management Personnel	Total
ii) Reliance Commercial Finance Pvt. Ltd.	- (0.69)	- (-)	- (-)	- (-)	- (-)	- (0.69)
iii) Reliance Spot Exchange Pvt. Ltd.	<b>0.04</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>0.04</b> (-)
iv) Big Flicks Pvt. Ltd.	- (-)	<b>0.04</b> (-)	- (-)	- (-)	- (-)	<b>0.04</b> (-)
<b>Income</b>						
a) Interest & Finance Income (including Premium on Preference Shares)						
i) Reliance Securities Ltd.	- (6.28)	- (-)	- (-)	- (-)	- (-)	- (6.28)
ii) Reliance Financial Ltd.	<b>4.42</b> (2.39)	- (-)	- (-)	- (-)	- (-)	<b>4.42</b> (2.39)
iii) Reliance Land Pvt. Ltd.	- (-)	- (-)	<b>31.50</b> (15.71)	- (-)	- (-)	<b>31.50</b> (15.71)
iv) Ammolite Holdings Ltd.	- (-)	- (-)	<b>4.62</b> (6.34)	- (-)	- (-)	<b>4.62</b> (6.34)
v) Reliance Equity Advisors (India) Ltd.	- (2.90)	- (-)	- (-)	- (-)	- (-)	- (2.90)
vi) Quant Broking Pvt. Ltd.	<b>5.32</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>5.32</b> (-)
vii) Reliance Big Entertainment Pvt. Ltd.	- (-)	<b>120.00</b> (-)	- (-)	- (-)	- (-)	<b>120.00</b> (-)
b) Rent						
i) Reliance Communications Infrastructure Ltd.	- (-)	<b>0.76</b> (4.41)	- (-)	- (-)	- (-)	<b>0.76</b> (4.41)
ii) Reliance Capital Asset Management Ltd.	- (0.59)	- (-)	- (-)	- (-)	- (-)	- (0.59)
c) Miscellaneous Income						
i) Reliance General Insurance Co. Ltd.	- (0.16)	- (-)	- (-)	- (-)	- (-)	- (0.16)
d) Reimbursement of Expenditure						
i) Reliance General Insurance. Co. Ltd.	<b>5.38</b> (7.35)	- (-)	- (-)	- (-)	- (-)	<b>5.38</b> (7.35)
ii) Reliance Communications Infrastructure Ltd.	- (-)	<b>0.59</b> (2.37)	- (-)	- (-)	- (-)	<b>0.59</b> (2.37)
iii) Reliance Asset Reconstruction Co. Ltd.	- (-)	- (-)	<b>1.90</b> (0.05)	- (-)	- (-)	<b>1.90</b> (0.05)
iv) Reliance Capital Asset Management Ltd.	<b>0.93</b> (2.37)	- (-)	- (-)	- (-)	- (-)	<b>0.93</b> (2.37)
v) Reliance Securities Limited	<b>0.89</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>0.89</b> (-)
vi) Reliance Home Finance Pvt. Ltd.	<b>18.95</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>18.95</b> (-)
vii) Reliance Land Pvt. Ltd.	- (-)	- (-)	<b>0.39</b> (-)	- (-)	- (-)	<b>0.39</b> (-)
viii) Reliance Big Entertainment Pvt. Ltd.	- (-)	<b>0.06</b> (-)	- (-)	- (-)	- (-)	<b>0.06</b> (-)
e) Management Fees						
i) Reliance General Insurance Co. Ltd.	<b>6.58</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>6.58</b> (-)
ii) Reliance Asset Reconstruction Co. Ltd.	- (-)	- (-)	<b>0.22</b> (-)	- (-)	- (-)	<b>0.22</b> (-)
iii) Reliance Capital Asset Management Ltd.	<b>6.58</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>6.58</b> (-)

# Reliance Capital Limited

**Notes to Accounts to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date**

(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Key Management Personnel	Total
iv) Reliance Securities Ltd.	<b>6.58</b>	-	-	-	-	<b>6.58</b>
	(-)	(-)	(-)	(-)	(-)	(-)
v) Reliance Home Finance Pvt. Ltd.	<b>3.29</b>	-	-	-	-	<b>3.29</b>
	(-)	(-)	(-)	(-)	(-)	(-)
f) Premium on Loan Assignment						
i) Reliance Home Finance Pvt. Ltd.	-	-	-	-	-	-
	(7.61)	(-)	(-)	(-)	(-)	(7.61)
g) Income transferred as per Business Transfer Agreement						
i) Reliance Home Finance Pvt. Ltd.	<b>46.68</b>	-	-	-	-	<b>46.68</b>
	(-)	(-)	(-)	(-)	(-)	(-)
<b>Expenditure</b>						
a) Rent						
i) Reliance Capital Asset Management Ltd.	-	-	-	-	-	-
	(0.21)	(-)	(-)	(-)	(-)	(0.21)
b) Interest						
i) Reliance Securities Limited	<b>3.13</b>	-	-	-	-	<b>3.13</b>
	(-)	(-)	(-)	(-)	(-)	(-)
ii) Reliance Capital Asset Management Ltd.	<b>2.31</b>	-	-	-	-	<b>2.31</b>
	(-)	(-)	(-)	(-)	(-)	(-)
c) Insurance						
i) Reliance General Insurance Co. Ltd.	<b>0.29</b>	-	-	-	-	<b>0.29</b>
	(0.42)	(-)	(-)	(-)	(-)	(0.42)
d) Payment to and provisions for employees						
i) Shri V. R. Mohan	-	-	-	-	<b>0.43</b>	<b>0.43</b>
	(-)	(-)	(-)	(-)	(0.41)	(0.41)
e) Professional and Management fees						
i) Reliance Venture Asset Management Pvt. Ltd.	<b>1.53</b>	-	-	-	-	<b>1.53</b>
	(4.99)	(-)	(-)	(-)	(-)	(4.99)
ii) Reliance Communications Infrastructure Ltd.	-	-	-	-	-	-
	(-)	(2.01)	(-)	(-)	(-)	(2.01)
f) Repairs & Maintenance – Others						
i) Reliance Communications Infrastructure Ltd.	-	-	-	-	-	-
	(-)	(4.95)	(-)	(-)	(-)	(4.95)
g) Brokerage paid during the year						
i) Reliance Securities Ltd.	<b>2.62</b>	-	-	-	-	<b>2.62</b>
	(4.68)	(-)	(-)	(-)	(-)	(4.68)
h) Expenses transferred as per Business Transfer Agreement						
i) Reliance Equities International Pvt. Ltd.	<b>33.22</b>	-	-	-	-	<b>33.22</b>
	(-)	(-)	(-)	(-)	(-)	(-)
i) Miscellaneous expenses						
i) Reliance Equities International Pvt. Ltd.	-	-	-	-	-	-
	(7.86)	(-)	(-)	(-)	(-)	(7.86)
ii) Reliance Land Pvt. Ltd.	-	-	<b>1.96</b>	-	-	<b>1.96</b>
	(-)	(-)	(-)	(-)	(-)	(-)
<b>Shares given as collateral towards margin</b>						
i) Reliance Securities Ltd.	<b>81.72</b>	-	-	-	-	<b>81.72</b>
	(218.68)	(-)	(-)	(-)	(-)	(218.68)
ii) Quant Broking Pvt. Ltd.	<b>290.03</b>	-	-	-	-	<b>290.03</b>
	(45.89)	(-)	(-)	(-)	(-)	(45.89)
<b>Contingent Liability</b>						
a) Guarantees to Banks and Financial Institutions on behalf of third parties						
i) Reliance Money Express Ltd.	<b>40.00</b>	-	-	-	-	<b>40.00</b>
	(40.00)	(-)	(-)	(-)	(-)	(40.00)
ii) Ammolite Holdings Ltd.	-	-	<b>79.97</b>	-	-	<b>79.97</b>
	(-)	(-)	(75.00)	(-)	(-)	(75.00)

## Reliance Capital Limited

### Notes to Accounts to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date

#### Notes:

- i) Figures in bracket indicate Previous Year figures.
- ii) Expenses incurred towards public utilities services such as telephone and electricity charges have not been considered for related party transaction.
- iii) a) Previous Year transactions with parties that have become related parties in the current year have been included in the above mentioned table.  
b) Previous Year transactions with parties that have ceased to be related parties in the current year have been excluded in the above mentioned table.
- iv) In addition to the above, Commission of ₹ 5.50 crore (Previous Year ₹ Nil) and Director Sitting Fees of ₹ 80,000. (Previous Year ₹ 1,00,000) has been paid to Shri Anil D. Ambani, an individual having control.
- v) Investments in Unilazer Media Ltd. and Roseland Buildtech Pvt. Ltd. though in excess of 20%, these investments have been made with an intention to sell in near future. In terms of the provisions of Accounting Standard (AS-18) on "Related Party Disclosures" as per Companies (Accounting Standard) Rules 2006, the Company does not exercise any "Significant Influence" in the said companies, hence the transactions with these parties are not considered for Related Party Disclosures.

#### 15. Leases

The Company has given plant and machinery and motor vehicles on operating lease from period ranging from 12 months to 66 months. Details of assets given on lease are as under:

(₹ in crore)				
Particulars	Gross Carrying Amount	Depreciation for the year	Accumulated Depreciation	Net Carrying Amount
Plant & Machinery	15.59	0.23	0.23	15.36
Motor Vehicles	22.52	0.67	0.67	21.85
<b>Total</b>	<b>38.11</b>	<b>0.90</b>	<b>0.90</b>	<b>37.21</b>

Details of Future Minimum Lease Receivables are as under:

(₹ in crore)		
Particulars	2010 - 11	2009 - 10
Within one year of the balance sheet date	9.94	-
Due in a period between one year and five years	28.85	-
Due after five years	1.49	-

#### 16. Basic and diluted earnings per share:

The computation of earnings per share is set out below:

(₹ in crore)		
Particulars	2010 - 11	2009 - 10
a) Amounts used as the numerators		
Net Profit after tax	229.27	339.42
Net Profit attributable to equity shareholders	229.27	339.42
b) Weighted average number of equity shares (Nos.)	245 632 800	245 632 800
c) Basic earnings per share of face value ₹ 10 each (₹)	9.33	13.82
d) Diluted earnings per share of face value ₹ 10 each (₹)	9.33	13.82

#### 17. Deferred tax:

Deferred tax liability/(asset) included in the balance sheet comprises the following:

(₹ in crore)		
Particulars	As At	As At
	March 31, 2011	31-Mar-10
<b>Deferred tax liability</b>		
Depreciation on Fixed Assets/Assets held for sale	5.75	27.56
Accrued Premium / Interest on Investments	-	5.43
Unamortised Expenses	22.53	24.94
	<b>28.28</b>	57.93
<b>Deferred tax assets</b>		
Provision for Non Performing Assets/Diminution in the value of Assets & Investments	52.25	50.55
Accrued Premium / Interest on Investments	1.97	-
Provision for Leave Salary	1.46	1.38
	<b>55.68</b>	51.93
Net Deferred Tax Liabilities / (Assets)	<b>(27.40)</b>	6.00



## Reliance Capital Limited

### Notes to Accounts to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date

18. a) Accrued Premium / Interest on Investments includes ₹ 61.08 crore due from Associates (Previous Year ₹ 24.95 crore).  
 b) Accrued Premium / Interest on Investments amounting to ₹ 126.36 crore are due within 1 Year. (Previous Year ₹ 45.31 crore).
19. In the financial year 2008-09, the Company has entered into a joint venture with KGS Developers Ltd. in respect of real estate project development. The Company has invested ₹ 85 crore and is entitled to share the Profit / Loss equally.
20. Disclosure of loans / advances and investments in its own shares by the listed companies, in its subsidiaries, associate etc. (as certified by the management) in terms of the Listing Agreement with the Stock Exchanges.

(₹ in crore)

Particulars	Outstanding Balance		Maximum Balance Outstanding	
i) Loans and advances in the nature of loans to subsidiaries				
a) Reliance Gilts Ltd.	-	22.80	<b>22.80</b>	22.80
b) Reliance Equity Advisors (India) Ltd.	<b>32.10</b>	32.10	<b>34.10</b>	112.10
c) Reliance Equities International Pvt. Ltd.	-	-	-	20.00
d) Reliance Capital Services Pvt. Ltd.*	-	34.86	<b>36.86</b>	34.86
e) Reliance Securities Ltd.	-	-	<b>73.00</b>	128.00
f) Reliance Financial Ltd.	-	-	<b>635.00</b>	1 000.00
g) Quant Broking Pvt. Ltd. **	<b>40.00</b>	-	<b>190.00</b>	-
h) Quant Capital Finance & Investment Pvt. Ltd.**	<b>25.00</b>	-	<b>25.00</b>	-
i) Net Logistics Pvt. Ltd. ***	-	-	<b>0.10</b>	-
j) Quant Commodities Pvt. Ltd.**	-	-	<b>90.00</b>	-
k) Medybiz Pvt. Ltd. ****	-	10.09	<b>11.28</b>	10.90
ii) Loans and advances in the nature of loans to Associates				
a) Reliance Asset Reconstruction Company Ltd.	<b>9.88</b>	15.69	<b>15.69</b>	20.00
b) Reliance Land Pvt. Ltd.	<b>136.26</b>	12.12	<b>138.90</b>	495.38
iii) Loans and advances in the nature of loans where there is				
a) No repayment schedule or repayment beyond seven years	-	-	-	-
b) No interest or interest below Section 372A of the Companies Act, 1956.				
1) Reliance Gilts Ltd.	-	22.80	<b>22.80</b>	22.80
2) Reliance Land Pvt. Ltd.	<b>136.26</b>	12.12	<b>138.90</b>	495.38
3) Reliance Capital Services Pvt. Ltd.*	-	34.86	<b>36.86</b>	34.86
4) Reliance Equity Advisors (India) Ltd.	<b>32.10</b>	32.10	<b>34.10</b>	112.10
5) Net Logistics Pvt. Ltd. ***	-	-	<b>0.10</b>	-
6) Reliance Securities Ltd.	-	-	<b>73.00</b>	-
iv) Loans and advances in nature of loans to firms / companies in which directors are interested.	-	-	-	-
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.				
a) Medybiz Pvt. Ltd.	-	1 000	-	10 000
Net Logistics Pvt. Ltd.	-	(1000)	-	(10 000)

\* Reliance Capital Services Pvt. Ltd. has ceased to be subsidiary from July 31, 2010, hence Nil outstanding reported as at March 31, 2011. The Company has charged interest on outstanding amount from August 1, 2010 and the outstanding as on March 31, 2011 is ₹ 8.00 crore.

\*\*Became subsidiary from July 1, 2010 hence Nil outstanding reported as at March 31, 2010.

\*\*\*Net Logistics Pvt. Ltd. has ceased to be a subsidiary from December 20, 2010 hence Nil outstanding reported as at March 31, 2011 and the outstanding as on March 31, 2011 is ₹ 0.10 crore.

\*\*\*\*Medybiz Pvt. Ltd. has ceased to be a subsidiary from March 24, 2011, hence Nil outstanding reported above

21. Disclosure of details as required by Para 13 of Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

(₹ in crore)

Particulars	Outstanding Balance		Amount Overdue	
	March 31,	March 31,	March 31,	March 31,
	2011	2010	2011	2010
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)				

## Reliance Capital Limited

Notes to Accounts to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date

(₹ in crore)

Particulars	Outstanding Balance		Amount Overdue	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
i) Secured [Inclusive of ₹ 234.33 crore (Previous Year ₹ 167.08 crore) interest accrued thereon]	6 036.33	3 882.08	-	-
ii) Unsecured	-	-	-	-
b) Deferred credits	-	-	-	-
c) Term loans	-	-	-	-
i) Secured	7 724.01	1 854.68	-	-
ii) Unsecured	300.00	750.00	-	-
d) Inter-corporate loans and borrowing	296.82	15.69	-	-
e) Commercial paper	4 240.09	4 670.44	-	-
f) Other Loans (specify nature)				
i) Cash Credit from Banks	120.10	785.26	-	-

(₹ in crore)

Particulars	Amount Outstanding	
	March 31, 2011	March 31, 2010
2) Break up of loans and advances including bills receivable other than those included in (3) below (Gross Amount) (Refer Note (c) below)		
a) Secured	9 139.72	5 139.40
b) Unsecured	3 553.51	2 793.13
	<b>12 693.23</b>	<b>7 932.53</b>
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)	-	-
2) Operating lease (net of depreciation)	37.21	-
4) Break up of investments [Amount net of provisions of ₹ 92.46 crore (Previous Year ₹ 74.58 crore)]		
a) Current investments		
1) Quoted		
i) Shares		
a) Equity (stock-in trade)	-	-
b) Preference	-	-
ii) Units of Mutual fund	252.61	784.01
2) Unquoted		
i) Others		
Reliance Capital Partners current account	662.96	443.17
b) Long term investments		
1) Quoted		
i) Shares		
a) Equity	1 140.32	1 160.20
b) Preference	9.81	9.76
ii) Debentures and bonds	-	174.00
iii) Government securities	-	-
2) Unquoted		
i) Shares		
a) Equity	2 627.20	2 148.30
b) Preference	4 488.29	4 127.32
ii) Debentures and bonds	1 618.38	1 630.63
iii) Units of Mutual fund		
iv) GOI securities ₹45,000 (Previous Year ₹ 45 000)	-	-
v) Others		
a) Warrants	0.47	32.97
b) Pass Through Certificates	226.64	45.68
c) Units of Private Equity/Seed Fund	54.98	35.00
d) Investments in joint venture	85.00	85.00
	<b>11 166.66</b>	<b>10 676.04</b>

Notes to Accounts to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date

Notes:

- a) Housing loans / loans against property and construction finance granted are secured by equitable registered mortgage of property and / or undertaking to create a security.
- b) All loans and advances are secured by way of hypothecation and/or pledging of the underlying asset.
- c) In case of loans & advances given in para (2) above, against Provision for NPA & Doubtful Debts are ₹ 50.93 crore (Previous Year ₹ 101 crore).
- d) Loans & advances of ₹ 88.38 crore as on March 31, 2010 have been reclassified from Loans & advances to other current assets
- 5) Borrower group-wise classification of assets financed as in (2) and (3) above:  
[(Amount net of provisions of ₹ 50.93 crore (Previous Year ₹ 101 crore))]

(₹ in crore)

Particulars	Secured		Unsecured		Total	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
a) Related parties						
1) Subsidiaries	-	-	154.70	116.03	154.70	116.03
2) Companies in the same group	-	-	146.42	27.81	146.42	27.81
3) Other related parties	-	-	26.60	-	26.60	-
b) Other than related parties	9 158.55	5 086.83	3 193.25	2 600.87	12 351.80	7 687.70
<b>Total</b>	<b>9 158.55</b>	<b>5 086.83</b>	<b>3 520.97</b>	<b>2 744.71</b>	<b>12 679.52</b>	<b>7 831.54</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)  
[Amount net of provisions of ₹. 92.46 crore (Previous Year ₹ 74.58 crore)]

(₹ in crore)

Particulars	Market Value / Fair Value or NAV		Book Value (Net of provisions)	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
a) Related parties				
1) Subsidiaries	2 002.85	1 934.17	2 002.85	1 934.17
2) Companies in the same group - Associate	524.51	448.01	524.51	448.01
3) Other related parties	1 090.68	1 098.18	1 095.46	1 098.18
b) Other than related parties	7 170.95	7 147.25	7 543.84	7 195.68
<b>Total</b>	<b>10 788.99</b>	<b>10 627.61</b>	<b>11 166.66</b>	<b>10 676.04</b>

- 7) Other information

(₹ in crore)

Particulars	March 31, 2011	March 31, 2010
a) Gross Non Performing Assets		
1) Related Parties	-	-
2) Other than Related Parties	173.00	343.84
b) Net Non Performing Assets		
1) Related Parties	-	-
2) Other than Related Parties	122.07	242.84
c) Assets Acquired in satisfaction of Debt (Net of provision)	11.79	13.80

Notes:

- a) Companies in same group means companies under the same management as per Section 370(1B) of the Companies Act, 1956.
- b) In case of unquoted investments, it is assumed that market value is same as book value.
- c) The following parties have not been considered for the purpose of companies in the same group and other related party:
  - i) Capital contribution in Partnership Firm, unincorporated Joint venture and investment in fellow subsidiaries.
  - ii) Investments in Unilazer Media Ltd. and Roseland Buildtech Pvt. Ltd. though in excess of 20%, these investments have been made with an intention to sell in near future. In terms of the provisions of Accounting Standard (AS-18) on "Related Party Disclosures" as per Companies (Accounting Standard) Rules 2006, the Company does not exercise any "Significant Influence" in the said Companies.

# Reliance Capital Limited

Notes to Accounts to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date

## 22. 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")

Particulars	(₹ in crore)	
	March 31, 2011	March 31, 2010
i) CRAR (%)	17.82	28.03
ii) CRAR - Tier I capital (%)	17.67	28.03
iii) CRAR - Tier II capital (%)	0.15	-

### II. Exposure to Real Estate

Category	2010-11	2009-10
a) Direct Exposure		
i) Residential Mortgage		
Individual Housing Loan upto ₹ 15 lakh	23.04	18.56
Individual Housing Loan more than ₹ 15 lakh	316.56	229.78
Other Residential Mortgages	1 245.29	633.55
ii) Commercial Real Estate	1 559.57	707.21
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
Residential	-	-
Commercial	-	-
b) Indirect Exposure		
Fund Based and Non Fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	296.00	296.00

Note : For the exposure to real estate only loans secured by way of mortgage/hypothecation of housing properties, commercial properties and land are considered.

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

Particulars	1 day to 30/31 days	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
<b>Liabilities</b>									
Borrowings from bank	24.10 (257.00)	-	33.33 (50.00)	316.67 (-)	1 381.67 (1 165.00)	3 441.33 (1 750.59)	2 947.01 (167.35)	-	8 144.11 (3 389.94)
Market Borrowings	942.34 (813.77)	952.75 (322.58)	1 077.13 (196.80)	1 938.48 (1 969.03)	969.46 (1 508.26)	4 168.96 (3 282.00)	289.79 (308.69)	-	10 338.91 (8 401.13)
<b>Assets</b>									
Loans / Advances	1 069.67 (329.47)	650.11 (113.33)	282.50 (896.04)	1 329.82 (687.51)	2 664.26 (1 281.64)	2 743.74 (1 684.97)	1 238.25 (928.35)	2 663.95 (1 910.22)	12 642.30 (7 831.53)
Investments	1 431.23 (1 953.98)	51.82 (-)	46.95 (-)	121.77 (0.11)	414.64 (354.75)	1 267.86 (1 158.12)	1 000.06 (1 368.29)	6 832.33 (5 840.79)	11 166.66 (10 676.04)

Note: 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 5 years'. The maturity pattern has been prepared in line with various regulations issued by RBI from time to time, best practices & based upon best estimate of the management with regard to the timing of various cashflows.

## 23. Contingent Liabilities and Commitments (As Certified by the Management)

Particulars	(₹ in crore)	
	March 31, 2011	March 31, 2010
<b>Contingent Liabilities</b>		
i) Guarantees to Banks and Financial Institutions on behalf of subsidiaries and Associates	1 142.48	235.00
ii) Claims against the Company not acknowledged as debt	12.71	11.95
<b>Commitments</b>		
iii) Estimated amount of contracts remaining to be executed on capital account (net of advances)	70.58	27.11
iv) Uncalled amount of Investments	354.68	371.66

Notes to Accounts to Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date

24. Expenditure in foreign currency

Particulars	(₹ in crore)	
	2010-11	2009-10
i) Travelling Expenses	0.21	0.56
ii) Donations	2.81	2.89
iii) Professional fees	1.34	4.13
iv) Software	0.03	0.85
v) License fees	-	0.73
vi) Others	0.09	1.78

25. Value of imports on C.I.F. basis in respect of

Particulars	(₹ in crore)	
	2010-11	2009-10
CWIP / Capital goods	-	3.55

26. 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, 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	2010-11	2009-10
a) Number of Non Resident Shareholders	761	943
b) Number of Equity shares held by them	35 329	51 651
c) i) Amount of Dividend paid (gross) (amount in ₹)	229 724	335 733
ii) Year to which Dividend relates	2009-10	2008-09

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

Particulars	Quantity (in Nos.)		Value	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	(₹ in crore)			
<b>Opening Stock</b>				
Equity shares	-	13 33 403	-	0.53
Preference shares	-	-	-	-
<b>Total</b>	-	13 33 403	-	0.53
<b>Purchases</b>				
Equity shares	-	-	-	-
Preference shares	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Sales / Reclassification *</b>				
Equity shares	-	13 33 403	-	0.53
Preference shares	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Closing stock</b>				
Equity shares	-	-	-	-
Preference shares	-	-	-	-
<b>Total</b>	-	-	-	-

\* During the previous year stock in trade held by the Company has been reclassified to investments at book value.

As per our report of even date

For **CHATURVEDI & SHAH**  
Chartered Accountants  
Firm Reg. No.: 101720W

**Lalit R. Mhalsekar**  
Partner  
Membership No.: 103418

Mumbai  
Dated: May 30, 2011

For **B S R & Co.**  
Chartered Accountants  
Firm Reg. No.: 101248W

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

For and on behalf of the Board

Chairman **Anil D. Ambani**  
Vice Chairman **Amitabh Jhunjunwala**

Directors

**Rajendra P. Chitale**  
**C. P. Jain**  
**Dr. Bidhubhusan Samal**  
**V. N. Kaul**

President & Company Secretary

**V. R. Mohan**

Mumbai  
Dated: May 30, 2011

# Reliance Capital Limited

## Balance Sheet Abstract and Company's General Business Profile

### I. Registration Details

Registration No. :  State Code :   
 Balance Sheet Date :

### II. Capital raised during the year (Amount in ₹ thousands)

Public Issue :   
 Bonus Issue :   
 Rights Issue :   
 Private Placement :

### III. Position of Mobilisation and Deployment of Funds (Amount in ₹ thousands)

Total Liabilities :   
 Sources of Funds :   
 Paid up Capital :   
 Reserves & Surplus :   
 Secured Loans :   
 Unsecured Loans :   
 Total Assets :   
 Application of Funds :   
 Net Fixed Assets :   
 Investments :   
 Net Current Assets :   
 Unamortised expenditure :   
 Accrued Premium / Interest on Investments :   
 Deferred tax asset :

### IV. Performance of Company (Amount in ₹ thousands)

Turnover :   
 Profit Before Tax :   
 Earning Per Share (₹) Basic :   
 Total Expenditure :   
 Profit After Tax :   
 Dividend Rate % :

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

Item Code no. :   
 (ITC Code)  
 Product Description :

**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 including partnership firm and associates (Collectively referred to as the 'Group') as at March 31, 2011, the consolidated profit and loss account and the consolidated cash flow statement for the year then 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 twenty two subsidiaries and a partnership firm. The financial statements of these subsidiaries including partnership firm for the year ended March 31, 2011 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 including a partnership firm, is based solely on these reports. The attached consolidated financial statements include total assets of ₹ 1,582.14 crore as at March 31, 2011, total revenues of ₹ 172.04 crore and net cash inflows amounting to ₹ 282.98 crore in respect of the aforementioned subsidiaries and partnership firm for the year then ended.
3. The financial statements and financial information of fourteen subsidiaries for the year ended March 31, 2011 have been audited by one of the joint 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 ₹ 6,668.80 crore as at March 31, 2011, total revenues of ₹ 3,473.19 crore and net cash outflows amounting to ₹ 194.97 crore in respect of the aforementioned subsidiaries for the year then ended.
4. The financial statements and financial information of two associates for the year ended March 31, 2011 have been audited by one of the joint auditors whose reports have been furnished to us, and our opinion, in so far it relates to share of loss of ₹ 0.09 crore for the year ended March 31, 2011 included in respect of these associates, is based solely on these reports.
5. The financial statements and financial information of two associates company for the year ended March 31, 2011 have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates share of loss of ₹ 1.65 crore for the year ended March 31, 2011 included in respect of these associates, is based solely on these reports.
6. We have relied on the unaudited financial statement and financial information of one associate company, whose financial statements are approved by the respective Board of Directors of the company and has been furnished to us by the management of the company, and our report in so far as it relates to share of profit of ₹ 0.83 crore for the year ended March 31, 2011 included in respect of an associate is based solely on such approved unaudited financial statements and financial information.
7. We report that the consolidated financial statements 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 Standard) Rules, 2006.
8. Based on the audit as aforesaid, and on consideration of the reports of other auditors and financial statements approved by the Board of Directors on separate financial statements and on other financial information of the components as explained in paragraphs 2,5 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 read together with notes thereto 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 consolidated state of affairs of the Group as at March 31, 2011;
  - (ii) in the case of the consolidated profit and loss account, of the consolidated profit, of the operations of the Group for the year then ended; and
  - (iii) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Group for the year then ended.

For **CHATURVEDI & SHAH**  
 Chartered Accountants  
 Firm Reg. No. 101720W  
**Lalit R. Mhalsekar**  
 Partner  
 Membership No. 103418  
 Mumbai  
 Dated: May 30, 2011

For **B S R & Co.**  
 Chartered Accountants  
 Firm Reg. No. 101248W  
**Akeel Master**  
 Partner  
 Membership No.: 046768  
 Mumbai  
 Dated: May 30, 2011



# Reliance Capital Limited

## Consolidated Balance Sheet as at March 31, 2011

(₹ in crore)

	SCHEDULE	As at March 31, 2011	As at March 31, 2010
<b>Sources of funds</b>			
<b>Shareholders' funds</b>			
(a) Share capital	A	246.16	246.16
(b) Reserves and surplus	B	<u>7 543.79</u>	<u>7 457.82</u>
		<b>7 789.95</b>	7 703.98
Minority interest		<b>162.80</b>	93.75
<b>Loan funds</b>			
(a) Secured loans	C	15 338.28	8 580.33
(b) Unsecured loans	D	<u>4 815.34</u>	<u>5 938.92</u>
		<b>20 153.62</b>	14 519.25
		<b>28 106.37</b>	<b>22 316.98</b>
<b>Application of funds</b>			
<b>Fixed assets</b>			
(a) Gross block	E	438.77	414.91
(b) Less: depreciation		<u>224.71</u>	<u>245.25</u>
(c) Net block		214.06	169.66
(d) Capital work-in-progress		<u>111.31</u>	<u>88.86</u>
		<b>325.37</b>	258.52
<b>Investments</b>	F	<b>12 301.37</b>	11 340.59
Deferred tax assets (net) (Refer Note No. 14, Schedule "N")		<b>70.31</b>	39.79
<b>Accrued premium / interest on investments</b> (Refer Note No. 15, Schedule "N")		<b>1 122.40</b>	632.40
<b>Current assets, loans and advances</b>			
(a) Stock in trade	G	185.39	38.80
(b) Sundry debtors		103.45	202.84
(c) Cash and bank balances		1 928.97	862.81
(d) Other current assets		147.22	177.99
(e) Loans and advances		<u>15 781.00</u>	<u>12 475.56</u>
		<b>18 146.03</b>	<u>13 758.00</u>
<b>Current liabilities and provisions</b>			
(a) Current liabilities	H	3 121.99	2 862.19
(b) Provisions		<u>827.74</u>	<u>936.04</u>
		<b>3 949.73</b>	<u>3 798.23</u>
Net current assets		<b>14 196.30</b>	9 959.77
Unamortised expenditure	I	<u>90.62</u>	<u>85.91</u>
		<b>28 106.37</b>	<b>22 316.98</b>
<b>Significant accounting policies</b>			
<b>Notes to the accounts</b>			

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  
Firm Reg. No.: 101720W

**Lalit R. Mhalsekar**  
Partner  
Membership No.: 103418

Mumbai  
Dated: May 30, 2011

For **B S R & Co.**  
Chartered Accountants  
Firm Reg. No.: 101248W

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

For and on behalf of the Board

Chairman  
Vice Chairman

Directors

President & Company Secretary

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

**Rajendra P. Chitale**  
**C. P. Jain**  
**Dr. Bidhubhusan Samal**  
**V. N. Kaul**

**V. R. Mohan**

Mumbai  
Dated: May 30, 2011

# Reliance Capital Limited

## Consolidated Profit and Loss Account for the year ended March 31, 2011

(₹ in crore)

	SCHEDULE	2010-11	2009-10
<b>Income</b>			
Operating and other income	J	5 498.47	6 140.60
<b>Expenditure</b>			
Interest and finance charges	K	1 462.04	1 350.20
Administrative and other expenses	L	3 695.26	4 130.45
Depreciation and amortisation		49.96	67.63
Miscellaneous expenditure written off		-	4.00
		<u>5207.26</u>	<u>5552.28</u>
<b>Profit before tax, minority interest, share of associates and Exceptional items</b>		<b>291.21</b>	<b>588.32</b>
Provision for income tax		87.95	191.87
Provision for income tax for earlier years (Net)		1.66	(1.15)
Provision for deferred tax (assets)/liabilities		(31.06)	(42.72)
<b>Profit after tax and before minority interest, share of associates and Exceptional items</b>		<b>232.66</b>	<b>440.32</b>
Less: share of minority shareholders		4.79	10.35
<b>Profit after tax and minority interest &amp; before share of associates and Exceptional items</b>		<b>227.87</b>	<b>429.97</b>
Share of profit/(loss) in associates		(0.92)	3.16
<b>Profit after tax and before exceptional items</b>		<b>226.95</b>	<b>433.13</b>
Profit on sale of subsidiaries and Amalgamation adjustments (Refer Note No. 2, Schedule "N")		64.23	1.40
<b>Profit after tax</b>		<b>291.18</b>	<b>434.53</b>
Add: Balance in profit and loss account brought forward		2 228.61	2 086.13
Amount available for appropriations		<u>2 519.79</u>	<u>2 520.66</u>
<b>Appropriations</b>			
Proposed dividend		171.07	159.66
Tax on proposed dividend		27.75	27.14
Reversal of tax on proposed dividend for earlier years		(0.58)	
Transfer to statutory reserve fund		48.37	70.25
Transfer to special reserve		8.24	1.06
Transfer to general reserve		49.05	33.94
Balance in profit and loss account carried forward		<u>2 215.89</u>	<u>2 228.61</u>
		<u>2 519.79</u>	<u>2 520.66</u>
Earning per equity share of ₹ 10 each fully paid up (Refer Note No. 13, Schedule "N")			
Basic		11.85	17.69
Diluted		11.85	17.69

### Significant accounting policies

M

### Notes to the accounts

N

The Schedules referred to above form an integral part of the balance sheet.

As per our report of even date

For and on behalf of the Board

For **CHATURVEDI & SHAH**  
Chartered Accountants  
Firm Reg. No.: 101720W

For **B S R & Co.**  
Chartered Accountants  
Firm Reg. No.: 101248W

Chairman  
Vice Chairman

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

**Lalit R. Mhalsekar**  
Partner  
Membership No.: 103418

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

Directors

**Rajendra P. Chitale**  
**C. P. Jain**  
**Dr. Bidhubhusan Samal**  
**V. N. Kaul**

President & Company Secretary

**V. R. Mohan**

Mumbai  
Dated: May 30, 2011

Mumbai  
Dated: May 30, 2011

# Reliance Capital Limited

## Consolidated cash flow statement for the year ended March 31, 2011

(₹ in crore)

Particulars	2010-11	2009-10
<b>A. Cash flows from operating activities</b>		
<b>Net profit before tax</b>	<b>291.21</b>	588.32
Adjusted for		
Depreciation	<b>49.96</b>	67.63
Miscellaneous expenditure written off	-	4.00
Provision for non performing assets / doubtful debts	<b>(14.57)</b>	2.72
Fixed Assets writtenoff	<b>2.75</b>	-
Provision for diminution in the value of investment	<b>(11.38)</b>	(0.21)
Provision for gratuity/ leave encashment	<b>0.50</b>	(10.22)
Provision for repossessed stock	<b>(2.71)</b>	0.97
Loss on sale of repossessed stock	<b>6.89</b>	10.08
Reserve for Unexpired risks	<b>(139.00)</b>	29.47
Amortised DSA commission	<b>34.25</b>	82.07
Amortised brokerage on borrowings	<b>20.46</b>	18.60
Balances written off	<b>211.49</b>	301.16
Excess provision/credit balance written back	<b>(54.25)</b>	(16.17)
Investments -		
Interest	<b>(814.72)</b>	(587.43)
Dividend income	<b>(43.26)</b>	(44.43)
( Profit ) / Loss on sale of investment (net)	<b>(89.89)</b>	(514.21)
Interest expenses	<b>1 445.18</b>	1 332.40
(Profit) / loss on partnership firm	-	1.04
Loss / (profit) on sale of fixed assets (net)	<b>(10.78)</b>	0.97
<b>Operating cash flows before working capital changes</b>	<b>882.13</b>	1 266.76
Adjusted for		
Trade and other receivables	<b>(3 600.42)</b>	(1 009.16)
Inventories	<b>(20.96)</b>	(1.12)
Unamortised expenditure incurred	<b>(59.41)</b>	(77.56)
Short term borrowings (net)	<b>(1 524.42)</b>	(4 178.92)
Long term borrowings (net)	<b>6 774.64</b>	4 795.01
Trade payables	<b>306.90</b>	313.96
<b>Cash generated from operations</b>	<b>2 758.46</b>	1 108.97
Interest paid	<b>(1 368.05)</b>	(1 369.25)
Taxes paid	<b>(91.57)</b>	(123.20)
<b>Net Cash provided by operating activities</b>	<b>1 298.84</b>	(383.48)

Consolidated cash flow statement for the year ended March 31, 2011

(₹ in crore)

Particulars	2010-11	2009-10
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	(98.61)	(42.99)
Sale of fixed assets	57.21	5.61
Purchase of Investments	(13 144.73)	(13 852.71)
Sale of investments	12 037.72	12 980.21
Interest received	324.72	160.23
Dividend received	43.26	43.27
<b>Net cash used in investing activities</b>	<b>(780.43)</b>	<b>(706.38)</b>
<b>C. Cash flows from financing activities</b>		
Short term borrowings (net)	(129.41)	-
Long term borrowings (net)	450.00	-
Dividend paid	(185.72)	(185.77)
<b>Net Cash provided / (used in) financing activities</b>	<b>134.87</b>	<b>(185.77)</b>
<b>Net increase in cash and cash equivalents ( A + B + C )</b>	<b>653.28</b>	<b>(1 275.63)</b>
Cash and cash equivalents at the beginning of the period	(108.09)	1 167.54
Add: On acquisition of new subsidiaries	8.38	-
Cash and cash equivalents at the end of the period	553.57	(108.09)

**Notes:**

- The Previous Year's figures have been regrouped and reclassified wherever necessary.
- For the Purpose of Closing Balance of Cash & Cash Equivalents :
  - Fixed Deposits with banks amounting to ₹ 737.87 crore (Previous Year ₹ 178.75 crore ) under lien are not considered for Cash & Cash Equivalents.
  - Temporary overdrawn balances on account of cheques issued but not presented for payment lying in Other Liabilities ₹ 637.53 crore (Previous Year ₹ 793.83 crore) are considered for Cash & Cash Equivalents.

As per our report of even date

For **CHATURVEDI & SHAH**  
Chartered Accountants  
Firm Reg. No.: 101720W

**Lalit R. Mhalsekar**  
Partner  
Membership No.: 103418

Mumbai  
Dated: May 30, 2011

For **B S R & Co.**  
Chartered Accountants  
Firm Reg. No.: 101248W

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

For and on behalf of the Board

Chairman  
Vice Chairman

Directors

President & Company Secretary

Mumbai  
Dated: May 30, 2011

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

**Rajendra P. Chitale**  
**C. P. Jain**  
**Dr. Bidhubhusan Samal**  
**V. N. Kaul**

**V. R. Mohan**

# Reliance Capital Limited

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

(₹ in crore)

	As at March 31, 2011	As at March 31, 2010
<b>Schedule "A"</b>		
<b>Share Capital</b>		
<b>Authorised:</b>		
30,00,00,000 equity shares of ₹ 10 each (Previous Year 30,00,00,000)	300.00	300.00
10,00,00,000 preference shares of ₹ 10 each (Previous Year 1,00,00,000)	<u>100.00</u>	<u>100.00</u>
	<u><b>400.00</b></u>	<u>400.00</u>
<b>Issued and Subscribed</b>		
24,69,77,006 equity shares of ₹ 10 each (Previous Year 24,69,77,006)	<u><b>246.98</b></u>	<u>246.98</u>
<b>Paid up</b>		
24,56,32,800 equity shares of ₹ 10 each (Previous Year 24,56,32,800)	245.63	245.63
Add: Forfeited shares [(amount originally paid up on 13,44,206 equity shares (Previous Year 13,44,206)]	<u>0.53</u>	<u>0.53</u>
	<u><b>246.16</b></u>	<u>246.16</u>
	<u><b>246.16</b></u>	<u>246.16</u>

### Notes:

Of the above equity shares:

- i) 5,76,450 Equity Shares (Previous Year 5,76,450) are held by Reliance Innoventures Private Limited, the Holding Company. 9,84,14,206 Equity Shares (Previous Year 10,64,14,206) are held by AAA Enterprises Private Limited and 2,79,75,633 Equity Shares (Previous Year 1,99,75,633) are held by AAA Infrastructure Consulting and Engineers Private Limited subsidiaries of the Holding Company.
- ii) 29,36,555 Equity Shares (Previous Year 29,36,555) allotted as fully paid up pursuant to the various Schemes of Amalgamation without payment being received in cash.

### Schedule "B"

#### Reserves and Surplus

##### Capital Reserve

As per last Balance Sheet 6.43 6.43

##### Capital Reserve on Consolidation of Subsidiaries

As per last Balance Sheet 2.35 2.35  
Less : Adjusted with Goodwill on Consolidation 2.35 -  
(Refer Note No. 4, Schedule "N") - 2.35

##### Capital Redemption Reserve

As per last Balance Sheet 11.06 11.06  
Less: Share of Minority Interests 0.07 10.99 - 11.06

##### Securities Premium Account

As per last Balance Sheet 3 758.27 3 758.27  
Less: Amalgamation Adjustments (Refer Note No. 2(D),  
Schedule 'N') 24.20 -  
Less: Share of Minority Interest 14.51 -

**3 719.56**

**3 758.27**

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

(₹ in crore)

	As at March 31, 2011	As at March 31, 2010
<b>Schedule "B" (Contd.)</b>		
<b>Statutory Reserve Fund *</b>		
As per last Balance Sheet	886.42	815.17
Add: Amount Transferred from Profit & Loss Account	48.37	70.25
Add: Prior Period Adjustments	-	1.00
	<u>934.79</u>	886.42
<b>Special Reserve #</b>		
As per last Balance Sheet	1.06	-
Add: Amount Transferred from Profit & Loss Account	8.24	1.06
	<u>9.30</u>	1.06
<b>Foreign Currency Translation Reserve</b>		
As per last Balance Sheet	9.47	7.58
Add: Addition during the year	5.94	2.03
Less: Share of Minority Interests	0.46	0.14
	<u>14.95</u>	9.47
<b>Settlement Guarantee Fund</b>		
	<u>0.02</u>	-
<b>General Reserve</b>		
As per last Balance sheet	554.15	520.21
Add: Amount Transferred from Profit & Loss Account	49.05	33.94
	<u>603.20</u>	554.15
Add: Amalgamation Adjustments (Refer Note No. 2(D) of Schedule 'N')	24.20	
Less: Share of Minority Interest	6.24	-
	<u>621.16</u>	554.15
<b>Profit &amp; Loss Account</b>		
As per consolidated Profit & Loss Account	2 215.89	2 228.61
Less: Amalgamation Adjustments (Refer Note No. 2(B), Schedule 'N')	0.20	
Add : Share of Minority Interest	10.90	-
	<u>2 226.59</u>	2 228.61
	<u>7 543.79</u>	<u>7 457.82</u>
* Created pursuant to The Reserve Bank of India (Amendment) Act, 1997.		
# Created pursuant to The National Housing Bank Act, 1987.		
<b>Schedule "C"</b>		
<b>Secured Loans</b>		
Non Convertible Debentures	5 645.00	3 715.00
From banks		
Long Term Loan	9 324.01	3 979.37
Cash Credit	169.11	785.26
Short Term Loan	200.00	100.30
Hire Purchase Liabilities	0.16	0.40
	<u>15 338.28</u>	<u>8 580.33</u>

# Reliance Capital Limited

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

(₹ in crore)

Schedule "D"	As at March 31, 2011	As at March 31, 2010
<b>Unsecured Loans</b>		
From banks		
Short Term Loan	300.00	700.00
Long Term Loan	-	50.00
	<b>300.00</b>	750.00
From Bodies Corporate	54.09	26.66
Commercial Paper	<b>4 461.25</b>	5 162.26
	<b>4 815.34</b>	5 938.92

### 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 May 17, 2011 and the last being on January 17, 2016. The NCDs amounting to ₹ 1,510 crore (Previous Year ₹ 140 crore) are redeemable in the financial year 2011-12.
  - a) NCDs amounting to ₹ 225 crore (Previous Year ₹ 265 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, Ellis bridge, Ahmedabad and additional first pari passu charge by way of hypothecation on business receivable and loan assets of the commercial finance division, against security not exceeding ₹ 281.25 crore.
  - b) NCDs amounting to ₹ 5,004 crore (Previous Year ₹ 3,450 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, Ellis bridge, Ahmedabad and additional first pari passu charge by way of hypothecation on business receivable and loan assets of the Company or as may be decided by the Company, against security not exceeding ₹ 5,411 crore.
  - c) The Company is in the process of creating security on the remaining NCDs amounting to ₹ 416 crore (Previous Year ₹ Nil).
2. Long Term Loans of ₹ 9,324.01 crore referred in Schedule "C" above includes :
  - a) Long Term Loans ₹ 5,449.01 crore are secured by pari passu first charge on all present and future book debts, receivables, bills, claims and loan assets of the Company's commercial finance division
  - b) Long Term Loans ₹ 2,075 crore are secured by pari passu first charge on all present and future book debts, receivables, bills, claims and loan assets of erstwhile Reliance Commercial Finance Pvt. Ltd.
  - c) Out of Long Term Loan of ₹ 1,800 crore of Reliance Home Finance Pvt. Ltd.
    - i) ₹ 1,400 crore of loan are secured by pari passu first charge in favour of the Lender on all the book debts present and future book debts, receivables, bills, claims and loan assets except for those charged in favour of National Housing Bank for refinance to be availed, if any, from them, against security not exceeding ₹ 1,540 crore.
    - ii) ₹ 200 crore of loan are secured by pari passu first charge in favour of the Lender on all the book debts present and future book debts, receivables, bills, claims and loan assets except for those charged in favour of National Housing Bank for refinance to be availed, if any, from them, against security not exceeding ₹ 220 crore.
    - iii) ₹ 100 crore of loan are secured by pari passu first charge in favour of the Lender on all the book debts present and future book debts, receivables, bills, claims and loan assets against security not exceeding ₹ 110 crore.
    - iv) ₹ 100 crore of loan are secured by pari passu first charge in favour of the Lender on all the book debts present and future book debts, receivables, bills, claims and loan assets against security not exceeding ₹ 120 crore.
  - d) Long Term Loans amounting to ₹ 1,301.67 crore (Previous Year ₹ 618.33 crore) are payable within one year.
3. Cash Credits amounting to ₹ 169.11 crore (Previous Year ₹ 785.26 crore) referred in Schedule "C" above are 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 commercial finance division and Reliance Home Finance Pvt. Ltd.
4.
  - a) Short Term Loans amounting to ₹ 200 crore (Previous Year ₹ 100.30 crore) 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 commercial finance division.
  - b) Short Term Loans amounting to ₹ 200 crore (Previous Year ₹ 100.30 crore) are payable within one year.
5. In respect of other loans amounting to ₹ 0.16 crore (Previous Year ₹ 0.40 crore) are secured against underlying hire purchase assets.
6. In respect of Commercial Papers maximum amount outstanding during the year was ₹ 7,187.59 crore (Previous Year ₹ 5,840.21 crore).
7. In respect of unsecured loan referred in Schedule "D" above, amount payable within one year is ₹ 4,778.07 crore (Previous Year ₹ 5,888.92 crore)



Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

Schedule "E"

Fixed Assets

(₹ in crore)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at April 1, 2010	Addition Adjustments #	During the Year	Deduction Adjustments ##	As at March 31, 2011	As at April 1, 2010	Addition Adjustments #	During the Year	Deduction Adjustments ##	As at March 31, 2011	As at March 31, 2010
<b>Assets on lease</b>											
Plant & Machinery	-		15.59	-	15.59	-		0.23	-	0.23	-
Motor Vehicles	-		22.52	-	22.52	-		0.67	-	0.67	-
Sub - total	-		38.11	-	38.11	-		0.90	-	0.90	-
<b>Assets for own use</b>											
Buildings	120.81	-	-	-	25.58	72.37	-	1.08	-	13.59	48.43
Furniture & Fittings	28.62	3.48	1.75	1.41	28.02	16.10	0.46	2.81	0.66	16.79	12.53
Office & Other Equipments	55.50	3.88	7.10	3.02	57.58	22.08	0.38	5.78	1.84	23.77	33.42
Computers	68.85	9.33	6.25	3.79	80.64	50.18	2.60	10.28	-	60.43	18.67
Motor Vehicles	17.05	0.45	2.12	1.89	17.73	8.96	0.09	2.22	1.32	9.95	8.09
Lease - Assets	40.34	1.13	11.22	1.29	47.49	24.06	0.21	10.09	0.68	31.91	16.28
Sub - total	331.17	18.27	28.44	5.72	257.04	193.75	3.74	32.26	3.18	156.44	137.42
<b>Intangible assets</b>											
Computer Software	82.99	-	9.61	0.31	90.12	51.16	-	16.72	0.20	66.95	31.83
Membership Rights	0.75	-	-	-	0.75	0.34	-	0.08	-	0.42	0.41
Goodwill on Consolidation	-	52.75	-	-	52.75	-	-	-	-	-	-
(Refer Note 4 of Schedule N)											
Sub - Total	83.74	52.75	9.61	0.31	143.62	51.50	-	16.80	0.20	67.37	32.24
<b>Grand Total</b>	414.91	71.02	76.16	6.03	438.77	245.25	3.74	49.96	3.38	224.71	169.66
Previous Year	530.68	-	38.84	-	414.91	326.62	-	67.63	-	245.25	169.66
<b>Capital Work-in-Progress</b>											
										111.31	88.86
[Net of Impairment Provisions ₹ 13.88 crore (Previous Year ₹ 13.88 crore)]										325.37	258.52

Notes:

- Buildings include:
  - Cost of shares in Co-operative Societies ₹ Nil (Previous Year ₹ 2,500)
  - Nil (Previous Year ₹ 92.94 crore) incurred towards purchase / acquisition of 1,31,881 equity shares of ₹ 1 each of Mature Trading & Investments Pvt. Ltd., with a right to occupancy of certain area of commercial premises.
- Capital Work-in-Progress includes:
  - ₹ 110.34 crore (Previous Year ₹ 74.98 crore) advance against capital expenditure and ₹ 0.97 crore (Previous Year ₹ Nil) advance against leased assets.
  - ₹ 13.88 crore (Previous Year ₹ 13.05 crore) incurred towards purchase / acquisition of 50,000 equity shares of ₹ 10 each of Legend Housing Pvt. Ltd., with a right of occupancy of certain area in a commercial / residential premise under construction. The Company has provided ₹ 13.88 crore (Previous Year ₹ 13.05 crore) on account of delay in project commencement.
  - The gross figure before provision to be read as ₹ 125.19 crore (Previous Year ₹ 102.74 crore)
- In respect of Intangible Assets:
  - It is other than internally generated.
  - Remaining useful life is as follows
    - Additions for FY 2010-11 - 4 years
    - Additions for FY 2009-10 - 3 years (Previous Year 4 years)
    - Additions for FY 2008-09 - 2 years (Previous Year 3 years)
    - Additions for FY 2007-08 - 1 year (Previous Year 2 years)
- During the year gross block of ₹ 25.25 crore alongwith accumulated depreciation ₹ 19.10 crore forming part of Computer Software has been reclassified to Computers being hardware cost.
  - During the year gross block of ₹ 0.75 crore alongwith accumulated depreciation ₹ 0.34 crore forming part of Computer Software has been reclassified to Membership Rights.
- Adjustments to additions are on account of acquisition of subsidiaries during the year.
  - Adjustments to deductions are on account of sale of subsidiaries during the year.

# Reliance Capital Limited

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

	As at March 31, 2011	As at March 31, 2010
(₹ in crore)		
<b>Schedule "F"</b>		
<b>Investments</b>		
<b>Long Term Investments :</b>		
In Government and other securities	662.69	490.67
In equity shares		
Quoted (Net of Provision for Diminution in the Value of Investment of ₹ 33.00 crore, Previous Year ₹ 49.46 crore)	1 346.26	1 343.36
Unquoted (Net of Provision for Diminution in the Value of Investment of ₹ 7.95 crore, Previous Year ₹ 8.67 crore)	1 014.65	933.42
In preference shares		
Quoted (Net of Provision for Diminution in the Value of Investment of ₹ 0.32 crore, Previous Year ₹ 0.37 crore)	14.81	9.76
Unquoted (Net of Provision for Diminution in the Value of Investment of ₹ 3.00 crore, Previous Year ₹ 1.50 crore)	4 002.32	3 107.81
In Debentures		
Unquoted (Net of Provision for Diminution in the Value of Investment of ₹ 8.68 crore, Previous Year ₹ 4.34 crore)	2 162.66	2 082.91
In Warrants		
Unquoted Partly Paid up (Net of Provision for Diminution in the Value of Investment of ₹ 11.39 crore, Previous Year ₹ 11.39 crore)	0.47	32.97
Investment in seed/fund	97.31	35.00
Investment in joint venture	85.00	85.00
Pass through Certificates & Security Receipts	224.87	45.68
In Others	262.62	237.52
<b>In associates</b>		
Equity shares (carrying amount)	113.71	67.02
Preference shares	436.50	360.00
<b>Current Investments :</b>		
In Government and other securities	57.50	36.94
Mutual Funds - quoted, fully paid-up	1 273.76	1 948.05
In Debentures (Unquoted)	453.95	334.42
In Others	92.29	190.06
	<u>12 301.37</u>	<u>11 340.59</u>
<b>Schedule "G"</b>		
<b>Current Assets, Loans and Advances</b>		
<b>Current Assets</b>		
Stock in trade	185.39	38.80
(as certified by the management)		
Sundry debtors (Unsecured)		
Debts outstanding for a period exceeding six months		
- Considered Doubtful	17.54	16.70
- Considered good	0.26	54.73
Less : Provision for doubtful debts	15.17	-
	<u>2.63</u>	<u>71.43</u>
Other debts, considered good	102.48	156.28
Less : Provision for doubtful debts	1.66	24.87
	<u>103.45</u>	<u>202.84</u>
Cash & bank balances		
Cash on hand	4.74	5.69
Cheques on hand	1.50	-
Balance with non scheduled banks		
- In current accounts	8.90	0.15
- In fixed deposit account	32.14	-
Balances with scheduled banks		
- In current accounts	1 068.82	584.56
- In fixed deposit account (Refer Note 1 given below)	812.87	272.41
	<u>1 928.97</u>	<u>862.81</u>

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

	(₹ in crore)	
	As at March 31, 2011	As at March 31, 2010
<b>Schedule "G" (Contd.)</b>		
Other current assets		
Income accrued on loans and others	135.43	104.10
Asset held for sale	-	93.47
Less : Provision for assets held for sale (Refer Note 2 given below)	-	33.47
	-	60.00
Repossessed assets	14.60	19.42
Less : Provision for repossessed assets	2.81	5.53
	11.79	13.89
	<u>147.22</u>	177.99
	<u>2 365.03</u>	<u>1 282.44</u>
<b>Loans And Advances</b>		
Loans to others (Refer Note 4 given below)		
Considered doubtful	157.02	266.71
Less : Provision for non performing assets and doubtful debts	28.26	63.43
	128.76	203.28
Considered good		
Loans to associates	146.14	27.81
Others	14 504.21	10 118.63
	14 779.11	10 349.72
Advances recoverable in cash or in kind or for value to be received (Refer Note 3 below)		
- Considered doubtful	50.62	79.89
Less : Provision for non performing assets and doubtful debts	29.68	38.00
	20.94	41.89
Considered good		
- Associates	0.28	-
- Others	439.39	1 175.57
Due from other entities carrying on insurance business	460.61	1 217.46
	143.61	639.71
Deposits	229.20	187.53
VAT Receivable	3.55	0.01
Service Tax Input Receivable	31.71	27.68
Taxes Paid	133.21	53.45
	<u>397.67</u>	268.67
	<u>15 781.00</u>	<u>12 475.56</u>

Notes

- In respect of balances with Scheduled Banks in Fixed Deposit accounts above includes:
  - ₹ 288.35 crore (Previous Year ₹ 165.20 crore) is kept as credit enhancement towards securitisation transaction, ₹ 3,32,500/- (Previous Year ₹ 12,500/-) is kept as deposit with sales tax authority, ₹ 5,00,000/- is kept as deposit with The Pension Fund Regulatory and Development Authority (PFRDA) and ₹ 2,00,000/- is kept as deposit with bank for issuing of Bank Guarantee.
  - ₹ 10.13 crore (Previous Year ₹ 14.63 crore) and ₹ 5.33 crore (Previous Year ₹ 0.30 crore) placed as margin for the issue of bank guarantee favoring National Securities Clearing Corporation Limited and Bombay Stock Exchange Limited respectively and deposit of ₹ 0.06 crore (Previous Year ₹ Nil) marked as lien with The President, District Consumer Disputes Redressal Forum, Jaipur-II and National Stock Exchange of India Ltd.
  - ₹ 104.39 crore (Previous Year ₹ Nil) pledged against bank guarantee and settlement guarantee fund.
  - ₹ 3.98 crore (Previous Year ₹ Nil) is pledged toward bank overdraft facility, ₹ 39.46 crore (Previous Year ₹ Nil) is pledged toward bank overdraft facility and margin for purchase of gold and ₹ 8.85 crore (Previous Year ₹ Nil) is pledged toward bank overdraft facility and stock exchange.
  - ₹ 0.56 crore (Previous Year ₹ 2.05 crore) and ₹ 0.33 crore (Previous Year ₹ 0.32 crore) placed as margin for the issue of bank guarantee favoring Multi Commodity Exchange Limited and National Commodity and Derivative Exchange Limited respectively.
- In the financial year 2009-10 assets held for sale, represents aircraft, at written down value as on April 1, 2006, that was previously classified as a fixed asset, has been disposed off during the year.

# Reliance Capital Limited

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2011

- Advances recoverable in cash or in kind includes ₹ 226.75 crore (Previous Year ₹ 564.10 crore) paid towards share application money pending allotment.
- Loan to others include ₹ 0.05 crore due from manager / officer (Previous Year ₹ 0.05 crore) [maximum balance outstanding at any time during the year is ₹ 0.05 crore (Previous Year ₹ 0.05 crore)]
- In the opinion of the management, loans and advances, other than doubtful, are considered as good and fully recoverable.

	As at March 31, 2011		As at March 31, 2010	
(₹ in crore)				
<b>Schedule "H"</b>				
<b>Current Liabilities And Provisions</b>				
<b>Current Liabilities</b>				
Sundry creditors				
- Micro, Small, Medium creditors	-	-	-	-
- Due to Others	<u>524.39</u>	<u>524.39</u>	<u>618.10</u>	618.10
Other liabilities (Refer Note 1 given below)		<b>1 081.26</b>		1 111.17
Bank Overdraft Facilities		<b>219.23</b>		-
Claims outstanding		<b>1 057.68</b>		897.49
(Includes claims related to IMTPIP of ₹ 653.60 crore, Previous Year ₹ 486.60 crore.)				
Security deposit - lease		-		61.60
Interest accrued but not due		<b>231.60</b>		167.08
Investor education and protection fund (Refer Note 2 given below)				
- Unclaimed dividend	<b>7.83</b>		6.74	
- Unclaimed fixed deposit	<u>-</u>	<u>7.83</u>	<u>0.01</u>	<u>6.75</u>
		<b>3 121.99</b>		2 862.19
<b>Provisions</b>				
Provision for loss on equity index options	<b>1.16</b>		-	
Provision for loss due to impairment of assets	<b>2.50</b>		-	
Provision for leave encashment	<b>12.61</b>		12.77	
Provision for gratuity	<b>0.98</b>		0.32	
Provision for standard assets	<b>38.21</b>		23.68	
Provision for unexpired risk (Refer Note No. 7, Schedule 'N')	<b>573.46</b>		712.47	
Proposed dividend on shares	<b>171.07</b>		159.66	
Provision for dividend tax	<u>27.75</u>	<u>827.74</u>	<u>27.14</u>	<u>936.04</u>
		<b>3 949.73</b>		3 798.23
<b>Schedule "I"</b>				
<b>Unamortised Expenditure</b>				
Unamortised DSA commission				
As per last balance sheet	<b>55.09</b>		97.99	
Add: Incurred during the year	<b>45.33</b>		39.16	
Less: amortised during the year	<u>34.25</u>		<u>82.07</u>	
		<b>66.17</b>		55.08
Unamortised brokerage on borrowings				
As per last balance sheet	<b>21.44</b>		11.03	
Add : incurred during the year	<b>11.07</b>		28.21	
Less: amortised during the year	<u>16.86</u>		<u>17.80</u>	
		<b>15.65</b>		21.44
Unamortised distribution cost				
As per last balance sheet	<b>9.39</b>		-	
Add : incurred during the year	<b>3.01</b>		10.19	
Less: amortised during the year	<u>3.60</u>		<u>0.80</u>	
		<b>8.80</b>		9.39
		<b>90.62</b>		85.91

- Other Liabilities includes the temporary overdrawn balances of ₹ 856.76 crore (Previous Year ₹ 793.83 crore) are on account of cheques issued but not presented for payment.
- Investor Education and Protection Fund does not include any amounts, due and outstanding, to be deposited to the said fund.

# Reliance Capital Limited

## Schedules forming part of the Consolidated Profit and Loss as Account for the year ended March 31, 2011

(₹ in crore)

	2010-11	2009-10
<b>Schedule "J"</b>		
<b>Operating and other Income</b>		
<b>Operating Income</b>		
Interest and finance income on :		
Long term investments	814.72	587.43
Inter corporate loans/Commercial Finance/Home Loans	1 355.74	1 268.11
Others	56.58	60.27
	<u>2 227.04</u>	<u>1 915.81</u>
Profit on sale of (net):		
Long term Investments	59.14	344.17
Stock in trade/ short term Investment	30.75	170.04
Profit/(Loss) on securities option trading (Net)	50.33	-
	<u>140.22</u>	<u>514.21</u>
Dividends on :		
Long term investments	5.92	11.45
Stock in trade/ Short term Investment	37.34	32.98
	<u>43.26</u>	<u>44.43</u>
Lease Rental Income	2.17	-
Processing fees	55.59	45.54
Less : Service tax recovered	5.19	4.25
	<u>50.40</u>	<u>41.29</u>
Premium earned (Gross)	1 653.38	1 978.30
Management and advisory fees	648.19	632.14
Sales of Government Securities	-	313.79
Brokerage and commission earned (Net of Margin)	237.63	241.23
Excess Reserve for Unexpired Risk written back	139.00	-
Reinsurance accepted	162.86	176.26
Trustee / portfolio management fees	30.48	40.30
Exchange difference & Margin on sale of foreign currency	2.47	7.97
Depository participant transaction charges	8.06	15.85
Revenues from specialty services (Net)	0.97	4.19
Premium on Loan Assignment and Securitisation	-	153.32
Other Operating Income	40.69	30.33
	<u>5 386.82</u>	<u>6 109.42</u>
<b>Other Income</b>		
Profit on sale of fixed assets (net)	10.78	-
Credit Balance/Excess provision written back	54.25	16.17
Rent	0.77	4.85
Bad Debts Recovered	-	1.20
Management Fees	6.80	-
Miscellaneous income	39.05	8.96
	<u>111.65</u>	<u>31.18</u>
	<u>5 498.47</u>	<u>6 140.60</u>
<b>Schedule "K"</b>		
<b>Interest and Finance Charges</b>		
Interest on:		
Debentures	412.42	342.76
Term Loan	572.03	547.51
Bank Loans – Cash Credit Limits	17.95	-
Others	41.11	4.52
	<u>1 043.51</u>	<u>894.79</u>
Amortised Brokerage on Borrowing (Refer Schedule "I")	16.86	17.80
Discount on commercial papers	401.67	437.61
	<u>1 462.04</u>	<u>1 350.20</u>

# Reliance Capital Limited

## Schedules forming part of the Consolidated Profit and Loss as Account for the year ended March 31, 2011

(₹ in crore)

	2010-11	2009-10	
<b>Schedule "L"</b>			
<b>Administrative and other Expenses</b>			
Payments to and provisions for employees - (Including managerial remuneration)			
Salary, bonus etc.	<b>452.63</b>	491.09	
Contribution to provident fund and other funds	<b>20.14</b>	20.14	
Staff welfare and other amenities	<b>24.05</b>	24.12	
	<b>496.82</b>		535.35
Bank charges	<b>6.51</b>	8.18	
Rent	<b>114.55</b>	110.37	
Rates and taxes	<b>14.07</b>	7.42	
Repairs and maintenance			
Buildings	<b>0.23</b>	0.36	
Others	<b>52.73</b>	31.08	
Electricity	<b>8.02</b>	6.94	
Legal and professional fees	<b>147.44</b>	135.31	
Membership and subscription	<b>6.07</b>	8.28	
Insurance	<b>1.68</b>	2.43	
Travelling and conveyance	<b>28.39</b>	24.26	
Postage, telegram and telephones	<b>89.72</b>	97.60	
Claims Incurred (net)	<b>1 331.38</b>	1 185.69	
Premium paid on reinsurance ceded	<b>663.48</b>	727.19	
Commission and brokerage paid	<b>200.69</b>	199.79	
Reserve for unexpired risk	-	29.47	
Loss on sale of fixed assets (Net)	-	0.97	
Loss on securities option trading (Net)	<b>19.63</b>	7.01	
Auditor's remuneration	<b>1.84</b>	1.71	
Directors' fees	<b>0.48</b>	0.44	
Employee Seminar and Training	<b>2.87</b>	1.77	
Donation	<b>3.43</b>	3.01	
Marketing and Publicity Expenses	<b>51.98</b>	50.31	
Distribution cost (Refer Schedule 'I')	<b>3.60</b>	0.80	
Provision for Investments & NPA, Doubtful Debts and Bad Debts Written Off (Refer Note 1 below)	<b>185.54</b>	303.67	
Fixed Assets written off	<b>2.75</b>	-	
Cost of sale of government securities	-	313.15	
DSA commission amortised (Refer Schedule 'I')	<b>34.25</b>	82.07	
Provision and Loss on Repossessed Stock ( Refer Note 2 below)	<b>4.18</b>	11.04	
Loss share in partnership firm	-	1.04	
Miscellaneous expenses	<b>222.93</b>	243.74	
	<b>3 198.44</b>		3 595.10
	<b>3 695.26</b>		4 130.45

### Notes:

1.	Provision for Investments & NPA, Doubtful Debts and Bad Debts Written Off represents the following:		
	(Reversal) / Provision for NPA and Doubtful Debts	<b>(29.11)</b>	28.62
	(Reversal) / Provision for Standard Debts	<b>14.54</b>	(25.90)
	Bad Debts Written Off	<b>211.49</b>	301.16
	Provision for diminution in the value of Investments	<b>(11.38)</b>	(0.21)
		<b>185.54</b>	303.67
2.	Provision and Loss on Repossessed Stock represents the following :		
	Loss on sale of Repossessed Stock	<b>6.89</b>	10.08
	(Reversal) / Provision for Repossessed Stock	<b>(2.71)</b>	0.96
		<b>4.18</b>	11.04

## Significant Accounting Policies to Consolidated Balance Sheet and Consolidated Profit and Loss Account

### Schedule "M"

#### A. Background

Reliance Capital Limited ('the Company') is a leading Non Banking Financial Company ('NBFC'). The Company along with the group ('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 Limited ('the Company'), its subsidiary companies including partnership firms and associates. The consolidated financial statements have been prepared on the following basis;

- i) The financial statements of the Company and its subsidiary companies including partnership firms 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 unrealized 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 costs 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 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 shareholders 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.
- viii) In case of foreign subsidiaries and companies controlled by the Company, in translating the financial statements of non integral foreign subsidiaries for consolidation the following procedures have been followed:
  - a) The assets and liabilities both monetary and non monetary, of the non integral foreign operations are translated at the closing rate;
  - b) Income and expenses items of the non integral foreign operations are translated at the average rate;
  - c) All resulting exchange differences (if any) are accumulated in foreign currency translation reserve.

#### 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 prescribed by the Companies (Accounting Standards) 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. In case of Reliance General Insurance Co. Ltd., the financial statement are drawn up in accordance with the Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors Report of Insurance Companies) Regulations, 2002 and order and direction issued by IRDA in this behalf and the regulations framed there under read with relevant provisions of the Insurance Act, 1938 to the extent applicable.

##### 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).

#### 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:

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

ii) Share of profits or losses in partnership firm

Share of profit/loss 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.

#### h) Loan Processing / Fee Income:

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

#### i) Income from Assignment / Securitization:

In case of assignment of loans, the assets are derecognised when all the rights, title, future receivables and interest thereof along with all the risks and rewards of ownership are transferred to the purchasers of assigned loans / risks and rewards. On de-recognition, the difference between book value of the receivables assigned and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment.

In case of securitization of loans, the transferred loans are derecognised and gains/losses are recognised for only if the company surrenders the rights to benefits specified in the underlying securitized loan contracts. In accordance with the RBI guidelines for securitization of standard assets, with effect from February 1, 2006, the Company recognises for any loss arising from securitization immediately at the time of sale and premium arising from securitization is amortized over the life of securities issued or to be issued by the special purpose vehicle to which the assets are sold. Income on retained interest in securitised assets is recognised on accrual basis.

#### j) Income from Trading in Equities and Derivatives:

The initial margin and the additional margin paid for entering into contracts for equity futures and options are disclosed under the head Loans and Advances in the Balance Sheet.

Income from trading in securities and derivatives comprises of profit/loss on hedged positions in Equity and Derivative instruments. All the hedged positions in Equity and Derivatives(Futures and Options) are marked to market and difference between the transaction price and settlement price is recognized as Gains or Losses.

The Brokerage, STT and other payments made in connection with the acquisition of securities are added to the cost of acquisition. The amount shown under sale of securities is net of Brokerage and STT.

**Significant Accounting Policies to Consolidated Balance Sheet and Consolidated Profit and Loss Account**

**k) Income from Trading in Commodity and Commodity Derivatives:**

The initial margin and the additional margin paid for entering into contracts for commodity futures and options are disclosed under the head Loans and Advances in the Balance Sheet.

Income from trading in commodities comprises of profit/loss on hedged positions in commodity stocks and futures. All the hedged positions in commodity and commodity futures are marked to market and difference between the transaction price and settlement price is recognized as Gains or Losses.

The Brokerage and other payments made in connection with the acquisition of securities are added to the cost of acquisition. The amount shown under sale of securities is net of Brokerage.

**l) Income from Trading in Currency Derivatives:**

The initial margin and the additional margin paid for entering into contracts for currency futures and options are disclosed under the head Loans and Advances in the Balance Sheet.

Income from trading in currency comprises of profit/loss on currency futures. All the positions in currency and currency futures are marked to market and difference between the transaction price and settlement price is recognized as Gains or Losses.

The Brokerage, Securities Transaction Tax (STT) and other payments made in connection with the acquisition of securities are added to the cost of acquisition. The amount shown under sale of securities is net of Brokerage and STT.

**m) Trusteeship Remuneration:**

Trusteeship remuneration income is recognised on the basis of the agreements entered into between the settler and the trustee.

**n) Premium:**

Premium is recognised as income over the contract period or the period of risk whichever is appropriate. Any subsequent revisions to or cancellations of premium are recognised in the year in which they occur.

**o) 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 on accrual. Any subsequent revisions of profit commission are recognized for in the year in which final determination of the profits is intimated by reinsurers.

**p) Reinsurance:**

- i) Reinsurance is ceded in the year in which the risk commences and recognised over the contract period. Any subsequent revision to refunds or cancellation of premiums, are recognised in the year in which they occur.
- ii) Reinsurance inward is accounted to the extent of the returns received from the reinsurers.

**q) 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.

**r) 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 traveler's cheque and forex cards is recorded on accrual basis in accordance with terms of the underlying agreement.

**s) Sales & Services:**

All Sales & Services are excluding the sales tax & service tax recovery.

**t) Brokerage Income:**

Brokerage income is recognized net of service tax on the date of transaction.

**u) Infrastructure and Resource Management Fees:**

Infrastructure and resource management services fees are recognised on accrual basis as per agreements with the clients.

# Reliance Capital Limited

## Significant Accounting Policies to Consolidated Balance Sheet and Consolidated Profit and Loss Account

### v) Online Access Fees:

Online access fees is recognized on straight line basis, based on the agreement with the clients.

### w) Lease Rental Income:

Income from operating lease is recognised as rental as per the lease agreement over the period of lease.

### 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.

#### a) Leased Assets:

All assets given on operating lease are shown in fixed assets net of depreciation.

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.

### v) Depreciation / Amortisation

Depreciation on fixed assets, lease assets and intangible assets are provided as follows:

- i) Own assets : All assets other than lease hold improvements, on Written Down Value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 and lease hold improvements are amortised over the primary period of the lease on Straight Line Basis.
- ii) Leased assets: Depreciated on Straight Line Method over the useful life of assets. The estimated useful lives of the assets for the different types of assets are :
  - a) Vehicle for personal use – 8 years
  - b) Vehicle for commercial use (Taxi) – 6 years
  - c) Vehicle for commercial use (Lorries) – 8 years
  - d) Plant & Machinery – 8 years
- iii) Intangible Assets : Intangible Assets 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.

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) Asset Held for Sale

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

Significant Accounting Policies to Consolidated Balance Sheet and Consolidated Profit and Loss Account

**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 originating the loan 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.

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) Employee Stock Option Scheme ("ESOS")**

The Employees Stock Option Scheme ("the Scheme") provides for grant of equity shares of the Company to directors (including whole-time) and employees of the Company and its subsidiaries. The Scheme provides that employees are granted an option to acquire equity shares of the Company that vests in a graded manner. The options may be exercised within a specified period. The Company follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured as the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date and is amortised over the vesting period of the option on a straight line basis.

The fair market price is the latest closing price, immediately prior to the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

### **xvi) 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 yearend are restated at year end rates.

### **xvii) 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.

### **xviii) 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.

### **xix) 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.

### **xx) 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.

### **xxi) 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).

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.

### **xxii) 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.

### **xxiii) Initial Issue Expenses of Schemes**

Expenses relating to Initial Issue of Mutual Fund Schemes in excess of the entry load collected, as applicable, are charged to the profit and loss account in the year in which such expenses are incurred.

## Significant Accounting Policies to Consolidated Balance Sheet and Consolidated Profit and Loss Account

### xxiv) Preliminary Expenditure

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

### xxv) Expenses of Management

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

Expenses relating to investment activities are charged to the profit and loss account.

### xxvi) 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.

### xxvii) 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 (net of amounts receivable from reinsurers/coinsurers) are recognized on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

Estimated liability for outstanding claims at Balance Sheet date is recorded net of claims recoverable from/payable to co-insurers/reinsurers and salvage to the extent there is certainty of realization.

Estimated liability of outstanding claims is determined by management on the basis of ultimate amounts likely to be paid on each claim based on the past experience. These estimates are progressively revalidated on availability of further information.

IBNR represents that amount of claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims IBNER. Estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not ('IBNER') is based on actuarial estimate duly certified by the appointed actuary of the Company. IBNR/IBNER has been created on re-insurance accepted from Indian Motor Third Party Insurance Pool (IMTPIP) based on actuarial estimates received from the IMTPIP.

### xxviii) 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 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 and IRDA/F&I/CIR/F&A/015/02/2011 dated February 2, 2011.

### xxix) 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 as per IRDA circular F&A/CIR/017/May-04 dated May 18, 2004. The company considers maintenance as relevant costs incurred for ensuring claim handling operations.

### xxx) 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.

### xxxi) Fund Expenses

Expenses incurred (inclusive of advertisement/brokerage expenses) on behalf of Schemes / Fund are recognised to the profit and loss account unless considered recoverable.

# Reliance Capital Limited

## Notes to Accounts to Consolidated Balance Sheet and Consolidated Profit and Loss Account

### Schedule "N"

1. Previous Year's figures have been regrouped and reclassified wherever necessary.
2. Profit on Sale of Subsidiaries and Amalgamation adjustments:

Particulars	(₹ in crore)
Profit on sale of subsidiaries	49.13
Amalgamation Adjustments (Refer Note (i) and (ii) given below)	15.10
<b>Total</b>	<b>64.23</b>

- (i) Amalgamation Adjustments refer above includes ₹ 7.89 crore on account of difference between unaudited financial of Reliance Equities International Pvt. Ltd. considered in the last year and audited financial after the amalgamation considered in the current year.
- (ii) Amalgamation Adjustments refer above includes ₹ 7.21 crore on account of difference between financial before demerger and after demerger of its pharma division of Medybiz Pvt. Ltd.

### Schemes of Amalgamation & Arrangement

#### A) Between Reliance Commercial Finance Pvt. Ltd. (Formerly Reliance Consumer Finance Pvt. Ltd.) and Reliance Capital Ltd. :

- a) Pursuant to the Scheme of Amalgamation ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 as sanctioned by the Hon'ble High Court of judicature at Bombay, vide its Order dated April 29, 2011 and filed with the Registrar of Companies (RoC), Maharashtra on May 18, 2011, Reliance Commercial Finance Pvt Ltd (Formerly Reliance Consumer Finance Pvt. Ltd.) (RCFPL) - (wholly owned subsidiary of the Company whose core business was commercial finance) has been amalgamated with the Company with effect from April 1, 2010 i.e., the appointed Date and accordingly RCFPL stands dissolved.
- b) The Amalgamation has been accounted for under the "Purchase method" as prescribed by Accounting Standard-14 (AS-14), "Accounting for Amalgamation" prescribed by Companies (Accounting Standards) Rules, 2006.

#### (B) Between Reliance Money Infrastructure Limited (RMIL) and Reliance Capital Asset Management Company Limited (RCAM)

Pursuant to the Scheme of Arrangement ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956, as sanctioned by the Hon'ble High Court of Gujarat vide Order dated January 13, 2011 and filed with the Registrar of Companies (RoC) on February 17, 2011, infrastructure division of Reliance Money Infrastructure Ltd. ("RMIL"), engaged in infrastructure business has been demerged into the RCAM with effect from February 17, 2011 i.e., the appointed Date.

As per the Scheme, RCAM recorded in its books all assets & liabilities pertaining to infrastructure division appearing in the books of RMIL as on the appointed date at their respective carrying values.

The Scheme has become effective upon RCAM filing the order of the Hon'ble High court with Registrar of Companies (RoC), as required under section 394(3) of the Companies Act, 1956. Consequently, the following effects have been incorporated in the accounts under purchase method of accounting.

Particulars	(₹ in crore)
Fixed assets	4.54
Current assets	70.46
Liabilities (unsecured loan)	75.00

#### Net Consideration for arrangement:

In respect of 100 equity shares of ₹ 10 each fully paid up held by shareholders in RMIL, 1 non cumulative preference share of ₹ 100 each fully paid up has been issued.

Preference shares of face value ₹ 10 lakhs of RCAM issued and allotted to the preference shareholders of RMIL on proportionate basis.

The difference of ₹ 0.20 crore between the consideration and the value of net identifiable assets has been charged from brought forward profit as on April 1, 2010 as mentioned in the Scheme.

#### (C) Between Medybiz Pvt. Ltd. and Mediassist India TPA Pvt. Ltd. (Mediassist) :

Pursuant to the Scheme of Arrangement ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 sanctioned by the Hon'ble High Court of Karnataka vide Order dated February 11, 2010 and filed with the Registrar of Companies (RoC) on June 16, 2010, pharma division of Medybiz Pvt. Ltd. engaged in pharma business has been demerged into Mediassist with effect from April 1, 2008 i.e., the appointed Date.

As per the Scheme, Mediassist recorded in its books all assets & liabilities pertaining to pharma division appearing in the books of Medybiz Pvt. Ltd. as on the appointed date at their respective carrying values.

The Scheme has become effective upon Mediassist filing the order of the Hon'ble High court with RoC as required under section 394(3) of the Companies Act, 1956. Consequently, the following effects have been incorporated in the accounts under purchase method of accounting.



Notes to Accounts to Consolidated Balance Sheet and Consolidated Profit and Loss Account

Particulars	(₹ in crore)
Fixed assets	0.25
Current assets	1.48
Liabilities (unsecured loan)	4.01
Current Liabilities	0.50

**Net Consideration for arrangement:**

Mediassist allotted 12,370 equity shares of ₹ 10 each as fully paid up to shareholders of the Company.

Excess of liabilities over net assets acquired for the Company (Medybiz – Pharma Division) amounting to ₹ 2.79 crore have been transferred to Goodwill account.

**(D) Between Reliance Equities International Pvt. Ltd. and Quant Broking Pvt. Ltd. (Quant) :**

Pursuant to the Scheme of Arrangement ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 sanctioned by the Hon'ble High Court of judicature at Bombay vide Order dated June 14, 2010 and filed with the Registrar of Companies (RoC) on July 8, 2010, Brokerage and Financial Services business of Reliance Equities International Pvt. Ltd. ("REIPL") engaged in financial services has been demerged into the Quant with effect from April 1, 2009 i.e., the appointed Date.

As per the Scheme, Quant recorded in its books all assets & liabilities pertaining to Brokerage and Financial Services Business appearing in the books of Reliance Equities International Pvt. Ltd. as on the appointed date at their respective carrying values.

The Scheme has become effective upon Quant filing the order of the Hon'ble High court with RoC as required under section 394(3) of the Companies Act, 1956. Consequently, the following effects have been incorporated in the accounts under purchase method of accounting.

Items included in the balance sheet on account of the above:	(₹ in crore)
Assets	46.26
Liabilities	22.06
Net Assets adjusted with the Securities Premium as per Scheme	24.20

**Net Consideration for arrangement:**

In respect of 1,500 equity shares of ₹ 10 each fully paid up held by shareholders in REIPL, one 9% non cumulative non convertible preference share of Quant ₹ 10 each fully paid up.

The difference between the consideration and the value of net identifiable assets has been debited to Securities Premium as on April 1, 2010 as mentioned in the Scheme.

3. **The Company is a partner in the following firms:**

i) Reliance Capital Partners:

a) The firm consists of following partners:

i) Reliance Capital Limited      ii) Reliance Land Pvt. Ltd.

b) Profit sharing ratio:

The profit is distributed between the partners on the basis of the weighted average capital.

c) The profit of ₹ 39.58 crore is considered as Profit of the current financial year (Previous Year Loss of ₹ 1.04 crore).

ii) Reliance Capital Infrastructure Partners:

a) The firm consists of following partners:

i) Reliance Capital Limited      ii) Reliance Infocomm Infrastructure Pvt. Ltd.      iii) Reliance Infraprojects Ltd.

b) Profit sharing ratio:

The profit is distributed between the partners on the basis of the weighted average capital.

c) The firm has not commenced operations as at March 31, 2011 and there has been no contribution of capital upto March 31, 2011.

4. **Goodwill on Consolidation of Subsidiaries**

The Company has acquired 100% shareholding of three subsidiaries and 74% of one company during the year 2010-2011. On Consolidation of those, the Company has recognised goodwill of ₹ 60.23 crore.

Particulars	2010-11	2009-10
Opening balance of Goodwill/(Capital Reserve) on consolidation of subsidiaries	(2.35)	(2.35)
Add : Goodwill on acquisition of subsidiaries	60.23	-
Less : Goodwill on sale of investments in subsidiaries	(5.13)	-
Closing balance of Goodwill/(Capital Reserve) on consolidation of subsidiaries	52.75	(2.35)

## Reliance Capital Limited

### Notes to Accounts to Consolidated Balance Sheet and Consolidated Profit and Loss Account

5. a) The Company sells loans through securitisation and direct assignment. The information related to securitisation and assignment made by the Group during the year, as an originator is given below:

(₹ in crore)

Particulars		Securitisation	Assignment	Total
Total number of loan assets Securitised / Assigned	(Nos.)	<b>16 890</b>	<b>3 219</b>	<b>20 109</b>
		(33 314)	(17 828)	(51 142)
Total book value of loan assets Securitised / Assigned		<b>905.90</b>	<b>147.64</b>	<b>1 053.54</b>
		(1 249.16)	(1 256.13)	(2 505.29)
Sale consideration received for the Securitised / Assigned assets		<b>905.90</b>	<b>147.64</b>	<b>1 053.54</b>
		(1 249.16)	(1 392.88)	(2 642.04)
Net gain on account of Securitisation / Assigned		-	-	-
		(-)	(136.75)	(136.75)
Outstanding Credit Enhancement (Funded)		<b>268.42</b>	<b>19.93</b>	<b>288.35</b>
		(165.20)	(-)	(165.20)
Outstanding Liquidity Facility		-	-	-
		(-)	(-)	(-)
Net Outstanding Servicing Asset / (Liability)		<b>65.61</b>	<b>43.73</b>	<b>109.34</b>
		(-)	(1.30)	(1.30)

#### Notes:

- i) Figures in bracket indicate previous year figures.
- ii) The Group invests in Pass Through Certificates (PTCs) and purchases loans through the direct assignment route. In some of the securitisation transactions, the Company also invests in the assets securitised by it, which, however, is restricted to the maximum limit prescribed by RBI from time to time.
6. **Employees Stock Option Plan (ESOP) :**

#### A) Reliance Capital Limited

The Company operates two Employee Stock Option Plans; ESOS Plan A and ESOS Plan B introduced in the financial year 2009-10, which cover eligible employees of the Company, the Holding Company and its subsidiaries. The vesting of the options is from expiry of one year and ranges till four to five years as per Plan under the respective ESOS(s). Each Option entitles the holder thereof to apply for and be allotted / transferred one Equity Share of the Company of ₹ 10 each upon payment of the exercise price during the exercise period. The Company implements and manages the ESOS plan through a trust. Advance of ₹ 130.41 crore (Previous Year ₹ 96.41 crore) has been granted to Trust. Out of the said advance Trust has purchased 16,00,000 (Previous Year 11,00,000) Equity Shares on account of ESOS upto March 31, 2011.

Details of scheme of Employee Stock Option Plans are as under :

Particulars	Plan A	Plan B
Date of Grant	February 1, 2010	February 1, 2010
Price of the Underlying Stock (₹)	789.65	789.65
Exercise / Strike Price (₹)	800.00	800.00

The fair value of the options granted was estimated on the date of grant using the Black Scholes Model with the following assumptions:

Particulars	Plan A	Plan B
Risk Free Interest Rate	7.01% - 7.27%	7.01% - 7.34%
Expected Dividend Yield	0.62%	0.62%
Expected Life (years)	5.5 to 7.0	5.5 to 7.5
Expected Volatility	61.23% to 64.04%	59.56% to 64.04%
Weighted Average Fair Value (₹)	536.00	546.00

The information covering stock options granted, exercised, forfeited and outstanding at the year end is as follows:

Notes to Accounts to Consolidated Balance Sheet and Consolidated Profit and Loss Account

Particulars	Plan A		Plan B	
	No. of Stock Options	Exercise Price (₹)	No. of Stock Options	Exercise Price (₹)
Outstanding at the beginning of the year	3 99 900	800.00	3 97 000	800.00
Granted	Nil	N.A.	Nil	N.A.
Exercised	Nil	N.A.	Nil	N.A.
Lapsed / Forfeited	33 500	N.A.	28 300	N.A.
Outstanding at the end of the year	3 66 400	800.00	3 68 700	800.00
Exercisable at end of the year	73 280	800.00	36 870	800.00

The Company has chosen to account for the Plan by the Intrinsic Value Method. The total expense recognised for the period arising from stock option plan as per Intrinsic Value Method is ₹ Nil (Previous Year ₹ Nil). Had the company adopted fair value method the net results for the year would have been lower by ₹ 14.20 crore (Previous Year ₹ 2.53 crore) [net of tax saving ₹ 14.20 crore (Previous Year ₹ 2.11 crore)] and accordingly EPS (both Basic and Diluted) would have been lower by ₹ 0.57 (Previous Year ₹ 0.1).

**B) Reliance Capital Asset Management Ltd. (RCAM)**

- (i) Pursuant to the shareholder's resolution dated September 20, 2007, RCAM introduced Employee Stock Option Plan I – 2007 under which RCAM may grant options to its employees from time to time. The grant of options to the employees under the ESOP scheme is on the basis of their performance and other eligibility criteria. During the year, the Plan has been amended and restated vide shareholder's resolution dated February 3, 2011.
- (ii) On December 21, 2007, RCAM issued 2,00,000 equity shares at a price ₹ 2,000 per equity share to the Trust i.e., Reliance Capital Asset Management Employee Benefit Trust, pursuant to the above Plan.
- (iii) Pursuant to the shareholder's resolution dated February 3, 2011, RCAM introduced Employee Stock Option Plan II – 2011 under which RCAM may grant options to its employees from time to time. The grant of options to the employees under the ESOP scheme is on the basis of their performance and other eligibility criteria.
- (iv) On March 30, 2011, RCAM issued 50,000 equity shares at a price ₹ 3,009 per equity share to the Trust i.e., Reliance Capital Asset Management Employee Benefit Trust.
- (v) All above options are planned to be settled in cash or equity at the time of exercise and have maximum period of 7 years from the date of vesting. The options existing during the year are as follows:

**a) Year 2007**

The option under ESOP I – 2007 at an exercise price of ₹ 2,000 per share and vest on a graded basis as follows:

Grant Date	September 28, 2007
Vesting Period	Vesting Schedule
On completion of 3 Years	30%
On completion of 4 Years	30%
On completion of 5 Years	40%

**b) Year 2008**

The option under ESOP I – 2007 at an exercise price of ₹ 7,989 per share and vest on a graded basis as follows:

Grant Date	November 13, 2008
Vesting Period	Vesting Schedule
On completion of 3 Years	30%
On completion of 4 Years	30%
On completion of 5 Years	40%

**c) Year 2011**

The option under ESOP I – 2007 at an exercise price of ₹ 3,009 per share and vest on a graded basis as follows:

Grant Date	March 30, 2011
Vesting Period	Vesting Schedule
On completion of 1 Years	30%
On completion of 2 Years	30%
On completion of 3 Years	40%

# Reliance Capital Limited

## Notes to Accounts to Consolidated Balance Sheet and Consolidated Profit and Loss Account

### d) Year 2011

The option under ESOP I - 2007 and Plan II - 2011 at an exercise price of ₹ 3,009 per share and vest on a graded basis as follows:

Grant Date	March 30, 2011
Vesting Period	Vesting Schedule
On completion of 1 Years	10%
On completion of 2 Years	10%
On completion of 3 Years	20%
On completion of 4 Years	20%
On completion of 5 Years	40%

(vi) The information concerning stock options granted, exercised, forfeited and outstanding at the year-end is as follows:

Shares in Thousands	As of March 31, 2011		As of March 31, 2010	
	No of stock options	"Weighted average exercise Price (₹)"	No of stock options	"Weighted average exercise Price (₹)"
Number of shares under option:				
Year 2007				
Outstanding at beginning of year	71 125	2,000	71 125	2 000
Granted	NIL	NIL	NIL	NIL
Cancelled or expired	1 475	2 000	NIL	NIL
Outstanding at the year end	69 650	2 000	71 125	2 000
Exercisable at end of year	20 895	2 000	NIL	NIL
Year 2008				
Outstanding at beginning of year	39 550	7 989	40 450	7 989
Granted	NIL	NIL	NIL	NIL
Cancelled or expired *	39 550	7 989	900	7 989
Outstanding at the year end	NIL	NIL	39 550	7 989
Exercisable at end of year	NIL	NIL	39 550	7 989
Year 2011				
Outstanding at beginning of year	NIL	NIL	NIL	NIL
Granted	38 050	3 009	NIL	NIL
Cancelled or expired	NIL	NIL	NIL	NIL
Outstanding at the year end	38 050	3 009	NIL	NIL
Exercisable at end of year	NIL	NIL	NIL	NIL
Year 2011				
Outstanding at beginning of year	NIL	NIL	NIL	NIL
Granted	139 800	3 009	NIL	NIL
Cancelled or expired	NIL	NIL	NIL	NIL
Outstanding at the year end	139 800	3 009	NIL	NIL
Exercisable at end of year	NIL	NIL	NIL	NIL

\* Cancelled during the year vide Board Resolution dated February 2, 2011

(vii) The fair value of the options granted was estimated on the date of grant using the Black- Scholes model with the following assumptions

	Year ended March 31, 2011	Year ended March 31, 2010
Risk free interest rate	8%	8%
Expected life	7 Years	7 Years
Dividend yield	0%	0%

(viii) RCAM has chosen to account for the Plan by the Intrinsic Value Method. The total expense recognised for the period arising from stock option plan as per Intrinsic Value Method is ₹ Nil (Previous Year ₹ Nil). The net results for the period, had the Company adopted the Fair Value Method, would have been lower by ₹ 1,55,09,999 (net of tax saving ₹ 1,24,18,779) and accordingly basic and diluted EPS would have been lower by ₹ 1.18.

Notes to Accounts to Consolidated Balance Sheet and Consolidated Profit and Loss Account

**C) In case of Reliance General Insurance Company Ltd. (RGIC)**

RGIC had introduced the Employee Stock Option Plan during the financial year 2008-09 under which options were granted to the employees of the company on the basis of their performance and other eligibility criteria. During the year, the company granted Nil equity shares (Previous Year Nil) to Reliance General Insurance Employees' Benefit Trust. These options are planned to be settled in cash or equity at the time of exercise and have maximum period of 7 years from the date of respective grants. The plan existing during the year is as follows:

Exercised Period	On completion of 3 years	30%
	On completion of 4 years	30%
	On completion of 5 years	40%

The information covering stock options granted, exercised, forfeited and outstanding at the year end is as follows

Particulars	Year ended March 31, 2011			Year ended March 31, 2010		
	No of stock options	"Weighted average exercise Price (₹)"	Weighted average remaining contractual Life (in Years)	No of stock options	"Weighted average exercise Price (₹)"	Weighted average remaining contractual Life (in Years)
Outstanding at beginning of year	664 300	70	4.46	694 300	70	6.05
Granted	Nil	Nil	Nil	Nil	Nil	Nil
Exercised	Nil	Nil	Nil	Nil	Nil	Nil
Lapsed / Forfeited	139 700	Nil	Nil	30 000	Nil	Nil
Outstanding at the year end	524 600	70	Nil	664 300	70	4.46
Exercisable at end of year	524 600	70	Nil	664 300	70	Nil

RGIC has chosen to account for the plan by Intrinsic Value Method. The total expense recognized for the year arising from stock option plan as per intrinsic value method is ₹ Nil (Previous Year Nil) The net results and Earning Per Share (EPS) for the year, had the Company adopted the fair value method, would have been unchanged.

**D) In case of Reliance Securities Ltd. (RSL)**

- (i) Pursuant to the board members resolution dated October 24, 2007, RSL introduced the Employee Stock Option Plan under which the Company decided to grant, from time to time, options to the employees of the Company.
- (ii) On October 1 2009, the Company issued a total of 100,000 equity shares at a price ₹ 50 per equity share to the Trust i.e., Reliance ADA Group Trustees Pvt. Ltd. as Trustees of Employee Benefit Trust.
- (iii) All above options are planned to be settled in cash or equity at the time of exercise and have maximum period of 7 years from the date of respective grants. The plan existing during the year is as follows:
  - a) Employee Stock Option Plan Plan – IB, 2009 Plan

The option under this plan has an exercise price of ₹ 50 per share and vest on a graded basis as follows:

Vesting Period	Vesting Schedule
On completion of 3 Years	30%
On completion of 4 Years	30%
On completion of 5 Years	40%

- (iv) The information concerning stock options granted, exercised, forfeited and outstanding at the year end is as follows:

Particulars	As on March 31, 2011	
	Number of Stock Options	Weighted average exercise price (₹)
<b>IB, 2009</b>		
Outstanding at the beginning of the Year	64 600	-
Granted	Nil	50
Exercised	Nil	-
Cancelled or Expired	Nil	-
Outstanding at the year end	64 600	50
Exercisable at end of year	64 600	50

# Reliance Capital Limited

## Notes to Accounts to Consolidated Balance Sheet and Consolidated Profit and Loss Account

- (v) The fair value of the options granted was estimated on the date of grant using the Black Scholes model with the following assumptions:

Vesting Period	Vesting Schedule
On completion of 3 Years	30%
On completion of 4 Years	30%
On completion of 5 Years	40%

- (vi) RSL has chosen to account for the Plan by the Intrinsic Value Method. The total expense recognised for the period arising from stock option plan as per intrinsic value method is ₹ NIL. The net results for the year, had the company adopted the fair value method, would have been lower by ₹ 7,46,130 (net of tax saving ₹ 2,51,147) and accordingly the EPS (both basic and diluted) would have been lowered by ₹ 0.20.

### 7. In case of Reliance General Insurance Company Ltd. (RGIC)

- (a) As per Insurance Regulatory & Development Authority (IRDA) circular No IRDA/F&A/CIR/49/ Mar-09 dated March 24, 2009 and IRDA/F&I/CIR/F&A/015/02/2011 dated February 2, 2011 in respect of Health segment, the Unexpired Risk Reserve (URR) has been recognised on the basis of 1/365 method which is less than as provided under Section 64V(1) (ii)(b) of the Insurance Act, 1938 due to which it is resulting in an accounting surplus amounting to ₹ 9.98 crore (Previous Year ₹ 7.63 crore) and as per circular the said amount needs to be transferred to the Contingency Reserve and such accounting surplus shall not be available for distribution to the shareholders without the explicit approval of the (IRDA). Due to unavailability of profits, the said reserve has not been created.
- (b) In accordance with the directions of IRDA, RGIC together with other general insurance companies, participates in the Indian Motor Third Party Insurance Pool (IMTPIP). The IMTPIP is a multilateral reinsurance arrangement, in which all member companies are compulsorily required to participate. The IMTPIP is administered by the General Insurance Corporation of India ('GIC'). The IMTPIP covers reinsurance of third party risks of specified motor vehicles ("Specified Risks"). Amounts collected as premium in respect of Specified Risks are ceded at 100 per cent of such premium, 100 per cent of claims incurred against risks ceded being recoverable from the pool.

In accordance with the terms of the agreement, each participant general insurance company is compulsorily required to share in the revenues, expenses, assets and liabilities of the IMTPIP, including Unexpired Risks Reserve, in the proportion that the company's Gross Direct Premium written in India (GDPI), bears to the total GDPI of all participant companies. 'RGIC' share as specified above is recorded based on the returns submitted by GIC, under the respective heads.

IRDA vide its Order No. IRDA/NL/ORD/ MPL/046/03/2011 dated March 12, 2011, inter alia mandated all the general insurers, including RGIC to provide ultimate claim ratio for not less than 153 per cent for Motor Commercial Third Party Premium underwritten by IMTPIP as against then 122 per cent, 123.93 per cent and 126.78 per cent for the period 2007-08, 2008-09 and 2009-10 respectively and for the current year. The Order also instructs general insurers to meet with certain conditions on solvency and for reporting to authorities on regular basis. Further, RGIC has received audited statements from GIC for the period starting from March 1, 2010 till February 28, 2011, working out an ultimate loss ratio of 153% for all the aforesaid period. Accordingly, during the year RGIC has accounted for its share in total operating loss, which amounted to ₹ 183.70 crore, including ₹ 111 crore, being additional underwriting loss for the period 2007-08 to 2009-10.

- (c) As a result, the RGIC's solvency as at March 31, 2011 stands at 114 per cent which is below 130 per cent as stipulated by Insurance Regulatory & Development Authority (Assets, Liabilities and Solvency margin of insurers) Regulations 2000 and subsequent circulars & orders.
- (d) The business (Gross Written Premium) transacted on account of pool amounts to ₹ 209.19 crore during the period April 1, 2010 to February 28, 2011 and investment of the pool fund as on February 28, 2011 is ₹ 444.44 crore.

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

(₹ in crore)

Particulars	2010 - 11	2009 - 10
i) Salary	4.36	1.59
ii) Perquisites	0.18	0.14
iii) Contribution to provident fund and superannuation fund	0.29	0.15
<b>Total</b>	<b>4.84</b>	<b>1.88</b>

Notes to Accounts to Consolidated Balance Sheet and Consolidated Profit and Loss Account

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.

9. Auditors' remuneration includes:

(₹ in crore)

Particulars	2010 - 11	2009 - 10
i) Audit Fees	1.71	1.58
ii) Tax Audit Fees	0.08	0.10
iii) Certification Charges	0.05	0.03
<b>Total</b>	<b>1.84</b>	<b>1.71</b>

10. Contingent Liabilities and Commitments (As Certified by the Management)

(₹ in crore)

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Contingent Liabilities</b>		
i) Guarantees to Banks and Financial Institutions +	1 424.61	289.51
ii) Claims against the Company not acknowledge as debt (Sales tax / Income Tax)	14.31	12.97
<b>Commitments</b>		
iii) Estimated amount of contracts remaining to be executed on capital account (net of advances)	72.19	28.18
iv) Uncalled amount of Investments	440.50	371.72

+ On behalf of the Company, its subsidiaries and associates.

11. Related party disclosures:

(A) List of related parties

i) Holding Company

Reliance Innoventures Pvt. Ltd.

ii) Individual Promoter

Shri Anil D. Ambani, the person having control during the year .

iii) Associates

Reliance Land Pvt. Ltd.

Reliance Share & Stock Brokers Pvt. Ltd.

Ammolite Holdings Ltd.

Reliance Asset Reconstruction Company Ltd.

Indian Commodity Exchange Ltd. (w.e.f. December 13, 2010)

iv) Fellow subsidiaries

Big Flicks Pvt. Ltd.

Jump Games Pvt. Ltd.

Reliance Big Entertainment Pvt. Ltd.

Reliance Communications Infrastructure Ltd.

Reliance Communications Ltd.

Reliance Infocomm Infrastructure Pvt. Ltd.

Reliance Webstores Ltd.

Zapak Digital Entertainment Ltd.

v) Key managerial personnel

Shri V. R. Mohan – Company Secretary & Manager



# Reliance Capital Limited

## Notes to Accounts to Consolidated Balance Sheet and Consolidated Profit and Loss Account

### (B) Transactions during the year with the related parties:

(₹ in crore)

Particulars	Fellow Subsidiaries	Associates	Key Management Personnel	Total
<b>Investments</b>				
a) Subscribed / Purchased during the year	-	<b>76.50</b>	-	<b>76.50</b>
	(-)	(393.29)	(-)	(393.29)
b) Balance as at March 31, 2011	<b>1 095.46</b>	<b>524.51</b>	-	<b>1 619.97</b>
	(1 098.18)	(448.01)	(-)	(1 546.19)
<b>Premium Accrued on Investment</b>	<b>170.30</b>	<b>61.08</b>	-	<b>231.38</b>
	(50.30)	(24.95)	(-)	(75.25)
<b>Loans to Others</b>				
a) Given during the year	<b>26.60</b>	<b>127.85</b>	-	<b>154.45</b>
	(-)	(35.56)	(-)	(35.56)
b) Returned during the year	-	<b>9.52</b>	-	<b>9.52</b>
	(-)	(491.18)	(-)	(491.18)
c) Balance as at March 31, 2011	<b>26.60</b>	<b>146.14</b>	<b>0.05</b>	<b>172.79</b>
	(-)	(27.81)	(0.05)	(27.86)
<b>Sundry Debtors / Advances Recoverable in Cash or in Kind</b>				
a) Balance as at March 31, 2011	<b>4.57</b>	<b>0.28</b>	-	<b>4.85</b>
	(7.02)	(-)	(-)	(7.02)
<b>Current Liabilities</b>				
a) Sundry Creditors Balance as at March 31, 2011	<b>0.05</b>	-	-	<b>0.05</b>
	(-)	(-)	(-)	(-)
<b>Income</b>				
a) Interest & Finance income (including Premium on Preference Shares)	<b>121.04</b>	<b>36.82</b>	-	<b>157.86</b>
	(-)	(22.74)	(-)	(22.74)
b) Rent	<b>0.76</b>	-	-	<b>0.76</b>
	(4.41)	(-)	(-)	(4.41)
c) Reimbursement of expenditure taken	<b>0.65</b>	<b>2.29</b>	-	<b>2.94</b>
	(1.46)	(0.05)	(-)	(1.51)
d) Management fees	-	<b>0.22</b>	-	<b>0.22</b>
	(-)	(-)	(-)	(-)
<b>Expenditure</b>				
a) Payment to and provisions for employees	-	-	<b>0.43</b>	<b>0.43</b>
	(-)	(-)	(0.41)	(0.41)
b) Professional and management fees	-	-	-	-
	(3.26)	(-)	(-)	(3.26)
c) Repairs & Maintenance - Others	-	-	-	-
	(4.95)	(-)	(-)	(4.95)
d) Miscellaneous	-	<b>1.96</b>	-	<b>1.96</b>
	(0.01)	(-)	(-)	(0.01)

## Notes to Accounts to Consolidated Balance Sheet and Consolidated Profit and Loss Account

(₹ in crore)

Particulars	Fellow Subsidiaries	Associates	Key Management Personnel	Total
<b>Contingent Liability</b>				
a) Guarantees to Banks and Financial Institutions on behalf of third parties	-	<b>79.97</b>	-	<b>79.97</b>
	(-)	(75.00)	(-)	(75.00)
<b>(C) The nature and volume of material transactions for the year with the related parties are as follows:</b>				
<b>Investments</b>				
a) Subscribed / Purchased during the year				
i) Reliance Land Pvt. Ltd.	-	-	-	-
	(-)	(350.00)	(-)	(350.00)
ii) Reliance Asset Reconstructions Company Ltd.	-	-	-	-
	(-)	(43.29)	(-)	(43.29)
iii) Reliance Share & Stock Brokers Pvt. Ltd.	-	<b>76.50</b>	-	<b>76.50</b>
	(-)	(-)	(-)	(-)
b) Balance as at March 31, 2011				
i) Reliance Communications Ltd.	<b>95.46</b>	-	-	<b>95.46</b>
	(95.46)	(-)	(-)	(95.46)
ii) Reliance Big Entertainment Pvt. Ltd.	<b>1 000.00</b>	-	-	<b>1 000.00</b>
	(1 000.00)	(-)	(-)	(1 000.00)
iii) Reliance Land Pvt. Ltd.	-	<b>361.00</b>	-	<b>361.00</b>
	(-)	(361.00)	(-)	(361.00)
iv) Reliance Asset Reconstructions Company Ltd.	-	<b>49.00</b>	-	<b>49.00</b>
	(-)	(49.00)	(-)	(49.00)
v) Reliance Share & Stock Brokers Pvt. Ltd.	-	<b>85.50</b>	-	<b>85.50</b>
	(-)	(9.00)	(-)	(9.00)
vi) Ammolite Holdings Ltd.	-	<b>29.01</b>	-	<b>29.01</b>
	(-)	(29.01)	(-)	(29.01)
<b>Premium accrued on Investment</b>				
i) Reliance Big Entertainment Pvt. Ltd.	<b>170.30</b>	-	-	<b>170.30</b>
	(50.30)	(-)	(-)	(50.30)
ii) Reliance Land Pvt. Ltd.	-	<b>47.21</b>	-	<b>47.21</b>
	(-)	(15.71)	(-)	(15.71)
iii) Ammolite Holdings Ltd.	-	<b>13.87</b>	-	<b>13.87</b>
	(-)	(9.24)	(-)	(9.24)
<b>Loans to Others</b>				
a) Given during the year				
i) Reliance Land Pvt. Ltd.	-	<b>127.85</b>	-	<b>127.85</b>
	(-)	(15.56)	(-)	(15.56)
ii) Reliance Asset Reconstruction Company Ltd.	-	-	-	-
	(-)	(20.00)	(-)	(2-)

# Reliance Capital Limited

## Notes to Accounts to Consolidated Balance Sheet and Consolidated Profit and Loss Account

(₹ in crore)

Particulars	Fellow Subsidiaries	Associates	Key Management Personnel	Total
iii) Zapak Digital Entertainment Ltd.	20.00	-	-	20.00
	(-)	(-)	(-)	(-)
iv) Jump Games Pvt. Ltd.	5.00	-	-	5.00
	(-)	(-)	(-)	(-)
b) Returned during the year				
i) Reliance Land Pvt. Ltd.	-	3.70	-	3.70
	(-)	(486.87)	(-)	(486.87)
ii) Reliance Asset Reconstruction Company Ltd.	-	5.82	-	5.82
	(-)	(-)	(-)	(-)
c) Balance as at March 31, 2011				
i) Reliance Land Pvt. Ltd.	-	136.27	-	136.27
	(-)	(12.12)	(-)	(12.12)
ii) Zapak Digital Entertainment Ltd.	20.00	-	-	20.00
	(-)	(-)	(-)	(-)
iii) Jump Games Pvt. Ltd.	5.00	-	-	5.00
	(-)	(-)	(-)	(-)
iv) Reliance Asset Reconstruction Company Ltd.	-	9.87	-	9.87
	(-)	(15.69)	(-)	(15.69)
v) Shri V. R. Mohan	-	-	0.05	0.05
	(-)	(-)	(0.05)	(0.05)
<b>Sundry Debtors / Advances recoverable in Cash or in Kind</b>				
a) Balance as at March 31, 2011				
i) Reliance Communications Infrastructure Ltd.	4.19	-	-	4.19
	(6.74)	(-)	(-)	(6.74)
ii) Reliance Asset Reconstruction Company Ltd.	-	0.28	-	0.28
	(-)	(-)	(-)	(-)
<b>Current Liabilities</b>				
a) Sundry Creditors Balance as at March 31, 2011				
Big Flicks Pvt. Ltd.	0.04	-	-	0.04
	(-)	(-)	(-)	(-)
<b>Income</b>				
a) Interest & Finance income				
i) Reliance Big Entertainment Pvt. Ltd.	120.00	-	-	120.00
	(-)	(-)	(-)	(-)
ii) Reliance Land Pvt. Ltd.	-	31.50	-	31.50
	(-)	(15.71)	(-)	(15.71)
iii) Ammolite Holdings Ltd.	-	4.62	-	4.62
	(-)	(6.34)	(-)	(6.34)

Notes to Accounts to Consolidated Balance Sheet and Consolidated Profit and Loss Account

(₹ in crore)

Particulars	Fellow Subsidiaries	Associates	Key Management Personnel	Total
b) Rent				
i) Reliance Communications Infrastructure Ltd.	<b>0.76</b> (4.41)	- (-)	- (-)	<b>0.76</b> (4.41)
c) Reimbursement of Expenditure				
i) Reliance Communications Infrastructure Ltd.	<b>0.59</b> (1.43)	- (-)	- (-)	<b>0.59</b> (1.43)
ii) Reliance Asset Reconstruction Company Ltd.	- (-)	<b>1.90</b> (0.05)	- (-)	<b>1.90</b> (0.05)
iii) Reliance Land Pvt. Ltd.	- (-)	<b>0.39</b> (-)	- (-)	<b>0.39</b> (-)
iv) Reliance Big Entertainment Pvt. Ltd.	<b>0.06</b> (-)	- (-)	- (-)	<b>0.06</b> (-)
d) Management Fees				
i) Reliance Asset Reconstruction Company Ltd.	- (-)	<b>0.22</b> (-)	- (-)	<b>0.22</b> (-)
<b>Expenditure</b>				
a) Payment to and provisions for employees Shri V. R. Mohan	- (-)	- (-)	<b>0.43</b> (0.41)	<b>0.43</b> (0.41)
b) Professional and Management fees				
i) Reliance Communications Infrastructure Ltd.	- (2.01)	- (-)	- (-)	- (2.01)
ii) Reliance Tech Services Pvt. Ltd.	- (1.25)	- (-)	- (-)	- (1.25)
c) Repairs & Maintenance – Others				
i) Reliance Communications Infrastructure Ltd.	- (4.95)	- (-)	- (-)	- (4.95)
d) Miscellaneous Expenses				
i) Reliance Land Pvt. Ltd.	- (-)	<b>1.96</b> (-)	- (-)	<b>1.96</b> (-)
<b>Contingent Liability</b>				
a) Guarantees to Banks and Financial Institutions on behalf of third parties				
i) Ammolite Holdings Limited	- (-)	<b>79.97</b> (75.00)	- (-)	<b>79.97</b> (75.00)

Notes:

- i) Figures in bracket indicate Previous Year figures.
- ii) Expenses incurred towards public utilities services such as telephone and electricity charges have not been considered for related party transaction.
- iii) a) Previous Year transactions with parties that have become related parties in the current year have been included in the above mentioned table.

## Reliance Capital Limited

### Notes to Accounts to Consolidated Balance Sheet and Consolidated Profit and Loss Account

- b) Previous Year transactions with parties that have ceased to be related parties in the current year have been excluded in the above mentioned table.
- iv) In addition to the above, Commission of ₹ 5.50 crore (Previous Year ₹ Nil) and Director Sitting Fees of ₹ 80,000. (Previous Year ₹ 1,00,000) has been paid to Shri Anil D. Ambani, an individual having control.
- v) Investments in Unilazer Media Ltd. and Roseland Buildtech Pvt. Ltd. though in excess of 20%, these investments have been made with an intention to sell in near future. In terms of the provisions of Accounting Standard (AS-18) on "Related Party Disclosures" as per Companies (Accounting Standard) Rules 2006, the Company does not exercise any "Significant Influence" in the said companies, hence the transactions with these parties are not considered for Related Party Disclosures.

#### 12. Leases

The Group has given plant and machinery and motor vehicles on operating lease from period ranging from 12 months to 66 months. Details of assets given on lease are as under:

(₹ in crore)

Particulars	Gross Carrying Amount	Depreciation for the year	Accumulated Depreciation	Net Carrying Amount
Plant & Machinery	15.59	0.23	0.23	15.36
Motor Vehicles	22.52	0.67	0.67	21.85
<b>Total</b>	<b>38.11</b>	<b>0.90</b>	<b>0.90</b>	<b>37.21</b>

Details of Future Minimum Lease Receivables are as under :

(₹ in crore)

Particulars	2010 - 11	2009 - 10
Within one year of the balance sheet date	9.94	-
Due in a period between one year and five years	28.85	-
Due after five years	1.49	-

The total of future minimum lease rent payable under operating lease for each of the following periods:

(₹ in crore)

Particulars	2010 - 11	2009 - 10
a) Not Later than one year	17.73	14.81
b) Later than one year and not later than five years	17.63	25.8
c) Later than five years	-	0.63

#### 13. Basic and diluted earnings per share:

The computation of earnings per share is set out below

(₹ in crore)

Particulars	2010 - 11	2009 - 10
a) Amounts used as the numerators		
Net Profit after tax	291.18	434.53
Net Profit attributable to equity shareholders	291.18	434.53
b) Weighted average number of equity shares (Nos.)	245 632 800	245 632 800
c) Basic earnings per share of face value ₹ 10 each (₹)	11.85	17.69
d) Diluted earnings per share of face value ₹ 10 each (₹)	11.85	17.69

#### 14. Deferred tax

Deferred tax liability/(Asset) included in the balance sheet comprises the following:.

(₹ in crore)

Particulars	As At March 31, 2011	As At March 31, 2010
<b>Deferred Tax Liabilities</b>		
Reserve for unexpired risk & Others	3.93	4.11
Unamortised Expenses	28.85	26.12
<b>Total</b>	<b>32.78</b>	<b>30.23</b>

Notes to Accounts to Consolidated Balance Sheet and Consolidated Profit and Loss Account

(₹ in crore)

Particulars	As At March 31, 2011	As At March 31, 2010
<b>Deferred Tax Assets</b>		
Depreciation on Fixed Assets	27.5	(0.96)
Accrued Premium/Interest on Investment	1.97	(5.43)
Provision for Non Performing Assets/Diminution in the value of Assets & Investment	52.25	50.55
Straightlining of lease rental	1.4	0.5
Employees Compensation/Leave Encashment	3.94	5.04
Unabsorbed Depreciation and Carried forward losses as per Income Tax Act, 1961	16.03	20.32
<b>Total</b>	<b>103.09</b>	<b>70.02</b>
<b>Net Deferred Tax Liabilities / (Assets)</b>	<b>(70.31)</b>	<b>(39.79)</b>

15. a) Accrued Premium / Interest on Investments includes ₹ 61.08 crore due from Associates (Previous Year ₹ 24.95 crore).  
 b) Accrued Premium / Interest on Investments amounting to ₹ 126.36 crore are due within 1 year. (Previous Year ₹ 45.31 crore).  
 16. The Group is organised into following reportable segment referred to in Accounting Standard (AS 17) "Segment Reporting"

(₹ in crore)

Particulars	Finance & Investments	Asset Management	General Insurance	Commercial Finance	Others	Elimination	Total
<b>Revenue</b>							
External	1 041.58 (1 167.57)	659.35 (646.02)	2 176.42 (2 384.88)	1 336.81 (1 325.18)	284.31 (616.95)	- (-)	5 498.47 (6 140.60)
Inter Segment	73.55 (13.77)	2.57 (-)	4.49 (1.35)	- (-)	3.47 (4.14)	84.08 (19.26)	- (-)
<b>Total Revenue</b>	<b>1 115.13</b> (1 181.34)	<b>661.92</b> (646.02)	<b>2 180.91</b> (2 386.23)	<b>1 336.81</b> (1 325.18)	<b>287.78</b> (621.09)	<b>84.08</b> (19.26)	<b>5 498.47</b> (6 140.60)
<b>Results</b>							
Segment Results - Profit / (Loss) before Tax	150.43 (342.56)	224.13 (230.27)	(309.76) (-90.55)	269.32 (135.01)	(36.68) (-27.43)	- (-)	297.44 (589.86)
Unallocated Expenses							6.23 (1.54)
Profit / (Loss) before Tax	150.43 (342.56)	224.13 (230.27)	309.76 (-90.55)	269.32 (135.01)	(36.68) (-27.43)	- (-)	291.21 (591.40)
<b>Other information</b>							
Segment Assets	17 138.74 (14 818.62)	335.32 (192.93)	2 541.35 (2 608.91)	13 732.32 (9 652.57)	1,514.91 (1 627.66)	(3 349.96) (-2 453.92)	31 912.68 (26 446.77)
Unallocated Assets	- (-)	- (-)	- (-)	- (-)	- (-)	- (46.55)	- (46.55)
Total Asset	17 138.74 (14 818.62)	335.32 (192.93)	2 541.35 (2 608.91)	13 732.32 (9 652.57)	1 514.91 (1 627.66)	(3 349.96) (-2 407.37)	31 912.68 (26 493.32)
Segment Liabilities	9 796.14 (7 377.03)	320.72 (184.01)	1 919.78 (1 817.74)	12 002.38 (8 066.34)	797.34 (1 375.40)	(733.04) (-126.12)	24 103.32 (18 694.40)
Unallocated Liabilities	- (-)	- (-)	- (-)	- (-)	- (-)	- (6.00)	- (6.00)
Total Liabilities	9 796.14 (7 377.03)	320.72 (184.01)	1 919.78 (1 817.74)	12 002.38 (8 066.34)	797.34 (1 375.40)	(733.04) (-120.12)	24 103.32 (18 940.64)
Capital Expenditure	3.14 (7.18)	13.72 (10.81)	7.80 (18.28)	44.34 (4.37)	29.61 (3.34)	- (-)	98.61 (43.98)
Depreciation	9.58 (13.19)	11.93 (12.56)	18.17 (31.64)	4.90 (5.18)	5.39 (5.06)	- (-)	49.97 (67.63)
Non Cash Expenses other than Depreciation	28.84 (0.83)	0.08 (0.36)	14.04 (43.23)	128.84 (273.81)	32.05 (27.14)	- (-)	203.85 (345.37)

Figures in bracket indicates Previous Year figures.

# Reliance Capital Limited

## Notes to Accounts to Consolidated Balance Sheet and Consolidated Profit and Loss Account

### Notes:

- i) As per Accounting Standard (AS-17) on "Segment Reporting", notified by the Companies (Accounting Standards) Rules 2006, the Reliance Capital Group has reported segment information on the consolidated basis including business conducted through its subsidiaries.
  - ii) The reportable segments of the Reliance Capital Group are further described below
    - a) Finance & Investment – This includes the corporate lending and investment activities.
    - b) Asset Management – This includes the asset management activities including Mutual Fund and Portfolio Management Services.
    - c) General Insurance – This includes the general insurance business.
    - d) Commercial Finance – This includes the commercial finance and mortgage lending business.
    - e) Others
  - iii) Since all the operations of the Reliance Capital Group are largely conducted within India, as such there is no separate reportable geographical segment
17. 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, 2011	92.94
Reliance Capital Trustee Co. Ltd.	India	March 31, 2011	100
Reliance General Insurance Co. Ltd.	India	March 31, 2011	96.32
Reliance Gilts Ltd.	India	March 31, 2011	100
Reliance Capital Research Pvt. Ltd.	India	March 31, 2011	100
Reliance Venture Asset Management Pvt. Ltd. (formerly Reliance Technology Ventures Pvt. Ltd.)	India	March 31, 2011	100
Reliance Money Express Ltd.	India	March 31, 2011	100
Reliance Infrastructure Finance Pvt. Ltd. (Formerly Reliance Capital Markets Pvt. Ltd.)	India	March 31, 2011	100
Reliance Asset Management (Mauritius) Ltd.	Mauritius	March 31, 2011	92.94
Reliance Asset Management (Singapore) Pvt. Ltd.	Singapore	March 31, 2011	92.94
Reliance Capital Asset Management (UK) Ltd.	United Kingdom	March 31, 2011	92.94
Reliance Asset Management (Malaysia) SDN BHD	Malaysia	March 31, 2011	92.94
Reliance Equity Advisors (India) Ltd.	India	March 31, 2011	100
Reliance Equities International Pvt. Ltd.	India	March 31, 2011	100
Reliance Home Finance Pvt. Ltd.	India	March 31, 2011	100
Reliance Securities Ltd.	India	March 31, 2011	99.60
Reliance Commodities Ltd.	India	March 31, 2011	100
Reliance Financial Ltd.	India	March 31, 2011	100
Reliance Alternative Investments Services Pvt. Ltd.	India	March 31, 2011	100
Reliance Wealth Management Ltd.	India	March 31, 2011	100
Reliance Spot Exchange Infrastructure Ltd.	India	March 31, 2011	100
Reliance Exchangenext Ltd.	India	March 31, 2011	100
Reliance Investment Banking Services Ltd. (Formerly Reliance Prime International Ltd.)	India	March 31, 2011	100



Name	Country of Incorporation	Year Ending	Proportion of ownership Interest (%)
Reliance Capital Pension Fund Ltd.	India	March 31, 2011	92.94
Reliance Capital (Singapore) Pte. Ltd.	Singapore	March 31, 2011	100
Reliance Consultants (Mauritius) Ltd.	Mauritius	March 31, 2011	100
Quant Broking Pvt. Ltd.	India	March 31, 2011	74
Quant Capital Advisors Pvt. Ltd.	India	March 31, 2011	74
Quant Capital Pvt. Ltd.	India	March 31, 2011	74
Quant Securities Pvt. Ltd.	India	March 31, 2011	74
Quant Commodity Broking Pvt. Ltd.	India	March 31, 2011	74
Quant Commodities Pvt. Ltd.	India	March 31, 2011	74
Quant Investments Services Pvt. Ltd.	India	March 31, 2011	74
Quant Capital Finance and Investments Pvt. Ltd.	India	March 31, 2011	74
QOPPA Trading Pvt. Ltd.	India	March 31, 2011	74
Valankulam Investments and Trading Pvt. Ltd.	India	March 31, 2011	74
<b>List of Associates</b>			
Reliance Land Pvt. Ltd.	India	March 31, 2011	50
Reliance Share & Stock Brokers Pvt. Ltd.	India	March 31, 2011	50
Indian Commodity Exchange Ltd.	India	March 31, 2011	26
Ammolite Holding Ltd.	Bermuda	March 31, 2011	50*
Reliance Asset Reconstruction Company Ltd.	India	March 31, 2011	49
<b>Partnership Firm</b>			
Reliance Capital Partners (Partnership Firm)	India	March 31, 2011	#

**Notes:**

- a) # Proportion of ownership interest in Partnership firm is on the basis of weighted average capital  
b) \* The Financial statements of Ammolite Holdings Ltd., have been certified by the management
18. Investments in Unilazer Media Ltd. and Roseland Buildtech Pvt. Ltd. though in excess of 20 per cent, these investments have been made with an intention to sell in near future. In terms of the provisions of Accounting Standard (AS) 18 on "Related Party Disclosures" as per Companies (Accounting Standard) Rules 2006, the Company does not exercise any "Significant Influence" in these Companies hence the transactions with these parties are not considered for Related Party Disclosures.
19. Goodwill of ₹ 28.47 crore (Previous Year ₹ Nil) arising at the time of acquisition of associates has been included in the carrying amount of investment in associates, as per Accounting Standard-23 (As-23) on "Accounting for Investment in Associates in Consolidated Financial Statements".

As per our report of even date

For **CHATURVEDI & SHAH**  
Chartered Accountants  
Firm Reg. No.: 101720W

**Lalit R. Mhalsekar**  
Partner  
Membership No.: 103418

Mumbai  
Dated: May 30, 2011

For **B S R & Co.**  
Chartered Accountants  
Firm Reg. No.: 101248W

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

For and on behalf of the Board

Chairman  
Vice Chairman

Directors

President & Company Secretary

Mumbai  
Dated: May 30, 2011

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

**Rajendra P. Chitale**  
**C. P. Jain**  
**Dr. Bidhubhusan Samal**  
**V. N. Kaul**

**V. R. Mohan**

# Reliance Capital Limited

## Financial Information of Subsidiary Companies

Sr. No	Name	Country	Capital	Reserves	Total Assets	Total Liabilities	Investments (except in case of investment in subsidiaries)	Turnover/ Total Income	Profit/ (loss) before Taxation	Provisions for Taxation	Profit/ (loss) after Taxation	Proposed Dividend
1	Reliance Capital Asset Management Ltd.	India	10.71	1 101.59	1 414.23	309.52	963.71	699.25	319.28	58.01	261.27	161.40
2	Reliance Capital Trustee Company Ltd.	India	0.05	0.47	0.58	0.06	0.45	0.12	0.04	-	0.04	-
3	Reliance General Insurance Co. Ltd.	India	116.67	504.90	2 502.47	1 919.78	2 137.18	2 180.78	(309.75)	2.35	(311.60)	-
4	Reliance Gilts Ltd.	India	7.00	(3.31)	3.70	0.01	3.70	0.27	0.25	0.01	0.24	-
5	Reliance Asset Management (Mauritius) Ltd.	Mauritius	8.70	(4.36)	8.36	4.02	-	9.76	(2.61)	-	(2.61)	-
6	Reliance Asset Management (Singapore) Pte. Ltd.	Singapore	7.05	51.89	63.89	4.95	4.56	21.84	(7.14)	0.09	(7.23)	-
7	Reliance Money Express Ltd.	India	28.81	4.10	48.69	15.78	-	45.11	2.61	(3.88)	6.47	-
8	Reliance Capital Research Pvt. Ltd.	India	0.03	(0.03)	0.01	0.01	-	-	-	-	-	-
9	Reliance Venture Asset Management Pvt. Ltd.	India	0.01	3.67	3.96	0.28	-	1.83	(2.16)	(0.01)	(2.15)	-
10	Reliance Equity Advisors (India) Ltd.	India	0.05	(15.26)	23.66	39.03	8.13	23.16	2.81	0.55	2.26	-
11	Reliance Capital Asset Management (UK) Plc	UK	18.11	(11.48)	7.56	0.93	-	2.00	(6.23)	-	(6.23)	-
12	Reliance Infrastructure Finance Pvt. Ltd. (Formerly Known as Reliance Capital Markets Pvt. Ltd.)	India	5.25	1.13	6.50	0.12	0.10	0.30	0.30	-	0.30	-
13	Reliance Equities International Pvt. Ltd.	India	15.00	26.00	41.05	0.05	-	0.03	(0.02)	-	(0.02)	-
14	Reliance Home Finance Pvt. Ltd.	India	32.66	309.65	2 551.20	2 217.80	13.76	323.76	62.20	21.00	41.20	-
15	Reliance Capital (Singapore) Pte Ltd.	Singapore	9.35	(0.47)	8.89	0.02	-	-	(0.06)	-	(0.06)	-
16	Reliance Securities Ltd.	India	175.00	27.75	411.34	208.59	116.19	153.79	6.99	(0.11)	7.10	-
17	Reliance Commodities Ltd.	India	3.00	3.75	55.77	49.02	1.00	19.62	2.20	0.58	1.62	-
18	Reliance Financial Ltd.	India	11.00	29.42	42.52	2.10	18.00	27.32	15.63	3.06	12.57	-
19	Reliance Investment Banking Services Ltd. (Formerly Reliance Prime International Ltd.)	India	3.00	0.10	3.10	-	3.07	-	(0.04)	-	(0.04)	-
20	Reliance Wealth Management Ltd.	India	4.50	(0.97)	4.62	1.09	3.95	0.17	(0.94)	-	(0.94)	-
21	Reliance Alternative Investments Services Pvt. Ltd.	India	0.01	0.05	0.07	0.01	-	0.09	0.06	0.02	0.04	-
22	Reliance Asset Management (Malaysia) SDN BHD	Malaysia	5.62	0.56	7.43	1.25	-	0.41	(9.13)	-	(9.13)	-
23	Reliance Consultants (Mauritius) Ltd.	Mauritius	0.26	0.22	0.10	0.07	-	-	(0.05)	-	(0.05)	-
24	Reliance Capital Pension Fund Ltd.	India	12.00	0.13	12.19	0.04	11.96	0.68	0.11	-	0.11	-
25	Reliance Spot Exchange Infrastructure Ltd.	India	17.65	(15.25)	3.78	1.39	0.00	0.20	(6.49)	-	(6.49)	-
26	Reliance Exchangenext Ltd.	India	6.91	60.80	68.06	0.34	47.80	0.45	(1.07)	0.01	(1.07)	-
27	Quant Broking Pvt. Ltd.	India	18.01	138.38	639.96	483.57	-	74.10	1.60	0.30	1.30	-
28	Quant Capital Advisors Pvt. Ltd.	India	0.11	2.44	3.84	1.29	-	2.49	0.06	0.02	0.04	-
29	Quant Capital Pvt. Ltd.	India	10.00	192.46	358.70	156.24	-	0.07	-	-	-	-
30	Quant Securities Pvt. Ltd.	India	1.50	0.04	75.30	73.76	-	2.68	0.01	-	0.01	-
31	Quant Commodity Broking Pvt. Ltd.	India	0.14	1.17	13.44	12.13	-	0.74	0.07	0.03	0.04	-
32	Quant Commodities Pvt. Ltd.	India	0.21	4.81	107.57	102.55	-	5.64	0.03	0.02	0.01	-
33	Quant Investments Services Pvt. Ltd.	India	0.50	(0.02)	0.50	0.02	-	-	(0.02)	-	(0.02)	-
34	Quant Capital Finance and Investments Pvt. Ltd.	India	3.83	16.26	103.49	83.40	-	4.00	0.11	0.09	0.02	-
35	QOPPA Trading Pvt. Ltd.	India	0.50	(0.02)	0.50	0.02	-	-	(0.02)	-	(0.02)	-
36	Valankulam Investments and Trading Pvt. Ltd.	India	0.50	(0.02)	0.50	0.02	-	-	(0.02)	-	(0.02)	-

Exchange rates as on March 31, 2011: 1US\$ = ₹ 44.65, 1 SG\$ = ₹ 35.28, 1GBP = ₹ 71.92, 1 Euro = ₹ 63.24

**Reliance Capital Limited**Registered Office: H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710.

Please fill attendance slip and hand it over at the entrance of the meeting venue  
Joint shareholders may obtain additional attendance slip on request.

<b>DP. Id*</b>	
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<b>Regd. Folio No.</b>	
------------------------	--

<b>Client Id*</b>	
-------------------	--

<b>No. of Share(s) held</b>	
-----------------------------	--

Name and address of the shareholder

I/we hereby record my/our presence at the 25<sup>th</sup> Annual General Meeting on Tuesday, September 27, 2011 at 10:00 a.m. at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.

Signature of the shareholder or proxy

\*Applicable for investors holding share(s) in electronic form.

..... TEAR HERE .....

**PROXY FORM****Reliance Capital Limited**Registered Office: H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710

<b>DP. Id*</b>	
----------------	--

<b>Regd. Folio No.</b>	
------------------------	--

<b>Client Id*</b>	
-------------------	--

<b>No. of Share(s) held</b>	
-----------------------------	--

I/We.....of..... in the district of.....  
being a member/members of Reliance Capital Ltd. hereby appoint.....  
of..... in the district of.....or failing him/her .....  
.....of..... in the district of.....as my/our proxy to vote  
for me/us and on my/our behalf at the 25<sup>th</sup> Annual General Meeting on Tuesday, September 27, 2011 at 10:00 a.m. at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020 or at any adjournment thereof.

Signed this.....day of.....2011.

\* Applicable for investors holding shares in electronic form.

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



## Book Post

To

If undelivered please return to :

**Karvy Computershare Private Limited**  
**(Unit: Reliance Capital Limited)**

Madhura Estate, Municipal No. 1-9/13/C

Plot No. 13 & 13 C, Madhapur Village

Hyderabad 500 081

Tel. : + 91 40 4030 8000

Fax : + 91 40 2342 0859

Email : rclinvestor@karvy.com