

**RELIANCE**

Capital

**Annual Report  
2013-14**



## **Dhirubhai H. Ambani**

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

Reliance Group - Founder and Visionary

# Profile

Reliance Capital Limited is a constituent of the Reliance Group, one of the leading business houses in India.

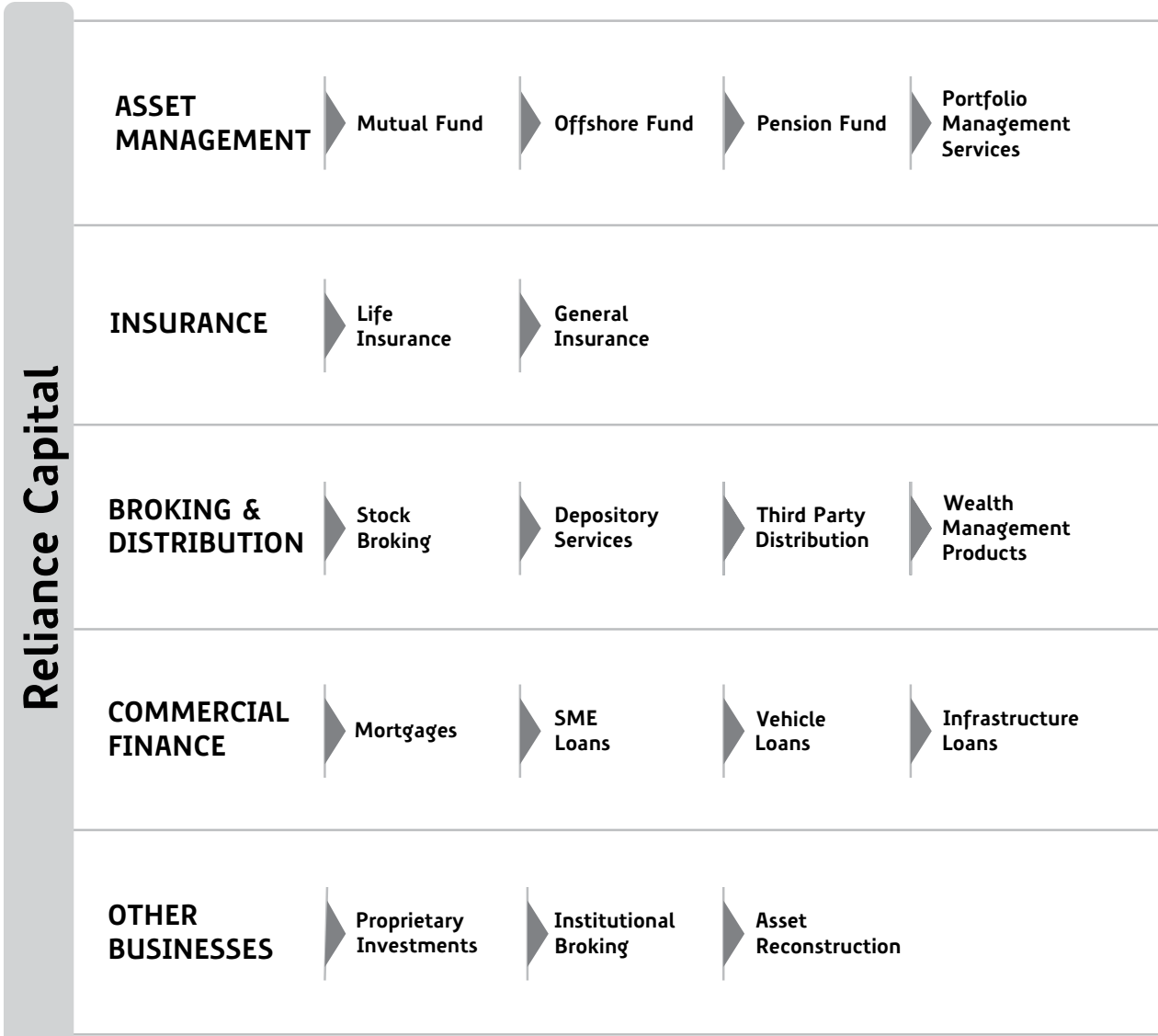
Reliance Capital, incorporated in 1986, is one of India's leading and fastest growing private sector financial services companies, and ranks among the top 4 private sector financial services and banking companies, in terms of networth.

Reliance Capital has interests in asset management and mutual funds, life and general insurance, commercial and home finance, stock broking, wealth management services, distribution of financial products, asset reconstruction, proprietary investments 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.

# Business mix



**Board of Directors**

Shri Anil Dhirubhai Ambani – Chairman  
 Shri Amitabh Jhunjhunwala – Vice Chairman  
 Shri Rajendra P. Chitale  
 Dr. Bidhubhusan Samal  
 Shri V. N. Kaul

**Company Secretary and Manager**

Shri V. R. Mohan

**Auditors**

M/s. Chaturvedi & Shah  
 M/s. B S R & Co. LLP

**Registered Office**

H Block, 1<sup>st</sup> Floor,  
 Dhirubhai Ambani Knowledge City  
 Navi Mumbai 400 710, India  
 CIN : L65910MH1986PLC165645  
 Telephone : +91 22 3047 9800  
 Fax No. : +91 22 3032 7202  
 Email : rcl.investor@relianceada.com  
 Website: www.reliancecapital.co.in

**Registrar and Transfer Agent**

Karvy Computershare Private Limited  
 Madhura Estates, Municipal No. 1-9/13/C  
 Plot No. 13 & 13C, Madhapur Village  
 Hyderabad 500 081, India  
 Website: www.karvy.com

**Investor Helpdesk**

Toll free no. (India) : 1800 4250 999  
 Telephone : +91 40 4030 8000  
 Fax No. : +91 40 2342 0859  
 Email : rclinvestor@karvy.com  
 Post your request : <http://kcpl.karvy.com/adag>

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**28<sup>th</sup> Annual General Meeting on Tuesday, September 30, 2014 at 10:00 A.M.,  
 at Birla Matushri Sabhaagar, 19, New Marine Lines, Mumbai 400 020**



My dear fellow Shareowners,

It gives me great pleasure to share with you the highlights of our Company's performance during 2013 - 14.

Reliance Capital made significant progress during the year towards improving operational performance across its core businesses, and is fully geared to capitalise on its growth aspirations.

We continue to move forward in fulfilling the vision of our legendary founder and my father, late Shri Dhirubhai Ambani, to attain financial empowerment for millions of ordinary Indians, and, in the process, enable Reliance Capital to become one of India's leading financial services players.

Today, our Company is one of India's largest non-banking financial services companies. We have diversified interests in asset management, mutual funds, pension funds, life and general insurance, commercial finance, home finance, stock broking services, wealth management, financial products distribution, asset reconstruction and other activities in the financial services arena.

Our Company is an integral part of the Reliance Group. Reliance Group is amongst India's leading business houses with a 10 million strong shareholders base. We have a strong presence across the wide array of high growth consumer 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 five 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 ₹ 7,544 crore** (US\$ 1.3 billion), against ₹ 7,519 crore in the previous year
- **Net profit of ₹ 747 crore** (US\$ 123 million), against ₹ 812 crore in the previous year
- **Earnings Per Share (EPS) of ₹ 30.4** (US\$ 0.5), against ₹ 33.1 in the previous year

- **Total assets of ₹ 45,528 crore** (US\$ 7.6 billion), against ₹ 40,588 crore in the previous year, an increase of 12 per cent

- **Total net worth of ₹ 12,483 crore** (US\$ 2.1 billion) as against ₹ 11,991 crore in the previous year, an increase of 4 per cent

These robust financial numbers have enabled us to recommend a dividend of ₹ 8.50 per share against ₹ 8.00 per share in the previous year.

### Highest credit ratings

Our Company's short term debt programme has been assigned a rating of "A1+" by ICRA and CRISIL, the highest credit quality rating assigned by the respective agency to short-term debt instruments. Instruments rated in this category carry the lowest credit risk in the short term. 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 lowest credit risk.

### Achievements during the year across key operating businesses

At the end of the year under review, all our core operating businesses achieved profitable growth.

**Reliance Capital Asset Management (RCAM)** managed over ₹ 1,93,620 crore (US\$ 32 billion) across its mutual funds, pension funds, managed accounts and hedge funds. RCAM's income from operations rose by 5 per cent to ₹ 775 crore (US\$ 129 million), and profit before tax was at ₹ 352 crore (US\$ 59 million) as against ₹ 290 crore in the previous year.

Reliance Mutual Fund (RMF) maintained its position amongst the top asset managers in the country with a market share of 11 per cent. The average assets under management (AAUM) for RMF rose by 9 per cent to ₹ 1,03,542 crore (US\$ 17 billion). RMF continued to focus on the under-penetrated retail debt market and increased the share of retail debt to 33 per cent of the overall debt AUMs as on March 31, 2014. RMF's gold fund AAUMs were at ₹ 2,230 crore (US\$ 371 million) for the quarter ended March 31, 2014. RMF continued to have 24 per cent market share in gold AAUMs as on March 31, 2014.

## Letter to Shareowners

**Reliance Life Insurance (RLI)** is amongst the leading private sector life insurers with a market share of 7 per cent in the private sector. RLI's total premium increased by 6 per cent to ₹ 4,257 crore (US\$ 708 million) in the year. New business premium rose by 40 per cent to ₹ 1,934 crore (US\$ 322 million) for the year, while renewal premium for the year was ₹ 2,349 crore (US\$ 391 million). The total funds under management rose by 1 per cent to ₹ 18,328 crore (US\$ 3 billion).

**Reliance General Insurance (RGI)** is amongst the leading private sector general insurance companies in India with a market share of over 7 per cent. RGI's gross written premium for the year ended March 31, 2014 increased by 20 per cent to ₹ 2,442 crore (US\$ 406 million). RGI's profit before tax was at ₹ 64 crore (US\$ 11 million) as against a loss of ₹ 93 crore in the previous year.

**The broking business** consists of Reliance Securities, one of the leading retail broking houses in India, and provides customers with access to equities, options and futures products, wealth management, portfolio management services and mutual funds. We had over 7 lakh broking accounts as on March 31, 2014. The average daily equity broking turnover was at ₹ 1,342 crore (US\$ 223 million).

**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 over 7,000 outlets. Reliance Money has maintained its position as one of the largest private sector partners for Western Union Money Transfer, and has handled over 28 lakh money transfer transactions during the year.

**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 of this business continues to be asset-backed lending for productive asset creation. In accordance with our focus on improving the asset quality as well as the profitability, 100 per cent of the outstanding book was secured as on March 31, 2014. Reliance Commercial Finance is one of the leading lenders in the Indian non banking finance space with disbursements at over ₹ 9,800 crore (US\$ 1.6 billion), an increase of 12 per cent over the corresponding previous period. The assets under management grew by 6 per cent to ₹ 17,348 crore (US\$ 3 billion) as on March 31, 2014. This loan

book is spread across 66,000 customers from top 37 Indian cities. The total income increased by 4 per cent to ₹ 2,210 crore (US\$ 368 million), while profit before tax rose to ₹ 430 crore (US\$ 72 million) as against ₹ 342 crore in 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

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

### Corporate Governance

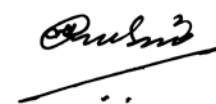
Reliance Capital has always maintained the highest governance standards and practices by adopting, as is the norm for all constituent companies of the Group, the "Reliance Group – Corporate Governance Policies and Code of Conduct". These Policies and Code prescribe a set of systems, processes and principles,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

# Reliance Capital Limited

## Highlights - at a glance (Standalone)

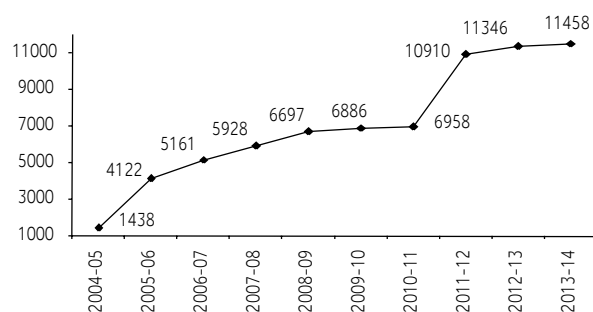
(₹ in crore)

Year ended March 31	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Turnover	3 254	3 868	3 317	1 971	2 390	3 014	2 080	884	652	296
Earnings Before Depreciation, Interest & Tax (EBDIT)	2 777	2 912	2 712	1 472	1 724	2 335	1 597	783	619	290
Depreciation	34	29	26	14	18	21	17	7	23	28
Profit after Tax	409	662	519	229	339	968	1 025	646	537	106
Equity Dividend %	85	80	75	65	65	65	55	35	32	30
Dividend Payout	225	212	191	161	187	187	158	101	81	38
Equity Share Capital	244	246	246	246	246	246	246	246	223	128
Reserves and Surplus	11 390	11 266	10 798	6 782	6 713	6 560	5 779	4 915	3 850	1 310
Net Worth	11 458	11 346	10 910	6 958	6 886	6 697	5 928	5 161	4 122	1 438
Total Assets	36 515	33 557	30 183	26 608	20 025	21 137	15 374	6 573	4 364	2 810
Market Capitalisation	8 499	7 681	9 625	14 280	18 537	8 684	30 169	16 416	11 569	2 272
Number of Employees (Core)	124	119	115	139	54	48	216	196	140	21

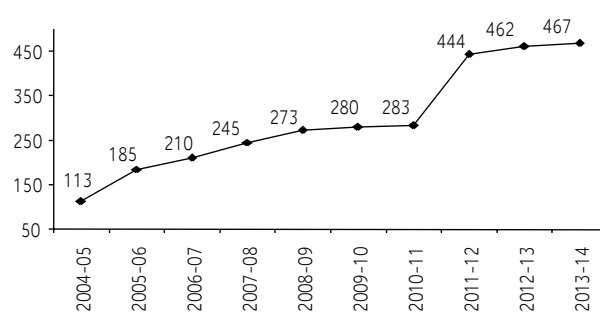
## Key Indicators

Year ended March 31	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
EBDIT/Gross Turnover %	85	75	32	76	72	77	74	89	95	98
Net Profit Margin %	13	17	16	12	14	32	49	73	82	36
Earnings Per Share (₹)	17	27	21	9	14	39	42	28	25	8
Book Value Per Share (₹)	467	462	444	283	280	273	245	210	185	113
Debt : Equity Ratio	2:1	1.84:1	1.67:1	2.66:1	1.71:1	2:1	1.5:1	0.28:1	0.06:1	0.05:1

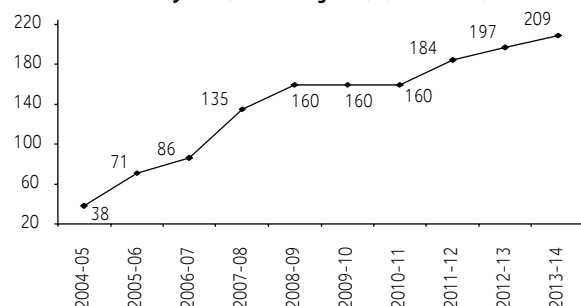
Net Worth (₹ in crore)



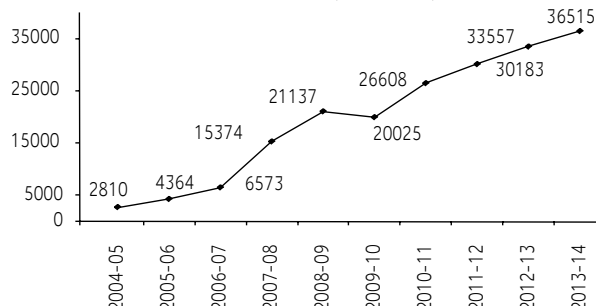
Book Value Per Share (₹)



Dividend Payout (Excluding Tax) (₹ in crore)



Total Assets (₹ in crore)





## Notice

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of the Members of **Reliance Capital Limited** will be held on Tuesday, September 30, 2014 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:
  - a) the audited financial statement of the Company for the financial year ended March 31, 2014 and the reports of the Board of Directors and Auditors thereon, and
  - b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2014 and the report of the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of Shri Amitabh Jhunjhunwala (DIN:00045174), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
 "RESOLVED THAT M/s. Chaturvedi & Shah, Chartered Accountants (Firm Registration No. 101720W) and M/s. BSR & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), 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:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
 "RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (the "Act") and the applicable provisions of the Listing Agreement, Shri Rajendra Prabhakar Chitale (DIN:00015986), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for appointment as an Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to five consecutive years from the date of coming into effect of this resolution."
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
 "RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (the "Act") and the applicable provisions of the Listing Agreement, Dr. Bidhubhusan Samal (DIN:00007256), who was appointed as a Director liable to retire by rotation and in respect of whom the Company

has received a notice in writing from a member under Section 160 of the Act proposing his candidature for appointment as an Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to five consecutive years from the date of coming into effect of this resolution."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (the "Act") and the applicable provisions of the Listing Agreement, Shri Vijayendra Nath Kaul (DIN:03070263), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for appointment as an Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to five consecutive years from the date of coming into effect of this resolution."

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) (the "Act"), Smt. Chhaya Virani (DIN:06953556), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing her candidature for appointment as a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Sections 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) read with the rules made thereunder, as may be amended from time to time, and pursuant to the provisions of SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI (Issue and Listing of Debt Securities) (Amendment) Notification, 2012 and 2014 and other applicable SEBI regulations and guidelines, the provisions of the Memorandum and Articles of Association of the Company and subject to such other applicable laws, rules and regulations and guidelines, approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this Resolution) for making offer(s) or invitation(s) to subscribe to Secured/ Unsecured / Redeemable Non-Convertible Debentures (NCDs) including but not limited to subordinated

## Notice

Debentures, bond, and/or other debt securities, etc., on a private placement basis, in one or more tranches, within the overall borrowing limits of the Company, as may be approved by the Members from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised to determine the terms of issue including the class of investors to whom NCDs are to be issued, time, securities to be offered, the number of NCDs, tranches, issue price, tenor, interest rate, premium / discount, listing and to do all such acts and things and deal with all such matters and take all such steps as may be necessary and to sign and execute any deeds/documents/ undertakings/ agreements/ papers/ writings, as may be required in this regard."

**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

CIN : L65910MH1986PLC165645

Website: www.reliancecapital.co.in

August 21, 2014

### Notes :

1. Statement pursuant to Section 102 (1) of the Companies Act, 2013, relating to the special business to be transacted at the Annual General Meeting (the "Meeting") is annexed hereto.
2. **A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll, instead of herself / himself and the proxy need not be a member of the Company. The instrument appointing the Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the Meeting. A Proxy form is sent herewith.**
3. **A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other shareholder.**
4. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of their board resolution authorising their representatives to attend and vote on their behalf at the Meeting.
5. Members / Proxies are requested to bring their duly filled attendance slip sent herewith along with their copy of the annual report to the Meeting.
6. 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.
7. 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.
8. 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.
9. a. The Company's Register of Members and Transfer Books will remain closed from Saturday, September 20, 2014 to Tuesday, September 30, 2014 (both days inclusive) for the purpose of the Meeting and for determining the names of members eligible for dividend, if declared, on equity shares for the year ended March 31, 2014.  
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.
10. 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 Registrar and Transfer Agent cannot change bank particulars or bank mandates for shares held in electronic form.
11. Members holding shares in physical form are requested to advise any change of address or bank mandates immediately to the Company / Registrar and Transfer Agent, Karvy Computershare Private Limited.
12. 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 2006-07, to the Investor Education and Protection Fund (IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on August 27, 2013 (date of last Annual General Meeting) on the website of the Company (www.reliancecapital.co.in), as also on the Ministry of Corporate Affairs website.

**Notice**

13. Non-Resident Indian members are requested to inform Karvy Computershare Private Limited immediately on:
  - a. the change in the residential status on return to India for permanent settlement; and
  - 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.
14. Re-appointment of Director:  
At the ensuing Meeting, Shri Amitabh Jhunjhunwala, Director of the Company retires by rotation and being eligible, offers himself for re-appointment. The details pertaining to Shri Amitabh Jhunjhunwala 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.
15. Members are advised to refer 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. The Statement containing the salient features of the balance sheet, the statement of profit and loss, cash flow statement and auditors' report (Abridged Financial Statement), is sent to the members, along with the Abridged Consolidated Financial Statement. Any member interested in obtaining a copy of the full Annual Report, may write to the Registrar and Transfer Agent of the Company.
18. 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 their 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.
19. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination in the prescribed Form SH 13 duly filled in to Karvy Computershare Private Limited, Madhura Estates, Municipal No. 1-9/13/C Plot No. 13 & 13C, Madhapur Village, Hyderabad 500 081, India or on Tel: +91 40 4030 8000; Toll Free No. 1800 4250 999 / E-mail: [rcinvestor@karvy.com](mailto:rcinvestor@karvy.com). The prescribed form in this regard may also be obtained from Karvy Computershare Private Limited at the address mentioned above. Members holding shares in electronic form are requested to contact their DP directly for recording their nomination.
20. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Registrar and Transfer Agent for consolidation into a single folio.
21. Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically.
22. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with rules made thereunder and Clause 35B of the Listing Agreement, the Company is offering e-voting facility to all Members of the Company through Notice dated August 21, 2014. Karvy Computershare Private Limited ("Karvy"), our Registrar and Transfer Agent will be facilitating e-voting to enable the Members to cast their votes electronically. The Members can cast their vote online from 10:00 A.M. on September 24, 2014 to 6:00 P.M. on September 26, 2014. The Members shall refer to the detailed procedure on e-voting given in the e-voting Notice. The Board of Directors have appointed Shri Anil Lohia, Partner, M/s. Dayal & Lohia, Chartered Accountants as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer will submit his report to the Chairman appointed by the Board after completion of the scrutiny and the results of e-voting will be announced on or after the Annual General Meeting of the Company. The resolutions shall be taken as passed effectively on the date of declaration of the result. The result of the e-voting will be posted on the website of the Company at [www.reliancecapital.co.in](http://www.reliancecapital.co.in).

**Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated August 21, 2014.**

**Item Nos. 5 to 8 Appointment of Directors.**

Shri Rajendra P. Chitale, Dr. Bidhubhusan Samal and Shri V. N. Kaul are Directors of the Company subject to retirement by rotation. The above directors are Independent Directors within the meaning of Clause 49 of the Listing Agreement.

Pursuant to the provisions of Section 149 of the Act, every listed public company is required to have at least one-third of the total number of directors as Independent Directors, who are not liable to retire by rotation and shall hold office for a term up to five consecutive years on the Board of the Company.

Accordingly, it is proposed to seek approval of the Members to appoint Shri Rajendra P. Chitale, Dr. Bidhubhusan Samal and Shri V. N. Kaul as Independent Directors of the Company under Section 149 of the Act and Clause 49 of the Listing Agreement, for a term up to five consecutive years as set out in the accompanying Notice.

Pursuant to Section 149 of the Act read with the rules made thereunder and Clause 49 of the Listing Agreement, the Company needs to have a woman director on its Board.

Keeping in view the above, it is proposed to seek approval of the Members to appoint Smt. Chhaya Virani as Director on the Board of the Company, liable to retire by rotation.

As required under Section 160 of the Act, the Company has received notices in writing from members along with the requisite amount of deposit proposing the candidature of Shri Rajendra P. Chitale, Dr. Bidhubhusan Samal, Shri V. N. Kaul and Smt. Chhaya Virani for their respective offices of Director of the Company.

The Nomination and Remuneration Committee of the Board of Directors of the Company has recommended the appointment of Shri Rajendra P. Chitale, Dr. Bidhubhusan Samal and Shri V. N. Kaul as Independent Directors for a term up to five

## Notice

consecutive years and Smt. Chhaya Virani as Director liable to retire by rotation.

Shri Rajendra P. Chitale, Dr. Bidhubhusan Samal, Shri V. N. Kaul and Smt. Chhaya Virani are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent(s) to act as Director.

Shri Rajendra P. Chitale, Dr. Bidhubhusan Samal and Shri V. N. Kaul, have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act and the rules made thereunder. In the opinion of the Board, each of these persons fulfil the conditions specified in the Act and the rules framed thereunder for their respective appointment as Independent Directors and that they are independent of the management.

Details of Shri Rajendra P. Chitale, Dr. Bidhubhusan Samal and Shri V. N. Kaul have been furnished in Corporate Governance Report.

Brief profile of Smt. Chhaya Virani is given below:

Smt. Chhaya Virani graduated from Mumbai University with a bachelors' degree in Arts. She also acquired a bachelors' degree in legislative laws from the Government Law College in 1976. She is a partner in M/s. ALMT Legal Advocates and Solicitors.

Approval of the members is accordingly sought for the appointment of Shri Rajendra P. Chitale, Dr. Bidhubhusan Samal and Shri V. N. Kaul as Independent Directors and Smt. Chhaya Virani as Director liable to retire by rotation, as set out in the resolution Nos. 5 to 8 of the accompanying Notice.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday between 11:00 A.M. and 1:00 P.M. up to the date of Meeting.

Shri Rajendra P. Chitale, Dr. Bidhubhusan Samal, Shri V. N. Kaul and Smt. Chhaya Virani are interested in the resolutions set out respectively at Item Nos. 5 to 8 of the Notice in regard to their respective appointments.

The relatives of Shri Rajendra P. Chitale, Dr. Bidhubhusan Samal, Shri V. N. Kaul and Smt. Chhaya Virani may be deemed to be interested in the resolutions set out respectively at Item Nos. 5 to 8 of the Notice, to the extent of their equity shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors, Manager, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Board accordingly recommends the Ordinary Resolutions set out at Item Nos. 5 to 8 of the accompanying Notice for approval of the Members.

## Item No. 9 Private Placement of Non-Convertible Debentures and/or other Debt Securities.

As per the provisions of Section 42 of the Companies Act, 2013 (the "Act") and its rules thereunder, a Company offering or making an invitation to subscribe to redeemable secured / unsecured non-convertible debentures (NCD's) on a private placement basis is required to obtain the prior approval of the Members by way of a Special Resolution. Such approval by a Special Resolution can be obtained once a year for all the offers and invitations for such NCD's to be made during the year.

NCD's including subordinated debentures, bonds, etc., issued on a private placement basis constitute a significant source of borrowings for the Company.

It is proposed to offer or invite subscriptions for NCD's including subordinated debentures, bonds, and/or other debt securities, etc., on private placement basis, in one or more tranches, within the overall borrowing limits of the Company, as may be approved by the Members from time to time, with authority to the Board to determine the terms and conditions, including the issue price of the NCD's, interest, repayment, security or otherwise, as it may deem expedient and to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board in its absolute discretion deems fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of the Resolution. Accordingly, the approval of the members is being sought by way of a Special Resolution under Section 42 and other applicable provisions, if any, of the Act and its rules thereunder as set out in Item No. 9 appended to this notice.

None of the Directors, Manager and Key Managerial Personnel and their relatives are, in any way, concerned or interested in the said resolution, except to the extent of their equity share holdings in the Company.

The Board of Directors accordingly recommend the Special Resolution set out at Item No. 9 of the accompanying Notice for the approval of the Members.

**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  
CIN : L65910MH1986PLC165645  
Website: [www.reliancecapital.co.in](http://www.reliancecapital.co.in)

August 21, 2014

**Directors' Report**

Dear Shareowners,

Your Directors have pleasure in presenting the 28<sup>th</sup> Annual Report and the audited accounts for the financial year ended March 31, 2014.

**Financial Results**

The standalone performance of the Company for the financial year ended March 31, 2014 is summarised below:

Particulars	Financial Year ended March 31, 2014		Financial Year ended March 31, 2013#	
	(₹ in crore)	(US\$ in million*)	(₹ in crore)	(US\$ in million**)
Total revenue	3 254	541	3 868	707
Profit before exceptional items	464	77	704	129
Exceptional Items:				
- Investment written off due to merger	-	-	680	125
- Transfer / (Withdrawal) from General Reserve	-	-	(680)	(125)
Profit before tax	464	77	704	129
Tax expense	55	9	42	8
Profit after tax	409	68	662	122
Add: Opening surplus in statement of profit and loss	1 248	208	1 144	210
Profit available for appropriation	1 657	276	1 806	332
Proposed dividend including tax on proposed dividend	225	37	211	39
Interim dividend (including tax)	-	-	144	26
Tax on proposed dividend for earlier years	-	-	5	1
Transfer to statutory reserve fund	82	14	132	24
Transfer to general reserve	41	7	66	12

\* 1 US\$ = ₹ 60.10 \*\* 1 US\$ = ₹ 54.39

# Figures of Previous year have been regrouped and reclassified, wherever required.

**Financial Performance**

The Company's gross income for the financial year ended March 31, 2014 decreased to ₹ 3,254 crore, from ₹ 3,868 crore in the previous year, decrease of 15.87 per cent. The operating profit (PBDIT) of the Company decreased by 4.64 per cent to ₹ 2,777 crore during the year, from ₹ 2,912 crore, in the previous year. Interest expenses for the year increased by 4.59 per cent to ₹ 2,279 crore, from ₹ 2,179 crore, in the previous year. Depreciation was at ₹ 34 crore as against ₹ 29 crore in the previous year. The net profit for the year decreased by 38.21 per cent to ₹ 409 crore from ₹ 662 crore, in the previous year. An amount of ₹ 82 crore was transferred to the Statutory Reserve Fund pursuant to Section 45-1C of the Reserve Bank of India Act, 1934, and a net amount of ₹ 41 crore was transferred to the General Reserve during the year under review.

**Dividend**

Your Directors have recommended a dividend of ₹ 8.50 (85 per cent) per equity share each of ₹ 10 aggregating to ₹ 225 crore (inclusive of dividend tax) for the financial year ended March 31, 2014, which, if approved at the ensuing 28<sup>th</sup> Annual General Meeting, will be paid to (i) all those equity shareholders whose names appear in the Register of Members as on September 19, 2014, and (ii) to those whose names appear as beneficial owners, as on September 19, 2014 as furnished by the National Securities Depository Limited and Central Depository Services (India) Limited 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.

**Management Discussion and Analysis**

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 this Annual Report.

**Resources and Liquidity**

The Company's Net Worth as on March 31, 2014, stood at ₹ 11,458 crore. The Company has raised ₹ 18,879 crore during the financial year 2013-14 by issuance of Commercial Paper, Non Convertible Debentures (NCDs) and other money market instruments. The Company has also raised ₹ 174 crore by way of Unsecured Subordinated Non Convertible Debentures (Tier II Bonds) to augment the Capital Adequacy Ratio. The funds were deployed in providing commercial finance and other business requirement. RCL's debt equity ratio as on March 31, 2014 stood at 2:1.

**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 16.31 per cent, well above the regulatory minimum of 15 per cent. Your Company's asset size is ₹ 36,515 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. LLP, 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.

**Subsidiaries**

During the year under review, Reliance Money Solutions Private Limited, Reliance AIF Management Company Limited and Reliance Capital AIF Trustee Company Private Limited became subsidiaries of the Company and Reliance Venture Asset Management Private Limited, Reliance Capital (Singapore) Pte. Limited, Reliance Financial Advisory Services Limited (formerly Reliance Investment Banking Services Limited), QOPPA Trading Private Limited, QCAP Trade Private Limited, Quant Alternative Asset Management Private Limited and QCAP Securities Private

## Directors' Report

Limited ceased to be subsidiaries of the Company. Quant Capital Securities Private Limited has become and ceased to be a subsidiary during the year.

In accordance with the general circular issued by the Ministry of Corporate Affairs (MCA), Government of India (GoI), Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not attached with the Balance Sheet of the Company. The Company shall make available the copies of annual accounts of the subsidiary companies and related detailed information to the shareholders of the Company seeking the same. The annual accounts of the subsidiary companies will also be kept for inspection by any shareholder at the Registered Office of the Company and that of respective subsidiary companies.

Further, pursuant to Accounting Standard (AS-21) prescribed under the Companies (Accounting Standards) Rules, 2006 (Accounting Standards Rules) and the Listing Agreement, Consolidated Financial Statements presented herein by the Company include financial results of subsidiary companies, which forms part of this 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, 2014.

### Directors

In terms of the provisions of the Companies Act, 1956, Shri Amitabh Jhunjhunwala, Director of the Company retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting (AGM).

Pursuant to the provisions of the Companies Act, 2013 Shri Rajendra P. Chitale, Dr. Bidhubhusan Samal and Shri V. N. Kaul, Independent Directors of the Company are proposed to be appointed at the ensuing AGM to hold office for a term of five consecutive years from the date of their appointment at the ensuing Annual General Meeting and that they shall not be liable to retire by rotation.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

A brief resume of the Directors being appointed at the ensuing AGM, nature of expertise in specific functional areas and names of the companies in which they hold directorship and / or membership / chairmanships of Committees of the respective Boards, shareholding and relationship between directors inter se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is given in the section on Corporate Governance Report forming part of this Annual Report.

### Directors' Responsibility Statement

Pursuant to the requirements 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, 2014, the applicable Accounting Standards had been followed alongwith proper explanation relating to material departures, if any;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2014, and of the profit of the Company for the year ended on that date;
- (iii) the Directors had 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 had prepared the annual accounts for the financial year ended March 31, 2014 on a 'going concern' basis.

### Consolidated Financial Statement

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

### Auditors and Auditors' Report

M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co. LLP, Chartered Accountants, the 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. LLP, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013, and that they are not disqualified for re-appointment.

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 as amended, 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.

### Corporate Governance

The Company has adopted "Reliance Group – Corporate Governance Policies and Code of Conduct" which has set out the systems, processes and policies conforming to the International Standards and corporate governance guidelines issued by Reserve Bank of India for Non Banking Financial Companies.

The report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of this Annual Report. A Certificate from the Auditors of the Company M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co. LLP, Chartered Accountants, confirming compliance with conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is enclosed to this Report.

### Employees Stock Option Scheme

During the year under review, the Company has not granted any Options to the employees of the Company. Employees Stock Option Scheme (ESOS) was approved and implemented by the Company and Options were granted to employees under ESOS Plan A and Plan B 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.

**Directors' Report**

The applicable disclosures as stipulated under the SEBI Guidelines as on March 31, 2014 are given below:

Particulars	ESOS Plan A	ESOS Plan B
a) Total Options granted	3 99 900 Options	3 97 000 Options
b) Number of Options surrendered	1 31 160 Options	60 040 Options
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	1 33 000 Options	1 19 300 Options
e) Options exercised	Nil	Nil
f) Total number of equity shares arising as a result of exercise of Options	Nil	Nil
g) Options lapsed/forfeited	1 35 740 Options	1 05 060 Options
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	1 33 000 Options	2 31 900 Options
k) Employee wise details of Options granted to:		
i. Senior managerial personnel (i.e. Managing Director/Wholetime Director/Manager)	Nil	Nil
ii. Employee who receives grant in any one year of option amounting to 5 per cent 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 per cent 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 (AS-20)	N.A. - There would not be any fresh issue of equity shares of the Company 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 ₹ 4 crore and ₹ 0.16 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 risk-free interest rate, expected life, expected volatility, expected dividends (yield), and the price of the underlying share in market at the time of option grant.	Company has not granted any option during the year.	

The Company has received a certificate from the auditors of the Company that the ESOS Plan A and B have been implemented in accordance with the Guidelines and as per the resolution passed through Postal Ballot on January 8, 2007.

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

The particulars as required to be disclosed pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures 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 - ₹ 2 crore

**Business Responsibility Statement**

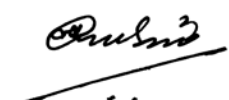
SEBI vide its Circular CIR/CFD/DIL/8/2012 dated August 13, 2012, has mandated the top 100 listed entities, based on market capitalisation on BSE Limited and National Stock Exchange of India Limited at March 31, 2012, to include Business Responsibility Report ("BRR") as part of the Annual Report. In view of FAQ's dated May 10, 2013 issued by SEBI, the BRR has been uploaded on the website of the Company [www.reliancecapital.co.in](http://www.reliancecapital.co.in). Any shareholder interested in obtaining

physical copy of BRR may write to the Company Secretary at the registered office of the Company.

**Acknowledgements**

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, debenture holders, debenture trustee, 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  
August 21, 2014

### 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 determination of tariff and such other charges and levies by the regulatory authority, 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 ("Reliance Capital" or "RCL" or "the Company") 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 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

Economic activities in India in 2013-14 continued to remain weak due to both domestic and global factors. The slowdown in global growth, persistent economic weakness in the Euro zone and geopolitical tension in the Asian region hurt sentiment. However, ongoing monetary easing, aided by fiscal austerity measures in developed economies helped to stabilize global growth towards the end of the year. India's GDP (Gross Domestic Product) growth decelerated continuously and steeply, moving from 9.2 per cent in the fourth quarter of 2010-11 to 4.6 per cent in the fourth quarter of 2010-11, its slowest pace in the last 25 years.

#### GDP Growth

India's GDP growth in 2013-14 declined to 4.7 per cent as compared to 5.0 per cent in the corresponding period last fiscal, the lowest in the last 25 years. The slowdown in growth was broad-based across sectors. The manufacturing sector registered a decline of 0.7 percent vis-à-vis 1.1 per cent growth in the previous year. The growth slowdown was primarily due to the weakness in industrial activity aggravated by domestic supply bottlenecks, slowdown in the services sector reflecting weak external demand, domestic policy paralysis, high interest rate and low level of capital investments due to drop in overall demand. The economy continues to face headwinds from high food inflation, investment cycle downturn, supply-side bottlenecks, subdued external demand and slowing private consumption demand. With a new government at the centre and renewed expectations of a revival in the economic climate, India's growth is anticipated to start picking up, driven by prudent policy decisions and push through the private investment sphere. RBI expects overall growth to increase to 5.5 percent in 2014-

15 with a pick-up likely in the second half of the year. The International Monetary Fund (IMF) expects India to grow at 5.4 percent in 2014-15.

#### Industrial Production

In 2013-14, the Index of Industrial Production (IIP) declined by 0.1 per cent compared to a growth of 1.1 per cent in 2012-13 due to sharp decline in manufacturing & mining activity, supply constraints (particularly in infrastructure), rising input costs and lower external and domestic demand. Going forward, IIP is expected to improve based on revival in investments and business activity is expected to slowly recover in the second half of 2014-15 with improvement in overall demand.

#### Current Account Deficit (CAD)

Imbalance in the external accounts was one of the primary concerns for investors and regulators alike, in 2012-13. Driven by curbs on gold imports and conducive policy emphasising higher exports and also supported by a weakening rupee, the CAD narrowed in 2013-14 following a lower trade deficit. CAD to GDP ratio improved to 1.7 per cent in 2013-14 compared to 4.7 per cent in 2012-13. The new, pro-business government is expected to take a range of initiatives to attract capital flows into the Country, including liberalisation of FDI limit in various sectors, policy reforms to attract inflows from foreign investors, relaxation of FII debt limit and structural reforms including fiscal consolidation, which will further improve India's CAD position.

#### Inflation and Interest Rate

The headline wholesale price index (WPI) inflation moderated to an average of 5.9 per cent in 2013-14 from 7.4 per cent in 2012-13. A combination of factors such as correction in the global commodity prices including oil and gold, range bound exchange rate, overall subdued demand and erosion of pricing power helped ease inflation pressure in 2013-14. Though, food prices continue to remain elevated.

The retail inflation (CPI), although eased marginally from near double digits to 8.3 per cent, still remains a key concern. RBI expects CPI inflation to ease in the second half of the year and targets to bring it down to 6.0 percent by January 2015. However, upside risks to inflation in the near term are still significant in view of sectoral demand supply imbalances, the ongoing correction in diesel prices, incorporation of high coal, electricity prices, pressures from increases in minimum support prices and the likely El-Nino effect which might create drought like situations.

RBI increased policy interest rate by 50bps. It kept the statutory liquidity ratio (SLR) and the cash reserve ratio (CRR) unchanged. Sustained high level of inflation with upside bias prompted RBI to be proactive in its policy stance and increase the benchmark rates. In its forward guidance, RBI remained cautious and indicated that it will tackle inflations heads on and interest rates will remain high till inflation pressure doesn't lower.

#### About Reliance Capital

Reliance Capital Limited (RCL) is a part of the Reliance Group and is one of India's leading private sector financial services companies, and ranks amongst the top private sector financial services and banking groups, in terms of net worth. It is a constituent of CNX Nifty Junior and MSCI India.

Reliance Capital has interests in asset management and mutual funds; life and general insurance; commercial and home finance; stock broking; wealth management services; distribution of financial products; 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:



**Management Discussion and Analysis**

RCL's consolidated income from operations for the financial year ended March 31, 2014 rose to ₹ 7,544 crore (US\$ 1.3 billion) from ₹ 7,519 crore (US\$ 1.4 billion) in the previous year. The growth in income was low as the total income for the previous year included consideration from the sale of stake in Reliance Capital Asset Management

Staff costs for the year were ₹ 599 crore (US\$ 100 million) as against ₹ 607 crore (US\$ 112 million) in the previous year, a decrease of 1 per cent

Selling, administrative and other expenses in the year were ₹ 1,353 crore (US\$ 225 million) as against ₹ 1,888 crore (US\$ 347 million) in the previous year, a decrease of 28 per cent

Interest & finance charges for the year were ₹ 2,501 crore (US\$ 416 million) as against ₹ 2,343 crore (US\$ 431 million) in the previous year, an increase of 7 per cent

Depreciation for the year was ₹ 61 crore (US\$ 10 million) as against ₹ 56 crore (US\$ 10 million) in the previous year, an increase of 3 per cent

Provision for tax for the year was ₹ 164 crore (US\$ 27 million) as against ₹ 127 crore (US\$ 23 million) in the previous year, an increase of 29 per cent

Profit after tax, minority interest, share of profit of associates and sale of subsidiaries and one time provisioning, for the year was ₹ 747 crore (US\$ 123 million) as against ₹ 812 crore (US\$ 149 million) in the previous year, a decrease of 8 per cent as profits for the previous year included gains on sale of 26 per cent stake in Reliance Capital Asset Management to Nippon Life Insurance.

**Resources and Liquidity**

As on March 31, 2014, the consolidated net worth of the company stood at ₹ 12,483 crore (US\$ 2.1 billion) as against ₹ 11,991 crore (US\$ 2.2 billion), an increase of 4 per cent

As on March 31, 2014, the Company had a net debt equity ratio of 1.82

As on March 31, 2014, the consolidated total assets were ₹ 45,528 crore (US\$ 7.6 billion) as against ₹ 40,588 crore (US\$ 7.5 billion), an increase of 12 per cent.

**Credit Rating**

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

**Reliance Capital Asset Management (RCAM)**

Reliance Capital Asset Management Limited is the largest AMC in India managing ₹ 1,93,620 crore (US\$ 32 billion) as on March 31, 2014, across mutual funds, pension funds, managed accounts, hedge funds and real estate fund, as against ₹ 1,73,129 crore (US\$ 32 billion) as on March 31, 2013, an increase of 12 per cent

RCAM's income from its operations for the year ended March 31, 2014 was at ₹ 775 crore (US\$ 129 million) as against ₹ 735 crore (US\$ 135 million) in the previous year, an increase of 5 per cent

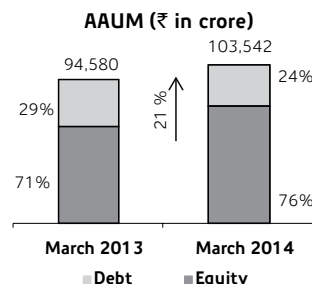
Profit before tax for the year ended March 31, 2014 was ₹ 352 crore (US\$ 59 million) as against ₹ 290 crore (US\$ 53 million) in the previous year, an increase of 22 per cent RCAM continues to be amongst the most profitable AMCs in India.

**Reliance Mutual Fund**

Reliance Mutual Fund (RMF) is amongst the top 3 mutual funds in India in terms of Assets under Management, with a market share of 11 per cent as on March 31, 2014

The Industry's average assets under management (AAUM) for the quarter ended March 31, 2014 stood at ₹ 9,04,538 crore (US\$ 151 billion) as against ₹ 8,16,402 crore (US\$ 150 billion) for the quarter ended March 31, 2013, a growth of 11 per cent (Source: Association of mutual fund of India website)

The AAUM of RMF for the quarter ended March 31, 2014 stood at ₹ 103,542 crore (US\$ 17 billion) as against ₹ 94,580 crore (US\$ 17 billion) for the quarter ended March 31, 2013, an increase of 9 per cent.



RMF has created a wide distribution network in more than 175 cities with over 42,500 empanelled distributors

The number of investor folios in RMF stood at 55 lakh as on March 31, 2014 as against 63 lakh as on March 31, 2013

The number of Systematic Investment Plan (SIP) and Systematic Transfer Plan (STP) investor accounts in RMF were at 11 lakh as on March 31, 2014

Reliance Mutual Fund launched the unique Gold Savings Fund NFO in 2010-11. This fund is the first Gold fund in India and one of the largest in terms of retail participation and had 24 per cent market share in gold AAUMs as on March 31, 2014.

**RMF Achievements:**

On a 5-year rolling returns basis, 2 out of Top 10 performing Equity schemes of ₹ 1,000 crore and above in the MF industry, belong to RMF

Conducted more than 2,500 Investor Awareness Programs, covering over 50,000 participants (highest in the Industry)

Investor / Distributor (Branch Walk-in) Overall Satisfaction has been consistently above 95 per cent as per Internal CSAT Survey.

**Reliance Life Insurance (RLI)**

Reliance Life Insurance currently offers a total of 22 products that fulfil the savings and protection needs of customers. Of these, 16 are targeted at individuals and 6 at group businesses. Reliance Life 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 ₹ 119,642 crore (US\$ 20 billion) as against ₹ 107,011 crore (US\$ 20 billion) in the previous year, an increase of 12 per cent. During the year, the Indian private sector life insurance industry recorded new business premium of ₹ 29,518 crore (US\$ 5 billion) as against ₹ 30,765 crore (US\$ 6 billion) in the previous year, a decrease of 4 per cent (Source: Financial Year 2013-14 data, Insurance Regulatory and Development Authority of India (IRDA website)

RLI is amongst the leading private sector life insurers with a private sector market share of 7 per cent, in terms of new business premium. (Source: Financial Year 2013-14 data, IRDA website)

The total net premium for the year stood at ₹ 4,257 crore (US\$ 708 million) as against ₹ 4,015 crore (US\$ 738 million) for the previous year.

## Management Discussion and Analysis

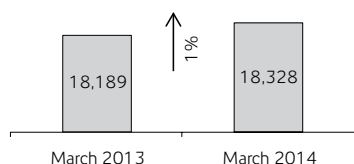
The new business premium income for the year ended March 31, 2014 was ₹ 1,934 crore (US\$ 322 million) as against ₹ 1,377 crore (US\$ 253 million) in the previous year.

For the year ended March 31, 2014 the renewal premium was ₹ 2,349 crore (US\$ 391 million) as against ₹ 2,669 crore (US\$ 491 million)

New Business Achieved Profit (NBAP) margin for the year ended March 31, 2014 was 23.8 per cent as against 20.2 per cent in the previous year

The total funds under management were at ₹ 18,328 crore (US\$ 3 billion) as on March 31, 2014 against ₹ 18,189 crore (US\$ 3 billion) as on March 31, 2013.

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



The profit for the year ended March 31, 2014 stood at ₹ 359 crore (US\$ 60 million) against ₹ 380 crore (US\$ 70 million) for the previous year.

RLI was amongst the leading sellers of individual policies in 2013-14 in the private sector. The number of policies sold during the year were approximately 6 lakh.

The distribution network stood at over 900 branches at the end of March 2014.

### RLI Achievements:

Amongst the top 2 "Most Trusted Private Insurance Brands" in the prestigious 2013 Brand Equity annual survey

Received D. L. Shah Award by the Quality Council of India for 'Policy Document Complaint Reduction'

Successfully retained ISO 9001:2008 recertified certification for the 5<sup>th</sup> consecutive year

'Highest Non-Urban Coverage' during Indian Insurance Awards 2013

Rated 'AAAEfs' by Brickworks Rating for the highest degree of 'Enterprise-wide Risk management capabilities & financial strength' to meet ongoing policyholder obligations.

### Reliance Commercial Finance (RCF)

Reliance Commercial Finance offers a wide range of products which include Home loans, Loans against property, SME loans, Vehicle loans, Loans for Construction equipment 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 productive asset creation.

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 has wound up the unsecured loans portfolio

The disbursements for the year ended March 31, 2014 were ₹ 9,804 crore (US\$ 2 billion) as against ₹ 8,745 crore (US\$ 2 billion) for previous year – an increase of 12 per cent

As on March 31, 2014, the assets under management (including securitized portfolio) was ₹ 17,348 crore (US\$ 3 billion) as against ₹ 16,379 crore (US\$ 3 billion) as on March 31, 2013 – an increase of 6 per cent

During the year, the Company securitized loans of ₹ 2,783 crore (US\$ 463 million) securitized, as against ₹ 2,172 crore (US\$ 399 million) in previous year

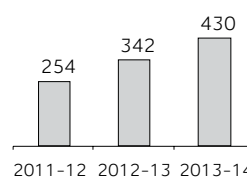
The Net Interest Income for the year ended March 31, 2014 was at ₹ 707 crore (US\$ 118 million), as against ₹ 590 crore (US\$ 108 million) for the previous year, an increase of 20 per cent

As on March 31, 2014 the outstanding loan book was ₹ 13,667 crore (US\$ 2 billion) as against ₹ 13,652 crore (US\$ 3 billion) at the end of March 31, 2013. This loan book is spread over 66,000 customers from top 37 Indian cities.

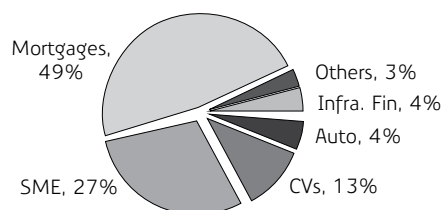
The gross non-performing assets were at ₹ 355 crore (US\$ 59 million), an increase of 26 per cent over previous year

RCF achieved a profit before tax of ₹ 430 crore (US\$ 72 million) as against ₹ 342 crore (US\$ 63 million) for the year ended March 31, 2013 – an increase of 26 per cent

### Profit Before Tax (₹ in crore)



### Loan Book Composition (₹ in crore)



### Broking businesses

Reliance Capital's broking business is carried out by its subsidiaries viz. Reliance Securities Limited (RSL), a leading retail broking house in India that provides customers with access to equities, equity options and commodities futures, wealth management services, portfolio management services, mutual funds and Initial Public Offers (IPOs)

The focus is on the key business verticals of equity broking and wealth management

As at March 31, 2014, the business had nearly 730,000 equity broking accounts and achieved average daily turnover of ₹ 1,342 crore (US\$ 223 million) for the year

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's assets under management rose by 102 per cent to over ₹ 2,000 crore (US\$ 333 million) as on March 31, 2014

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

As at March 31, 2014, the business had over 48,000 commodity broking accounts and recorded average daily commodities broking turnover of nearly ₹ 400 crore (US\$ 67 million)

The broking business achieved revenues of ₹ 205 crore (US\$ 34 million) for the year ended March 31, 2014 as against ₹ 258 crore (US\$ 47 million) for the previous year.

**Management Discussion and Analysis**

**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, and premium products

As on March 31, 2014, Reliance Money had a distribution network of over 7,000 outlets across India

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

Reliance Money is one of the largest private sector partners for Western Union Money Transfer in India - nearly 28 lakh money transfer transactions handled during the year - a 15 per cent year on year increase

Reliance Money achieved revenues of ₹ 145 crore (US\$ 24 million) for the year ended March 31, 2014 as against ₹ 120 crore (US\$ 22 million) for previous year - a year on year increase of 21 per cent

Reliance Money achieved a profit before tax of ₹ 3 crore (US\$ 1 million) for the year ended March 31, 2014, as against ₹ 7 crore (US\$ 1 million) for the previous year.

**Reliance General Insurance**

Reliance General Insurance (RGI) offers insurance solutions for auto, health, home, property, travel, marine, commercial and other specialty products

RGI is the amongst the leading private sector general insurance players in India with a private sector market share of 7.5 per cent During 2013-14, gross direct premium of the total Indian general insurance industry increased by 12 per cent from ₹ 69,045 crore (US\$ 13 billion) of the corresponding previous period, to ₹ 77,541 crore (US\$ 13 billion). (Source: IRDA website)

During 2013-14, gross direct premium of the private Indian general insurance industry increased by 15 per cent from ₹ 27,925 crore (US\$ 5 billion) of the corresponding previous period, to ₹ 31,994 crore (US\$ 5 billion). (Source: IRDA website)

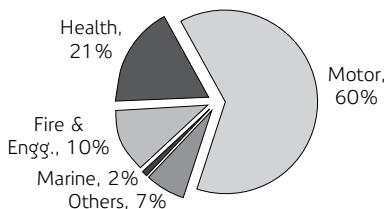
RGI's gross written premium for the year ended March 31, 2014 was ₹ 2,442 crore (US\$ 406 million), an increase of 20 per cent over previous year

The business achieved its first full year of profitability in 2013-14. Profit before tax for the year ended March 31, 2014 stood at ₹ 64 crore (US\$ 11 million) as against a loss of ₹ 93 crore (US\$ 17 million) in the corresponding period of the previous year

The distribution network composed of 127 branches and over 15,500 intermediaries & associates at the end of March 31, 2014

At the end of March 31, 2014, the investment book increased 18 per cent year on year to ₹ 3,843 crore (US\$ 639 million).

**Sectorwise Premium Contribution (₹ in crore)**



**Reliance Asset Reconstruction**

Reliance Asset Reconstruction Company Ltd. (Reliance ARC) is in the business of acquisition, management and resolution of distressed debt / assets

During 2013-14, NPLs in the banking sector continued to rise due to lower economic growth and high interest rates. Banks sold a large quantum of NPAs (acquisition by ARCs approx. at ₹ 20,000 crore) during the year. Consequently, there have been substantial acquisitions where Reliance ARC bid for retail and SME NPLs from banks on a 100 per cent cash basis or using the SR route

The assets under management as on March 31, 2014 rose to ₹ 684 crore (US\$ 114 million) as against ₹ 54 crore (US\$ 10 million) as on March 31, 2013. Its own investment in NPAs increased from ₹ 14 crore (US\$ 3 million) as on March 31, 2013, to ₹ 99 crore (US\$ 16 million) as on March 31, 2014.

**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, information security risks and macro-economic risks.

**Market risk**

The Company has some quoted investments which are exposed to fluctuations in stock prices. Similarly Company has also raised resources through issue of Market Linked Debentures, whose returns are linked to relevant underlying market instruments / indices. 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.

**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, commercial banks, 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 liberalisation 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 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 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. Stringent standards have been stipulated for customer identification and evaluation of credit proposals. Critical underwriting activities are automated. Comprehensive 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 diversifying risks and to avoid concentration risk. Cross references to credit bureau data are made to assess the credit behaviour of the prospective customers. In our commercial finance businesses, we provide various customized products to different segment of borrowers. Borrowers are impacted 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,

## Management Discussion and Analysis

chances of non recoverability in case of default are minimised. Company has put in place monitoring mechanisms commensurate with nature and volume of activities. Any early signal of default is addressed on priority to minimise/ 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 to some extent.

With the experience and market knowledge the Company have gained over the years in lending business and 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 minimise 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 personnel, may have an

adverse impact on the Company's business, its future financial performance and the results of its operations.

### 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 minimises 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 authorised, recorded and reported correctly. The Audit Committee of Board periodically reviews the adequacy of our internal controls. The Company has implemented SAP systems across functions. With this initiative, 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 proactively identify and address operational issues. The mandate of the quality team is also to work closely with various business teams to bring about operational efficiencies and effectiveness through Six Sigma initiatives. It is pertinent to note that Reliance Life Insurance, Reliance General Insurance, Reliance Mutual Fund and Reliance Commercial Finance have obtained an ISO 9001:2008 certification. They are among the few companies in their respective industries to be ISO certified.

### 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 on the Company, including asset classifications and prescribed levels of capital adequacy, 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.

### Information security risk

RCL has robust Information Security Risk monitoring systems and tools to guard and protect sensitive customer data and guard against potential hackers and viruses. The Information Security team is governed by the Information Security Risk Management Committee. Robust governance, controls and sophisticated technology is adopted across lines of business to ward off cyber threats and protect information residing within the company.

### Macro-economic risk

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

**Management Discussion and Analysis**

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 utilised 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 authorised, recorded and reported. The Company also has an exhaustive budgetary control system to monitor all expenditures against approved budgets on an ongoing basis.

The company uses information technology extensively in its operations for ensuring effective controls besides economy. It also helps the company in providing accurate MIS and prompt information / services to its customers and other stakeholders. The company has implemented enhanced level of Information System Security controls with commensurate monitoring systems to address technology risks.

The Company has an independent internal audit function which continuously evaluates the adequacy of, and compliance with, policies, plans, regulatory and statutory requirements. Risk based approach is adopted while carrying out the audits. Internal audit also evaluates and suggests improvement in effectiveness of risk management, control and governance process. The Audit Committee of Board provides necessary oversight and directions to the internal audit function and periodically reviews the findings and ensures corrective measures are taken.

**Opportunities**

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

**Threats**

- Inflationary pressures and slowdown in policy making
- 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 18,508 people as on March 31, 2014. The business wise breakup of the workforce is given below:

<b>Business Operation</b>	<b>Number of people</b>
Reliance Capital (Core)	124
Commercial Finance	1,321
Asset Management	858
General Insurance	1,889
Life Insurance	12,784
Reliance Money	1,511
Other businesses	21
<b>Total</b>	<b>18,508</b>

Our workforce is young, with an average age of 33 years, and highly qualified. 74 per cent of our workforce is graduates, while 13 per cent are post-graduates and another 13 per cent are management graduates and chartered accountants.

**Corporate Social Responsibility**

The Reliance Group strives to further its commitment to being an ideal Corporate citizen. The Kokilaben Dhirubhai Ambani Hospital continues to provide quality healthcare and contributes in a very significant manner towards supporting the poor and the needy, especially those below the poverty line.

The employees of Reliance Capital supported the initiatives of Give India and contributed ₹ 3.5 lakhs directly from their payroll towards the noble cause. Reliance Capital supported "Room to Read" and has aided libraries in 75 schools in Rajasthan, Maharashtra and Madhya Pradesh, whereby it has been able to touch the lives of over 22,500 children. This figure is slated to go up to a million by 2015. As part of Employee Volunteerism, blood donation campaigns were conducted twice in the year. Financial Inclusion and literacy is a cause towards which we are partnering NGOs like Swadhar. Offices are being fitted out and maintained keeping in mind, the mission of energy conservation and environment protection. Through several initiatives, a consistent and ongoing endeavour is on to reduce the carbon footprint.

**Outlook**

Globally, 2013-14 was another difficult year, impacted by the after effects of the Euro debt crisis and slow global growth. However, global growth is expected to improve by the end of 2014. Domestically, the investor sentiment improved significantly after the general elections in May 2014. The new Government is expected to undertake radical and progressive policy decisions to bring back the economy on a high growth path. With central banks in advanced economies remaining in easing mode, inflows of foreign capital is expected to continue. But improvement in domestic growth will be slow and gradual, with some pick-up in second half of the year, assuming normal monsoon. Growth momentum can be increased by improving governance, easing the supply bottlenecks, and stepping up public investment, alongside continuing commitment to fiscal consolidation. Authorities will need to bring across reform initiatives in the infrastructure space, particularly in the power sector, develop ways for meaningful private participation in critical areas such as retail, aviation, insurance and defence, push bills like Land Acquisition, Pension and Insurance etc. as well as act swiftly to eliminate unnecessary regulatory hurdles in key sectors.

The financial sector achieved mixed success in 2013-14. New business premium for the life insurance sector stabilised in 2013-14 and is expected to grow after the introduction of the new product guidelines. Lending margins improved marginally as yields improved, while growth in assets was limited by low credit offtake amid slow industrial recovery. Mutual Fund industry AUMs rose driven by favourable regulations, high interest rate environment and improved capital market sentiment along with rise in the retail debt penetration. Broking revenues continued to be weak due to low retail interest. However, with renewed investor interest in India driven by a decisive win for the new government, a quick turnaround of broking volumes is expected in the near term. Investors expect growth-oriented regulatory changes by the new government in the second half of 2013-14 which will lead to turnaround in the overall economic cycle.

### Our corporate governance philosophy

Reliance Capital follows 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 prescribe a set of systems and processes guided by the core principles of transparency, disclosure, accountability, compliances, ethical conduct and the commitment to promote the interests of all stakeholders. The policies and the code are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of our stakeholders.

### 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 a number of policies and 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 viz; 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 by excluding 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, 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 the executive management. We have also split the posts of the Chairman and CEO.

#### E. Prohibition of insider trading policy

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

#### F. 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

##### a. 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.

##### b. 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.

##### c. Board committees

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

Pursuant to the provisions of Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board has constituted Corporate Social Responsibility Committee.

Pursuant to implementation of Section 178 of the Companies Act, 2013, the Board has renamed Shareholders / Investors Grievance Committee as Stakeholders Relationship Committee.

##### d. Selection of independent directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons. The Board considers the Committee's recommendation, and takes appropriate decision.

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law.

##### e. Tenure of independent directors

Tenure of independent directors on the Board of the Company shall not exceed the time period as per provisions of the Companies Act, 2013, Listing Agreement entered into with the Stock Exchanges and Company's Board Charter, amended from time to time.

##### f. Independent director's interaction with stakeholders

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

##### g. Lead independent director

Recognising the need for a representative and spokesperson for the independent directors, the Board has appointed the Lead Independent Director. The Board designated Shri V. N. Kaul, an independent director as the Lead Independent Director.

##### h. 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

Corporate Governance Report

Board members are also provided with the necessary documents / brochures, reports and internal policies to enable them to familiarise 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.

**i. 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 the independent directors may determine and deem fit.

**j. Subsidiaries**

All the subsidiaries of the Company are managed by their respective boards. Their boards have the rights and obligations to manage their companies in the best interest of their stakeholders. The Company monitors performance of subsidiary companies.

**k. 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**

The Company has introduced several trend setting governance practices to improve stakeholders' satisfaction. Some of the major ones among them are:

**1. Customers**

The Company has taken various customer caring initiatives, 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.

**2. Employees**

In our relentless pursuit of driving operational excellence and our resolve to make Reliance Capital a "Great Place to Work", the focus is on evolving efficient and agile organisation structures, relentlessly driving capability, leadership and culture building and acquiring, developing and retaining high quality talent. The Company reviews and revise the 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.

The Company has 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.

The Company regularly conducts an employee engagement survey through an independent external organisation 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, the Company has a pilot program of assessment centers, wherein employees who have a proven track record are put through a rigorous assessment program for higher role.

The Company has 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.

**3. 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.

**4. Lenders**

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

**5. 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 assist and advise the Board in the conduct of affairs of the Company, to ensure compliance with applicable statutory requirements and Secretarial Standards, to provide guidance to directors and to facilitate convening of meetings. He interfaces 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 two leading independent audit firms:

1. M/s. Chaturvedi & Shah, Chartered Accountants
2. M/s. B S R & Co. LLP, Chartered Accountants

**N. Compliance with the code and rules of Luxembourg Stock Exchange**

The Global Depository Receipts (GDRs) issued by the Company are listed on the Luxembourg Stock Exchange (LSE). The Company has reviewed the code on corporate governance of LSE and the Company's corporate governance practices 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

## Corporate Governance Report

formulated by the Securities and Exchange Board of India. 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 on March 31, 2014, the Board consisted of five members. The composition of and the category of directors on the Board of the Company were as under:

Category	Name of directors and DIN
Promoter, non-executive and non-independent Director	Shri Anil D. Ambani, Chairman (DIN:00004878)
Non-executive and non-independent Director	Shri Amitabh Jhunjhunwala, Vice Chairman (DIN:00045174)
Independent Directors	Shri Rajendra P. Chitale (DIN:00015986) Dr. Bidhubhusan Samal (DIN:00007256) Shri V. N. Kaul (DIN:03070263)

Notes:

- None of the directors is related to any other director.
- None of the directors has any business relationship with the Company.
- 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 re-appointed Shri V. R. Mohan, President & Company Secretary (FCS - 3081) 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. The Board holds minimum four meetings every year to review and discuss the performance of the

#### 5. Attendance of directors

Attendance of the Directors at the Board meetings held during 2013 – 2014 and at the last Annual General Meeting (AGM) held on August 27, 2013, details of directorships (calculated as per provisions of Section 275 and 278 of the Companies Act, 1956), Committee Chairmanships and the Committee Memberships held by the directors as on March 31, 2014 were as under:

Name of Director	Number of Board meetings attended out of four meetings held	Attendance at the last AGM held on August 27, 2013	Number of directorship (including RCL)	Committee(s) Chairmanship / Membership (including RCL)	
				Membership	Chairmanship
Shri Anil D. Ambani	4	Present	6	1	-
Shri Amitabh Jhunjhunwala	3	Present	3	2	-
Shri Rajendra P. Chitale	4	Present	9	9	4
Dr. Bidhubhusan Samal	4	Present	10	6	3
Shri V. N. Kaul	3	Present	1	1	-

Notes:

- None of the directors hold directorships in more than 20 companies of which directorship in public companies does not exceed 10 in line with the provisions of Section 165 of the Companies Act, 2013.
- None of the directors hold membership of more than 10 committees of board, nor, is a chairman of more than 5 committees of board.
- The information provided above pertains to the following committees in accordance with the provisions of Clause 49 of the listing agreement: (i) Audit Committee, and (ii) Shareholders/Investors Grievance Committee.
- Membership of committees include chairmanship, if any.

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 and review options for their mitigation;
- provide counsel on the selection, evaluation, development and compensation of senior management;
- ensure that processes are in place for maintaining the integrity of:
  - the Company
  - the financial statements
  - compliance with law
  - relationship with all the stakeholders
- delegation of appropriate authority to the senior executives of the Company for effective management of operations of the Company.

#### 3. Board meetings

The Board held four meetings during the financial year 2013-14 on May 16, 2013, July 29, 2013, November 12, 2013 and February 7, 2014. The maximum time gap between any two meetings during the year under review was 107 days and the minimum gap was 75 days.

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

#### 4. Standards issued by ICSI

Pursuant to the provisions of Section 118 (10) of the Companies Act, 2013, compliance with secretarial standards relating to General and Board Meeting specified by the Institute of Company Secretaries of India (ICSI) as approved by the Central Government have become mandatory. However, the approved versions of the above standards are yet to be released.

Notwithstanding the above, the Company has been adhering voluntarily to the standards issued by the ICSI 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.



Corporate Governance Report

6. Details of directors

The abbreviated resumes of all the directors are furnished hereunder:

**Shri Anil D. Ambani**, aged 55 years, is the Chairman of the Company, Reliance Communications Limited, Reliance Infrastructure Limited and Reliance Power Limited. He is also on the board of directors 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 Stakeholders Relationship Committee of Reliance Communications Limited.

With a master's degree from the Wharton School of the University of Pennsylvania, Shri Ambani is credited with having spearheaded the Reliance Group's first forays into the overseas capital markets with international public offerings of global depository receipts, convertibles and bonds.

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
- Executive Board, Indian School of Business (ISB), Hyderabad

The Prime Minister of India nominated Shri Ambani as the Co-Chair from the Indian side of the India-China CEO Forum in 2011.

As on March 31, 2014, Shri Anil D. Ambani held 2,73,891 equity shares in the Company.

**Shri Amitabh Jhunjhunwala**, 57, is a Fellow Chartered Accountant. He has had a wide exposure in developing, strategising 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 Group. He is a Vice Chairman of Reliance Capital Limited and also a director on the Board of Reliance Equity Advisors (India) Limited and Reliance Anil Dhirubhai Ambani Group Limited. Shri Amitabh Jhunjhunwala is a member of Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and ESOS Compensation Committee of the Company. He does not hold any share in the Company as of March 31, 2014.

**Shri Rajendra P. Chitale**, 52, a law graduate and an eminent Chartered Accountant, is a Managing Partner of Chitale & Associates (one of India's leading boutique structuring, legal 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 and the Committee on Investment, Expenditure & ULIP Issues of the Insurance and Regulatory Authority of India (IRDA), and has served as a member of the Working Group on Insurance, Pensions, Small Savings, etc., Financial Sector Legislative Reforms Commission, Government of India, 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 Limited, Asset Reconstruction Company (India) Limited, SBI Capital Markets Limited, and National Securities Clearing Corporation Limited. He currently serves as a director on the boards of several large companies including Ambuja Cements Limited, Hinduja Ventures Limited, Hinduja Global Solutions Limited, JM Financial Asset Management Limited, NSE.IT Limited, Reliance Life Insurance Company Limited and Reliance General Insurance Company Limited. Shri Rajendra P. Chitale is the Chairman of Audit Committee and Nomination and Remuneration Committee and a member of the Stakeholders Relationship Committee and ESOS Compensation Committee of the Company. He is the Chairman of Audit Committee of Ambuja Cements Limited, and a member of the Audit Committee of Hinduja Ventures Limited, Hinduja Global Solutions Limited and Reliance Life Insurance Company Limited. He is the Chairman of Share Allotment and Investors' Grievance Committee of Ambuja Cements Limited. He does not hold any share in the Company as of March 31, 2014.

**Dr. Bidhubhusan Samal**, 71, 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. He is a Director on the Board of Surana Industries Limited, IITL Projects Limited, Industrial Investment Trust Limited, MayFair Hotels and Resorts Limited, Jaiprakash Associates Limited, Jaypee Infratech Limited, Vipul Limited, World Resorts Limited, T.K. International Limited and Future Generali India Life Insurance Company Limited. He is the Chairman of the Stakeholders Relationship Committee and a member of Audit Committee, Nomination and Remuneration Committee and ESOS Compensation Committee of the Company. He is the Chairman of Audit Committee of Surana Industries Limited, World Resorts Limited, T.K. International Limited and Vipul Limited. He is a member of Audit Committee of MayFair Hotels and Resorts Limited. He does not hold any share in the Company as of March 31, 2014.

**Shri V. N. Kaul**, 71, is a former Comptroller and Auditor General of India (C&AG) (2002 to 2008), is a recipient of Padma Bhushan in 2014. He was Vice Chairman of the United Nations Independent Audit Advisory Committee at UN Headquarters, New York, from 2008 to 2011. Prior to his appointment as C&AG, Shri Kaul held senior positions in the Government and in the United Nations system. In Government of India he was, amongst other things, Secretary to the Government of India in the Ministries of Petroleum and Natural Gas, Chemicals and Fertilizers and Coal. Earlier he has also been Principal Secretary, Finance of Madhya Pradesh. He has served as Chairman of public sector and joint sector companies including as Chairman, Petronet LNG. He has also served as a director of many private and public sector companies and he has been on the Governing Boards of International Bodies. From 1991 to 1998 he was with the United Nations- ESCAP, Bangkok as Advisor, Trade Policy and Negotiations for Asia-Pacific Region.

He holds a Masters degree from the University of Delhi and he is a Fellow of the EDI, Washington. He is currently a member of the Eminent Persons Advisory Group (EPAG), constituted by the Competition Commission of India, to give broad inputs and advice on larger issues impacting markets and competition. He has been appointed on the Oversight Committee constituted to advise and oversee the process of monetization of immovable property of Air India. He is mentoring a group of experts on solar energy and another group on modernising government accounts. Shri V. N. Kaul is a member of the Audit Committee and ESOS Compensation Committee of the Company. He does not hold any share in the Company as of March 31, 2014.

### 7. 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 as well as Section 177 of the Companies Act, 2013 and Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 the Board has constituted the Audit Committee of the Board of Directors.

The Audit Committee comprises of three independent, non – executive directors and one non – independent non executive director of the Company viz: Shri Rajendra P. Chitale as Chairman, Dr. Bidhubhusan Samal, Shri V. N. Kaul and Shri Amitabh Jhunjhunwala as Members. All the members of the Committee possess financial / accounting expertise / 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.

Pursuant to the Companies Act, 2013, the Board has approved the terms of reference of the Audit Committee as under:

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial information is correct, sufficient and credible;
  2. Recommending the appointment, reappointment, terms of appointment and replacement/removal of the statutory auditors and fixation of audit fee;
  3. Approval of payment to statutory auditors for any other services rendered;
  4. Reviewing and monitoring the statutory auditor's independence and effectiveness of audit process;
  5. Approving / reviewing transactions with related parties including making modifications subsequently;
  6. Scrutinizing inter-corporate loans and investments;
  7. Evaluating undertakings or assets of the Company, wherever it is necessary;
  8. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on
    - a. matters required to be included in the Director's Responsibility Statement in the Annual Report of the Board;
    - b. any changes in accounting policies and practices and reasons thereof;
    - c. major accounting entries based on exercise of judgment by the management;
    - d. the auditors' report including the qualifications in draft audit report;
    - e. significant adjustments made in the financial statements arising out of audit findings;
    - f. compliance with listing and other legal requirements concerning financial statements;
    - g. disclosure of related party transactions; and
    - h. qualifications in the draft audit report.
  9. Reviewing with the management, the performance of the statutory and internal auditors, the adequacy of internal financial control systems and risk management systems;
  10. 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;
  11. Discussing with the internal auditors on any significant findings and follow up thereon;
  12. 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;
  13. Discussing with the statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  14. Looking into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors;
  15. Reviewing the financial statements of subsidiaries, in particular their investments;
  16. Overseeing the vigil mechanism;
  17. Approving the appointment of the Chief Financial Officer after assessing his qualification, experience, and background etc.;
  18. Reviewing the following information:
    - (i) the management's discussion and analysis of financial condition and results of operations;
    - (ii) internal audit reports relating to internal control weaknesses;
    - (iii) management letters/letters of internal control weaknesses issued by the statutory auditors;
    - (iv) statement of significant related party transactions; and
    - (v) the appointment, removal and terms of remuneration of the "Chief Internal Auditor."
  19. Carrying out all other functions as is mentioned in the terms of reference of the Audit Committee.
- The Audit Committee is also authorised to:
1. To investigate any activity within its terms of reference;
  2. To seek any information from any employee;
  3. To obtain outside legal and professional advice;
  4. To secure attendance of outsiders with relevant expertise, if it considers necessary;
  5. To call for comments from the auditors about internal control systems and the scope of audit, including the observations of the auditors;

**Corporate Governance Report**

6. To review financial statements before submission to the Board; and
7. To discuss any related issues with the internal and statutory auditors and the management of the Company.

**Attendance at the meetings of the Audit Committee held during 2013-2014**

The Audit Committee held its meetings on May 15, 2013, June 22, 2013, July 29, 2013, November 12, 2013, December 16, 2013, February 7, 2014 and March 22, 2014. Maximum and minimum time gap between any two meetings, during the year under review was 107 days and 35 days respectively.

Members	Number of Meetings held	Number of Meetings attended
Shri Rajendra P. Chitale	7	7
Shri Amitabh Jhunjhunwala	7	5
Dr. Bidhubhusan Samal	7	7
Shri V. N. Kaul	7	6

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

The meetings 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 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, the Committee has recommended the following to the Board of Directors:

1. The audited annual financial statement of the Company for the year ended March 31, 2014, be accepted by the Board as a true and fair statement of the financial status of the Company.
2. The audited abridged financial statement of the Company for the year ended March 31, 2014, be accepted by the Board as a true and fair statement of the financial status of the Company.

3. The audited consolidated financial statement of the Company for the year ended March 31, 2014, be accepted by the Board as a true and fair statement of the financial status.
4. The audited abridged consolidated financial statement of the Company for the year ended March 31, 2014, be accepted by the Board as a true and fair statement of the financial status.

**III. Nomination and Remuneration Committee**

The Nomination and 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.

Pursuant to Section 178 of the Companies Act, 2013, it is mandatory to set up a "Nomination and Remuneration Committee" with expanded scope. The Nomination and Remuneration Committee comprises of three directors, viz; Shri Rajendra P. Chitale as Chairman, Shri Amitabh Jhunjhunwala and Dr. Bidhubhusan Samal as Members.

Shri V. R. Mohan, President & Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

**Managerial remuneration policy**

The Nomination and 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:

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

The Ministry of Corporate Affairs vide its Circular No. 4/2011 dated March 4, 2011 has decided that a Company can pay Commission upto 3 per cent of its net profit to the Non-Whole Time Director(s) without approval of the Central Government, if it does not have a Managing Director or Whole Time Director(s). In view of above Circular, the Company can pay Commission upto 3 per cent of net profit to the Non Whole Time Directors of the Company.

The Members at the 24<sup>th</sup> Annual General Meeting held on September 28, 2010, had approved payment of commission to non executive directors, who were 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. The Ministry of Corporate Affairs vide its Circular No. 4/2011 dated March 4, 2011 has decided that a Company can pay Commission upto 3 per cent of its net profit to the Non-Whole Time Director(s) without approval of the Central Government, if it does not have a Managing Director or Whole Time Director(s). In view of above Circular, the Company can pay Commission upto 3 per cent of net profit to the Non Whole Time Directors of the Company.

The Nomination and Remuneration Committee held its meeting on November 12, 2013 which was attended by all the Committee Members.

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

The remuneration to non executive directors is benchmarked with the relevant market and performance

## Corporate Governance Report

oriented, balanced between financial and sectoral market, comparative scales, aligned to Corporate goals, role assumed and number of meetings attended.

**Details of sitting fees and commission paid to the Directors during the Financial Year ended March 31, 2014.**

(₹ in lakh)

Directors	Sitting Fees	Commission
Shri Anil D. Ambani	0.80	-
Shri Amitabh Jhunjhunwala	2.40	-
Shri Rajendra P. Chitale	3.40	15.00
Dr. Bidhubhusan Samal	3.40	15.00
Shri V. N. Kaul	2.40	15.00
Shri C. P. Jain*	-	7.50

\*ceased to be a Director of the Company.

Notes:

- There were no other pecuniary relationships or transactions of non-executive directors vis-à-vis the Company.
- The Company has so far not issued any stock options to its Directors.
- Pursuant to the limits approved by the Board, all directors being non-executive, are paid sitting fees of ₹ 20,000 for attending each meeting of the Board and its committees.
- Remuneration by way of commission to the non executive directors was paid for the financial year 2012-13.

#### IV. Stakeholders Relationship Committee

In accordance with the requirements of Clause 49 in the Listing Agreement, the Company has constituted a Committee named "Shareholders / Investors Grievance Committee", which is responsible for attending the grievances of the shareholders. As per provisions of Section 178 of the Companies Act, 2013, every listed Company has to constitute a Committee which will be named "Stakeholders Relationship Committee", if the number of shareholders, debenture holders, deposit holders and other security holders in the Company exceeds one thousand or more. In view of above requirement which has become effective from April 1, 2014, the Board renamed it as the "Stakeholders Relationship Committee" to resolve the grievances of all the stakeholders of the Company and to perform all other work as per Act. The Committee has three members consisting of Dr. Bidhubhusan Samal as Chairman, Shri Rajendra P. Chitale and Shri Amitabh Jhunjhunwala as Members.

**Attendance at the meeting of the Stakeholders Relationship Committee held during 2013-2014.**

During the year, the Stakeholders Relationship Committee held its meetings on May 16, 2013, July 29, 2013, November 12, 2013 and February 7, 2014. The maximum time gap between any two meetings during the year under review was 107 days and the minimum gap was 75 days.

Members	Number of Meetings held	Number of Meetings attended
Dr. Bidhubhusan Samal	4	4
Shri Amitabh Jhunjhunwala	4	3
Shri Rajendra P. Chitale	4	4

Shri V. R. Mohan, President & Company Secretary acts as the Secretary to the Stakeholders Relationship Committee.

#### 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.

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

The ESOS Compensation Committee comprises of four directors viz: Dr. Bidhubhusan Samal as Chairman, Shri Rajendra P. Chitale, Shri Amitabh Jhunjhunwala and Shri V. N. Kaul as Members.

Shri V. R. Mohan, President & Company Secretary acts as the Secretary to the ESOS Compensation Committee.

During the year the ESOS Compensation Committee held its meeting on May 16, 2013.

#### VII. Employee Stock Option Scheme

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

The Plans 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. Corporate Social Responsibility (CSR) Committee

The CSR Committee was constituted by the Board on July 4, 2014 considering requirements of the Companies Act, 2013 relating to the constitution of a CSR Committee. The Committee consists of Dr. Bidhubhusan Samal as Chairman, Shri Amitabh Jhunjhunwala and Shri V. N. Kaul as Members.

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'Corporate Social Responsibility Policy'.

The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013.

#### IX. General Body Meetings

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

Financial Year	Date and Time	Whether Special Resolution passed or not
2012-13	August 27, 2013 10:00 A.M.	Yes, Qualified Institutional Placement
2011-12	September 4, 2012 10:00 A.M.	Yes, Qualified Institutional Placement
2010 -11	September 27, 2011 10:00 A.M.	Yes, Qualified Institutional Placement

The above Annual General Meetings were held at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400020.

#### X. Postal Ballot

The Company had not conducted any Postal Ballot during the financial year 2013 - 14.

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

**Corporate Governance Report**

The Company has conducted Postal Ballot in May 2014 for seeking approval of Members for the undermentioned items pursuant to Section 110 of the Companies Act, 2013.

The result of the Postal Ballot was declared on July 9, 2014, based on the report submitted by Shri Anil Lohia, Chartered Accountant, who was appointed as Scrutinizer by the Board of Directors, stating that the following special resolutions were passed with requisite majority:

Description	% of votes cast in favor of resolution
Private Placement of Non-Convertible Debentures and/or other Debt Securities.	86.23
Issue of securities to the Qualified Institutional Buyers.	85.77
Insertion of new object clause and Alteration of the Memorandum of Association of the Company.	99.99
Borrowing limits of the Company.	86.29
Creation of Charge / Mortgage on assets of the Company.	86.29

XI. **Means of communication**

- a. **Quarterly Results:** Quarterly results are published in The Financial Express, 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 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.

As the Companies Act, 2013 and the rules thereunder facilitate the service of documents to members through electronic means. The Company has, accordingly e-mailed to all those Members whose e-mail IDs are available with its Registrar and Transfer Agent, the soft copies of the Annual Report including the unabridged Financial Statement for the year ended March 31, 2014.

- e. **Unique Investor helpdesk:** Exclusively for investor servicing the Company has set up a unique investor Helpdesk 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](mailto:rclinvestor@karvy.com)
  - Post your request : <http://kcpl.karvy.com/adag>
- f. **Designated email-id:** The Company has also designated email-id [rcl.investor@relianceada.com](mailto:rcl.investor@relianceada.com) for investor servicing.
- g. **National Electronic Application Processing System (NEAPS):** The NEAPS is a web based system designed by NSE for corporate. The shareholding pattern and Corporate Governance Report are also filed electronically on NEAPS.
- h. **BSE Corporate Compliance & Listing Centre (the 'Listing Centre'):** BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.
- i. **SEBI Complaint Redress Systems (SCORES):** The investors' complaints are also being processed through the centralised web based complaint redressal system. The salient features of SCORES are availability of centralised data base of the complaints, uploading online action taken reports by the Company. Through SCORES the investors can view online, the action taken and current status of the complaints.

XII. **Compliance with other mandatory requirements**

1. **Management Discussion and Analysis**  
A Management Discussion and Analysis Report forms part of this Annual Report and includes discussions on various matters specified under Clause 49(IV)(F) of the listing agreement.
2. **Subsidiaries**  
Reliance General Insurance Company Limited (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 Company monitors performance of subsidiary companies, inter alia, by the following means:
  - a. Financial statements, in particular the investments made by unlisted subsidiary companies are reviewed quarterly by the Audit Committee of the Company.
  - b. Minutes of the meetings of the Board of Directors of all subsidiary companies are placed before the Company's Board regularly.
  - c. A statement containing all the significant transactions and arrangements entered into by the unlisted subsidiary companies are placed before the Company's Board / Audit Committee.
  - d. Quarterly review of Risk Management process by the Risk Management Committee / Audit Committee / Board.
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 2013-14, no transactions of material nature had been entered into by the Company that may have a potential conflict with interest of the Company. The related party transactions 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.

Shri V. N. Kaul, Director is the Chairman of Risk Management Committee (RMC) and the Committee consists of senior executives of the Company. The Committee 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. Prevention of Money Laundering – Know Your Customer Policy**

In keeping with specific requirements for Non Banking Financial Companies (NBFCs) the Company has also formulated a Prevention of 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 2013-14".

**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 have provided 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, 2014 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

**XIII. Policy on insider trading**

The Company has formulated a Code of Conduct for Prevention of Insider Trading (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 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 under the overall supervision of the Board. The Company's 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 Company's Code is available on the Company's website.

**XIV. Compliance of Clause 5A of Listing Agreement**

The details of shareholders and the outstanding shares lying in the "Reliance Capital Limited – Unclaimed Suspense Account" as per Clause 5A (II) of the Listing Agreement as on March 31, 2014 were as under:

Particulars	No. of shareholders	No. of shares
(i) Aggregate number of shareholders and the outstanding shares in the suspense account lying at April 1, 2013	53,273	2,06,848
(ii) Number of shareholders who approached issuer for transfer of shares from suspense account during the year	341	2,335
(iii) Number of shareholders to whom shares were transferred from suspense account during the year	341	2,355
(iv) Aggregate number of shareholders and the outstanding shares in the suspense account lying at March 31, 2014	52,932	2,04,493

**Corporate Governance Report**

The voting rights on the shares in the "Reliance Capital Limited – Unclaimed Suspense Account" shall remain frozen till the rightful owner of such shares claims the shares.

Wherever the shareholder have claimed the shares, after proper verifications, the share certificates were dispatched to them or credited the shares to the respective beneficiary account.

**XV. 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 the time period as per provisions of the Companies Act, 2013 and Listing Agreement entered into with the Stock Exchanges, amended from time to time.

**2. Nomination and Remuneration Committee**

The Board has set up a Nomination and 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**

There are no audit qualifications on the financial statements of the Company for the year 2013-14.

**5. Training of Board members**

A programme 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 / Vigil Mechanism 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.

**XVI. General shareholder information**

The mandatory and various additional information of interest to investors are voluntarily furnished in a separate section on investor information 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.

**Auditor's Certificate on Corporate Governance**

**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, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with the BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE') (together referred to as the 'Stock Exchanges').

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

In our opinion and to the best of our information and according to explanations given to us and based on the representations

made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the above mentioned Listing Agreement.

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

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Reg. No: 101720W

**Vijay Napawaliya**  
Partner  
Membership No: 109859

Mumbai  
Dated: August 21, 2014

For **B S R & Co. LLP**  
Chartered Accountants  
Firm Reg. No: 101248W/  
W-100022

**Akeel Master**  
Partner  
Membership No: 046768

Mumbai  
Dated: August 21, 2014

## Investor Information

### Important points

#### Hold securities in dematerialised form

Investors should hold their securities in dematerialised form as the same is beneficial due to following:-

- A safe and convenient way to hold securities;
- Elimination of risks associated with physical certificates such as bad delivery, fake securities, delays, thefts etc.
- Immediate transfer of securities;
- No stamp duty on electronic transfer of securities;
- Reduction in transaction cost;
- Reduction in paperwork involved in transfer of securities;
- No odd lot problem, even one share can be traded;
- Availability of nomination facility;
- Ease in effecting change of address as change with Depository Participants gets registered with all companies in which investor holds securities electronically;
- Easier transmission of securities as the same done by Depository Participants for all securities in demat account;
- Automatic credit into demat account of shares, arising out of bonus/split/consolidation/merger etc.

#### Hold securities in consolidated form

Investors holding shares in multiple folios are requested to consolidate their holdings in single folio. Holding of securities in one folio enables shareholders to monitor the same with ease.

#### Furnish bank details and get dividend directly credited in bank account

Investors should avail the Electronic Clearing Services for payment of dividend as the same reduces risk attached to physical dividend warrants. Some of the advantages of payment through electronic credit services are as under:

- Avoidance of frequent visits to banks for depositing the physical instruments.
- Prompt credit to the bank account of the investor through electronic clearing.
- Fraudulent encashment of warrants is avoided.
- Exposure to delays / loss in postal service avoided.
- As there can be no loss in transit of warrants, issue of duplicate warrants is avoided.

Printing of bank account numbers, names and addresses of bank branches on dividend warrants provide protection against fraudulent encashment of dividend warrants. Members are requested to provide, the same to the Company's RTA for incorporation on their dividend warrants.

#### Register for SMS alert facility

Investor should register with Depository Participants for the SMS alert facility. Both National Securities Depository Limited and Central Depository Services (India) Limited alert investors through SMS of the debits and credits in their demat account.

#### Submit nomination form and avoid transmission hassle

Nomination helps nominees to get the shares transmitted in their favour without any hassles. Investors should get the nomination registered with the Company in case of physical holding and with their Depository Participants in case of shares are held in dematerialised form.

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, nomination has to be registered with the concerned Depository Participants directly, as per the form prescribed by the Depository Participants.

#### Deal only with SEBI registered intermediaries

Investors should deal with SEBI registered intermediary so that in case of deficiency of services, investor may take up the matter with SEBI.

#### Corporate benefits in electronic form

Investor holding shares in physical form should opt for corporate benefits like split/ bonus etc. in electronic form by providing their demat account details to Company's RTA.

#### Register e-mail address

Investors should register their email address with the Company/ DPs. This will help them in receiving all communication from the Company electronically at their email address. This also avoids delay in receiving communications from the Company. Prescribed form for registration may please be downloaded from the Company's website.

#### 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.

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

SEBI 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.

#### Facility for a Basic Services Demat Account (BSDA)

SEBI has stated that all the depository participants shall make available a BSDA for the shareholders who have only one demat account with (a) No Annual Maintenance Charges (AMC) if the value of holding is upto ₹ 50,000 and (b) AMC not exceeding ₹ 100 for value of holding from ₹ 50,001 to ₹ 2,00,000. (Refer Circular CIR/MRD/DP/22/2012 dated August 27, 2012).

#### Annual General Meeting

The 28<sup>th</sup> Annual General Meeting (AGM) will be held on Tuesday, September 30, 2014 at 10.00 A.M., at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.

#### E-voting

The Members can cast their vote online from 10:00 A.M. on September 24, 2014 to 6:00 P.M. on September 26, 2014.

#### 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



**Investor Information**

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 Transfer Agent (RTA)**

Karvy Computershare Private Limited  
 Unit: Reliance Capital Limited  
 Madhura Estates, Municipal No. 1-9/13/C  
 Plot No. 13 & 13C, Madhapur Village,  
 Hyderabad – 500081, India  
 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 ₹ 8.50 (85 per cent) per equity share of the Company for the financial year ended March 31, 2014, subject to the declaration by shareholders at the ensuing Annual General Meeting (AGM). The dividend, if declared, will be paid after the Meeting.

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

Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 20, 2014 to Tuesday, September 30, 2014 (both days inclusive) for the purpose of AGM as well as to determine the entitlement of shareholders to receive the Dividend, if any, for the year ended March 31, 2014.

**Dividend remittance**

Final Dividend on Equity Shares as recommended by the Directors for the financial year ended March 31, 2014, 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 19, 2014 and
- (ii) those whose names as beneficial owners as on September 19, 2014 are furnished by the National Securities Depository Limited and Central Depository Services (India) Limited for the purpose.

**Modes of payment of dividend**

The dividend is paid under two modes viz:

- Credit to the Bank account via
  - ECS (Electronic Clearing Services)
  - NECS (National Electronic Clearing Services)
  - NEFT (National Electronic Funds Transfer)
  - RTGS (Real Time Gross Settlement)
  - Direct Credit
- Dispatch of physical dividend warrant

Shareholders are requested to avail the Electronic Clearing Services for payment of dividend as the same is immensely beneficial and considerably reduces risk attached to physical dividend 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, 2<sup>nd</sup> 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 2006-2007 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 it first became due for payment.

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

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

Financial year ended	Dividend per share (₹)	Date of declaration	Due for transfer on
31-03-2008	5.50	16-09-2008	15-10-2015
31-03-2009	6.50	21-07-2009	20-08-2016
31-03-2010	6.50	28-09-2010	27-10-2017
31-03-2011	6.50	27-09-2011	26-10-2018
31-03-2012	7.50	04-09-2012	03-10-2019
Special Interim Dividend	5.00	10-09-2012	09-10-2019
31-03-2013	8.00	27-08-2013	26-09-2020

Members who have so far not encashed dividend warrant for the aforesaid years are requested to approach the Company's Registrar and Transfer Agent, Karvy Computershare Private Limited, immediately.

The Company has uploaded the details of unpaid and unclaimed dividend on the website of the company in terms of the requirements of the Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with the companies) Rules, 2012.

Members are requested to note that no claims shall lie against the Company or the IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date that it first became due for payment and no payment shall be made in respect of any such claim.

**Share transfer system**

Shareholders / investors are requested to send share certificate(s) along with share transfer deed in the prescribed form SH-4, 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.

# Reliance Capital Limited

## Investor Information

### Shareholding Pattern

Category of shareholders	As on 31-03-2014		As on 31-03-2013	
	No. of Shares	%	No. of Shares	%
(A) Shareholding of promoter and promoter group				
(i) Indian	13 29 82 303	54.14	13 29 82 272	54.14
(ii) Foreign				
<b>Total shareholding of promoter and promoter group</b>	<b>13 29 82 303</b>	<b>54.14</b>	13 29 82 272	54.14
(B) Public shareholding				
(i) Institutions	6 30 15 752	25.65	6 21 11 191	25.29
(ii) Non-institutions	4 89 97 710	19.95	5 00 32 236	20.36
<b>Total public shareholding</b>	<b>11 20 13 462</b>	<b>45.60</b>	11 21 43 427	45.65
(C) Shares held by custodians and against which depository receipts have been issued	6 37 035	0.26	5 07 101	0.21
<b>Grand Total (A)+(B)+(C)</b>	<b>24 56 32 800</b>	<b>100.00</b>	24 56 32 800	100.00

### Distribution of Shareholding

Number of shares	Number of shareholders as on 31.03.2014		Total shares as on 31.03.2014		Number of shareholders as on 31.03.2013		Total shares as on 31.03.2013	
	Number	%	Number	%	Number	%	Number	%
Upto 500	11 10 830	99.14	2 94 21 555	11.98	11 63 157	99.19	3 00 39 394	12.23
501 to 5000	8 953	0.80	1 01 03 192	4.11	8 783	0.75	98 67 006	4.02
5001 to 100000	566	0.05	1 13 95 248	4.64	610	0.05	1 26 02 589	5.13
Above 100000	97	0.01	19 47 12 805	79.27	98	0.01	19 31 23 811	78.62
Total	11 20 446	100.00	24 56 32 800	100.00	11 72 648	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 Limited (NSDL) for dematerialisation of shares. The International Securities Identification Number (ISIN) allotted to the Company is INE013A01015. The Company was the first to admit its shares and go 'live' on to the depository system of Central Depository Services (India) Limited (CDSL) for dematerialisation 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

As on March 31, 2014, 97.87 per cent of the Company's shares are held in Dematerialised form.

### Investors' Grievances Attended

Received from	Received during		Redressed during		Pending as on	
	2013-2014	2012-2013	2013-2014	2012-2013	31.03.2014	31.03.2013
SEBI	50	72	50	72	Nil	Nil
Stock Exchanges	16	28	16	28	Nil	Nil
NSDL/CDSL	0	2	0	2	Nil	Nil
Direct from investors	1	33	1	33	Nil	Nil
Total	67	135	67	135	Nil	Nil

### Analysis of Grievances

	2013 - 2014		2012 - 2013	
	Numbers	Percentage	Numbers	Percentage
Non-receipt of dividends	59	88.06	100	74.07
Non-receipt of share certificates	1	1.49	13	9.63
Others	7	10.45	22	16.30
Total	67	100.00	135	100.00

There was no complaint pending as on March 31, 2014.

### Notes :

- The shareholder base was 11,20,446 as of March 31, 2014 and 11,72,648 as of March 31, 2013.
- 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.

### 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.

**Investor Information**

**Equity History**

Sr. No.	Date	Particulars	Price per equity share	No. of shares	Cumulative Total
1.	05-03-1986	Shares issued upon incorporation	10	7 000	7 000
2.	21-06-1990	1 <sup>st</sup> 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	1 <sup>st</sup> 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 & 17-02-1995	Public Issue 1995	140	4 33 97 592	11 45 45 092
7.	29-03-1995	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 Issue 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 extinguished 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

**Stock Price and Volume**

2013-14	BSE Ltd.			National Stock Exchange of India Ltd.		
	High ₹	Low ₹	Volume Nos.	High ₹	Low ₹	Volume Nos.
April, 2013	368.70	304.10	2,70,07,732	368.90	303.70	10,43,40,744
May, 2013	390.85	325.20	2,55,32,718	391.20	325.20	11,00,68,702
June, 2013	350.90	307.70	1,72,78,302	350.90	307.25	7,55,22,364
July, 2013	399.40	329.30	2,81,34,176	399.35	329.50	12,46,37,790
August, 2013	350.90	290.00	2,02,00,392	350.50	289.50	8,59,63,910
September, 2013	368.15	300.30	1,58,20,981	368.30	300.00	6,63,40,715
October, 2013	373.90	314.20	1,39,42,687	372.90	314.40	6,47,37,796
November, 2013	385.90	337.00	1,06,85,652	386.00	336.75	5,31,20,226
December, 2013	407.00	342.50	1,09,03,426	407.40	341.65	5,47,16,198
January, 2014	372.00	315.90	1,13,26,936	371.90	315.45	4,70,43,115
February, 2014	328.60	304.55	84,47,812	328.25	304.50	4,17,07,530
March, 2014	352.95	305.10	1,19,05,603	352.90	305.60	5,61,53,179

**Stock exchange listings**

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

**Listing on stock exchanges**

**Equity shares**

**BSE Limited**

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

Website : [www.bseindia.com](http://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.

Website : [www.nseindia.com](http://www.nseindia.com)

**Stock codes**

BSE Limited : 500111

National Stock Exchange of India Limited : RELCAPITAL

ISIN for equity shares : INE 013A01015

# Reliance Capital Limited

## Investor Information

**An Index Scrip:** Equity Shares of the Company are included in the Indices viz. NSE S&P CNX Nifty Junior, NSE S&P CNX 500, NSE CNX Finance Index, NSE CNX Midcap, NSE Nifty Midcap 50, NSE CNX 200, NSE CNX 100, NSE CNX Nifty Junior, BSE100, BSE200, BSE500 and MSCI India.

### Global Depository Receipts (GDRs)

#### Luxembourg Stock Exchange

Societe De La Bourse, De Luxembourg,  
35A Boulevard Joseph II, Luxembourg  
Website : [www.bourse.lu](http://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 S GDRs
CUSIP	75945L103	75945L202
ISIN	US75945L1035	US75945L2025
Common Code	026469457	026470315

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

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

Outstanding GDRs as on March 31, 2014 represent 6,37,035 equity shares constituting 0.26 per cent 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 Limited  
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 2014-15 (as applicable) has been paid by the Company to the stock exchanges.

#### Share price performance in comparison to broad based indices - BSE Sensex and NSE Nifty

	RCL	Sensex BSE	Nifty NSE
FY 2013-14	10.62%	18.85%	17.98%
2 years	-11.73%	28.63%	26.60%
3 years	-40.50%	15.12%	14.92%

#### Key financial reporting dates for the financial year 2014-15

Unaudited results for the first quarter ended June 30, 2014	: On or before August 14, 2014
Unaudited results for the second quarter / half year ended September 30, 2014	: On or before November 14, 2014
Unaudited results for the third quarter ended December 31, 2014	: On or before February 14, 2015
Audited results for the financial year 2014-15	: On or before May 30, 2015

#### Depository services

For guidance on depository services, shareholders may write to the Company's RTA or National Securities Depository Limited, Trade World, A Wing, 4<sup>th</sup> and 5<sup>th</sup> Floors, Kamala Mills Compound, Lower Parel, Mumbai 400 013, website: [www.nsdl.co.in](http://www.nsdl.co.in) or Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 17<sup>th</sup> Floor, Dalal Street, Mumbai 400 023, website: [www.cdslindia.com](http://www.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](http://www.reliancecapital.co.in). These are also published in leading newspapers.

#### Reconciliation of share capital audit

The Securities and Exchange Board of India has directed 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.

#### Investors' correspondence may be addressed to the Registrar and Transfer Agent of the Company

Shareholders/Investors are requested to forward documents related to share transfer, dematerialisation requests (through their respective Depository Participant) and other related correspondence directly to Karvy Computershare Private Limited at the below mentioned address for speedy response.

Karvy Computershare Private Limited

Unit: Reliance Capital Limited

Madhura Estates, Municipal No. 1-9/13/C

Plot No. 13 & 13C, Madhapur Village

Hyderabad 500 081, India

#### Shareholders / Investors may send the above correspondence at the following address

Queries relating to financial statements of the Company may be addressed to :

The Chief Financial Officer

Reliance Capital Limited

H Block, 1<sup>st</sup> Floor

Dhirubhai Ambani Knowledge City

Navi Mumbai 400 710, India

Telephone: +91 22 3047 9400

Facsimile: +91 22 3032 7202

E-mail : [rcl.investor@relianceada.com](mailto:rcl.investor@relianceada.com)

#### Correspondence on investor services may be addressed to:

President & Company Secretary

Reliance Capital Limited

H Block, 1<sup>st</sup> Floor

Dhirubhai Ambani Knowledge City

Navi Mumbai 400 710, India

Telephone: +91 22 3047 9800

Facsimile: +91 22 3032 7202

E-mail : [rcl.investor@relianceada.com](mailto:rcl.investor@relianceada.com)

#### Plant Locations

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

**Independent Auditors' Report on the Financial Statement**

**To  
The Members,  
Reliance Capital Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Reliance Capital Limited ('the Company'), which comprise the balance sheet as at March 31, 2014, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, the financial performance and the cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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:

- (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditors' Report) Order, 2003, as amended by 'the Companies (Auditors' Report) (Amendment) Order, 2004 ('the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by Section 227(3) of the Act, 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 those books;
- c. the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
- d. in our opinion, the balance sheet, the statement of profit and loss and the cash flow statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the board of directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Reg. No: 101720W

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

**Vijay Napawaliya**  
Partner  
Membership No: 109859

**Akeel Master**  
Partner  
Membership No: 046768

Mumbai  
Dated: May 2, 2014

Mumbai  
Dated: May 2, 2014

## Annexure to the Independent Auditors' Report on the Financial Statement

(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 explanations given to us, during the year, the Company has not disposed off any substantial part of fixed assets that would affect the going concern assumption.
- (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 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 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 information and explanations given to us and on the basis of our examination of the records, of the Company, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, 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 the case of Professional Tax there were a few delays in payment of the said dues. According to the information and explanations given to us, there are no undisputed amounts payable outstanding as at March 31, 2014 for a period of more than six months from the date they became payable.
- b) According to the information and explanations 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 General Sales Tax Act, 1958 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 does not have accumulated losses at the end of the financial year and has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and the information and explanations given by management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, banks 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. 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

**Annexure to the Independent Auditors' Report on the Financial Statement**

- and other investments have been held by the Company in its own name except certain securities amounting to ₹ 9 crore which are pledged by the subsidiary company for their margin requirements.
- (xv) The Company has given guarantees for loans taken by others from banks or financial institutions. According to the information and explanations given by 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 explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised except in a case where the loans amounting to ₹ 350 crore have been taken towards the year end which was lying in bank account at the year end and was subsequently utilized for the purpose for which loans have been taken.
- (xvii) According to information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at March 31, 2014, 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) According to information and explanations given to us, the Company has created securities and / or charges in respect of secured debentures issued and redeemed during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, and according to the information and explanations given to us, no fraud on or by the Company, noticed or reported during the course of our audit.

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Reg. No: 101720W

**Vijay Napawaliya**  
Partner  
Membership No: 109859  
Mumbai  
Dated: May 2, 2014

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

**Akeel Master**  
Partner  
Membership No: 046768  
Mumbai  
Dated: May 2, 2014

# Reliance Capital Limited

## Balance Sheet as at March 31, 2014

(₹ in crore)

	Note No.	As at March 31, 2014		As at March 31, 2013	
<b>I EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' funds</b>					
(a) Share capital	4	244		246	
(b) Reserves and surplus	5	11 390	11 634	11 266	11 512
<b>(2) Non-current liabilities</b>					
(a) Long-term borrowings	6	12 128		12 402	
(b) Deferred tax liabilities (net)	7	12		6	
(c) Other long-term liabilities	8	82		14	
(d) Long-term provisions	9	36	12 258	30	12 452
<b>(3) Current liabilities</b>					
(a) Short-term borrowings	10	6 754		4 190	
(b) Trade payables	11	9		1	
(c) Other current liabilities	12	5 620		5 171	
(d) Short-term provisions	13	240	12 623	231	9 593
<b>TOTAL</b>			<b>36 515</b>		<b>33 557</b>
<b>II ASSETS</b>					
<b>(1) Non-current assets</b>					
(a) Fixed assets	14				
(i) Tangible assets		150		131	
(ii) Intangible assets		32		20	
(iii) Intangible assets under development		-		3	
		182		154	
(b) Non-current investments	15	13 103		13 309	
(c) Long-term loans and advances	16	12 738		10 199	
(d) Other non-current assets	17	1 756	27 779	1 344	25 006
<b>(2) Current assets</b>					
(a) Current investments	18	467		366	
(b) Trade receivables	19	5		-	
(c) Cash and bank balances	20	1 848		745	
(d) Short-term loans and advances	21	5 932		7 025	
(e) Other current assets	22	484	8 736	415	8 551
<b>TOTAL</b>			<b>36 515</b>		<b>33 557</b>

See accompanying notes to the financial statements 1 - 51

As per our report of even date

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Reg. No. : 101720W

**Vijay Napawaliya**  
Partner  
Membership No: 109859  
Mumbai  
Dated: May 2, 2014

For **B S R & Co. LLP**  
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 2, 2014

**Anil D. Ambani**  
**Amitabh Jhunjunwala**  
**Rajendra P. Chitale**  
**Dr. Bidhubhusan Samal**  
**V. N. Kaul**

**V. R. Mohan**



Statement of Profit and Loss for the year ended March 31, 2014

(₹ in crore)

	Note No.	2013-14	2012-13
<b>REVENUE</b>			
<b>I</b>	Revenue from operations	23 <b>3 169</b>	3 828
<b>II</b>	Other income	24 <u><b>85</b></u>	<u>40</u>
<b>III</b>	<b>Total revenue (I+II)</b>	<b>3 254</b>	3 868
<b>IV EXPENSES</b>			
	Employee benefits expense	25 <b>148</b>	165
	Finance cost	26 <b>2 279</b>	2 179
	Depreciation and amortisation expense	14 <b>34</b>	29
	Other expenses	27 <u><b>329</b></u>	<u>791</u>
	<b>Total expenses</b>	<u><b>2 790</b></u>	<u>3 164</u>
<b>V</b>	<b>Profit before exceptional items and tax (III-IV)</b>	<b>464</b>	704
<b>VI Exceptional items</b>			
	Investment written off as per amalgamation (Refer Note No. 29)	-	680
	Withdrawal from general reserve (Refer Note No. 29)	<u>-</u>	<u>(680)</u>
<b>VII</b>	<b>Profit before tax (V-VI)</b>	<b>464</b>	704
<b>VIII Tax expense</b>			
	(1) Current tax	<b>50</b>	33
	(2) Deferred tax	<u><b>5</b></u>	<u>9</u>
		<u><b>55</b></u>	<u>42</u>
<b>IX</b>	<b>Profit after tax (VII-VIII)</b>	<u><b>409</b></u>	<u>662</u>
<b>X</b>	<b>Earnings per equity share face value of ₹ 10 each fully paid up</b>	40	
	(1) Basic (₹)	<b>16.67</b>	26.95
	(2) Diluted (₹)	<b>16.67</b>	26.95

See accompanying notes to the financial statements 1 – 51

As per our report of even date

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Reg. No. : 101720W

**Vijay Napawaliya**  
Partner  
Membership No: 109859  
Mumbai  
Dated: May 2, 2014

For **B S R & Co. LLP**  
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 2, 2014

**Anil D. Ambani**  
**Amitabh Jhunjunwala**  
**Rajendra P. Chitale**  
**Dr. Bidhubhusan Samal**  
**V. N. Kaul**

**V. R. Mohan**

# Reliance Capital Limited

## Cash Flow Statement for the year ended March 31, 2014

(₹ in crore)

	2013-14	2012-13	
<b>A. Cash flows from operating activities</b>			
<b>Profit before exceptional items and tax</b>	<b>464</b>		704
Adjusted for			
Depreciation and amortisation expense	34		29
Bad debts recovered	(30)		(34)
Provision for NPA, doubtful debts and balances written off	88		296
Provision and loss on repossessed stock	14		9
Provision for diminution in the value of investments / written off	(23)		236
Provision for gratuity / leave encashment (Previous year ₹ 20 68 523)	(1)		-
Excess provision / credit balance written back	(26)		(1)
(Profit) / loss on sale of fixed assets	(25)		2
Amortised DSA commission	37		39
(Profit) / loss share in partnership firm	(15)		9
Interest income on investments	(450)		(467)
Dividend income on investments	(135)		(132)
(Profit) / loss on sale of investments (net)	(61)		(1 011)
Amortised brokerage on borrowings	25		28
Discount on commercial papers	349		407
Interest expenses	1 905	1 686	1 744
<b>Operating profit before working capital changes</b>		<b>2 150</b>	1 858
Adjusted for			
Proceeds from / (repayment of) short term borrowings (Net)	2 215		331
Proceeds from long term borrowings	4 587		6 235
Repayment of long term borrowings	(5 026)		(4 398)
Unamortised expenses incurred	(71)		(99)
Trade receivables & loans and advances	(1 668)		(3 371)
Trade payables and liabilities	484	521	(159)
<b>Cash generated from operations</b>		<b>2 671</b>	397
Interest paid	(1 727)		(1 745)
Taxes paid (Net)	(142)	(1 869)	(2)
<b>Net cash from / (used in) operating activities</b>		<b>802</b>	(1 350)

Cash Flow Statement for the year ended March 31, 2014

(₹ in crore)

	2013-14	2012-13
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets (including capital advances)	(166)	153
Sale of fixed assets	35	5
Investments in subsidiaries	(54)	(410)
Proceeds from sale of investments in subsidiaries	25	1 459
Withdrawal from partnership firm current account (Net)	150	140
Purchase of non-current investments	(2 819)	(2 393)
Proceeds from sale of non-current investments	3 010	2 551
(Purchase) / Proceeds from sale of current investments (Net)	(94)	127
Interest received on investments	176	274
Dividend received on investments	135	132
<b>Net Cash from / (used in) investing activities</b>	<b>398</b>	<b>2 038</b>
<b>C. Cash flows from financing activities</b>		
Dividend paid (including dividend tax thereon)	(211)	(340)
<b>Net Cash from / (used in) Financing Activities</b>	<b>(211)</b>	<b>(340)</b>
<b>Net Increase / (Decrease) In Cash And Cash Equivalents ( A + B + C)</b>	<b>989</b>	<b>348</b>
Opening balance of cash and cash equivalents	679	328
Add: On amalgamation (Refer Note b given below)	- 679	3 331
Closing balance of cash and cash equivalents	<b>1 668</b>	<b>679</b>

Notes:

- The previous year's figures have been regrouped and reclassified wherever necessary.
- Assets and liabilities pertaining to the Reliance Equities International Private Limited and Emerging Money Mall Limited transferred pursuant to the Scheme of Amalgamation with the Company with effect from March 31, 2013 have not been considered for the previous year's cash flow statement.
- Cash and cash equivalents include cash on hand and bank balances.

As per our report of even date

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Reg. No. : 101720W

**Vijay Napawaliya**  
Partner  
Membership No: 109859  
Mumbai  
Dated: May 2, 2014

For **B S R & Co. LLP**  
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 2, 2014

**Anil D. Ambani**  
**Amitabh Jhunjunwala**  
**Rajendra P. Chitale**  
**Dr. Bidhubhusan Samal**  
**V. N. Kaul**

**V. R. Mohan**

### 1. 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 investing activities.

### 2. Significant Accounting Policies

#### a 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 in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 read with the general circular 15/2013 dated September 13, 2013 of the Ministry of Corporate affairs in respect of section 133 of the Companies Act, 2013. These financial statements are presented in Indian rupees rounded to the nearest crore except otherwise stated.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in revised Schedule VI to the Companies Act, 1956. Based on the nature of the services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

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

#### b Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

#### c Revenue Recognition

##### i) Interest income:

Interest income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable 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 trade date basis. The cost of securities is computed on weighted average basis.

##### iv) Lease rental income:

Lease rental income is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term.

##### 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 on straight-line basis.

##### vi) Redemption premium on investments:

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

##### vii) Share of profits or losses in partnership firm:

Share of profits / losses 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 upfront as and when it becomes due.

##### ix) Management fee income:

Management fee income towards support services is accounted as and when it becomes due on contractual terms with the parties.

##### x) Income from assignment / securitisation:

In case of assignment / securitisation 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/ securitised loans in accordance with Reserve Bank of India Guideline no RBI/2012-13/170 DNBS. PD. No. 301/3.10.01/2012-13 dated August 21, 2012. The profit, if any, 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 / securitisation over the tenure of the deal. Loss arising from these transactions, if any, will be recognised immediately in the statement of profit and loss.

#### d Fixed assets

##### i) Tangible assets

###### Leased assets

All assets given on operating lease are shown as fixed assets net of depreciation and impairment loss, if any. Initial direct costs in respect of leases are expensed in the year in which such costs are incurred.

Notes to the Financial Statement as at March 31, 2014

**Own assets**

Fixed Assets are stated at cost of acquisition less accumulated depreciation and impairment loss if any. Cost includes all expenses incidental to the acquisition of the fixed assets.

**ii) Intangible assets**

Intangible assets are recognised where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortisation.

Expenditure incurred on acquisition / development of intangible assets which are not put / ready to use at the reporting date is disclosed under intangible assets under development.

**e Depreciation / Amortisation**

Depreciation on fixed assets is provided as follows:

i) Tangible Assets

1) Leased assets: Depreciated on Straight Line Method over the useful life of assets. The estimated useful lives for the different types of assets are:

a) Plant & equipments

- 1) Energy Saving Equipments - 15 years
- 2) Specialized Machinery used in manufacturing -10 years
- 3) General Plant & Machinery - 8 years

b) Data processing machineries - 5 years

c) Vehicle for personal use - 8 years

d) Vehicle for commercial use - Taxi - 8 years other than Taxi - 6 years

2) 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) Intangible Assets are amortised on straight line basis over the useful life of the asset up to a maximum of five years commencing from the month in which such asset 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.

**f 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 Statement of Profit and Loss. 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.

**g 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.

**h Repossessed assets**

Assets repossessed against the settlement of loans are carried in the balance sheet at outstanding loan amount. The classification and provision is based on the underlying Days Past Due (DPD) for these loans.

**i Loan origination / acquisition cost**

All direct cost incurred for the loan origination is amortised over the tenure of the loan.

**j 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. Other Secured loans are secured against hypothecation of respective assets.

**k Provisions for Non Performing Assets (NPA) and doubtful debts**

NPA 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 NBFC prudential norms prescribed by Reserve Bank of India.

**l Provisions for standard assets**

Provisions for standard assets are made as per the Reserve Bank of India notification DNBS.PD.CC.No.207/ 03.02.002 /2010-11 dated January 17, 2011.

**m Market Linked Debentures (MLDs)**

The Company has issued certain non-convertible debentures, the rate of interest which is linked to performance of specified indices over the period of the debentures.

The Company hedges its interest rate risk on MLD by taking positions in future & options based on specified indices. Any gain/loss on these hedge positions are netted against with interest expense on MLD and resultant 'net loss' is recognised in Statement of Profit and Loss immediately, however 'net gain' if any, is ignored.

### **n 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.

### **o Foreign currency transactions**

Transactions denominated in foreign currencies are 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 Statement of Profit and Loss. Monetary assets and liabilities denominated in foreign currencies at the year end are restated at year end rates.

### **p Employee benefits**

#### **i) Provident fund:**

Company's contributions to the recognised provident fund, which is a defined contribution scheme, are charged to the Statement of Profit and Loss.

#### **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 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 Statement of Profit and Loss.

#### **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.

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.

### **q Employees 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, the Holding 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 /Committee 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.

### **r Borrowing costs**

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

### **s Operating lease**

Lease payments for assets taken on an operating lease are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

### **t Earnings per share**

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting year. 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 / loss 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 / increase loss per share are included.

### **u Taxation**

- Current tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit entitlement is recognised where there is convincing evidence that the same can be realised in future.

Notes to the Financial Statement as at March 31, 2014

- 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.

**v 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.

3 Previous year figures has been regrouped /reclassified wherever necessary.

(₹ in crore)

	As at March 31, 2014	As at March 31, 2013
<b>4 Share capital</b>		
<b>(a) Authorised:</b>		
30 00 00 000 Equity shares of ₹ 10 each (Previous year 30 00 00 000)	300	300
10 00 00 000 Preference shares of ₹ 10 each (Previous year 10 00 00 000)	100	100
	<u>400</u>	<u>400</u>
<b>(b) Issued &amp; Subscribed:</b>		
24 69 77 006 Equity shares of ₹ 10 each fully paid up (Previous year 24 69 77 006)	247	247
	<u>247</u>	<u>247</u>
<b>(c) Paid up:</b>		
24 56 32 800 Equity shares of ₹ 10 each fully paid up (Previous year 24 56 32 800)	245	245
Add: Forfeited shares	1	1
13 44 206 Equity shares of ₹ 10 each (Previous year 13 44 206)		
Less: Advance to ESOP Trust [Refer Note No. (i) below & Note No. 35]	2	-
16 00 000 Equity shares of ₹ 10 each		
	<u>244</u>	<u>246</u>
<b>(d) Equity shares held by holding Company and subsidiaries of holding company:</b>		

Name of the holder	As at March 31, 2014		As at March 31, 2013	
	%	Qty.	%	Qty.
Reliance Innoventures Private Limited (Holding Company)	0.23	5 76 450	0.23	5 76 450
AAA Enterprises Private Limited (Subsidiary of holding Company)	40.07	9 84 14 206	40.07	9 84 14 206
AAA Infrastructure Consulting And Engineers Private Limited (Subsidiary of holding Company)	11.39	2 79 75 633	11.39	2 79 75 633

**(e) Equity shares in the Company held by each shareholder holding more than 5 percent:**

Name of the holder	As at March 31, 2014		As at March 31, 2013	
	%	Qty.	%	Qty.
AAA Enterprises Private Limited	40.07	9 84 14 206	40.07	9 84 14 206
AAA Infrastructure Consulting And Engineers Private Limited	11.39	2 79 75 633	11.39	2 79 75 633

# Reliance Capital Limited

## Notes to the Financial Statement as at March 31, 2014

- (f) The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholder.

For the year ended March 31, 2014, the amount of per share dividend recognised as distributable to equity shareholders is ₹ 8.50 (March 31, 2013 ₹ 8). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

- (g) **Reconciliation of numbers of shares outstanding**

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	Amount (₹ in crore)	No. of Shares	Amount (₹ in crore)
<b>Equity shares</b>				
Opening balance	24 56 32 800	245	24 56 32 800	245
Movement during the year	-	-	-	-
Closing balance	24 56 32 800	245	24 56 32 800	245

(h) As on March 31, 2014, 6 37 035 equity shares (Previous year 5 07 101 equity shares) are held by custodian against which depository receipts have been issued.

(i) In terms of SEBI (ESOS and ESPS) Guidelines, 1999 and recent opinion of the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (the ICAI) the accounting treatment for the equity shares of the company held by the RCAP ESOS Trust as at March 31, 2014 has been given in Standalone Financial Statements of the Company. The said Trust is holding 16,00,000 equity shares of ₹ 10 each of the Company. Face value of the said shares are presented as deduction from the paid up share capital and balance ₹ 60 crore being an amount exceeding the said face value are presented as deduction from the Securities Premium with corresponding adjustment to the loan receivable from the Trust.  
(₹ in crore)

	As at March 31, 2014	As at March 31, 2013
<b>5 Reserves and surplus</b>		
<b>Capital reserve</b>		
As per last balance sheet	852	6
Add: Amount transferred as per scheme of amalgamation [Refer Note No. 29]	-	846
	<u>852</u>	<u>852</u>
<b>Capital redemption reserve</b>		
As per last balance sheet	10	10
<b>Securities premium account</b>		
As per last balance sheet	3 291	3 291
Less: Advance to ESOP Trust [Refer Note No. 4 (i) above & Note No. 35]	60	-
	<u>3 231</u>	<u>3 291</u>
<b>General reserve #</b>		
As per last balance sheet	4 700	5 314
Add: Amount transferred from surplus in statement of profit and loss	41	66
Less: Amount withdrawn as per scheme of amalgamation [Refer Note No. 29]	-	680
	<u>4 741</u>	<u>4 700</u>
<b>Statutory reserve fund *</b>		
As per last balance sheet	1 165	1 033
Add: Amount transferred from surplus in statement of profit and loss	82	132
	<u>1 247</u>	<u>1 165</u>
<b>Surplus in statement of profit and loss</b>		
As per last balance sheet	1 248	1 144
Add: Amount transferred from statement of profit and loss	409	662
Less: Proposed dividend [₹ 8.50 (Previous year ₹ 8) per equity share]	209	196
Less: Tax on proposed dividend (Refer Note No. 34)	16	15
Less: Interim dividend [₹ Nil (Previous year ₹ 5) per equity share]	-	123
Less: Tax on interim dividend	-	21
Less: Tax on proposed dividend for earlier years	-	5
Less: Transfer to statutory reserve fund	82	132
Less: Transfer to general reserve	41	66
	<u>1 309</u>	<u>1 248</u>
	<u>11 390</u>	<u>11 266</u>

# Includes ₹ 3 837 crore (Previous year ₹ 3 837 crore) created pursuant to scheme of amalgamation.

\* Created pursuant to section 45-IC of Reserve Bank of India Act, 1934.



Notes to the Financial Statement as at March 31, 2014

	(₹ in crore)			
	As at March 31, 2014		As at March 31, 2013	
<b>6 Long term borrowings</b>				
Non convertible debentures				
-Secured [Refer Note No. 28(i)]				
Others	6 462		4 917	
Related party (Refer Note No. 38)	95		96	
-Unsecured				
Others	1 148		974	
Related party (Refer Note No. 38)	25	7 730	25	6 012
Term loans from banks / financial institutions				
-Secured [Refer Note No. 28(ii)]	4 248		5 831	
-Unsecured	100	4 348	-	5 831
Inter corporate deposits				
-Unsecured				
Others	-		9	
Related party (Refer Note No. 38)	50	50	550	559
		<u>12 128</u>		<u>12 402</u>
<b>7 Deferred tax liabilities (net)</b>				
Deferred tax liabilities included in the balance sheet comprises the following:				
<b>a) Deferred tax liabilities</b>				
Depreciation on fixed assets		19		12
Unamortised expenditures		60		56
<b>Total (a)</b>		<u>79</u>		<u>68</u>
<b>b) Deferred tax assets</b>				
Provision for non performing assets / diminution in the value of assets and investments		66		61
Provision for leave encashment		1		1
<b>Total (b)</b>		<u>67</u>		<u>62</u>
<b>Net deferred tax liabilities [(a)-(b)]</b>		<u>12</u>		<u>6</u>
<b>8 Other long-term liabilities</b>				
Interest accrued but not due on debentures		55		13
Security deposits		27		1
		<u>82</u>		<u>14</u>
<b>9 Long-term provisions</b>				
Provision for employee benefits				
-Leave encashment (Refer Note No. 36)		3		3
Others				
-Standard assets		33		27
		<u>36</u>		<u>30</u>
<b>10 Short term borrowings</b>				
Loans from banks / financial institutions				
-Secured				
Cash credit (Refer Note (a) below)	650		41	
Short term (Refer Note (b & c) below)	1 451	2 101	500	541
Commercial paper -Unsecured (Refer Note (d) below)				
Others	4 653		3 378	
Related party (Refer Note No. 38)	-	4 653	271	3 649
		<u>6 754</u>		<u>4 190</u>

# Reliance Capital Limited

## Notes to the Financial Statement as at March 31, 2014

### Notes:

- Cash Credits amounting to ₹ 650 crore (Previous year ₹ 41 crore) referred 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.
- Short term loan amounting to ₹ 1 440 crore (Previous year ₹ 500 crore) referred 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.
- Short term loan amounting to ₹ 11 crore (Previous year ₹ Nil) referred above are secured by fixed deposits pledged with bank.
- In respect of Commercial Papers maximum amount outstanding during the year was ₹ 5 175 crore (Previous year ₹ 5 296 crore).

(₹ in crore)

	As at March 31, 2014	As at March 31, 2013
<b>11 Trade payables</b>		
-Due to micro, small and medium enterprises (Refer Note below)	-	-
- Due to Others	<u>9</u>	<u>1</u>
	<u>9</u>	<u>1</u>
<b>Note:</b>		
There are no micro, small and medium scale business enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2014. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.		
<b>12 Other current liabilities</b>		
Current maturities of long-term debt		
Non convertible debentures		
-Secured [Refer Note No. 28(i)]		
Others	1 287	1 318
Related party (Refer Note No. 38)	<u>56</u>	<u>85</u>
Inter corporate deposits		
-Unsecured		
Others	-	1
Related party (Refer Note No. 38)	<u>400</u>	<u>150</u>
Term loans from banks / financial institutions		
-Secured [Refer Note No. 28(ii)]	2 334	2 687
Interest accrued but not due on debentures	423	287
Income received in advance	3	6
Advance from customers	35	64
Temporary book overdraft	745	282
Other payables*	323	279
Unclaimed dividend#	<u>14</u>	<u>12</u>
	<u>5 620</u>	<u>5 171</u>

### Notes:

\* Includes provision for expenses, statutory payments, securitisation / assignment payable and other payables.

# Does not include any amounts, due and outstanding, to be deposited to the Investor Education and Protection Fund.

### 13 Short-term provisions

Provision for employee benefits (Refer Note No. 36)

-Leave encashment [₹ 40 48 851 (Previous year ₹ 45 26 486)]	-	-
Others		
-Standard assets	15	20
-Proposed dividend	209	196
-Tax on proposed dividend	<u>16</u>	<u>15</u>
	<u>240</u>	<u>231</u>

Notes to the Financial Statement as at March 31, 2014

14 Fixed assets

Description	Gross Block			Depreciation / Amortisation For the Year	Upto April 1, 2013	As at March 31, 2014	Upto March 31, 2014	Net Block As at March 31, 2014	As at March 31, 2013
	As at April 1, 2013	Additions / Adjustments	Deductions / Adjustments						
<b>(i) Tangible assets</b>									
<b>Lease assets</b>									
Plant and equipments	23	23	-	5	4	46	9	37	19
Data processing machineries	16	6	-	4	5	22	9	13	11
Vehicles	41	-	11	5	12	30	13	17	29
<b>Sub total A</b>	<b>80</b>	<b>29</b>	<b>11</b>	<b>14</b>	<b>21</b>	<b>98</b>	<b>4</b>	<b>67</b>	<b>59</b>
Previous year	79	7	6	12	10	80	1	59	
<b>Own assets</b>									
Freehold Land*	-	13	-	-	-	13	-	13	-
Buildings	69	- <sup>(i)</sup>	5	3	18	64	2	45	51
Data processing machineries	42	5	3	4	33	44	3	10	9
Furniture and fixtures	10	3	-	1	8	13	-	4	2
Vehicles	7	1	- <sup>(ii)</sup>	1	4	8	- <sup>(iv)</sup>	3	3
Office equipments	11	1	- <sup>(iii)</sup>	1	5	12	- <sup>(v)</sup>	6	6
Leasehold improvement	6	2	-	1	5	8	-	2	1
<b>Sub total B</b>	<b>145</b>	<b>25</b>	<b>8</b>	<b>11</b>	<b>73</b>	<b>162</b>	<b>5</b>	<b>83</b>	<b>72</b>
Previous year	143	11	9	10	70	145	7	72	
<b>Total (A+B)</b>	<b>225</b>	<b>54</b>	<b>19</b>	<b>25</b>	<b>94</b>	<b>260</b>	<b>9</b>	<b>150</b>	<b>131</b>
Previous year	222	18	15	22	80	225	8	131	
<b>(ii) Intangible assets</b>									
Computer software / Licensing cost	49	21	-	9	29	70	-	32	20
<b>Total</b>	<b>49</b>	<b>21</b>	<b>-</b>	<b>9</b>	<b>29</b>	<b>70</b>	<b>-</b>	<b>32</b>	<b>20</b>
Previous year	43	6	-	7	22	49	-	20	

Notes:

- In respect of Intangible assets:
  - It is other than internally generated.
  - Average remaining useful life is as follows:
    - Additions for financial year 2013-14 - 4 years
    - Additions for financial year 2011-12 - 2 years (Previous year 3 years)
    - Additions for financial year 2009-10 - Nil year (Previous year 1 year)
    - Additions for financial year 2012-13 - 3 years (Previous year 4 years)
    - Additions for financial year 2010-11 - 1 year (Previous year 2 years)
- (i) ₹ 6 00 361 (ii) ₹ 37 61 041 (iii) ₹ 8 100 (iv) ₹ 31 95 825 (v) ₹ 8 100
- \* Freehold Land ₹ 13 crore (Previous year ₹ Nil) acquired against settlement of loan.

# Reliance Capital Limited

## Notes to the Financial Statement as at March 31, 2014

(₹ in crore)

	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>15. Non-current investments</b>					
<b>Other Investments</b>					
<b>(A) Investments in Equity instruments (valued at cost unless stated otherwise)</b>					
<b>Quoted, fully paid-up</b>					
Aurionpro Solutions Limited	10	13 06 906	13 06 906	35	35
Anant Raj Limited	2	31 09 000	31 09 000	21	21
Celebrity Fashions Limited [₹ 11 25 465 (Previous year ₹ 11 25 465)]	10	8 98 750	8 98 750	-	-
EIH Limited	2	46 54 545	46 54 545	47	47
EMCO Limited	2	19 43 000	19 43 000	14	14
EPC Industrie Limited	2	4 89 658	5 22 000	6	6
Gujarat Fluorochemicals Limited	1	98 701	-	3	-
HBL Power Systems Limited	1	1 43 60 000	1 43 60 000	27	27
Indiabulls Financial Services Limited	2	-	16 19 710	-	31
Indiabulls Infrastructure and Power Limited	2	48 10 000	48 10 000	2	2
Indian Terrain Fashions Limited	10	3 30 962	3 30 962	14	14
Kinetic Engineering Limited	10	7 15 000	7 15 000	13	13
Kirloskar Pneumatic Company Limited	10	1 45 000	1 45 000	6	6
Jindal Saw Limited	2	13 13 700	15 00 000	16	18
Padmalaya Telefilms Limited	10	5 11 000	5 11 000	2	2
Pratibha Industries Limited	2	14 50 000	14 50 000	9	9
Radico Khaitan Limited	2	11 85 246	-	16	-
Reliance Communications Limited*	5	2 96 95 295	3 10 95 295	293	307
Reliance Industrial Infrastructure Limited	10	1 60 100	1 60 100	1	1
Reliance MediaWorks Limited	5	3 62 49 805	85 29 366	328	217
Reliance Broadcast Network Limited (Refer Note 9)	5	-	1 57 27 957	-	77
Reliance Power Limited*	10	41 17 823	41 17 823	3	3
TV18 Broadcast Limited	2	2 71 02 549	2 54 00 000	54	51
TV Today Network Limited	5	58 28 705	81 00 000	73	102
Ventura Textiles Limited (Refer Note 10)	10	12 87 500	12 87 500	6	6
				<b>989</b>	1 009
Less: Provision for diminution in value of investments				<b>296</b>	369
				<b>693</b>	640
<b>Unquoted, fully paid-up</b>					
AllGreen Energy India Private Limited [₹ 4 230 (Previous year ₹ 4 230)]	10	10	10	-	-
Adhar Project Management & Consultancy Private Limited [₹ 2 52 231 (Previous year ₹ Nil)]	10	1 400	-	-	-
BSE Limited	1	1 30 000	1 30 000	2	2
Gini & Jony Apparel Private Limited	10	11 16 999	-	1	-
Gradatim IT Ventures (India) Private Limited [₹ 2 611 (Previous year ₹ 2 611)]	10	64	64	-	-
Global Wind Power Limited	10	21 60 000	21 60 000	24	24
Grover Zampa Vineyards Limited (formerly Grover Vineyards Limited) (Refer Note 7)	10	23 54 132	13 61 707	16	13
KLT Automotive & Tubular Products Limited	10	5 25 000	5 25 000	11	11
Menon & Menon Limited	10	15 60 000	15 60 000	6	6
National Multi Commodity Exchange of India Limited	10	16 66 667	16 66 667	11	11
One 97 Communications Limited	10	3 84 616	3 84 616	10	10
Podar Shakti Synthetics Private Limited [₹ 35 150 (Previous year ₹ Nil)]	10	3 515	-	-	-
Reverse Logistics Company Private Limited	10	16 542	16 542	5	5
Reliance CWT India Limited (Refer Note 6) [₹ 90 000 (Previous year ₹ 90 000)]	10	9 000	9 000	-	-
Reliance Financial Advisory Services Limited (Refer Note 8) (formerly Reliance Investment Banking Services Limited)	10	11 90 000	-	1	-

Notes to the Financial Statement as at March 31, 2014

(₹ in crore)

	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Reliance Net Limited	10	5 26 497	5 26 497	1	1
Reliance Tech Services Private Limited [₹ Nil (Previous year ₹ 10 000)]	10	-	1 000	-	-
Reliance Broadcast Network Limited (Refer Note 9)	5	1 57 27 957	-	77	-
Reliance Venture Asset Management Private Limited (Refer Note 8) [₹ 12 000 (Previous year ₹ Nil)]	10	1 200	-	-	-
SWAWS Credit Corporation India Private Limited	10	17 20 668	-	2	-
Tessolve Services Private Limited [₹ 6 600 (Previous year ₹ 6 600)]	10	100	100	-	-
Unilazer Media Limited	10	14 68 109	14 68 109	30	30
Vallee De Vin Private Limited (Refer Note 7)	10	-	13 43 175	-	2
Viscount Management Services Limited (Refer Note 6)	10	40 800	40 800	274	274
Wellspring Healthcare Private Limited [₹ 17 768 (Previous year ₹ 17 768)]	5	5	10	-	-
				<b>471</b>	389
Less: Provision for diminution in value of investments				<b>14</b>	10
				<b>457</b>	379
<b>Subsidiary Companies *</b>					
<b>Unquoted, fully paid-up</b>					
Reliance Alternative Investments Services Private Limited [₹ 1 00 000 (Previous year ₹ 1 00 000)]	10	10 000	10 000	-	-
Reliance Capital Asset Management Limited	10	75 14 800	75 14 800	184	184
Reliance Capital AIF Trustee Company Private Limited [₹ 6 00 000 (Previous year ₹ Nil)]	10	60 000	-	-	-
Reliance Money Precious Metals Private Limited	10	80 00 000	80 00 000	8	8
Reliance Capital Trustee Co. Limited [₹ 5 07 000 (Previous year ₹ 5 07 000)]	10	50 700	50 700	-	-
Reliance Capital (Singapore) Pte. Limited (Refer Note 8)	15	-	20 00 001	-	9
Reliance Commodities Limited	10	30 00 000	30 00 000	3	3
Reliance Equity Advisors (India) Limited [₹ 5 00 000 (Previous year ₹ 5 00 000)]	10	50 000	50 000	-	-
Reliance Exchangenext Limited	10	69 10 000	69 10 000	69	69
Reliance Financial Limited	10	1 10 00 000	1 10 00 000	11	11
Reliance General Insurance Company Limited	10	11 84 80 288	11 84 80 288	1 717	1 717
Reliance Gilts Limited	10	70 00 700	70 00 700	7	7
Reliance Home Finance Limited	10	6 58 20 000	6 58 20 000	321	321
Reliance Financial Advisory Services Limited (Refer Note 8) (formerly Reliance Investment Banking Services Limited)	10	-	70 00 000	-	7
Reliance Money Express Limited	10	1 38 13 140	1 38 13 140	25	25
Reliance Money Solutions Private Limited (₹ 1 00 000)	10	10 000	-	-	-
Reliance Securities Limited	10	2 49 00 000	2 49 00 000	25	25
Reliance Venture Asset Management Private Limited (Refer Note 8) [₹ Nil (Previous year ₹ 1 00 000)]	10	-	10 000	-	-
Reliance Wealth Management Limited	10	1 55 00 000	1 15 00 000	16	12
Quant Capital Private Limited	10	74 01 423	74 01 423	200	200
				<b>2 586</b>	2 598
Less: Provision for diminution in value of investments				<b>72</b>	19
				<b>2 514</b>	2 579
<b>Associate Companies*</b>					
<b>Unquoted, fully paid-up</b>					
Ammolite Holdings Limited [₹ 45 332 (Previous year ₹ 45 332)]	\$1	1 000	1 000	-	-
Reliance Land Private Limited	10	5 00 000	50 00 000	1	5

# Reliance Capital Limited

## Notes to the Financial Statement as at March 31, 2014

(₹ in crore)

	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Reliance Life Insurance Company Limited (Refer Note 6)	10	57 15 64 410	57 15 64 410	4 776	4 776
Reliance Share & Stock Brokers Private Limited	10	5 00 000	50 00 000	1	5
Reliance Asset Reconstruction Company Limited	10	4 90 00 000	4 90 00 000	49	49
				<b>4 827</b>	<b>4 835</b>
Less: Provision for diminution in value of investments [₹ 45 332 (Previous year ₹ Nil)]				-	-
				<b>4 827</b>	<b>4 835</b>
<b>Sub-Total (A)</b>				<b>8 491</b>	<b>8 433</b>
<b>(B) Investments in preference shares (valued at cost unless stated otherwise)</b>					
<b>Unquoted, fully paid-up</b>					
Series A 8% Non Cumulative Convertible Preference Shares of AllGreen Energy India Private Limited	10	1 60 115	3 20 229	7	15
0% Optionally Convertible Redeemable Preference Shares of Payone Enterprises Private Limited	10	20 60 000	20 60 000	206	206
0.001% Optionally Convertible Cumulative Redeemable Preference Shares of Asmitha Microfin Limited	10	84 80 000	84 80 000	8	8
Fully & Compulsorily Convertible Cumulative Participating Preference Shares of Gradatim IT Ventures (India) Private Limited	39	6 37 191	6 37 191	3	3
0% Convertible Preference Shares of Grover Zampa Vineyards Limited (formerly Grover Vineyards Limited (Refer Note 7))	10	6 93 093	4 06 056	5	4
10% Cumulative Redeemable Preference Shares of Reliance Money Infrastructure Limited	10	-	10 00 000	-	1
10% Non-Cumulative Optionally Convertible Redeemable Preference Shares of Reliance Money Infrastructure Limited	10	-	3 50 00 000	-	35
9% Non Cumulative Redeemable Preference Shares of India Best Buy Private Limited	10	20 00 000	20 00 000	200	200
12% Non Cumulative Convertible Redeemable Preference Shares of Reliance Big Entertainment Private Limited*	1	1 00 00 000	1 00 00 000	1 000	1 000
0% Optionally Convertible Redeemable Preference Shares of Reliance Net Limited	10	12 07 758	40 35 684	143	475
Scalable Display Technologies, Inc. Series A-1 Preferred Stock	50.001	1 50 846	1 50 846	2	2
0.001% Optionally Convertible Cumulative Redeemable Preference Shares of Share Microfin Limited	10	1 19 40 000	1 19 40 000	11	12
Series A Preference Shares of Suvidhaa Infoserve Private Limited	1	72 37 980	72 37 980	11	11
Series B Preference Shares of Suvidhaa Infoserve Private Limited	3	3 69 709	3 69 709	1	1
Compulsory Convertible Preference Shares of Tessolve Services Private Limited	10	18 89 830	18 89 830	12	12
0% Optionally Convertible Redeemable Preference Shares of Viscount Management Services Limited	1	5 10 68 177	5 10 68 177	510	510
Series A Preference Shares of Yatra Online Inc.	50.0001	42 00 042	42 00 042	6	6
Series B Preference Shares of Yatra Online Inc.	50.0001	27 31 960	27 31 960	16	16
Series C Preference Shares of Yatra Online Inc.	50.0001	11 44 946	11 44 946	16	16
0% Convertible Preference Shares of Vallee De Vin Private Limited (Refer Note 7)	10	-	4 00 542	-	1
Fully Convertible Preference Shares of Wellspring Healthcare Private Limited	50	18 562	18 562	3	3
				<b>2 160</b>	<b>2 537</b>
Less: Provision for diminution in value of investments				1	-
				<b>2 159</b>	<b>2 537</b>

Notes to the Financial Statement as at March 31, 2014

(₹ in crore)

	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>Subsidiary Companies *</b>					
<b>Unquoted, fully paid-up</b>					
9% Non Cumulative Non Convertible Redeemable Preference Shares of Quant Broking Private Limited [₹ 1 00 000 (Previous year ₹ 1 00 000)]	10	10 000	10 000	-	-
1% Non Convertible Non Cumulative Redeemable Preference Shares of Reliance Capital Asset Management Limited [₹ Nil (Previous year ₹ 16 20 000)]	100	-	16 200	-	-
10% Cumulative Redeemable Preference Shares of Reliance Securities Limited	10	12 50 00 000	12 50 00 000	125	125
0% Optionally Convertible Redeemable Preference Shares of Reliance Money Express Limited	10	-	40 00 000	-	4
0.01% Non Convertible Non Cumulative Preference Shares of Quant Capital Private Limited	10	50 00 000	-	50	-
				<u>175</u>	<u>129</u>
<b>Associate Companies</b>					
<b>Unquoted, fully paid-up</b>					
0% Optionally Convertible Redeemable Preference Shares of Reliance Land Private Limited	10	1 41 25 000	1 41 25 000	481	481
0% Optionally Convertible Redeemable Preference Shares of Reliance Share & Stock Brokers Private Limited	100	4 00 000	4 00 000	4	4
0% Optionally Convertible Redeemable Preference Shares of Reliance Share & Stock Brokers Private Limited	10	7 65 000	7 65 000	77	77
				<u>562</u>	<u>562</u>
				<u>2 896</u>	<u>3 228</u>
<b>Sub-Total (B)</b>					
<b>(C) Investments in Government or Trust Securities (valued at cost unless stated otherwise)</b>					
<b>Unquoted</b>					
National Saving Certificates [₹ 45 000 (Previous year ₹ 45 000)] (Deposited with sales tax department)		-	-	-	-
<b>Sub-Total (C)</b>					
<b>(D) Investments in debentures or bonds (valued at cost unless stated otherwise)</b>					
<b>Associate Companies *</b>					
<b>Unquoted, fully paid-up</b>					
Series DDB I - Non Secured Redeemable Non Interest Bearing Non Convertible Deep Discount Bonds - Ammolite Holdings Limited	\$ 961	7 524	7 524	29	29
Less: Provision for diminution in value of investments				<u>29</u>	<u>29</u>
				<u>-</u>	<u>-</u>
<b>Others</b>					
<b>Unquoted, fully paid-up</b>					
Kumar Builders Mumbai Realty Private Limited 18% NCD July 1, 2015	1 00 000	1 162	-	12	-
12.00% India Infoline Finance Limited NCD February 27, 2019	10 00 000	250	250	25	25
20% Kumar Urban Development Private Limited August 18, 2014	1 00 000	4 600	4 500	46	45
Jindal JTF Limited 9.50% NCD July 8, 2017	10 00 000	263	-	26	-
12% Business Broadcast News Private Limited	10 000	60 000	60 000	60	60
11% Secured Optionally Fully Convertible Redeemable Debentures Series A - Ventura Textiles Limited	50 00 000	-	20	-	11
Reliance Broadcast Network Limited NCD August 8, 2015	10 00 000	1 500	1 500	150	150
12% Optionally fully Convertible Debentures Series B - Ventura Textiles Limited	50 00 000	-	22	-	10
Zero Coupon Optionally Fully Convertible Unsecured Debentures Viscount Management Services Limited	1 000	77 10 643	57 85 496	771	579

# Reliance Capital Limited

## Notes to the Financial Statement as at March 31, 2014

(₹ in crore)

	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Wadhwa Residency Private Limited Sr. I Bonds M July 11, 2017	100	15 00 000	-	15	-
Shah Group Builders Limited NCD FV ₹ 100	100	12 40 500	-	12	-
Optionally Convertible Debenture SWAWS Credit Corporation India Private Limited	100	57 355	-	1	-
Grover Zampa Vineyards Limited Convertible Debenture	100	4 36 371	-	4	-
Optionally Convertible Debenture Brijkishore Trading Limited	10 00 000	250	-	25	-
				1 147	880
Less: Provision for diminution in value of investments				-	21
				1 147	859
<b>Sub-Total (D)</b>				<b>1 147</b>	<b>859</b>
<b>(E) Investments in Partnership Firm* (valued at cost unless stated otherwise)</b>					
Reliance Capital Partners (Refer Note No. 32)				275	544
<b>Sub-Total (E)</b>				<b>275</b>	<b>544</b>
<b>(F) Other non-current investments (valued at cost unless stated otherwise)</b>					
<b>Investment in units of Seed/Equity Fund- unquoted, fully paid-up</b>					
The India Seed Investment Trust	1 00 000	-	500	-	3
				-	3
<b>Investment in units of fund - unquoted, [fully paid-up (Previous year partly paid-up ₹ 7.40)]</b>					
Class A units of Reliance Alternative Investments Fund	10	20 00 00 000	20 00 00 000	200	148
				200	148
<b>Warrants - unquoted, partly paid-up</b>					
Textrade International Limited (Refer note 4 below)	-	60 985	60 985	-	-
				-	-
<b>Investment in joint venture</b>					
KGS Developers Limited (Refer note 5 below)				85	85
				85	85
<b>Pass Through Certificates &amp; Security Receipts</b>					
Indian Receivable Trust A-2		-	87	-	3
Aurora A1		-	205	-	4
Aurora A2		-	900	-	2
EXIMIUS SBL IFMR CAPITAL 2012-A1 [₹ Nil (Previous year ₹ 367,151)]		-	1	-	-
Indian Receivable Trust 1 SR-A PTC 28SP12		87	-	1	-
Aurora SBL Ifmr Capital 2012 SR-A1 PTC 01FB13		205	-	2	-
Aurora SBL Ifmr Capital 2012 SR-A2 PTC 01FB13		900	-	3	-
IFMR Capital Mosec Hypnos 2013 SR-A2 PTC 27SP13		2 01 949	-	1	-
IFMR Capital Mosec Paeon 2013 SR-A2 PTC 27SP13		10 783 828	-	-	-
IFMR Capital Mosec Hera 2013 SR-A2 PTC 310T13		43 786	-	1	-
IFMR Capital Mosec Teleso 2013 SR-A3 PTC 30DC13		16 652 743	-	1	-
				9	9
<b>Sub-Total (F)</b>				<b>294</b>	<b>245</b>
<b>Total non-current investments (A+B+C+D+E+F)</b>				<b>13 103</b>	<b>13 309</b>

\* Related Party

Notes:

	As at March 31, 2014		As at March 31, 2013	
	Book Value	Market value	Book Value	Market value
1. Aggregate value of investments				
Quoted investments	693	915	640	515
Unquoted investments	12 410	-	12 669	-
<b>TOTAL</b>	<b>13 103</b>	<b>915</b>	<b>13 309</b>	<b>515</b>



Notes to the Financial Statement as at March 31, 2014

2. Aggregate value of provision for diminution in value of investments
- |                      |            |            |
|----------------------|------------|------------|
| Quoted investments   | 296        | 369        |
| Unquoted investments | 115        | 79         |
| <b>TOTAL</b>         | <b>411</b> | <b>448</b> |
3. Investments includes ₹ 9 crore (Previous year ₹ 63 crore) of equity shares given as collateral towards margin with brokers.
4. The Company has been allotted Warrants without paying any consideration at the time of allotment.
5. The Company has entered into a joint venture with KGS Developers Limited in respect of real estate project development. The Company has invested ₹ 85 crore and is entitled to share the Profit / Loss equally. However assets, liabilities, revenue and expenses related to the project are not included in the financial statements of the Company as it does not meet the definition criteria of a Joint Venture under AS 27 "Financial Reporting of Interests in Joint Ventures".
6. Investment in 38,85,24,405 (Previous year 38,85,24,405) equity shares of Reliance Life Insurance Company Limited, 9,000 (Previous year 9,000) equity shares of Reliance CWT India Limited and 30,000 (Previous year 30,000) equity shares of Viscount Management Services Limited are carried at fair value i.e. at amount transferred under the scheme of amalgamation..
7. During the year the Company has allotted 794,478 equity shares and 236,917 preference shares of Grover Vineyards Limited as per Scheme of Amalgamation of Grover Vineyards Limited and Vallee De Vine Private Limited. After the Amalgamation, Grover Vineyards Limited has change its name to Grover Zampa Vineyards Limited.
8. During the year Reliance Venture Asset Management Private Limited, Reliance Capital (Singapore) Pte. Limited and Reliance Financial Advisory Services Limited (Formerly Reliance Investment Banking Services Limited) ceased to be subsidiaries of the Company.
9. Reliance Broadcast Network Limited got delisted from stock exchanges during the year, hence disclosed under the unquoted investments.
10. Ventura Textiles Limited has been suspended from stock exchanges during the year.

(₹ in crore)

	As at March 31, 2014	As at March 31, 2013	
<b>16 Long-term loans and advances</b>			
(a) Capital advances			
Secured, considered good	176	76	
Unsecured, considered good	24	17	93
(b) Security deposits-Unsecured			
Considered good	46	38	
Considered doubtful [₹ 24 26 303 (Previous year ₹ 17 20 333)]	-	-	
Less : Provision for doubtful debts [₹ 24 26 303 (Previous year ₹ 17 20 333)]	-	-	38
(c) Loans			
Considered doubtful			
-Secured	207	228	
-Unsecured	10	37	
Less : Provision for non performing assets and doubtful debt	24	66	
	193	199	
Considered good			
Related party (Refer Note No. 38)			
-Secured	329	61	
-Unsecured	508	87	
Officer of the company-Unsecured (Refer Note No. 38) [₹ 4 20 951 (Previous year ₹ 4 35 351)]	-	-	
Others			
-Secured	8 733	6 699	
-Unsecured	2 426	2 732	
	11 996	9 579	9 778
(d) Advances			
Considered doubtful			
-Secured	90	49	
Less : Provision for non performing assets and doubtful debts	33	10	
	57	39	
Considered good			
Related party - Unsecured (Refer Note No.38)	-	88	
Others-Unsecured	6	6	
	6	94	133
(e) Other loans and advances			
-VAT and Service tax credit available	20	29	
-Advance income tax & TDS deducted [net of provision of ₹ 225 crore (Previous year ₹ 175 crore)]	220	128	157
	12 738	10 199	

Note:

Advances includes ₹ Nil (Previous Year ₹ 52 crore) paid towards share application money.

# Reliance Capital Limited

## Notes to the Financial Statement as at March 31, 2014

	(₹ in crore)	
	As at March 31, 2014	As at March 31, 2013
<b>17 Other non-current assets</b>		
(a) Other bank balances		
- In fixed deposit accounts (Refer Note below)		
More than 12 months		
-Under lien	154	133
-Other	4	6
	<u>158</u>	<u>139</u>
More than 3 months less than 12 months		
-Under lien	120	109
-Other	24	-
	<u>144</u>	<u>109</u>
(b) Accrued interest / finance income on investments	<b>302</b>	248
(c) Unamortised expenditures		
Unamortised DSA commission	71	72
Add : Incurred during the year	38	38
Less : Amortised during the year	37	39
	<u>72</u>	<u>71</u>
Less : To be amortised during the next year	28	22
	<u>44</u>	<u>49</u>
Unamortised brokerage on borrowings	96	63
Add : Incurred during the year	33	61
Less : Amortised during the year	25	28
	<u>104</u>	<u>96</u>
Less : To be amortised during the next year	23	20
	<u>81</u>	<u>76</u>
(d) Repossessed assets	43	18
Less : Provision for diminution	10	5
	<u>33</u>	<u>13</u>
	<b>1 756</b>	<b>1 344</b>

### Note:

In respect of balances with Scheduled Banks in Fixed deposit accounts, ₹ 170 crore (Previous year ₹ 242 crore) is kept as credit enhancement towards securitisation / assignment transaction, ₹ 2 12 500 (Previous year ₹ 212 500) is kept as deposit with sales tax authority, ₹ 5 00 000 (Previous year ₹ 5 00 000) is kept as deposit with the Pension Fund Regulatory and Development Authority (PFRDA) and ₹ 104 crore (Previous year ₹ 2 00 000) is kept as deposit with bank for issuing of Bank Guarantee on behalf of third parties.

	(₹ in crore)				
	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>18 Current investments</b>					
<b>Investments in preference shares - Quoted fully paid up (current portion of long-term investments) (valued at cost unless stated otherwise)</b>					
5% Non Convertible Cumulative Preference Shares of Network18 Media & Investments Limited	150	-	6 75 343	-	10
<b>Sub-Total (A)</b>				<u>-</u>	<u>10</u>
<b>Investments in debentures or bonds (current portion of Long-term investments) (valued at cost unless stated otherwise)</b>					
<b>Unquoted, fully paid-up</b>					
12.00% Vensat Tech Services Private Limited	100	7 50 000	7 50 000	7	7
Zero Coupon Convertible Unsecured Debentures Viscount Management Services Limited	1 000	-	12 06 000	-	121
				<u>7</u>	<u>128</u>
Less: Provision for diminution in value of investments				1	-
<b>Sub-Total (B)</b>				<u>6</u>	<u>128</u>

Notes to the Financial Statement as at March 31, 2014

(₹ in crore)

	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>Investment in Mutual Fund -*Quoted (valued at cost or market value whichever is lower)</b>					
Peerless Liquid Fund - Super Instl.Growth	10	-	1 55 97 096	-	20
Reliance Liquidity Fund-Direct Growth Plan Grow Option	1 000	9 04 001	6 79 823	283	120
<b>Sub-Total (C)</b>				<b>283</b>	<b>140</b>
<b>Investment in Partnership firm (current portion of Long-term investments) (valued at cost unless stated otherwise)</b>					
Reliance Capital Partners (Refer Note No. 32)	-	-	-	135	-
<b>Sub-Total (D)</b>				<b>135</b>	<b>-</b>
<b>Other current investments -Unquoted (valued at cost unless stated otherwise)</b>					
<b>Pass Through Certificates</b>					
Indian Receivable Trust 1 SR-A PTC 28SP12		87	-	2	-
Eximius SBL IFMR Capital 2012-A2		1 235	-	1	-
Aurora SBL IFMR Capital 2012 SR-A1 Ptc 01FB13		205	-	1	-
Indian MFI Trust Series VI SR-A1 PTC 13SP13		1	-	6	-
Indian MFI Trust Series VII SR-A1 PTC 24DC13		1	-	16	-
Indian MFI Trust Series X SR-A1 PTC 27MR14		1	-	9	-
IFMR Capital Mosec Hypnos 2013 SR-A2 PTC 27SP13		2 01 949	-	2	-
IFMR Capital Mosec Paeen 2013 SR-A2 PTC 27SP13		10 783 828	-	1	-
IFMR Capital Mosec Hera 2013 SR-A2 PTC 31OT13		43 786	-	1	-
Callisto IFMR Capital 2013 SR-A2 PTC 28OT13		41 036	-	1	-
Helene IFMR Capital 2013 SR-A3 PTC 31DC13		8 775 770	-	1	-
IFMR Capital Mosec Telesto 2013 SR-A3 PTC 30DC13		16 652 743	-	1	-
IFMR Capital Mosec Tethys 2013 SR-A3 PTC 31DC13		9 764 906	-	1	-
Janalakshmi Financial Services JFS REL Trust		-	1	-	3
Abeona-Vistar SBL IFMR Capital 2012		-	90	-	3
Elete IFMR Capital 2012		-	400	-	3
Mosec XIV		-	2 61 949	-	2
IFMR Capital Mosec XV		-	2 700	-	2
Indian MFI Trust-Series I (GVMFL)		-	1	-	5
Indian Receivable Trust A-2		-	87	-	3
PFSPL Trust-1		-	1	-	1
IMLRT 2012 SKS MICRO FINANCE		-	1 000	-	26
EXIMIUS SBL IFMR CAPITAL 2012-A1		-	1	-	3
EXIMIUS SBL IFMR CAPITAL 2012-A2		-	1 235	-	1
SMILE REL Dec-12 Series A1 PTC		-	1	-	8
SMILE REL Dec-12 Series A2 PTC		-	3	-	1
IMRT 3 PTC INV		-	1	-	21
Aurora A1		-	205	-	1
PFSPL Trust 2		-	1	-	5
<b>Sub-Total (D)</b>				<b>43</b>	<b>88</b>
<b>Total Current investments (A+B+C+D)</b>				<b>467</b>	<b>366</b>

\* For mutual fund net asset value (NAV) is taken as market value

# Reliance Capital Limited

## Notes to the Financial Statement as at March 31, 2014

### Note:

1. Aggregate value of Investment	As at March 31, 2014		As at March 31, 2013	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	283	283	150	150
Unquoted Investments	184	-	216	-
	<u>467</u>	<u>283</u>	<u>366</u>	<u>150</u>

(₹ in crore)

2. Aggregate value of provision for diminution in value of investments				
Quoted investments		-		-
Unquoted investments		1		-
<b>TOTAL</b>		<u>1</u>		<u>-</u>

(₹ in crore)

	As at March 31, 2014		As at March 31, 2013	
<b>19 Trade receivables</b>				
Unsecured, considered good valued unless stated otherwise				
Doubtful debts outstanding for a period exceeding six months from the due date		-		-
Other debts-unsecured considered good		<u>5</u>		<u>-</u>
		<u>5</u>		<u>-</u>
<b>20 Cash and bank balances</b>				
(a) Cash and cash equivalents				
Balances with banks				
- In current accounts	1 657		679	
- Fixed Deposits (less than 3 months)	10		-	
Cash on hand (Previous year ₹ 29 96 143)	<u>1</u>	<u>1 668</u>	<u>-</u>	<u>679</u>
(b) Other bank balances				
- Fixed Deposits under lien (less than 3 months)*		166		54
- Unclaimed dividend		<u>14</u>		<u>12</u>
		<u>1 848</u>		<u>745</u>
* In respect of balances with Scheduled Banks in Fixed Deposit accounts ₹ 154 crore (Previous Year ₹ 54 crore) is kept as credit enhancement towards securitisation / assignment transaction and ₹ 12 crore (Previous Year ₹ Nil) is against loan taken from bank.				
<b>21 Short term loans and advances</b>				
(a) Loans				
Considered good				
Related party (Refer Note No. 38)				
-Secured	186		95	
-Unsecured	270		434	
Others				
-Secured	3 867		3 379	
-Unsecured	<u>1 434</u>	<u>5 757</u>	<u>2 962</u>	<u>6 870</u>
(b) Advances				
Considered good				
Related party-unsecured (Refer Note No. 38)	2		5	
Others				
-Secured	128		109	
-Unsecured	<u>35</u>	<u>165</u>	<u>25</u>	<u>139</u>
(c) Prepaid expenses		<u>10</u>		<u>16</u>
		<u>5 932</u>		<u>7 025</u>

Notes to the Financial Statement as at March 31, 2014

(₹ in crore)

	As at March 31, 2014	As at March 31, 2013
<b>22 Other current assets</b>		
(a) Interest accrued on loans	433	309
(b) Accrued interest / finance income on investments	-	64
(c) Unamortised DSA commission	28	22
(d) Unamortised brokerage on borrowings	23	20
	<u>484</u>	<u>415</u>

(₹ in crore)

	2013-2014		2012-2013	
<b>23 Revenue from operations</b>				
Interest and finance income on:				
-Long term investments	450		467	
-Loans	2 320		2 047	
-Fixed deposits and others	31	2 801	26	2 540
Profit on sale of (net):				
-Long term investments	12		990	
-Current investments	49	61	21	1 011
Dividends on investments:				
-Subsidiary	105		105	
-Long term	30		27	
-Current [₹ Nil (Previous year ₹ 17 85 375)]	-	135	-	132
Profit share in partnership firm (Refer Note No. 32 & 38)		15		-
Profit on Securities / Commodities		2		-
Lease rental income		23		21
Processing fees	71		66	
Less:Service tax recovered	8	63	7	59
Bad debts recovered		30		34
Other operating income	44		34	
Less : Service tax recovered	5	39	3	31
		<u>3 169</u>		<u>3 828</u>
<b>24 Other income</b>				
Management fee	30		30	
Less : Service tax recovered	3	27	3	27
Credit balance / excess provision written back		26		1
Profit on sale of fixed assets (net) (Previous year ₹ Nil)		25		-
Rent income		1		1
Miscellaneous income		6		11
		<u>85</u>		<u>40</u>
<b>25 Employee benefit expense</b>				
Salaries and wages		132		150
Contribution to provident and other funds		5		7
Staff welfare expenses		11		8
		<u>148</u>		<u>165</u>

# Reliance Capital Limited

## Notes to the Financial Statement as at March 31, 2014

	2013-2014	2012-2013
(₹ in crore)		
<b>26 Finance cost</b>		
Interest expense		
-Debentures	904	640
-Bank loans / financial institutions (Long term and short term)	915	997
-Bank loans (Cash credit)	31	24
-Inter corporate deposits	55	83
Other borrowing costs		
-Discount on commercial papers	349	407
-Amortised brokerage on borrowings (Refer Note No. 17)	25	28
	<u>2 279</u>	<u>2 179</u>
<b>27 Other expenses</b>		
Bank charges	3	1
Rent	40	34
Rates and taxes	5	4
Repairs and maintenance		
-Buildings	1	1
-Others	32	29
Electricity	4	4
Insurance (₹ 41 40 144)	-	1
Travelling and conveyance	11	9
Postage, telegram and telephones	6	7
Legal & professional fees	90	77
Auditors' remuneration (Refer Note No. 33)	1	1
Sales and marketing expenses	17	25
Employee seminar and training	2	1
Donation (₹ 13 80 500)	-	1
Directors' sitting fees [₹ 13 32 924 (Previous year ₹ 14 11 912)]	-	-
Amortised DSA commission (Refer Note No. 17)	37	39
Provision for NPA, doubtful debts and balances written off *	88	296
Provision and loss on repossessed stock #	14	9
Provision / (Reversal) for diminution in the value investments / written off **	(23)	236
Loss share in partnership firm (Refer Note No. 32 & 38)	-	9
Loss on sale of fixed assets (net)	-	2
Miscellaneous expenses	1	5
	<u>329</u>	<u>791</u>

Notes:

\* **Breakup of provision for NPA, doubtful debts and bad debts written off**

Provision for NPA and doubtful debts##	(25)	21
Provision for standard assets	4	8
Bad debts written off	109	146
Loss on sale of assignment	-	121
	<u>88</u>	<u>296</u>

# **Breakup of provision and loss on repossessed stock**

Provision for diminution	5	3
Loss on sale of repossessed stock	9	6
	<u>14</u>	<u>9</u>

\*\* **Breakup of provision / (reversal) for diminution in the value of investments / written off**

Provision / (Reversal) for diminution in the value of investments###	(36)	230
Investments written off	13	6
	<u>(23)</u>	<u>236</u>

## Provision for NPA and doubtful debts includes reversal of ₹ 1 crore (previous year provision ₹ 7 crore) related to loan to subsidiary.

### Provision / (Reversal) for diminution in the value of investments includes ₹ 53 crore (previous year reversal ₹ 21 crore) related to Investments in subsidiary

Notes to the Financial Statement as at March 31, 2014

28 Security clause / maturity profiles in respect to Secured Loans from banks / debentures

- (i) Non convertible debentures (NCDs) are redeemable at par, in one or more installments, on various dates:
- (a) NCDs amounting to ₹ 5,447 crore (Previous year ₹ 2,922 crore) are secured by way of first pari passu legal mortgage and charge over the premises situated at Avdesh House, near Pritam Nagar, Ellisbridge, Ahmedabad and additional first pari passu charge by way of hypothecation on present and future book debts / business receivables of the Company. Business receivables includes Fixed Asset, Current Assets, Investments and any other assets, against security not exceeding ₹ 5,697 crore (Previous year ₹ 2,480 crore).
- (b) NCDs amounting to ₹ 2,453 crore (Previous year ₹ 3,494 crore) are secured by way of first pari passu legal mortgage and charge over the premises situated at Avdesh House, near Pritam Nagar, Ellisbridge, Ahmedabad and additional first pari passu charge by way of hypothecation on present and future book debts / business receivables of the Company (except security towards securing Outstanding Term Loan and Cash Credit Limits). Business receivables includes Current Assets and Investments, against security not exceeding ₹ 2,778 crore (Previous year ₹ 3,760 crore).
- (c) The Company is in the process of creating security on the remaining NCDs amounting to ₹ Nil (Previous year ₹ 567 crore).
- (d) Maturity profile and Rate of interest of Long Term NCDs are as set out below:

(₹ in crore)

Rate of Interest	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2025-26	Total
#	123	-	-	-	-	-	-	-	-	-	123
8.40%	25	-	-	-	-	-	-	-	-	-	25
9.25%	-	-	-	-	-	-	-	-	6	-	6
9.30%	-	-	-	500	-	-	-	-	-	-	500
9.40%	-	-	-	-	-	-	-	-	1 500	-	1 500
9.45%	-	-	-	20	-	-	-	-	-	-	20
9.50%	10	-	-	-	-	-	-	-	5	-	15
9.60%	19	-	-	-	-	-	-	-	-	-	19
9.75%	10	-	15	-	-	-	-	-	-	-	25
9.80%	-	-	-	-	-	-	-	500	-	-	500
9.85%	5	-	75	-	-	-	-	45	-	-	125
9.86%	-	-	30	-	-	-	-	-	-	-	30
9.90%	-	-	-	-	-	500	-	75	-	-	575
9.95%	-	-	-	-	-	-	-	85	-	-	85
10.00%	-	10	241	-	-	-	-	10	-	-	261
10.05%	-	-	-	-	-	-	-	7	-	-	7
10.10%	-	-	-	16	-	-	-	10	-	-	26
10.15%	-	-	65	-	-	-	-	-	-	8	73
10.19%	-	-	-	-	-	-	-	-	155	-	155
10.20%	-	-	5	-	-	-	-	82	-	-	87
10.21%	-	50	-	-	-	-	-	-	-	-	50
10.24%	-	-	-	-	500	-	-	-	-	-	500
10.25%	-	90	16	-	-	-	-	40	-	-	146
10.26%	-	50	-	-	-	-	-	-	-	-	50
10.28%	-	-	-	-	15	-	-	-	-	-	15
10.30%	4	-	49	93	-	-	-	-	-	-	146
10.33%	-	-	25	-	-	-	-	-	-	-	25
10.35%	5	-	50	-	-	155	-	5	-	-	215
10.40%	50	105	-	-	-	-	-	350	-	-	505
10.50%	-	500	-	21	-	-	25	20	15	-	581
10.60%	-	-	-	-	-	-	83	51	-	-	134
10.65%	-	-	-	8	-	-	-	-	-	-	8
10.75%	-	-	-	-	-	-	367	-	-	-	367
11.00%	-	300	-	-	-	-	-	-	-	-	300
MLD	260	227	44	2	-	-	-	-	-	-	532
<b>Total</b>	<b>510</b>	<b>1 332</b>	<b>614</b>	<b>660</b>	<b>515</b>	<b>655</b>	<b>475</b>	<b>1 280</b>	<b>1 681</b>	<b>8</b>	<b>7 730</b>

# Zero coupon deep discount non convertible debentures

# Reliance Capital Limited

## Notes to the Financial Statement as at March 31, 2014

- (ii) (a) Term Loans from banks includes ₹ 6 582 crore (Previous year ₹ 8 518 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) Maturity profile of Long Term loans from banks are as set out below : (₹ in crore)

	2015-16	2016-17	2017-18	2018-19	Total
Term Loan from Banks	2 258	1 259	533	298	4 348

- (iii) Maturity profile of Long Term Inter Corporate Deposit are as set out below : (₹ in crore)

Rate of Interest	2016-17	Total
12.00%	50	50
<b>Total</b>	<b>50</b>	<b>50</b>

## 29 Amalgamation

### Scheme of Amalgamation between Company, Reliance Equities International Private Limited (REIPL) and Emerging Money Mall Limited (EMML)

The Scheme of Amalgamation ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 between Company, REIPL and EMML has been sanctioned by the Hon'ble High Court of Judicature at Bombay vide Order dated March 22, 2013. The scheme became effective on April 17, 2013 on filing with the Registrar of Companies (RoC) with effect from March 31, 2013 i.e. Appointed Date.

REIPL was incorporated with the main object of providing broking services to institutional investors and EMML was incorporated with the main object of e-commerce. The amalgamation has been accounted for under the "Purchase method" as prescribed by Accounting Standard (AS-14) on "Accounting for Amalgamation" notified under the Companies (Accounting Standards) Rules, 2006. The Company has carried out the accounting treatment prescribed in the Scheme as sanctioned by the Hon'ble High Court of Judicature at Bombay. The required disclosures as per paragraph 42 of Accounting Standard (AS-14) 'Accounting for Amalgamations' as prescribed under the Companies (Accounting Standards) Rules, 2006 has been provided.

Hence, in accordance with the Scheme:-

- (i) As entire issued, subscribed and paid up share capital of REIPL and EMML was held by the Company, no shares of the Company have been allotted in lieu or exchange of its holding in REIPL and EMML. Consequent to the Scheme the share capital of REIPL and EMML stands cancelled.  
 (ii) On Scheme becoming effective with effect from Appointed Date, the Company has written off its cancelled investments amounting to ₹ 680 crore in REIPL and EMML to the Statement of Profit and Loss of the Company for the year and recorded all the assets aggregating to ₹ 1,103 crore and liabilities aggregating to ₹ 188 crore as appearing in the books of REIPL and EMML at their respective fair value as decided by the Board of Directors of the Company. The net assets taken over include:

Assets / Liabilities Taken Over	REIPL	EMML	Total
(₹ in crore)			
<b>Assets</b>			
Investments	1 060	2	1 062
Balance with Schedule Bank (₹ 5 95 231)	3	-	3
Loans & Advances (₹ 30 000)	38	-	38
Taxes Paid (₹ 3 94 137)	-	-	-
<b>Total</b>	<b>1 101</b>	<b>2</b>	<b>1 103</b>
<b>Liabilities</b>			
Loans	187	1	188
Other liabilities (₹ 4 86 095, ₹ 5 62 024)	-	-	-
<b>Total</b>	<b>187</b>	<b>1</b>	<b>188</b>
<b>Excess of Assets over liabilities credit to Capital Reserve</b>	<b>914</b>	<b>1</b>	<b>915</b>

- (iii) All Inter-company balances including liabilities on account of loans and advances amounting to ₹ 186 crore on Appointed Date also stand cancelled. Consequent upon the above Scheme of Amalgamation, there has been a reduction of ₹ 69 crore in the value of investments in Viscount Management Services Limited which has been debited to Capital Reserve.  
 (iv) Difference aggregating to ₹ 846 crore after recording both above said items being the excess arising on transfer under the Scheme of assets and liabilities has been credited to Capital Reserve. The reserve created pursuant to the Scheme shall for all regulatory and accounting purposes be considered to be part of the owned funds / net worth of the Company.  
 (v) In accordance with the provisions of the Scheme of Amalgamation of Reliance Commercial Finance Private Limited (RCFPL) with the Company ("the 2011 Scheme") sanctioned by the Hon'ble High Court of Judicature at Bombay vide order dated April 29, 2011, an equivalent amount, equivalent to the investments written off amounting to ₹ 680 crore determined as an exceptional item by the Board of Directors of the Company, has been withdrawn from General Reserve to offset the same and credited to the Statement of Profit and Loss so that there is no impact on profit before tax for the year.

Had both the Schemes not prescribed the above accounting treatment and Company has followed accounting treatment prescribed under Accounting Standard (AS - 14), the General reserve would have been higher by ₹ 680 crore and the balance in the statement of profit and loss would have been lower by ₹ 680 crore for the year ended March 31, 2013.



Notes to the Financial Statement as at March 31, 2014

30 Securitisation and assignment

- 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:

(₹ in crore)

	Securitisation Outside	Subsidiaries	Assignment Outside	Total
Total number of loan assets Securitised / Assigned (Nos.)	8 708 (11 525)	- (31)	24 082 (6 892)	32 790 (18 448)
Total book value of loan assets Securitised / Assigned (Net of Provisions, if any) (₹)	880 (1 544)	- (25)	1 409 (586)	2 289 (2 155)
Sale consideration received for the Securitised / Assigned assets (₹)	880 (1 544)	- (25)	1 409 (465)	2 289 (2 034)
Net gain / (loss) on account of Securitisation / Assigned (₹)	- (-)	- (-)	- (-121)	- (-121)
Outstanding Credit Enhancement (Funded) as at March 31, 2014 (₹)	281 (172)	- (-)	42 (124)	323 (296)
Outstanding Liquidity Facility (₹)	- (-)	- (-)	- (-)	- (-)
Net Outstanding Servicing Liability as at March 31, 2014 (₹)	73 (62)	- (-)	134 (65)	207 (127)

Note : Figures in bracket indicate previous year figures.

(i) Securitisation

(₹ in crore)

Particulars	As at March 31, 2014	As at March 31, 2013
1 No. of SPVs sponsored by the NBFC for Securitisation Transactions	12	5
2 Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	1 508	1 311
3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
a) Off-balance sheet exposures		
• First loss	-	-
• Others	-	-
b) On-balance sheet exposures		
• First loss	281	172
• Others	3	7
4 Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitisations		
• First loss	-	-
• Others	-	-
ii) Exposure to third party securitisations		
• First loss	-	-
• Others	101	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
• First loss	-	-
• Others	-	-
ii) Exposure to third party securitisations		
• First loss	-	-
• Others	-	-

# Reliance Capital Limited

## Notes to the Financial Statement as at March 31, 2014

### (ii) Assignments (₹ in crore)

Particulars	As at March 31, 2014	As at March 31, 2013
1 No. of Direct Assignments	26	23
2 Total amount of assigned assets as per books of the NBFC	1 735	1 317
3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
a) Off-balance sheet exposures		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
First loss	-	-
Others	200	47
4 Amount of exposures to assignment transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own assignments		
First loss	-	-
Others	-	-
ii) Exposure to third party assignments		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
i) Exposure to own assignments		
First loss	42	124
Others	-	-
ii) Exposure to third party assignments		
First loss	-	-
Others	-	-

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 under the then prevailing RBI guidelines on securitisation.

c) During the year, Company has entered into a agreement for assignment of receivables amounting to ₹ Nil (Previous Year ₹ 87 crore). The said receivables are included in loans given.

### 31 Business Transfer Agreement

In terms of Business Transfer Agreement (BTA) dated April 26, 2010 further amended on January 31, 2011 with its subsidiary company i.e. Reliance Home Finance Limited the Company hold loan assets of ₹ 8 crore (Previous year ₹ 11 crore) related to Reliance Home Finance Limited in the trust capacity as on March 31, 2014.

### 32 The Company is a partner in Reliance Capital Partners

a) The firm consists of following partners and their balances:

Name of Partners	As at March 31, 2014	As at March 31, 2013
i) Reliance Capital Limited	410	544
ii) Reliance Land Private Limited	1	12
<b>Total</b>	<b>411</b>	<b>556</b>

b) Profit Sharing Ratio: The profit / (loss) is distributed between the partners on the basis of the weighted average capital. The profit for the current financial year is ₹ 15 crore (Previous year loss ₹ 9 crore).

### 33 Auditors' remuneration includes:

	2013-14	2012-13
i) Audit Fees	1	1
ii) Tax Audit Fees [₹ 1 06 180 (Previous year ₹ 1 06 180)]	-	-
iii) Certification charges and other reimbursement [₹ 2 74 258 (Previous year ₹ 1 31 110)]	-	-
<b>Total</b>	<b>1</b>	<b>1</b>

Notes to the Financial Statement as at March 31, 2014

**34 Tax on Proposed Dividend**

In view of Section 115- O of the Income Tax Act, 1961, the Company has reduced its dividend tax liabilities to that extent dividend received / receivable from its subsidiary company. The Company has received the following dividend from Reliance Capital Assets Management Limited (RCAM):

	2013-14	2012-13
Date of proposed dividend	<b>April 28, 2014</b>	April 19, 2013
Dividend Declared	<b>173</b>	161
Dividend Distribution Tax	<b>29</b>	27
Company's share of dividend declared by RCAM	<b>113</b>	105
Dividend Distribution Tax thereon	<b>19</b>	18

(₹ in crore)

**35 Employees Stock Option Plans**

The Company operates two Employees 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 ₹ 64 crore (net of diminution ₹ 64 crore) [Previous year ₹ 64 crore (net of diminution ₹ 64 crore)] has been granted to Trust. Out of the said advance Trust has purchased 16,00,000 (Previous year 16,00,000) Equity Shares for the above purpose.

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

	Plan A	Plan B
Date of Grant	February 1, 2010	February 1, 2010
Prices of the Underlying Stock (₹)	790	790
Exercise / Strike Price (₹)	800	800

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

	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	546

The information covering stock options granted, exercised, forfeited and outstanding at the year end is as follows: (As certified by the management):

	No. of Stock Options			
	Plan A		Plan B	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Outstanding at the beginning of the year	1 70 620	3 47 900	2 52 460	3 50 100
Granted	Nil	Nil	Nil	Nil
Exercised	Nil	Nil	Nil	Nil
Lapsed / Forfeited / Surrendered	37 620	1 77 280	20 560	97 640
Outstanding at the end of the year	1 33 000	1 70 620	2 31 900	2 52 460
Exercisable at end of the year	1 33 000	58 980	1 19 300	37 420

**36 Employee benefits**

**a) Defined contribution plan**

Contribution to defined contribution plans, recognised as expense for the year is as under: (₹ in crore)

	2013-14	2012-13
Employer's contribution to provident fund	<b>4</b>	4
Employer's contribution to superannuation fund [₹ 18 94 997 (Previous year ₹ 18 15 991)]	-	-
Employer's contribution to pension scheme	<b>1</b>	1
	<b>5</b>	5

# Reliance Capital Limited

## Notes to the Financial Statement as at March 31, 2014

### b) Defined Benefit plans

The following tables summarise the components of the net employee benefit expenses recognised in the Statement of Profit and Loss, 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)	
	2013-14	2012-13	2013-14	2012-13
<b>I. Table showing change in</b>				
Liability at the beginning of the year	<b>5.54</b>	4.36	<b>3.84</b>	3.63
Interest cost	<b>0.44</b>	0.37	<b>0.30</b>	0.27
Current service cost	<b>1.09</b>	0.94	<b>0.85</b>	0.83
Benefit paid	<b>(1.20)</b>	(1.28)	<b>(0.41)</b>	(0.96)
Actuarial (gain)/loss on obligations	<b>(1.28)</b>	1.16	<b>(1.60)</b>	0.07
Liability at the end of the year	<b>4.60</b>	5.54	<b>2.98</b>	3.84
<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 year	<b>6.69</b>	4.35	-	-
Expected return on plan assets	<b>0.54</b>	0.37	-	-
Contributions	<b>0.03</b>	3.27	<b>0.41</b>	0.96
Benefit paid	<b>(1.20)</b>	(1.28)	<b>(0.41)</b>	(0.96)
Actuarial gain/(loss) on plan assets	<b>(0.07)</b>	(0.03)	-	-
Fair value of plan assets at the end of the year	<b>5.99</b>	6.69	-	-
Total actuarial gain/(loss) to be recognized	<b>1.21</b>	(1.18)	<b>1.60</b>	(0.07)
<b>III. Actual return on plan assets</b>				
Expected return on plan assets	<b>0.53</b>	0.37	-	-
Actuarial gain/(loss) on plan assets	<b>(0.07)</b>	(0.03)	-	-
Actual return on plan assets	<b>0.46</b>	0.34	-	-
<b>IV. Amount recognised in the balance sheet</b>				
Liability at the end of the year	<b>4.60</b>	5.54	<b>2.98</b>	3.84
Fair value of plan assets at the end of the year	<b>5.99</b>	6.69	-	-
Difference funded status	<b>1.39</b>	1.15	<b>(2.98)</b>	(3.84)
Unrecognised actual gain/(loss)	-	-	-	-
Amount recognised in the balance sheet (liability)	<b>1.39</b>	1.15	<b>(2.98)</b>	(3.84)
<b>V. Expenses recognised in the statement of profit and loss</b>				
Current service cost	<b>1.09</b>	0.94	<b>0.85</b>	0.83
Interest cost	<b>0.44</b>	0.36	<b>0.30</b>	0.27
Expected return on plan assets	<b>(0.53)</b>	(0.37)	-	-
Net actuarial (gain)/loss to be recognized	<b>(1.21)</b>	1.18	<b>(1.60)</b>	0.07
Expense recognised in statement of profit and loss	<b>(0.21)</b>	2.11	<b>(0.46)</b>	1.17
<b>VI. Amount recognised in the balance sheet</b>				
Opening net liability	<b>(1.15)</b>	0.01	<b>3.84</b>	3.63
Expense as above	<b>(0.21)</b>	2.11	<b>(0.46)</b>	1.17
Employers contribution paid	<b>(0.03)</b>	(3.27)	<b>(0.42)</b>	(0.96)
Closing net liability/(Assets)	<b>(1.39)</b>	(1.15)	<b>2.98</b>	3.84

Notes to the Financial Statement as at March 31, 2014

(₹ in crore)

Particulars	Gratuity benefit (funded)		Leave Encashment Benefit (Unfunded)	
	2013-14	2012-13	2013-14	2012-13
<b>VII. Assumptions</b>				
Discount rate	9.31%	8.00%	9.00%	8.00%
Rate of return on plan assets	9.31%	8.00%	-	-
Salary escalation rate	5.00%	5.00%	5.00%	5.00%

**VIII. Particulars of the amounts for the year and previous years**

	Gratuity for the year ended March 31				
	2014	2013	2012	2011	2010
Present value of benefit obligation	4.60	5.54	4.36	3.25	4.62
Fair value of plan assets	5.99	6.69	4.35	3.82	3.76
Excess of obligation over plan assets	(1.39)	(1.15)	0.01	(0.57)	0.86
<b>IX. Experience adjustment</b>					
Experience adjustment on plan assets gain / (loss)	(0.07)	(0.03)	(0.25)	(0.09)	0.23
Experience adjustment on plan liabilities (gain) / loss	(0.77)	0.72	0.58	(0.51)	0.58

**Notes:**

- i) The above figures are shown in rupees in crore with two decimals to be more representative.
- ii) The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.
- iii) General descriptions of defined benefit 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.

**37 Segment reporting**

As per paragraph 4 of Accounting Standard (AS - 17), on "Segment Reporting" notified by the Companies (Accounting Standards) 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. 41 of the consolidated financial statements.

**38 Related party disclosures**

**A. List of Related Parties and their relationship:**

- i) **Holding Company**  
Reliance Innoventures Private Limited
- ii) **Subsidiary of Holding Company**  
AAA Enterprises Private Limited

# Reliance Capital Limited

## Notes to the Financial Statement as at March 31, 2014

### iii) Individual Promoter

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

### iv) Subsidiaries

1	Reliance Capital Asset Management Limited	22	Reliance Financial Advisory Services Limited (formerly Reliance Investment Banking Services Limited) (ceased w.e.f. March 29, 2014)
2	Reliance Capital Asset Management (UK) Plc	23	Reliance Wealth Management Limited
3	Reliance Asset Management (Malaysia) SDN BHD	24	Reliance Money Express Limited
4	Reliance Asset Management (Mauritius) Limited	25	Reliance Money Precious Metals Private Limited
5	Reliance Asset Management (Singapore) Pte. Limited	26	Reliance Money Solutions Private Limited (w.e.f. December 2, 2013)
6	Reliance Capital Pension Fund Limited	27	Reliance Venture Asset Management Private Limited (ceased w.e.f. March 29, 2014)
7	Reliance AIF Management Company Limited (w.e.f. September 30, 2013)	28	Reliance Capital (Singapore) Pte Limited (ceased w.e.f. March 26, 2014)
8	Reliance Capital Trustee Co. Limited	29	Reliance Capital AIF Trustee Company Private Limited (w.e.f. April 11, 2013)
9	Reliance General Insurance Company Limited	30	Quant Capital Private Limited
10	Reliance Gilts Limited	31	Quant Broking Private Limited
11	Reliance Home Finance Limited	32	Quant Capital Advisors Private Limited
12	Reliance Equity Advisors (India) Limited	33	Quant Securities Private Limited
13	Reliance Consultants (Mauritius) Limited	34	Quant Commodity Broking Private Limited
14	Reliance Alternative Investments Services Private Limited	35	Quant Commodities Private Limited
15	Reliance Exchangenext Limited	36	Quant Investments Services Private Limited
16	Reliance Spot Exchange Infrastructure Limited	37	QOPPA Trading Private Limited (ceased w.e.f. March 26, 2014)
17	Indian Agri Services Private Limited	38	QCAP Trade Private Limited (ceased w.e.f. March 26, 2014)
18	Reliance Securities Limited	39	Quant Alternative Asset Management Private Limited (ceased w.e.f. March 26, 2014)
19	Reliance Composite Insurance Broking Limited	40	Quant Capital Finance and Investments Private Limited
20	Reliance Commodities Limited	41	Quant Capital Securities Private Limited (w.e.f. August 22, 2013) (ceased w.e.f. March 26, 2014)
21	Reliance Financial Limited	42	QCAP Securities Private Limited (w.e.f. August 22, 2013) (ceased w.e.f. March 26, 2014)

### v) Partnership firm

Reliance Capital Partners

### vi) Associates

1	Ammolite Holdings Limited	4	Reliance Land Private Limited
2	Indian Commodity Exchange Limited	5	Reliance Life Insurance Company Limited
3	Reliance Asset Reconstruction Company Limited	6	Reliance Share & Stock Brokers Private Limited

### vii) Fellow subsidiaries

1	AAA Entertainment Private Limited	7	Reliance Globalcom Limited
2	Big Flicks Private Limited	8	Reliance Communications Limited
3	Zapak Mobile Games Private Limited (formerly Jump Games Private Limited)	9	Reliance Infocomm Infrastructure Limited
4	Reliance Big Entertainment Private Limited	10	Reliance Webstore Limited
5	Reliance Communications Infrastructure Limited	11	Zapak Digital Entertainment Limited
6	Reliance Infratel Limited		

Notes to the Financial Statement as at March 31, 2014

viii) **Key management personnel**

Shri V. R. Mohan – President & Company Secretary

**B. Other related parties with whom transactions have taken place during the year**

i) Enterprise over which individual described in clause A (iii) above has control

Reliance Power Limited

Reliance Cleangen Limited

Jharkhand Integrated Power Limited

**C. Transactions during the year with related parties:**

Particulars					(₹ in crore)
	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
<b>Debentures</b>					
a) Issued during the year	9	-	-	-	9
	(85)	(-)	(15)	(-)	(100)
b) Redeemed during the year	85	-	-	-	85
	(157)	(-)	(-)	(-)	(157)
c) Balance as at March 31, 2014	126	-	50	-	176
	(166)	(-)	(40)	(-)	(206)
d) Accrued interest on debentures as at March 31, 2014	9	-	1	-	10
	(10)	(-)	(1)	(-)	(11)
<b>Loans Taken</b>					
a) Taken during the year	200	-	-	-	200
	(-)	(-)	(-)	(-)	(-)
b) Returned during the year	450	-	-	-	450
	(80)	(-)	(-)	(-)	(80)
c) Balance as at March 31, 2014	450	-	-	-	450
	(700)	(-)	(-)	(-)	(700)
<b>Commercial Paper</b>					
a) Issued during the year	-	-	-	-	-
	(-)	(-)	(527)	(-)	(527)
b) Repaid during the year	-	-	300	-	300
	(-)	(-)	(750)	(-)	(750)
c) Balance as at March 31, 2014	-	-	-	-	-
	(-)	(-)	(271)	(-)	(271)
<b>Investments</b>					
a) Subscribed/Purchased during the year	54	-	-	-	54
	(454)	(23)	(-)	(-)	(477)
b) Redeemed / Sale during the year	27	-	-	-	27
	(302)	(-)	(-)	(-)	(302)
c) Balance as at March 31, 2014	2 688	1 293	5 388	-	9 369
[Net of provision ₹ 101 crore (Previous year ₹ 125 crore)]	(2 708)	(1 230)	(5 397)	(-)	(9 335)
<b>Partnership Current Accounts</b>					
a) Withdrawal during the year (Net)	-	-	-	150	150
	(-)	(-)	(-)	(140)	(140)
b) Profit / (Loss) of Partnership firm during the year	-	-	-	15	15
	(-)	(-)	(-)	(9)	(9)
c) Balance as at March 31, 2014	-	-	-	410	410
	(-)	(-)	(-)	(544)	(544)
<b>Interest / Finance income accrued on Investment</b>					
a) Balance as at March 31, 2014	-	530	225	-	755
	(-)	(410)	(166)	(-)	(576)
<b>Loans Given</b>					
a) Given during the year	190	1 278	674	-	2 142
	(443)	(749)	(11)	(-)	(1 203)
b) Returned /Adjusted during the year	220	1 024	284	-	1 528
	(495)	(230)	(13)	(-)	( 738)
c) Balance as at March 31, 2014	32	837	424	-	1 293
[Net of provision ₹ 7 crore (Previous year ₹ 7 crore)]	(62)	(583)	(32)	(-)	(677)
d) Assignment of Loans	-	-	-	-	-
	(25)	(-)	(-)	(-)	(25)
e) Interest accrued on Loans (*₹ 25 38 345)	-	9	25	-	34
	(*)	(-)	(-)	(-)	(*)
<b>Advances</b>					
a) Balance as at March 31, 2014 (*₹ 2 67 733)	1	1	-	-	2
	(92)	(2)	(-*)	(-)	(94)
<b>Trade payables</b>					
a) Balance as at March 31, 2014	*	-	-	-	*
* [₹ 2 30 458 (**Previous year ₹ 4 79 830)]	(**)	(-)	(-)	(-)	(**)

# Reliance Capital Limited

## Notes to the Financial Statement as at March 31, 2014

Particulars					(₹ in crore)
	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
<b>Income</b>					
a) Interest & Finance Income (including Premium on Preference Shares)	3 (4)	228 (148)	85 (63)	- (-)	316 (215)
b) Rent (* ₹ 5 25 000)	* (-)	1 (1)	- (-)	- (-)	1 (1)
c) Dividend Income	105 (105)	1 (1)	23 (19)	- (-)	129 (125)
d) Reimbursement of Expenditure (Previous year ₹ 23 25 359)	19 (13)	1 (*)	5 (5)	- (-)	25 (18)
e) Management Fees	15 (15)	- (-)	6 (6)	- (-)	21 (21)
f) Income transferred as per Business Transfer Agreement	1 (3)	- (-)	- (-)	- (-)	1 (3)
g) Processing fees	- (-)	- (2)	- (-)	- (-)	- (2)
<b>Expenditure</b>					
a) Finance cost	68 (98)	- (-)	9 (39)	- (-)	77 (137)
b) Insurance *(Previous year ₹ 66 29 083)	1 (*)	- (-)	1 (*)	- (-)	2 (*)
c) Brokerage paid during the year [*₹ 17 38 384 (Previous year **₹ 38 98 504)]	* (**)	- (-)	- (-)	- (-)	* (**)
d) Expenses transferred as per Business Transfer Agreement	2 (3)	- (-)	- (-)	- (-)	2 (3)
e) Reimbursement of Expenditure [*₹ 25 91 716]	* (3)	- (-)	1 (1)	- (-)	1 (4)
f) Provision / (Reversal) for diminution in value of investments	53 (21)	(77) (77)	- (-)	- (-)	(24) (56)
g) Provision / (Reversal) for NPA, doubtful debts and balances written off	(1) (7)	- (-)	- (18)	- (-)	(1) (25)
<b>Contingent Liability</b>					
a) Guarantees to Banks and Financial Institutions on behalf of third parties	12 (5)	100 (50)	90 (82)	- (-)	202 (137)
<b>Shares given as collateral</b>					
a) Shares given as collateral	9 (63)	- (-)	- (-)	- (-)	9 (63)

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

Particulars					(₹ in crore)
	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
<b>Debentures</b>					
a) Issued during the year					
i) Reliance Securities Limited	9 (85)	- (-)	- (-)	- (-)	9 (85)
ii) Reliance Life Insurance Company Limited	- (-)	- (-)	- (15)	- (-)	- (15)
b) Redeemed during the year					
i) Reliance Securities Limited	85 (80)	- (-)	- (-)	- (-)	85 (80)
ii) Reliance General Insurance Company Limited	- (77)	- (-)	- (-)	- (-)	- (77)
c) Balance as at March 31, 2014					
i) Reliance Securities Limited	26 (86)	- (-)	- (-)	- (-)	26 (86)
ii) Reliance Life Insurance Company Limited	- (-)	- (-)	50 (40)	- (-)	50 (40)
iii) Reliance General Insurance Company Limited	100 (80)	- (-)	- (-)	- (-)	100 (80)
d) Interest accrued on debentures as at March 31, 2014					
i) Reliance Securities Limited	4 (5)	- (-)	- (-)	- (-)	4 (5)



Notes to the Financial Statement as at March 31, 2014

						(₹ in crore)
Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total	
ii) Reliance Life Insurance Company Limited	-	-	1	-	1	
	(-)	(-)	(-)	(-)	(-)	
iii) Reliance General Insurance Company Limited	5	-	-	-	5	
	(5)	(-)	(-)	(-)	(5)	
<b>Loans Taken</b>						
a) Taken during the year						
i) Reliance Capital Asset Management Limited	200	-	-	-	200	
	(-)	(-)	(-)	(-)	(-)	
b) Returned during the year						
i) Reliance Capital Asset Management Limited	450	-	-	-	450	
	(80)	(-)	(-)	(-)	( 80)	
c) Balance as at March 31, 2014						
i) Reliance Capital Asset Management Limited	450	-	-	-	450	
	(700)	(-)	(-)	(-)	( 700)	
<b>Commercial Papers</b>						
a) Issued during the year						
i) Reliance Life Insurance Company Limited	-	-	-	-	-	
	(-)	(-)	(527)	(-)	(527)	
b) Repaid during the year						
i) Reliance Life Insurance Company Limited	-	-	300	-	300	
	(-)	(-)	(750)	(-)	(750)	
c) Balance as at March 31, 2014						
i) Reliance Life Insurance Company Limited	-	-	-	-	-	
	(-)	(-)	(271)	(-)	(271)	
<b>Investments</b>						
a) Subscribed / Purchased during the year						
i) Reliance General Insurance Company Limited	-	-	-	-	-	
	(155)	(-)	(-)	(-)	(155)	
ii) Reliance Home Finance Limited	-	-	-	-	-	
	(291)	(-)	(-)	(-)	(291)	
iii) AAA Entertainment Private Limited	-	-	-	-	-	
	(-)	(23)	(-)	(-)	(23)	
iv) Quant Capital Private Limited	50	-	-	-	50	
	(-)	(-)	(-)	(-)	(-)	
b) Redeemed / Sale during the year						
i) Reliance Home Finance Limited	-	-	-	-	-	
	(291)	(-)	(-)	(-)	(291)	
ii) Indian Agri Services Private Limited	9	-	-	-	9	
	(-)	(-)	(-)	(-)	(-)	
iii) Reliance Money Express Limited	4	-	-	-	4	
	(-)	(-)	(-)	(-)	(-)	
iv) Reliance Capital (Singapore) Pte Limited	9	-	-	-	9	
	(-)	(-)	(-)	(-)	(-)	
c) Balance as at March 31, 2014						
i) Reliance General Insurance Company Limited	1 717	-	-	-	1 717	
	(1 717)	(-)	(-)	(-)	(1 717)	
ii) Reliance Land Private Limited	-	-	481	-	481	
	(-)	(-)	( 486)	(-)	(486)	
iii) Reliance Home Finance Limited	321	-	-	-	321	
	(321)	(-)	(-)	(-)	(321)	
iv) Reliance Share & Stock Brokers Private Limited	-	-	81	-	81	
	(-)	(-)	( 86)	(-)	(86)	
v) Reliance Big Entertainment Private Limited	-	1 000	-	-	1 000	
	(-)	(1 000)	(-)	(-)	(1 000)	
vi) Reliance Communications Limited	-	293	-	-	293	
	(-)	(230)	(-)	(-)	(230)	
vii) Reliance Asset Reconstruction Company Limited	-	-	49	-	49	
	(-)	(-)	( 49)	(-)	(49)	
viii) Ammolite Holdings Limited* [Net of Provision ₹ 29 crore (Previous year ₹ 29 crore)]	-	-	*	-	*	
	(-)	(-)	(*)	(-)	(*)	
ix) Reliance Securities Limited	150	-	-	-	150	
	(150)	(-)	(-)	(-)	(150)	
x) Quant Capital Private Limited	250	-	-	-	250	
	(200)	(-)	(-)	(-)	(200)	

# Reliance Capital Limited

## Notes to the Financial Statement as at March 31, 2014

						(₹ in crore)
Particulars		Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
xii)	Reliance Exchangenext Limited* [Net of Provision ₹ 69 crore (Previous year ₹ 19 crore)]	(50)	(-)	(-)	(-)	(50)
xiii)	Reliance Life Insurance Company Limited	(-)	(-)	4 776 (4 776)	(-)	4 776 (4 776)
	Reliance Capital Asset Management Limited	184 (184)	(-)	(-)	(-)	184 (184)
<b>Partnership Current Accounts</b>						
a)	Withdrawal during the year (Net)					
i)	Reliance Capital Partners	(-)	(-)	(-)	150 (140)	150 (140)
b)	Profit / (Loss) of Partnership firm during the year					
i)	Reliance Capital Partners	(-)	(-)	(-)	15 (-9)	15 (-9)
c)	Balance as at March 31, 2014					
i)	Reliance Capital Partners	(-)	(-)	(-)	410 (544)	410 (544)
<b>Interest / Finance income accrued on investment</b>						
a)	Balance as at March 31, 2014					
i)	Reliance Land Private Limited	(-)	(-)	225 (166)	(-)	225 (166)
ii)	Reliance Big Entertainment Private Limited	(-)	530 (410)	(-)	(-)	530 (410)
<b>Loans Given</b>						
a)	Given during the year					
i)	Reliance Land Private Limited	(-)	(-)	579 (11)	(-)	579 (11)
ii)	Reliance Financial Limited	20 (40)	(-)	(-)	(-)	20 (40)
iii)	Quant Capital Private Limited	(50)	(-)	(-)	(-)	(50)
iv)	Zapak Digital Entertainment Limited	(-)	(-)	(-)	(-)	(-)
v)	Zapak Mobile Games Private Limited	(-)	(2)	(-)	(-)	(2)
vi)	Reliance Securities Limited	(-)	(4)	(-)	(-)	(4)
vii)	Quant Commodities Private Limited	(50)	(-)	(-)	(-)	(50)
viii)	Reliance Home Finance Limited	(100)	(-)	(-)	(-)	(100)
ix)	Reliance Big Entertainment Private Limited	170 (-)	(-)	(-)	(-)	170 (-)
x)	Reliance Equities International Private Limited	(-)	1 028 (743)	(-)	(-)	1 028 (743)
xi)	Reliance Infratel Limited	(186)	(-)	(-)	(-)	(186)
		(-)	250 (-)	(-)	(-)	250 (-)
b)	Returned/Adjusted during the year					
i)	Reliance Land Private Limited	(-)	(-)	275 (-)	(-)	275 (-)
ii)	Reliance Financial Limited	20 (40)	(-)	(-)	(-)	20 (40)
iii)	Reliance Asset Reconstruction Company Limited	(-)	(-)	1 (4)	(-)	1 (4)
iv)	Quant Broking Private Limited	30 (16)	(-)	(-)	(-)	30 (16)
v)	Quant Commodities Private Limited	(100)	(-)	(-)	(-)	(100)
vi)	Quant Capital Private Limited	(50)	(-)	(-)	(-)	(50)
vii)	Reliance Securities Limited	(-)	(-)	(-)	(-)	(-)
viii)	Reliance Home Finance Limited	(103)	(-)	(-)	(-)	(103)
		170 (-)	(-)	(-)	(-)	170 (-)

Notes to the Financial Statement as at March 31, 2014

						(₹ in crore)
Particulars		Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
ix)	Reliance Big Entertainment Private Limited	-	768	-	-	768
		(-)	(205)	(-)	(-)	(205)
x)	Reliance Life Insurance Company Limited	-	-	-	-	-
		(-)	(-)	(9)	(-)	(9)
xi)	Reliance Equities International Private Limited	-	-	-	-	-
		(186)	(-)	(-)	(-)	(186)
xii)	Reliance Infratel Limited	-	250	-	-	250
		(-)	(-)	(-)	(-)	(-)
c)	Balance as at March 31, 2014					
i)	Reliance Land Private Limited	-	-	329	-	329
		(-)	(-)	(24)	(-)	(24)
ii)	Reliance Equity Advisors (India) Limited	32	-	-	-	32
		(32)	(-)	(-)	(-)	(32)
iii)	Quant Broking Private Limited	-	-	-	-	-
		(30)	(-)	(-)	(-)	(30)
iv)	Zapak Digital Entertainment Limited	-	-	-	-	-
		(-)	(2)	(-)	(-)	(2)
v)	Zapak Mobile Games Private Limited	-	-	-	-	-
		(-)	(4)	(-)	(-)	(4)
vi)	Reliance Asset Reconstruction Company Limited	-	-	-	-	-
		(-)	(-)	(1)	(-)	(1)
vii)	Reliance Exchangenext Limited [Net of Provision ₹ 7 crore (Previous year ₹ 7 crore)]	*	-	-	-	*
		(*)	(-)	(-)	(-)	(*)
viii)	Reliance Big Entertainment Private Limited	-	837	-	-	837
		(-)	(576)	(-)	(-)	(576)
ix)	Reliance Share & Stock Brokers Private Limited	-	-	95	-	95
		(-)	(-)	(-)	(-)	(-)
x)	Reliance Life Insurance Company Limited	-	-	-	-	-
		(-)	(-)	(7)	(-)	(7)
d)	Assignment of Loans					
i)	Reliance Home Finance Limited	-	-	-	-	-
		(25)	(-)	(-)	(-)	(25)
e)	Interest accrued on loans					
i)	Reliance Big Entertainment Private Limited	-	9	-	-	9
		(-)	(-)	(-)	(-)	(-)
ii)	Reliance Land Private Limited	-	-	24	-	24
		(-)	(-)	(-)	(-)	(-)
<b>Advances</b>						
a)	Balance as at March 31, 2014					
i)	Reliance Securities Limited (* ₹ 42 79 000)	*	-	-	-	*
		(3)	(-)	(-)	(-)	(3)
ii)	Reliance General Insurance Company Limited (# ₹ 15 14 460)	#	-	-	-	#
		(1)	(-)	(-)	(-)	(1)
iii)	Quant Capital Private Limited (@ ₹ 16 16 790)	@	-	-	-	@
		(50)	(-)	(-)	(-)	(50)
iv)	Quant Broking Private Limited	-	-	-	-	-
		(38)	(-)	(-)	(-)	(38)
v)	Reliance Communications Infrastructure Limited (including capital advance)	-	-	-	-	-
		(-)	(2)	(-)	(-)	(2)
vi)	Reliance Life Insurance Company Limited (₹ 2 67 733)	-	-	-	-	-
		(-)	(-)	(*)	(-)	(*)
vii)	Reliance Communications Limited	-	1	-	-	1
		(-)	(-)	(-)	(-)	(-)
<b>Trade Payable</b>						
a)	Trade payables as at March 31, 2014					
i)	Big Flicks Private Limited [* ₹ 4 29 830]	-	-	-	-	-
		(-)	(*)	(-)	(-)	(*)
ii)	Reliance Home Finance Limited [** ₹ 2 30 458]	**	-	-	-	**
		(-)	(-)	(-)	(-)	(-)
<b>Income</b>						
a)	Interest & Finance Income (including Premium on Preference Shares)					
i)	Reliance Home Finance Limited	1	-	-	-	1
		(-)	(-)	(-)	(-)	(-)

# Reliance Capital Limited

## Notes to the Financial Statement as at March 31, 2014

						(₹ in crore)
Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total	
ii) Quant Capital Private Limited	-	-	-	-	-	-
	(1)	(-)	(-)	(-)	(-)	(1)
iii) Reliance Land Private Limited	-	-	<b>84</b>	-	-	<b>84</b>
	(-)	(-)	(61)	(-)	(-)	( 61)
iv) Quant Broking Private Limited	<b>2</b>	-	-	-	-	<b>2</b>
	(3)	(-)	(-)	(-)	(-)	( 3)
v) Reliance Big Entertainment Private Limited	-	<b>224</b>	-	-	-	<b>224</b>
	(-)	(148)	(-)	(-)	(-)	( 148)
b) Rent						
i) Reliance Communications Infrastructure Limited	-	<b>1</b>	-	-	-	<b>1</b>
	(-)	(1)	(-)	(-)	(-)	(1)
ii) Reliance General Insurance Company Limited (# ₹ 5 25 000)	<b>#</b>	-	-	-	-	<b>#</b>
	(-)	(-)	(-)	(-)	(-)	(-)
c) Dividend Income						
i) Reliance Capital Asset Management Limited	<b>105</b>	-	-	-	-	<b>105</b>
	(105)	(-)	(-)	(-)	(-)	(105)
ii) Reliance Communications Limited	-	<b>1</b>	-	-	-	<b>1</b>
	(-)	(1)	(-)	(-)	(-)	(1)
iii) Reliance Life Insurance Company Limited	-	-	<b>23</b>	-	-	<b>23</b>
	(-)	(-)	(19)	(-)	(-)	(19)
d) Reimbursement of Expenditure						
i) Reliance General Insurance Company Limited	<b>6</b>	-	-	-	-	<b>6</b>
	(3)	(-)	(-)	(-)	(-)	(3)
ii) Reliance Communications Infrastructure Limited *[₹ 4 01 188 (Previous year ₹ 23 25 359)]	-	<b>*</b>	-	-	-	<b>*</b>
	(-)	(*)	(-)	(-)	(-)	(*)
iii) Reliance Asset Reconstruction Company Limited *(₹ 24 06 000)	-	-	<b>1</b>	-	-	<b>1</b>
	(-)	(-)	(*)	(-)	(-)	(*)
iv) Reliance Capital Asset Management Limited	<b>2</b>	-	-	-	-	<b>2</b>
	( 2)	(-)	(-)	(-)	(-)	(2)
v) Reliance Securities Limited	<b>2</b>	-	-	-	-	<b>2</b>
	(1)	(-)	(-)	(-)	(-)	(1)
vi) Reliance Home Finance Limited	<b>9</b>	-	-	-	-	<b>9</b>
	(7)	(-)	(-)	(-)	(-)	(7)
vii) Reliance Life Insurance Company Limited	-	-	<b>5</b>	-	-	<b>5</b>
	(-)	(-)	(5)	(-)	(-)	(5)
e) Management Fees						
i) Reliance General Insurance Company Limited	<b>6</b>	-	-	-	-	<b>6</b>
	(6)	(-)	(-)	(-)	(-)	(6)
ii) Reliance Capital Asset Management Limited	<b>6</b>	-	-	-	-	<b>6</b>
	(6)	(-)	(-)	(-)	(-)	(6)
iii) Reliance Home Finance Limited	<b>3</b>	-	-	-	-	<b>3</b>
	(3)	(-)	(-)	(-)	(-)	(3)
iv) Reliance Life Insurance Company Limited	-	-	<b>6</b>	-	-	<b>6</b>
	(-)	(-)	(6)	(-)	(-)	(6)
f) Income transferred as per Business Transfer Agreement						
i) Reliance Home Finance Limited	<b>1</b>	-	-	-	-	<b>1</b>
	(3)	(-)	(-)	(-)	(-)	(3)
g) Processing fees						
i) Reliance Big Entertainment Private Limited	-	-	-	-	-	-
	(-)	(2)	(-)	(-)	(-)	(2)
<b>Expenditure</b>						
a) Finance cost						
i) Reliance Securities Limited	<b>4</b>	-	-	-	-	<b>4</b>
	(9)	(-)	(-)	(-)	(-)	(9)
ii) Reliance Capital Asset Management Limited	<b>54</b>	-	-	-	-	<b>54</b>
	(82)	(-)	(-)	(-)	(-)	(82)
iii) Reliance Life Insurance Company Limited	-	-	<b>9</b>	-	-	<b>9</b>
	(-)	(-)	(39)	(-)	(-)	(39)
iv) Reliance General Insurance Company Limited	<b>9</b>	-	-	-	-	<b>9</b>
	(-)	(-)	(-)	(-)	(-)	(-)
b) Insurance						
i) Reliance General Insurance Company Limited (Previous year ₹ 22 52 222)	<b>1</b>	-	-	-	-	<b>1</b>
	(*)	(-)	(-)	(-)	(-)	(*)
ii) Reliance Life Insurance Company Limited (Previous year ₹ 43 76 861)	-	-	<b>1</b>	-	-	<b>1</b>
	(-)	(-)	(*)	(-)	(-)	(*)

Notes to the Financial Statement as at March 31, 2014

Particulars					(₹ in crore)
	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
c) Brokerage paid during the year					
i) Reliance Securities Limited	*	-	-	-	*
[*₹ 17 38 384 (Previous year ** ₹ 38 98 504)]	(**)	(-)	(-)	(-)	(**)
d) Expenses transferred as per Business Transfer Agreement					
i) Reliance Home Finance Limited	2	-	-	-	2
	(3)	(-)	(-)	(-)	(3)
e) Reimbursement of Expenditure					
i) Reliance Land Private Limited *(₹ 31 04 530)	-	-	*	-	*
	(-)	(-)	(1)	(-)	(1)
ii) Reliance Home Finance Limited [*₹ 25 91 716]	*	-	-	-	*
	(3)	(-)	(-)	(-)	(3)
f) Provision / (Reversal) for diminution in value of investments					
i) Reliance Exchangenext Limited	50	-	-	-	50
	(19)	(-)	(-)	(-)	(19)
ii) Reliance Communications Limited	-	(77)	-	-	(77)
	(-)	(77)	(-)	(-)	(77)
iii) Reliance Equities International Private Limited	-	-	-	-	-
	(-40)	(-)	(-)	(-)	(-40)
g) Provision / (Reversal) for NPA, doubtful debts and balances written off					
i) Reliance Exchangenext Limited	(1)	-	-	-	(1)
	(7)	(-)	(-)	(-)	(7)
ii) Ammolite Holdings Limited	-	-	-	-	-
	(-)	(-)	(18)	(-)	(18)
<b>Contingent Liability</b>					
a) Guarantees to Banks and Financial Institutions on behalf of third parties					
i) Reliance Money Precious Metals Private Limited	12	-	-	-	12
	(5)	(-)	(-)	(-)	(5)
ii) Ammolite Holdings Limited	-	-	90	-	90
	(-)	(-)	(82)	(-)	(82)
iii) Reliance Big Entertainment Private Limited	-	100	-	-	100
	(-)	(50)	(-)	(-)	(50)
<b>Shares given as collateral</b>					
a) Reliance Securities Limited	9	-	-	-	9
	(63)	(-)	(-)	(-)	(63)

**Key Managerial Personnel**

a) Shri V. R. Mohan

-Employee benefit expenses ₹ 69 78 220 (Previous year ₹ 69 99 996)

-Loan given balance as at March 31, 2014 ₹ 4 20 951 (Previous year ₹ 4 35 351)

**Enterprise over which individual described in clause A(iii) above has control**

	(₹ in crore)		
	Reliance Power Limited #	Reliance Cleangen Limited	Jharkhand Integrated Power Limited
Investment balance as at March 31, 2014	3	-	-
	(3)	(-)	(-)
Loan & Advance given during the year	-	530	75
	(-)	(-)	(-)
Loan & Advance repaid during the year	-	530	75
	(-)	(-)	(-)
Loan & Advance given balance as at March 31, 2014	-	*	-
(* ₹ 45 96 993)	(-)	(-)	(-)
Interest & Finance Income during the year	-	4	*
* ₹ 27 23 658	(-)	(-)	(-)
# Reimbursement of expenditure ₹ Nil (Previous year ₹ 1 06 120)			

**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) The above discloses transactions entered during the period of existence of related party relationship. The balances and transactions are not disclosed before existence of related party relationship and after cessation of related party relationship.

# Reliance Capital Limited

## Notes to the Financial Statement as at March 31, 2014

- iv) In addition to the above, Commission of ₹ Nil (Previous year ₹ Nil) and Director Sitting Fees of ₹ 80 000 (Previous year ₹ 1 20 000) has been paid to Shri Anil D. Ambani, an individual having control.
- v) The Company has, during the year, sold part of its holding in unlisted equity shares of: Reliance Land Private Limited representing 45% stake (No. of shares 45 00 000, carrying value ₹ 4 crore) and Reliance Share & Stock Brokers Private Limited representing 45% stake (No. of shares 45 00 000, carrying value ₹ 4 crore). Considering that these shares were sold to Company's wholly owned subsidiaries and do not impact the economic interests of the Company's shareholders, the consideration for the sale were fixed at a price equal to or slightly above their cost and not at their fair values (not ascertained) which are significantly higher.

### 39 Leases

Details of future minimum lease receivables are as under:

Particulars	(₹ in crore)	
	2013-14	2012-13
Within one year of the balance sheet date	25	24
Due in a period between one year and five years	34	42
Due after five years [₹ 1 79 739 (Previous year ₹ 26 00 000)]	-	-

### 40 Basic and diluted earnings per share

The computation of earnings per share is set out below:

Particulars	(₹ in crore)	
	2013-14	2012-13
a) Amounts used as the numerators		
Net Profit after tax	409	662
Net Profit attributable to equity shareholders	409	662
b) Weighted average number of equity shares	24 56 32 800	24 56 32 800
c) Basic earnings per share of face value ₹ 10 each (₹)	16.67	26.95
d) Diluted earnings per share of face value ₹ 10 each (₹)	16.67	26.95

- 41 During the previous year Nippon Life Insurance Company (NLIC) has acquired 26% equity shareholding in Reliance Capital Asset Management Company Limited (RCAM). The Company has waived its entitlement of bonus shares issued by RCAM.

### 42 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.

Particulars	(₹ in crore)			
	Outstanding Balance		Maximum Balance outstanding	
	March 31, 2014	March 31, 2013	2013-14	2012-13
i) Loans and advances in the nature of loans to subsidiaries				
a) Reliance Equity Advisors (India) Limited	32	32	32	32
b) Reliance Securities Limited	-	-	-	50
c) Reliance Financial Limited	-	-	20	40
d) Quant Broking Private Limited	-	30	30	51
e) Quant Commodities Private Limited	-	-	-	100
f) Reliance Exchangenext Limited [Net of Provision of ₹ 7 crore (Previous year ₹ 7 crore) as on March 31, 2014]	-	-	-	8
g) Quant Capital Private Limited	-	-	-	50
h) Reliance Home Finance Limited	-	-	170	-
ii) Loans and advances in the nature of loans to associates				
a) Reliance Asset Reconstruction Company Limited	-	1	1	5
b) Reliance Land Private Limited	329	24	365	24
c) Reliance Share & Stock Brokers Private Limited	95	7	95	16
iii) Loans and advances in the nature of loans where there is				
a) No repayment schedule or repayment beyond seven years				
Reliance Land Private Limited	-	24	24	24
b) No interest or interest below Section 372A of the Companies Act, 1956.	Not Applicable pursuant to provision of section 372A (8) (a) (iii) of the Companies Act, 1956			

Notes to the Financial Statement as at March 31, 2014

(₹ in crore)

Particulars	Outstanding Balance		Maximum Balance outstanding	
	March 31, 2014	March 31, 2013	2013-14	2012-13
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.	No. of shares		Amount in ₹	
	-	-	-	-

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

**(i) Liability side**

(₹ in crore)

Particulars	Amount Outstanding		Amount Overdue	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
1) Loans and advances availed by NBFC inclusive of interest accrued thereon but not paid				
a) Debentures (Other than falling within the meaning of public deposits)				
i) Secured [inclusive of ₹ 421 crore (Previous year ₹ 248 crore) interest accrued thereon]	8 321	6 664	-	-
ii) Unsecured [inclusive of ₹ 57 crore (Previous year ₹ 52 crore) interest accrued thereon]	1 230	1 051	-	-
b) Deferred credits	-	-	-	-
c) Term loans	8 133	9 018	-	-
d) Inter-corporate loans and borrowing	450	710	-	-
e) Commercial paper	4 653	3 649	-	-
f) Other loans				
i) Cash credit from banks	650	41	-	-
2) Break up of loans and advances including bills receivable other than those included in (3) below (Gross Amount)(Refer Note (b) below)				
a) Secured			13 540	10 620
b) Unsecured			4 691	6 376
<b>Total</b>			<b>18 231</b>	<b>16 996</b>

**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 and other loans and advances are secured by way of hypothecation and / or pledging of the underlying asset.
- b) In case of loans & advances given in para (2) above, Provision for NPA & Doubtful Debts is ₹ 57 crore (Previous year ₹ 76 crore)

**(ii) Assets side**

Particulars	Amount Outstanding	
	March 31, 2014	March 31, 2013
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)	67	59
4) Break up of investments [(Amount net of provisions of ₹ 412 crore (Previous year ₹ 448 crore))]		
a) Current investments		
1) Quoted		
i) Shares		
a) Equity (stock-in trade)	-	-
b) Preference	-	10
ii) Units of mutual fund	283	140

# Reliance Capital Limited

## Notes to the Financial Statement as at March 31, 2014

2) Unquoted		
i) Others		
- Debentures and Bonds	<b>6</b>	128
- Pass Through Certificates	<b>43</b>	88
- Reliance Capital Partners	<b>135</b>	-
b) Long term investments		
1) Quoted		
i) Shares		
a) Equity	<b>693</b>	640
b) Preference	-	-
ii) Debentures and bonds	-	-
iii) Government securities	-	-
2) Unquoted		
i) Shares		
a) Equity	<b>7 798</b>	7 794
b) Preference	<b>2 896</b>	3 227
ii) Debentures and bonds	<b>1 147</b>	859
iii) Units of Mutual fund	-	-
iv) Government of India securities ₹ 45 000 (Previous year ₹ 45 000)	-	-
v) Others		
a) Pass Through Certificates & Security Receipts	<b>9</b>	9
b) Units of Private Equity/Seed Fund	<b>200</b>	151
c) Reliance Capital Partners	<b>275</b>	544
d) Investments in joint venture	<b>85</b>	85
<b>Total</b>	<b>13 570</b>	<b>13 675</b>

- 5) Borrower group-wise classification of assets financed as in (2) and (3) above:  
[Amount net of provisions of ₹ 57 crore (Previous year ₹ 76 crore)]

Particulars	(₹ in crore)					
	Secured		Unsecured		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
a) Related parties						
1) Subsidiaries	-	-	<b>33</b>	154	<b>33</b>	154
2) Companies in the same group - Associates	<b>328</b>	7	<b>95</b>	25	<b>423</b>	32
3) Other related parties	<b>187</b>	149	<b>651</b>	435	<b>838</b>	584
b) Other than related parties	<b>13 042</b>	10 528	<b>3 905</b>	5 681	<b>16 947</b>	16 209
<b>Total</b>	<b>13 557</b>	10 684	<b>4 684</b>	6 295	<b>18 241</b>	16 979

- 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 ₹ 412 crore (Previous Year ₹ 448 crore)]

Particulars	(₹ in crore)			
	Market value / Fair Value or NAV		Book Value (Net of provisions)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
a) Related parties				
1) Subsidiaries	<b>2 688</b>	2 708	<b>2 688</b>	2 708
2) Companies in the same group - Associates	<b>5 388</b>	5 397	<b>5 388</b>	5 397
3) Other related parties	<b>1 412</b>	1 197	<b>1 296</b>	1 233
b) Other than related parties	<b>4 304</b>	4 248	<b>4 198</b>	4 337
<b>Total</b>	<b>13 792</b>	13 550	<b>13 570</b>	13 675



Notes to the Financial Statement as at March 31, 2014

7) Other information (₹ in crore)

Particulars	March 31, 2014	March 31, 2013
a) Gross Non Performing Assets		
1) Related Parties	36	36
2) Other than Related Parties	307	328
b) Net Non Performing Assets		
1) Related Parties	-	-
2) Other than Related Parties	256	238
c) Assets Acquired in satisfaction of Debt [Net of provision ₹ 10 crore (Previous year ₹ 5 crore)]	46	13

Notes :

- Companies in same group means companies under the same management as per section 370(1B) of the Companies Act, 1956.
- In case of unquoted investments, in the absence of market value, book value has been considered.
- Capital contribution in Partnership Firm and unincorporated Joint venture have not been considered for the purpose of companies in the same group and other related party.
- Investments are classified between non-current and current investments (including current portion of long term investments) as required under revised Schedule VI, as per Companies Act, 1956.
- Gross Non Performing Assets and Net Non Performing Assets given above includes loans & advances and bonds & debentures.

44 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 dated August 1, 2008

I. Capital to Risk Assets Ratio ("CRAR")

Particulars	March 31, 2014	March 31, 2013
i) CRAR (%)	16.31	16.99
ii) CRAR - Tier I capital (%)	12.20	13.05
iii) CRAR - Tier II capital (%)	4.11	3.94

II. Exposure to Real Estate

Category	2013-14	2012-13
a) Direct Exposure		
i) Residential Mortgage		
Individual Housing Loan upto ₹ 15 lakh	12	1
Individual Housing Loan more than ₹ 15 lakh	57	28
ii) Commercial Real Estate	1 022	1 154
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)	333	330

Notes:

- For the exposure to real estate only secured loans extended to builders / developers based on the nature of business has been considered.
- In computing the above information, certain estimates, assumptions and adjustments have been made by the management which have been relied upon by the auditors.

## Notes to the Financial Statement as at March 31, 2014

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

(₹ in crore)

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	150	-	1 102	635	2 029	4 037	831	-	8 783
Market Borrowings	(-)	(-)	(433)	(731)	(2 063)	(4 789)	(1 012)	(31)	(9 059)
	<b>1 366</b>	<b>2 141</b>	<b>1 239</b>	<b>587</b>	<b>1 063</b>	<b>1 887</b>	<b>1 274</b>	<b>4 619</b>	<b>14 176</b>
	(1 009)	(1 081)	(1 149)	( 980)	(1 026)	(2 152)	(1 537)	(2 840)	(11 774)
<b>Assets</b>									
Loans / Advances	577	625	367	1 632	2 716	7 899	1 899	2 458	18 174
Investments	(983)	(703)	(311)	(1 037)	(3 891)	(5 825)	(1 463)	(2 707)	(16 920)
	<b>985</b>	<b>9</b>	<b>12</b>	<b>8</b>	<b>145</b>	<b>654</b>	<b>649</b>	<b>11 108</b>	<b>13 570</b>
	(813)	(19)	(51)	(111)	(194)	(1 464)	(922)	(10 101)	(13 675)

#### Notes:

- 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.
- The classification of Assets and Liabilities into current and non-current is carried out based on their residual maturity profile as per requirement of revised Schedule VI to the Companies Act, 1956. The above maturity pattern of assets and liabilities has been prepared by the Company after taking into consideration guidelines for Assets-Liabilities Management (ALM) system in non-banking financial companies issued by RBI, best practices and best estimate of the Assets-Liability Committee / management with regard to the timing of various cash flows, which has been relied upon by the auditors.
- The cumulative mismatch upto 1 year bucket marginally exceeds the prescribed limit. Based upon best estimate of the management the measures taken for mitigating the cumulative mismatch upto 1 year primarily includes replacing bank loan of ₹ 3,915 crore, falling due for repayment within the next 1 year, with additional borrowing from Banks in the form of long term loans. The Company has mobilized ₹ 1,070 crore in the form of Secured Long Term Fixed Rate NCDs in the month of April, 2014 to reduce cumulatively mismatch in the 1 year bucket.

#### 45 Disclosure of details as required by para 3 of Reserve Bank of India Circular No. RBI/2013-14/260 DNBS. CC. PD. No. 356 /03.10.01/2013-14 dated September 16, 2013

(i) The gold loans outstanding as at March 31, 2014 as a percentage of total assets is at 0.02% (Previous year 0.22%).

(ii) Auction Detail: (₹ in crore)

Number of auctions	Number of loan accounts	Outstanding amounts	Value Fetched	Whether any of the sister concerns participated
29	57	1.45	1.51	No

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

(₹ in crore)

Particulars	March 31, 2014	March 31, 2013
<b>Contingent Liabilities</b>		
i) Guarantees to Banks and Financial Institutions on behalf of third parties	2 416	1 281
ii) Claims against the Company not acknowledged as debt	12	20
<b>Commitments</b>		
iii) Estimated amount of contracts remaining to be executed on capital account (net of advances)	85	38
iv) Undrawn Committed Credit lines	678	434
v) Uncalled amount of Investments	7	56

#### 47 Expenditure in foreign currency

(₹ in crore)

Particulars	March 31, 2014	March 31, 2013
i) Travelling Expenses [₹ 10 35 068 (Previous year ₹ 13 20 686)]	-	-
ii) Professional Fees (Previous year ₹ 46 26 792)	-	-
iii) Sales & marketing	1	2
iv) Repairs & Maintenance others	1	1
v) Others - [₹ 10 26 516 (Previous year ₹ 5 05 682)]	-	-
<b>Total</b>	<b>2</b>	<b>3</b>

Notes to the Financial Statement as at March 31, 2014

48 Value of Imports on CIF basis

Particulars	(₹ in crore)	
	2013-14	2012-13
i) Capital Goods (₹ 38 05 522)	-	2
<b>Total</b>	<b>-</b>	<b>2</b>

49 Outstanding Future & Option as on March 31, 2014

Name of Option	No. of contracts	Units	
		Long	Short
Call option	4 711 (4 454)	1 19 350 (1 00 850)	1 16 200 (1 21 850)
Put option	33 949 (27 785)	- (-)	16 97 450 (13 89 250)
Futures	2 977 (1 196)	1 48 825 (59 800)	- (-)

Figures in bracket indicate previous year figures.

50 Remittance in foreign currency on account of dividend

The Company has paid dividend in respect of shares held by custodian on behalf of 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	2013-14	2012-13
Dividend		
a) Number of Non Resident Shareholders	529	536
b) Number of Equity shares held by them	30 551	27 365
c) i) Amount of Dividend paid (gross) (amount in ₹)	2 44 408	2 05 238
ii) Year to which Dividend relates	2012-13	2011-12
Special Interim Dividend		
a) Number of Non Resident Shareholders	-	613
b) Number of Equity shares held by them	-	31 837
c) i) Amount of Dividend paid (gross) (amount in ₹)	-	1 59 185
ii) Year to which Dividend relates	-	2012-13

51 In the opinion of management, all the assets other than fixed assets and non current investments are approximately of the value stated if realised in the ordinary course of business.

As per our report of even date

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Reg. No. : 101720W

**Vijay Napawaliya**  
Partner  
Membership No: 109859  
Mumbai  
Dated: May 2, 2014

For **B S R & Co. LLP**  
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**  
**Dr. Bidhubhusan Samal**  
**V. N. Kaul**

President & Company Secretary **V. R. Mohan**  
Mumbai  
Dated: May 2, 2014

## Independent Auditors' Report on the Consolidated Financial Statement

To,  
The Board of Directors  
Reliance Capital Limited

### Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Reliance Capital Limited ("the Company") and its subsidiaries including partnership firm, and its associates (as per the list appearing in Note No. 47 of the consolidated financial statements) (collectively referred to as the "Group") which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates

made by management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. We report that the consolidated financial statements have been prepared by the management in accordance with the requirements of the Accounting Standard (AS) – 21, "Consolidated Financial Statements" and Accounting Standard (AS) – 23, "Accounting for Investments in Associates in Consolidated Financial Statements", notified by the Companies (Accounting Standards) Rules, 2006.

7. Based on our audit and on consideration of reports of other auditors and one of the joint auditor on separate financial statements, certification by management on separate financial statements and on the other financial information of the components of the Group as referred to in paragraph 11 to 16 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;

(b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

8. We draw attention to Note 36 (b) & (c) to the consolidated financial statements of the Group relating to Reliance General Insurance Company Limited ('RGIC') a subsidiary of the Company, regarding Insurance Regulatory and Development Authority ('IRDA') Order No. IRDA/F&A/ORD/MTAP/070/03/2012 dated March 22, 2012 on Indian Motor Third Party Insurance Pool ('IMTPIP') liability for underwriting years 2009-10, 2010-11 and 2011-12, wherein the RGIC has opted to amortise the transactional liability on straight line basis over three years beginning with the financial year ended March 31, 2012. Accordingly ₹ 79 crore has been charged to revenue account. Our opinion is not qualified in this regard.

9. We draw attention to Note 37(h) to the consolidated financial statements of the Group relating to Quant Capital Private Limited ('QCPL') a subsidiary of the Company, has not complied with the requirements of registering itself as a Core Investment Company ('CIC') as defined under the Guidelines issued by the Reserve Bank of India

**Independent Auditors' Report on the Consolidated Financial Statement**

vide its circular RBI/2010-11/360 DNBS (PD) CC. No. 206/03.10.001/2010-11 dated January 5, 2011. Our opinion is not qualified in this regard.

**Other Matters**

10. We draw attention to Note No. 36(d) of the consolidated financial statements of the Group, with regard to actuarial valuation of liabilities of RGIC with respect to claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) is the responsibility of the RGIC's appointed actuary. The appointed actuary has certified to the RGIC that the assumptions for such valuations are in accordance with the guidelines and norms issued by the IRDA and the Actuary Society of India in concurrence with the IRDA. The independent auditors of the RGIC have relied on the RGIC's Appointed Actuary's certificate in this regard for forming their opinion on the financial statements of the RGIC.
11. We did not audit the financial statements and financial information of twenty one subsidiaries and a partnership firm. The financial statements of these subsidiaries including partnership firm for the year ended March 31, 2014 have been audited by other auditors whose reports have been furnished to us by the management, 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 ₹ 6,144 crore as at March 31, 2014, total revenues of ₹ 3,088 crore and net cash outflows amounting to ₹ 78 crore in respect of the aforementioned subsidiaries and partnership firm for the year then ended.
12. The financial statements and financial information of thirteen subsidiaries for the year ended March 31, 2014 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 ₹ 5,401 crore as at March 31, 2014, total revenues of ₹ 1,338 crore and net cash inflows amounting to ₹ 96 crore in respect of the aforementioned subsidiaries for the year then ended.
13. The financial statements and financial information of two associate companies for the year ended March 31, 2014 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 share of loss of ₹ 13 crore for the year ended March 31, 2014 to the amounts included in respect of these associates, is based solely on these reports.
14. The financial statements and financial information of one associate company for the year ended March 31, 2014 has been audited by one of the joint auditors of the Company along with the other auditor as joint auditor of the associate whose report has been furnished to us, and our opinion, in so far as it relates to share of profit of ₹ 172 crore for the year ended March 31, 2014 to the amounts included in respect of the same associate, is based solely on this report.
15. The financial statements and financial information of one associate company for the year ended March 31, 2014 have been audited by other auditor whose report has been furnished to us, and our opinion, in so far as it relates to share of profit of ₹ 3 crore for the year ended March 31, 2014 to the amounts included in respect of the same associate, is based solely on this report.
16. We have relied on the unaudited financial statement and financial information of two associate companies, whose financial statements are certified by the management of associates, and our report in so far as it relates to share of profit of ₹ 1 crore for the year ended March 31, 2014 to the amount included in respect of these associates is based solely on such certified unaudited financial statements and financial information.

Our opinion is not qualified in respect of other matters.

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Reg. No: 101720W

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

**Vijay Napawaliya**  
Partner  
Membership No: 109859

**Akeel Master**  
Partner  
Membership No: 046768

Mumbai  
Dated: May 2, 2014

Mumbai  
Dated: May 2, 2014

# Reliance Capital Limited

## Consolidated Balance Sheet as at March 31, 2014

(₹ in Crore)

	Note No.	As at March 31, 2014		As at March 31, 2013	
<b>I EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' funds</b>					
(a) Share capital	4	<b>244</b>		246	
(b) Reserves and surplus	5	<b>12 147</b>	<b>12 391</b>	<b>11 725</b>	11 971
<b>(2) Minority interest</b>					
			<b>544</b>		516
<b>(3) Non-current liabilities</b>					
(a) Long-term borrowings	6	<b>14 178</b>		13 686	
(b) Other long-term liabilities	7	<b>83</b>		14	
(c) Long-term provisions	8	<b>57</b>	<b>14 318</b>	<b>48</b>	13 748
<b>(4) Current liabilities</b>					
(a) Short-term borrowings	9	<b>7 134</b>		4 386	
(b) Trade payables	10	<b>454</b>		342	
(c) Other current liabilities	11	<b>9 437</b>		8 529	
(d) Short-term provisions	12	<b>1 250</b>	<b>18 275</b>	<b>1 096</b>	14 353
<b>TOTAL</b>			<b>45 528</b>	<b>40 588</b>	<b>40 588</b>
<b>II ASSETS</b>					
<b>(1) Non-current assets</b>					
(a) Fixed assets	13				
(i) Tangible assets		<b>193</b>		182	
(ii) Intangible assets		<b>289</b>		252	
(iii) Intangible assets under development		<b>1</b>		5	
		<b>483</b>		439	
(b) Non-current investments	14	<b>14 137</b>		13 560	
(c) Deferred tax assets (net)	15	<b>29</b>		34	
(d) Long-term loans and advances	16	<b>15 631</b>		12 741	
(e) Other non-current assets	17	<b>1 887</b>	<b>32 167</b>	<b>1 533</b>	28 307
<b>(2) Current assets</b>					
(a) Current investments	18	<b>2 020</b>		1 527	
(b) Inventories	19	<b>164</b>		144	
(c) Trade receivables	20	<b>932</b>		839	
(d) Cash and bank balances	21	<b>2 663</b>		1 582	
(e) Short-term loans and advances	22	<b>6 831</b>		7 472	
(f) Other current assets	23	<b>751</b>	<b>13 361</b>	<b>717</b>	12 281
<b>TOTAL</b>			<b>45 528</b>	<b>40 588</b>	<b>40 588</b>

See accompanying notes to the financial statements 1-50

As per our report of even date

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Reg. No. : 101720W

**Vijay Napawaliya**  
Partner  
Membership No: 109859  
Mumbai  
Dated: May 2, 2014

For **B S R & Co. LLP**  
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 2, 2014

**Anil D. Ambani**  
**Amitabh Jhunjhunwala**  
**Rajendra P. Chitale**  
**Dr. Bidhubhusan Samal**  
**V. N. Kaul**

**V. R. Mohan**

Consolidated Statement of Profit and Loss for the year ended March 31, 2014

(₹ in crore)

	Note No.	2013-14	2012-13
<b>Revenue</b>			
<b>I</b>			
Revenue from operations	24	7 455	7 470
<b>II</b>			
Other income	25	89	49
<b>III Total revenue (I+II)</b>		<b>7 544</b>	<b>7 519</b>
<b>IV Expenses</b>			
Employee benefits expense	26	599	607
Finance costs	27	2 501	2 343
Depreciation and amortisation expense	13	61	56
Other expenses	28	3 536	3 683
<b>Total expenses</b>		<b>6 697</b>	<b>6 689</b>
<b>V Profit before tax (III-IV)</b>		<b>847</b>	<b>830</b>
<b>VI Tax expense:</b>			
(1) Current taxation		157	118
(2) Taxation for earlier years		1	(2)
(3) Deferred tax		6	11
<b>VII Profit after tax (V-VI)</b>		<b>683</b>	<b>703</b>
<b>VIII</b> Less: Share of minority shareholders		<b>97</b>	<b>62</b>
<b>IX Profit after minority interest (VII-VIII)</b>		<b>586</b>	<b>641</b>
<b>X</b> Add: Share of profit/(loss) in associates		<b>163</b>	<b>131</b>
<b>XI Profit after share of profit / (loss) in associates (IX+X)</b>		<b>749</b>	<b>772</b>
<b>XII</b> Add: Profit / (loss) on sale/amalgamation of subsidiaries (Refer Note No. 30)		<b>(2)</b>	<b>40</b>
<b>XIII Net profit after tax (XI+XII)</b>		<b>747</b>	<b>812</b>
<b>XIV Earnings per equity share of ₹ 10 each fully paid up</b>			
(1) Basic (₹)	45	30.38	33.05
(2) Diluted (₹)		30.38	33.05

See accompanying notes to the financial statements 1-50

As per our report of even date

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Reg. No. : 101720W

**Vijay Napawaliya**  
Partner  
Membership No: 109859  
Mumbai  
Dated: May 2, 2014

For **B S R & Co. LLP**  
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 2, 2014

**Anil D. Ambani**  
**Amitabh Jhunjunwala**  
**Rajendra P. Chitale**  
**Dr. Bidhubhusan Samal**  
**V. N. Kaul**

**V. R. Mohan**

# Reliance Capital Limited

## Consolidated Cash Flow Statement for the year ended March 31, 2014

(₹ in crore)

	2013-14	2012-13
<b>A. Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>847</b>	830
Adjusted for		
Depreciation & Ammortisation	<b>61</b>	56
Provision for NPA, Doubtful Debts and Balances Written off	<b>115</b>	334
Provision for Diminution in the Value Investments / Written off	<b>(21)</b>	304
Provision and Loss on Repossessed Stock	<b>14</b>	9
Provision for gratuity / leave encashment	<b>(3)</b>	(1)
Excess provision / credit balance written back	<b>(30)</b>	(11)
Bad debts recovered	<b>(30)</b>	(34)
(Profit) / Loss on sale of Fixed Assets	<b>(24)</b>	2
Reserve for Unexpired Risk provided	<b>121</b>	183
Amortised DSA commission	<b>44</b>	46
Amortised Distribution cost	<b>3</b>	3
Interest Income on Investments	<b>(878)</b>	(753)
Dividend Income on Investments	<b>(39)</b>	(40)
(Profit) / Loss on sale of Investment (Net)	<b>(113)</b>	(1 071)
Amortised Brokerage on Borrowing	<b>27</b>	29
Discount on commercial papers	<b>356</b>	408
Interest expenses	<b>2 118</b>	1 906
	<b>1 721</b>	1 370
<b>Operating profit before working capital changes</b>	<b>2 568</b>	2 200
Adjusted for		
Proceeds from / (repayment of) short term borrowings (Net)	<b>2 392</b>	311
Proceeds from Long term borrowings	<b>5 575</b>	6 654
Repayment of Long term borrowings	<b>(5 257)</b>	(4 453)
Inventories	<b>(20)</b>	(17)
Deferred expenses	<b>(85)</b>	(112)
Trade receivables & Loans and advances	<b>(2 591)</b>	(3 966)
Trade payables and Liabilities	<b>1 055</b>	1 667
	<b>1 069</b>	84
<b>Cash generated from operations</b>	<b>3 637</b>	2 284
Interest paid	<b>(1 931)</b>	(1 894)
Taxes paid	<b>(235)</b>	(99)
	<b>(2 166)</b>	(1 993)
<b>Net cash from / (used in) operating activities</b>	<b>1 471</b>	291



Consolidated Cash Flow Statement for the year ended March 31, 2013

(₹ in crore)

	2013-14	2012-13
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets (including capital advances)	(189)	126
Sale of fixed assets	33	7
Purchase of non-current investments	(7 382)	(7 970)
Proceed from sale of non-current investments	6 916	7 409
Proceed from sale of current investments (net)	(256)	453
Interest received	625	517
Dividend received	39	40
<b>Net Cash from / (used in) investing activities</b>	<b>(214)</b>	<b>582</b>
<b>C. Cash flows from financing activities</b>		
Dividends paid (including dividend tax thereon)	(276)	(419)
<b>Net Cash from / (used in) Financing Activities</b>	<b>(276)</b>	<b>(419)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>981</b>	<b>454</b>
Opening balance of cash and cash equivalents	1 112	658
Add: On amalgamation (Refer Note (b) given below) *(Previous year ₹ 5 95 231)	1	*
	<b>1 113</b>	<b>658</b>
Closing balance of cash and cash equivalents	<b>2 094</b>	<b>1 112</b>

**Notes:**

- The previous year's figures have been regrouped and reclassified wherever necessary.
- Assets and liabilities pertaining to the Emerging Money Mall Limited transferred pursuant to the Scheme of Amalgamation with the Company with effect from March 31, 2013 have not been considered for the previous year cash flow statement.
- Cash and cash equivalents include cash on hand, cheques on hand and bank balances.

As per our report of even date

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Reg. No. : 101720W

**Vijay Napawaliya**  
Partner  
Membership No: 109859  
Mumbai  
Dated: May 2, 2014

For **B S R & Co. LLP**  
Chartered Accountants  
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**Akeel Master**  
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For and on behalf of the Board

Chairman  
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Dated: May 2, 2014

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

**V. R. Mohan**

# Reliance Capital Limited

## Notes to the Consolidated Financial Statement as at March 31, 2014

### 1. 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 along with the group is broadly engaged in lending, investing, asset management, insurance and broking business.

### 2. Significant Accounting Policies

#### a Principles of Consolidation

The consolidated financial statements relate to Reliance Capital Limited ('the Company'), its subsidiaries including partnership firm and its associates (collectively referred to as "Group"). The consolidated financial statements have been prepared on the following basis:

- i) The financial statements of the Company and its subsidiaries including partnership firm 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 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 subsidiaries over the net assets as on the date of acquisition is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- iv) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of profit and loss as the profit or loss on disposal of investment in subsidiary as the case may be.
- 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 foreign 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.

#### b Basis of Preparation of Financial Statements

The consolidated financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting unless otherwise stated in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 read with the general circular 15/2013 dated September 13, 2013 of the Ministry of Corporate affairs in respect of section 133 of the Companies Act, 2013. In case of Reliance General Insurance Company Limited 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 and the Companies Act, 1956 read with the general circular 15/2013 dated September 13, 2013 of the Ministry of Corporate affairs in respect of section 133 of the Companies Act, 2013, to the extent applicable. These financial statements are presented in Indian rupees rounded to the nearest crore except otherwise stated.

#### c Use of Estimates

The preparation of consolidated financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

#### d Revenue Recognition

##### i) Interest income:

Interest income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable 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) 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 on straight line basis.

Notes to the Consolidated Financial Statement as at March 31, 2014

**iv) Redemption premium on investments in preference shares:**

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

**v) Investment Management Fees:**

Investment management fees are recognised on an accrual basis in accordance with Investment Management Agreement and SEBI (Mutual Fund) Regulations, 1996 based on average assets under management (AUM).

**vi) Portfolio Management Fees:**

Portfolio Management fees are recognised on an accrual basis in accordance with Portfolio Management Agreement entered with respective clients except in case of Reliance Securities Limited which is as follows:

- a) Processing fees is recognised on upfront basis in the year of receipt
- b) Management fees is recognised as a percentage of the unaudited net asset value at the end of each month
- c) Return based fees is recognised as a percentage of annual profit, in accordance with the terms of the agreement with clients on the completion of the period

**vii) Online Access Fees:**

Online access fees is recognised on straight line basis, based on the agreement with the clients.

**viii) Infrastructure and Resource Management Fees:**

Infrastructure and resource management services fees are recognised on accrual basis as per agreements with the clients.

**ix) Advisory Services Fee:**

Fee for Advisory Services is accounted in accordance with the terms and contracts into with the clients.

**x) Trusteeship Fee:**

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

**xi) Loan / other processing fee:**

Loan processing fee is accounted for upfront as and when it becomes due. In the case of Reliance Money Precious Metals Private Limited income from processing fee is accounted on accrual basis.

**xii) Management fee:**

Management fee towards support services is accounted as and when it becomes due on contractual terms with the parties.

**xiii) Income from investments:**

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

**xiv) Income from assignment / securitisation:**

In case of assignment / securitisation 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 / securitised loans in accordance with Reserve Bank of India Guideline no RBI/2012-13/170 DNBS. PD. No. 301/3.10.01/2012-13 dated August 21, 2012. The profit, if any, 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 / securitisation over the tenure of the deal. Loss arising from these transactions, if any, will be recognised immediately in the statement of profit and loss.

**xv) Income from Exchange Traded Derivatives:**

Income from trading in securities comprises Profit/Loss on sale of Securities held as Stock In Trade and Profit/Loss on equity derivative instruments. Profit/Loss on securities are determined based on first in first out (FIFO) cost of securities sold. Profit/Loss on equity derivative transaction is accounted for based on the Guidance Note on Accounting for Equity Index and Equity Stock Future and Options issued by the Institute of Chartered Accountant of India which is explained below :

**A. Equity Index/Stock Futures:**

- (a) "Initial Margin-Equity Derivatives Instrument", representing the initial margin paid, and "Margin Deposits" representing the additional margin paid over and above the initial margin, for entering into contracts for equity index/stock futures which are released on final settlement/squaring-up of underlying contracts, are disclosed under Loans and Advances.
- (b) Equity index stock futures are marked-to-market on daily basis. Debit or credit balance disclosed under Loans and Advances or Current Liabilities, respectively, in the "Mark-to-Market Margin-Equity Index/Stock Futures Account", represents the net amount paid or received on the basis of movement in the prices of index/stock futures till the Balance Sheet date.
- (c) As on the Balance Sheet date, profit/loss on open positions in equity index/stock futures are accounted for as follows:  
Credit balance in the "Mark-to-Market Margin-Equity Index/Stock Futures Account", being the anticipated profit is ignored and no credit for the same is taken in the Statement of Profit and Loss.  
Debit balance in the "Mark-to-Market Margin-Equity Index/Stock Futures Account", being anticipated loss, is adjusted in the Statement of Profit and Loss Account.

**B. Equity Index/Stock Options:**

- (a) "Initial Margin Equity Derivative Instrument" representing the initial margin paid, and "Margin Deposit" representing the additional margin paid over and above the initial margin, for entering into contracts for equity index/stock options, which are released on final settlement/squaring up of the underlying contracts are disclosed under Loans and Advances.
- (b) "Equity Index/Stock Option Premium Account" represents the premium paid or received for buying or selling the options, respectively.

## Notes to the Consolidated Financial Statement as at March 31, 2014

- (c) As at the Balance Sheet date, in the case of long positions, provision is made for the amount by which the premium paid for those options exceeds the premium prevailing on the Balance Sheet date, and in the case of short positions, for the amount by which the premium prevailing on the Balance Sheet date exceeds the premium received for those options, and is reflected in "Provision for Loss on Equity Index/Stock Option Account".

**xvi) Income from lease:**

Lease rental income is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term.

**xvii) Income from Money Changer:**

Revenue on foreign exchange transactions is recognised at the time of sale. The income arising from selling of foreign currencies represents the margin earned on sale of foreign currencies.

**xviii) Premium:**

Premium net of service tax 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.

**xix) 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 the year in which final determination of the profits is intimated by reinsurers.
- iii) Commission income of money transfer services is recognised on rendering the service at contractual rates. Incentives received are recognised on receipt basis. Service income received on account of gain on foreign currency is accounted when accrued and due.

**xx) Reinsurance:**

- i) Reinsurance ceded is accounted 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.

**xxi) 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.

**xxii) Sales and Services :**

Revenue from sale is recognized on transfer of all significant risks and rewards of ownership as per terms of contracts with the customers. (net of VAT, sales return, service tax recovery and trade discount).

**xxiii) Brokerage Income:**

Brokerage income is recognized net of service tax on the date of transaction.

**e Fixed assets**

**i) Tangible assets**

**- Lease assets**

All assets given on operating lease are shown as fixed assets net of depreciation and impairment loss, if any. Initial direct costs in respect of leases are expensed in the year in which such costs are incurred.

**- Own assets**

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

**ii) Intangible assets**

Intangible assets are recognised where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortisation.

Expenditure incurred on acquisition / development of intangible assets which are not put / ready to use at the reporting date is disclosed under intangible assets under development.

**f Depreciation / Amortisation**

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

**i) Tangible Assets**

- 1) Leased assets: Depreciated on Straight Line Method over the useful life of assets. The estimated useful lives for the different types of assets are :
  - a) Plant & equipments
    - 1) Energy Saving Equipments - 15 years
    - 2) Specialized Machinery used in manufacturing - 10 years
    - 3) General Plant & Machinery - 8 years
  - b) Data processing machineries - 5 years
  - c) Vehicle for personal use - 8 years
  - d) Vehicle for commercial use - Taxi - 8 years other than Taxi - 6 years

Notes to the Consolidated Financial Statement as at March 31, 2014

- ii) Own Assets: All assets other than lease hold improvements, on Written Down Value method except Reliance Commodities Limited, Reliance Exchangenext Limited, Reliance Financial Limited, Reliance Securities Limited and Quant Capital Private Limited which depreciates on straight line basis 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.

**g Impairment of assets**

The group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the group 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 statement of profit and loss. 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.

**h 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.

**i Inventories**

Securities held as inventories are valued scrip wise at weighted average cost or fair value, whichever is lower. Commodities held as inventories are valued at weighted average cost or realisable value, whichever is lower. Stock of foreign currencies have been valued at weighted average cost or realisable value, whichever is lower. Stock of gold have been valued at weighted average cost or realisable value, whichever is lower. Stock of paintings are of such nature that the market value of which cannot be easily available, hence valued at cost.

**j Repossessed assets**

Assets repossessed against the settlement of loans are carried in the balance sheet at outstanding loan amount. The classification and provision is based on the underlying Days Past Due (DPD) for these loans.

**k Provisions for Non Performing Assets (NPA) and Doubtful Debts**

NPA 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 NBFC / NHB prudential norms prescribed by Reserve Bank of India / National Housing Bank.

**l Provisions for Standard Assets**

Provisions on Standard Assets are made as per the Reserve Bank of India notification DNBS.PD.CC.No.207/03.02.002 /2010-11 dated January 17, 2011 and prudential norms as per Housing Finance companies (NHB) Directions, 2010.

**m 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. Other Secured loans are secured against hypothecation of respective assets.

**n 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 statement of profit and loss.

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

**o Employee benefits**

- i) Provident fund:

Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the statement of profit and loss.

- ii) Gratuity:

The group gratuity benefit scheme is a defined benefit plan. The group 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 statement of profit and loss.

- 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.

The employees of the group 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 group records an obligation for compensated absences in the period in which the employee renders the service that increases the entitlement.

### **p Employee Stock Option Scheme ("ESOS")**

The Employees Stock Option Scheme ("the Scheme") provides for grant of equity shares of the group to directors (including whole-time) and employees of the group. 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 group 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.

For the listed shares, 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 group 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. If the shares are unlisted, then the fair value of options granted is estimated on the date of grant using the Black Scholes Model.

### **q Loan origination/acquisition cost**

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

### **r 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.

### **s New fund offer expenses of schemes**

Expenses relating to new fund offer of mutual fund and PMS schemes are charged in the statement of profit and loss in the year in which such expenses are incurred except for closed ended schemes which are recognised over the duration of the scheme.

### **t 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 statement of profit and loss.

### **u 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.

### **v 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 Enough Reported ('IBNER') is based on actuarial estimate duly certified by the appointed actuary of the Reliance General Insurance Company Limited.

### **w Reserve for Unexpired Risk**

Reserve for unexpired risk is made on the amount representing that part of the net premium written which attributable to, and to be allocated to the succeeding accounting period (applied 1/365 method), subject to a minimum of 100% in case of marine hull business and 50% in case of others business, based on net premium written (for unexpired risk) during the year as required by Section 64V (1) (ii) (b) of the Insurance Act, 1938.

### **x 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 IRDA/F&A/CIR/FA/126/07/2013. Reliance General Insurance Company Limited considers maintenance as relevant costs incurred for ensuring claim handling operations.

### **y 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.

### **z Fund Expenses**

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

Expenses directly incurred on behalf of the schemes of Fund are charged to the statement of profit & loss under respective heads.

Notes to the Consolidated Financial Statement as at March 31, 2014

**aa Market Linked Debentures (MLDs)**

The group has issued certain non-convertible debentures, the rate of interest on which is linked to performance of specified indices over the period of the debenture.

The group Hedges its interest rate risk on MLD by taking positions in future & options based on specified indices. Any gain/loss on these hedge positions are netted against with interest expense on MLD and resultant 'net loss' is recognised in statement of profit and loss immediately, however 'net gain' if any is ignored.

**ab 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.

**ac Leases**

**(i) Operating leases**

Lease payments for assets taken on an operating lease are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

**(ii) Hire purchase**

Assets held under hire purchase arrangements are classified as finance leases and are recognised as assets of Reliance Capital Asset Management Limited at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a hire purchase liability. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with Reliance Capital Asset Management Limited general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

**ad 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.

**ae Taxation**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit entitlement is recognized where there is convincing evidence that the same can be realised in future.

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.

**af 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.

**3 Previous year figures have been rearranged and reclassified wherever necessary.**

The figures for current year includes figures of Reliance AIF Management Company Limited, Reliance Money Solutions Private Limited, Reliance Capital AIF Trustee Company Private Limited, QCAP Securities Private Limited and Quant Capital Securities Private Limited which became subsidiaries during the year, therefore to that extent not strictly comparable to that of Previous year's Figures.

# Reliance Capital Limited

## Notes to the Consolidated Financial Statement as at March 31, 2014

		(₹ in crore)	
		As at March 31, 2014	As at March 31, 2013
<b>4</b>	<b>Share capital</b>		
(a)	<b>Authorised:</b>		
	30 00 00 000 Equity shares of ₹ 10 each (Previous year 30 00 00 000)	300	300
	10 00 00 000 Preference shares of ₹ 10 each (Previous year 10 00 00 000)	100	100
		<u>400</u>	<u>400</u>
(b)	<b>Issued &amp; Subscribed</b>		
	24 69 77 006 Equity shares of ₹ 10 each fully paid up (Previous year 24 69 77 006)	247	247
		<u>247</u>	<u>247</u>
(c)	<b>Paid Up</b>		
	24 56 32 800 Equity shares of ₹ 10 each fully paid up (Previous year 24 56 32 800)	245	245
	Add: Forfeited shares	1	1
	13 44 206 Equity shares of ₹ 10 each (Previous year 13 44 206)		
	Less: Advance to ESOP Trust [Refer Note No. (i) below]		
	16 00 000 Equity shares of ₹ 10 each	2	-
		<u>244</u>	<u>246</u>
(d)	<b>Equity shares held by holding company and subsidiaries of holding Company:</b>		
	<b>Name of the holder</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
		% Qty.	% Qty.
	Reliance Innoventures Private Limited (Holding Company)	0.23 5 76 450	0.23 5 76 450
	AAA Enterprises Private Limited (Subsidiary of Holding Company)	40.07 9 84 14 206	40.07 9 84 14 206
	AAA Infrastructure Consulting & Engineers Private Limited (Subsidiary of Holding Company)	11.39 2 79 75 633	11.39 2 79 75 633
(e)	<b>Equity shares in the Company held by each shareholder holding more than 5 percent:</b>		
	<b>Name of the holder</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
		% Qty.	% Qty.
	AAA Enterprises Private Limited	40.07 9 84 14 206	40.07 9 84 14 206
	AAA Infrastructure Consulting & Engineers Private Limited	11.39 2 79 75 633	11.39 2 79 75 633
(f)	The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholder.  For the year ended March 31, 2014, the amount of per share dividend recognised as distributable to equity shareholders is ₹ 8.50 (March 31, 2013 ₹ 8). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.		
(g)	<b>Reconciliation of numbers of share outstanding:</b>		
		<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
		No. of Shares Amount (₹ in crore)	No. of Shares Amount (₹ in crore)
	<b>Equity shares</b>		
	Opening balance	24 56 32 800 245	24 56 32 800 245
	Movement during the year	- -	- -
	Closing balance	24 56 32 800 245	24 56 32 800 245
(h)	As on March 31, 2014, 6,37,035 equity shares (Previous year 5,07,101 equity shares) are held by custodian against which depository receipts have been issued.		
(i)	In terms of SEBI (ESOS and ESOS) Guidelines, 1999 and recent opinion of the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (the ICAI) the accounting treatment for the equity shares of the Company held by the RCAP ESOS Trust as at March 31, 2014 has been given in Consolidated Financial Statements of the Company. The said Trust is holding 16,00,000 equity shares of ₹ 10 each of the Company. Face value of the said shares are presented as deduction from the paid up share capital and balance ₹ 60 crore being an amount exceeding the said face value are presented as deduction from the Securities Premium with corresponding adjustment to the loan receivable from the Trust.		



Notes to the Consolidated Financial Statement as at March 31, 2014

(₹ in crore)

	As at March 31, 2014	As at March 31, 2013	
<b>5 Reserves &amp; surplus</b>			
<b>Capital reserve</b>	<b>172</b>	6	
Add: Amount transferred as per scheme of amalgamation [Refer Note No. 31(I)]	-	846	
Less: Amount withdrawn as per scheme of amalgamation [Refer Note No. 31(I)]	-	680	172
<b>Capital redemption reserve</b>			
As per last balance sheet	<b>35</b>	36	
Add: Amount transferred from statement of profit and loss	<b>15</b>	-	
Less: Minority share adjustments	-	1	35
<b>Securities premium account</b>			
As per last balance sheet	<b>3 599</b>	3 757	
Less: Advance to ESOP Trust [Refer Note No. 4 (i) above]	<b>60</b>	-	
Less: Minority share adjustments	<b>7</b>	158	3 599
<b>General reserve **</b>			
As per last balance sheet	<b>5 451</b>	5 385	
Add: Amount transferred from statement of profit and loss	<b>67</b>	88	
Less: Minority share adjustments	<b>11</b>	22	5 451
<b>Statutory reserve fund *</b>			
As per last balance sheet	<b>1 176</b>	1 040	
Add: Amount transferred from statement of profit and loss	<b>79</b>	136	
Less: Minority share adjustments [₹ Nil (Previous year ₹ 3 657)]	-	-	1 176
<b>Special reserve fund #</b>			
As per last balance sheet	<b>19</b>	14	
Add: Amount transferred from statement of profit and loss	<b>9</b>	5	19
<b>Foreign currency translation reserve</b>			
As per last balance sheet	<b>22</b>	26	
Add : Addition during the year	<b>7</b>	5	
Less: Cessation of subsidiary	<b>1</b>	-	
Less: Minority share adjustments	<b>3</b>	9	22
<b>Settlement guarantee fund</b>			
As per last balance sheet [₹ 4 65 000 (Previous year ₹ 4 65 000)]	-	-	-
<b>Surplus in statement of profit &amp; loss</b>			
As per last balance sheet	<b>1 251</b>	1 258	
Add: amount transferred from statement of profit & loss	<b>747</b>	812	
Less: Proposed dividend	<b>269</b>	253	
Less: Tax on proposed dividend	<b>46</b>	26	
Less: Interim dividend	-	123	
Less: Tax on interim dividend	-	21	
Less: Proposed dividend for earlier years	-	44	
Less: Tax on proposed dividend for earlier years	-	5	
Less: Transfer to special reserve	<b>9</b>	5	
Less: Transfer to statutory reserve fund	<b>79</b>	136	
Less: Transfer to general reserve	<b>67</b>	88	
Less: Transfer to capital redemption reserve	<b>15</b>	-	
Less: Minority share adjustments	<b>(65)</b>	118	1 251
	<b>12 147</b>	<b>11 725</b>	

\* Created pursuant to section 45-IC of Reserve Bank of India Act, 1934.

\*\* Includes ₹ 3 837 crore (Previous year ₹ 3 837) created pursuant to schemes of amalgamation.

# Created pursuant to Section 29C of the National Housing Bank Act, 1987.

# Reliance Capital Limited

## Notes to the Consolidated Financial Statement as at March 31, 2014

(₹ in crore)

	As at March 31, 2014		As at March 31, 2013	
<b>6 Long term borrowings</b>				
Non convertible debentures				
- Secured [Refer Note No. 29(i)]				
Others	6 751		5 003	
Related party (Refer Note No. 42)	25		15	
- Unsecured				
Others	1 296		1 092	
Related party (Refer Note No. 42)	25	8 097	25	6 135
Term loans from banks / financial institutions				
- Secured [Refer Note No. 29(ii)]	5 981		7 542	
- Unsecured	100	6 081	-	7 542
Inter corporate deposits -Unsecured		-		9
		<u>14 178</u>		<u>13 686</u>
<b>7 Other long-term liabilities</b>				
Interest accrued but not due on debentures		55		13
Security deposits		28		1
		<u>83</u>		<u>14</u>
<b>8 Long-term provisions</b>				
Provision for employee benefits				
-Leave encashment		7		9
-Gratuity [₹ 1 10 072 (Previous year ₹ 24 41 552)]		-		-
Others				
-Standard debts		50		39
		<u>57</u>		<u>48</u>
<b>9 Short term borrowings</b>				
Loans from banks / financial institutions				
-Secured (Refer Note given below)				
Cash credit	650		41	
Overdrafts from banks (Secured against fixed deposits receipts ₹ 220 crore (Previous year ₹ 216 crore))	124		170	
Short term	1 451	2 225	500	711
Inter corporate deposits -Unsecured		49		2
Commercial paper -Unsecured (Refer Note d below)				
Others	4 860		3 402	
Related parties (Refer Note No. 42)	-	4 860	271	3 673
		<u>7 134</u>		<u>4 386</u>

### Notes:

- Cash Credits amounting to ₹ 650 crore (Previous year ₹ 41 crore) referred 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.
- Short term loan amounting to ₹ 1 440 crore (Previous year ₹ 500 crore) referred 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.
- Short term loan amounting to ₹ 11 crore (Previous year ₹ Nil) referred above are secured by fixed deposits pledged with bank.
- In respect of Commercial Papers maximum amount outstanding during the year was ₹ 5 460 crore (Previous year ₹ 5 341 crore).

Notes to the Consolidated Financial Statement as at March 31, 2014

(₹ in crore)

	As at March 31, 2014	As at March 31, 2013
<b>10 Trade payables</b>		
-Due to micro, small and medium enterprises (Refer Note below)	-	-
- Due to others	454	342
	<u>454</u>	<u>342</u>
<p>There are no Micro, Small and Medium Scale Business Enterprises, to whom the group owes dues, which are outstanding for more than 45 days as at March 31, 2014. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the group.</p>		
<b>11 Other current liabilities</b>		
Current maturities of long-term debt		
Non convertible debentures		
-Secured [Refer Note No. 29(i)]	1 302	1 318
Inter corporate deposits –Unsecured (₹ 42 524)	-	1
Term loans from banks / financial institutions		
-Secured [Refer Note No. 29(ii)]	2 963	4 265
Interest accrued but not due on debentures	439	295
Income received in advance	4	45
Advance from customers	229	254
Temporary book overdraft	946	434
Claims outstanding	2 932	2 438
Trading margins from clients	44	52
Other payables*	564	561
Investor education and protection fund		
Unclaimed dividend #	14	12
	<u>9 437</u>	<u>8 529</u>

**Notes:**

\* Includes provision for expenses, statutory payments, securitisation / assignment payable and other payables.

# Does not include any amounts, due and outstanding, to be deposited to the Investor Education and Protection Fund.

**12 Short-term provisions**

Provision for employee benefits		
-Leave encashment	4	4
-Gratuity	1	1
Others		
- Income tax	-	2
-Standard debts	19	20
- Provision for loss – equity index options	3	3
-Provision for unexpired risk	898	785
-Provision for premium deficiency reserve	10	2
-Proposed dividend	269	253
-Tax on proposed dividend	46	26
	<u>1 250</u>	<u>1 096</u>

Notes to the Consolidated Financial Statement as at March 31, 2014

13 Fixed Assets

(₹ in crore)

Description	Gross Block			Depreciation			Net Block			
	As at April 1, 2013	Additions / Adjustments	Deduction / Adjustments	As at March 31, 2014	Upto April 1, 2013	During the year	Deduction / Adjustments	Upto March 31, 2014	As at March 31, 2014	As at March 31, 2013
<b>(i) Tangible Assets</b>										
<b>Lease assets</b>										
Plant and equipments	23	23	-	46	5	5	-	10	36	18
Data processing machineries	16	6	-	22	5	4	-	9	13	11
Vehicles	41	-	11	30	11	5	4	12	18	30
<b>Sub - total - A</b>	<b>80</b>	<b>29</b>	<b>11</b>	<b>98</b>	<b>21</b>	<b>14</b>	<b>4</b>	<b>31</b>	<b>67</b>	<b>59</b>
<b>Previous year</b>	79	7	6	80	10	12	1	21	59	
<b>Own assets</b>										
Freehold Land*	-	13	-	13	-	-	-	-	13	-
Buildings	69	-	5	64	17	3	2	18	46	52
Data processing machineries	102	10	13	99	78	11	13	76	23	24
Furniture and fixtures	26	3	2	27	18	2	1	19	8	8
Vehicles	12	1	1	12	7	2	1	8	4	5
Office equipments	51	4	6	49	28	5	7	26	23	23
Leasehold improvement	44	4	7	41	34	5	7	32	9	10
<b>Sub - total - B</b>	<b>304</b>	<b>35</b>	<b>34</b>	<b>305</b>	<b>182</b>	<b>28</b>	<b>31</b>	<b>179</b>	<b>126</b>	<b>122</b>
<b>Previous year</b>	308	24	28	304	178	28	24	182	122	
<b>Total (A+B)</b>	<b>383</b>	<b>64</b>	<b>45</b>	<b>403</b>	<b>203</b>	<b>42</b>	<b>35</b>	<b>210</b>	<b>193</b>	<b>182</b>
<b>Previous year</b>	387	31	34	383	188	40	27	201	182	
<b>(ii) Intangible Assets</b>										
Computer software/licensing cost	137	36	23	150	101	19	23	97	53	36
Goodwill on business acquisition [Refer Note No. 31(III)]	-	3	-	3	-	- <sup>(i)</sup>	-	- <sup>(i)</sup>	3	-
Membership rights	1	-	-	1	1	- <sup>(ii)</sup>	-	1	- <sup>(iii)</sup>	- <sup>(iv)</sup>
Goodwill on consolidation	216	17	-	233	-	-	-	-	233	216
<b>Total</b>	<b>354</b>	<b>56</b>	<b>23</b>	<b>387</b>	<b>102</b>	<b>19</b>	<b>23</b>	<b>98</b>	<b>289</b>	<b>252</b>
<b>Previous year</b>	166	195	7	354	86	16	-	102	252	

1. (i) ₹ 10 49 969 (ii) ₹ 7 50 000 (iii) ₹ 10 80 822 (iv) ₹ 18 30 822

2. \* Freehold Land ₹ 13 crore (Previous year ₹ Nil) acquired against settlement of loan.

Notes to the Consolidated Financial Statement as at March 31, 2014

(₹ in crore)

	As at March 31, 2014	As at March 31, 2013
<b>14 Non-current investments (valued at cost unless stated otherwise)</b>		
Investments in equity shares		
-Quoted [Net of provision of ₹ 359 crore (Previous year ₹ 418 crore)]	937	827
-Unquoted [Net of provision of ₹ 14 crore (Previous year ₹ 10 crore)]	402	398
Investments in associate companies		
-Equity shares (carrying cost) [Net of Provision of ₹ 35 crore (Previous year ₹ Nil)]	5 286	5 158
-Preference shares	562	562
-Deep Discount Bonds [Net of Provision of ₹ 29 crore (Previous year ₹ 29 crore)]	-	-
Investments in preference shares		
-Unquoted [Net of provision of ₹ 1 crore (Previous year ₹ Nil)]	2 327	2 824
Investments in government or trust securities		
-Unquoted	1 378	1 000
Investments in debentures or bonds		
-Quoted	1 513	1 282
-Unquoted [Net of provision of ₹ Nil (Previous year ₹ 21 crore)]	1 289	1 019
Investments in mutual funds		
-Quoted	54	99
-Unquoted	88	84
Other non-current investments		
-Units of seed/equity fund- unquoted, fully paid-up [Net of provision of ₹ 27 00 000 (Previous year ₹ 2 crore)]	7	50
-Units of fund - unquoted, [fully paid-up (Previous year partly paid-up ₹ 7.40)]	200	148
-Joint venture (Refer Note 2 below)	85	85
-Pass through certificates & security receipts	9	24
	<u>14 137</u>	<u>13 560</u>
<b>Notes:</b>		
1. Aggregate value of Provision for diminution in value of investments		
Quoted Investments	359	418
Unquoted Investments	79	62
<b>Total</b>	<u>438</u>	<u>480</u>
2. The group has entered into a joint venture with KGS Developers Limited in respect of real estate project development. The group has invested ₹ 85 crore and is entitled to share the Profit / Loss equally. However assets, liabilities, revenue and expenses related to the project are not included in the financial statements of the group as it does not meet the definition criteria of a Joint Venture under (AS - 27) "Financial Reporting of Interests in Joint Ventures".		
<b>15 Deferred tax assets</b>		
Deferred tax asset included in the balance sheet comprises the following:		
<b>(a) Deferred tax assets</b>		
Provision for non performing assets/diminution in the value of assets & investments	77	68
Straightlining of lease rentals	1	2
Unabsorbed depreciation and carried forward losses as per Income Tax Act,1961	34	35
Employee compensation/ leave encashment	3	4
<b>Total (a)</b>	<u>115</u>	<u>109</u>
<b>(b) Deferred tax liabilities</b>		
Depreciation on fixed assets	10	7
Reserve for unexpired risk & others	8	5
Unamortised expenditure	68	63
<b>Total (b)</b>	<u>86</u>	<u>75</u>
<b>Net deferred tax assets [(a)-(b)]</b>	<u>29</u>	<u>34</u>

# Reliance Capital Limited

## Notes to the Consolidated Financial Statement as at March 31, 2014

(₹ in crore)

	As at March 31, 2014		As at March 31, 2013	
<b>16 Long-term loans and advances</b>				
(a) Capital advances				
Secured, considered good	176		76	
Unsecured, considered good	26	202	20	96
(b) Security deposits				
Unsecured, considered good	106		106	
Unsecured, considered doubtful [₹ 24 26 303 (Previous year ₹ 17 20 333)]	-		-	
Less : Provision for doubtful debts [₹ 24 26 303 (Previous year ₹ 17 20 333)]	-	106	-	106
(c) Loans				
Considered doubtful				
-Secured	259		262	
-Unsecured	4		30	
Less : Provision for non performing assets and doubtful debt	30		68	
	233		224	
Considered good				
Related party (Refer Note No. 42)				
-Secured	328		61	
-Unsecured	508		25	
Others				
-Secured	11 362		9 154	
-Unsecured	2 431		2 816	
	14 629	14 862	12 056	12 280
(d) Advances (Refer Note No. 2 below)				
Considered doubtful				
-Secured	90		50	
-Unsecured	2		1	
Less : Provision for non performing assets and doubtful debt	35		12	
	57		39	
Considered good - others (Unsecured)	115	172	10	49
(e) Other loans and advances				
-VAT & service tax credit available	22		31	
-Advance income tax & TDS deducted (net of income tax provision)	267	289	179	210
		15 631		12 741

### Notes:

- In the opinion of the management, loans and advances, other than doubtful, are considered as good and fully recoverable.
- Advances includes ₹ Nil crore (Previous year ₹ 2 crore) paid towards share application money .

### 17 Other non-current assets

(a) Other bank balances				
- In fixed deposit accounts				
-Under lien (Refer Note No. 1 below)	319		316	
-Other	29	348	7	323
(b) Accrued interest / finance income on investments		1 359		1 053
(c) Unamortised expenditures				
Unamortised DSA commission	87		88	
Add : Incurred during the year	48		45	
Less : Amortised during the year	44		46	
	91		87	
Less : To be amortised during the next year	30		23	
	61		64	

Notes to the Consolidated Financial Statement as at March 31, 2014

(₹ in crore)

	As at March 31, 2014	As at March 31, 2013	
Unamortised brokerage on borrowings	100	63	
Add : Incurred during the year	37	66	
Less : Amortised during the year	27	29	
	<u>110</u>	<u>100</u>	
Less : To be amortised during the next year	24	20	
	<u>86</u>	<u>80</u>	
Unamortised distribution cost	3	6	
Add : Incurred during the year	-	-	
Less : Amortised during the year	3	3	
	<u>-</u>	<u>3</u>	
Less : To be amortised during the next year	-	2	
	<u>-</u>	<u>1</u>	145
(d) Repossessed assets	43	19	
Less : Provision for diminution	10	7	12
	<u>1 887</u>	<u>1 533</u>	

1. In respect of balances with banks in fixed deposit accounts above includes:

- ₹ 314 crore (Previous Year ₹ 301 crore) is kept as credit enhancement towards securitisation/assignment transaction.
- ₹ 2 12 500 (Previous year ₹ 2 12 500) is kept as deposit with sales tax authority.
- ₹ 5 00 000 (Previous year ₹ 5 00 000) is kept as deposit with the Pension Fund Regulatory and Development Authority (PFRDA).
- ₹ 4 crore (Previous year ₹ 4 crore) is kept as deposit with bank for issuing of Bank Guarantee & Financial Institutions.
- ₹ Nil (Previous year ₹ 50 00 000) pledged with Insurance Regulatory & Development Authority.
- ₹ Nil crore (Previous year ₹ 10 crore) is pledged against Bank overdraft facility.
- ₹ 1 crore (Previous year ₹ Nil) is pledged towards collateral security deposit in favour of National Stock Exchange of India Limited.

**18 Current investments**

Investments in preference shares		
-Quoted	-	10
-Unquoted	120	119
Investments in government or trust securities		
-Unquoted	-	5
Investments in debentures or bonds (valued at cost unless stated otherwise)		
-Quoted	476	314
-Unquoted [Net of provision of ₹ 1 crore (Previous year ₹ Nil)]	300	540
Investments in mutual funds		
-Quoted	780	180
-Unquoted	298	268
Pass through certificates & security receipts	43	88
Other current investments (valued at cost unless stated otherwise)		
-Units of seed/equity fund- unquoted, fully paid-up [Net of provision of ₹ 8 crore (Previous year ₹ 1 crore)]	3	3
	<u>2 020</u>	<u>1 527</u>
1. Aggregate value of provision for diminution in value of investments		
Quoted investments	-	-
Unquoted investments	9	1
<b>Total</b>	<u>9</u>	<u>1</u>

# Reliance Capital Limited

## Notes to the Consolidated Financial Statement as at March 31, 2014

(₹ in crore)

	As at March 31, 2014	As at March 31, 2013
<b>19 Inventories (As certified by management)</b>		
Securities	93	76
Commodities	16	11
Paintings	55	37
Gold (* ₹ 29 10 031)	*	20
Stock of currencies [ ₹ 25 96 950 (Previous year ₹ 23 52 829)]	-	-
	<u>164</u>	<u>144</u>
<b>20 Trade receivables</b>		
Doubtful unsecured		
Debts outstanding for a period exceeding six months	44	39
Less : Provision for doubtful debts	43	38
	<u>1</u>	<u>1</u>
Other debts-unsecured, considered good;		
Others	931	838
	<u>932</u>	<u>839</u>
<b>21 Cash &amp; bank balances</b>		
(a) Cash & cash equivalents		
Balances with banks		
- In current accounts	2 036	1 010
- Fixed deposits (less than 3 months)	25	71
Cheques on hand	23	24
Cash on hand	10	7
	<u>2 094</u>	<u>1 112</u>
(b) Other bank balances		
- Unclaimed dividend accounts	14	12
- In fixed deposit accounts		
- Under lien (Refer Note given below)	492	451
- Under margin (Refer Note given below)	63	7
	<u>555</u>	<u>458</u>
	<u>2 663</u>	<u>1 582</u>

### Note:

- In respect of balances with Banks in Fixed Deposit accounts above includes:
  - ₹ 154 crore (Previous year ₹ 54 crore) is kept as credit enhancement towards securitisation transaction.
  - ₹ 72 crore (Previous year ₹ 30 crore) is kept as collateral security deposit in favour of the National Stock Exchange of India Limited and BSE Limited and ₹ 63 crore (Previous year ₹ 7 crore) placed as margin for the issue of bank guarantee favouring National Securities Clearing Corporation Limited.
  - ₹ 24 crore (Previous year ₹ 25 crore) placed as margin for the issue of bank guarantee favouring the Multi Commodity Exchange of India Limited and National Commodity & Derivatives Exchange Limited.
  - ₹ 230 crore (Previous year ₹ 206 crore) are liened against bank overdraft facility.
  - ₹ 12 crore (Previous year ₹ 136 crore) is kept as deposit with bank for issuing of bank guarantees.

### 22 Short term loans and advances

Unsecured, considered good;

(a) Loans			
Considered good			
Related party (Refer Note No. 42)			
-Secured	186	95	
-Unsecured	238	434	
Others			
-Secured	4 374	3 644	
-Unsecured	1 508	3 028	7 201



Notes to the Consolidated Financial Statement as at March 31, 2014

(₹ in crore)

	As at March 31, 2014		As at March 31, 2013	
(b) Advances				
Considered good				
Related party unsecured (Refer Note No. 42) [Previous year ₹ 2 67 733]	1		-	
Others				
-Secured	128		109	
-Unsecured	274	403	96	205
(c) Other loans and advances				
-Deal and fund organisation expenses	-		4	
-VAT & service tax credit available	45		14	
-Advance income tax & TDS deducted (net of provision)	15	60	10	28
(d) Prepaid expenses		62		38
		<u>6 831</u>		<u>7 472</u>

**23 Other current assets**

Interest accrued on loans	633		483	
Accrued interest / finance income on investments	47		99	
Unamortised DSA commission	30		23	
Unamortised brokerage on borrowings	24		20	
Motor pool transition liabilities (Unamortised Losses)	-		79	
DR pool claims assets account	17		11	
Unamortised referral fees	-		2	
		<u>751</u>		<u>717</u>

(₹ in crore)

2013-2014

2012-2013

**24 Revenue from operations**

Interest and finance income on:				
Long term investments	878		753	
Loans	2 718		2 374	
Fixed deposits & others	85	3 681	80	3 207
Lease rental income		23		21
Processing fees	110		91	
Less: Service tax recovered	12	98	10	81
Profit / (loss) on sale of (Net):				
Long term investments	44		1 028	
Current investments	69	113	43	1 071
Investment management and advisory fees		679		619
Portfolio management / Trustee fees		22		23
Commission and brokerage earned		266		221
Premium & commission earned		2 437		2 073
Dividends on long term / short term investments		39		40
Profit on sale of securities / commodities / gold (Net)		28		48
Bad debts recovered		30		34
Other operating income		39		32
		<u>7 455</u>		<u>7 470</u>

# Reliance Capital Limited

## Notes to the Consolidated Financial Statement as at March 31, 2014

(₹ in crore)

	2013-2014	2012-2013
<b>25 Other income</b>		
Exchange difference/ margin on sale of foreign currency (Net)	4	2
Credit balance / excess provision written back	30	11
Profit on sale of fixed assets (Net)	24	-
Management fees	12	12
Rent	1	1
Miscellaneous income	18	23
	<u>89</u>	<u>49</u>
<b>26 Employee benefit expenses</b>		
Salary and wages	545	555
Contribution to provident fund & other funds	25	27
Staff welfare expenses	29	25
	<u>599</u>	<u>607</u>
<b>27 Finance cost</b>		
Interest expense		
-Debentures	930	631
-Bank loans / financial institutions (Long term and short term)	1 139	1 242
-Bank loans (cash credit)	42	29
-Inter corporate deposits	-	1
-Others	7	3
Other borrowing costs		
-Discount on commercial papers	356	408
-Amortised brokerage on borrowings (Refer Note No. 17)	27	29
-Net (gain)/loss on foreign currency transactions and translation [₹ Nil (Previous year ₹ 3 52 124)]	-	-
	<u>2 501</u>	<u>2 343</u>
<b>28 Other expenses</b>		
Bank charges	7	5
Rent	104	75
Rates and taxes	34	47
Repairs and maintenance		
- Buildings	1	2
- Others	87	86
Electricity	10	11
Insurance	2	3
Travelling and conveyance	33	31
Claims incurred (Net)	1 604	1 261
Premium paid on reinsurance ceded	579	534
Reserve for unexpired risk	121	183
Postage, telegram and telephones	38	43
Legal & professional fees	234	207
Commission & brokerage [(Refer Note No. 40(iii)]	191	241
Auditors' remuneration (Refer Note No. 43)	3	3
Loss on sale of securities / commodities	-	6
Sales and marketing expenses	278	190
Employee seminar and training	11	8
Donation (₹ 23 24 220)	-	1

Notes to the Consolidated Financial Statement as at March 31, 2014

(₹ in crore)

	2013-2014	2012-2013
Directors' sitting fees	1	1
Amortised DSA commission (Refer Note No. 17)	44	46
Amortised Distribution cost (Refer Note No. 17)	3	3
Provision for NPA, doubtful debts and balances written off *	115	334
Provision / (Reversal) for diminution in the value investments / written off **	(21)	304
Provision and loss on repossessed stock #	14	9
Loss on sale of fixed assets / written off	-	2
Miscellaneous expenses	43	47
	<u>3 536</u>	<u>3 683</u>
<b>Notes:</b>		
<b>* Breakup of provision for NPA, doubtful debts and bad debts written off</b>		
Provision / (Reversal) for NPA and doubtful debts	(16)	50
Provision for standard debts	10	12
Bad debts written off	121	151
Loss on sale of assignment	-	121
	<u>115</u>	<u>334</u>
<b># Breakup of provision and loss on repossessed stock</b>		
Provision for repossessed stock	5	3
Loss on sale of repossessed stock	9	6
	<u>14</u>	<u>9</u>
<b>** Breakup of provision / (reversal) for diminution in the value of investments / written off</b>		
Provision / (Reversal) for diminution in value of investments	(34)	298
Investments written off	13	6
	<u>(21)</u>	<u>304</u>

**29 Security clause in respect to Secured Loans/Debentures:**

- (i) Non convertible debentures (NCDs) referred above are redeemable at par, in one or more installments, on various dates.
- (a) NCDs amounting to ₹ 5,376 crore (Previous year ₹ 2,792 crore) are secured by way of first pari passu legal mortgage and charge over the premises situated at Avdesh House, near Pritam Nagar, Ellisbridge, Ahmedabad and additional first pari passu charge by way of hypothecation on present and future book debts / business receivables of the Company. Business receivables includes Fixed Asset, Current Assets, Investments and any other assets, against security not exceeding ₹ 5,626 crore (Previous year ₹ 2,350 crore).
- (b) NCDs amounting to ₹ 2,398 crore (Previous year ₹ 3,459 crore) are secured by way of first pari passu legal mortgage and charge over the premises situated at Avdesh House, near Pritam Nagar, Ellisbridge, Ahmedabad and additional first pari passu charge by way of hypothecation on present and future book debts / business receivables of the Company (except security towards securing Outstanding Term Loan and Cash Credit Limits). Business receivables includes Current Assets and Investments, against security not exceeding ₹ 2,723 crore (Previous year ₹ 3,725 crore).
- (c) NCDs amounting to ₹ 304 crore (Previous year ₹ 86 crore) are secured by way of first pari passu legal mortgage and charge over the premises situated at Bharuch and additional pari passu charge by way of hypothecation on the present and future books debts/receivables, outstanding money (loan book), receivable claims of Reliance Home Finance Limited with other secured lenders, except those book debts and receivables charged / to be charged in favour of National Housing Bank for refinance availed/ to be availed from them, of Home Finance Business subject to maintenance of minimum asset coverage of 100% of issue amount.
- (d) The Company is in the process of creating security on the remaining NCDs amounting to ₹ Nil (Previous year ₹ 567 crore).

# Reliance Capital Limited

## Notes to the Consolidated Financial Statement as at March 31, 2014

(e) Maturity profile and Rate of interest of Long Term Non Convertible Debentures are as set out below:

(₹ in crore)

Rate of Interest	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2025-26	Total
#	123	3	-	7	-	-	-	-	-	-	133
8.40%	25	-	-	-	-	-	-	-	-	-	25
9.09%	-	-	-	5	-	-	-	-	-	-	5
9.25%	-	-	-	55	-	-	-	-	16	-	71
9.30%	-	-	-	500	-	-	-	-	-	-	500
9.35%	-	-	-	-	-	-	-	-	30	-	30
9.40%	-	-	-	-	-	-	-	-	1,500	-	1,500
9.45%	-	-	-	20	-	-	-	-	-	-	20
9.48%	-	-	-	-	-	-	-	-	-	1	1
9.50%	10	-	-	5	-	-	-	-	30	-	45
9.52%	-	-	-	-	-	-	-	-	15	-	15
9.60%	19	-	-	-	-	-	-	-	-	-	19
9.70%	-	-	-	10	-	-	-	-	-	-	10
9.75%	60	5	15	-	-	-	-	-	-	-	80
9.80%	-	-	-	-	-	-	-	500	-	-	500
9.85%	5	-	75	-	-	-	-	45	-	-	125
9.86%	-	-	30	-	-	-	-	-	-	-	30
9.90%	-	15	-	-	-	500	-	75	2	-	592
9.95%	-	-	-	-	-	-	-	85	-	-	85
10.00%	15	10	281	-	-	-	-	26	-	-	332
10.05%	-	-	-	-	-	-	-	7	-	-	7
10.10%	-	-	20	16	-	-	-	10	-	-	46
10.15%	5	-	65	-	-	-	-	-	-	8	78
10.19%	-	-	-	-	-	-	-	-	155	-	155
10.20%	-	-	5	-	-	-	-	82	-	-	87
10.21%	-	50	-	-	-	-	-	-	-	-	50
10.24%	-	-	-	-	500	-	-	-	-	-	500
10.25%	-	75	16	-	-	-	-	40	-	-	131
10.26%	-	50	-	-	-	-	-	-	-	-	50
10.28%	-	-	-	-	15	-	-	-	-	-	15
10.30%	4	-	49	93	-	-	-	-	-	-	146
10.33%	-	-	25	-	-	-	-	45	-	-	70
10.35%	5	-	15	-	-	155	-	5	-	-	180
10.40%	50	105	-	-	-	-	-	400	-	-	555
10.50%	-	500	-	21	-	-	25	20	15	-	581
10.60%	-	-	-	-	-	-	83	59	-	-	142
10.65%	-	-	-	8	-	-	-	-	-	-	8
10.75%	-	-	-	-	-	-	367	-	-	-	367
11.00%	-	300	-	-	-	-	-	-	-	-	300
MLD	245	223	41	2	-	-	-	-	-	-	511
<b>Total</b>	<b>566</b>	<b>1,336</b>	<b>637</b>	<b>742</b>	<b>515</b>	<b>655</b>	<b>475</b>	<b>1,399</b>	<b>1,763</b>	<b>9</b>	<b>8,097</b>

# Zero coupon non convertible debentures

(ii) Term Loans from banks above includes:

- (a) Term Loans from banks and current maturity of term loan includes ₹ 6 582 crore (Previous year ₹ 8 518 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) Term Loans from Bank and current maturity of term loan of Reliance Home Finance Limited (RHFL):
- (i) Term loan ₹ 1859 crore (Previous year ₹ 1 695 crore) secured by pari passu first charge in favor of the lender on all the book debts, outstanding moneys, receivable claims of RHFL, except for those book debts/receivables to be charged in favour of National Housing Bank for refinance to be availed, if any, from them, against security not exceeding ₹ 2057 crore (Previous year ₹ 1 880 crore).
- (ii) Term loan ₹ 150 crore (Previous year ₹ 100 crore) secured by pari passu first charge in favor of the lender on all the standard book debts, outstanding moneys, receivable claims of RHFL, except for those book debts/receivables to be charged in favor of National Housing Bank for refinance to be availed, if any, from them, against security not exceeding ₹ 167 crore (Previous year ₹ 110 crore).

Notes to the Consolidated Financial Statement as at March 31, 2014

- (iii) Term loan ₹ 212 crore (Previous year ₹ 187 crore) secured by pari passu first charge in favor of the lender on all the book debts, outstanding moneys, receivable claims of RHFL, against security not exceeding ₹ 235 crore (Previous year ₹ 206 crore).
- (iv) Term loan ₹ 140 crore (Previous year ₹ 161 crore) secured by pari passu first charge in favor of the lender on all the book debts, outstanding moneys, receivable claims of RHFL, against security not exceeding ₹ 168 crore (Previous year ₹ 192 crore).
- (c) Maturity profile of Long Term loans from banks are as set out below :

	2015-16	2016-17	2017-18	2018-19	Total
Term Loan from Banks	2 867	1 899	867	448	6 081

30 Profit on Sale of Subsidiaries and Amalgamation adjustments

	(₹ in crore)	
	2013-2014	2012-2013
Profit /(Loss) on sale of subsidiaries	(2)	-
Amalgamation Adjustments (Refer Note (i) given below)	-	40
<b>Total</b>	<b>(2)</b>	<b>40</b>

- (i) Amalgamation Adjustments referred above ₹ Nil (Previous year ₹ 40 crore) is on account of provision reversed made on Reliance Equities International Private Limited, which is amalgamated with the Company.

31 Scheme of Amalgamation & Arrangement

I Scheme of Amalgamation between Company, Reliance Equities International Private Limited (REIPL) and Emerging Money Mall Limited (EMML)

The Scheme of Amalgamation ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 between Company, REIPL and EMML has been sanctioned by the Hon'ble High Court of Judicature at Bombay vide Order dated March 22, 2013. The scheme became effective on April 17, 2013 on filing with the Registrar of Companies (RoC) with effect from March 31, 2013 i.e. Appointed Date.

REIPL was incorporated with the main object of providing broking services to institutional investors and EMML was incorporated with the main object of e-commerce. The amalgamation has been accounted for under the "Purchase method" as prescribed by Accounting Standard (AS-14) on "Accounting for Amalgamation" notified under the Companies (Accounting Standards) Rules, 2006. The Company has carried out the accounting treatment prescribed in the Scheme as sanctioned by the Hon'ble High Court of Judicature at Bombay. The required disclosures as per paragraph 42 of Accounting Standard (AS-14) 'Accounting for Amalgamations' as prescribed under the Companies (Accounting Standards) Rules, 2006 has been provided.

Hence, in accordance with the Scheme:-

- (i) As entire issued, subscribed and paid up share capital of REIPL and EMML was held by the Company, no shares of the Company have been allotted in lieu or exchange of its holding in REIPL and EMML. Consequent to the Scheme the share capital of REIPL and EMML stands cancelled.
- (ii) On Scheme becoming effective with effect from Appointed Date, the Company has written off its cancelled investments amounting to ₹ 680 crore in REIPL and EMML to the Statement of Profit and Loss of the Company for the year and recorded all the assets aggregating to ₹ 1,103 crore and liabilities aggregating to ₹ 188 crore as appearing in the books of REIPL and EMML at their respective fair value as decided by the Board of Directors of the Company. The net assets taken over include:

	(₹ in crore)		
Assets / Liabilities Taken Over	REIPL	EMML	Total
<b>Assets</b>			
Investments	1 060	2	1 062
Balance with Schedule Bank (₹ 5 95 231)	3	-	3
Loans & Advances (₹ 30 000)	38	-	38
Taxes Paid (₹ 3 94 137)	-	-	-
<b>Total</b>	<b>1 101</b>	<b>2</b>	<b>1 103</b>
<b>Liabilities</b>			
Loans	187	1	188
Other liabilities (₹ 4 86 095, ₹ 5 62 024)	-	-	-
<b>Total</b>	<b>187</b>	<b>1</b>	<b>188</b>
<b>Excess of Assets over liabilities credit to Capital Reserve</b>	<b>914</b>	<b>1</b>	<b>915</b>

# Reliance Capital Limited

## Notes to the Consolidated Financial Statement as at March 31, 2014

- (iii) All Inter-company balances including liabilities on account of loans and advances amounting to ₹ 186 crore on Appointed Date also stand cancelled. Consequent upon the above Scheme of Amalgamation, there has been a reduction of ₹ 69 crore in the value of investments in Viscount Management Services Limited which has been debited to Capital Reserve.
- (iv) Difference aggregating to ₹ 846 crore after recording both above said items being the excess arising on transfer under the Scheme of assets and liabilities has been credited to Capital Reserve. The reserve created pursuant to the Scheme shall for all regulatory and accounting purposes be considered to be part of the owned funds / net worth of the Company.
- (v) In accordance with the provisions of the Scheme of Amalgamation of Reliance Commercial Finance Private Limited (RCFPL) with the Company ("the 2011 Scheme") sanctioned by the Hon'ble High Court of Judicature at Bombay vide order dated April 29, 2011, an equivalent amount, equivalent to the investments written off amounting to ₹ 680 crore determined as an exceptional item by the Board of Directors of the Company, has been withdrawn from General Reserve to offset the same and credited to the Statement of Profit and Loss so that there is no impact on profit before tax for the year.

Had both the Schemes not prescribed the above accounting treatment and Company has followed accounting treatment prescribed under Accounting Standard (AS - 14), the General reserve would have been higher by ₹ 680 crore.

In consolidated financial statements due to accounting of above said Schemes Capital Reserve (Net) is higher by ₹ 166 crore.

- II As on February 3, 2014, Reliance Capital Partners has entered into a business transfer agreement with Sharan & Co. ("Transferor") a proprietorship concern, for transfer of its financial undertaking for a consideration of ₹ 25,00,000/-. The net liabilities taken over include:

Assets / Liabilities Taken Over	Amount
(₹ in crore)	
<b>Liabilities</b>	
Loans	22
<b>Total</b>	<u>22</u>
<b>Assets</b>	
Inventories	19
Cash & Bank Balance (₹ 4 05 059)	-
Loans & Advances (₹ 32 43 401)	-
<b>Total</b>	<u>19</u>
Excess of Liabilities over assets	3
Add: Sale consideration (₹ 25 00 000)	-
Net difference debited to goodwill	3

- 32 a) The group 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:

		Securitisation	Assignment	Total
		(₹ in crore)		
Total number of loan assets Securitised / Assigned	(Nos.)	<b>9 107</b>	<b>25 382</b>	<b>34 489</b>
		(12 051)	(7 120)	(19 171)
Total book value of loan assets Securitised / Assigned (Net of Provisions, if any)	(₹)	<b>930</b>	<b>1 852</b>	<b>2 782</b>
		(1 610)	(701)	(2 311)
Sale consideration received for the Securitised / Assigned assets	(₹)	<b>930</b>	<b>1 852</b>	<b>2 782</b>
		(1 610)	(580)	(2 190)
Net gain / (loss) on account of Securitisation / Assignment	(₹)	-	-	-
		(-)	-(121)	-(121)
Outstanding Credit Enhancement (Funded) as at March 31, 2014	(₹)	<b>293</b>	<b>71</b>	<b>364</b>
		(204)	(152)	(356)
Outstanding Liquidity Facility	(₹)	-	-	-
		(-)	(-)	(-)
Net Outstanding Servicing Liability as at March 31, 2014	(₹)	<b>76</b>	<b>154</b>	<b>230</b>
		(66)	(74)	(140)

Note : Figures in bracket indicate previous year figures.

Notes to the Consolidated Financial Statement as at March 31, 2014

(i) Securitisation

		(₹ in crore)	
Particulars		As at March 31, 2014	As at March 31, 2013
1	Nos. of SPVs sponsored by the Group for Securitisation Transactions	14	7
2	Total amount of securitised assets as per books of the SPVs sponsored by the Group	1 598	1 421
3	Total amount of exposures retained by the Group to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	First loss	293	178
	Others	3	7
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	101	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	-	25
	Others	-	14
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

(ii) Assignments

1	Nos. of Direct Assignments by group	37	26
2	Total amount of assigned assets as per books of the Group	2 382	1 583
3	Total amount of exposures retained by the Group to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	First loss	-	-
	Others	245	58
4	Amount of exposures to assignment transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own assignments		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party assignments		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own assignments		
	First loss	71	152
	Others	-	-
	ii) Exposure to third party assignments		
	First loss	-	-
	Others	-	-

b) 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 has invested in the assets securitised by it, which, however, is restricted to the maximum limit prescribed by RBI prior to RBI guidelines on securitisation dated August 21, 2013.

# Reliance Capital Limited

## Notes to the Consolidated Financial Statement as at March 31, 2014

- c) During the year, group has entered into a agreement for assignment of receivables amounting to ₹ Nil (Previous Year ₹ 87 crore). The said receivables are included in loans given.

### 33 Goodwill on Consolidation of Subsidiaries

During the year, the group has acquired 100% equity stake in four subsidiary companies (Previous year 4.74% equity stake in one company through its existing subsidiary company). On Consolidation, the Company has recognised the following goodwill :  
(₹ in crore)

	2013-14	2012-13
Opening balance of Goodwill / (Capital Reserve) on consolidation of subsidiaries	216	47
Add : Goodwill / (Capital Reserve) on acquisition of subsidiaries	17	176
Less : Goodwill on sale / amalgamation of investments in subsidiaries	-	7
Closing balance of Goodwill / (Capital Reserve) on consolidation of subsidiaries	233	216

### 34 Employees Stock Option Plan (ESOP)

#### A) Reliance Capital Limited

The Company operates two Employees 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 ₹ 62 crore (net of diminution ₹ 64 crore) [Previous year 64 crore (net of diminution ₹ 64 crore)] has been granted to Trust. Out of the said advance Trust has purchased 16,00,000 (Previous year 16,00,000) Equity Shares for the above purpose.

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

	Plan A	Plan B
Date of Grant	February 1, 2010	February 1, 2010
Prices of the Underlying Stock (₹)	790	790
Exercise / Strike Price (₹)	800	800

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

	Plan A	Plan B
Risk Free Interest Rate	7.01% - 7.27%	7.01% - 7.34%
Expected Dividend Yield	0.620%	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	546

The information covering stock options granted, exercised, forfeited and outstanding at the year end is as follows: (As certified by the management):

	No. of Stock Options			
	Plan A		Plan B	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Outstanding at the beginning of the year	1 70 620	3 47 900	2 52 460	3 50 100
Granted	Nil	Nil	Nil	Nil
Exercised	Nil	Nil	Nil	Nil
Lapsed / Forfeited / Surrendered	37 620	1 77 280	20 560	97 640
Outstanding at the end of the year	1 33 000	1 70 620	2 31 900	2 52 460
Exercisable at end of the year	1 33 000	58 980	1 19 300	37 420

#### B) Reliance Capital Asset Management Limited (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. The plan has been amended and restated vide shareholder's resolution dated February 3, 2011.
- (ii) On December 21, 2007, RCAM issued 200,000 equity shares at a price ₹ 2,000 per equity share to the Trust, Reliance Capital Asset Management Employee Benefit Trust pursuant to the above Plan.



Notes to the Consolidated Financial Statement as at March 31, 2014

- (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, 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:
- Year 2007 - Grant Date September 28, 2007  
The option under ESOP I - 2007 at an exercise price of ₹ 2,000 per share and vest on a graded basis on completion of 3 Years - 30%, on completion of 4 Years - 30%, on completion of 5 Years - 40%.
  - Year 2011 - Grant Date March 30, 2011  
The option under ESOP I - 2007 at an exercise price of ₹ 3,009 per share and vest on a graded basis on completion of 1 Year - 30%, on completion of 2 Years - 30%, on completion of 3 Years - 40%.
  - Year 2011 - Grant Date March 30, 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 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:

	As of March 31, 2014		As of March 31, 2013	
	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	4 250	2 000	63 800	2 000
Granted	-	-	-	-
Exercised	400	2 000	59 550	2 000
Cancelled or expired	2 750	-	-	-
Outstanding at the year end	1 100	2 000	4 250	2 000
Exercisable at end of year	1 100	2 000	4 250	2 000
Year 2011				
Outstanding at beginning of year	23 795	3 009	34 050	3 009
Granted	-	-	-	-
Exercised	8 940	3 009	9 765	3 009
Cancelled or expired	680	-	490	-
Outstanding at the year end	14 175	3 009	23 795	3 009
Exercisable at end of year	14 175	3 009	10 455	3 009
Year 2011				
Outstanding at beginning of year	1 14 785	3 009	1 32 075	3 009
Granted	-	-	-	-
Exercised	11 675	3 009	12 340	3 009
Cancelled or expired	5 515	-	4 950	-
Outstanding at the year end	97 595	3 009	1 14 785	3 009
Exercisable at end of year	24 445	3 009	13 528	3 009

- (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, 2014	Year ended March 31, 2013
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).

**C) In case of Reliance General Insurance Company Limited (RGIC)**

RGIC had introduced the Employee Stock Option Plan during the F. Y. 2008-09 under which options were granted to the employees of RGIC on the basis of their performance and other eligibility criteria. During the year RGIC 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:

# Reliance Capital Limited

## Notes to the Consolidated Financial Statement as at March 31, 2014

<b>Exercised Period</b>	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:

	As of March 31, 2014			As of March 31, 2013		
	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	4 14 900	70	1.42	4 59 900	70	2.42
Granted	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
Lapsed / Forfeited	-	-	-	45 000	-	-
Outstanding at the year end	4 14 900	70	-	4 14 900	70	-
Exercisable at end of year	4 14 900	70	-	4 14 900	70	-

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 Earnings Per Share (EPS) for the year, had RGIC adopted the fair value method, would have been unchanged.

### D) In case of Reliance Securities Limited (RSL)

- Pursuant to the board members, resolution dated October 24, 2007, RSL introduced the Employee Stock Option Plan under which RSL decided to grant, from time to time, options to the employees of RSL.
- On October 1, 2009, RSL issued a total of 100,000 equity shares at a price ₹ 50 per equity share to the Trust, Reliance ADA Group Trustees Private Limited as Trustees of Reliance Securities Limited Employee Benefit Trust.
- 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:
  - 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 on completion of 3 years – 30%, on completion of 4 years – 30%, on completion of 5 years – 40%

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

	As of March 31, 2014		As of March 31, 2013	
	No. of stock options	Weighted average exercise Price (₹)	No. of stock options	Weighted average exercise Price (₹)
<b>IB, 2009</b>				
Outstanding at beginning of year	30 300	50	54 800	50
Granted / Exercised	-	-	-	-
Cancelled or expired	11 300	-	24 500	-
Outstanding at the year end	19 000	50	30 300	50
Exercisable at end of year	19 000	50	30 300	50

- 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 2014
Risk free interest rate	6.68%
Expected life	7 years
Dividend yield	0%

- 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 RSL adopted the fair value method, would have been lower by ₹ Nil (net of tax saving ₹ Nil) and accordingly the EPS (both basic and diluted) will not have any effect.

- The net results for the year, had RCAM and RSL adopted the Fair Value Method, would have been lower by ₹ Nil (Previous year ₹ 15 crore) [net of tax saving ₹ Nil (Previous year ₹ 12 crore)] and accordingly the EPS (both basic and diluted) would have been lowered by ₹ Nil (Previous year ₹ 0.62 & ₹ 0.49) respectively.

### 35 In case of Reliance Money Express Limited (RMEL)

- In the year 2008-2009, RMEL had claimed service tax refund of ₹ 7 crore pertaining to period March 2005 to January 2009, pursuant to circular no.111/05-2009 dated 24/02/2009 issued by Central Board of Excise and Customs (CBES) in respect of money transfer services. During the year 2009-2010, RMEL had received ₹ 3 crore towards service tax refund

Notes to the Consolidated Financial Statement as at March 31, 2014

claim for the period December 2007 to January 2009. During the year 2010-2011, RMEL received a show cause notice dated January 27, 2011 reclaiming the refund granted. Further, RMEL has received a show cause cum demand notice dated March 22, 2011 demanding service tax aggregating ₹ 3 crore (excluding interest and penalty) for the period October 2009 to September 2010.

The Management is of the opinion that the money transfer services are construed as 'export' of services and hence not liable to service tax. Accordingly, no provision for the same has been made in the financial statements.

- b) During the financial year 2009-10, the Directorate of Enforcement (DoE) seized foreign currency amounting to ₹ 3 crore. Based on investigations conducted by the DoE and documents furnished by RMEL, the DoE department released foreign currency worth ₹ 3 crore to RMEL in the financial year 2009-10. RMEL is confident of getting back the balance currency worth ₹ 16 64 322.

**36 In case of Reliance General Insurance Company Limited (RGIC)**

**(a) Terrorism Pool**

In accordance with the requirements of IRDA, RGIC together with other insurance companies participates in the Terrorism Pool. This pool is managed by the General Insurance Corporation of India (GIC). Amount collected as terrorism premium in accordance with the requirements of the Tariff Advisory Committee (TAC) are ceded at 100% of the terrorism premium collected to the Terrorism Pool.

In accordance with the terms of the agreement, GIC retrocedes to RGIC, terrorism premium to the extent of RGIC's share in the risk which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly statements received from GIC. The reinsurance accepted on account of terrorism pool has been recorded in accordance with the last statement received from GIC.

RGIC has ensured that it has created liability to the extent of premium retroceded to RGIC through reserve for unexpired risks.

**(b) Indian Motor Third Party Insurance Pool (IMTPIP)**

In accordance with the directions of IRDA, RGIC, together with other insurance companies, had participated in the Indian Motor Third Party Insurance Pool (IMTPIP). The IMTPIP was a multilateral reinsurance arrangement, in which all member companies were compulsorily required to participate. The IMTPIP was administered by the General Insurance Corporation of India ('GIC'). The IMTPIP had covered reinsurance of third party risks of specified motor vehicles ("Specified Risks"). Amounts collected as premium in respect of Specified Risks were ceded at 100% of such premium, 100% of claims incurred against risks ceded being recoverable from the pool.

In accordance with the terms of the agreement, each participant company was compulsorily required to share in the revenues, expenses, assets and liabilities of the IMTPIP, including Unexpired Risks Reserve, in the proportion that RGIC's Gross Direct Premium written in India (GDPI), bears to the total GDPI of all participant companies. RGIC's share as specified above had been recorded based on the returns submitted by GIC, under the respective heads.

IRDA through its Orders dated December 23, 2011, January 3, 2012 and March 22, 2012 had directed the dismantling of the Pool on a clean cut basis and advised recognition of the Pool liabilities as per loss ratios estimated by Government's Actuary Department UK ("GAD Estimates") at 159%, 188%, 200%, 213.00% and 145% for underwriting year 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 respectively with the option to recognise the additional liabilities for the period 2009-10, 2010-11 and 2011-12 over a three year period, RGIC had exercised this option and IMTPIP liability relating to underwriting years 2009-10, 2010-11, 2011-12 is being recognized based on straight line basis over three years beginning with financial year 31st March, 2012. Accordingly, the profit of RGIC would have been higher by ₹ 79 crore pursuant to recognition of the said liability in the year of dismantling of IMTPIP.

**(c) Transitional Liabilities (TL) recognized in current year is as follows :** (₹ in crore)

	Unrecognised as on March 31, 2013	Accounted during the year	Recognized during the year	Unrecognised as on March 31, 2014
Opening	79	-	79	-

**(d) Basis used by actuary for determining IBNR / IBNER**

The liability for IBNR and IBNER as at March 31, 2014 has been estimated by the Appointed Actuary as per IRDA circular No.: 11/IRDA/ACTL/IBNR/2005-06 dated June 8, 2005.

For lines of business other than motor third party, the estimation was carried out using past trends in claims experience as indicated by paid claims chain ladder approach. Bornhuetter-Ferguson method of estimation was also applied for some lines as considered appropriate by the Appointed Actuary.

For motor third party line of business, the estimations were done using ultimate loss ratio method. For liabilities relating to erstwhile motor third party pool and declined risk pool, the ultimate loss ratios as specified in regulatory circulars were referred to in determining the estimates.

**(e) Contribution to Solatium Fund**

In accordance with the requirements of the IRDA circular dated March 18, 2003 and based on recommendations made at the General Insurance Council meeting held on February 4, 2005, RGIC has provided 0.1% of gross written premium on all motor third party policies towards contribution to the solatium fund.

### (f) Indian Motor Third Party Decline Risk Pool (IMTPDRP)

In accordance with the directions of IRDA, RGIC, together with other insurance companies, is participating in the Indian Motor Third Party Decline Risk Pool (IMTPDRP). The IMTPDRP is a multilateral reinsurance arrangement, in which all member companies are compulsorily required to participate. The IMTPDRP is administered by the General Insurance Corporation of India (GIC).

The Authority vide Order dated January 03, 2012 has created IMTPDRP for Act only Commercial Vehicle third party risks i.e. Act only policies.

Under this arrangement, any business relating to Act only policies of Commercial Vehicles which does not fall within the underwriting parameters of insurers shall be ceded to IMTPDRP. This arrangement is called the Declined Risk Pool.

IRDA has mandated that every insurer has to comply with the obligation to underwrite a minimum percentage of such policies that is calculated as an average of insurer's total gross premium percentage share in the industry and gross motor premium percentage share in the industry.

The insurers are required to retain 20% of such risk, while 5% (Previous year 10%) is ceded to GIC under obligatory cession and remaining 75% (Previous year 70%) ceded to IMTPDRP.

RGIC has received its share of premium, claims and expenses of the pool, which is recorded as inward reinsurance business, based on the statement received from GIC. Accordingly RGIC has recognized pool retrocession up to 9 month ended December 31, 2013, the accounts for which statement received.

RGIC has accounted for its share in Decline Risk Pool for the 3 months period January 2014 to March 2014 on provisional basis based on management estimate and recorded the net amount under claims incurred. Unexpired risks reserve is provided for at 50% of net premium of such inward business, being the minimum rate specified in Section 64V(1)(ii) of the Insurance Act, 1938.

### (g) Investment income

RGIC has accounted investment income of ₹ 79 crore (including ₹ 47 crore pertaining to earlier period) as interest income from IMTPI Pool as per IRDA Order No. IRDA/F&A/ORD/MTPP/070/03-2012 dated March 22, 2012 read with IRDA Order No. IRDA/NL/ORD/MPL/100/03/2014.

### (h) Reserve for unexpired risk

Reserve for unexpired risk have been computed on the basis of 1/365 method i.e. actual number of days left in the policy period divided by total number of days of policy period, subject to a minimum of 100% in case of marine hull business and 50% in case of other business, based on net premium written during the year as required by Section 64V (1) (ii) (b) of the Insurance Act, 1938. In current year while computing the same, those policies are not considered where policy period has lapsed during the year itself based on IRDA circular number IRDA/F&A/CIR/FA/126/07/2013. Had RGIC continued with the earlier method, it would have resulted in creation of additional unexpired risk reserve amounting to ₹ 65 crore with consequential impact in respective revenue accounts.

## 37 In case of Quant Capital Private Limited (QCPL)

- (a) QCPL's subsidiary company has collected stamp duty from various clients on account of its statutory obligation towards transactions entered on various segments. The subsidiary has not deposited the same as the matter is under discussion with the revenue authorities. In the interim the amount payable is reflected under Statutory Liability. The amount outstanding is to the tune of ₹ 9 crore (Previous year ₹ 6 crore).
- (b) There is a legal proceeding going on with Quant Transactional Services Private Limited (QTSPL), which may result in income and recovery for the QCPL from QTSPL which has not been accounted for in Current Financial Statement considering the principle of conservatism.  
Keeping in view the fact that matter is subjudice as at the Balance Sheet date, the following other accounting effects have been given considering the principle of conservatism and prudence.
- (c) Inter-Corporate Deposit (ICD) amounting to ₹ 4 crore given to QTSPL in earlier financial years has been fully provided for in the QCPL books. However, QCPL is hopeful of an amicable settlement and recovery of the same in full. Similarly a provision of 50% which has been made towards interest accrued on the above ICD, which is considered adequate.
- (d) Miscellaneous Income under the head Other Income represent expenses charged to QCPL in earlier years by QTSPL, which has been reversed in the current financial year since QCPL is of the opinion that it is no longer payable to QTSPL company. However QTSPL has provided for the common amenities charged by QCPL in respect of above.
- (e) QTSPL (Plaintiffs) has filed Suit in High Court against QCPL under section 6 of Specific Relief Act, 1963 has claimed that Quant and its subsidiaries has forcefully dispossessed the Plaintiffs from the Goregaon Premises and taken over the possession of the fixed Assets. The interim relief claimed in Notice of Motion was repossession of the premises and inventory of the Fixed Assets. However, The High Court of Bombay has not granted any Interim Relief and Suit and Notice of Motion is pending hearing and for final disposal.
- (f) Mr. Adil Patrawala has filed this Company Petition under section 397 and 398 of Companies Act, 1956 against QCPL claiming mismanagement in the affairs of QCPL and oppression on the minority shareholder. The said Petition is pending hearing for the final disposal. There were certain Ad Interim reliefs claimed which were not granted by Hon'ble Company Law Board except one relief i.e. Mr. Adil Patrawala holding in QCPL cannot be diluted.
- (g) QCPL has filed summary suit against QTSPL for recovery of outstanding dues amounting to ₹ 9 crore. The notice of motion was filed in the said Suit claiming Ad Interim Relief praying lien over the Assets of QTSPL which High Court has denied. Both Notice of Motion and Suit is pending hearing and final disposal.

**Notes to the Consolidated Financial Statement as at March 31, 2014**

- (h) As at the close of the year, QCPL has not yet complied with the requirements of the Registering itself as a Core Investment Company (CIC) as per the guidelines of the Reserve Bank of India vide its circular RBI/2010-11/360 DNBS (PD) CC. No. 206/03.10.001/2010-11 dated January 5, 2011. The same is in the process of regularisation.

**38 In case of Reliance Money Precious Metals Private Limited (RMPMPL)**

- (a) RMPMPL has entered into an agreement with World Gold Council for its daily sale of gold and have appointed Computer Age Management Services Private Limited as its data processing service provider. RMPMPL has appointed IDBI Trusteeship Services Limited as a Security Trustee for and on behalf of the customer. Lemiur Secure Logistics Private Limited is appointed as custodian and maintains physical stock of accumulated gold on behalf of trustees.
- (b) RMPMPL runs a plan, MY Gold plan where in, the customer subscribes for a plan with a tenor from 1 year to 15 years. The monthly subscription amount received from the customers is utilized for buying of gold. The gold is bought in twenty equated working days and is credited to the customer's account. The delivery of gold to the customer will be at the maturity, as decided by the customer. As per the revised agreement with the customers, subscription amount under the plan are invoiced at the time of credit of gold grams into the customer account.

**39 In case of Reliance Exchangenext Limited (RNext)**

- (i) Investment in equity shares of Indian Commodity Exchange Limited ('ICEX'):  
As per share sale & purchase agreement dated October 13, 2010 between Indiabulls Financial Services Limited ("IBFSL") and Reliance Exchangenext Limited ('the subsidiary'), the subsidiary had acquired 5,20,00,000 equity shares of Indian Commodity Exchange Limited ('ICEX') from the IBFSL, at a purchase price of ₹ 47 crore which represents 26% stake in the of ICEX on December 13, 2010.  
Pursuant to the ICEX application, Government of India and Forward Market Commission granted their approval vide their letters dated September 23, 2010 & October 04, 2010 respectively, for the said transfer by IBFSL to the subsidiary. The aforesaid approval from Government of India and Forward Markets Commission are subject to the following conditions: -
- (a) that three years lock-in period condition shall apply to the subsidiary, anchor investor, the subsidiary afresh with effect from the date of Government approval, i.e., September 23, 2010;
- (b) that in case MMTC Ltd, which now becomes co-anchor investor, exercises its right to stake a claim to 14% in the Exchange from IBFSL in pursuance to its right to first refusal, IBFSL will be bound to transfer its remaining 14% to MMTC Ltd at the same price at which it has been offered to the subsidiary.
- On October 21, 2011, MMTC Ltd submitted a petition before the Company Law Board, New Delhi, in terms of Sections 397, 398, 402 and 403 of the Companies Act, 1956, seeking declaration of the aforesaid transfer of shares as void, injunction and investigation into the affairs of the ICEX and appointment of Administrative Special Officer, Auditor, etc.  
Subsequently the ICEX has submitted its response to the aforesaid petition before the Honourable Company Law Board on February 10, 2012 refusing and denying the purported allegations against it. Subsequently, on February 11, 2014, MMTC has provided an affidavit to CLB stating that they are contemplating withdrawal of the Petition and taking required steps in that directions. The matter is under consideration by the Company Law Board. Any future financial impact on the financial statements is contingent upon the final order by the appropriate authority.
- (ii) During the year RNext has made 100% provision amounting to ₹ 35 crore for diminution in the value of its equity investments in Indian Commodity Exchange Limited (ICEX), based on management estimate and assesment of ICEX financial position, its accumulated losses and ICEX operation, which is scaled down during the year by ICEX and the management of ICEX has decided not to launch fresh derivative contracts for trading, while existing series of contracts expired on April 1, 2014.

**40 In case of Reliance Capital Asset Management Limited (RCAM)**

- (i) Demerger:  
The Board of Directors of RCAM at its meeting held on March 21, 2014 have approved the demerger of Azalia Distribution Private Limited with RCAM which would be carried out through a Scheme of Arrangement under Section 391 to Section 394 of the Companies Act, 1956. As per the Scheme, appointed date is April 1, 2013. The Scheme has been filed with Bombay High Court & is pending for approval of the court. In view of the above, no effect of the Scheme has been recognized in the Financial Statements of this year.
- (ii) Foreign Subsidiaries:  
On October 26, 2013 the Board of Directors of RCAM passed resolutions to wind down the operations of Reliance Asset Management (Malaysia) SDN BHD ("RAMMY") and Reliance Capital Asset Management UK Plc. ("RAMUK"), wholly owned subsidiaries of RCAM, domiciled in Malaysia and United Kingdom, respectively, RCAM had decided upon this, keeping in view the long-term strategy of profitable growth.  
RAMMY is currently under the process of liquidation. In case of RAMUK, RCAM has made an application for surrender of FCA license and is awaiting regulatory approvals.
- (iii) Brokerage:  
Commission & Brokerage includes write back of brokerage of ₹ 13 crore pertaining to prior period on account of recognition of unclaimed input service tax credit of earlier years.

# Reliance Capital Limited

## Notes to the Consolidated Financial Statement as at March 31, 2014

### 41 The Group is organised into following reportable segments referred to in Accounting Standard (AS 17) "Segment Reporting"

(₹ in crore)

Particular	Finance & Investments	Asset Management	General Insurance	Commercial Finance	Others	Elimination	Total
<b>Revenue</b>							
External	<b>1 472</b> (2 158)	<b>622</b> (527)	<b>2 931</b> (2 408)	<b>2 210</b> (2 117)	<b>309</b> (309)	- (-)	<b>7 544</b> (7 519)
Inter Segment	<b>33</b> (23)	<b>54</b> (83)	<b>14</b> (9)	- (-)	<b>13</b> (10)	<b>114</b> (125)	- (-)
<b>Total Revenue</b>	<b>1 505</b> (2 181)	<b>676</b> ( 610)	<b>2 945</b> (2 417)	<b>2 210</b> (2 117)	<b>322</b> (319)	<b>114</b> ( 125)	<b>7 544</b> (7 519)
<b>Results</b>							
Segment Results - Profit / (Loss) before Tax	<b>144</b> (409)	<b>260</b> (169)	<b>64</b> (-93)	<b>430</b> (342)	<b>(49)</b> (7)	- (-)	<b>849</b> (834)
Unallocated Expenses							<b>2</b> (4)
<b>Profit / (Loss) before Tax</b>	<b>144</b> (409)	<b>260</b> (169)	<b>64</b> (-93)	<b>430</b> (342)	<b>(49)</b> (7)	- (-)	<b>847</b> ( 830)
<b>Other information</b>							
Segment Assets	<b>25 353</b> (23 297)	<b>214</b> (250)	<b>4 887</b> (4 353)	<b>17 153</b> (15 390)	<b>1 220</b> (1 228)	<b>3 299</b> (3 930)	<b>45 528</b> (40 588)
Unallocated Assets	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Total Asset	<b>25 353</b> (23 297)	<b>214</b> (250)	<b>4 887</b> (4 353)	<b>17 153</b> (15 390)	<b>1 220</b> (1 228)	<b>3 299</b> (3 930)	<b>45 528</b> (40 588)
Segment Liabilities	<b>13 987</b> (11 899)	<b>120</b> (209)	<b>4 039</b> (3 569)	<b>14 545</b> (12 894)	<b>667</b> (648)	<b>765</b> (1 118)	<b>32 593</b> (28 101)
Unallocated Liabilities	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Total Liabilities	<b>13 987</b> (11 899)	<b>120</b> (209)	<b>4 039</b> (3 569)	<b>14 545</b> (12 894)	<b>667</b> (648)	<b>765</b> (1 118)	<b>32 593</b> (28 101)
Capital Expenditure	<b>25</b> (14)	<b>3</b> (8)	<b>15</b> (11)	<b>52</b> (15)	<b>5</b> (6)	- (-)	<b>100</b> ( 54)
Depreciation	<b>13</b> (14)	<b>7</b> (9)	<b>11</b> (11)	<b>21</b> (15)	<b>9</b> (7)	- (-)	<b>61</b> ( 56)
Non Cash Expenses other than Depreciation	<b>(3)</b> (528)	<b>4</b> (-)	<b>121</b> (214)	<b>133</b> (82)	<b>50</b> (7)	- (-)	<b>305</b> ( 831)

Figures in bracket indicates previous year figures.

#### Notes:-

- (i) As per Accounting Standard (AS-17) on "Segment Reporting", notified by the Companies (Accounting Standards) Rules 2006, the 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 home finance business.
  - (e) Others - This includes other financial and allied services.
- (iii) Since all the operations of the Group are largely conducted within India, as such there is no separate reportable geographical segment.

### 42 Related party disclosures

#### A. List of related parties

- i) **Holding Company**  
Reliance Innoventures Private Limited
- ii) **Subsidiary of Holding Company**  
AAA Enterprises Private Limited

Notes to the Consolidated Financial Statement as at March 31, 2014

iii) **Individual Promoter**

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

iv) **Associates**

1	Ammolite Holdings Limited	4	Reliance Land Private Limited
2	Indian Commodity Exchange Limited	5	Reliance Life Insurance Company Limited
3	Reliance Asset Reconstruction Company Limited	6	Reliance Share & Stock Brokers Private Limited

v) **Fellow subsidiaries**

1	AAA Entertainment Private Limited	7	Reliance Globalcom Limited
2	Big Flicks Private Limited	8	Reliance Communications Limited
3	Zapak Mobile Games Private Limited (formerly Jump Games Private Limited)	9	Reliance Infocomm Infrastructure Limited
4	Reliance Big Entertainment Private Limited	10	Reliance Webstore Limited
5	Reliance Communications Infrastructure Limited	11	Zapak Digital Entertainment Limited
6	Reliance Infratel Limited		

vi) **Key management personnel**

Shri V. R. Mohan – President & Company Secretary

**B. Other related parties with whom transactions have taken place during the year:**

i) Enterprise over which individual described in clause A (iii) above has control

Reliance Power Limited	Reliance Cleangen Limited	Jharkhand Integrated Power Limited
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**C. Transactions during the year with related parties:**

(₹ in crore)

	Fellow Subsidiaries	Associates	Total
<b>Debentures</b>			
a) Issued during the year	-	-	-
	(-)	(15)	( 15)
b) Balance as at March 31, 2014	-	<b>50</b>	<b>50</b>
	(-)	(40)	(40)
c) Accrued interest on debentures as at March 31, 2014	-	<b>1</b>	<b>1</b>
	(-)	(1)	(1)
<b>Commercial Paper</b>			
a) Issued during the year	-	-	-
	(-)	(527)	(527)
b) Repaid during the year	-	<b>300</b>	<b>300</b>
	(-)	(750)	(750)
c) Balance as at March 31, 2014	-	-	-
	(-)	(271)	(271)
<b>Investments</b>			
a) Subscribed/Purchased during the year	-	-	-
	(23)	(-)	(23)
b) Balance as at March 31, 2014 – Carrying cost [Net of provision ₹ 62 crore (Previous year ₹ 106 crore)]	<b>1 568</b>	<b>5 848</b>	<b>7 416</b>
	(1 623)	(5 720)	(7 343)
<b>Interest / Finance income accrued on Investments</b>			
a) Balance as at March 31, 2014	<b>637</b>	<b>225</b>	<b>862</b>
	(524)	(166)	(690)
<b>Loans Given</b>			
a) Given during the year	<b>1 278</b>	<b>674</b>	<b>1 952</b>
	(749)	(11)	(760)
b) Returned / Adjusted during the year	<b>1 024</b>	<b>284</b>	<b>1 308</b>
	(230)	(13)	(243)
c) Balance as at March 31, 2014	<b>837</b>	<b>424</b>	<b>1 261</b>
	(583)	(32)	(615)

# Reliance Capital Limited

## Notes to the Consolidated Financial Statement as at March 31, 2014

(₹ in crore)

	Fellow Subsidiaries	Associates	Total
d) Interest accrued on Loans	9 (-)	26 (-)	35 (-)
<b>Advances</b>			
a) Balance as at March 31, 2014 (*Previous year ₹ 2 67 733)	1 (2)	- (* )	1 ( 2)
<b>Trade payables</b>			
a) Balance as at March 31, 2014 [₹ Nil (Previous year ₹ 4 29 830)]	- (* )	- (-)	- (* )
<b>Income</b>			
a) Interest & Finance Income (including Premium on Preference Shares)	228 (187)	85 (63)	313 (250)
b) Rent	1 (1)	- (-)	1 (1)
c) Dividend Income	1 (1)	23 (19)	24 (20)
d) Reimbursement of Expenditure [* ₹ 23 25 359]	1 (* )	5 (5)	6 (5)
e) Management Fees	- (-)	6 (6)	6 (6)
f) Processing Fees	- (2)	- (-)	- (2)
<b>Expenditure</b>			
a) Finance cost	- (-)	9 (39)	9 (39)
b) Insurance	- (-)	1 (1)	1 ( 1)
c) Reimbursement of Expenditure	- (-)	1 (1)	1 (1)
d) Provision / (Reversal) for diminution in value of investments	(77) (77)	- (29)	(77) (106)
e) Provision for NPA, doubtful debts and balances written off	- (-)	- (18)	- (18)
<b>Contingent Liability</b>			
a) Guarantees to Banks and Financial Institutions on behalf of third parties	100 (50)	90 (82)	190 (132)

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

(₹ in crore)

	Fellow Subsidiaries	Associates	Total
<b>Debentures</b>			
a) Issued during the year			
i) Reliance Life Insurance Company Limited	- (-)	- (15)	- (15)
b) Balance as at March 31, 2014			
i) Reliance Life Insurance Company Limited	- (-)	50 (40)	50 (40)
c) Interest accrued on debentures as at March 31, 2014			
i) Reliance Life Insurance Company Limited	- (-)	1 (1)	1 (1)
<b>Commercial Papers</b>			
a) Issued during the year			
i) Reliance Life Insurance Company Limited	- (-)	- (527)	- (527)



Notes to the Consolidated Financial Statement as at March 31, 2014

(₹ in crore)

	Fellow Subsidiaries	Associates	Total
b) Repaid during the year			
i) Reliance Life Insurance Company Limited	- (-)	300 (750)	300 (750)
c) Balance as at March 31, 2014			
i) Reliance Life Insurance Company Limited	- (-)	- (271)	- (271)
<b>Investments</b>			
a) Subscribed / Purchased during the year			
i) AAA Entertainment Private Limited	- (23)	- (-)	- (23)
b) Balance as at March 31, 2014 - Carrying cost			
i) Reliance Land Private Limited	- (-)	470 (482)	470 (482)
ii) Reliance Share & Stock Brokers Private Limited	- (-)	67 (68)	67 (68)
iii) Reliance Big Entertainment Private Limited	1 275 (1 393)	- (-)	1 275 (1 393)
iv) Reliance Communications Limited [Net of Provision ₹ Nil (Previous year ₹ 77 crore)]	293 (230)	- (-)	293 (230)
v) Reliance Asset Reconstruction Company Limited	- (-)	61 (58)	61 (58)
vi) Reliance Life Insurance Company Limited	- (-)	5 234 (5 062)	5 234 (5 062)
vii) Indian Commodity Exchange Limited (*Net of Provision ₹ 34 crore) (Previous year ₹ Nil)]	- (-)	* (34)	* (34)
<b>Interest / Finance income accrued on Investment</b>			
a) Balance as at March 31, 2014			
i) Reliance Land Private Limited	- (-)	225 (166)	225 (166)
ii) Reliance Big Entertainment Private Limited	637 (524)	- (-)	637 (524)
<b>Loans Given</b>			
a) Given during the year			
i) Reliance Land Private Limited	- (-)	579 (11)	579 (11)
ii) Zapak Digital Entertainment Limited	- (2)	- (-)	- (2)
iii) Zapak Mobile Games Private Limited	- (4)	- (-)	- (4)
iv) Reliance Asset Reconstruction Company Limited	- (-)	- (-)	- (-)
v) Reliance Big Entertainment Private Limited	1 028 (743)	- (-)	1 028 (743)
vi) Reliance Infratel Limited	250 (-)	- (-)	250 (-)
b) Returned/Adjusted during the year			
i) Reliance Land Private Limited	- (-)	275 (-)	275 (-)
ii) Reliance Asset Reconstruction Company Limited	- (-)	1 (4)	1 (4)
iii) Reliance Big Entertainment Private Limited	768 (205)	- (-)	768 (205)
iv) Zapak Digital Entertainment Limited	2 (20)	- (-)	2 (20)

# Reliance Capital Limited

## Notes to the Consolidated Financial Statement as at March 31, 2014

(₹ in crore)

	Fellow Subsidiaries	Associates	Total
v) Zapak Mobile Games Private Limited	4 (5)	- (-)	4 (5)
vi) Reliance Life Insurance Company Limited	- (-)	- (9)	- (9)
vii) Reliance Infratel Limited	250 (-)	- (-)	250 (-)
c) Balance as at March 31, 2014			
i) Reliance Land Private Limited	- (-)	329 (24)	329 (24)
ii) Zapak Digital Entertainment Limited	- (2)	- (-)	- (2)
iii) Zapak Mobile Games Private Limited	- (4)	- (-)	- (4)
iv) Reliance Asset Reconstruction Company Limited	- (-)	- (1)	- (1)
v) Reliance Big Entertainment Private Limited	837 (576)	- (-)	837 (576)
vi) Reliance Life Insurance Company Limited	- (-)	- (7)	- (7)
vii) Reliance Share & Stock Brokers Private Limited	- (-)	95 (-)	95 (-)
d) Interest accrued on loans			
i) Reliance Big Entertainment Private Limited	9 (-)	- (-)	9 (-)
ii) Reliance Land Private Limited	- (-)	24 (-)	24 (-)
<b>Advances</b>			
a) Balance as at March 31, 2014			
i) Reliance Communications Infrastructure Limited	- (2)	- (-)	- (2)
ii) Reliance Life Insurance Company Limited * (₹ 2 67 733)	- (-)	- (*)	- (*)
iii) Reliance Communications Limited	1 (-)	- (-)	1 (-)
<b>Trade Payables</b>			
a) Trade payables as at March 31, 2014			
i) Big Flicks Private Limited * (₹ 4 29 830)	- (*)	- (-)	- (*)
<b>Income</b>			
a) Interest & Finance Income (including Premium on Preference Shares)			
i) Reliance Land Private Limited	- (-)	84 (61)	84 (61)
ii) Ammolite Holdings Limited	- (-)	- (-)	- (-)
iii) Reliance Big Entertainment Private Limited	220 (187)	- (-)	220 (187)
b) Rent			
i) Reliance Communications Infrastructure Limited	1 (1)	- (-)	1 (1)
c) Dividend Income			
i) Reliance Communications Limited	1 (1)	- (-)	1 (1)

Notes to the Consolidated Financial Statement as at March 31, 2014

(₹ in crore)

	Fellow Subsidiaries	Associates	Total
ii) Reliance Life Insurance Company Limited	-	23	23
	(-)	(19)	(19)
d) Reimbursement of Expenditure			
i) Reliance Communications Infrastructure Limited [* ₹ 4 01 188 (Previous year * ₹ 23 25 359)]	*	-	*
	(*)	(-)	(*)
ii) Reliance Asset Reconstruction Company Limited * (₹ 24 06 000)	-	1	1
	(-)	(*)	(*)
iii) Reliance Life Insurance Company Limited	-	5	5
	(-)	(5)	(5)
e) Management Fees			
i) Reliance Life Insurance Company Limited	-	6	6
	(-)	(6)	(6)
f) Processing Fees			
i) Reliance Big Entertainment Private Limited	-	-	-
	(2)	(-)	(2)
<b>Expenditure</b>			
a) Finance cost			
i) Reliance Life Insurance Company Limited	-	9	9
	(-)	(39)	(39)
b) Insurance			
i) Reliance Life Insurance Company Limited *[₹ 43 76 801]	-	1	1
	(-)	(*)	(*)
ii) AAA Entertainment Private Limited *[₹ 47 93 000]	-	-	-
	(*)	(-)	(*)
c) Reimbursement of Expenditure			
i) Reliance Land Private Limited (* ₹ 31 04 530)	-	*	*
	(-)	(1)	(1)
d) Provision / (Reversal) for Diminution in value of Investments			
i) Reliance Communications Limited	(77)	-	(77)
	(77)	(-)	(77)
ii) Ammolite Holdings Limited	-	-	-
	(-)	(29)	(29)
e) Provision for NPA, doubtful debts and balances written off			
i) Ammolite Holdings Limited	-	-	-
	(-)	(18)	(18)
<b>Contingent Liability</b>			
a) Guarantees to Banks and Financial Institutions			
i) Ammolite Holdings Limited	-	90	90
	(-)	(82)	(82)
ii) Reliance Big Entertainment Private Limited	100	-	100
	(50)	(-)	(50)

**Key Managerial Personnel**

- a) Shri V. R. Mohan  
 -Employee benefit expenses ₹ 69 78 220 (Previous year ₹ 69 99 996)  
 -Loan given balance as at March 31, 2014 ₹ 4 20 951 (Previous year ₹ 4 35 351)

# Reliance Capital Limited

## Notes to the Consolidated Financial Statement as at March 31, 2014

### Enterprise over which individual described in clause A(iii) above has control

	(₹ in crore)		
	Reliance Power Limited #	Reliance Cleangen Limited	Jharkhand Integrated Power Limited
Investment balance as at March 31, 2014	3	-	-
	(3)	(-)	(-)
Loan & Advance given during the year	-	530	75
	(-)	(-)	(-)
Loan & Advance repaid during the year	-	530	75
	(-)	(-)	(-)
Loan & Advance given balance as at March 31, 2014 (* ₹ 45 96 993)	-	*	-
	(-)	(-)	(-)
Interest & Finance Income during the year	-	4	*
* ₹ 27 23 658	(-)	(-)	(-)

# Reimbursement of expenditure ₹ Nil (Previous year ₹ 1 06 120)

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) The above discloses transactions entered during the period of existence of related party relationship. The balances and transactions are not disclosed before existence of related party relationship and after cessation of related party relationship.
- iv) In addition to the above, Director Sitting Fees of ₹ 80,000 (Previous year ₹ 1,20,000) has been paid to Shri Anil D. Ambani, an individual having control.
- v) 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" on Reliance Capital Partner's stake in Ravissant Private Limited (Previous year Fame India Limited and Ravissant Private Limited) though in excess of 20% of their shareholdings, hence the transactions with these parties are not considered for Related Party Disclosures.

### 43 Auditors' remuneration includes

	(₹ in crore)	
	2013-14	2012-13
i) Audit Fees	3	3
ii) Tax Audit Fees [₹ 7 10 618 (Previous year ₹ 6 31 798)]	-	-
iii) Certification and other reimbursement charges [₹ 3 07 049 (Previous year ₹ 4 34 152)]	-	-
<b>Total</b>	<b>3</b>	<b>3</b>

### 44 Leases

Details of future minimum lease receivables are as under :

	(₹ in crore)	
	2013-14	2012-13
Within one year of the balance sheet date	25	24
Due in a period between one year and five years	34	42
Due after five years [₹ 1 79 739 (Previous year ₹ 26 00 000)]	-	-

Details of future minimum lease rent payable under operating lease for each of the following periods:

	(₹ in crore)	
	2013-14	2012-13
Not Later than one year	5	5
Later than one year and not later than five years	3	4
Later than five years	-	-

Notes to the Consolidated Financial Statement as at March 31, 2014

**45 Basic and diluted earnings per share**

The computation of earnings per share is set out below:

	(₹ in crore)	
	2013-14	2012-13
a) Amounts used as the numerators		
Net Profit after tax	747	812
Net Profit attributable to equity shareholders	747	812
b) Weighted average number of equity shares (Nos.)	24 56 32 800	24 56 32 800
c) Basic earnings per share of face value ₹ 10 each (₹)	30.38	33.05
d) Diluted earnings per share of face value ₹ 10 each (₹)	30.38	33.05

**46 Contingent Liabilities and Commitments (As Certified by the Management)**

	(₹ in crore)	
	March 31, 2014	March 31, 2013
<b>Contingent Liabilities</b>		
i) Guarantees to Banks and Financial Institutions	2 878	1 755
ii) Claims against the Company not acknowledge as debt	20	28
iii) Outstanding Forward Exchange Contract	66	52
<b>Commitments</b>		
i) Estimated amount of contracts remaining to be executed on capital account (net of advances)	92	48
ii) Undrawn Committed Credit lines	968	757
iii) Uncalled amount of Investments	7	66

Share of company in contingent liabilities and capital commitments of an associate are as follows:

	(₹ in crore)	
	March 31, 2014	March 31, 2013
<b>Contingent Liabilities</b>		
i) Claims against the Company not acknowledge as debt	15	11
ii) Statutory Demands /liabilities in disputed not provided for	19	9
<b>Commitments</b>		
i) Commitment towards fixed Assets	3	41
ii) Other commitments	3	4

**47 The subsidiaries and 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 Limited	India	March 31,2014	65.23%
Reliance Asset Management (Singapore) Pte Limited	Singapore	March 31,2014	65.23%
Reliance Asset Management (Mauritius) Limited	Mauritius	March 31,2014	65.23%
Reliance Capital Asset Management (UK) Plc	United Kingdom	March 31,2014	65.23%
Reliance Asset Management (Malaysia) SDN BHD	Malaysia	March 31,2014	65.23%
Reliance Capital Pension Fund Limited	India	March 31,2014	70.45%
Reliance AIF Management Company Limited (w.e.f. September 30, 2013)	India	March 31,2014	65.23%

# Reliance Capital Limited

## Notes to the Consolidated Financial Statement as at March 31, 2014

Name	Country of Incorporation	Year Ending	Proportion of ownership (Interest)
Reliance Capital Trustee Co. Limited	India	March 31,2014	100.00%
Reliance General Insurance Company Limited	India	March 31,2014	96.50%
Reliance Gilts Limited	India	March 31,2014	100.00%
Reliance Equity Advisors (India) Limited	India	March 31,2014	100.00%
Reliance Consultants (Mauritius) Limited	Mauritius	March 31,2014	100.00%
Reliance Money Express Limited	India	March 31,2014	100.00%
Reliance Money Precious Metals Private Limited	India	March 31,2014	100.00%
Reliance Venture Asset Management Private Limited (ceased w.e.f. March 29, 2014)	India	March 31,2014	100.00%
Reliance Home Finance Limited	India	March 31,2014	100.00%
Reliance Capital (Singapore) Pte. Limited (ceased w.e.f. March 26, 2014)	Singapore	March 31,2014	100.00%
Reliance Securities Limited	India	March 31,2014	99.60%
Reliance Composite Insurance Broking Limited	India	March 31,2014	99.60%
Reliance Financial Advisory Services Limited (formerly Reliance Investment Banking Services Limited) (ceased w.e.f. March 29, 2014)	India	March 31,2014	100.00%
Reliance Commodities Limited	India	March 31,2014	100.00%
Reliance Financial Limited	India	March 31,2014	100.00%
Reliance Alternative Investments Services Private Limited	India	March 31,2014	100.00%
Reliance Wealth Management Limited	India	March 31,2014	100.00%
Reliance Money Solutions Private Limited (w.e.f. December 2, 2013)	India	March 31,2014	100.00%
Reliance Exchangenext Limited	India	March 31,2014	100.00%
Reliance Spot Exchange Infrastructure Limited	India	March 31,2014	100.00%
Indian Agri Services Private Limited	India	March 31,2014	100.00%
Reliance Capital AIF Trustee Company Private Limited (w.e.f. April 11, 2013)	India	March 31,2014	100.00%
Quant Capital Private Limited	India	March 31,2014	74.00%
Quant Broking Private Limited	India	March 31,2014	74.00%
Quant Securities Private Limited	India	March 31,2014	74.00%
Quant Commodities Private Limited	India	March 31,2014	74.00%
Quant Commodity Broking Private Limited	India	March 31,2014	74.00%
Quant Capital Advisors Private Limited	India	March 31,2014	74.00%
Quant Capital Finance and Investments Private Limited	India	March 31,2014	74.00%
Quant Investments Services Private Limited	India	March 31,2014	74.00%
QOPPA Trading Private Limited (ceased w.e.f. March 26, 2014)	India	March 31,2014	74.00%
QCAP Trade Private Limited (ceased w.e.f. March 26, 2014)	India	March 31,2014	74.00%
Quant Alternative Asset Management Private Limited (ceased w.e.f. March 26, 2014)	India	March 31,2014	74.00%
QCAP Securities Private Limited (w.e.f. August 22, 2013) (ceased w.e.f. March 26, 2014)	India	March 31,2014	74.00%

Notes to the Consolidated Financial Statement as at March 31, 2014

Name	Country of Incorporation	Year Ending	Proportion of ownership (Interest)
Quant Capital Securities Private Limited (w.e.f. August 22, 2013) (ceased w.e.f. March 26, 2014)	India	March 31, 2014	74.00%
<b>List of Associates</b>			
Reliance Land Private Limited	India	March 31, 2014	50.00%
Reliance Share & Stock Brokers Private Limited	India	March 31, 2014	50.00%
Indian Commodity Exchange Limited	India	March 31, 2014	* 26.00%
Ammolite Holdings Limited	Jersey	March 31, 2014	* 50.00%
Reliance Asset Reconstruction Company Limited	India	March 31, 2014	49.00%
Reliance Life Insurance Company Limited	India	March 31, 2014	47.78%
<b>Partnership Firm</b>			
Reliance Capital Partners (Partnership Firm)	India	March 31, 2014	#

**Notes:-**

- a) # Proportion of ownership interest in Partnership firm is on the basis of weighted average capital.
- b) \* The Financial statements of Ammolite Holdings Limited & Indian Commodity Exchange Limited, have been certified by the management.
- 48** In accordance with Para 7 of Accounting Standard (AS-23) on Accounting for Investments in Associates in Consolidated Financial Statements as per the Companies (Accounting Standards), Rules 2006, Reliance Capital Partner's (firm) stake in Ravissant Private Limited (Previous year Fame India Limited and Ravissant Private Limited) though in excess of 20% of their shareholdings have not been accounted for as associates in the preparation of consolidated financial statements as the firm does not have any "Significant Influence" on these companies, as defined by Accounting Standard (AS-18) on "Related Party Disclosures" as per the Companies (Accounting Standards), Rules 2006 and hence the transaction with these parties have not been considered for Related Party Disclosures.
- 49** Goodwill of ₹ 4 576 crore (Previous year ₹ 4 576 crore) arising at the time of acquisition of associates has been included in the carrying amount of investments in associates, as per Accounting Standard (AS-23) on "Accounting for Investment in Associates in Consolidated Financial Statements".
- 50** Pursuant to the general exemption granted by the Ministry of Corporate Affairs, Government of India, the Parent Company i.e. Reliance Capital Limited is publishing the consolidated and standalone financial statements of Reliance Capital Limited and its subsidiaries. The requisite financial information of subsidiaries have been furnished by the management as a part of annual report.

As per our report of even date

For **Chaturvedi & Shah**  
Chartered Accountants  
Firm Reg. No. : 101720W

**Vijay Napawaliya**  
Partner  
Membership No: 109859  
Mumbai  
Dated: May 2, 2014

For **B S R & Co. LLP**  
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 2, 2014

**Anil D. Ambani**  
**Amitabh Jhunjhunwala**  
**Rajendra P. Chitale**  
**Dr. Bidhubhusan Samal**  
**V. N. Kaul**

**V. R. Mohan**

Notes to Consolidated Financial Statement as at March 31, 2014

Financial Information of Subsidiary Companies

Sr. No.	Name	Country of Incorporation	Currency	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 Limited	India	INR	11.27	1,318	1,643	314.02	700.60	780.18	383.62	79.68	303.94	172.80
2	Reliance Asset Management (Singapore) Pte. Limited	Singapore	SGD	27.41	5.35	38.11	5.35	15.34	9.67	(16.33)	-	(16.33)	-
3	Reliance Asset Management (Mauritius) Limited	Mauritius	USD	11.77	0.78	14.72	2.17	0.01	4.38	1.25	0.03	1.22	-
4	Reliance Capital Asset Management (UK) Plc.	United Kingdom	GBP	32.44	(31.87)	0.63	0.06	-	0.02	(0.45)	-	(0.45)	-
5	Reliance Asset Management (Malaysia) SDN. BHD.	Malaysia	MYR	29.17	(29.17)	-	-	-	0.68	(6.72)	(0.04)	(6.68)	-
6	Reliance Capital Pension Fund Limited	India	INR	25.00	0.85	26.17	0.32	25.04	1.89	0.39	0.07	0.32	-
7	Reliance AIF Management Company Limited	India	INR	0.51	0.62	1.16	0.04	0.19	0.33	0.26	-	0.26	-
8	Reliance Capital Trustee Co. Limited	India	INR	0.05	0.67	0.73	0.01	0.67	0.34	0.10	0.02	0.07	-
9	Reliance General Insurance Company Limited	India	INR	122.77	724.91	4,887.89	4,039.51	3,842.72	2,946.37	64.08	-	64.08	-
10	Reliance Gilts Limited	India	INR	7.00	(2.84)	4.18	0.02	4.17	0.06	0.02	0.00	0.02	-
11	Reliance Equity Advisors (India) Limited	India	INR	0.05	(9.83)	29.13	38.91	25.26	22.74	4.47	1.11	3.36	-
12	Reliance Consultants (Mauritius) Limited	Mauritius	USD	0.26	(0.10)	0.24	0.08	-	0.16	0.06	-	0.06	-
13	Reliance Alternative Investments Services Private Limited	India	INR	0.01	0.03	0.06	0.02	-	0.06	0.01	0.00	0.01	-
14	Reliance Home Finance Limited	India	INR	65.82	398.48	3,744.90	3,280.60	320.00	429.71	66.05	22.66	43.39	-
15	Reliance Securities Limited	India	INR	150.00	(4.33)	335.87	190.21	1.19	108.15	(29.24)	1.49	(30.73)	-
16	Reliance Composite Insurance Broking Limited	India	INR	2.50	4.17	17.22	10.55	-	20.64	5.55	0.20	5.35	-
17	Reliance Money Express Limited	India	INR	13.81	26.56	78.06	37.69	-	49.80	8.43	2.15	6.28	-
18	Reliance Money Precious Metals Private Limited	India	INR	8.00	(15.77)	6.24	14.01	-	159.74	(7.65)	-	(7.65)	-
19	Reliance Commodities Limited	India	INR	3.00	8.23	39.77	28.54	-	10.92	(2.17)	-	(2.17)	-
20	Reliance Financial Limited	India	INR	11.00	32.75	65.30	21.56	-	7.62	1.03	0.33	0.70	-
21	Reliance Wealth Management Limited	India	INR	15.50	(11.68)	4.60	0.78	-	11.49	(4.76)	-	(4.76)	-
22	Reliance ExchangesX Limited	India	INR	6.91	(13.28)	0.36	6.73	-	0.64	(47.11)	-	(47.11)	-
23	Reliance Spot Exchange Infrastructure Limited	India	INR	17.65	(22.22)	1.34	5.91	0.01	0.12	(0.20)	-	(0.20)	-
24	Indian Agri Services Private Limited	India	INR	0.12	(0.06)	10.88	10.82	10.82	0.02	0.01	-	0.01	-
25	Reliance Money Solutions Private Limited	India	INR	0.05	(5.27)	7.68	12.90	-	28.30	(2.86)	-	(2.86)	-
26	Reliance Capital AIF Trustee Company Private Limited	India	INR	0.06	(0.04)	0.03	0.01	-	-	(0.03)	-	(0.03)	-
27	Quant Capital Private Limited	India	INR	15.00	239.09	296.25	42.16	-	2.50	0.15	0.05	0.10	-
28	Quant Broking Private Limited	India	INR	18.01	145.63	453.30	289.66	50.00	40.66	(1.66)	-	(1.66)	-
29	Quant Securities Private Limited	India	INR	1.54	1.06	157.50	154.90	-	3.78	(0.48)	(0.00)	(0.48)	-
30	Quant Commodities Private Limited	India	INR	0.21	18.86	41.28	22.21	-	12.31	2.04	0.52	1.52	-
31	Quant Commodity Broking Private Limited	India	INR	0.14	1.98	28.71	26.60	-	2.43	0.13	0.06	0.07	-
32	Quant Capital Advisors Private Limited	India	INR	0.11	2.64	4.77	2.02	-	4.54	0.21	0.03	0.19	-
33	Quant Capital Finance and Investments Private Limited	India	INR	3.83	17.82	23.11	1.47	-	1.33	(0.33)	(0.02)	(0.31)	-
34	Quant Investments Services Private Limited	India	INR	0.74	5.26	6.20	0.20	-	1.03	(0.60)	0.00	(0.60)	-

Exchange rate as of March 31, 2014 : 1USD = ₹ 60.06, 1SGD = ₹ 47.73, 1GBP = ₹ 100.14, 1MYR = ₹ 18.44



**RELIANCE****Capital****Reliance Capital Limited**Registered Office: H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710  
CIN: L65910MH1986PLC165645, Tel: +91 22 3047 9800 Fax: +91 22 3032 7202  
Website: www.reliancecapital.co.in, E-mail: rcl.investor@relianceada.com**ATTENDANCE SLIP  
ANNUAL GENERAL MEETING**

*DP Id / Client Id		Name and Address of the registered Shareholder
Regd. Folio No.		
No. of Share(s) held		

(\* Applicable for investors holding share(s) in electronic form)

I/ We hereby record my/our presence at the **28<sup>th</sup> Annual General Meeting** of the Members of Reliance Capital Limited held on Tuesday, September 30, 2014 at 10.00 A. M. at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.

Member's / Proxy's Signature

Note: Please complete this and hand it over at the entrance of the hall.

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

**RELIANCE****Capital****Reliance Capital Limited**Registered Office: H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710  
CIN: L65910MH1986PLC165645, Tel: +91 22 3047 9800 Fax: +91 22 3032 7202  
Website: www.reliancecapital.co.in, E-mail: rcl.investor@relianceada.com**PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s)		
Registered Address		
E-mail Id		
*DP Id / Client Id		Regd. Folio No.

(\* Applicable for investors holding share(s) in electronic form)

I / We, being the member(s) of ..... shares of the above named company, hereby appoint:

- (1) Name: ..... Address: .....  
E-mail Id: ..... Signature: ..... or failing him
- (2) Name: ..... Address: .....  
E-mail Id: ..... Signature: ..... or failing him
- (3) Name: ..... Address: .....  
E-mail Id: ..... Signature: ..... or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **28<sup>th</sup> Annual General Meeting** of the Company, to be held on Tuesday, September 30, 2014 at 10.00 A. M. at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution no. and Matter of Resolution	For	Against
1. To consider and adopt : a) the audited financial statement of the Company for the financial year ended March 31, 2014 and the reports of the Board of Directors and Auditors thereon, and b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2014 and the report of the Auditors thereon.		
2. To declare dividend on equity shares.		
3. To appoint a Director in place of Shri Amitabh Jhunjhunwala (DIN: 00045174), who retires by rotation and being eligible, offers himself for re-appointment.		
4. To appoint Auditors and to fix their remuneration.		
5. To appoint Shri Rajendra Prabhakar Chitale (DIN: 00015986) as an Independent Director of the Company to hold office for a term up to five consecutive years from the date of coming into effect of this resolution.		
6. To appoint Dr. Bidhubhusan Samal (DIN:00007256) as an Independent Director of the Company to hold office for a term up to five consecutive years from the date of coming into effect of this resolution.		
7. To appoint Shri Vijayendra Nath Kaul (DIN:03070263) as an Independent Director of the Company to hold office for a term up to five consecutive years from the date of coming into effect of this resolution.		
8. To appoint Smt. Chhaya Virani (DIN:06953556) as a Director of the Company, liable to retire by rotation.		
9. To approve Private Placement of Non-Convertible Debentures and/or other Debt Securities.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

Signature of the Shareholder ..... Signature of Proxy holder(s) .....

**Note: This form of Proxy in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.**Affix  
Revenue  
Stamp





If undelivered please return to :

**Karvy Computershare Private Limited  
(Unit: Reliance Capital Limited)**

Madhura Estates, Municipal No. 1-9/13/C  
Plot No. 13 & 13 C, Madhapur Village  
Hyderabad 500 081, India  
Tel. : + 91 40 4030 8000  
Fax : + 91 40 2342 0859  
Email : rclinvestor@karvy.com

**RELIANCE**

Capital

## **Business Responsibility Report-2014**

### SECTION A - General Information about the Company

- 1 **Corporate Identity Number (CIN) of the Company** : L65910MH1986PLC165645
- 2 **Name of the Company** : Reliance Capital Limited
- 3 **Registered address** : H Block, 1<sup>st</sup> Floor,  
Dhirubhai Ambani Knowledge City,  
Navi Mumbai 400 710
- 4 **Website** : www.reliancecapital.co.in
- 5 **E-mail id** : rcl.investor@relianceada.com
- 6 **Financial Year reported** : 2013-14

7. **Sector(s) that the Company is engaged in (industrial activity code-wise)**

Reliance Capital, a part of the Reliance Group, is one of India's leading private sector financial services companies. It ranks amongst the top private sector financial services and banking groups, in terms of net worth. The company is a constituent of CNX Nifty Junior and MSCI India.

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

<b>Services Code No.</b>	<b>Description</b>
5202	Non-banking financial services

(As per notification no.52/2/CAB-2012 issued by Ministry of Corporate Affairs.)

8. **List three key products / services that the Company manufactures / provides (as in balance sheet)**

Asset Management, Commercial & Home Finance, Securities Broking, Life & General Insurance, Wealth Management Services and Distribution of Financial Products.

9. **Total number of locations where business activity is undertaken by the Company**

- i. Number of International Locations: Singapore and Mauritius.
- ii. Number of National Locations: Reliance Capital conducts its operations through a network of over 8,000 physical touch points, including owned branches as well as franchisees.

10. **Markets served by the Company:**

Reliance Capital serves the Indian markets, along with the international customers through its above mentioned international offices.

## SECTION B - Financial Details of the Company

1	<b>Paid up Capital (INR)</b>	:	246 crore
2	<b>Total Turnover (INR)</b>	:	7,544 crore
3	<b>Total profit after taxes (INR)</b>	:	747 crore
4	<b>Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)</b>	:	less than 1%

5. **List of activities in which expenditure in 4 above has been incurred:-**

- a. Supporting Kokilaben Dhirubhai Ambani Hospital, which continues to provide quality healthcare, especially those below the poverty line.
- b. Reliance Capital supported the "Room to Read" initiative and has aided libraries in 75 schools in Rajasthan, Maharashtra and Madhya Pradesh.
- c. Partnering NGOs on several initiatives such as blood, clothes and food donation, etc. We also contributed to the redevelopment efforts of Uttarakhand, after the devastating floods in June 2013.

## SECTION C - Other Details

1. **Does the Company have any Subsidiary Company / Companies?**

The Company has 34 subsidiary companies as on March 31, 2014.

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

Yes, CSR activities are done at group level in which subsidiaries are part of it.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?**

Reliance Capital encourages its associates and partners to participate in the BR initiatives of the Company. At present, less than 30% of the other entities participate in the BR initiatives of the Company.

**SECTION D - B R Information**

**1. Details of Director/Directors responsible for BR**

a) Details of the Director / Director responsible for implementation of the BR policy/policies

DIN	Name	Designation
00015986	Shri Rajendra P. Chitale	Independent Director

b) Details of the BR head

Sr. No.	Particulars	Details
1.	DIN Number (if applicable)	N.A.
2.	Name	Shri V. R. Mohan
3.	Designation	Company Secretary, Manager and Chief Executive Officer
4.	Telephone number	022-30479800
5.	e-mail id	rcl.investor@relianceada.com

**2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the wellbeing of all employees.
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights.
P6	Business should respect, protect, and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.



## Reliance Capital Limited - Business Responsibility Report

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Y	-	Y	-	Y	Y	-	-	-
4	Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Yes, President - HR oversee the implementation of the policies.								
6	Indicate the link for the policy to be viewed online?	Code of conduct is available on our website – <a href="http://www.reliancecapital.co.in">www.reliancecapital.co.in</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, policies have been communicated to concerned								
8	Does the company have in-house structure to implement the policy/policies.	Yes, all policies are implemented through President – HR.								
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	We have a mechanism to redress the grievance of the stakeholder related to policy. They can approach the CEO or the Chairman of the Audit Committee.								
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Our Management Audit Team independently evaluates the working of these policies.								

## Reliance Capital Limited - Business Responsibility Report

- 2a. If answer to Sl. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The company has not understood the Principles	<b>Not Applicable</b>								
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. **Governance related to BR**

**Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company: Within 3 months, 3-6 months, Annually, More than 1 year**

The Chief Executive Officer of the Company periodically reviews the BR performance of the Company.

**Does the Company publish a BR or a Sustainability Report?**

Yes, and will host BRR on its website every year once Annual Report is published.

**SECTION E - Principle-wise performance**

**Principle 1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.**

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

The Company considers Corporate Governance as an integral part of good management. The Company's policy relating to ethics, bribery and corruption is covered under Reliance Group Companies Code of Ethics and Business Policies, which are applicable to all personnel of the Company as well as to the (i) Consultants, (ii) Representatives, (iii) Suppliers, (iv) Contractors and (v) Agents dealing with the Company.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

Stakeholder Complaints			
Complaints	No. of complaints received	No. of complaints resolved	% of complaints resolved
Shareholders Complaints	67	67	100%

**Principle 2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

The following products / services have been designed to incorporate social concerns as well as benefit from the available opportunities:

- i. Reliance Mutual Fund: Reliance Any Time Money Card
- ii. Reliance Life Insurance: Reliance Online Term Plan
- iii. Reliance General Insurance: Rashtriya Swasthya Bima Yojna

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

With regard to the businesses of Reliance Capital, the question is not applicable to the Company.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)?**

'Outsourcing Policy' entails the processes and procedures for outsourcing agreements. Periodic performance evaluations of these outsourced vendors are done by the management.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

With regard to the businesses of Reliance Capital, the question is not applicable to the Company.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

With regard to the businesses of Reliance Capital, the question is not applicable to the Company.

### **Principle 3 Businesses should promote the well being of all employees.**

1. **Please indicate the Total number of employees.**

The total numbers of employees in the group were 18,508 on rolls as on March 31, 2014.

2. **Please indicate the Total number of employees hired on temporary / contractual / casual basis.**

There are approximately 6,170 employees.

3. **Please indicate the Number of permanent women employees.**

There are 2,012 women employees.

4. **Please indicate the Number of permanent employees with disabilities**

There are 15 employees with disabilities.

5. **Do you have an employee association that is recognized by management?**

No.

6. **What percentage of your permanent employees is members of this recognized employee association?**

Not Applicable.

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

<b>Sr. No.</b>	<b>Category</b>	<b>No. of complaints filed during the financial year</b>	<b>No. of complaints pending as on end of the financial year</b>
1	Child labour / forced labour / involuntary labour	The Company does not hire Child labour, forced labour or involuntary labour. No Complaint.	Not Applicable
2	Sexual harassment	No case reported	Not Applicable
3	Discriminatory employment	There is no discrimination in the recruitment process of the Company.	Not Applicable

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

Permanent Employees	75%
Permanent Women Employees	10%
Casual/Temporary/Contractual Employees	5%
Employees with Disabilities	10%

**Principle 4 Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

**1. Has the company mapped its internal and external stakeholders?**

Yes

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

Yes

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders.**

- Supported "Room to Read" and has aided school libraries in 75 schools in Rajasthan, Maharashtra and Madhya Pradesh
- NGO visit to Municipal schools for distribution of raincoats
- Blood Donations camps
- Adopt a Plant
- Company's employees supported the initiatives of "Give India"
- Toys and Meal donations
- Campaign to educate insurance customers of the mis-selling activities and improper distribution, undertaken by external entities / individuals

**Principle 5 Businesses should respect and promote human rights**

1. **Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

Most of the aspects of human policy are covered in our Reliance Group Companies Code of Ethics and Business Policies. We respect human rights. All the labour related laws are based on human rights principle, which we follow consistently. We provide equal opportunity to all the sections of the society without any discrimination. We have formulated the Ombudsman Policy of the Company on human rights.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

Please refer our response to Principle No.1.

**Principle 6 Businesses should respect, protect and make efforts to restore the environment.**

1. **Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.**

Our companies in the group are committed to achieve the global standards of health, safety and environment. We believe in sharing process and product innovations within the group and extending its benefits to the Industry. We believe in safeguarding environment for long term. Reliance Group Companies Code of Ethics and Business Policies is applicable to all personnel of the Company as well as to the Consultants, Representatives, Suppliers, Contractors and Agents dealing with the Company.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

Not Applicable

3. **Does the company identify and assess potential environmental risks?**

Not Applicable

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

Not Applicable

5. **Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc.**

Yes.

It has deployed a technology called Virtual desktop infrastructure (VDI) which uses less power compared to a desktop. Also, offices are being fitted out and maintained keeping in mind, the mission of energy conservation and environment protection. Through several initiatives, a consistent and ongoing endeavour is undertaken to reduce the overall carbon footprint.

In order to reduce the usage of paper, the Company employed ways such as converting physical contract notes to e-format. Physical copies are provided only on request, which was very rare. Usage of AOF pages was decreased by 35%, resulting in substantial reduction of paper usage.

6. **Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?**

Not Applicable

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as at end of Financial Year.**

Not received any notice from CPCB / SPCB.

**Principle 7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

Yes, we are the members of the relevant trade & chamber or such similar association. The major association are as follows:

- a. Indian Merchant Chamber
- b. Confederation of Indian Industry
- c. Gems & Jewellery Trade Council of India
- d. Association of Mutual Fund Industry (AMFI)
- e. FICCI
- f. All India Gems and Jewellery Trade Federation
- g. The Bombay Bullion Association Limited

### 2. Have you advocated / lobbied through above associations for the advancement or improvement of public good?

Yes. The Company has undertaken several initiatives to impart investor education to its stakeholders in the Asset Management business, in line with the AMFI guidelines in this regard. Also, the Company has advocated with the above mentioned associations for governance, administration, economic and educational reforms.

### Principle 8: Businesses should support inclusive growth and equitable development

#### 1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company supports inclusive growth and equitable development through various training and development programmes for its employees as well as its key stakeholders.

- Wellness week was planned wherein various health and wellness initiatives were taken for the employees. Basic health check-up camps were organized. The health screening program included Random Blood sugar check , Blood pressure measurement , BMI Measurement, Consultation by doctor, ECG (for above 45 years and / or on Doctor's recommendation)
- The Company tied up with Thyrocare for Health Check up Special offer for employees in which Basic metabolic profile, Metabolic Vitamin and Hormonal Profile and Executive Health Profile were covered
- Partnered with the organization 'Room to Read' in the Year 2011. Since then, it has been meticulously working for this noble cause of supporting children's education
- The Company's employees supported the initiatives of "Give India"
- Donated an office space in Mumbai to the "'Room to Read' Development Team' and 'Maharashtra Programs Team'. Currently, 'Room to Read' libraries have been successfully set up and are operating in several schools in Mumbai
- Financial support to needy students for education
- Donate Blood - Gift Life! (Blood Donation Drive): Our blood donation drive was partnered by Smt. Kokilaben Dhirubhai Ambani Hospital in which our employees participated and donated over 100 units of blood.
- Clothes Donation Drive: This campaign was organized in collaboration with a prominent NGO - 'Goonj' to distribute old but good conditioned clothes amongst the underprivileged and flood victims. This drive was also extended in Uttar Pradesh to include food packets, which were distributed amongst children at an orphanage
- Substantial amount was contributed to the Prime Ministers Relief Fund to aid the re-development efforts of Uttarakhand. Our employees volunteered to visit the innermost affected regions of Uttarakhand to help distribute food packets, clothes and other essential amenities



**2. Are the programmes / projects undertaken through in-house team/own foundation / external NGO / government structures/any other organization?**

Driven by our belief that the whole is greater than the sum of its parts, all our CSR activities across the group are aligned under one umbrella: the Group CSR forum which is the helm for strategy, planning and integration of functional learning. The forum facilitates cross-functional, cross-geographical learning and brings in operational and methodological efficiency at every level within the CSR ambit across the Group companies.

The programmes were undertaken both, through in-house teams as well as in co-ordination with external NGOs.

**3. Have you done any impact assessment of your initiative?**

On a periodic basis, we measure the direction of our initiatives and their impact. The assessment helps in focusing our efforts and achieving better results.

**4. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Reliance Capital, through its various social programmes and financial inclusion initiatives, is expanding its coverage to rural and semi-urban markets and providing access to financial services to customers in those markets. The products and services have made a positive impact on its targeted clientele.

**Principle 9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

**1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.**

With regards to our large customer base and business reach, the percentage of pending complaints is very miniscule.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)**

Yes. The Company complies with disclosure requirements relating to its products and services.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

In the ordinary course of services' businesses, customers and borrowers may have disputes with the Company regarding deficiency in services or product performance, which could result in a civil suit, or a consumer complaint. Most of our businesses are linked to the capital markets

and thus, prone to short-term fluctuations. The Company, regularly, engages with its customers to appropriately address their concerns; however, in some cases, legal resolutions may also be pursued.

**4. Did your company carry out any consumer survey / consumer satisfaction trends?**

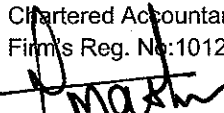
Indian Market Research Bureau (IMRB) has conducted surveys, focusing on customer satisfaction, across our businesses.

**FORM A**


Pursuant to Clause 31 of the Listing Agreement  
Covering letter of the Annual Audit Report to be filed with the Stock Exchanges  
(SEBI Circular No. CIR/CFD/DIL/7/2012 dated August 13, 2012)


1.	Name of the Company	Reliance Capital Limited (the 'Company')
2.	Annual Financial statement for the year ended	March 31, 2014
3.	Type of Audit observation	<p><b>Standalone Financial Statements - Unqualified</b></p> <p><b>Consolidated Financial Statements – Emphasis of Matter</b></p> <p>The Independent Auditors' Report of the Company on consolidated financial statements for the year ended March 31, 2014 contains the following "Emphasis of Matter" (refer page no. 84) and the same is further explained in the Consolidated Notes to Accounts 36 (b) &amp; (c) and 37 (h) (refer page no. 115 and 117, respectively):</p> <p>(a) The Audit Committee at its meeting held on May 2, 2014 considered the "Emphasis of Matter" para in the Auditors' Report on Consolidated Financial Statements and discussed the same with management and the Statutory Auditors, and concluded that the accounting treatment followed by the Company is fair presentation of Company's performance and also taken note of the accounting policies followed by the subsidiary of the Company for the treatment of Indian Motor Third Party Insurance Pool liability in accordance with the Insurance and Regulatory Development Authority ('IRDA') Guidelines; and</p> <p>(b) The Audit Committee at its meeting held on May 2, 2014 considered the "Emphasis of Matter" para in the Audit Report on Consolidated Financial Statements and discussed the same with management and the Statutory Auditors, and taken note of non registration as a Core Investment Company ('CIC') with the Reserve Bank of India ('RBI') by the subsidiary of the Company in accordance with the guidelines of the RBI.</p> <p>The above were the subject matter of the "Emphasis of Matter" in the consolidated Audit Report.</p>
4.	Frequency of observation	<p>(a) Since financial year ended March 31, 2012.</p> <p>(b) Financial year ended March 31, 2014.</p>

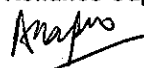
For **Chaturvedi & Shah**  
Chartered Accountants  
Firm's Reg. No:101720W  
  
Vijay Napawaliya  
Partner  
Membership No: 109859

For **BSR & Co. LLP**  
Chartered Accountants  
Firm's Reg. No:101248W/W-100022  
  
Akeel Master  
Partner  
Membership No: 046768

Mumbai, August 28, 2014

For **Reliance Capital Limited**  
  
Rajendra P. Chitale  
Chairman – Audit Committee

For **Reliance Capital Limited**  
  
V. R. Mohan  
President & Company Secretary

For **Reliance Capital Limited**  
  
Amit Bapna  
Chief Financial Officer

Mumbai, August 28, 2014