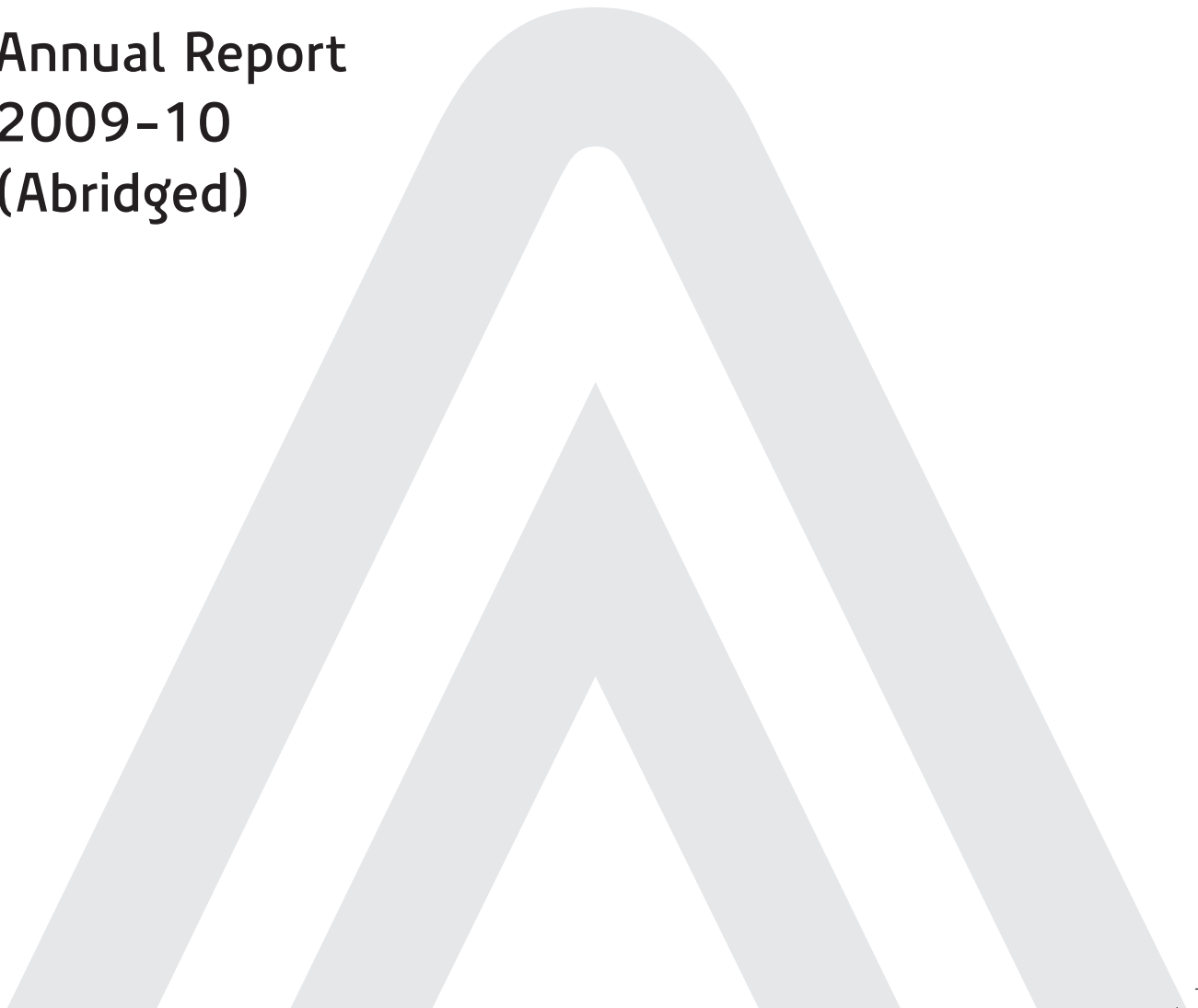


RELIANCE Capital
Anil Dhirubhai Ambani Group

**Annual Report
2009-10
(Abridged)**





Dhirubhai H. Ambani

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

Reliance Group - Founder and Visionary

Profile

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

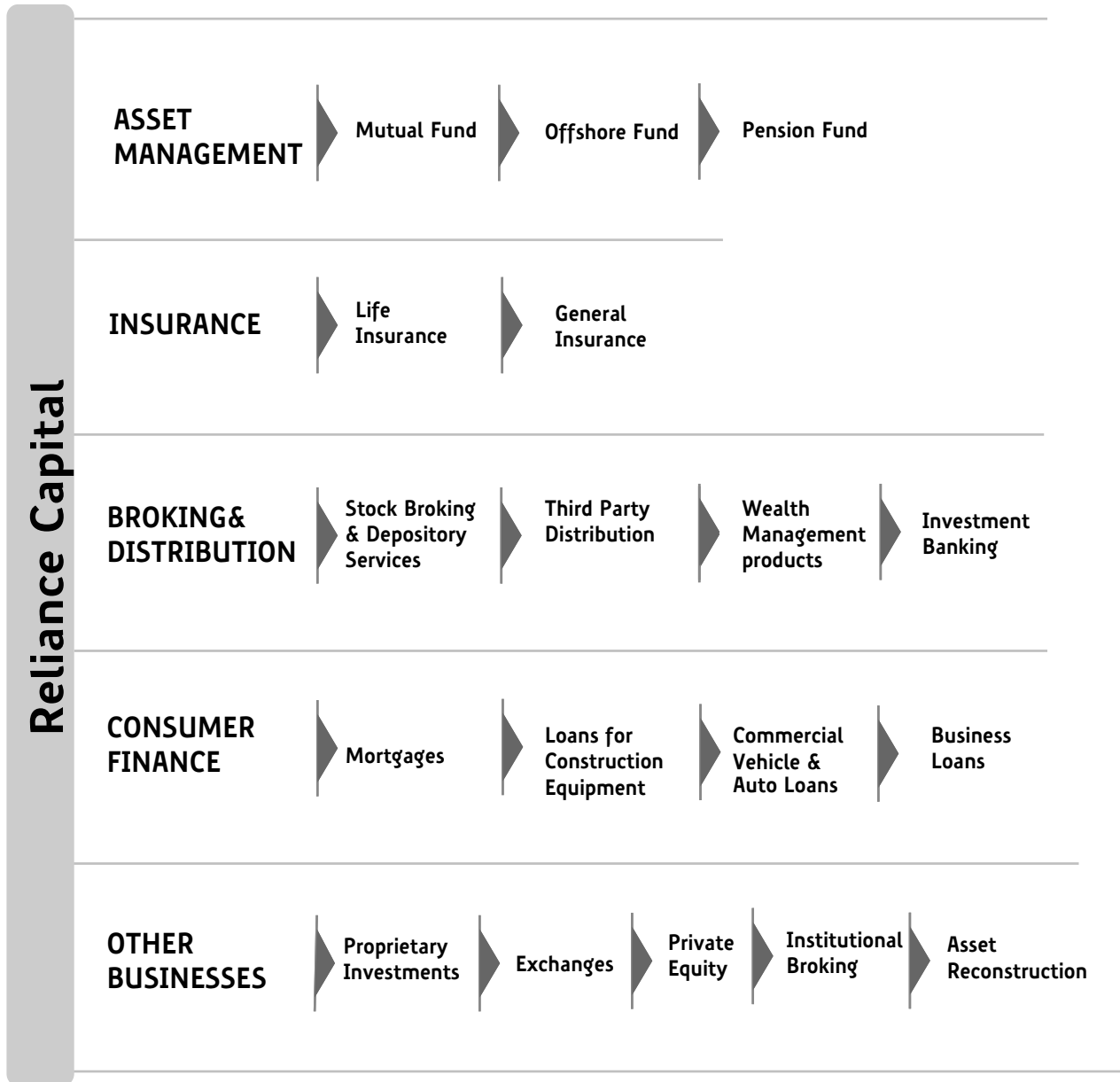
Reliance Capital, incorporated in 1986, is one of India's leading and fastest growing private sector financial services companies, and ranks among the top 3 private sector financial services and banking companies, in terms of networth.

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

Mission: Excellence in financial services

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

Business mix



Creating India's leading financial superstore

Board of Directors	Contents	Page No.(s)
Shri Anil Dhirubhai Ambani – Chairman Shri Amitabh Jhunjhunwala – Vice Chairman Shri Rajendra P. Chitale Shri C. P. Jain Dr. Bidhubhusan Samal Shri V. N. Kaul*	Letter to Shareowners 6 Highlights – at a glance 8 Notice of Annual General Meeting 10 Directors' Report 15 Management Discussion and Analysis 19 Auditors' Certificate on Corporate Governance Report 27 Corporate Governance Report 28 Investor Information 38 Auditors' Report on Abridged Financial Statement 45 Auditors' Report on Financial Statement 45 Abridged Balance Sheet 48 Abridged Profit and Loss Account 49 Notes to the Abridged Financial Statements 50 Cashflow Statement 72 Financial Information of Subsidiary Companies 74 Auditors' Report on Abridged Consolidated Financial Statements 75 Auditors' Report on Consolidated Financial Statements 75 Abridged Consolidated Balance Sheet 76 Abridged Consolidated Profit and Loss Account 77 Notes to the Abridged Consolidated Financial Statements 78 Consolidated Cashflow Statement 94 Attendance Slip and Proxy Form 95	
*Appointed w.e.f. April 30, 2010		
Company Secretary and Manager		
Shri V. R. Mohan		
Auditors		
M/s. Chaturvedi & Shah M/s. B S R & Co.		
Registered Office		
H Block, 1st Floor, Dhirubhai Ambani Knowledge City Navi Mumbai 400 710 Maharashtra, India		
Registrar & Transfer Agent		
Karvy Computershare Private Limited, Madhura Estates, Municipal No. 1-9/13/C Plot No. 13 & 13C Madhapur Village Hyderabad – 500081 Andhra Pradesh, India website: www.karvy.com		

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

Twenty fourth Annual General Meeting on Tuesday, September 28, 2010 at 12.00 noon or soon after conclusion of the annual general meeting of Reliance Power Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020.

The Annual Report can be accessed at www.reliancecapital.co.in

Letter to Shareowners



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

- Anil Dhirubhai Ambani

My Dear fellow Shareowners,

It gives me great pleasure to share with you the highlights of our Company's performance during the year 2009-10.

It was our founder, late Shri Dhirubhai Ambani's lifelong dream to bring the fruits of financial empowerment to millions of ordinary Indians, and, in the process, enable Reliance Capital to emerge as one of India's leading financial services players.

Today, we are well on our way to translating that dream into reality. Reliance Capital is now India's fastest-growing financial services company, serving over 20 million customers.

Our Company is amongst the leading private sector banking and finance companies on all major parameters. We have interests in asset management, mutual funds, pension funds, life and general insurance, private equity, venture capital, stock broking and depository services, investment banking, wealth management, home and consumer finance, financial products distribution, exchanges, asset reconstruction and other activities in financial services.

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

Reliance Mutual Fund is the country's largest mutual fund for the third year in a row. We continue to be amongst the fastest growing private sector players in the insurance industry. We have emerged as the third largest private sector life insurer and are amongst the leading private sector general insurers in the country.

Performance Review

The key financial highlights on a consolidated basis are:

- **Total income of Rs.6,141 crore** (US \$ 1.4 billion), against Rs.6,019 crore (US \$ 1.2 billion) in the corresponding previous period, **an increase of two per cent**
- **Net profit of Rs.435 crore** (US \$ 96.4 million), against Rs.1,016 crore (US \$ 199.4 million) in the corresponding previous period
- **Earnings per share (EPS) of Rs.17.64** (US \$ 0.39), against Rs.41.35 (US \$ 0.81) in the corresponding previous period
- **Total Assets of the Company stood at Rs.26,033 crore** (US \$ 5.8 billion), against Rs.24,081 crore (US \$ 4.7 billion) in the corresponding previous period, **an increase of eight per cent**

- **Total net worth was Rs.7,712 crore** (US \$ 1.7 billion) as against Rs.7,424 crore (US \$ 1.5 billion) in the corresponding previous period, **an increase of four per cent**

You will be happy to learn that during the year, our Company achieved significant improvement in its financial and operational performance across its businesses. The businesses of asset management and consumer finance have increased their contribution towards revenues and profitability. In the financial year ended 2010, the decrease in absolute profits was on account of lower capital gains realized, as the thrust is on increasing contribution in profitability from the operating businesses. Over time, there will also be substantial gains for Reliance Capital from planned unlocking of value by way of partial stake sales in some of our businesses.

The year 2009-10 saw the emergence of a new set of regulatory changes in some financial services sectors that affected industry growth. We used these changing times to swiftly move towards leaner cost structures, stringent risk management practices and improved operating efficiencies. Our earlier strategy of being amongst the top players in each of our operating businesses was judiciously calibrated to align with a renewed focus on profitability.

I am very happy to inform you that our efforts in this direction have paid off. Our asset management and consumer finance businesses have increased their profitability while our life insurance business has brought down its capital requirement by a substantial 81 per cent, and is well on course to break even in the current financial year.

Highest credit ratings

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

A third agency, CARE, assigned the long term debt program a rating of "CARE AAA". Instruments with this rating are considered to be of the best credit quality, offering highest safety for timely servicing of debt obligations. Such instruments carry minimal credit risk.

These robust financial numbers have enabled us to maintain, subject to confirmation at the AGM, the dividend at Rs.6.50 a share.

Letter to Shareowners

Achievements during the year across some of our key operating businesses:

The year under review has seen our operating businesses grow from strength to strength despite the continual regulatory changes in some financial services' sectors.

Reliance Capital Asset Management (RCAM) managed nearly Rs.1,50,000 crore (US \$ 33.2 billion) across its mutual fund, pension funds, managed accounts and hedge funds, a year on year increase of 32 per cent. RCAM's profit after tax increased by 46 per cent at Rs.184 crore (US \$ 40.8 million) as against Rs.126 crore (US \$ 24.7 million) in the corresponding previous period.

RMF continued to be India's No.1 Mutual Fund with a market share of 14.8 per cent. The average assets under management (AAUM) for Reliance Mutual Fund (RMF) increased from Rs.80,963 crore (US\$ 15.9 billion) to Rs.1,10,412 crore (US \$ 24.5 billion), an increase of 36 per cent. The number of investor folios have remained steady at 75 lakh despite recent changes in the regulatory environment.

RCAM was appointed as one of the fund managers by the Employees Provident Fund Organization (EPFO). A highly prestigious account, EPFO has entrusted Rs.34,837 crore (US \$ 7.7 billion) to RCAM, for investment management. Reliance Capital Pension Fund Ltd., a wholly owned subsidiary of RCAM was also appointed as one of the six asset managers by the Pension Fund Regulatory and Development Authority (PFRDA) to manage money under the New Pension Scheme (NPS).

Reliance Asset Management (Singapore) Pte. Ltd. is a wholly owned subsidiary of Reliance Capital Asset Management Ltd. It currently manages six India dedicated funds. The AUMs as on March 31, 2010 end stood at US \$ 202 million as against US \$ 127 million as on March 31, 2009, a growth of 59 per cent.

Reliance Life Insurance (RLI) emerged as the third largest private sector life insurer (in terms of weighted received premium) at Rs.3,660 crore (US \$ 810.8 million), a year on year increase of 17 per cent, as against the industry average in the private sector of 13 per cent. RLI has maintained its position amongst the top four (in terms of monthly new business premium) private sector life insurance companies in India with a market share of 10.2 per cent. RLI garnered new business premium of Rs.3,921 crore (US \$ 868.6 million) for the year as compared to Rs.3,514 crore (US \$ 689.7 million) in the previous year, an increase of 12 per cent - in line with private sector industry growth. The total funds under management increased by 117 per cent to Rs.13,661 crore (US \$ 3.0 billion).

Reliance General Insurance has maintained its position amongst the top three (in terms of monthly gross written premium) private sector general insurance companies in India with a market share of 14 per cent. Reliance General Insurance's gross written premium for the year ended March 31, 2010 was up by 3 per cent at Rs.1,980 crore (US \$ 438.6 million) as against Rs.1,915 crore (US \$ 375.9 million) in the corresponding previous period.

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

Commercial Vehicle loans, loans for Construction equipment, etc Reliance Consumer Finance has emerged as one of the leading lenders in the Indian non banking space with 47 per cent increase in disbursements at Rs.5,776 crore (US \$ 1.3 billion). Backed by our long-standing conservative approach, Reliance Consumer Finance has developed stringent in-house credit risk management systems to ensure the highest quality of credit. The outstanding loan book grew by 7 per cent to Rs.9,170 crore (US \$ 2.0 billion) as on March 31, 2010, compared to Rs.8,576 crore (US \$ 1.7 billion) as on March 31, 2009. This loan book is spread across 1,17,955 customers from top 16 Indian metros. The profit before tax grew 48 per cent at Rs.135 crore (US \$ 29.9 million) as against Rs.92 crore (US \$ 18.1 million) for the corresponding previous period.

Future Plans

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

- Increase our customer base - from twenty million to fifty million.
- Increase the distribution reach - from five thousand to twenty thousand cities and towns.
- Increase number of business partners - from half a million to one million.
- Evaluate opportunities to enter the banking sector, in accordance with the evolving regulatory framework.

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

Corporate Governance

We have adopted the Reliance Anil Dhirubhai Ambani Group Corporate Governance Policies and Code of Conduct, which has prescribed a set of systems, processes and principles conforming to the best international standards and aimed at promoting the interests of all our 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)

(Rs. in crore)

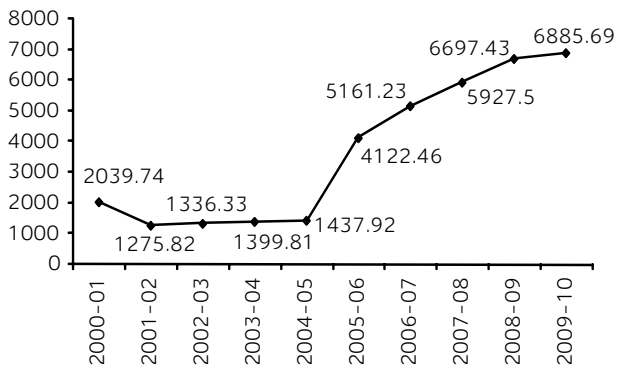
Year ended March 31	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Turnover	2 389.88	3 014.45	2 079.79	883.80	52.02	295.69	356.79	458.78	548.59	492.20
Earnings Before Depreciation, Interest & Tax (EBDIT)	1 706.09	2 335.17	1 596.68	782.88	619.00	290.06	348.27	447.09	529.83	475.06
Depreciation	18.16	21.22	17.09	7.07	23.19	27.77	42.09	91.65	55.18	71.97
Profit after Tax	339.42	968.02	1 025.45	646.18	537.61	105.81	105.79	102.63	101.22	93.45
Equity Dividend %	65.00	65.00	55.00	35.00	32.00	30.00	29.00	29.00	29.00	29.00
Dividend Payout	186.80	186.80	158.04	100.58	81.32	38.19	36.92	36.92	36.92	36.96
Equity Share Capital	246.16	246.16	246.16	246.16	223.40	127.84	127.97	127.83	127.83	127.83
Reserves and Surplus	6 712.90	6 560.28	5 779.07	4 915.07	3 849.50	1 310.08	1 271.84	1 208.50	1 147.99	1 901.91
Net Worth	6 885.69	6 697.43	5 927.50	5 161.23	4 122.46	1 437.92	1 399.81	1 336.33	1 275.82	2 039.74
Total Assets	20 028.30	21 135.17	15 374.31	6 573.19	4 364.35	2 809.94	2 751.47	3 106.78	3 710.70	4 356.51
Market Capitalisation	18 536.68	8 684.35	30 168.62	16 415.64	11 568.99	2 272.42	1 675.35	618.69	670.24	796.22
Number of Employees	54	48	216	196	140	21	27	30	29	34

KEY INDICATORS

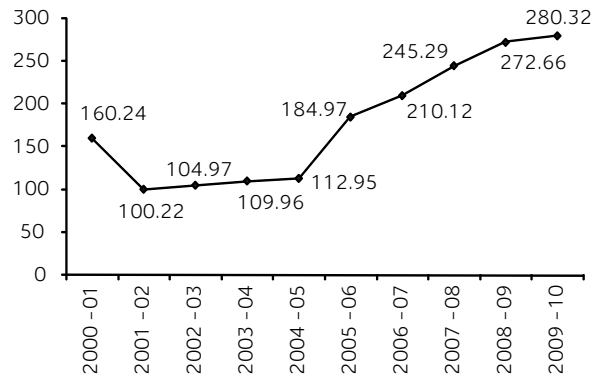
Year ended March 31	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
EBDIT/Gross Turnover %	71.39	77.47	73.91	88.58	94.94	98.10	97.61	97.45	96.58	96.52
Net Profit Margin %	14.20	32.11	49.31	73.11	82.45	35.78	29.65	22.37	18.45	18.99
Earnings Per Share (Rs.)	13.82	39.41	41.75	28.39	24.64	8.31	8.31	8.06	7.91	7.33
Book Value Per Share (Rs.)	280.32	272.66	245.29	210.12	184.97	112.95	109.96	104.97	100.22	160.24
Debt : Equity Ratio	1.57:1	2:1	1.5:1	0.28:1	0.06:1	0.05:1	0.42:1	0.33:1	1.91:1	1.81:1

Highlights – at a glance (Standalone)

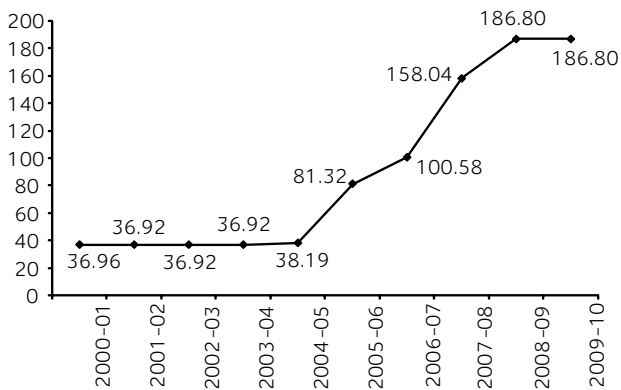
Net Worth (Rs.in crore)



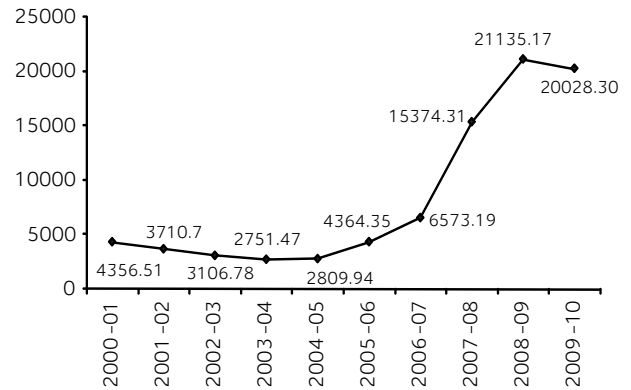
Book Value Per Share (Rs.)



Dividend Payout (Rs.in crore)



Total Assets (Rs.in crore)



Reliance Capital Limited

Notice

Notice is hereby given that the twenty fourth Annual General Meeting of the Members of **Reliance Capital Limited** will be held on Tuesday, September 28, 2010 at 12.00 noon or soon after conclusion of the annual general meeting of Reliance Power Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020, to transact the following business:

Ordinary Business

1. To consider and adopt the audited Balance Sheet as at March 31, 2010, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of Shri Rajendra P. Chitale 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. B S R & Co., Chartered Accountants (Firm Registration. No. 101248W), be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors."

Special Business

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

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

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

"RESOLVED THAT Shri V. N. Kaul, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 135 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956,

proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

a) "RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (Act) (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into with the Stock Exchanges and subject to the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR"), the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, applicable rules, regulations, guidelines or laws and/or any approval, consent, permission or sanction of the Central Government, Reserve Bank of India and any other appropriate authorities, institutions or bodies (hereinafter collectively referred to as the "appropriate authorities"), and subject to such conditions as may be prescribed by any one of them while granting any such approval, consent, permission and/or sanction (hereinafter referred to as the "requisite approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter called the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorised to issue, offer and allot equity shares/fully convertible debentures/partly convertible debentures/non convertible debentures with warrants/any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities" or "Securities"), to the Qualified Institutional Buyers (QIBs) as per the SEBI ICDR, whether or not such QIBs are Members of the Company, on the basis of placement document(s), at such time or times in one or more tranche or tranches, at par or at such price or prices, and on such terms and conditions and in such manner as the Board may, in its absolute discretion determine, in consultation with the Lead Managers, Advisors or other intermediaries, provided however that the aggregate amount raised by issue of QIP Securities as above shall not result in increase of the issued and subscribed equity share capital of the Company by more than 15% of the then issued and subscribed equity shares of the Company.

b) RESOLVED FURTHER THAT the relevant date for the determination of applicable price for the issue of the QIP Securities shall be the date on which the Board of the Company decide to open the proposed issue, or the date on which the holder of the securities which are convertible

Notice

into or exchangeable with equity shares at a later date becomes entitled to apply for the said shares, as the case may be ("Relevant Date").

- c) RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph (a) above or as may be necessary in accordance with the terms of the offering, all such shares being pari passu with the then existing shares of the Company in all respects, as may be provided under the terms of the issue and in the offering document.
- d) RESOLVED FURTHER THAT such of these Securities to be issued as are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion thinks fit in accordance with the provisions of law.
- e) RESOLVED FURTHER THAT the issue to the holders of the Securities with equity shares underlying such Securities shall be inter alia, subject to suitable adjustment in the number of shares, the price and the time period etc., in the event of any change in the equity capital structure of the Company consequent upon any merger, amalgamation, takeover or any other re-organisation or restructuring in the Company.
- f) RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, as described in paragraph (a) above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its absolute discretion, deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing and institution/trustees/agents and similar agreements/and to remunerate the Managers, underwriters and all other agencies/intermediaries by way of commission, brokerage, fees and the like as may be involved or connected in such offerings of Securities, with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit.
- g) RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilisation of the issue proceeds including but without limitation to the creation of such mortgage/hypothecation/charge on the Company's assets under Section 293(1)(a) of the said act in respect of the aforesaid Securities either on pari passu basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.
- h) RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein

conferred to any Committee of Directors or any other Officer(s)/ Authorised Representative(s) of the Company to give effect to the aforesaid resolution."

- 8. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Sections 198, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 (Act) (including any statutory modification or re-enactment thereof, for the time being in force) and subject to all permissions, sanctions and approvals as may be necessary, approval of the Company be and is hereby accorded for the payment of commission upto 3% of the net profits of the company, every year, computed in the manner specified in the Act to the Director(s) of the Company who is/are neither in the whole time employment nor managing director(s), in accordance with the provisions of Section 309(4) of the Act, for a period of 5 (five) years from the financial year commencing April 1, 2011, in such manner and upto such extent as the Board/Nomination/Remuneration Committee of the Board may, from time to time, determine.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board and/or Nomination/Remuneration Committee constituted by the Board be and are hereby authorised to take all actions and do all such deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 387 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (Act) (including any statutory modification or re-enactment thereof, for the time being in force), and subject to all such sanctions, as may be necessary, the consent of the Company be and is hereby accorded to the reappointment of Shri V. R. Mohan as the Manager of the Company, designated as President, Company Secretary & Manager for a period of 5 (five) years commencing from March 7, 2011 on the terms and conditions including remuneration set out in the Agreement to be entered into between the Company and Shri V. R. Mohan, a draft whereof was placed before this meeting which Agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers including powers conferred by this resolution) to alter and vary the terms and conditions including remuneration of the said re-appointment and/or Agreement, as may be agreed to between the Board and Shri V. R. Mohan, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the currency

Reliance Capital Limited

Notice

of tenure of Shri V. R. Mohan, as Manager, the remuneration and perquisites set out as aforesaid be paid or granted to him as minimum remuneration and perquisites provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the applicable ceiling limit in terms of Schedule XIII to the said Act as may be amended from time to time or any equivalent statutory re-enactment thereof for the time being in force.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors

V. R. Mohan
Company Secretary & Manager

Registered Office:
H Block, 1st Floor,
Dhirubhai Ambani Knowledge City,
Navi Mumbai 400 710.
August 9, 2010

Notes:

1. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll, instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.**
2. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Meeting.
3. Members/Proxies should fill the Attendance Slip for attending the Meeting and bring their Attendance Slip along with their copy of the annual report to the Meeting.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members who hold shares in electronic form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio number in the Attendance Slip for attending the Meeting to facilitate identification of membership at the Meeting.
6. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturday between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting. The certificate from the Auditors of the Company in terms of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 for the Company's ESOS Plans will be available for inspection at the Meeting.
7. (a) The Company has notified closure of Register of Members and Transfer Books thereof from Wednesday, September 15, 2010 to Tuesday, September 28, 2010 for determining the names of members eligible for dividend, if approved, on equity shares for the year ended March 31, 2010. In respect of shares held in electronic form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories for this purpose.
- (b) The dividend on equity shares, as recommended by the Board of Directors, if declared at the Meeting, will be paid after the Meeting.
- (c) Members may please note that the dividend warrants shall be payable at par at the designated branches of the Bank for an initial period of three months only. Thereafter, the dividend warrants on revalidation shall be payable only at Ltd. centres / branches of the said Bank. The members are therefore, advised to encash dividend warrants within the initial validity period.
8. Non-resident Indian members are requested to inform M/s. Karvy Computershare Pvt. Ltd. immediately on:
 - a. the change in the residential status on return to India for permanent settlement.
 - b. the particulars of the bank accounts maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
9. Re-appointment / Appointment of Directors:
 - a. In terms of Article 154 of the Articles of Association of the Company, Shri Rajendra P. Chitale, Director retires by rotation and being eligible offers himself for re-appointment.
 - b. Dr. Bidhubhusan Samal and Shri V. N. Kaul, Additional Directors hold office upto the date of this Meeting and are proposed to be appointed as Directors under Section 257 of the Companies Act, 1956.
 - c. Brief resume of the Directors proposed to be appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorship, membership and chairmanship of board committees, shareholding and relationships between directors inter-se, as stipulated under Clause 49 of the listing agreement with the Stock Exchanges are furnished in the Report on Corporate Governance forming part of the Report.
10. Members are advised to refer to the section titled "Investor Information" provided in this Annual Report.
11. Pursuant to Circular No. SEBI/CFD/DIL/LA/2/2007/26/4 dated April 26, 2007, issued by the Securities and Exchange Board of India, the statement containing the salient features of Balance sheet, Profit and Loss Account and Auditors' Report (Abridged Financial Statements), is sent to the members, along with the Abridged Consolidated Financial Statements. Any member interested in obtaining a copy of the full Annual Report may write to the Registrar and Transfer Agent of the Company.
12. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to special businesses to be transacted at the Meeting are annexed hereto.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 to the accompanying Notice dated August 9, 2010.

Item No.5 & 6 Appointment of Directors

Dr. Bidhubhusan Samal and Shri V. N. Kaul were appointed as Additional Directors with effect from October 30, 2009 and April 30, 2010 respectively in accordance with the provisions of Section 260 of the Companies Act 1956 and Article 135 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, Dr. Bidhubhusan Samal and Shri V. N. Kaul hold office upto the date of the ensuing Annual General Meeting. The Company has received notices in writing from members of the Company, along with deposits of Rs.500/- each, as per the provisions of Section 257 of the Companies Act, 1956 proposing their candidature for the office of Director.

Dr. Bidhubhusan Samal and Shri V. N. Kaul are not disqualified from being appointed as Directors in terms of Section 274(1) (g) of the Act. The Company has received the requisite Form 'DD-A' from Dr. Bidhubhusan Samal and Shri V. N. Kaul, in terms of the Companies (Disqualifications of Directors under Section 274 (1) (g) of the Companies Act, 1956) Rules, 2003, confirming their eligibility for such appointment.

Profile of Dr. Bidhubhusan Samal and Shri V. N. Kaul is given in the Report on Corporate Governance forming part of the Report. Keeping in view the experience and qualification in their respective fields, your Directors considered it to be in the interest of the Company, if Dr. Bidhubhusan Samal and Shri V. N. Kaul are appointed as Directors of the Company, liable to retire by rotation as per the provisions of the Companies Act, 1956.

Your Directors therefore recommend the said resolutions for your approval.

The aforesaid Directors may be deemed to be concerned or interested in the resolution relating to their respective appointments.

None of the other Directors or Manager of the Company is in any way concerned or interested in the said resolutions.

Item No.7 Issue of equity shares to the Qualified Institutional Buyers.

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

For this purpose and for general corporate purposes as may be decided by the Board from time to time, it is proposed to seek the enabling authorisation of the members of the Company to the Board of Directors (Board), without the need of any further approval from the Members, to undertake the Qualified Institutional Placement ("QIP") with the Qualified Institutional Buyers ("QIB"), in accordance with the provisions of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR"), as set out in the Resolution at item No.7.

Pursuant to the above, the Board may, in one or more tranches, issue and allot equity shares/fully convertible debentures/partly convertible debentures/non convertible debentures with warrants/any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities" or "Securities").

The said QIP by the Board shall be subject to the provisions of the SEBI ICDR (as amended from time to time) including the pricing, which will not be less than the average of the weekly

high and low of the closing prices of the related shares quoted on the stock exchanges during the two weeks preceding the Relevant Date. The Relevant Date for the determination of applicable price for the issue of the QIP Securities shall be the date of the meeting in which the Board of the Company decide to open the proposed issue or in case of securities which are convertible into or exchangeable with equity shares at a later date, the date on which the holder of such securities becomes entitled to apply for the said shares, as the case may be. For reasons aforesaid, an enabling resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of the issue. The equity shares issued pursuant to the offering would be listed on the Indian stock exchanges.

The proposed issue of Securities as above may be made in one or more tranches such that the Securities to be issued shall not result in increasing the then issued and subscribed equity shares of the Company by more than 15 % of the then issued and subscribed equity shares of the Company.

The Securities issued under QIP issue pursuant to offer may, if necessary, be secured by way of mortgage/hypothecation on the Company's assets as may be finalised by the Board of Directors in consultation with the Security Holders/Trustees in favour of Security Holders/Trustees for the holders of the said securities. As the documents to be executed between the Security Holders/Trustees for the holders of the said securities and the Company may contain the power to take over the assets or undertaking or management of the Company in certain events, enabling approval is also sought under Section 293 (1)(a) of the Companies Act, 1956.

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

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

Item No.8 Payment of Commission to Non Executive Directors

The shareholders, through Postal Ballot, result of which was declared on July 22, 2006 had approved payment of commission upto 3% p.a. to non executive directors, who are not in the whole time employment of the Company, under the provisions of Section 309(4) of the Companies Act, 1956 (Act), computed in the manner specified in the Act, for a period of 5 years from the financial year commencing April 1, 2006. The (five) Company had obtained approval from the Central Government vide letter No.12/255/2007-CL.VII dated

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 to the accompanying Notice dated August 9, 2010.

April 19, 2007 for payment of Commission to non executive directors upto a limit of 3% of the profits of the Company for a period of 5 years from the financial year commencing April 1, 2006 i.e. upto financial year ending March 31, 2011.

The Chairman and the non executive Directors are required to devote more time and attention, more so with the requirements of the revised Corporate Governance Policies. The Board therefore recognizes the need to suitably remunerate the Director(s) of the Company, who are neither in the whole time employment nor managing director(s) with such commission based on the net profits of the Company.

As per provisions of Section 309 of the Act, a company can pay Commission to the Directors who are neither in the whole time employment of the Company nor Managing Director upto a ceiling of 1%, if the Company has a managing or whole time director or manager, or 3%, if the Company has no managing or whole time director or manager, of the net profits of the Company, every year, computed in the manner specified in the Act. The Company has appointed a Manager. The Company can pay remuneration exceeding 1% or 3% of its net profits, or such other limit as may be approved by the Central Government.

The quantum of the said commission will be apportioned amongst the non executive Directors commensurate with their respective performance, which will be adjudged by the Nomination/Remuneration Committee of the Board, based on predefined qualitative and quantitative parameters.

Your Directors therefore recommend the said resolution for your approval.

All the Directors of the Company, may be deemed to be concerned or interested in this resolution to the extent of commission that may be payable to them from time to time. Manager of the Company is not, in any way concerned or interested in the said resolution.

Item No.9 Re-appointment of Manager

Shri V. R. Mohan was appointed as the Manager of the Company for a period of 5 (five) years commencing from March 7, 2006, i.e. upto March 6, 2011 as approved by the members in Annual General Meeting (AGM) held on June 9, 2006.

The Nomination/Remuneration Committee and the Board of Directors of the Company at their meetings held on April 30, 2010, have, subject to the approval of the Members in the general meeting and the Central Government, if required, re-appoint Shri V. R. Mohan as the Manager of the Company, designated as President, Company Secretary & Manager for a period of 5 (five) years commencing from March 7, 2011 on the remuneration determined by the Nomination / Remuneration Committee / Board of Directors. Shri V. R. Mohan aged 57 years is a law graduate and a fellow member of the Institute of Company Secretaries of India. He has over two and half decades of experience in corporate secretarial, legal, finance and managerial functions. He is also the Company Secretary and Compliance Officer of the Company.

The remuneration payable to and the terms of appointment of Shri V. R. Mohan as Manager of the Company during the tenure of his appointment will comprise salary, allowances and other perquisites, the aggregate monetary value of such salary, allowances and perquisites being limited to Rs.64.40 lakh (Rupees sixty four lakh fourty thousand) per annum, plus discretionary Bonus not exceeding in any year the annual remuneration for that year as may be decided by the Nomination/Remuneration Committee/Board from time to time.

The perquisites and allowances payable to Shri V. R. Mohan will include Company owned/Leased Accommodation (furnished or otherwise) or House Rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and/or allowances for utilisation of gas, electricity, water, furnishing and repairs, medical reimbursements, leave travel concession for self and his family including dependants; medical insurance and such other perquisites and/or allowances within the amount specified above. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force). However Company's contribution to Provident Fund, Superannuation or Annuity Fund to the extent these singly or together are not taxable under the Income Tax Act, 1961 and Gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company, shall not be included in the computation of limits for the remuneration. In addition to the above, Shri V. R. Mohan shall also be eligible to an annual increment not exceeding 25% on the last drawn salary, perquisites and allowances during his tenure as Manager. Shri V. R. Mohan fulfils the conditions for eligibility contained in Part I of Schedule XIII of the Companies Act, 1956. The terms and conditions of appointment and payment of remuneration are set out in the Agreement to be entered into between the Company and Shri V. R. Mohan. The Board or any Committee thereof, subject to requisite approval(s), if necessary, is entitled and authorised to revise at any time, the salary, allowances and perquisites payable to the Manager of the Company such that the overall remuneration payable to the Manager of the Company shall not exceed the limits specified above. Either party may terminate the aforesaid Agreement by giving one month prior notice of termination in writing to the other party.

The terms and conditions setout for appointment and payment of remuneration herein and/or in the agreement may be altered and varied from time to time by the Board/Nomination/Remuneration Committee as it may, at its discretion, deem fit within the overall ceiling fixed herein.

The draft Agreement to be entered into between the Company and Shri V. R. Mohan is available for inspection at the Registered Office of the Company on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. upto the date of the Meeting. The terms and conditions mentioned herein may also be treated as an abstract under Section 302 of the Companies Act, 1956.

Your Directors therefore recommend the said resolution for your approval.

Shri V. R. Mohan, Manager may deemed to be concerned or interested in the resolution. None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

By Order of the Board of Directors

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

Registered Office:
H Block, 1st Floor,
Dhirubhai Ambani Knowledge City,
Navi Mumbai 400 710.
August 9, 2010

Directors' Report

Dear Shareowners,

Your Directors have pleasure in presenting the twenty fourth Annual Report, together with the audited statement of accounts of the Company for the year ended March 31, 2010.

Financial Results

The standalone performance of the Company for the financial year ended March 31, 2010 is summarised below:

Particulars	Financial Year ended March 31, 2010		Financial Year ended March 31, 2009#	
	(Rs. in crore)	(US\$ in million*)	(Rs. in crore)	(US\$ in million**)
Gross Income	2 389.88	529.44	3 014.45	591.65
Gross Profit	446.49	98.91	1 098.42	215.59
Less: Depreciation	18.16	4.02	21.22	4.16
Profit before Tax	428.33	94.89	1 077.20	211.42
Provision for Taxation	88.91	19.70	109.18	21.43
Net Profit	339.42	75.19	968.02	189.99
Add: Profit brought forward from the previous year	1 920.52	425.46	1 429.72	280.61
Profit available for Appropriation	2 259.94	500.65	2 397.74	470.61
Dividend including Dividend Tax	186.80	41.38	186.80	36.66
Transfer to General Reserve	33.94	7.52	96.81	19.00
Transfer to Statutory Reserve Fund	67.88	15.04	193.61	38.00
Balance carried forward	1 971.32	436.71	1 920.52	376.94

*1 US\$ = Rs.45.14 ** 1 US\$ = Rs.50.95

#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, 2010 decreased to Rs.2,389.88 crore, from Rs.3,014.45 crore in the previous year, a decline of 26 per cent. The operating profit (PBDIT) of the Company decreased by 36.87 per cent to Rs.1706.09 crore during the year, from Rs.2,335.17 crore, in the previous year. Interest expenses for the year increased by 1.81 per cent to Rs.1259.60 crore, from Rs.1,236.75 crore, in the previous year. Depreciation was at Rs.18.16 crore as against Rs.21.22 crore in the previous year. The provision for taxation during the year was Rs.88.91 crore. The net profit for the year decreased by 185 per cent to Rs.339.42 crore from Rs.968.02 crore, in the previous year. An amount of Rs.67.88 crore was transferred to the Statutory Reserve Fund pursuant to section 45-IC of the Reserve Bank of India Act, 1934, and an amount of Rs.33.94 crore was transferred to the General Reserve during the year under review. The Company's Net worth as on March 31, 2010, stood at Rs.6,885.69 crore.

Dividend

Your directors are pleased to recommend a dividend of Rs.6.50 (65 per cent) per equity share on 24,56,32,800 equity shares of Rs.10 each aggregating to Rs.186.80 crore (inclusive of dividend tax) for the financial year ended March 31, 2010, which, if approved at the ensuing Annual General Meeting, will be paid to (i) all those equity shareholders whose names appear in the Register of Members as on September 14, 2010 and (ii) to those whose names as beneficial owners, are furnished by the National Securities Depository Ltd. and Central Depository Services (India) Ltd. for

the purpose. The dividend payout as proposed is in accordance with the Company's policy of paying, sustainable dividend linked to long term performance, keeping in view the capital needs for the Company's growth plans and the desire to achieve optimal financing of such plans through internal accruals.

Management Discussion and Analysis Report

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

Resources and Liquidity

The Company has raised Rs.11,958.15 crore during the financial year 2009-10 by issuance of Commercial Paper, Non Convertible Debentures (NCDs) and other money market instruments. The Company's NCDs amounting to Rs.3,575 crore are listed on Bombay Stock Exchange Ltd. as on March 31, 2010. The funds were mainly deployed in providing consumer finance. RCL's debt equity ratio as on March 31, 2010 stood at 1.57:1.

Subsidiaries

During the year, Reliance Asset Management (Malaysia) SDN BHD became subsidiary of the Company.

Reliance Capital Limited

Directors' Report

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

Fixed Deposits

The Company has neither accepted nor renewed any fixed deposits during the year. There are no unclaimed deposits, unclaimed / unpaid interest due to the deposit holders or to be deposited to the Investor Education and Protection Fund as on March 31, 2010.

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 28.03%, well above the regulatory minimum of 12%. Your Company's asset size is Rs.20,028 crore. The Company has received a certificate from the Auditors M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co., Chartered Accountants, of the Company, pursuant to Non Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008, confirming compliance of the conditions with respect to NBFCs-ND-SI.

Directors

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

Dr. Bidhubhusan Samal and Shri V. N. Kaul were appointed as additional directors w.e.f. October 30, 2009 and April 30, 2010 respectively. They would hold office till the ensuing Annual General Meeting. The Company has received notice in writing from a member proposing their candidature, for the office of Director.

A brief resume of the Director retiring by rotation at the ensuing Annual General Meeting and of the additional directors whose

candidature has been proposed by a member, nature of their expertise in specific functional areas and names of Companies in which they hold directorship and/or membership/chairmanship of Committees of the Board, as stipulated under Clause 49 of the listing agreement with the Stock Exchanges, is given in the section on Corporate Governance elsewhere in the Annual Report.

Directors' Responsibility Statement

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

- (i) in the preparation of the annual accounts for the financial year ended March 31, 2010, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the profit of the Company for the year ended on that date;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts for the financial year ended March 31, 2010 on a 'going concern' basis.

Group

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

Employees Stock Option Scheme

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

Employees Stock Option Scheme was approved and implemented by the Company and Options were granted to employees in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the SEBI Guidelines'). The Employees Stock Compensation Committee, constituted in accordance with the SEBI Guidelines, administers and monitors the Scheme. The applicable disclosures as stipulated under the SEBI Guidelines as at March 31, 2010 are given below:

Directors' Report

Particulars	ESOS Plan A	ESOS Plan B
a) Total Options granted	3,99,900	3,97,000
b) No of Options surrendered	Nil	Nil
c) Pricing formula decided by ESOS Compensation Committee	The options were granted at the market price i.e. Rs.800.	The options were granted at the market price i.e. Rs.800.
d) Options vested	Nil	Nil
e) Options exercised	Nil	Nil
f) Total number of equity shares arising as a result of exercise of Options	Nil	Nil
g) Options lapsed during the year	Nil	Nil
h) Variation of terms of Options	None	None
i) Money realised by exercise of Options during the year	Nil	Nil
j) Total number of Options in force at the end of the year	3,99,900	3,97,000
k) Employee wise details of Options granted to: <ul style="list-style-type: none"> i. Senior managerial personnel (i.e. Managing Director/ Wholetime Director/Manager) ii. Employee who receives grant in any one year of option amounting to 5% or more of option granted during the year iii. Identified employees who were granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant 	Nil Nil Nil	Nil Nil Nil
l) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard - 20 (AS - 20)	N.A. There would not be any fresh issue of equity shares of the Company upon exercise of Options by employees.	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 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 compensation cost (net) would have been Rs.1.47 crore. Rs.13.73	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 compensation cost (net) would have been Rs.1.06 crore. Rs.13.73
n) Weighted-average exercise prices of Options granted during the year where exercise price is less than market price	Rs.800	Rs.800
o) Weighted-average fair values of Options granted during the year where exercise price is less than market price	Rs.536	Rs.546
p) Significant assumptions made in computation of fair value <ul style="list-style-type: none"> i) risk-free interest rate ii) expected life (years) iii) expected volatility iv) expected dividends (yield), and v) the price of the underlying share in market at the time of option grant 	base: Black Scholes model 7.01% to 7.27% p.a. 5.5 to 7.0 61.23% to 64.04% 0.62% Rs.805 per share	base: Black Scholes model 7.01% to 7.34% p.a. 5.5 to 7.5 59.56% to 64.04% 0.62% Rs.805 per share

Reliance Capital Limited

Directors' Report

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

Consolidated Financial Statements

The Audited Consolidated Financial Statements, based on the Financial Statements received from subsidiaries, associates and partnership firms, as approved by their respective Board of Directors and Managing Committee, have been prepared in accordance with Accounting Standard-21 (AS-21) on Consolidated Financial Statements read with Accounting Standard-23 (AS-23) on the Accounting for Investments in Associates.

Auditors and Auditors' Report

M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co., Chartered Accountants, as Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letters from M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co., Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

The observations and comments given by Auditors in this 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, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

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

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

(2) Foreign Exchange earnings and outgo:

Earnings	-	Rs.Nil
Outgo	-	Rs.14.52 crore

Transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)

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

Corporate Governance

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

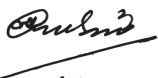
In terms of Clause 49 of the Listing Agreement, a confirmation from the Company Secretary & Manager of the Company regarding compliance with the Code by all the Directors and senior management is annexed to this Report.

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

Acknowledgements

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

For and on behalf of the Board of Directors


Anil Dhirubhai Ambani
Chairman

Mumbai
April 30, 2010

Management Discussion and Analysis

Forward looking statements

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

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

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

Macroeconomic Overview

Resilient Indian Economy

The Indian economy continued to show resilience in financial year 2009-10, thanks to proactive measures taken by the policymakers. In concert with similar action by central banks across the world, the RBI reduced key policy rates in 2008. This together with fiscal stimulus announced by the Ministry of Finance ensured that the impact of the global financial crisis on the Indian economy was kept to the minimum. Consequently, there was a quick turnaround in business confidence and a rapid revival in capital inflows, leading to higher resource mobilization, and a smart recovery in the stock markets. This, in turn, helped sustain the growth momentum in the economy.

Buoyant GDP Growth

The GDP growth improved in the first quarter of financial year 2009-10 (Apr-Jun'09) to 6.1 per cent from 5.8 per cent recorded during the previous two quarters of financial year 2008-09. In the second Quarter of financial year 2009-10, GDP further accelerated to 7.9 per cent. The sequential recovery in growth in Q2 was driven by significant turnaround in industrial output (9 per cent), and services sector (9 per cent), while agriculture sector also clocked a modest positive growth despite drought and floods in some parts of the country. The lower growth in 3Q GDP is primarily due to decline in agricultural output on account of a poor monsoon and a decline in Community and Social Services resulting from significant slow-down in government spending. In financial year 2009-10,

GDP of India is projected to have grown at 7.2 per cent, driven mainly by industrial and service sector.

Robust Index of Industrial Production (IIP)

After moving into negative territory in Dec'08, IIP turned positive in early 2009. Since the start of second half of financial year 2009-10, it has registered a spectacular V-shaped recovery and clocked double digit growth driven mainly by manufacturing, consumer durables and a lower base effect. The IIP registered a 10 per cent growth during Apr-Feb as compared to a mere 3 per cent in the same period the previous year.

Credit growth not only improves but surpasses RBI's target

After growing at 18 per cent at the start of the financial year, the rate of credit growth in the economy dropped to 9.7 per cent in October 2009. As a result, RBI revised its target downwards to 16 per cent. But there has since been a resounding recovery in credit growth in the Jan-Mar 2010 quarter. A massive increase in loan disbursements in the last month of the fiscal year ending March, 2010 helped banks move back to a growth of 17 per cent, surpassed the RBI's earlier Target.

In terms of outstanding credit to deposit ratio, the number increased to 72.2 per cent as on March, 2010 from 69 per cent in Sept'09. The most interesting point to note was the incremental credit to deposit ratio in the last quarter in fiscal 2010 stood at 99 per cent.

Growing Inflationary concerns

Inflation measured by the Wholesale Price Index (WPI) registered significant volatility in last one-and-a-half years. From double digit growth in mid-2008 on account of high global oil and commodity prices, it turned negative during June-August 2009 primarily due to the statistical effect of a high base.

Thereafter, WPI again started showing signs of upward movement following a spurt in food prices (aggravated by the drought in 2009) and increase in global commodity prices. Inflation has now spread into manufactured products on the back of a growing demand and the return of purchasing power to manufacturers. Inflation touched 9.9 per cent year on year in Mar'10 from 1.3 per cent in Oct'09, led by an increase in the price of fuel and manufactured products and helped by a low base effect.

Interest Rate/ Policy Rate normalization to continue

With the economy showing signs of revival, the RBI signaled an exit from its easy monetary policy in Oct'09 policy meeting as it withdrew all extraordinary measures (like various refinance facilities) and raised Statutory Liquidity Ratio from 24 per cent to 25 per cent. Rising inflation and inflationary expectations further added to RBI's concerns. As a result, the Central Bank raised the Cash Reserve Ratio by 75 bps in its January policy meeting, followed by a hike in policy rates - repo and reverse repo - by 25 bps each in March as well as April.

About Reliance Capital

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

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Reliance Anil Dhirubhai Ambani Group is amongst India's top 3 business houses with a market cap in excess of Rs.1,25,000 crore (US \$ 28 billion), and over 160 million customers. It has a strong presence across a wide array of high growth consumer-facing businesses such as Telecom, Financial Services, Energy, Power, Infrastructure, Media and Entertainment.

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

Financial Performance - Overview

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

- RCL's consolidated income from operations for the financial year ended March 31, 2010 increased to Rs.6,140.60 crore (US \$ 1.4 billion) from Rs.6,019.14 crore (US \$ 1.2 billion) in the previous year, registering a growth of 2 per cent. The increase in revenues was contributed by our businesses of asset management, general insurance and consumer finance demonstrating improved business performance.
- Staff costs for the year were Rs.535.35 crore (US \$ 118.6 million) as against Rs.554.07 crore (US \$ 108.7 million) in the previous year, a decrease of 3 per cent.
- Selling, administrative and other expenses in the year were Rs.1,704.03 crore (US \$ 377.5 million) as against Rs.1,155.90 crore (US \$ 226.9 million), an increase of 47 per cent.
- Interest & finance charges for the year were Rs.1,332.40 crore (US \$ 295.2 million) as against Rs.1,263.84 crore (US \$ 248.1 million) in the previous year, an increase of 5 per cent.
- Depreciation for the year was Rs.67.63 crore (US \$ 15.0 million) as against Rs.56.71 crore (US \$ 11.1 million) in the previous year, an increase of 19 per cent.
- Profit before tax for the year was Rs.588.32 crore (US \$ 130.3 million) as against Rs.1,204.15 crore (US \$ 236.3 million) in the previous year, a decrease of 51 per cent.
- Provision for tax for the year was Rs.146.15 crore (US \$ 32.5 million) as against Rs.181.09 crore (US \$ 35.5 million) in the previous year, a decrease of 19 per cent.
- Profit after tax, minority interest and share of profit of associates for the year was Rs.434.53 crore (US \$ 96.3 million) as against Rs.1,015.67 crore (US \$ 199.3 million) in the previous year, a decrease of 57 per cent.
- The decrease in absolute profits is on account of lower capital gains realized in the year as the thrust is on increasing contribution from the operating businesses towards profitability and also substantial gains will accrue to Reliance Capital from planned stake sales in operating businesses.

Resources and Liquidity

- As on March 31, 2010, the consolidated net worth of the company stood at Rs.7,711.82 crore (US \$ 1.7 billion)

as against Rs.7,423.6 crore (US \$ 1.5 billion), an increase of 4 per cent.

- The Company has raised Rs.11,958.15 crore (US \$ 2.7 billion) during the financial year 2009-10 by issuance of Commercial Paper, Non Convertible Debentures (NCDs) and other money market instruments. As on March 31, 2010, the Company had a net debt equity ratio of 1.6:1.
- As on March 31, 2010, the consolidated total assets were Rs.26,033.13 (US \$ 5.8 billion) as against Rs.24,084.06 crore (US \$ 4.7 billion), an increase of 8 per cent.

Credit Rating

RCL's short term debt programme has been assigned a rating of "A1+" by ICRA Ltd., the highest credit quality rating assigned by the agency to short-term debt instruments. Instruments rated in this category carry the lowest credit risk in the short term. Fitch assigned the short term borrowing program a rating of "F1+", which stands for the highest credit quality and indicates the strongest capacity for timely payment of "financial commitment" - a resounding re-affirmation of our unwavering and long-standing commitment to financial prudence and conservatism. CARE Ltd. assigned the long term debt programme a rating of "CARE AAA". Instruments with this rating are considered to be of the best credit quality, offering highest safety for timely servicing of debt obligations. Such instruments carry minimal credit risk.

Finance & Investments

The Investment portfolio of quoted investments as on March 31, 2010 amounted to Rs.3,904.03 crore (US \$ 864.87 million), at cost.

Reliance Capital Asset Management (RCAM)

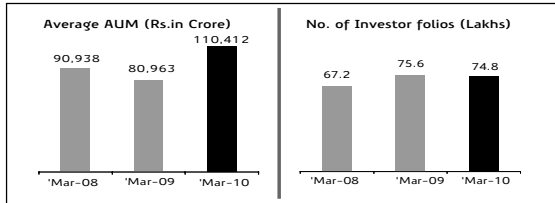
- Reliance Capital Asset Management managed Rs.1,47,927.55 crore (US \$ 33 billion) as on March 31, 2010, across mutual funds, pension funds, managed accounts and hedge funds, as against Rs.1,12,014.19 crore (US \$ 22 billion) as on March 31, 2009, an increase of 32 per cent.
- RCAM's income from its operations for the year ended March 31, 2010 was at Rs.681.68 crore (US \$ 151.0 million) as against Rs.454.69 crore (US \$ 89.2 million) in the corresponding previous period, an increase of 50 per cent.
- Profit after tax for the year ended March 31, 2010 was Rs.183.86 crore (US \$ 40.7 million) as against Rs.125.71 crore (US \$ 24.7 million) in the corresponding previous period, an increase of 46 per cent.
- RCAM has received approvals from regulatory authorities in United Kingdom and Malaysia to commence investment advisory and asset management operations in these countries.

Reliance Mutual Fund

- Reliance Mutual Fund (RMF) has maintained its leadership position in the country, with a market share of 14.8 per cent at the end of March 2010.
- The Industry average assets under management (AAUM) for March, 2010, touched Rs.7,47,338.63 crore (US \$ 165.6 billion) from Rs.4,90,826.66 crore (US \$ 96.3 billion) in March, 2009, an increase of 52 per cent.
- The AAUM of RMF for March, 2010 stood at Rs.1,10,412.39 crore (US \$ 24.5 billion), an increase of

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36 per cent from Rs.80,962.93 crore (US \$ 15.9 billion) as of March, 2009.



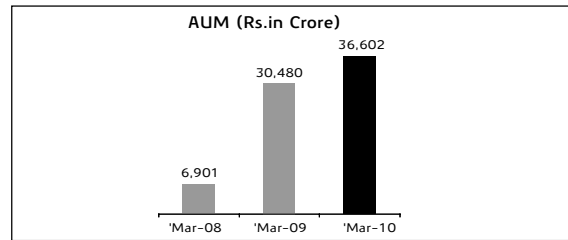
- The number of investor folios in RMF stood at 74.8 lakh at the end of March 31, 2010 as against 75.6 lakh investor folios at the end of March 31, 2009, serviced across 246 locations in India, despite changing regulatory environment in the Indian mutual fund industry.
- The number of Systematic Investment Plan Investors in RMF is 10.9 Lakh.
- As on March 31, 2010, RMF had a total of 36 schemes - 17 equity-oriented schemes, 17 debt-oriented schemes and 2 exchange-traded schemes.
- During the year, RMF launched a new product feature - 'Reliance Smart Step'. It was the first fund house to launch a unique facility to invest across all debt/ liquid & equity schemes based on a scientific model.
- In the month of May 2009, RMF launched a new fund - Reliance Infrastructure Fund.
 - o The fund collected around Rs.2,300 crore (US \$ 509.5 million) from over 4,20,000 investors, which is twice the aggregate amount collected by all Equity NFOs in the Indian mutual fund industry in the preceding 12 months.
 - o In terms of amount mobilized, ranks 8th amongst the top 10 Equity NFOs in the industry in past 5 years - In fact 5 of the top 10 Equity NFOs are RMF NFOs.
- During the year, RMF won several prestigious awards.
 - o The Highly acclaimed international award - 'Asia Risk Award for Asset Manager of the Year 2009', for its robust risk management practices. RCAM is the only Indian asset management company to be awarded this prestigious award.
 - o The Lipper award for "Best Equity India Fund" to Reliance Growth Fund in the "5 years" category and "Best Fund" to Reliance Regular Savings Fund - Balanced Plan, in the "3 years" category.
 - o 'CRISIL Fund House Level 1' Rating from CRISIL for its robust processes and corporate governance practices.
 - o "Mutual Fund House of the Year" by CNBC TV18 - CRISIL Awards 2009.
 - o The Reliance Smart Step Scheme was nominated as the "Most Innovative Fund/ Feature of the year" at CNBC TV18- CRISIL Awards 2009.
 - o The Morning Star Award in the India Moderate Allocation category to Reliance Regular Savings - Balanced Growth.

Portfolio Management Services

- Reliance Portfolio Management Services is a premium financial service for select investors from the portfolio management division of Reliance Capital Asset

Management Ltd. It creates customized portfolios for high net-worth individuals keeping in mind their risk-return preferences, and endeavors to generate superior returns.

- The AUM of our portfolio management services as on March 31, 2010 increased to Rs.36,602 crore (US \$ 8.1 billion) from Rs.30,480 crore (US \$ 6.0 billion) as on March 31, 2009, registering a growth of 20 per cent.



- RCAM has been appointed as one of the fund managers by the Employees Provident Fund Organization (EPFO). A hugely prestigious account, EPFO has entrusted Rs.34,837 crore (US \$ 7.7 billion) to RCAM, for investment management.
- Reliance Capital Pension Fund Ltd., a wholly owned subsidiary of RCAM, was also appointed as one of the six asset managers by the Pension Fund Regulatory and Development Authority (PFRDA) to manage money under the new pension scheme. The new pension scheme will be a government regulated pension plan on the lines of the '401K retirement plan' in the US (a defined contribution plan) and can be availed of by the general public in India.

Reliance Asset Management (Singapore) Pte. Ltd.

- Reliance Asset Management (Singapore) Pte Ltd is a wholly owned subsidiary of Reliance Capital Asset Management Limited. It currently manages 6 India dedicated funds viz. - India Equity Growth Fund, India Equity Long Term Fund, India Equity Derivative Fund, India Multi Strategy Fund, Lawrence India Mauritius Fund and WIOF India Performance Fund.
- The AUM as on March 31, 2010 stood at Rs.9,118 crore (US \$ 2.0 billion) as against Rs.6,471 crore (US \$ 1.3 billion) on March 31, 2009, a growth of 41 per cent.

Reliance Life Insurance (RLI)

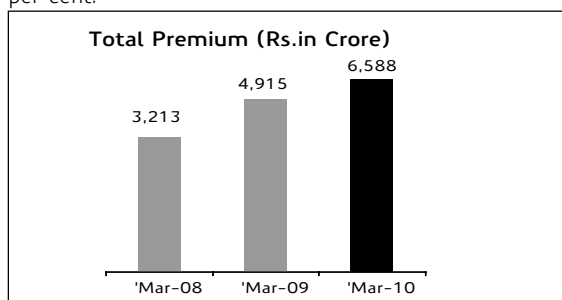
- Reliance Capital has 100 per cent economic interest in Reliance Life Insurance.
- Reliance Life Insurance currently offers a total of 47 products that fulfill the savings and protection needs of customers. Of these, 39 are targeted at individuals and 8 at group businesses. Reliance Life is committed to emerging as a transnational Life Insurer of international scale and stature and attaining leadership ranking in the industry in the next few years.
- During the year, the Indian life insurance industry recorded new business premium of Rs.1,09,290.37 crore (US \$ 24.2 billion) as against Rs.87,107.62 crore (US \$ 17.1 billion) in the previous year, an increase of 25 per cent. During the year, the Indian private sector life insurance industry recorded new business premium of Rs.38,399.32 crore (US \$ 8.5 billion) as against Rs.34,153.71 crore (US \$ 6.7 billion) in the previous year, an increase of 12 per cent (Source: YTD March, 2010 data, Insurance

Reliance Capital Limited

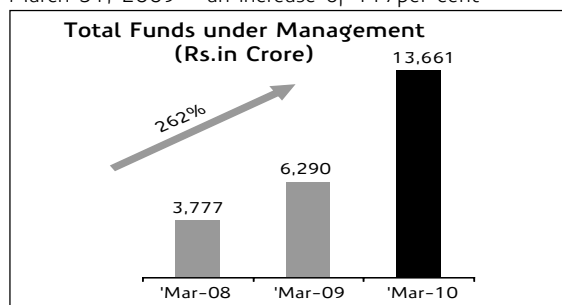
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Regulatory and Development Authority of India website).

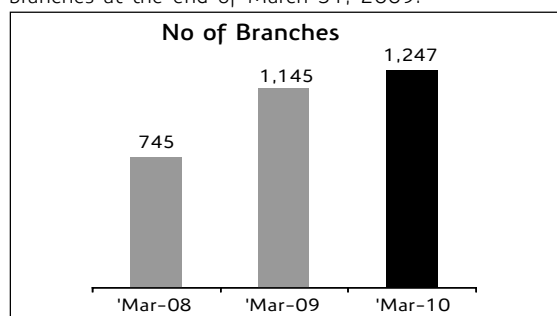
- RLI continues to be among the top 4 private sector players in terms of new business premium, with a market share of 10.2 per cent of the total new premium generated by the private sector.
- RLI moved up industry rankings to emerge as the third largest private sector insurer in terms of weighted received premium at Rs.3,659.86 crore (US \$ 810.8 million).
- Total Premium for the year Rs.6,588.34 crore (US \$ 1.5 billion) as against Rs.4,915.34 crore (US \$ 1.0 billion) for the corresponding previous period - an increase of 34 per cent.



- For the year ended March 31, 2010, Renewal Premium amounted to Rs.2,684.12 crore (US \$ 594.6 million) as against Rs.1,418.56 crore (US \$ 278.4 million) for the corresponding previous period - an increase of 89 per cent. New Business Premium Income for the year ended March 31, 2010 was Rs 3,920.77 crore (US \$ 868.8 million) as against Rs 3,513.98 crore (US \$ 689.7 million) in the corresponding previous period, an increase of 12 per cent - in line with the private sector industry growth.
- The Weighted Received Premium (WRP) for the year was Rs.3,659.86 crore (US \$ 810.8 million) as against Rs 3,116.32 crore (US \$ 611.6 million) for the corresponding previous period - an increase of 17 per cent. The private sector industry growth for the same period was 13 per cent.
- The operating costs excluding commissions for the year stood at at Rs.1,640.92 crore (US \$ 363.5 million) as against Rs.1,931.19 crore (US \$ 379.0 million) for the corresponding previous period - a decrease of 15 per cent. The ratio of operating costs to total premium decreased to 25 per cent for the year from 39 per cent in the corresponding previous period.
- The total funds under management were at Rs.13,660.82 crore (US \$ 3.0 billion) as on March 31, 2010 against Rs.6,289.75 crore (US \$ 1.2 billion) as on March 31, 2009 - an increase of 117per cent



- The policyholders' funds under management amounted to Rs.13,291.51 crore (US \$ 2.9 billion) as on March 31, 2010 against Rs.5,879.00 crore (US \$ 1.2 billion) as on March 31, 2009 - an increase of 126 per cent.
- During the year, Rs.231 crore (US \$ 51.2 million) was infused into the business as against Rs.1,229 crore (US \$ 241.2 million) for the corresponding previous period - 81 per cent reduction in capital infusion, reflecting successful steps taken towards achieving profitability. RLI targets to breakeven in the next financial year. The total capital invested till date in this business, is Rs.2,974 crore (US \$ 658.8 million).
- In financial year 2009-10, RLI sold the largest number of policies in the private sector life insurance industry. The number of policies sold during the year were 23,26,154 as against 22,19,678 for financial year 2008-09 - an increase of 5 per cent, as against a decrease of 4 per cent by the private sector life insurance industry.
- The distribution network has been increased to 1,247 branches at the end of March 31, 2010, as against 1,145 branches at the end of March 31, 2009.



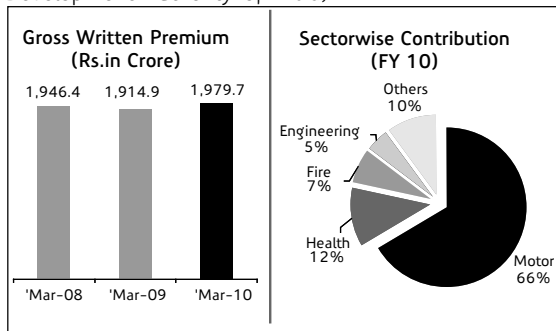
- The numbers of agents at the end of March 31, 2010 were at 1,95,565 as against 1,49,613 in the corresponding previous period - an increase of 31 per cent.
- During financial year 2009-10, five new life insurance policies were launched, viz. Reliance Jan Samridhhi Plan, Reliance Traditional Group Gratuity Plan, Reliance Traditional Super Invest Assure Plan, Reliance Life Highest NAV Guarantee Plan and Reliance Life Super Golden Years Senior Citizen Term 10 Plan.
- During the year, RLI reached newer heights.
- Rated 'Excellent' with customer satisfaction index of 87+ for 2 consecutive years, meeting all key process indicator benchmarks of survey conducted by Neilsen.
- Benchmarked service levels to be at par with the best in industry.
 - o 86 per cent of RLI's policies are issued in three days.
 - o 100 per cent of claims are resolved within three days of complete documentation.
 - o Introduced self-help servicing options, empowering customers and channel partners to resolve queries. Currently 41 per cent of all customer requests are processed are through the self-help channel.
 - o Automated underwriting processes to enable faster usage. Over 85 per cent of policies are auto-underwritten.

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- o Used technology as an enabler to business. RLI was recognized for its achievements in using technology and was amongst top 100 companies globally by Chief Information Officer (Global CIO) publication.

Reliance General Insurance

- Reliance General Insurance (RGI) offers property, engineering, auto, health, travel, marine and commercial insurance. It also offers other specialty insurance products.
- During the period from April, 2009 to March, 2010, the Gross Written Premium of the entire Indian general insurance fund industry increased by 14 per cent from Rs.30,641.90 crore (US \$ 6.0 billion) of the corresponding previous period, to Rs.34,755.21 crore (US \$ 7.7 billion). (Source: Insurance Regulatory and Development Authority of India).
- During the period from April, 2009 to March, 2010, the Gross Written Premium of the Private Indian general insurance fund industry increased by 13 per cent from Rs.12,610.60 crore (US \$ 2.5 billion) of the corresponding previous period, to Rs.14,226.74, crore (US \$ 3.2 billion). (Source: Insurance Regulatory and Development Authority of India).
- Reliance General Insurance has maintained its position amongst the top three (in terms of monthly gross written premium) private sector General insurance companies in India, with a market share of 6 per cent of the general insurance market in India and 14 per cent market share of the private sector general /insurers.
- RGI's Gross Written Premium for the year ended March 31, 2010 was at Rs.1,979.65 crore (US \$ 438.6 million) as against Rs.1,914.88 crore (US \$ 375.8 million) in the corresponding previous period, increased by 3 per cent. (Source:YTD March, 2010 data, Insurance Regulatory and Development Authority of India).



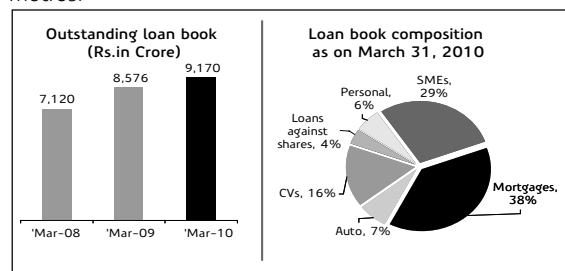
- Net Written Premium (NWP) for the year ended March 31, 2010 was Rs.1,428.72 crore (US \$ 316.5 million) as against Rs.1,399.56 crore (US \$ 274.7 million) for the corresponding previous period - an increase of 2 per cent.
- Loss for the year ended March 31, 2010 was Rs.50.43 crore (US \$ 11.2 million) as against Rs.52.32 crore (US \$ 10.3 million) for the corresponding previous period.
- Combined ratio (including third party motor pool) for the financial year ended March 31, 2010 was 117per cent as against 114 per cent for the corresponding previous period.
- The increase in combined ratio and consequently the loss was on account of high claims from health portfolio. RGI

only recently has received approval from IRDA to re-price its health products. The Company has significantly reduced its exposure to Group Medclaim products that were largely unprofitable. This will enable the Company to improve its combined ratio and achieve breakeven in the current financial year.

- During the year, Rs.210 crore (US \$ 46.5 million.) of capital was infused into the general insurance business, taking the total capital invested till date to Rs.1,007 crore (US \$ 223.1 million).
- The distribution network composed of 200 branches and 4,641 intermediaries at the end of March 31, 2010.

Reliance Consumer Finance (RCF)

- Reliance Consumer Finance (RCF) offers a wide range of products which include Home loans, Loans against property, SME loans, Commercial Vehicle loans, loans for Construction equipment and loans against Securities.
- The focus in this business is not just on the growth of credit per se but also on the quality of credit. Backed by its long-standing conservative approach, RCF has developed stringent in-house credit risk management systems to ensure the highest quality of credit.
- RCF has emerged to be amongst the leading lenders in the Indian non banking finance sector.
- The disbursements for the year ended March 31, 2010 were Rs.5,776.24 crore (US \$ 1.3 billion) as against Rs.3,927.76 crore (US \$ 770.9 million) for corresponding previous period - increase of 47 per cent.
- As on March 31, 2010, the assets under management (including securitized portfolio) was Rs.11,041.74 crore (US \$ 2.4 billion) as against Rs.8,576.09 crore (US \$ 1.7 billion) as on March 31, 2009 - increase of 29 per cent.
- As on March 31, 2010 the outstanding loan book was Rs.9,169.51 crore (US \$ 2.0 billion) as against Rs.8,576.08 crore (US \$ 1.7 billion) as on March 31, 2009 - an increase of 7 per cent. This loan book is spread across 1,17,955 customers from top 16 Indian metros.



- During the year, the Company securitized loans of Rs.2,504.74 crore (US \$ 554.9 million).
- Reliance Consumer Finance generated revenues of Rs.1,286.81 crore (US \$ 285.1 million) for the year ended March 31, 2010, as against Rs.1,200.19 crore (US \$ 235.6 million) for the corresponding previous period - an increase of 7 per cent.
- For the year ended March 2010, RCF achieved a profit before tax of Rs.135.01 crore (US \$ 29.9 million) as against Rs.91.65 crore (US \$ 18.0 million)- an increase of 48 per cent.

Reliance Capital Limited

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Reliance Money

- Reliance Money is one of the leading retail brokerage houses and distributor of financial products in India.
- Reliance Money is a comprehensive financial services and solutions provider, providing customers with access to equities, equity options and commodities futures, wealth management, mutual funds, IPOs, life and general insurance products, offshore investments, investment banking, money transfer and gold coins.
- The Company went through a significant re-structuring process – across all its lines of businesses. The focus across all businesses was on profitability through changes in pricing & leaner cost structures & moving towards a more robust & sustainable business model. This exercise is now complete.
- Going ahead, the focus will be on the key business verticals of broking, distribution (third party and in-house), wealth management and investment banking.
- As on March 31, 2010, Reliance Money has a pan India distribution network of over 5,000 outlets.
Broking.
- It had 6,40,000 retail broking accounts at the end of March 31, 2010.
- Reliance Money daily average stock exchange turnover stood at Rs.2,200 crore (US \$ 487.4 million) at the end of March 31, 2010.
- Commodities broking daily turnover was at Rs.250 crore (US \$ 55.4 million).
- In the distribution business vertical, Reliance Money has two distinct arms – third party and in-house.
- In the third party distribution, Reliance Money is manufacturer agnostic and distributes mutual funds, life & general insurance products, loans and precious metal retailing.
 - It is amongst the leading Mutual fund distributors of the country distributing products of 20 AMCs, with a customer base of over 5,00,000. It is the largest private sector partner for Western Union Money Transfer in India.
 - Reliance Money has tied up with India Post and World Gold Council to sell gold coins through the post office network across the country.
- The in-house distribution leverages on the cross sell opportunity.
 - Customer base has grown over 200 per cent year on year to 1,50,000 customers.
 - Created strong presence through 75 locations across 48 cities in India.
 - This division is the largest distributor for Reliance General Insurance and is amongst the top five for Reliance Life Insurance.
- Wealth Management and Investment Banking are two new initiatives of Reliance Money.
- In Wealth Management, Reliance Money will assess and create financial investment opportunities for HNIs. It will create customized individual portfolios based on their diverse investment needs and risk profiles. The team is now in place and the AUM as on March 31, 2010 increased to Rs.90 crore (US \$ 19.9 million).
 - In Investment Banking, Reliance Money will address the capital requirements of enterprises through various instruments– IPOs, private placements, mergers & acquisitions.

- The Company is in advanced stages of finalizing its investment banking plan.
- Reliance Money achieved revenues of Rs.258.54 crore (US \$ 57.3 million) for the year ended March 31, 2010 as against Rs.352.04 crore (US \$ 69.1 million) for the year ended March 31, 2009.
- The business achieved a profit before tax of Rs.14.94 crore (US \$ 3.3 million) for the year ended March 31, 2010, as against Rs.58.07 crore (US \$ 11.4 million) for the year ended March 31, 2009.

Reliance Asset Reconstruction

- Reliance Asset Reconstruction Company Ltd. (Reliance ARC) is in the business of acquisition, management and resolution of distressed debt/ assets. It formally commenced business operations in the first half of financial year 09. The other sponsors / shareholders of Reliance ARC are Corporation Bank, Indian Bank, GIC of India, Dacecroft and Blue Ridge.
- As on March 31, 2010; the asset base was over Rs.17 crore (US \$ 3.8 million).

Reliance Equities International

- Reliance Equities International Private Limited (REIPL) is the institutional stock broking subsidiary of Reliance Capital. REIPL has been set up to complement Reliance Capital's current financial services businesses.
- It aims is to add value to the clients' investment decision making process with thematic and differentiated research, access to corporate managements and lateral input providers, and highest standards of client servicing.
- In the institutional broking space, Reliance Capital plans to acquire a majority stake in Quant Capital Group. Reliance Equity International (institutional broking arm of Reliance Capital) and Quant Capital will integrate and increase their scale of operations through business synergies and cost optimization. This proposed transaction is subject to necessary regulatory approvals.
- Quant Capital focuses primarily on the institutional cash equities and equity derivatives business. Apart from traditional fundamental research, it also combines quantitative and behavioral research to forecast trends and inflection for global currencies, commodities, and equities. Quant Capital has built and implemented state of the art trading, risk and operational platforms. The firm employs over 100 professionals with diverse skills sets.

Reliance Equity Advisors (India) Limited (REAL)

- Reliance Equity Advisors (India) Limited which was set up with the objective of raising a third party, sector agnostic private equity fund.
- The fund has received excellent commitments from institutional investors as well as HNIs, including many first-time PE investors who have willingly adopted the fund into their investment portfolios. The fund, whose primary focus is on growth and consolidation capital in India has made its first investment and is in advanced discussions to close its second.
- Fundraising will commence shortly for the international fund, the Reliance Alternative Investment Fund 1 LLC which will co-invest along with the domestic fund. The focus will be on garnering commitments from International LPs, and from members of the non-resident Indian community that believes in the India growth story, and would like to participate in returns from high growth companies in the Indian context.

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- While the fund raising effort continues, REAL will continue to evaluate investment opportunities in unlisted/private held companies in the high-growth sectors. The Company having made its first investment in the promising sector of education, is also evaluating a few attractive investment opportunities in other sectors and intend to complete 3-4 investments in the current financial year.

Reliance Spot Exchange (RSX)

- Reliance Spot Exchange is a new initiative of Reliance Capital in the exchange space by setting up modern exchanges, in various segments.
- The Company commenced operations by launching Reliance Spot Exchange (RSX) in the month of October 2009. The first contract on the e-auction platform being metals, subsequently also added spices in the month of December 2009. RSX has successfully completed three auctions in metals & pepper.
- RSX aims to bring different markets together on a national electronic platform thereby creating transparency, efficiency and infrastructure for spot markets across India.

Reliance Venture Asset Management (RVAM)

- Reliance Venture Asset Management, wholly owned subsidiary of Reliance Capital, is the venture capital arm of the Reliance ADA Group with an investment mandate to incubate or invest into high-growth, new business ideas and is stage, sector and geography agnostic.
- Ranked 30th in the reputed list of US-based, Red Herring Top 100 Global Venture Capital firms in 2009 out of 1,800 global VC firms, from 32 countries, and across 12 benchmarks, Reliance Venture is the only Indian Corporate Venture Capital firm to feature in the ranking.
- RVAM is also a recipient of the "Excellence Award" from India's Institute of Economic Studies, a quasi-government agency started by Members of the Indian Parliament, industry leaders, economists and educational leaders.
- RVAM currently manages assets of Rs.116 crore (US \$ 25.7 million).
- RVAM's portfolio companies are considered as category creators and industry leaders. It has spawned companies including household names such as India's largest online travel website 'Yatra.com', 'Suvidhaa' - India's leading service commerce company, 'Stoke, Inc.' - a leader in multi access convergence network, 'Tessolve' - a leading semi-conductor testing company amongst many others.
- The Company has fostered relations with global premier institutions and is the exclusive India partner for MIT and Stanford University for their entrepreneurship and business competitions. RVAM has also funded two start-ups from MIT.
- RVAM endeavors to be the preferred choice and premier partner of all its portfolio companies and assures its full commitment to them over an unlimited period of time.

Risks and Concerns

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

Market risk

The Company has significant quoted investments which are exposed to fluctuations in stock prices. These investments represent a substantial portion of the Company's business and are vulnerable to fluctuations in the stock markets. Any decline

in the price of the Company's quoted investments may severely affect its financial position and results of operations. Even though RCL is exposed to the systematic risk or beta, it has a well diversified portfolio of stock to mitigate stock specific risk. RCL continuously monitors market exposure and, in appropriate cases, also uses various derivative instruments as a hedging mechanism to limit volatility in its asset returns.

Competition risk

The financial sector industry is becoming increasingly competitive and the Company's growth will depend on its ability to compete effectively. The Company's main competitors are Indian nonbanking financial companies, life and non-life insurance companies, both in the public and private sector, mutual funds, depository participants and other financial services providers. Foreign banks also operate in India through non-banking finance companies. Further liberalization of the Indian financial sector could lead to a greater presence or entry of new foreign banks and financial services companies offering a wider range of products and services. This could significantly toughen our competitive environment. The Company's competitors may have greater resources than it does and, in some cases, may be able to raise debt in a more cost-efficient manner. The Company's growth will depend on its ability to compete effectively in this context. The Company's strong brand image, wide distribution network, diversified product offering and depth of management places 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. Extensive and strict norms have been stipulated in identification of the borrower and evaluation of credit proposals. All critical underwriting activities are automated. Extensive product programme guidelines have been developed to suit various product requirements. Appropriate delegation and deviation grids have been put in place. Each credit proposal is evaluated on various lending parameters both in qualitative and quantitative terms. Proper security, industry norms and ceilings have been prescribed to ensure well spreading out of risks and to avoid concentration risk. Cross references to credit bureau data are made to assess the credit behaviour of the prospective customers. The credit evaluation process is thus standardized and institutionalized.

In our consumer and home finance businesses, we provide various customized products to different segment of borrowers. Borrowers are affected by economic and market changes and government policies. Since most loans are secured against assets which are valued by independent agencies and loan to value ratio is restricted chances of non recoverability in case of default are minimized. Any early signal of default is addressed on priority to minimize/ prevent credit loss. The unsecured portfolio has been reduced considerably and we expect it to be fully wound down in the next 18 months. 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 we may compete directly with large public and private sector banks, which have larger retail customer bases, larger branch networks and greater access to capital than we do. Large Indian banks have made significant investments in retail credit in recent

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periods and currently have a larger market share in the retail credit segment as compared to non-banking finance companies. If we are unable to compete with other retail lenders in the Indian banking sector, by reason of our inexperience in retail lending or otherwise, our business, results of operations and financial condition could be affected materially and adversely. With the experience and market knowledge we have gained over the years in lending business, we are well placed to be the preferred provider of asset based finance in coming years.

Liquidity 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 the management in the Asset Liability Management (ALM) framework.

Interest rate risk

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

With the growth of the Company's business, it will become increasingly reliant on funding from the debt capital markets and commercial borrowings. The market for such funds is competitive and the Company's ability to obtain funds at competitive rates will depend on various factors including its credit ratings.

There can be no guarantee that the Company will be able to raise debt on competitive terms, in the required quantum and in a cost effective manner. Any failure to do so may adversely impact the Company's business, its future financial performance and the price of its shares. RCL's treasury team actively manages Asset Liability positions as well as interest rate exposure in accordance with the overall guidelines laid down by the management in the Asset Liability Management (ALM) framework. The Company is also hedged to 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 price of its equity shares.

Operational risk

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

The Company is relentlessly focused on quality parameters and has a dedicated quality team to proactively identify and address operational issues. The mandate of the quality team is also to work closely with various business teams to bring about operational efficiencies and effectiveness through Six Sigma initiatives.. It is pertinent to note that Reliance Life Insurance, Reliance General Insurance, Reliance Mutual Fund and Reliance Consumer 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, or RBI. 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, cash reserves, solvency requirements and liquid assets. There may be future changes in the regulatory system or in the enforcement of the laws and regulations that could adversely affect the Company.

Economic risk

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

Management Discussion and Analysis

has also implemented suitable controls to ensure that all resources are utilized optimally, financial transactions are reported with accuracy and there is strict adherence to applicable laws and regulations.

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

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

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

Opportunities

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

Threats

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

Human Resources

Across all its business operations, Reliance Capital had a workforce of 22,617 people as on March 31, 2010. The business wise break up of the workforce is given below:

Business Operation	Number of people
Asset Management	1,024
General Insurance	1,803
Life Insurance	17,169
Reliance Money	1,582
Consumer Finance	833
Other businesses	152
Reliance Capital	54
Total	22,617

Our workforce is young, with an average age of 33 years, and highly qualified. Nearly 75 per cent of our workforce are graduates, while 10 per cent are post-graduates and another 11 per cent management graduates and chartered accountants.

Corporate Social Responsibility

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

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

Other businesses work with self-help groups to provide them with funding and other advice to function better. Some other businesses have also worked with educational institutions to promote financial literacy and financial inclusiveness.

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

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

Auditors' Certificate on Corporate Governance Report

To,
**The Members of
Reliance Capital Limited**

We have examined the compliance of conditions of Corporate Governance by **Reliance Capital Limited** ('the Company'), for the year ended on March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to explanations given to us, we certify that the Company has

complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the above mentioned Listing Agreement.

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

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

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

C. D. Lala
Partner
Membership No.: 35671

Akeel Master
Partner
Membership No.: 046768

Mumbai
Dated: April 30, 2010

Corporate Governance Report

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

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

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

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

Governance practices beyond regulatory requirements

Our governance practices go beyond the mere letter of statutory and regulatory requirements. With this in mind, we have formulated a number of policy documents 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 policy**
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 the best global practices, we have adopted the policy of separating the Board's Supervisory role from that of executive management. We have also split the posts of Chairman and Chief Executive Officer.

E. Prohibition of insider trading policy

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

F. Prevention of sexual harassment

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

G. Whistle blower policy

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

H. Environment policy

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

I. Risk management

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

J. Boardroom practices

i. Chairman

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

ii. Board charter

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

iii. Board Committees

The Board constituted Audit Committee, Nomination/ Remuneration Committee and Shareholders'/ Investors' Grievances Committee. The Board rotates the Chairman of these Committees once in two years.

iv. Tenure of independent directors

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

v. Independent director's interaction with shareholders

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

vi. Lead independent director

Recognizing the need for a representative and

Corporate Governance Report

spokesperson for the independent directors, the Board has appointed an independent director as the lead independent director. The lead independent director performs the following roles in addition to the role of a non-executive independent director:

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

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

vii. Training of Board Members

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

Periodic updates and training programs for Board members are also conducted on relevant statutory changes and landmark judicial pronouncements encompassing important laws. In the current year this included seminars on GST, Direct Tax Code, IFRS, Companies Bill, Corporate Governance Guidelines, etc.

viii. Meeting of independent directors with operating team

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

ix. Monitoring of subsidiaries

The minutes of meetings of Boards of subsidiary companies are periodically placed before the Board of the Company.

x. Commitment of directors

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

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

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

i. Customers

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

ii. Employees

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

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

We regularly conduct an employee engagement survey through an independent external organization aimed to identify the areas of strengths as well as those which need improvement. The results of this survey are communicated to all employees and appropriate action is initiated to enhance employee satisfaction based on their feedback. As a means of providing accelerated career growth to high performing talent, we have a pilot program of assessment centers, wherein employees who have a proven track record are put through a rigorous assessment program for higher role.

We have institutionalised a leadership development process, linked to Reliance DNA & leadership competencies, which identifies high potential talent on a periodic basis and provides necessary learning interventions to help them take on larger responsibilities and roles.

iii. Shareholders

The Company recognizes 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 has information for institutional and retail shareholders alike. Shareholders seeking information may contact the Company directly throughout the year. They also have an opportunity to ask questions in person at the Annual General Meeting. Shareholders can contact the company via dedicated shareholders contact points as provided in this report or through any of Investor Service Centers of the Company's Registrars and Transfer Agents spread in more than 80 cities across India, details of which are available on the Company's website.

Corporate Governance Report

iv. Lenders

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

v. Society

The Company, in keeping with its Corporate Social Responsibility policy, focuses on healthcare, education, and other social initiatives.

L. Role of the Company Secretary in Governance Process

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

M. Independent Statutory Auditors

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

- M/s. B S R & Co., Chartered Accountants.
- M/s. Charturvedi & Shah (C&S), Chartered Accountants.

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

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

Compliance with Clause 49 of the listing agreement

The Company is fully compliant with the mandatory requirements of Clause 49 of the listing agreement formulated by Securities and Exchange Board of India. We present our report on compliance of governance conditions specified in Clause 49 of the listing agreement.

I. Board of Directors

1. Board composition – Board strength and representation

As at March 31, 2010, the Board consisted of five Members. The composition of and the category of directors on the Board of the company were as under:

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

* Shri V. N. Kaul was appointed as an Additional Director on April 30, 2010. The Board now comprises of six members.

Notes:

- a. None of the directors is related to any other director.

- b. None of the directors has any business relationship with the company.

- c. None of the directors has received any loans and advances from the company during the year.

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

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

2. Conduct of Board proceedings

The day to day business is conducted by the executives and the business heads of the Company under the direction of the Board led by the Chairman. The Board holds minimum four meetings every year to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company.

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

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

3. Board meetings

The Board held five meetings during 2009-10 on April 30, 2009, July 31, 2009, October 30, 2009, January 30, 2010 and March 6, 2010. The maximum time gap between any two meetings was 91 days and the minimum gap was 34 days.

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

4. Standards issued by ICSI

The Institute of Company Secretaries of India (ICSI) has issued various 'Secretarial Standards' on key corporate functions like Board meetings, General meetings, Payment of Dividend, Maintenance of Registers and Records, Minutes of Meetings, Transmission of Shares and Debentures, Passing of Resolutions by Circulation, Affixing of common Seal, Forfeiture of Shares and Board's Report.

Although these standards are not mandatory, the Company adheres to them voluntarily.

5. Attendance of directors

The overall attendance of directors was 91 per cent. It is proposed to introduce tele-conferencing and video-conferencing facilities immediately upon amendment to the relevant statutes.

Corporate Governance Report

Attendance of directors at the board meetings held during 2009-2010 and the last Annual General Meeting (AGM)

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

*Shri P. N. Ghatalia upon demise ceased to be the Director of the Company w.e.f August 12, 2009.

** Dr. Bidhubhusan Samal was appointed as Additional Director of the Company w.e.f October 30, 2009.

6. Other directorships

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

The details of directorships (calculation as per provisions of Section 275 & 278 of the Companies Act, 1956), Chairmanships and the Committee memberships held by the directors as on March 31, 2010.

Name of the Director	Number of directorship (including RCL)	Committee(s) ¹ membership ² (including RCL)	
		Membership	Chairmanship
Shri Anil D. Ambani	7	3	1
Shri Amitabh Jhunjhunwala	3	2	-
Shri Rajendra P. Chitale	10	8	2
Shri C. P. Jain	3	5	2
Shri P. N. Ghatalia*	9	5	5
Dr. Bidhubhusan Samal	13	10	4

*Shri P. N. Ghatalia upon demise ceased to be the Director of the Company w.e.f August 12, 2009.

- The information provided above pertains to the following Committees in accordance with the provisions of Clause 49 of the listing agreement:
 - Audit Committee
 - Shareholders'/Investors' Grievances Committee
- Membership of Committees include chairmanship, if any.

7. Membership of Board Committees

No director holds membership of more than 10 Committees of Board, nor, any director is a Chairman of more than 5 Committees of Board.

8. Details of Directors

The abbreviated resumes of all Directors are furnished hereunder:

Shri Anil Dhirubhai Ambani, regarded as one of the foremost corporate leaders of contemporary India, Shri Ambani, 51 is the Chairman of Reliance Communications Limited, Reliance Capital Limited, Reliance Infrastructure Limited, Reliance Natural Resources Limited and Reliance Power Limited. He is also on the board of Reliance Infratel Limited and Reliance Anil Dhirubhai Ambani Group Limited. He is the President of the Dhirubhai Ambani Institute of Information and Communication Technology, Gandhinagar, Gujarat.

An MBA from the Wharton School of the University of Pennsylvania, Shri Ambani is credited with pioneering several path-breaking financial innovations in the Indian capital markets. He spearheaded the country's first forays into overseas capital markets with international public offerings of global depository receipts, convertibles and bonds. Under his Chairmanship, the constituent companies of the Reliance Anil Dhirubhai Ambani Group have raised nearly US\$ 7 billion from global financial markets in a period of less than 3 years.

Shri Ambani has been associated with a number of prestigious academic institutions in India and abroad.

He is currently a member of:

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

In June 2004, Shri Ambani was elected as an Independent member of the Rajya Sabha – Upper House, Parliament of India, a position he chose to resign voluntarily on 29th March, 2006.

Select Awards and Achievements

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

Shri Amitabh Jhunjhunwala, 53, is a Fellow Chartered Accountant with a proven record for evaluation of business and investment opportunities. He possesses long spectrum of exposure in developing, strategizing and overseeing businesses in capital markets, financial services, power, telecommunication and entertainment sectors. He has the expertise in developing, diversifying new financial management strategies. Currently, he oversees and leads businesses in financial services and entertainment sectors of the Reliance ADA group. He has experience in the areas of finance, commercial, banking, accounts, taxation, legal, audit and general management. Shri Jhunjhunwala is the Group Managing Director of the Reliance Anil Dhirubhai Ambani Group. He is a Vice Chairman of Reliance Capital Limited and also a director on the Board of Reliance Equity Advisors (India) Limited, Reliance Anil Dhirubhai Ambani Group Limited and Harmony Art Foundation.

Shri C. P. Jain, 64, is the former Chairman and Managing Director of NTPC Ltd. (National Thermal Power Corporation). Shri Jain has an illustrious career spanning over four decades of contribution in the fields of financial management, general management, strategic management and business leadership. He is a fellow member of the Institute of Chartered Accountants of

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India with an advanced diploma in Management and is a law graduate. Shri C. P. Jain joined the Board of NTPC in 1993 as Director (Finance), was elevated as Chairman & Managing Director in September 2000 and superannuated in March 2006. He is Chairman of the Global Studies Committee of World Energy Council (WEC), one of the world's largest energy NGOs with nearly ninety four member-nations. He has been on several important committees of the Government of India, latest being the 'Adhoc Group of Experts on Empowerment of CPSEs' and was also a member of the Audit Advisory Board of the Comptroller and Auditor General of India. He was Chairman of Standing Conference of Public Enterprises (SCOPE) between April 2003 and March 2005. He is a Director on the Board of IL & FS Infrastructure Development Corporation Ltd. and PCI Ltd.

Shri Rajendra Chitale, 49, a law graduate and an eminent Chartered Accountant, is a Managing Partner of M. P. Chitale & Associates (India's only boutique full service structuring and tax advisory firm) and M. P. Chitale & Co. (one of the India's leading accounting and consulting firms). He is a member of the Insurance Advisory Committee of the Insurance and Regulatory Authority of India (IRDA), and has served as a member of the Company Law Advisory Committee, Government of India, the Takeover Panel of the Securities & Exchange Board of India, the Advisory Committee on Regulations of the Competition Commission of India, and the Maharashtra Board for Restructuring of State Enterprises, Government of Maharashtra. He has served as a director on the boards of Life Insurance Corporation of India, Unit Trust of India, Small Industries Development Bank of India, National Stock Exchange of India Ltd., Asset Reconstruction Company (India) Ltd, SBI Capital Markets Ltd. He currently serves as a director on the boards of several large companies including National Securities Clearing Corporation Ltd., Ambuja Cements Ltd., Ishaan Real Estate Plc, Hinduja Ventures Ltd., Hinduja Global Solutions Ltd., IndusInd Media and Communications Ltd., Reliance Life Insurance Company Ltd., Reliance Equity Advisors (India) Limited and Reliance General Insurance Company Ltd.

Dr. Bidhubhusan Samal, 66, 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 Rural 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, Director of Agriculture Finance Corporation Ltd., Chairman of IBA Working Group on Agriculture Credit 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 and Employment Mission set up by the Government of Orissa. He is a Director on the Board of Surana Industries Ltd., Zicom Electronic Security Systems Ltd., Industrial Investment Trust Ltd., Indo Green Projects Ltd., May Fair Hotels and Resorts Ltd., ARSS Infrastructure Projects Ltd., Shriram Life Insurance Company Ltd., IIT Investrust Ltd., Shrijee Foundation, Money Matters Financial Services Ltd., Jaiprakash Associates Ltd., Jaypee Infratech Ltd. and Jaypee Karcham Hydro Corporation Ltd..

Shri V. N. Kaul, aged 67 has a Masters Degree in History from St. Stephens' College, Delhi and entered the Indian Administrative Service in 1965. He is also a fellow of the Economic Development Institute, World Bank and of the ODC University of Manchester, UK. Shri Kaul has wide experience of working in various capacities under both –

the State Government of Madhya Pradesh (MP), as well as under the Government of India. His assignments under the State Government included stints as Secretary in the Departments of Commerce & Industry and Finance and as Principal Secretary in the Home Department. He also held various charges in parastatal organisations under the State Government, including the charges of Chairman of the MP State Industries Development Corporation, MP State Export Corporation, MP State Finance Corporation and the MP State Electronics Development Corporation. Shri Kaul has held several senior positions under the Government of India. These included two terms as Joint Secretary in the Ministry of Commerce. He has served on the Board of Governors of APEF and on the Board of Central Public Sector Companies. His main area of expertise is International Trade and Finance. As Secretary to Government of India, Shri Kaul has served in the Ministries of Coal, Chemicals and Fertilizers and Petroleum and Natural Gas. As an International Civil Servant, Shri Kaul was seconded to the United Nations in 1991 and served for seven years as Advisor, Trade Policy for Asia-Pacific Region, UN-ESCAP, Bangkok with jurisdiction over the Asia-Pacific region. Shri Kaul was the Comptroller and Auditor General of India between 2002 and 2008.

9. Insurance coverage

The Company has obtained directors and officers liability insurance coverage in respect of any legal action that might be initiated against directors.

II. Audit Committee

In terms of Clause 49 of the listing agreement as well as Section 292A of the Companies Act, 1956, the Board has constituted Audit Committee of the Board of Directors at its meeting held on July 28, 2000. At present, the Committee consists of two independent & non-executive directors and one non-executive director of the Company, viz; Shri C. P. Jain, Chairman, Shri Rajendra P. Chitale and Shri Amitabh Jhunjhunwala as members. Shri C. P. Jain has wide experience on accounting, financial, business policies and taxation issues. All other members of the Committee are financially literate.

The Audit Committee, inter alia advises the management on the areas where systems, processes, measures for controlling and monitoring revenue assurance, internal audit, risk management can be improved. The minutes of the meetings of the Audit Committee are placed before the Board. The terms of reference of the Audit Committee are in accordance with all the items listed in Clause 49(II)(D) and (E) of the listing agreement as follows:

- i. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial information is correct, sufficient and credible;
- ii. Recommending the appointment, reappointment and replacement/removal of statutory auditor and fixation of audit fee;
- iii. Approving payment for any other services by statutory auditors;
- iv. 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 included in the report of the Board of Directors
 - b. Any changes in accounting policies and practices and reasons thereof
 - c. Major accounting entries based on exercise of judgment by management

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- d. Qualifications in draft audit report
- e. Significant adjustments arising out of audit
- f. Compliance with listing and other legal requirements concerning financial statements
- g. Disclosure of related party transactions
- v. Reviewing with the management the quarterly financial statements before submission to the Board for approval;
- vi. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter;
- vii. Reviewing with the management, the performance of the external and internal auditors, the adequacy of internal control systems;
- viii. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- ix. Discussion with internal auditors on any significant findings and follow up thereon;
- x. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- xi. Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xii. To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors;
- xiii. To review the functioning of the Whistle Blower mechanism;
- xiv. To approve appointment of Chief Financial Officer after assessing qualification, experience, and background etc.
- xv. Carrying out all other functions as is mentioned in the terms of reference of the Audit committee;
- xvi. Review the following information:
 - a. Management Discussion and Analysis of Financial Condition and Results of Operations
 - b. Internal audit reports relating to internal control weaknesses
 - c. Management letters / letters of internal control weaknesses issued by statutory auditors
 - d. Statement of significant related party transactions and
 - e. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

The Audit Committee has the following powers:

- i. to investigate any activity within its terms of reference;
- ii. to seek any information from any employee;
- iii. to obtain outside legal and professional advice;

- iv. to secure attendance of outsiders with relevant expertise, if it considers necessary.

Attendance at the meetings of the audit committee held during 2009-2010

The Audit Committee held its meetings on April 30, 2009, July 30, 2009, October 30, 2009 and January 30, 2010. Minimum and maximum gap between any two meetings, during the year under review was 90 days and 91 days respectively.

Name of the member	Number of Meetings held during the tenure	Number of Meetings attended
Shri Amitabh Jhunjhunwala	4	4
Shri Rajendra P. Chitale	4	4
Shri C. P. Jain	4	4
Shri P. N. Ghatalia*	2	2

*Shri P. N. Ghatalia upon demise ceased to be the member of the Audit Committee w.e.f August 12, 2009.

- The Chairman of the Audit Committee was present at the last Annual General Meeting.
- The meeting considered all the points in terms of its reference at periodic intervals.
- Shri V. R. Mohan, Company Secretary & Manager 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 statements of the Company for the year ended March 31, 2010, be accepted by the Board as a true and fair statement of the financial status of the Company.
2. The audited abridged financial statements of the Company for the year ended March 31, 2010, be accepted by the Board as a true and fair statement of the financial status of the Company.
3. The audited consolidated financial statements of the Company and its subsidiaries for the year ended March 31, 2010, be accepted by the Board as a true and fair statement of the financial status.

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III. Nomination / Remuneration Committee

The Nomination/Remuneration Committee of the Board is constituted to formulate from time to time (a) process for selection and appointment of new directors and succession plans and (b) recommend to the Board from time to time, a compensation structure for directors and the manager. Presently, the Company has no executive director.

During the year under review, Nomination /Remuneration Committee met twice on April 30, 2009 and October 30, 2009, which was attended by all members.

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

Equity shares held by Directors

Except Shri Anil D. Ambani who held 2,73,891 equity shares and Shri Rajendra P. Chitale who held 8,500 equity shares as at March 31, 2010, no other Director of the company held any equity shares of the Company.

Managerial remuneration policy

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

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

The Members had, through Postal Ballot on July 21, 2006, approved payment of commissions to non executive directors, who are not in the whole time employment, upto the limits laid down under the provisions of Section 309(4) of the Companies Act, 1956, computed in the manner specified in the Act or such other limit as approved by the Central Government, for a period of 5 years from the financial year commencing April 1, 2006.

The Company had obtained approval from the Central Government for payment of commission to non executive directors upto a limit of 3% of the profits of the Company each year for a period of 5 years from the financial year commencing April 1, 2006.

The Board of Directors based on recommendation of Nomination/ Remuneration Committee at their meeting held on April 30, 2009 had approved payment of commission of Rs.60 lacs to the Non Executive Independent Directors of the Company for the year ended March 31, 2009 based on various parameters, which was paid during the year 2009-10. Shri Anil Dhirubhai Ambani had not taken commission for the year 2008-09.

Criteria for making payments to non-executive directors

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

Details of sitting fees and commission paid to directors in the year 2009-10

(Rs. in lakh)

Name of the Director	Sitting fees	Commission
Shri Anil D. Ambani	1.00	-
Shri Amitabh Jhunjunwala	3.40	15.00
Shri Rajendra P. Chitale	3.20	15.00
Shri C. P. Jain	3.40	15.00
Shri P. N. Ghatalia*	0.60	15.00
Dr. Bidhubhusan Samal	0.40	-

* Shri P. N. Ghatalia upon demise ceased to be the Director of the Company w.e.f August 12, 2009.

Notes:

- a. There were no other pecuniary relationships or transactions of non-executive directors vis-à-vis the Company.
- b. The Company has so far not issued any stock options to its Directors.
- c. Pursuant to the limits approved by the Board, all directors being non executive, are paid sitting fees of Rs.20,000 for attending each meetings of the Board and its Committees.
- d. Pursuant to the approval of the Nomination / Remuneration Committee and the Board of Directors a provision for the payment of remuneration by way of commission of Rs.60 lakh, to the non executive directors for the year ended March 31, 2010 has been made. The final payment shall be within the overall limits of the profits as approved by the Members and the Central Government in accordance with the provisions of the Companies Act, 1956.

The Nomination / Remuneration Committee and the Board of Directors have also approved, subject to the approval by the shareholders, the re-appointment of Shri V. R. Mohan as Manager of the Company for a period of 5 years commencing from March 7, 2011, on the terms and conditions including remuneration as is described in the notice convening the ensuing AGM

IV. Shareholders' / Investors' Grievances Committee

The Shareholders'/Investors' Grievances Committee of the Board currently comprises of Shri Rajendra P. Chitale, Chairman, Shri Amitabh Jhunjunwala, and Shri C. P. Jain as members. The company has appointed M/s. Karvy Computershare Pvt. Ltd. to act as Registrar and Share Transfer Agent of the Company.

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The Committee also monitors redressal of investors' grievances. Particulars of investors' grievances received and redressed are furnished in the investor information section of this report. The Committee oversees performance of the Registrar and Share Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services. The Committee also monitors implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992. The Board has delegated the power of approving transfer of securities to the Managing Director and / or the Company Secretary.

The Shareholders'/Investors' Grievances Committee held its meetings on April 30, 2009, July 31, 2009, October 30, 2009 and January 30, 2010.

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Minimum and maximum gap between any two meetings, during the year under review was 90 days and 91 days respectively.

Attendance of members at the meeting of the Shareholders'/Investors' Grievances Committee held during the year 2009-10

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

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

V. Compliance Officer

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

The total number of complaints received and replied to the satisfaction of shareholders during the year under review was 268. There were no complaints pending as on March 31, 2010. The details of period taken on transfer of shares and nature of complaints are furnished in the investor information section of this annual report.

32 requests for transfer of 308 shares and 107 requests for dematerialisation of 1,238 shares were pending for approval as on March 31, 2010 which were approved, processed and dispatched on or before April 5, 2010.

VI. Employees Stock Option Scheme (ESOS) Compensation Committee

The ESOS Compensation Committee comprises of three directors i.e. Shri Rajendra P. Chitale as the Chairman, Shri Amitabh Jhunjhunwala and Shri C. P. Jain as members. Shri V. R. Mohan, Company Secretary & Manager acts as the Secretary to the ESOS Compensation Committee.

During the year under review ESOS Compensation Committee met twice on July 31, 2009 and January 30, 2010, which were attended by all members.

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. The Employee Stock Option Scheme (the Scheme) has been implemented by the Company to the eligible employees and its subsidiary companies 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. General Body Meetings: The Company held its last three Annual General Meetings as under:

Year	Location	Date	Time	Whether Special Resolution passed or not
2006-2007	Birla Matushri Sabhaagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.	July 03, 2007	11.00 a.m.	No
2007-2008	Birla Matushri Sabhaagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.	September 16, 2008	11.00 a.m.	No
2008-2009	Birla Matushri Sabhaagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.	July 21, 2009	11.00 a.m.	Yes special resolution passed for Qualified Institutional Placement (QIP)

IX. Postal Ballot

The Company had not conducted any Postal Ballot during the year.

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

X. Means of communication

a. Quarterly Results: Quarterly Results are published in Financial Express, English daily newspaper circulating in the whole or 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.

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 on 'Investor Relations'. It contains comprehensive database of information of interest to our investors including the financial results and Annual

Report of the Company in a downloadable form, 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.

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 (MD&A) Report forms part of the Annual Report and is displayed on the Company's website.

e. Chairman's Communique: Printed copy of the Chairman's Speech is distributed to the shareholders at the Annual General Meetings. The same is also posted on the website of the Company.

f. Corporate Filing and Dissemination System (CFDS): The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by listed companies. All disclosures

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and communications to BSE & NSE are filed electronically through the CFDS portal and hard copies of the said disclosures and correspondence are also filed with the stock exchanges.

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

Toll free No. (India) : 1800 4250 999

Telephone Nos. : +91 40 4433 8100

+91 40 4030 8000

Fax No. : +91 40 2342 0859

Email : rclinvestor@karvy.com

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

- h. Designated Exclusive email-id:** The Company has also designated the email-id rcl.investors@relianceada.com exclusively for investor servicing.

- i. Reminder to Investors**

Reminder for unpaid/unclaimed dividend are sent to the shareholders every year.

- j. Shareholders' Feedback Survey:** The Company regularly sent feedback form seeking shareholders' views on various matters relating to investor services and the Annual Report of the Company. The feedback received from the shareholders was placed before the Shareholders' / Investors' Grievance Committee. The feedback survey form as also been posted in the website of the Company to facilitate their feedback.

XI. Compliance with other mandatory requirements

1. Management discussion and analysis

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

2. Subsidiaries

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

The Company monitors performance of subsidiary companies, inter alia, by the following means:

- Financial statements, in particular the investments made by unlisted subsidiary companies are reviewed quarterly by the Audit Committee of the company.
- Minutes of the meetings of the Board of Directors of all subsidiary companies are placed before the Company's Board regularly.
- A statement containing all the significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the company's Board / Audit Committee.
- Quarterly review of Risk Management process by the Risk Management Committee / Audit Committee / Board.

3. Disclosures

- 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 2009-10, no transactions of material nature had been entered into by the Company with the Promoters or Directors or Management, their subsidiaries or their relatives that may have a potential conflict with interest of the Company. The related party transactions with subsidiary companies and others are disclosed in Notes to Accounts.

c. Accounting treatment

In the preparation of financial statements, the Company has followed the Accounting Standards as prescribed under Companies (Accounting Standard) Rules, 2006, as applicable. The Accounting Policies followed by the Company, to the extent relevant, are set out elsewhere in this Annual Report.

d. Risk management

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

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

Additionally, we have Asset Liability Management Committee (ALCO) in place comprising of senior management executives that monitors the 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 Board of Directors.

e. Anti Money Laundering – Know your customer policy

In keeping with specific requirements for NBFCs, the Company has also formulated an Anti Money Laundering and Know Your Customer Policy.

f. Code of conduct

The Company has adopted the code of conduct and ethics for directors and senior management. The code has been circulated to all the members of the Board and senior management and the same has been posted on the company's website.

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

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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 2009-10".

V. R. Mohan
Manager

g. CEO and CFO certification

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

h. Review of Directors' Responsibility Statement

The Board in its report has confirmed that the annual accounts for the year ended March 31, 2010 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

XII. Policy on insider trading

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

XIII. Compliance with non-mandatory requirements

1. Tenure of independent directors on the Board

The tenure of independent directors on the Board of the company shall not exceed nine years in aggregate.

2. Nomination / Remuneration Committee

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

3. Shareholders' rights

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

4. Audit qualifications

The financial statements of the company are unqualified.

5. Training of Board members

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

6. Whistle blower policy

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

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

XIV. Corporate Governance Voluntary Guidelines 2009

During the year the Ministry of Corporate Affairs, Government of India, has released the "Corporate Governance Voluntary Guidelines 2009". These guidelines are intended to serve as a benchmark for corporates to help them to adopt highest standard of corporate governance. These guidelines do not substitute any extant law or regulation but are essential for voluntary adoption by the corporates. The Company is already in compliance with most of the requirements and has initiated action for appropriate compliance.

XV. General shareholder information

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

Auditors' certificate on corporate governance

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

Review of governance practices

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

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

Reliance Capital Limited

Investor Information

Annual General Meeting

The twenty fourth Annual General Meeting (AGM) will be held on Tuesday, September 28, 2010 at 12.00 noon or soon after conclusion of the annual general meeting of Reliance Power Limited, convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020.

Financial year of the company

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

Website

The website of the company www.reliancecapital.co.in contains a separate section on Corporate Governance on Investor Relations. It carries comprehensive information of interest to our investors including on the results of the company, dividends declared by the company, any price sensitive information disclosed to the regulatory authorities from time to time, business activities of the company and the services rendered/facilities extended by the company to our investors.

Dedicated email id for investors

For the convenience of our investors, the Company has designated an exclusive email id for investors i.e. rcl.investor@relianceada.com

Registrar and Share Transfer Agents (RTA)

M/s. Karvy Computershare Private Limited,

Unit: Reliance Capital Limited
Madhura Estates, Municipal No. 1-9/13/C
Plot No. 13 & 13C, Madhapur Village
Hyderabad - 500081, Andhra Pradesh, India
E-mail: rclinvestor@karvy.com

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

Dividend announcements

The Board of Directors of the Company have recommended a dividend of Rs.6.50 (65%) per equity share of the company for the financial year ended March 31, 2010, subject to the approval by shareholders at the ensuing AGM. The dividend, if approved, will be paid after the Meeting.

Book closure dates for the purpose of dividend and AGM

To determine the entitlement of shareholders to receive the dividend, if any, for the year ended March 31, 2010, the Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, September 15, 2010 to Tuesday, September 28, 2010 (both days inclusive), as well as for the purpose of AGM.

Dividend remittance

Dividend on Equity Shares as recommended by the Directors for the financial year ended March 31, 2010, when declared at the meeting, will be paid to:

- (i) all those equity shareholders whose names appear in the Register of Members as on September 14, 2010 and
- (ii) those whose names as beneficial owners, at the end of business hours of September 14, 2010 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:

- (a) National Electronic Clearing Services (NECS)
- (b) Physical despatch of Dividend Warrant

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

NECS facility is a centralised version of ECS facility. The NECS system takes advantage of the centralized accounting system in banks. Accordingly, the account of a bank that is submitting or receiving payment instructions is debited or credited centrally at Mumbai. The branches participating in NECS can, however, be located anywhere across the length and breadth of the country. NECS has no restriction of centres or of any geographical area inside the country. Presently around 32,000 branches of 114 banks participate in NECS.

Benefits of NECS (payment through electronic facilities)

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

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

How to avail of NECS Facility?

Register NECS Mandate and furnish correct bank account particulars with Company/ Depository Participant

Investors should provide a NECS mandate to the Company in case of shares held in physical form and ensure that the correct and updated particulars of their bank account are available with the Depository Participant (DP) in case of shares held in demat form. This would facilitate in receiving direct credits of dividends, refunds etc., from companies and avoiding postal delays and loss in transit. The NECS Mandate Form may be downloaded from the Company's website www.reliancecapital.co.in under the section "Investor Relations".

Investors must note that NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions. In this regard shareholders are requested to furnish the new Bank Account Number allotted by the banks post implementation of CBS, along with a copy of cheque pertaining to the concerned account, to the Registrar and Transfer Agent of the Company in case the shares are held in physical form and to the concerned depository participant in case shares are held in demat form. In case shareholders do not provide their new account number allotted after implementation of CBS, the ECS to their old account may either be rejected or returned.

Payment of dividend through Direct Credit

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

NECS Facility may be opted out by investors

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

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

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

Investor Information

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 is still shown as unpaid in records of the Company, duplicate warrant will be issued. The Registrar & Transfer Agent would request the concerned shareholder to execute an indemnity before issuing the duplicate warrant. However, duplicate warrants will not be issued against those shares wherein a 'stop transfer indicator' has been instituted either by virtue of a complaint or by law, unless the procedure for releasing the same has been completed.

Shareholders are requested to note that they have to wait till the expiry of the validity of the original warrant before a duplicate warrant is issued to them, since the dividend warrants are payable at par at several centres across the country and the banks do not accept 'stop payment' instructions on the said warrants.

Unclaimed Dividends

(i) Transfer to the Central Government

Pursuant to section 205A of the Companies Act, 1956, unclaimed dividends upto and including for the financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. The shareholders who have not encashed their dividend warrants relating to financial year(s) upto 1994-95 are requested to claim the amounts from the Registrar of Companies, Maharashtra, CGO Complex, 2nd Floor, "A" Wing, CBD - Belapur, Navi Mumbai 400 614, Telephone: (022) 2757 6802 in the prescribed form which will be furnished by the company on request.

(ii) Transfer to the Investor Education and Protection Fund

The dividends for the year 1995-96 to 2001-2002 remaining unclaimed for 7 years from the date of declaration have been transferred to the Investor Education and Protection Fund established by the Government of India pursuant to section 205C of the Companies Act, 1956. Consequently, no claim shall lie against the said Fund or the company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date they first become due for payment.

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

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

Financial year	Date of declaration	Due for transfer on
31-03-2003	28-06-2003	27-06-2010
31-03-2004	10-07-2004	09-07-2011
31-03-2005	17-08-2005	16-08-2012
31-03-2006	09-06-2006	08-06-2013
31-03-2007	03-07-2007	02-07-2014
31-03-2008	16-09-2008	15-09-2015
31-03-2009	21-07-2009	20-07-2016

Members who have so far not encashed their dividend warrants or have not received the dividend warrants are requested to seek issuance of duplicate warrants. The company during the year 2009-10 has also individually intimated the concerned members of non-encashment of their dividend warrants. Such members may write to the RTA of the company, for payment of unclaimed dividend amounts.

Bank details for physical shareholdings

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

Bank details for electronic shareholdings

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

Nomination facility

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

Share transfer system

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

Odd lot shares scheme for small shareholders

In view of the difficulty experienced by the shareholders of the Company in selling their odd lot shares in the stock market and to mitigate the hardships caused to them, Reliance Anil Dhirubhai Ambani Group has framed a scheme for the purchase and disposal of odd lot equity shares at the prevailing market rate price. The scheme has been launched and is available to the shareholders of Reliance Capital Limited who hold upto 49 shares in physical form. The shareholders who wish to avail the above facility can contact the RTA of the Company.

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

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

Reliance Capital Limited

Investor Information

Shri Anil Dhirubhai Ambani, Smt Tina A. Ambani, Smt Kokila D Ambani, Shri Jai Anmol Ambani, Master Jai Anshul Ambani, AAA & Sons Enterprises Private Limited, AAA Advertisement Private Limited, AAA Advisory Services Private Limited, AAA Allied Services Private Limited, AAA Business Machines Private Limited, AAA Cap Advisory Services Private Limited, AAA Capital Consultants Private Limited, AAA Capital Finance Services Private Limited, AAA Commercial Enterprises Private Limited, AAA Communication Partners, AAA Communication Private Limited, AAA Corporate Services Private Limited, AAA Corporation Private Limited, AAA Electrical Power Development Private Limited, AAA Engineering Services Private Limited, AAA Enterprises and Ventures Private Limited, AAA Enterprises Partners, AAA Enterprises Private Limited, AAA Entertainment Private Limited, AAA Facilities Solutions Private Limited, AAA Finance Management Private Limited, AAA Financial Services Private Limited, AAA Global Ventures Private Limited, AAA Home Entertainment Services Private Limited, AAA Illuminative Solutions Private Limited, AAA Industrial Services Private Limited, AAA Industries Private Limited, AAA Infoservices Private Limited, AAA Infra Advising Services Private Limited, AAA Infrastructure Consulting & Engineers Private Limited, AAA Infrastructure Finance Management Private Limited, AAA Infrastructure Investments Private Limited, AAA Infrastructure Solutions Private Limited, AAA Integrated Services Private Limited, AAA International Capital Private Limited, AAA Micro Services Private Limited, AAA Multi-Technologies Private Limited, AAA Multivision Services Private Limited, AAA Pivotal Enterprises Private Limited, AAA Power Systems (Global) Private Limited, AAA Project Finance Management Private Limited, AAA Project Ventures Holdings Partners, AAA Project Ventures Partners, AAA Project Ventures Private Limited, AAA Resources Private Limited, AAA Software Technologies Private Limited, AAA Technical Services Private Limited, AAA Telecom Holdings Private Limited, AAA Utility Ventures Private Limited, Ace Industrial Services Private Limited, Acerock Infrastructure & Consulting Private Limited, ADA Enterprises and Ventures Private Limited, ADAE Global Private Limited, Adlabs Distributors and Exhibitors Limited, Alprosoft Techventures Private Limited, Ambani Enterprises Private Limited, Ambani Industries Private Limited, Ambani International Private Limited, Amulin Hydro Power Private Limited, Aricent Commercial Services Private Limited, Atlanta Advisory Services Private Limited, Atlantic Ventures Private Limited, Bharuch Power Limited, Big Animation (India) Private Limited, Big Flicks Private Limited, Big Synergy Media Limited, BSES Kerala Power Limited, Chitrangi Power Private Limited, Coastal Andhra Power Infrastructure Limited, Coastal Andhra Power Limited, Deltainfra Technology Private Limited, Dhirubhai Ambani Enterprises Private Limited, Dhvani Enterprises LLP, Digital Media Imaging Limited, Emini Hydro Power Private Limited, Feathertop Corporate Services Private Limited, Fidelity Shares and Securities Private Limited, Gaylord Investments and Trading Private Limited, Guruvas

Commercials LLP, Guruvas Textiles Private Limited, Hansdhvani Trading Company Private Limited, Hui Investments , Ikosel Investments Limited, Jharkhand Integrated Power Limited, Jumbo Mercantile Private Limited, Jump Games Private Limited, K D Ambani Trust, Kalai Power Private Limited, KDA Enterprises Private Limited, Krupa Commercials LLP, Lord Comtrade LLP, Maharashtra Energy Generation Infrastructure Limited, Maharashtra Energy Generation Limited, Microtech Development Private Limited, Mihundon Hydro Power Private Limited, Nationwide Communication Private Limited, Nationwide Networks Technologies Private Limited , ND's Art World Private Limited, Quadro Mercantile Private Limited, RCap Holdings Partners, RCom Holdings Partners, Relcom Software Solutions Private Limited, Reliance ADA Group Holdings Partners, Reliance Anil Dhirubhai Ambani Group (UK) Private Limited, Reliance Anil Dhirubhai Ambani Investments (UK) Limited, Reliance Big Broadcasting Private Limited, Reliance Big Entertainment Private Limited, Reliance Big News Private Limited, Reliance Big Private Limited, Reliance Media World Limited, Reliance Cementation Private Limited, Reliance Coal Resources Private Limited, Reliance Communications Infrastructure Limited, Reliance Communications Limited, Reliance Energy Generation Limited, Reliance Energy Limited, Reliance Energy Trading Limited, Reliance Enterprises and Ventures Private Limited, Reliance Entertainment Ventures Private Limited, Reliance Futura Limited, Reliance Goa and Samalkot Limited, Reliance India Private Limited, Reliance Infraprojects Limited, Reliance Infrastructure Limited, Reliance Infracel Limited, Reliance Infracore Limited, Reliance Innoventures Partners, Reliance Innoventures Private Limited, Reliance Limited, Reliance MediaWorks Limited, Reliance Natural Resources Limited, Reliance Patalganga Power Limited, Reliance Power International Sarl, Luxembourg, Reliance Power Limited, Reliance Power Transmission Limited, Reliance Prima Limited, Reliance Property Developers Limited, Reliance Telecom Limited, RInfra Holdings Partners, Rosa Power Supply Company Limited, RPower Holdings Partners, Sasan Power Infrastructure Limited, Sasan Power Infracore Private Limited, Sasan Power Limited, Sealink Engineering Services Private Limited, Sealink Infra Technology Private Limited, Sevenstar Corporate Services Private Limited, Shreeji Comtrade LLP, Shreenathji Krupa Project Management Private Limited, Shriji Krupa Endeavour Management Private Limited, Shrikrishna Tradecom LLP, Siyom Hydro Power Private Limited, Solaris Information Technologies Private Limited, Sonata Investments Limited, Standard Management Services Private Limited, Tato Hydro Power Private Limited, Telecom Infrastructure Finance Private Limited, Trans-Americas Holding Private Limited, Trans-Atlantic Holdings Private Limited, Trans-Pacific Advisory Services Private Limited, Trans-Pacific Holdings Private Limited, Urthing Sobla Hydro Power Private Limited, Vidarbha Industries Power Limited, Whitehills Corporate Services Private Limited, Whitehills Mercantile Private Limited, Zapak Digital Entertainment Limited

Shareholding pattern

Category	As on 31-03-2010		As on 31-03-2009	
	No. of shares	%	No. of shares	%
1. Promoters	13 24 82 274	53.94	13 13 82 274	53.49
2. Foreign holdings				
A. Foreign holdings – GDRs	19 59 952	0.80	1 69 531	0.69
B. Direct By Foreign Companies	13 975	0.01	13 929	0.01
C. Individual and Others	13 52 265	0.55	12 70 923	0.52
D. Foreign Institutional Investors	5 02 70 579	20.47	5 01 82 165	20.43
Sub-total	5 35 96 771	21.82	5 31 58 548	21.64
3. Public Financial/ Development Institutions and Central and State Government owned Institutions holdings	94 89 396	3.86	84 36 281	3.43
4. Bank and Mutual Funds	22 26 480	0.91	15 88 577	0.65
5. General Public	4 78 37 879	19.48	51 08 67 120	20.79
Total	24 56 32 800	100.00	24 56 32 800	100.00

Investor Information

Distribution of shareholding

Number of shares	Number of shareholders as on 31.03.2010		Total shares as on 31.03.2010		Number of shareholders as on 31.03.2009		Total shares as on 31.03.2009	
	Number	%	Number	%	Number	%	Number	%
Upto 500	13 13 669	99.42	2 76 87 810	11.27	13 86 645	99.41	2 90 97 119	11.85
501 to 5000	7 033	0.53	79 08 570	3.22	7 506	0.54	84 44 137	3.44
5001 to 100000	531	0.04	1 09 33 363	4.45	585	0.04	1 23 26 433	5.02
100000 and above	128	0.01	19 91 03 057	81.06	112	0.01	19 57 65 111	79.70
Total	13 21 361	100.00	24 56 32 800	100.00	13 94 848	100.00	24 56 32 800	100.00

Dematerialisation of Shares

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

Status of dematerialisation of shares

Electronic holdings			Physical holdings			Total		
No. of Beneficial Owners	No. of Shares	%	No. of Folios	No. of Shares	%	No. of Shareholders	No. of Shares	%
7 64 723	23 90 56 546	97.32	5 56 638	65 76 254	2.68	13 21 361	24 56 32 800	100.00

Investors' grievances attended

Received from	Received during		Redressed during		Pending as on	
	2009-2010	2008-2009	2009-2010	2008-2009	31.3.2010	31.3.2009
SEBI	72	90	72	90	Nil	Nil
Stock Exchanges	38	42	38	42	Nil	Nil
NSDL/CDSL	6	10	6	10	Nil	Nil
Direct from investors	152	1200	152	1 200	Nil	Nil
Total	268	1 342	268	1 342	Nil	Nil

Analysis of grievances

	2009-2010		2008-2009	
	Numbers	Percentage	Numbers	Percentage
Non-receipt of dividends	199	74.25	1 196	89.12
Non-receipt of share certificates	56	20.90	110	8.20
Others	13	4.85	36	2.68
Total	268	100.00	1 342	100.00

Notes:

- Investors' queries / grievances are normally attended within a period of 3 days from the date of receipt thereof, except in cases involving external agencies or compliance with longer procedural requirements specified by the authorities concerned.
- The shareholder base was 13,21,361 as of March 31, 2010 and 13,94,848 as of March 31, 2009.
- All the queries and grievances received during the year have been redressed.

Shareholders' Satisfaction Survey

The Company constantly endeavours to extend the best of facilities and services to shareholders and intends to further improve the service standards. In response to the Shareholders' Satisfaction Survey feedback forms mailed to our shareholders in 2009, the Company received response from shareholders, results of which are summarised hereunder:

Sr. No.	Satisfaction level of services in following areas received	% of total responses received				
		Excellent	Good	Needs improvement	Invalid	Total
1	Response to queries/complaints	42.86	28.57	28.57	0.00	100.00
2	Your overall rating of our investor service	57.14	28.57	14.29	0.00	100.00
3	Presentation of information on company website	71.43	14.29	14.29	0.00	100.00
4	Quality & Contents of Annual Report 2008-09	57.14	14.29	28.57	0.00	100.00

Legal Proceedings

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

Reliance Capital Limited

Investor Information

Stock Exchange listings

A. Stock Exchanges on which the shares of the company are listed

1. Bombay Stock Exchange Limited

Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai- 400 001.
Telephone : 022-2272 1233 / 4
Fax : 022-2272 1919
E-mail : corp.relations@bseindia.com
Website : www.bseindia.com

2. National Stock Exchange of India Limited

Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai 400 051.
Telephone : 022-2659 8235 / 36
Fax : 022-2659 8237 / 38
E-mail : cmlist@nse.co.in
Website : www.nseindia.com

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

Luxembourg Stock Exchange

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

C. Depository bank for GDR holders

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

D. Stock codes/ symbols for equity shares

	Physical	Electronic
Bombay Stock Exchange Limited	500111	INE 13A01015
National Stock Exchange of India Limited	RELCAPITAL	INE 13A01015

E. Security Codes of RCL GDRs

	Master Rule 144A GDRs	Master Regulation S GDRs
CUSIPISIN	75945L103US75945L1035	75945L202US75945L2025
Common Code	026469457	026470315

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

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

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

Outstanding GDRs as on March 31, 2010 represent 19 59 952 equity shares constituting 0.80 % of the paid up equity share capital of the company

Equity history

Details of issue of equity shares in the last two decades.

Sr. No.	Date	Particulars of Issue / Forfeitures	Issue Price	No. of shares	Cumulative Total
			per equity share		
1	5-3-1986	Shares issued upon incorporation	Rs.10	7 000	7 000
2	21-6-1990	1st Public Issue	Rs.10	1 99 93 000	2 00 00 000
3	28-8-1992	Equity shares issued upon amalgamation of Arasina Hotels Limited with the Company	-	18 70 000	2 18 70 000
4	10-2-1993	1st Rights Issue 1992 with a ratio of 1:1	Rs.40	2 18 77 500	4 37 47 500
5	18-7-1994 & 29-10-1994	Preferential allotment to promoters	Rs.50	2 74 00 000	7 11 47 500
6	20-1-1995	Public issue 1995, promoters/institutions/ NRI's etc.	Rs.140	4 33 97 592	11 45 45 092
7	17-2-1995	Rights Issue 1995	Rs.50	1 40 01 970	12 85 47 062
8	11-7-1995 to 13-11-1997	Allotment of rights kept in abeyance	Rs.50	1 03 388	12 86 50 450
9	4-11-1996	Forfeiture of equity shares relating to public issues of 1990 and rights issue 1992	-	(1 23 400)	12 85 27 050
10	27-4-2000	Forfeiture of equity shares relating to public and rights issue 1995	-	(12 61 455)	12 72 65 595
11	27-4-2000 to 29-7-2003	Forfeited equity shares annulled	-	40 649	12 73 06 244

Investor Information

Sr. No.	Date	Particulars of Issue / Forfeitures	Issue Price	No. of shares	Cumulative Total
			per equity share		
12	21-7-2005	Preferential allotment to FIIs	Rs.228	1 62 60 001	14 35 66 245
13	2-8-2005	Preferential allotment to promoters	Rs.228	6 00 00 000	20 35 66 245
14	22-8-2005	Allotment to promoter upon conversion of warrants on preferential basis	Rs.228	38 00 000	20 73 66 245
15	31-3-2006	Allotment to promoter upon conversion of warrants on preferential basis	Rs.228	1 55 00 000	22 28 66 245
16	7-8-2006	Allotment pursuant to amalgamation	-	6 11 56 521	22 39 32 800
	7-8-2006	Less: Shares extinguished due to Reliance Capital Ventures Limited merger with the Company	-	(6 00 89 966)	
17	30-1-2007	Allotment to promoter upon conversion of warrants on preferential basis	Rs.228	2 17 00 000	24 56 32 800

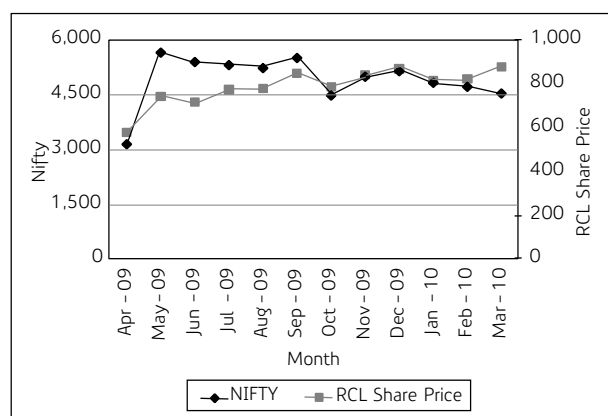
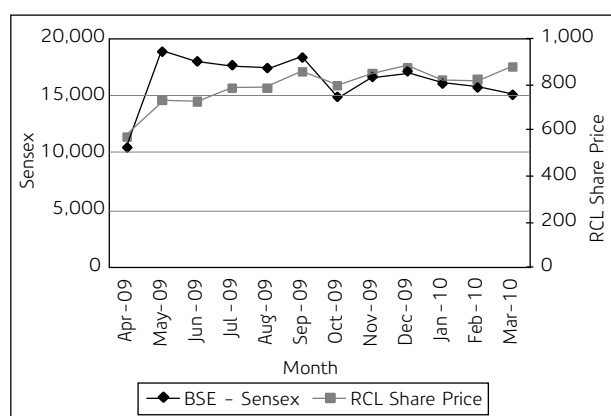
Stock Price and Volume

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

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

2009-10	Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
	Highest Rs.	Lowest Rs.	Volume Nos.	Highest Rs.	Lowest Rs.	Volume Nos.
April	582.00	346.50	40 25 15 66 164	581.90	346.00	99 96 95 93 000
May	972.00	530.00	46 05 01 47 132	972.90	530.00	1 15 85 65 85 000
June	1 066.00	855.00	49 19 51 97 711	1067.70	855.10	1 27 56 33 07 000
July	959.50	700.70	43 55 67 73 635	960.00	700.00	1 11 03 13 28 000
August	938.00	780.00	30 15 50 98 329	938.00	780.00	78 48 37 96 000
September	944.50	850.05	25 03 10 49 920	976.65	850.00	66 93 34 43 000
October	972.90	726.00	20 06 27 12 097	972.90	722.05	53 82 08 64 000
November	925.00	680.50	25 48 50 76 273	925.00	681.10	67 65 14 25 000
December	873.90	799.10	12 75 57 13 756	873.90	801.25	35 68 79 88 000
January	929.25	763.20	13 41 87 09 741	930.00	835.70	36 41 82 24 000
February	827.00	721.25	11 05 21 11 774	825.80	725.00	29 04 10 86 000
March	815.00	752.50	9 22 19 61 861	837.00	753.00	26 80 48 70 000

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



Reliance Capital Limited

Investor Information

Depository services

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

Communication to members

The quarterly financial results of the company were announced within a month of the end of the respective quarter during the year under review. The company's media releases and details of significant developments are also made available on the website. These are published in leading newspapers, in addition to hosting them on the company's website: www.reliancecapital.co.in

Secretarial audit for reconciliation of capital

The Securities and Exchange Board of India has directed vide circular no. D&CC/FITTC/CIR-1 6/2002 dated December 31, 2002 that all issuer companies shall submit a certificate of capital integrity, reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued / paid up capital.

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

Key Financial Reporting Dates for the Financial Year (F.Y.) 2010-11

Unaudited results for the first quarter ended June 30, 2010	: On or before August 14, 2010
Unaudited results for the second quarter / half year ended September 30, 2010	: On or before November 14, 2010
Unaudited results for the third quarter ended December 31, 2010	: On or before February 14, 2011
Audited results for the financial year 2010-11	: On or before May 31, 2011

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

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

Investors' correspondence may be addressed to the Compliance Officer

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

Plant Locations

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

Auditors' Report on Abridged Financial Statements

To,

**The Members of
Reliance Capital Limited**

We have examined the attached abridged balance sheet of **Reliance Capital Limited** ('the Company'), as at March 31, 2010 and also the abridged profit and loss account and cash flow statement for the year ended on that date annexed thereto, together with the significant accounting policies and notes thereon. These abridged financial statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rule and Forms, 1956 and are based on the audited accounts of the Company for the year ended March 31, 2010

prepared in accordance with the provisions of Section 211 of the Companies Act, 1956 and covered by our report of even date to the members of the Company, which is attached hereto.

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

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

C. D. Lala
Partner
Membership No.: 35671

Akeel Master
Partner
Membership No.: 046768

Mumbai
Dated: April 30, 2010

Mumbai
Dated: April 30, 2010

Auditors' Report on Financial Statements

To,

**The Members of
Reliance Capital Limited**

We have audited the attached balance sheet of **Reliance Capital Limited** ('the Company'), as at March 31, 2010 and also the profit and loss account and cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003 ('the order') as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to above, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of the books;

- c) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- d) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Act.
- e) on the basis of written representations received from the directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- f) in our opinion and to the best of our information and according to explanations given to us, the said financial statements together with the notes thereon, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
 - (ii) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - (iii) in the case of the cash flow statement, of the cash flow for the year ended on that date.

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

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

C. D. Lala
Partner
Membership No.: 35671

Akeel Master
Partner
Membership No.: 046768

Mumbai
Dated: April 30, 2010

Mumbai
Dated: April 30, 2010

Reliance Capital Limited

Annexure to Auditors' Report

(Referred to in our report of even date)

(i) In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a regular 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 our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) As per information and explanation given to us, during the year, the Company has not disposed off any substantial part of fixed assets that would affect the going concern.

(ii) The Company is a service company, primarily engaged in lending and investing activities. Accordingly, it does not hold any physical inventories. Thus, paragraph 4 (ii) of the Order is not applicable to the Company.

(iii) In respect of loans, secured or unsecured, granted or taken by the Company to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956

- (a) During the year the Company has granted unsecured demand loan amounting to Rs.102 crore to a one company covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was Rs.112.10 crore and the year end balance of such loans was Rs.32.10 crore. The Company had given interest free loan in the past to a company whose maximum balance and the year end balance was Rs.229.25 crore.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been granted to the above mentioned companies are not, prima facie, prejudicial to the interest of the Company.
- (c) The loans granted to the aforementioned companies are repayable on demand. According to the information and explanations given to us, the borrowers have been regular in repaying in the payment of interest, where applicable.
- (d) There is no overdue amount of more than rupees one lakh in respect of the above loans.

(e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, paragraphs 4(iii)(f) and 4(iii)(g) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of fixed assets and services taken & rendered. We have not observed any continuing failure to correct major weaknesses in internal controls.

(v) (a) According to information and explanations given to us, we are of the opinion that the transactions made in pursuance of contracts or arrangements that needed to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, there are no transactions of purchase of goods & material and sale of goods, materials & services made in pursuance of contracts or arrangement required to be entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs.5,00,000/- or more in respect of each party.

(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 Companies Act, 1956 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) The Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of activities carried on by the Company. Hence the provisions of clause 4 (viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(ix) (a) According to the records of the Company, the Company has 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 statutory dues.

Annexure to Auditors' Report

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|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>(b) According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at March 31, 2010 for a period of more than six months from the date they became payable.</p> <p>(c) According to the information and explanation given to us, there are no such statutory dues, which have not been deposited on account of any dispute, except in respect of sales tax under Gujrat Sales Tax Act, 1969 of Rs.4,75,916 for the period 2001-02 which is pending before the Gujarat Sales Tax Tribunal, Ahmedabad and sales tax under Madhya Pradesh Sales Tax Act, 1969 of Rs.4,30,472 for the period 1996-97 which is pending before Appellate Deputy Commissioner of the Commercial Tax, Indore Division - I .</p> <p>(x) The Company neither has accumulated losses nor has it incurred any cash losses during the current financial year and in the immediately preceding financial year.</p> <p>(xi) Based on our audit procedures and the information and explanation given by management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.</p> <p>(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.</p> <p>(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 Companies (Auditor's Report) Order, 2003 are not applicable to the Company.</p> <p>(xiv) The Company has maintained proper records of transactions and contracts in respect of trading in shares, debentures, and other investment and timely entries have been made therein.</p> | <p>(xv) The Company has given guarantees for loan taken by others from banks or financial institutions. According to the information and explanations given by the management, in our opinion the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.</p> <p>(xvi) According to the information and explanation given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.</p> <p>(xvii) According to information and explanation given to us and on an overall examination of the Balance Sheet of the Company as at March 31 2010, no funds raised on short-term basis have been used for long-term investment.</p> <p>(xviii) The Company has not made any preferential allotment of equity shares during the year to a company, covered in the register maintained under Section 301 of the Companies Act, 1956, at price which is not prejudicial to the interest of the Company.</p> <p>(xix) The Company has created securities and /or charges in respect of secured debentures issued and redeemed during the year.</p> <p>(xx) The Company has not raised any money by way of public issue during the year.</p> <p>(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.</p> | | |
| | <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>For CHATURVEDI & SHAH
Chartered Accountants
Firm Regn. No:101720W</p> <p>C. D. Lala
Partner
Membership No.: 35671</p> <p>Mumbai
Dated: April 30, 2010</p> </td> <td style="width: 50%; vertical-align: top;"> <p>For B S R & Co.
Chartered Accountants
Firm Regn. No: 101248W</p> <p>Akeel Master
Partner
Membership No.: 046768</p> <p>Mumbai
Dated: April 30, 2010</p> </td> </tr> </table> | <p>For CHATURVEDI & SHAH
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Chartered Accountants
Firm Regn. No: 101248W</p> <p>Akeel Master
Partner
Membership No.: 046768</p> <p>Mumbai
Dated: April 30, 2010</p> | | |

Reliance Capital Limited

Abridged Balance Sheet as at March 31, 2010

(Rs. in crore)

	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS		
Shareholder's Funds		
(a) Share Capital - Equity	246.16	246.16
(b) Reserves and Surplus	6,712.90	6,560.28
(i) Capital Reserve	6.43	6.43
(ii) Capital Redemption Reserve	10.13	10.13
(iii) Securities Premium Account	3,290.96	3,290.96
(iv) Statutory Reserve Fund	883.05	815.17
(v) General Reserve	551.01	517.07
(vi) Surplus in Profit & Loss Account	1,971.32	1,920.52
Loan Funds		
(i) Non Convertible Debentures	3,882.08	1,181.90
(ii) Secured Loans (other than debentures)	1,854.68	2,744.85
a) Term Loan	785.26	1,010.29
b) Cash Credit	-	-
c) Others	-	-
(iii) Unsecured Loans	5,436.13	8,842.02
Deferred Tax Liability		
Total	11,958.15	13,779.06
	6.00	6.50
	<u>18,923.21</u>	<u>20,592.00</u>
APPLICATION OF FUNDS		
Fixed Assets		
(a) Gross Block	211.20	351.63
(b) Less: Depreciation	125.69	252.69
(c) Net Block	85.51	98.94
(d) Capital Work-in-Progress	82.25	80.74
	167.76	179.68
Investments		
(a) Government Securities	-	-
(i) Quoted	-	-
(ii) Unquoted *	-	-
* Rs 45,000 (Previous Year Rs 45,000)		
(b) Investment in Subsidiary Companies - Unquoted	1,934.17	1,261.17
(c) Others	2,127.97	2,939.53
(i) Quoted	6,613.90	4,545.79
(ii) Unquoted (including Partnership Firm current account)	-	-
(Market Value Quoted Investment Rs.2079.54 crore; Previous year Rs.2398.72 crore)	10,676.04	8,746.49
	587.48	328.10
Accrued Premium / Interest on Investments		
Current Assets, Loans & Advances		
(a) Inventories	-	0.53
(b) Sundry Debtors	121.23	0.46
(c) Cash and Bank Balances	392.34	338.36
(d) Other Current Assets	28.07	85.03
(i) Income Accrued on Loans	60.00	60.00
(ii) Asset Held for Sale	13.80	7.74
(iii) Repossessed Assets / Receivables for Assets on Lease	-	-
(e) Loans and Advances	127.99	310.09
(i) To subsidiary Companies	7,853.59	11,078.69
(ii) To Others	8,597.02	11,880.90
Less: Current Liabilities and Provisions		
(a) Current Liabilities	970.19	415.94
(b) Provisions	208.27	236.24
	1,178.46	652.18
Net Current Assets	7,418.56	11,228.72
Loan Originating Cost (Unamortised)	73.37	109.01
Total	<u>18,923.21</u>	<u>20,592.00</u>

Significant Accounting Policies Notes to Financial Statements

Compiled from the Audited Accounts of the Company referred to in our Report dated April 30, 2010.

As per our report of even date

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

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

C. D. Lala
Partner
Membership No.: 35671
Mumbai
Dated: April 30, 2010

Akeel Master
Partner
Membership No.: 046768

For and on behalf of the Board
Chairman
Vice Chairman
Directors

Anil D. Ambani
Amitabh Jhunjhunwala
Rajendra P. Chitale
C. P. Jain
Dr. Bidhubhusan Samal
V. R. Mohan

Company Secretary & Manager
Mumbai
Dated: April 30, 2010

Abridged Profit and Loss Account for the year ended March 31, 2010

(Rs. in crore)

	2009-10	2008-09
Income		
Operating & Other Income		
Dividend	10.30	17.92
Interest	1,636.56	1,717.30
Profit on Sale of (Net)		
Long Term Investments	315.53	1,146.24
Stock-in-trade	169.00	31.49
	484.53	1,177.73
Processing Fee	37.33	33.86
Premium on Loan Assignment and Securitisation	153.32	2.80
Depository Participant Transaction Charges	15.85	11.31
Other Operating Income	28.73	13.42
Other Income	23.26	40.11
Total	2,389.88	3,014.45
Expenditure		
Salary, Wages and Other Employee Benefits (Including Managerial Remuneration)	121.64	149.08
Auditor's Remuneration	0.66	0.66
Provisions for Non Performing Assets	256.26	136.22
Provision for Diminution in the Value of Investments	1.87	50.04
Provision for Repossessed Stock	0.93	4.29
Other Expenses	220.49	291.27
Interest & Finance Charges	1,259.60	1,236.75
Depreciation	18.16	21.22
DSA Commission	81.94	47.72
Total	1,961.55	1,937.25
Profit Before Tax	428.33	1,077.20
Provision for Current Taxation	89.41	123.68
Provision for Fringe Benefit Tax	-	2.50
Provision for Deferred Tax	(0.50)	(17.00)
	88.91	109.18
Profit After Tax	339.42	968.02
Add : Balance Brought Forward	1,920.52	1,429.72
Profit Available For Appropriations	2,259.94	2,397.74
Proposed Dividend	159.66	159.66
Tax on Proposed Dividend	27.14	27.14
Transfer to Statutory Reserve Fund	67.88	193.61
Transfer to General Reserve	33.94	96.81
Balance Carried to Balance Sheet	1,971.32	1,920.52
	2,259.94	2,397.74
Earning per Equity Share of Rs10 each Fully Paidup		
Basic (Rs.)	13.82	39.41
Diluted (Rs.)	13.82	39.41

Significant Accounting Policies

Notes to Financial Statements

Compiled from the Audited Accounts of the Company referred to in our Report dated April 30, 2010.

As per our report of even date

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

C. D. Lala
Partner
Membership No.: 35671
Mumbai
Dated: April 30, 2010

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

Akeel Master
Partner
Membership No.: 046768

For and on behalf of the Board

Chairman
Vice Chairman

Directors

Company Secretary & Manager
Mumbai
Dated: April 30, 2010

Anil D. Ambani
Amitabh Jhunjhunwala

Rajendra P. Chitale
C. P. Jain
Dr. Bidhubhusan Samal

V. R. Mohan

Reliance Capital Limited

Notes to the Abridged Financial Statements

A. Background

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

B. Basis of preparation of Financial Statements

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

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

C. Use of Estimates and Judgments

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

D. Revenue Recognition

i) Interest Income

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

ii) Dividend Income

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

iii) Income from Investments

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

iv) Discount on investments

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

v) Redemption Premium on Investments in Preference Shares

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

vi) Share of Profits or Losses in Partnership Firm

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

vii) Loan Processing Fee Income

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

viii) Income from Assignment / Securitization

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

b) In case of securitization of loans, the transferred loans are de-recognised and gains/losses are accounted for only if the Company surrenders the rights to benefits specified in the underlying securitized loan contract. In accordance with the RBI guidelines for securitization of standard assets, which is effective from February 1, 2006, the Company has recognised any loss arising from securitization immediately at the time of sale and premium arising

Notes to the Abridged Financial Statements

from securitization is amortized over the life of securities issued or to be issued by the special purpose vehicle to which the assets are sold.

ix) Income from Derivatives

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

E. Fixed Assets

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

F. Leased Assets

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

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

G. Intangible Assets

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

H. Depreciation / Amortisation

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

- i) Assets for Own use : On Written Down Value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- ii) Leased Assets : On Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- iii) Leasehold Improvements : Amortised over the primary period of the lease on Straight Line Basis.

The Company provides pro-rata depreciation from the day the asset is put to use and for any asset sold, till the date of sale.

I. Impairment of Assets

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

J. Investments

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

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

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

K. Stock-in-trade

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

L. Assets Held for Sale

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

M. Repossession of Assets

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

N. Loan Origination/Acquisition Cost

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

Reliance Capital Limited

Notes to the Abridged Financial Statements

O. Security of Loans Given

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

P. Discount on Commercial Paper

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

Q. Employee Retirement Benefits

i) Provident Fund

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

ii) Gratuity

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

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

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

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

iii) Leave Encashment

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

iv) Compensated Absences

The employees of the Company are entitled to compensated absence. The employees can carry forward a portion of the unutilised accrued leave balance and utilise it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the service that increases the entitlement. The Company measures the expected cost of compensated absence as the amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

R. Employee Stock Option Scheme ("ESOS")

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

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

S. Foreign Currency Transactions

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

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

Notes to the Abridged Financial Statements**T. Borrowing Costs**

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

U. Operating Leases

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

V. Earnings Per Share

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

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

W. Provisions for Non Performing Assets (NPA) and Doubtful Debts

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

X. Taxation

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

Deferred Taxation

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

Fringe Benefit Tax

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

Y. 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 the change occurs.

Reliance Capital Limited

Notes to the Abridged Financial Statements

- 1 Previous year's figures have been reworked, regrouped and reclassified wherever necessary.
- 2 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:

(Rs. in crore)

Particulars	Securitisation		Assignment	
	Outside	Subsidiaries	Outside	Total
Total number of loan assets Securitized / Assigned (Nos.)	33 314	21 241	17 788	72 343
	(-)	(2769)	(-)	(2769)
Total book value of loan assets Securitized / Assigned	1 249.16	2 512.36	1 241.54	5 003.06
	(-)	(197.21)	(-)	(197.21)
Sale consideration received for the Securitized / Assigned assets	1 249.16	2 531.01	1 376.21	5 156.38
	(-)	(200.00)	(-)	(200.00)
Net gain on account of Securitization / Assigned	-	18.65	134.67	153.32
	(-)	(2.80)	(-)	(2.80)
Outstanding Credit Enhancement (Funded)	165.20	-	-	165.20
	(-)	(-)	(-)	(-)
Outstanding Liquidity Facility	-	-	-	-
	(-)	(-)	(-)	(-)
Net Outstanding Servicing Asset / (Liability)	-	(2.68)	-	(2.68)
	(-)	(-)	(-)	(-)

Note: Figures in bracket indicate previous year figures.

- b) The Company invests in Pass Through Certificates (PTCs) and purchases loans through the direct assignment route. In some of the securitisation transactions, the Company also has invested in the assets securitised by it, which, however, is restricted to the maximum limit prescribed by RBI from time to time.
- 3 During the year the Company has entered into a agreement with AU Financiers (India) Pvt. Ltd. for loan assignment. As per deed of assignment, for loans aggregating to Rs.8.16 crore (Previous year Rs.Nil) the Company has been assigned the right to future receivables along with a power of attorney authorizing the Company, inter-alia, to obtain possession of the property in case of default. The above loans are secured against hypothecation of underlying assets.
- 4 During the year, the company has sold the assets amounting to Rs.4.05 crore (Previous Year Rs.Nil) at cost. The same has been acquired in accordance with the requirement of RBI Circular: DBOD.NO.BP.BC.16/21.04.048/05-06 dated July 13, 2005 on Guidelines on Purchase / Sale of Non Performing Assets.
- 5 Subsequent to the Balance sheet date, on April 26, 2010, the Company entered into business transfer agreement with its subsidiaries i.e. Reliance Home Finance Private Limited (RHFPL) and Reliance Consumer Finance Private Limited (RCFPL) (together referred to as 'the purchasers') to transfer the business of Consumer Finance Division (RCF) segment at book value such that the entire economic risk and reward of the RCF segment passes to the purchasers from the commencement of business on the value date i.e. April 1, 2010. Pursuant to the provisions of Section 293(1)(a) and Section 192A of the Act, the Company is in the process of obtaining shareholders' approval.

As per the business transfer agreement entered into with the purchasers, the Company has agreed to hold in trust for the benefit of the purchasers any part of the assets and liabilities that has not been transferred to the purchasers on the value date.

The assets and liabilities transferred to the purchasers as at April 1, 2010 are as follows :

Total Assets Rs.6,239.83 crore

Total Liabilities Rs.5,986.75 crore

- 6 During the year the Company has introduced Employee Stock Option Plan, under which it has granted 7,96,900 options (3,99,900 options under Plan A and 3,97,000 options under Plan B) to the eligible employees of the Company as well as employees of its Subsidiary Companies on the basis of their performance and other eligibility criteria. ESOS Plans are administered through an ESOS Trust. The vesting of the options is on the expiry of one year and so on from the date of grant as per Plan under the respective ESOS(s). In respect of Options granted, the accounting value of Options (based on market price of the share on the date of the grant of the option) is accounted as deferred employee compensation, which is amortised on a straight line basis over the vesting period. Each Option entitles the holder thereof to apply for and be allotted/ transferred one Equity Share of the Company of Rs.10 each upon payment of the exercise price during the exercise period. The Company has established a Trust for the implementation and management of ESOS for the benefit of its present and future employees. Advance of Rs.96.41 crore (Previous year Rs.Nil) has been granted to the Trust. Rs.96.40 (Previous year Rs.Nil) has been utilised by the Trust for purchasing 11,00,000 (Previous year Nil) Equity Shares during the period upto March 31, 2010.

Notes to the Abridged Financial Statements

The fair value of the options granted was estimated on the date of grant using the Black Scholes Model with the following assumptions; the information covering stock options granted, exercised, forfeited and outstanding at the year end is as follows:

Particulars	Plan A				Plan B				
	Vest 1	Vest 2	Vest 3	Vest 4	Vest 1	Vest 2	Vest 3	Vest 4	Vest 5
Date of Grant	1-Feb-2010	1-Feb-2010	1-Feb-2010	1-Feb-2010	1-Feb-2010	1-Feb-2010	1-Feb-2010	1-Feb-2010	1-Feb-2010
Prices of the Underlying Stock (Rs.)	805.00	805.00	805.00	805.00	805.00	805.00	805.00	805.00	805.00
Continuous Risk-free Interest Rate	7.01%	7.10%	7.19%	7.27%	7.01%	7.10%	7.19%	7.27%	7.34%
Exercise/Strike Price	800.00	800.00	800.00	800.00	800.00	800.00	800.00	800.00	800.00
Volatility	64.04%	63.66%	62.60%	61.23%	64.04%	63.66%	62.60%	61.23%	59.56%
Time to Expiration (years)	5.50	6.00	6.50	7.00	5.50	6.00	6.50	7.00	7.50
Time to Expiration (days)	2,008	2,191	2,374	2,556	2,008	2,191	2,374	2,556	2,739
Expected Dividend (%)	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%
Fair Value of Stock Option (Rs.)	510.00	527.00	540.00	551.00	510.00	527.00	540.00	551.00	559.00
Proportion of Vest	20.00%	20.00%	20.00%	40.00%	10.00%	10.00%	20.00%	20.00%	40.00%
Weighted Average Fair Value (Rs.)	536.00	536.00	536.00	536.00	546.00	546.00	546.00	546.00	546.00

Particulars	Plan A			Plan B		
	No. of Stock Options	Weighted Average Exercise Price (Rs.)	Weighted Average Remaining Contractual Life (in Years)	No. of Stock Options	Weighted Average Exercise Price (Rs.)	Weighted Average Remaining Contractual Life (in Years)
Outstanding at the beginning of the year	Nil	N.A.	N.A.	Nil	N.A.	N.A.
Granted	399 900	536.00	5.50 to 7.00	397 000	546.00	5.50 to 7.50
Exercised	Nil	N.A.	N.A.	Nil	N.A.	N.A.
Lapsed / Forfeited	Nil	N.A.	N.A.	Nil	N.A.	N.A.
Outstanding at the end of the year	399 900	536.00	5.50 to 7.00	397 000	546.00	5.50 to 7.50
Exercisable at end of the year	399 900	536.00	N.A.	397 000	546.00	N.A.

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

7 Micro, small and medium enterprises

During the current year, the management has carried out the process of identification of enterprises, which have provided goods and services to the Company and which qualify under the definition of medium and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Based on the inputs received on above, there have been no reporting cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments.

8 The Company is a partner in the following firms

i) Reliance Capital Partners

a) The firm consists of following partners

i) Reliance Capital Limited

ii) Reliance Land Pvt. Ltd.

iii) Shri Surendra Pipara

b) Profit Sharing Ratio:

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

The Loss of Rs.1.04 crore is considered as Loss of the current financial year (Previous Year Loss of Rs.4.40 crore).

Reliance Capital Limited

Notes to the Abridged Financial Statements

ii) Reliance Capital Infrastructure Partners:

a) The firm consists of following partners:

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

b) Profit Sharing Ratio:

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

The firm has not commenced operations during the year ended March 31, 2010 and there has been no contribution of capital upto March 31, 2010.

9. Auditors' Remuneration (excluding Service Tax) includes

Particulars	(Rs. in crore)	
	2009-10	2008-09
i) Audit Fees	0.64	0.64
ii) Tax Audit Fees	0.01	0.01
iii) Reimbursement of Out of Pocket Expenses	0.01	0.01
Total	0.66	0.66

10. Managerial Remuneration

(a) Remuneration to Company Secretary & Manager

(included under the head "Payments to and Provisions for Employees")

Particulars	(Rs. in crore)	
	2009-10	2008-09
i) Salary	0.36	0.28
ii) Contribution to Provident Fund and Superannuation Fund	0.05	0.05
Total	0.41	0.33

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

(b) Commission to Non-Executive Directors

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

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

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

Particulars	(Rs. in crore)	
	2009-10	2008-09
Profit before taxation	428.33	1077.20
Add: Depreciation as per accounts	18.16	21.22
(Profit)/Loss on sale of Fixed Assets	0.83	(0.01)
Managerial Remuneration*	0.76	0.44
	19.75	21.65
	448.08	1,098.85
Less:		
Depreciation as per Section 350 of the Companies Act, 1956	18.16	21.22
Net Profit for the year	429.92	1077.63
Commission Restricted to (3%)	12.90	32.33
Commission to Non-Executive Directors	0.76	0.44

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

* The Managerial Remuneration paid during the current year in relation to FY 2008-09 is Rs.0.60 crore as against a provision of Rs.0.44 crore. Hence the total amount of Rs.0.76 crore in FY 2009-10 includes, the excess amount paid over provision made in FY 2008-09 i.e. Rs.0.16 crore and also Rs.0.60 crore provision for FY 2009-10.

11. Employee benefits

a) Defined Contribution Plan

Amount of Rs.4.22 crore (Previous Year : Rs.5.61 crore) is recognised as expense and included in "Employee costs" referred to in Schedule 'L' in the Profit and Loss Account.

b) Defined Benefit Plan

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

Notes to the Abridged Financial Statements

(Rs. in crore)

Particular	Gratuity Benefit Funded		Leave Encashment Benefit Unfunded	
	2009-10	2008-09	2009-10	2008-09
I. Table showing change in				
Liability at the beginning of the period	1.83	1.52	6.10	5.70
Interest Cost	0.14	0.12	0.32	0.29
Current Service Cost	0.69	1.06	4.38	2.01
Benefit Paid	(0.05)	-	(2.84)	(3.76)
Actuarial (gain)/loss on obligations	0.29	(0.87)	(3.93)	1.86
Liability at the end of the period	2.90	1.83	4.03	6.10
II. Tables of Fair Value of Plan Assets				
Fair Value of Plan Assets at the beginning of the period	2.98	2.69	-	-
Expected return on Plan Assets	0.22	0.21	-	-
Contributions	0.38	0.22	2.84	3.76
Benefit paid	(0.05)	-	(2.84)	(3.76)
Actuarial gain/(loss) on Plan Assets	0.23	(0.14)	0.00	-
Fair value of Plan Assets at the end of the period	3.76	2.98	0.00	-
Total Actuarial gain/(loss) to be recognized	(0.06)	0.73	3.93	(1.86)
III. Actual return on Plan Assets				
Expected return on Plan Assets	0.22	0.21	-	-
Actuarial gain/(loss) on Plan Assets	0.23	(0.14)	-	-
Actual return on Plan Assets	0.45	0.07	-	-
IV. Amount recognised in the Balance Sheet				
Liability at the end of the period	2.90	1.83	4.03	6.10
Fair Value of Plan Assets at the end of the period	3.76	2.98	0.00	-
Difference Funded status	(0.86)	(1.15)	(4.03)	(6.10)
Unrecognised Actual Gain / (Loss)	-	-	-	-
Amount recognised in the Balance Sheet (liability)	(0.86)	(1.15)	(4.03)	(6.10)
V. Expenses recognised in the Profit and Loss Account				
Current Service Cost	0.69	1.06	4.38	2.01
Interest Cost	0.14	0.12	0.32	0.29
Expected return on Plan Assets	(0.22)	(0.21)	-	-
Net Actuarial (gain)/loss to be recognized	0.06	(0.73)	(3.93)	1.86
Expense recognised in Profit and Loss Account	0.67	0.24	0.77	4.16
VI. Amount recognised in the Balance Sheet				
Opening Net Liability	(1.15)	(1.17)	6.10	5.70
Expense as above	0.67	0.24	0.77	4.16
Employers Contribution paid	(0.38)	(0.22)	(2.84)	(3.76)
Closing Net Liability	(0.86)	(1.15)	4.03	6.10
VII. Assumptions				
Discount Rate	8.25%	7.50%	7.50%	7.00%
Rate of return on Plan Assets	8.25%	7.50%	-	-
Salary Escalation Rate	5.00%	5.00%	5.00%	5.00%
VIII. Experience Adjustment				
Plan Assets	3.76	2.98	-	-
Defined benefit obligations	2.90	1.83	-	-
Amount not recognised as an Asset (limit in para 59(b))	0.00	0.00	-	-
Surplus / (Deficit)	0.86	1.14	-	-
Experience adjustment on Plan Assets	0.23	(0.40)	-	-
Experience adjustment on Plan Liabilities	0.58	(0.99)	-	-

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

Reliance Capital Limited

Notes to the Abridged Financial Statements

General Descriptions of significant defined plans:

a) Gratuity Plan

i) 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.

ii) During the year, entries pertaining to earlier years amounting to Rs.1.58 crore are rectified and contributions amounting to Rs.0.38 crore are shown as expenses for the year.

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.

12. Segment reporting:

As per paragraph 4 of Accounting Standard (AS-17), on "Segment Reporting" notified by the Companies (Accounting Standard) Rules 2006, where a single financial report contains both consolidated financial statements and the separate financial statements of the holding company, segment reporting needs to be presented only on the basis of consolidated financial statements. In view of this, segment information has been presented at Note No.15 of Schedule 'O' of the consolidated financial statements.

13. Related party disclosures:

i) **Holding Company**

Reliance Innoventures Pvt. Ltd. (Holding Company w.e.f. June 26, 2009)

AAA Enterprises Pvt. Ltd. (Ceased to be Holding Company w.e.f. June 26, 2009)

ii) **Individual Promoter**

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

iii) **Subsidiaries**

Reliance Capital Asset Management Ltd.

Reliance Capital Trustee Company Ltd.

Reliance General Insurance Company Ltd.

Reliance Gilts Ltd.

Reliance Capital Research Pvt. Ltd.

Reliance Money Express Ltd.

Medybiz Pvt. Ltd.

Net Logistics Pvt. Ltd.

Reliance Venture Asset Management Pvt. Ltd. (formerly Reliance Technology Ventures Pvt. Ltd.)

Reliance Capital Markets Pvt. Ltd.

Reliance Asset Management (Mauritius) Ltd.

Reliance Asset Management (Malaysia) SDN BHD w.e.f. April 19, 2009.

Reliance Asset Management (Singapore) Pte. Ltd.

Reliance Capital Asset Management (UK) Plc.

Reliance Equity Advisors (India) Ltd.

Reliance Consultants (Mauritius) Ltd.

Reliance Equities International Pvt. Ltd.

Reliance Home Finance Pvt. Ltd.

Reliance Capital Services Pvt. Ltd.

Reliance Capital (Singapore) Pte. Ltd.

Reliance Consumer Finance Pvt. Ltd.

Reliance Securities Ltd.

Reliance Commodities Ltd.

Notes to the Abridged Financial Statements

- Reliance Financial Ltd.
 Reliance Alternative Investments Services Pvt. Ltd.
 Reliance Prime International Ltd.
 Reliance Capital Pension Fund Ltd.
- iv) Partnership firm**
 Reliance Capital Partners
 Reliance Capital Infrastructure Partners
- v) Associates**
 Reliance Land Pvt. Ltd.
 Reliance Share & Stock Brokers Pvt. Ltd.
 Ammolite Holdings Ltd.
 Reliance Asset Reconstruction Co. Ltd.
- vi) Fellow subsidiaries**
 Reliance Communications Ltd.
 Reliance Communications Infrastructure Ltd.
 Reliance Telecom Ltd.
 Matrix Innovations Ltd.
 Reliance Natural Resources Ltd.
 Reliance WiMax Ltd.
 Reliance Webstore Ltd.
 Reliance Infocomm Infrastructure Pvt. Ltd.
- vii) Key management personnel**
 Shri V. R. Mohan – Company Secretary & Manager
- viii) Transactions during the year with related parties**

(Rs. in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Key Management Personnel	Total
Investments						
a) Subscribed / Purchased during the year	673.00 (452.11)	- (-)	393.29 (34.24)	- (-)	- (-)	1,066.29 (486.35)
b) Balance as at March 31, 2010	1,934.17 (1261.17)	98.18 (211.77)	448.01 (54.72)	- (-)	- (-)	2,480.36 (1527.66)
Partnership Current Accounts						
a) Contribution/(withdrawal) during the year (Net)	- (-)	- (-)	- (-)	148.23 (191.59)	- (-)	148.23 (191.59)
b) Loss of Partnership firm during the year	- (-)	- (-)	- (-)	1.04 (4.40)	- (-)	1.04 (4.40)
c) Balance as at March 31, 2010	- (-)	- (-)	- (-)	443.17 (295.98)	- (-)	443.17 (295.98)
Premium accrued on Investment	- (-)	- (-)	24.95 (2.90)	- (-)	- (-)	24.95 (2.90)

Reliance Capital Limited

Notes to the Abridged Financial Statements

(Rs. in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Key Management Personnel	Total
Loans						
a) Given during the year	1,562.52	-	35.56	-	-	1,598.08
	(65.46)	(-)	(559.80)	(-)	(-)	(625.26)
b) Returned during the year	1,631.50	-	491.18	-	-	2,122.68
	(15.02)	(385.00)	(641.55)	(-)	(-)	(1041.57)
c) Balance as at March 31, 2010	99.85	-	27.81	-	0.05	127.71
	(168.83)	(-)	(483.43)	(-)	(0.05)	(652.31)
d) Assignment of Loans	2,531.01	-	-	-	-	2,531.01
	(200.00)	(-)	(-)	(-)	(-)	(200.00)
Sundry Debtors / Advances recoverable in Cash or in Kind						
a) Balance as at March 31, 2010	28.79	7.02	-	-	-	35.81
	(141.26)	(7.17)	(0.11)	(-)	(-)	(148.54)
b) Interest receivable as at March 31, 2010	-	-	-	-	-	-
	(0.68)	(-)	(8.53)	(-)	(-)	(9.21)
Current Liabilities						
a) Sundry Creditors Balance as at March 31, 2010	2.68	-	-	-	-	2.68
	(2.99)	(0.13)	(-)	(-)	(-)	(3.12)
Income						
a) Interest & Finance Income (including Premium on Preference Shares)	13.11	0.00	22.74	-	-	35.85
	(13.06)	(21.00)	(41.78)	(-)	(-)	(75.84)
b) Rent	0.67	4.41	-	-	-	5.08
	(1.56)	(4.41)	(-)	(-)	(-)	(5.97)
c) Front End Fees	-	-	-	-	-	-
	(-)	(-)	(1.25)	(-)	(-)	(1.25)
d) Miscellaneous Income	0.16	-	-	-	-	0.16
Previous Year Credit Balance	()	(-)	(-)	(-)	(-)	(*)
Written back Rs.36,871						
e) Reimbursement of Expenditure	12.10	2.40	0.05	-	-	14.55
	(10.61)	(2.41)	(0.08)	(-)	(-)	(13.10)
f) Premium on Loan Assignment	18.65	-	-	-	-	18.65
	(2.80)	(-)	(-)	(-)	(-)	(2.80)
Expenditure						
a) Rent	0.21	-	-	-	-	0.21
	(0.79)	(2.53)	(-)	(-)	(-)	(3.32)
b) Insurance	0.42	-	-	-	-	0.42
	(0.49)	(-)	(-)	(-)	(-)	(0.49)
c) Payment to and provisions for employees	-	-	-	-	0.41	0.41
	(-)	(-)	(-)	(-)	(0.33)	(0.33)
d) Professional and management fees	4.99	3.26	-	-	-	8.25
	(1.94)	(1.37)	(-)	(-)	(-)	(3.31)
e) Repairs & Maintenance - Others	-	4.95	-	-	-	4.95
	(-)	(6.38)	(-)	(-)	(-)	(6.38)
f) Brokerage paid during the year	4.68	-	-	-	-	4.68
	(2.47)	(-)	(-)	(-)	(-)	(2.47)
g) Miscellaneous	8.39	0.01	-	-	-	8.40
	(0.77)	(0.05)	(0.01)	(-)	(-)	(0.83)
Contingent Liability						
a) Guarantees to Banks and Financial Institutions on behalf of third parties	40.00	-	75.00	-	-	115.00
	(290.00)	(-)	(75.00)	(-)	(-)	(365.00)

Notes to the Abridged Financial Statements

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

(Rs. in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Key Management Personnel	Total
Investments						
a) Subscribed / Purchased during the year						
i) Reliance General	210.00	-	-	-	-	210.00
Insurance Company Ltd.	(159.99)	(-)	(-)	(-)	(-)	(159.99)
ii) Reliance Consumer	228.00	-	-	-	-	228.00
Finance Pvt. Ltd.	(101.00)	(-)	(-)	(-)	(-)	(101.00)
iii) Reliance Home	195.00	-	-	-	-	195.00
Finance Pvt. Ltd.	(101.00)	(-)	(-)	(-)	(-)	(101.00)
iv) Reliance Land Pvt. Ltd.	-	-	350.00	-	-	350.00
	(-)	(-)	(1.00)	(-)	(-)	(1.00)
v) Reliance Asset Reconstruction	-	-	43.29	-	-	43.29
Co. Ltd.	(-)	(-)	(4.23)	(-)	(-)	(4.23)
vi) Ammolite Holdings Ltd.	-	-	-	-	-	-
	(-)	(-)	(29.01)	(-)	(-)	(29.01)
b) Balance as at March 31, 2010						
i) Reliance General	977.00	-	-	-	-	977.00
Insurance Company Ltd.	(767.00)	(-)	(-)	(-)	(-)	(767.00)
ii) Reliance Communications Ltd.	-	95.46	-	-	-	95.46
	(-)	(209.05)	(-)	(-)	(-)	(209.05)
iii) Reliance Land Pvt. Ltd.	-	-	361.00	-	-	361.00
	(-)	(-)	(11.00)	(-)	(-)	(11.00)
iv) Reliance Asset Reconstruction	-	-	49.00	-	-	49.00
Co. Ltd.	(-)	(-)	(5.71)	(-)	(-)	(5.71)
v) Reliance Consumer	329.00	-	-	-	-	329.00
Finance Pvt. Ltd.	(101.00)	(-)	(-)	(-)	(-)	(101.00)
vi) Reliance Home	296.00	-	-	-	-	296.00
Finance Pvt. Ltd.	(101.00)	(-)	(-)	(-)	(-)	(101.00)
vii) Reliance Share & Stock	-	-	9.00	-	-	9.00
Brokers Pvt. Ltd.	(-)	(-)	(9.00)	(-)	(-)	(9.00)
viii) Ammolite Holdings Ltd.	-	-	29.01	-	-	29.01
	(-)	(-)	(29.01)	(-)	(-)	(29.01)
ix) Reliance Securities Ltd.	175.06	-	-	-	-	175.06
	(175.06)	(-)	(-)	(-)	(-)	(175.06)
Partnership Current Accounts						
a) Contribution /(withdrawal) during the year (Net)						
i) Reliance Capital Partners	-	-	-	148.23	-	148.23
	(-)	(-)	(-)	(191.59)	(-)	(191.59)
b) Loss of Partnership firm during the year						
i) Reliance Capital Partners	-	-	-	1.04	-	1.04
	(-)	(-)	(-)	(4.40)	(-)	(4.40)
c) Balance as at March 31, 2010						
i) Reliance Capital Partners	-	-	-	443.17	-	443.17
	(-)	(-)	(-)	(295.98)	(-)	(295.98)
Premium accrued on Investment						
i) Reliance Land Pvt. Ltd.	-	-	15.71	-	-	15.71
	(-)	(-)	(-)	(-)	(-)	(-)
ii) Ammolite Holdings Ltd.	-	-	9.24	-	-	9.24
	(-)	(-)	(2.90)	(-)	(-)	(2.90)

Reliance Capital Limited

Notes to the Abridged Financial Statements

(Rs. in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Key Management Personnel	Total
ii) Reliance Capital Asset Management Ltd.	0.65 (-)	- (-)	- (-)	- (-)	- (-)	0.65 (-)
Loans						
a) Given during the year						
i) Reliance Land Pvt. Ltd.	- (-)	- (-)	15.56 (558.20)	- (-)	- (-)	15.56 (558.20)
ii) Reliance Asset Reconstruction Co. Ltd.	- (-)	- (-)	20.00 (-)	- (-)	- (-)	20.00 (-)
iii) Reliance Securities Ltd.	329.00 (-)	- (-)	- (-)	- (-)	- (-)	329.00 (-)
iv) Reliance Financial Ltd.	1,087.50 (-)	- (-)	- (-)	- (-)	- (-)	1,087.50 (-)
b) Returned during the year						
i) Reliance Communications Infrastructure Ltd.	- (-)	- (385.00)	- (-)	- (-)	- (-)	- (385.00)
ii) Reliance Land Pvt. Ltd.	- (-)	- (-)	486.87 (581.05)	- (-)	- (-)	486.87 (581.05)
iii) Reliance Securities Ltd.	440.00 (-)	- (-)	- (-)	- (-)	- (-)	440.00 (-)
iv) Reliance Financial Ltd.	1,087.50 (-)	- (-)	- (-)	- (-)	- (-)	1,087.50 (-)
c) Balance as at March 31, 2010						
i) Reliance Securities Ltd.	- (111.00)	- (-)	- (-)	- (-)	- (-)	- (111.00)
ii) Reliance Land Pvt. Ltd.	- (-)	- (-)	12.12 (483.43)	- (-)	- (-)	12.12 (483.43)
iii) Reliance Asset Reconstruction Co. Ltd.	- (-)	- (-)	15.69 (-)	- (-)	- (-)	15.69 (-)
iv) Reliance Gilts Ltd.	22.80 (2.00)	- (-)	- (-)	- (-)	- (-)	22.80 (2.00)
v) Reliance Equity Advisors (India) Ltd.	32.10 (12.10)	- (-)	- (-)	- (-)	- (-)	32.10 (12.10)
vi) Medybiz Pvt. Ltd.	10.09 (7.87)	- (-)	- (-)	- (-)	- (-)	10.09 (7.87)
vii) Reliance Capital Services Pvt. Ltd.	34.86 (15.86)	- (-)	- (-)	- (-)	- (-)	34.86 (15.86)
vii) Reliance Equities International Pvt. Ltd.	- (20.00)	- (-)	- (-)	- (-)	- (-)	- (20.00)
viii) Shri V. R. Mohan	- (-)	- (-)	- (-)	- (-)	0.05 (0.05)	0.05 (0.05)
d) Assignment of Loans						
i) Reliance Home Finance Pvt. Ltd.	1,365.03 (100.00)	- (-)	- (-)	- (-)	- (-)	1,365.03 (100.00)
ii) Reliance Consumer Finance Pvt. Ltd.	1,165.98 (100.00)	- (-)	- (-)	- (-)	- (-)	1,165.98 (100.00)
Sundry Debtors / Advances recoverable in Cash or in Kind						
a) Balance as at March 31, 2010						
i) Reliance Securities Ltd.	23.69 (138.93)	- (-)	- (-)	- (-)	- (-)	23.69 (138.93)
ii) Reliance General Insurance Company Ltd.	4.33 (1.93)	- (-)	- (-)	- (-)	- (-)	4.33 (1.93)
iii) Reliance Communications Infrastructure Ltd.	- (-)	6.74 (6.94)	- (-)	- (-)	- (-)	6.74 (6.94)

Notes to the Abridged Financial Statements

(Rs. in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Key Management Personnel	Total
b) Interest Receivable on above						
i) Reliance Land Pvt. Ltd.	-	-	-	-	-	-
	(-)	(-)	(8.53)	(-)	(-)	(8.53)
ii) Reliance Equity Advisors (India) Ltd.	-	-	-	-	-	-
	(0.26)	(-)	(-)	(-)	(-)	(0.26)
iii) Reliance Equities International Pvt. Ltd.	-	-	-	-	-	-
	(0.42)	(-)	(-)	(-)	(-)	(0.42)
Current Liabilities						
a) Sundry Creditors Balance as at March 31, 2010						
i) Reliance Equities International Pvt. Ltd.	-	-	-	-	-	-
	(0.09)	(-)	(-)	(-)	(-)	(0.09)
ii) Reliance Home Finance Pvt. Ltd.	1.99	-	-	-	-	1.99
	(0.22)	(-)	(-)	(-)	(-)	(0.22)
iii) Reliance Consumer Finance Pvt. Ltd.	0.69	-	-	-	-	0.69
	(2.68)	(-)	(-)	(-)	(-)	(2.68)
iv) Reliance Infocomm Infrastructure Pvt. Ltd.	-	-	-	-	-	-
	(-)	(0.13)	(-)	(-)	(-)	(0.13)
Income						
a) Interest & Finance Income (including Premium on Preference Shares)						
i) Reliance Securities Ltd.	6.28	-	-	-	-	6.28
	(11.17)	(-)	(-)	(-)	(-)	(11.17)
ii) Reliance Financial Ltd.	2.39	-	-	-	-	2.39
	(-)	(-)	(-)	(-)	(-)	(-)
iii) Reliance Land Pvt. Ltd.	-	-	15.71	-	-	15.71
	(-)	(-)	(37.69)	(-)	(-)	(37.69)
iv) Reliance Communications Infrastructure Ltd.	-	-	-	-	-	-
	(-)	(21.00)	(-)	(-)	(-)	(21.00)
v) Ammolite Holdings Ltd.	-	-	6.34	-	-	6.34
	(-)	(-)	(2.90)	(-)	(-)	(2.90)
vi) Reliance Equity Advisors (India) Ltd.	2.90	-	-	-	-	2.90
	(-)	(-)	(-)	(-)	(-)	(-)
b) Rent						
i) Reliance Capital Asset Management Ltd.	0.59	-	-	-	-	0.59
	(1.56)	(-)	(-)	(-)	(-)	(1.56)
ii) Reliance Communications Infrastructure Ltd.	-	4.41	-	-	-	4.41
	(-)	(4.41)	(-)	(-)	(-)	(4.41)
c) Front End Fees						
i) Reliance Land Pvt. Ltd.	-	-	-	-	-	-
	(-)	(-)	(1.25)	(-)	(-)	(1.25)
d) Miscellaneous Income						
i) Reliance General Insurance Company Ltd.	0.16	-	-	-	-	0.16
	(-)	(-)	(-)	(-)	(-)	(-)
e) Reimbursement of Expenditure						
i) Reliance General Insurance Company Ltd.	7.35	-	-	-	-	7.35
	(7.35)	(-)	(-)	(-)	(-)	(7.35)
ii) Reliance Communications Infrastructure Ltd.	-	2.37	-	-	-	2.37
	(-)	(2.41)	(-)	(-)	(-)	(2.41)
iii) Reliance Asset Reconstruction Co. Ltd.	-	-	0.05	-	-	0.05
	(-)	(-)	(0.09)	(-)	(-)	(0.09)
iv) Reliance Capital Asset Management Ltd.	2.37	-	-	-	-	2.37
	(-)	(-)	(-)	(-)	(-)	(-)
f) Premium on Loan Assignment						
i) Reliance Consumer Finance Pvt. Ltd.	11.04	-	-	-	-	11.04
	(2.22)	(-)	(-)	(-)	(-)	(2.22)

Reliance Capital Limited

Notes to the Abridged Financial Statements

(Rs. in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Key Management Personnel	Total
ii) Reliance Home Finance Pvt. Ltd.	7.61 (0.58)	- (-)	- (-)	- (-)	- (-)	7.61 (0.58)
Expenditure						
a) Rent						
i) Reliance Communications Infrastructure Ltd.	- (-)	- (2.53)	- (-)	- (-)	- (-)	- (2.53)
ii) Reliance Capital Asset Management Ltd.	0.21 (-)	- (-)	- (-)	- (-)	- (-)	0.21 (-)
b) Insurance						
i) Reliance General Insurance Company Ltd.	0.42 (0.49)	- (-)	- (-)	- (-)	- (-)	0.42 (0.49)
c) Payment to and provisions for employees						
i) Shri V. R. Mohan	- (-)	- (-)	- (-)	- (-)	0.41 (0.33)	0.41 (0.33)
d) Professional and Management fees						
i) Reliance Venture Asset Management Pvt. Ltd.	4.99 (1.26)	- (-)	- (-)	- (-)	- (-)	4.99 (1.26)
ii) Reliance Communications Infrastructure Ltd.	- (-)	2.01 (1.37)	- (-)	- (-)	- (-)	2.01 (1.37)
iii) Reliance Tech Service Pvt. Ltd.	- (-)	1.25 (-)	- (-)	- (-)	- (-)	1.25 (-)
e) Repairs & Maintenance – Others						
i) Reliance Communications Infrastructure Ltd.	- (-)	4.95 (6.10)	- (-)	- (-)	- (-)	4.95 (6.10)
f) Brokerage paid during the year						
i) Reliance Securities Ltd.	4.68 (2.47)	- (-)	- (-)	- (-)	- (-)	4.68 (2.47)
g) Miscellaneous expenses						
i) Reliance Equities International Pvt. Ltd.	7.86 (-)	- (-)	- (-)	- (-)	- (-)	7.86 (-)
Contingent Liability						
a) Guarantees to Banks and Financial Institutions on behalf of third parties						
i) Reliance Money Express Ltd.	40.00 (40.00)	- (-)	- (-)	- (-)	- (-)	40.00 (40.00)
ii) Reliance Equities International Pvt. Ltd.	- (200.00)	- (-)	- (-)	- (-)	- (-)	- (200.00)
iii) Ammolite Holdings Ltd.	- (-)	- (-)	75.00 (75.00)	- (-)	- (-)	75.00 (75.00)

Notes:

- i) Figures in bracket indicate previous year figures.
- ii) Expenses incurred towards public utilities services such as telephone and electricity charges have not been considered for related party transaction.
- iii)
 - a) Previous year transactions with parties that have become related parties in the current year have been included in the above mentioned table.
 - b) Previous year transactions with parties that have ceased to be related parties in the current year have been excluded in the above mentioned table.
- iv) In addition to the above, Director Sitting Fees of Rs.1,00,000. (Previous year Rs.80,000) has been paid to Shri Anil Dhirubhai Ambani, an individual having significant influence.
- v) The Company's stake in Share Capital of Gini & Jony Ltd., Roseland Buildtech Pvt. Ltd., Victory Transformers & Switchgears Pvt. Ltd. is in excess of 20% each. These investments made by the Company are strategic in nature, with an intention to sell these investments in the near future. The Company does not exercise any "Significant Influence" on these companies, as defined by Accounting Standard (AS-18) on Related Party Disclosures as per Companies (Accounting Standard) Rules 2006 hence the transactions with these parties are not considered for Related Party Disclosures.

Notes to the Abridged Financial Statements

14 Basic and diluted earnings per share

The computation of earnings per share is set out below

	(Rs. in crore)	
Particulars	2009-10	2008-09
a) Amounts used as the numerators		
Net Profit after tax	339.42	968.02
Net Profit attributable to equity shareholders	339.42	968.02
b) Weighted average number of equity shares (Nos.)	24 56 32 800	24 56 32 800
c) Basic earnings per share of face value Rs.10 each (Rs.)	13.82	39.41
d) Diluted earnings per share of face value Rs.10 each (Rs.)	13.82	39.41

15 Deferred taxation

Deferred tax liability included in the balance sheet comprises the following

	(Rs. in crore)	
Particular	As At March 31, 2010	As At March 31, 2009
Deferred Tax Liability		
Depreciation on Fixed Assets/Assets held for sale	27.56	28.43
Accrued Premium / Interest on Investments	5.43	-
Unamortised Expenses	24.94	37.07
	57.93	65.50
Deferred Tax Assets		
Provision for Non Performing Assets/Diminution in the value of Assets & Investments	50.55	56.93
Provision for Leave Salary	1.38	2.07
	51.93	59.00
Net Deferred Tax Liabilities	6.00	6.50

- 16 a) Accrued Premium / Interest on Investments includes Rs.24.95 crore due from Associates (Previous Year Rs.2.90 crore)
b) Accrued Premium / Interest on Investments amounting to Rs.45.31 crore are due within 1 Year. (Previous Year Rs.Nil)
- 17 In the financial year 2008-09, the Company has entered into a joint venture with KGS Developers Ltd in respect of certain real estate project development, The Company has invested Rs.85 crore and is entitled to share the Profit / Loss equally. The joint venture has not commenced operations during the year ended March 31, 2010.
- 18 Disclosure of loans / advances and investments in its own shares by the listed companies, in its subsidiaries, associate etc. (as certified by the management) as required by clause 32 of the Listing Agreement.

(Rs. in crore)

Particulars	Outstanding Balance		Maximum Balance outstanding	
	March 31, 2010	March 31, 2009	2009-10	2008-09
i) Loans and advances in the nature of loans to subsidiaries				
a) Reliance Gilts Ltd.	22.80	2.00	22.80	2.00
b) Medybiz Pvt. Ltd.	10.09	7.87	10.09	7.87
c) Reliance Venture Asset Management Pvt. Ltd.	-	-	-	0.02
d) Reliance Equity Advisors (India) Ltd.	32.10	12.10	112.10	12.10
e) Reliance Equities International Pvt. Ltd.	-	20.00	20.00	20.00
f) Reliance Capital Services Pvt. Ltd.	34.86	15.86	34.86	15.85
g) Reliance Securities Ltd.	-	111.00	128.00	111.00
h) Reliance Financials Ltd.	-	-	1 000.00	-
ii) Loans and advances in the nature of loans to associates				
a) Reliance Share & Stock Brokers Pvt. Ltd.	-	-	-	31.49
b) Reliance Asset Reconstruction Co. Ltd.	15.69	-	20.00	-
c) Reliance Land Pvt. Ltd.	12.12	483.43	495.38	983.43
iii) Loans and advances in the nature of loans to fellow subsidiary				
a) Reliance Communications Infrastructure Ltd.	-	-	-	385.00
iv) Loans and advances in the nature of loans where there is				
a) No repayment schedule or repayment beyond seven years	7.27	-	7.43	9.84

Reliance Capital Limited

Notes to the Abridged Financial Statements

(Rs. in crore)

Particulars	Outstanding Balance		Maximum Balance outstanding	
	March 31, 2010	March 31, 2009	2009-10	2008-09
b) No interest or interest below Section 372A of the Companies Act, 1956.				
1) Reliance Gilts Ltd.	22.80	2.00	22.80	2.00
2) Reliance Land Pvt. Ltd.	12.12	483.43	495.38	983.43
3) Reliance Capital Services Pvt. Ltd.	34.86	15.85	34.86	15.85
4) Loans to employees (in ordinary course of business)	10.01	-	27.72	9.84
v) Loans and advances in nature of loans to firms / companies in which directors are interested	-	-	-	-
vi) 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 (Rs.)
a) Medybiz Pvt. Ltd.			1 000	10 000
b) Net Logistics Pvt. Ltd.			(1 000)	(10 000)

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

(Rs. in crore)

Particulars	Amount Outstanding		Amount Overdue	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
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	3 882.08	1 181.90	-	-
ii) Unsecured	-	-	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans				
i) Secured	1,854.68	2,744.85	-	-
ii) Unsecured	750.00	3,250.04	-	-
d) Inter-corporate Loans and Borrowing	15.69	-	-	-
e) Commercial Paper	4 670.44	5 591.98	-	-
f) Other Loans (specify nature)				
i) Cash Credit from banks	785.26	1 010.29	-	-

(Rs. in crore)

Particulars	Amount Outstanding	Amount Outstanding
	March 31, 2010	March 31, 2009
2) Break up of loans and advances including bills receivable other than those included in (3) below (Gross Amount)		
a) Secured	5 139.40	6 758.43
b) Unsecured	2 881.52	4 656.84
	<u>8 020.92</u>	<u>11 415.27</u>

Note:

- Housing loans / loans against property granted are secured by equitable registered mortgage of property and / or undertaking to create a security.
- Secured loans in the nature of commercial vehicle, auto finance are secured against hypothecation of respective vehicle.
- In case of loans & advances given in para(2) above, against which Provision for NPA & Doubtful Debts are Rs.101 crore (Previous year Rs.109.23 crore)

Reliance Capital Limited

Notes to the Abridged Financial Statements

Particulars	(Rs. in crore)	
	<u>Amount Outstanding</u>	<u>Amount Outstanding</u>
	March 31, 2010	March 31, 2009
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	-	-
4) Break up of Investments (Amount net of provisions)		
a) Current Investments		
1) Quoted Shares		
- Equity (Stock-in-trade)*	-	0.53
- Preference	-	-
- Units of Mutual Fund	784.01	1 280.35
2) Unquoted Shares		
Others		
- Reliance Capital Partners current account	443.17	295.98
b) Long Term Investments		
1) Quoted Shares		
- Equity	1 160.20	1 559.05
- Preference	9.76	10.13
- Debentures and Bonds	174.00	90.00
- Government Securities	-	-
2) Unquoted Shares		
- Equity	2 148.30	1 729.38
- Preference	4 127.30	1 860.77
- Debentures and Bonds	1 630.63	1 796.75
- Units of Mutual Funds	35.00	4.00
- GOI Securities Rs.45,000 (Previous year Rs.45,000)	-	-
- Others		
- Warrants	32.97	35.08
- Pass through Certificates	45.68	-
- Investments in Joint Venture	85.00	85.00
	<u>10 676.04</u>	<u>8 747.02</u>

*During the year stock in trade held by the company has been reclassified as investments at book value.

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

	(Rs. in crore)					
	Secured		Unsecured		Total	
	March31, 2010	March31, 2009	March31, 2010	March31, 2009	March31, 2010	March31, 2009
a) Related parties						
1) Subsidiaries	-	-	127.99	310.09	127.99	310.09
2) Companies in the same group	-	-	-	-	-	-
3) Other related parties	-	-	27.81	483.54	27.81	483.54
b) Other than related parties	5 119.15	6 758.43	2 644.97	3 753.98	7 764.12	10 512.41
Total	5 119.15	6 758.43	2 800.77	4 547.61	7 919.92	11 306.04

Reliance Capital Limited

Notes to the Abridged Financial Statements

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

(Rs. in crore)

Particulars	Market value / Fair value or NAV		Book value (Net of provisions)	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
a) Related parties				
1) Subsidiaries	1 934.17	1 261.17	1 934.17	1 261.17
2) Companies in the same group	-	395.84	-	211.77
3) Associates	448.01	54.72	448.01	54.72
b) Other than related parties	8 245.43	6 493.95	8 293.86	7 218.83
Total	10 627.61	8 205.68	10 676.04	8 746.49

7) Other information

(Rs. in crore)

	March 31, 2010	March 31, 2009
a) Gross Non Performing Assets		
1) Related Parties	-	-
2) Other than Related Parties	343.84	352.10
b) Net Non Performing Assets		
1) Related Parties	-	-
2) Other than Related Parties	242.84	242.87
c) Assets Acquired in Satisfaction of Debt (Net of provision)	13.80	7.74

Notes:

- Companies in same group means companies under the same management as per section 370(1B) of the Companies Act, 1956
- In case of investments in unquoted shares, it is assumed that market value is same as book value.
- The following have not being included in the above:
 - Capital contribution in Partnership Firm and unincorporated joint venture; and
 - The Company's stake in the Share Capital of Gini & Jony Ltd, Rose Land Buildtech Pvt. Ltd., and Victory Transformers & Switchgears Pvt Ltd is in excess of 20% each. These investments made by the Company are strategic in nature, with an intention to sell these investments in the near future and the Company does not exercise any "Significant Influence" in these companies.

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

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

Items	March 31, 2010	March 31, 2009
i) CRAR (%)	28.03	28.87
ii) CRAR - Tier I capital (%)	28.03	28.87
iii) CRAR - Tier II Capital (%)	-	-

Notes to the Abridged Financial Statements

II. **Exposure to Real Estate**

		(Rs. in crore)	
Category	2009-10	2008-09	
a) Direct Exposure			
i) Residential Mortgage			
Individual Housing Loan upto 15 lakhs	95.53	321.56	
Individual Housing Loan more than 15 lakhs	661.86	1 877.43	
ii) Commercial Real Estate	831.70	751.82	
iii) Individual Housing Loan more than 15 lakhs and Other securitised exposure			
Residential	-	-	
Commercial	-	-	
b) Indirect Exposure			
Fund Based and Non Fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	296.00	101.00	

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

		(Rs. in crore)								
		1day to 30/31 days	Over 1 month to 2 months	Over 2 month to 3 months	Over 3 month to 6 months	Over 6 month to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 year to	Total
Liabilities										
Borrowings from bank (including NCD / CP)		310.85	27.50	59.94	64.75	1 221.30	3 026.59	366.33	-	5 077.26
		(-)	(500.04)	(200.00)	(600.47)	(3 432.09)	(2 272.58)	(-)	(-)	(7 005.18)
Market Borrowings		765.23	348.99	198.22	1 955.25	1 497.51	2 006.00	109.69	-	6 880.89
		(1 202.87)	(698.57)	(220.69)	(1 833.64)	(2 193.12)	(454.90)	(170.09)	(-)	(6 773.88)
Assets										
Loans / Advances		407.19	122.35	895.00	687.30	1 278.48	1 939.20	926.29	1 664.11	7 919.92
		(1 661.97)	(931.59)	(295.76)	(700.65)	(1 298.31)	(3 060.75)	(794.56)	(2 562.45)	(11 306.04)
Investments		1 953.98	-	-	0.11	354.75	1 158.12	1 368.29	5 840.79	10 676.04
		(2 929.40)	(-)	(19.50)	(2.13)	(201.05)	(391.30)	(1 421.49)	(3 781.61)	(8 746.49)

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'

21. **Contingent Liabilities and Commitments (As Certified by the Management)**

		(Rs. in crore)	
		As at March 31, 2010	As at March 31, 2009
Contingent Liabilities			
i) Guarantees to Banks and Financial Institutions on behalf of Subsidiaries and Associates.		235.00	366.43
ii) Claims against the Company not acknowledged as debt		11.95	0.09
Commitments			
iii) Estimated amount of contracts remaining to be executed on capital account (net of advances)		27.11	23.09
iv) Uncalled amount on Investment		371.66	265.17

22. **Expenditure in Foreign Currency**

		(Rs. in crore)	
Particulars	2009-10	2008-09	
i) Travelling Expenses	0.56	0.04	
ii) Donations	2.89	2.57	
iii) Conference Expenses	-	0.52	
iv) Professional Fees	4.13	4.86	
v) Software	0.85	2.19	
vi) License Fees	0.73	-	
vi) Others	1.78	1.47	

Reliance Capital Limited

Notes to the Abridged Financial Statements

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

(Rs. in crore)

Particulars	2009-10	2008-09
Capital goods	3.55	2.99

24. Earning in Foreign Currency

(Rs. in crore)

Particulars	2009-10	2008-09
Interest Income (Ammolite Holdings Ltd.)	-	1.50

25. Remittance in Foreign Currency on account of Dividend

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

Particulars	2009-10	2008-09
Dividend		
a) Number of Non Resident Shareholders	943	951
b) Number of Equity Shares held by them	51 651	52 129
c) (i) Amount of Dividend Paid (gross) (amount in Rs.)	335 733	2 86 708
(ii) Year to which Dividend Relates	2008-09	2007-08

26. Stock-in-trade

Particulars	QUANTITY (in Nos.)		VALUE (Rs. in crore)	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Shares				
Equity Shares				
B.A.G Films & Media Ltd.	-	394 400	-	0.25
Kothari Industrial Corporation Ltd.	-	393 880	-	#
Kothari Sugars and Chemicals Ltd.	-	34 123	-	0.02
Padmalaya Telefilms Ltd.	-	511 000	-	0.26
Total Equity Shares	* 1 333 403		-	0.53

Note:

Above includes

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

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

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

Particulars	QUANTITY (in Nos.)		VALUE (Rs. in crore)	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Opening Stock				
Equity Shares	1,333,403	1,333,403	0.53	0.53
Preference Shares	-	-	-	-
Total	1,333,403	1,333,403	0.53	
Purchases				
Equity Shares	-	-	-	-
Preference Shares	-	-	-	-
Total	-	-	-	-
Sales / Reclassification*				
Equity Shares	1,333,403	-	0.53	-
Preference Shares	-	-	-	-
Total	-	-	-	-
Closing Stock				
Equity Shares	-	1,333,403	-	0.53
Preference Shares	-	-	-	-
Total	-	1,333,403	-	0.53

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

Notes to the Abridged Financial Statements

28. Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

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

II. Capital raised during the year (Rs. in thousand)

Public Issue : N I L Rights Issue : N I L
 Bonus Issue : N I L Private Placement : N I L

III. Position of Mobilisation and Deployment of Funds (Rs. in thousand)

Total Liabilities : 1 8 9 2 3 2 1 9 0 Total Assets : 1 8 9 2 3 2 1 9 0
Sources of Funds : **Application of Funds**
 Paid up Capital : 2 4 6 1 5 9 9 Net Fixed Assets : 1 6 7 7 6 4 8
 Equity Warrants : N I L Investments : 1 0 6 7 6 0 4 0 3
 Reserves & Surplus : 6 7 1 2 9 0 2 3 Net Current Assets : 7 4 1 8 5 5 3 2
 Secured Loans : 6 5 2 2 0 2 3 0 Unamortised expenditure : 7 3 3 7 6 4
 Unsecured Loans : 5 4 3 6 1 3 3 8 Accumulated Losses : N I L
 Deferred Tax Liability : 6 0 0 0 0 Accrued Premium on Investments : 5 8 7 4 8 4 3

IV. Performance of Company (Rs. in thousand)

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

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

Item Code no. : Not applicable
 (ITC Code)
 Product Description I. Asset Financing
 II. Lending
 III. Investments

Reliance Capital Limited

Cashflow Statement for the year ended March 31, 2010

(Rs. in crore)

Particulars	2009-10	2008-09
A. Cash Flows from Operating Activities		
Net Profit before tax as per Profit and Loss Account	428.33	1,077.20
Adjusted for		
Prior period items	-	0.46
Net profit before tax and prior period items	<u>428.33</u>	<u>1,077.66</u>
Adjusted for		
Depreciation	18.16	21.22
Bad Debts Written Off	289.54	4.48
(Reversal) / Provision for Non Performing, Doubtful and Standard Assets	(33.28)	131.74
Provision for Repossessed Stock	0.93	4.29
Provision for Diminution in the Value of Investments	1.87	50.04
Provision for Gratuity / Leave Encashment	1.28	3.81
Credit Balance / Excess Provision Written Back	(15.58)	(31.65)
(Profit) / Loss on Sale of Fixed Assets	0.83	(0.01)
Amortisation of brokerage/ DSA commission	99.74	51.88
(Profit) / Loss Share in Partnership Firm	1.04	4.40
Investments		
Interest	(467.26)	(217.08)
Dividend Income	(10.30)	(17.92)
(Profit) / Loss on sale of Investment (Net)	(484.53)	(1,177.73)
Interest Expenses	<u>1,259.60</u>	<u>1,236.75</u>
	<u>662.04</u>	<u>64.22</u>
Operating Profit before working capital changes	<u>1,090.37</u>	<u>1,141.88</u>
Adjusted for		
Trade and other receivables	2,780.21	(695.03)
Proceeds from / (repayment of) Short Term Borrowings (net)	(4,707.73)	2,317.80
Proceeds from Long Term Borrowings	2,569.62	1,794.76
Deferred expenses	(64.10)	(63.18)
Trade payables	<u>141.24</u>	<u>719.24</u>
	<u>719.24</u>	<u>(687.56)</u>
Cash generated from Operations	<u>1,809.61</u>	<u>3,808.67</u>
Interest paid	(963.08)	(891.73)
Taxes paid	<u>(11.22)</u>	<u>(974.30)</u>
	<u>(974.30)</u>	<u>(53.92)</u>
Cash flows before Prior Period Items	<u>835.31</u>	<u>2,863.02</u>
Prior period item	-	(0.46)
Net cash from / (used in) Operating Activities	<u>835.31</u>	<u>2,862.56</u>

Cashflow Statement for the year ended March 31, 2010

(Rs. in crore)

Particulars	2009-10	2008-09
B. Cash flows from Investing Activities		
Purchase of Fixed Assets including Capital Work in Progress	(10.08)	(92.01)
Sale of Fixed Assets	3.84	0.16
Purchase of Investments	(5,668.17)	(3,324.51)
Investment in Subsidiaries	(673.00)	(452.11)
Investment in Partnership Firm (Net)	(148.23)	(191.59)
Sale of Investments	4,490.40	2,190.40
Interest received	207.88	36.45
Dividend received	10.30	17.92
Short term investment (Net)	625.61	(1,049.21)
Net Cash from / (used in) Investing Activities	(1,161.45)	(2,864.50)
C. Cash flows from Financing Activities		
Dividends Paid	(185.77)	(157.27)
Net Cash from / (used in) Financing Activities	(185.77)	(157.27)
Net increase / (decrease) in Cash and Cash Equivalents (A + B + C)	(511.91)	(159.21)
	Rs.	Rs.
Opening balance of Cash and Cash equivalents	74.55	233.76
Closing balance of Cash and Cash equivalents*	(437.36)	74.55

* Fixed Deposits with banks amounting to Rs.165.20 crore (Previous Year Rs. NIL) under lien, are not considered for Cash & Cash Equivalents.

As per our report of even date

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

C. D. Lala
Partner
Membership No.: 35671
Mumbai
Dated: April 30, 2010

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

Akeel Master
Partner
Membership No.: 046768

For and on behalf of the Board

Chairman
Vice Chairman

Directors

Company Secretary & Manager

Mumbai
Dated: April 30, 2010

Anil D. Ambani
Amitabh Jhunjunwala

{ **Rajendra P. Chitale**
C. P. Jain
Dr. Bidhubhusan Samal

V. R. Mohan

Financial Information of Subsidiary Companies

(Rs. in crore)

Sr. No.	Particulars	Country	Capital	Reserves	Total Assets	Total Liabilities	Investments (except in case of investment in subsidiaries)	Turnover / Total Income	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend
1	Reliance Capital Asset Management Ltd.	India	10.51	1028.1	1212.63	174.02	1071.58	654.25	279.25	84.12	195.13	-
2	Reliance Capital Trustee Co. Ltd.	India	0.05	0.44	0.5	0.01	0.20	0.39	0.28	0.04	0.24	-
3	Reliance General Insurance Company Ltd.	India	115.22	675.94	2608.91	1817.75	1665.54	2386.23	(90.55)	(40.12)	(50.43)	-
4	Reliance Gilts Ltd.	India	7.00	(3.55)	26.25	22.80	25.09	308.21	(3.42)	0.12	(3.54)	-
5	Reliance Asset Management (Mauritius) Ltd.	Mauritius	2.07	(1.83)	4.76	4.52	-	0.46	(0.69)	-	(0.69)	-
6	Reliance Asset Management (Singapore) Pte Ltd.	Singapore	6.43	63.46	78.49	8.60	45.26	39.15	12.69	-	12.69	-
7	Reliance Money Express Ltd.	India	28.81	2.21	52.76	21.74	0.01	43.45	(12.58)	(0.38)	(12.20)	-
8	Megybiz Pvt. Ltd.	India	2.47	(13.30)	1.36	12.19	-	7.43	(3.63)	-	(3.63)	-
9	Net Logistics Pvt. Ltd.	India	0.01	0.02	0.93	0.90	-	3.00	0.04	0.02	0.02	-
10	Reliance Capital Research Pvt. Ltd.	India	0.01	(0.03)	-	0.02	-	-	-	0.02	(0.02)	-
11	Reliance Venture Asset Management Pvt. Ltd. (formerly Reliance Technology Ventures Pvt Ltd)	India	0.01	5.82	5.92	0.09	-	5.37	1.72	0.60	1.12	-
12	Reliance Equity Advisors (India) Ltd.	India	0.05	(18.88)	15.46	34.29	6.61	9.75	(9.52)	-	(9.52)	-
13	Reliance Capital Asset Management (LUK) Plc.	UK	10.85	(4.94)	6.03	0.12	-	-	(4.02)	-	(4.02)	-
14	Reliance Capital Markets Pvt. Ltd.	India	5.25	0.83	6.20	0.12	0.10	0.22	0.22	-	0.22	-
15	Reliance Equities International Pvt. Ltd.	India	15.00	42.34	57.83	0.49	12.39	18.14	(7.91)	-	(7.91)	-
16	Reliance Home Finance Pvt. Ltd.	India	32.66	268.44	1803.27	1502.17	-	64.53	7.18	1.87	5.31	-
17	Reliance Capital Services Pvt. Ltd.	India	5.05	(33.28)	8.80	37.03	0.01	13.53	(18.51)	-	(18.51)	-
18	Reliance Capital (Singapore) Pte. Ltd.	Singapore	-	-	-	-	-	-	-	-	-	-
19	Reliance Consumer Finance Pvt. Ltd.	India	8.24	320.77	1210.84	881.83	-	16.45	2.80	2.50	0.30	-
20	Reliance Securities Ltd.	India	175.00	20.65	986.82	791.17	100.19	187.51	6.63	4.45	2.18	-
21	Reliance Prime International Ltd.	India	3.00	0.15	3.15	-	0.12	0.05	0.04	-	0.04	-
22	Reliance Commodities Ltd.	India	3.00	2.13	23.67	18.54	-	6.09	3.28	1.43	1.85	-
23	Reliance Financial Ltd.	India	11.00	16.85	40.44	12.59	-	34.00	17.57	5.73	11.84	-
24	Reliance Alternative Investments Services Pvt. Ltd	India	0.01	0.01	0.02	-	-	0.02	0.01	-	0.01	-
25	Reliance Consultants (Mauritius) Ltd.	Mauritius	0.26	(0.16)	0.15	0.05	-	-	(0.06)	-	(0.06)	-
26	Reliance Capital (Pension Fund) Ltd.	India	12.00	0.01	12.04	0.03	11.81	0.39	0.03	0.02	0.05	-
27	Reliance Asset Management (Malaysia) Sdn Bhd	Malaysia	5.27	9.22	14.56	0.07	-	0.05	(4.54)	-	(4.54)	-

Exchange rate as on March 31, 2010: 1US\$ = Rs.45.14, 1 SGD = Rs.32.08, 1 GBP = Rs.67.96, 1 Euro = Rs.60.40

Auditors' Report on Abridged Consolidated Financial Statements

To,

**The Board of Directors,
Reliance Capital Limited**

We have examined the attached abridged consolidated balance sheet of **Reliance Capital Limited** ('the Company') its subsidiaries and its associates (Collectively referred to as the 'Group') as at March 31, 2010 the abridged consolidated profit and loss account and consolidated cash flow statement for the year then ended annexed thereto. These abridged consolidated financial statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rule and Forms, 1956 and are based on the audited Consolidated Financial Statements of the Company for the year ended March 31, 2010 prepared in accordance with the requirements of the Accounting Standard (AS) -21, "Consolidated Financial Statements" and Accounting

Standard (AS)-23, "Accounting for Investment in Associates in Consolidated Financial Statements", notified under the Companies (Accounting Standards) Rules, 2006 and covered by our report of even date to the Board of Directors of the Company, which is attached hereto.

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

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

C. D. Lala
Partner
Membership No.: 35671

Akeel Master
Partner
Membership No.: 046768

Mumbai
Dated: April 30, 2010

Mumbai
Dated: April 30, 2010

Auditors' Report on Consolidated Financial Statements

To,

**The Board of Directors,
Reliance Capital Ltd.**

We have audited the attached consolidated balance sheet of **Reliance Capital Limited** ('the Company') and its subsidiaries and associates (as per the list appearing in Note No. 16 of Schedule "O" of the notes to the consolidated financial statements) (Collectively referred to as the 'Group') as at March 31, 2010, the related consolidated profit and loss account and the consolidated cash flow statement for the year then ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

relates to the amount included in respect of the subsidiaries is based solely on such approved unaudited financial statements and financial information.

- We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- We did not audit the financial statements and financial information of four subsidiaries including a partnership firm. The financial statements of these subsidiaries including partnership firm for the year ended March 31, 2010 have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries including a partnership firm, is based solely on these reports. The attached consolidated financial statements include total assets of Rs.459.19 crore as at March 31, 2010, total revenues of Rs.24.78 crore and total cash inflows amounting to Rs.6.89 crore in respect of the aforementioned subsidiaries for the year then ended.
- The financial statements and financial information of twelve subsidiaries for the year ended March 31, 2010 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 Rs.7,951.40 crore as at March 31, 2010, total revenues of Rs.3,697.23 crore and total cash outflows amounting to Rs.421.89 crore in respect of the aforementioned subsidiaries for the year then ended.
- We have relied on the unaudited financial statements and financial information of three subsidiaries, whose financial statements reflect total assets of Rs.110.59 crore as at March 31, 2010, total revenues of Rs.61.59 crore and total cash inflows amounting to Rs.44.75 crore in respect of these subsidiaries for the year then ended. These unaudited financial statements as approved by the respective Board of Directors of the companies have been furnished to us by the management of the Company, and our report in so far as it

- The financial statements and financial information of two associates for the year ended March 31, 2010 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 the associate, is based solely on the report.

- The financial statements and financial information of one associate company for the year ended March 31, 2010 has been audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the same associates, is based solely on the report.

- We have relied on the unaudited financial statement and financial information of one associate company, whose financial statements are approved by the respective Board of Directors of the company has been furnished to us by the management of the Company, and our report in so far as it relates to the amount included in respect of these associates is based solely on such approved unaudited financial statements and financial information.

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

- Based on the audit as aforesaid, and on consideration of the reports of other auditors and financial statements approved by the Board of Directors as explained in paragraphs 2,4,6 and 7 above, and to the best of our information and according to the explanations given to us, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the consolidated balance sheet, of the consolidated state of affairs of the Group as at March 31, 2010;
- in the case of the consolidated profit and loss account, of the consolidated results, of the operations of the Group for the year then ended; and
- in the case of the consolidated cash flow statement, of the consolidated cash flows of the Group for the year then ended.

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

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

C. D. Lala
Partner
Membership No.: 35671

Akeel Master
Partner
Membership No.: 046768

Mumbai
Dated: April 30, 2010

Mumbai
Dated: April 30, 2010

Reliance Capital Limited

Abridged Consolidated Balance Sheet as at March 31, 2010

(Rs. in crore)

	As at March 31, 2010		As at March 31, 2009	
SOURCES OF FUNDS				
Shareholder's Funds				
(a) Capital				
(i) Equity	<u>246.16</u>	246.16	<u>246.16</u>	246.16
(b) Reserves and Surplus				
(i) Capital Reserve	6.43		6.43	
(ii) Capital Redemption Reserve	11.06		11.06	
(iii) Capital Reserve on Consolidation of Subsidiaries	2.35		2.35	
(iv) Securities Premium Account	3,758.27		3,758.27	
(v) Statutory/Specific Reserve Fund	887.48		815.17	
(vi) Foreign Currency Translation Reserve	9.47		7.58	
(vii) General Reserve	554.15		520.21	
(viii) Surplus in Profit & Loss Account	<u>2,228.61</u>		<u>2,086.13</u>	
		7,457.82		7,207.20
Minority Interest		<u>93.75</u>		<u>83.26</u>
Loan Funds				
(i) Non Convertible Debentures	3,882.08		1,181.90	
(ii) Secured loans (other than debentures)				
a) Working Capital Loan & Others	785.26		1,010.29	
b) Term Loan	4,080.07		2,762.29	
(iii) Unsecured loans	<u>5,938.92</u>		<u>9,152.61</u>	
		14,686.33		14,107.09
Deferred Tax Liability		-		4.46
Total		<u>22,484.06</u>		<u>21,648.17</u>
APPLICATION OF FUNDS				
Fixed Assets				
(a) Gross Block	414.91		530.68	
(b) Less: Depreciation	<u>245.25</u>		<u>326.62</u>	
(d) Net Block	169.66		204.06	
(e) Capital Work-in-Progress	<u>88.86</u>		<u>84.70</u>	
		258.52		288.76
Deferred Tax Assets		<u>39.79</u>		-
Accrued Premium/Interest on Investments		632.40		328.10
Investments				
(a) Government Securities	527.61		1,318.99	
(b) Associates (carrying amount)	67.19		43.60	
(c) In Equity Shares	2,303.65		2,767.59	
(d) In Preference Shares	4,339.61		1,515.89	
(e) In Others	<u>4,102.53</u>		<u>4,228.17</u>	
		11,340.59		9,874.24
Current assets, loans and advances				
(a) Inventories	38.80		37.68	
(b) Sundry Debtors	190.87		296.24	
(c) Cash and Bank Balances	864.49		1,167.53	
(d) Other Current Assets				
(i) Income Accrued on Loans	29.84		45.18	
(ii) Asset Held for Sale	60.00		60.00	
(iii) Repossessed Assets / Receivables for Assets on Lease	13.90		7.74	
(e) Loans and Advances	<u>12,563.91</u>		<u>11,975.59</u>	
	<u>13,761.81</u>		<u>13,589.96</u>	
Less: Current Liabilities and Provisions				
(a) Liabilities	2,698.92		1,609.47	
(b) Provisions	<u>936.04</u>		<u>936.44</u>	
	<u>3,634.96</u>		<u>2,545.91</u>	
Net Current Assets		10,126.85		11,044.05
Unamortised Expenditure		<u>85.91</u>		<u>109.02</u>
Miscellaneous Expenditure (to the extent not written off or adjusted)		-		4.00
Total		<u>22,484.06</u>		<u>21,648.17</u>

Significant Accounting Policies Notes to Financial Statements

Compiled from the Audited Accounts of the Company referred to in our Report dated April 30, 2010.

As per our report of even date

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

C. D. Lala
Partner
Membership No.: 35671
Mumbai
Dated: April 30, 2010

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

Akeel Master
Partner
Membership No.: 046768

For and on behalf of the Board

Chairman
Vice Chairman

Directors

Company Secretary & Manager
Mumbai
Dated: April 30, 2010

Anil D. Ambani
Amitabh Jhunjhunwala

Rajendra P. Chitale
C. P. Jain
Dr. Bidhubhusan Samal

V. R. Mohan

Reliance Capital Limited

Abridged Consolidated Profit and Loss Account for the year ended March 31, 2010

(Rs. in crore)

	2009-10	2008-09
Income		
Operating & Other Income		
Dividend	44.43	113.61
Interest	1,915.81	1,830.36
Premium earned	1,978.30	1,911.44
Management and advisory fees	632.14	478.32
Profit on sale of (Net)		
Long Term Investments	344.17	1,176.44
Stock in Trade / Short Term Investments	<u>170.04</u>	<u>36.23</u>
	514.21	1,212.67
Other Income	1,055.71	472.74
Total	<u>6,140.60</u>	<u>6,019.14</u>
Expenditure		
Salary, Wages and Other Employee Benefits (Including Managerial Remuneration)	535.35	554.07
Auditor's Remuneration	1.71	1.56
Provisions for Non Performing Assets	303.88	143.06
Provision for Diminution in the value of Investments	(0.21)	60.16
Other Expenses	1,283.10	928.52
Interest & Finance Charges	1,332.40	1,263.84
DSA commission amortised	82.07	47.72
Claims Incurred (Net)	1,185.69	1,072.89
Premium paid on Reinsurance Ceded	727.19	675.76
Reserve for Unexpired Risk	29.47	10.70
Depreciation	67.63	56.71
Miscellaneous Expenditure Written Off	4.00	-
Total	<u>5,552.28</u>	<u>4,814.99</u>
Profit Before Tax	<u>588.32</u>	<u>1,204.15</u>
Provision for Current Taxation	191.87	187.15
Provision for Fringe Benefit Tax	-	10.44
Provision for Deferred Tax	<u>(42.72)</u>	<u>(16.50)</u>
	149.15	181.09
Profit After Tax and Before Minority Interest	<u>439.17</u>	<u>1,023.06</u>
(Short) / Excess Provision for Tax (Previous Year)	1.40	-
Less: Minority Interest's Share of Profit	<u>10.35</u>	<u>7.84</u>
Profit After Tax and Minority Interest	<u>430.22</u>	<u>1,015.22</u>
Share of Profit / (Loss) of Associates	3.16	0.45
(Short) / Excess provision for IT (Previous Year)	<u>1.15</u>	<u>0.05</u>
Profit After Share of Profit of Associates	<u>434.53</u>	<u>1,015.72</u>
Balance Brought Forward	<u>2,086.13</u>	<u>1,541.83</u>
Profit Available For Appropriations	<u>2,520.66</u>	<u>2,557.55</u>
Proposed Dividend	159.66	159.66
Tax on Proposed Dividend	27.14	27.14
Transfer to Statutory/Specific Reserve Fund	71.31	193.61
Transfer to General Reserve	33.94	96.81
Balance Carried to Balance Sheet	<u>2,228.61</u>	<u>2,080.33</u>
	2,520.66	2,557.55
Basic Earning per Equity Share of Rs. 10 each	17.64	41.35
Diluted Earning per Equity Share of Rs. 10 each	17.64	41.35

Significant Accounting Policies

Notes to Financial Statements

Compiled from the Audited Accounts of the Company referred to in our Report dated April 30, 2010.

As per our report of even date

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

C. D. Lala
Partner
Membership No.: 35671
Mumbai
Dated: April 30, 2010

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

Akeel Master
Partner
Membership No.: 046768

For and on behalf of the Board

Chairman
Vice Chairman

Directors

Company Secretary & Manager
Mumbai
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Anil D. Ambani
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Rajendra P. Chitale
C. P. Jain
Dr. Bidhubhusan Samal

V. R. Mohan

Reliance Capital Limited

Notes to the Abridged Consolidated Financial Statements

A. Background

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

B. Principles of Consolidation

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

- i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.
- ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's stand-alone financial statements.
- iii) The difference between the cost of investment in the subsidiary companies over the net assets as on the date of acquisition is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- iv) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of profit and loss account as the profit or loss on disposal of investment in subsidiary.
- v) Minority interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to 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.

C. Other Accounting Policies

i) Basis of Preparation of Financial Statements

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

ii) Use of Estimates and Judgments

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

iii) Revenue Recognition

- a) Interest Income
Interest income is recognised in the Profit and Loss Account as it accrues except in the case of non performing assets ("NPAs") where it is recognised, upon realisation.
- b) Dividend Income
Dividend Income is recognised when the right to receive payment is established.
- c) Discount on Investments
The difference between the acquisition cost and face value of debt instruments is recognised as interest income over the tenor of the instrument.
- d) Redemption Premium on Investments in Preference Shares
Redemption premium on investments in preference shares is recognised as income over tenor of the investment.
- e) Investment Management Fees
Investment management fees are recognised on an accrual basis in accordance with Investment Management Agreement and SEBI Regulations based on average assets under management (AUM).
- f) Portfolio Management Fees
Portfolio Management fees are recognised on an accrual basis in accordance with Portfolio Management Agreement entered with respective clients.
- g) Income from Investment
 - i) Profit earned from sale of securities is recognised on trade date basis. The cost of securities is computed based on weighted average basis.

Notes to the Abridged Consolidated Financial Statements

- ii) Share of profits or losses in partnership firm :
Share of profit/loss in partnership firm is accounted for once the amount of the share of profit/loss is ascertained and credited/debited to the Company's account in the books of the partnership firm.
- iii) Loan processing fee income
Loan processing fee income is accounted for upfront as and when it becomes due.
- iv) Income from assignment / securitization
In case of assignment of loans, the assets are derecognized when all the rights, title, future receivables and interest thereof along with all the risks and rewards of ownership are transferred to the purchasers of assigned loans / risks and rewards. On de-recognition, the difference between book value of the receivables assigned and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment.
In case of securitization of loans, the transferred loans are de-recognised and gains/losses are accounted for only if the company surrenders the rights to benefits specified in the underlying securitized loan contract. In accordance with the RBI guidelines for securitization of standard assets, with effect from February 1, 2006, the company accounts for any loss arising from securitization immediately at the time of sale and premium arising from securitization is amortized over the life of securities issued or to be issued by the special purpose vehicle to which the assets are sold. Income on retained interest in securitised assets is booked on accrual basis.
- v) Income from derivatives
Gains or losses on derivative contracts are recognised on settlement date basis.
- h) Trusteeship Remuneration
Trusteeship remuneration income is recognised on the basis of the agreements entered into between the settler and the trustee.
- i) Premium
Premium is recognised as income over the contract period or the period of risk whichever is appropriate. Any subsequent revisions to or cancellations of premium are recognised for in the year in which they occur.
- j) Commission
 - i) Commission income on reinsurance cessions is recognised as income in the period in which reinsurance premium is ceded.
 - ii) Profit commission under reinsurance treaties, wherever applicable, is recognised in the year of the final determination of the profits and as intimated by reinsurers.
 - iii) Commission income on money transfer services is recognised on rendering the service at contractual rates
- k) Reinsurance
 - i) Reinsurance is ceded in the year in which the risk commences and recognised over the contract period. Any subsequent revision to refunds or cancellation of premiums, are recognised in the year in which they occur.
 - ii) Reinsurance inward is accounted to the extent of the returns received from the reinsurers.
- l) Premium Received in Advance
Premium received in advance represents premium received in respect of policies issued during the year, where the risk commences subsequent to the balance sheet date.
- m) Revenue on Foreign Exchange Transaction
Revenue on foreign exchange transactions is recognised at the time of purchase and sale. The income arising from the buying and selling of foreign currencies has been included on the basis of margins achieved. Sales incentive for sale of traveler's cheque and forex cards is recorded on accrual basis in accordance with term of the underlying agreement.
- n) Sales & Services
All Sales & Services are excluding the sales tax & service tax recovery.
- o) Brokerage Income
Brokerage income is recognized net of service tax on the date of transaction.
- p) Infrastructure and Resource Management Fees
Infrastructure and resource management services fees are recognised on accrual basis as per agreements with the clients.
- q) Online Access Fees:
Online access fees is recognized on straight line basis, based on the agreement with the clients
- iv) **Fixed Assets**
Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes all expenses incidental to the acquisition of the fixed assets.
 - a) Leased Assets
All assets given on finance lease on or before March 31, 2001 are capitalised as Fixed Assets and all assets given on finance lease on or after April 1, 2001 are shown as receivables at an amount equal to net

Reliance Capital Limited

Notes to the Abridged Consolidated Financial Statements

investment in the lease.

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

b) **Intangible Assets**

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

v) **Depreciation / Amortisation**

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

- a) **Assets for Own Use:** On Written Down Value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except for Reliance Gilts Limited, which are depreciated as per Straight Line Method, at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. In case of Medybiz Private Limited, computer is depreciated over three years and software is depreciated over two years. In case of Net Logistics Private Limited, software is depreciated over useful life or over three years, whichever is less.
- b) **Leased Assets:** On Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- c) **Leasehold Improvements:** Amortised over the primary period of the lease on Straight Line Basis. In case of Medybiz Private Limited, leasehold improvements are amortised over a period of three years.

The Company provides pro-rata depreciation from the day the asset is put to use and for any asset sold, till the date of sale.

vi) **Impairment of Assets**

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

vii) **Investments**

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

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

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

viii) **Stock-in-Trade**

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

ix) **Asset Held for Sale**

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

x) **Repossession of Assets**

Assets repossessed against the settlement of loan are carried in the balance sheet at outstanding loan amount or market value whichever is lower. The difference between the outstanding loan amount and the market value is charged to profit and loss account in the year of repossession of assets.

xi) **Loan Origination / Acquisition Cost**

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

xii) **Security of Loans Given**

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

xiii) **Zero Coupon Instrument**

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

xiv) **Employee Retirement Benefits**

i) **Provident Fund**

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

ii) **Gratuity**

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

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which

Notes to the Abridged Consolidated Financial Statements

recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

Actuarial gains and losses are recognised immediately in the profit and loss account.

iii) Leave Encashment

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

iv) Compensated Absences

The employees of the Company are entitled to compensated absence. The employees can carry forward a portion of the unutilised accrued leave balance and utilise it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the service that increases the entitlement. The Company measures the expected cost of compensated absence as the amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

xv) Employee Stock Option Scheme ("ESOS")

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

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

xvi) Foreign Currency Transactions

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

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

xvii) Borrowing Costs

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

xviii) Operating Leases

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

xix) Earnings Per Share

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

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

xx) Provisions for Non Performing Assets and Doubtful Debts

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

xxi) Taxation

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

Deferred taxation

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is

Notes to the Abridged Consolidated Financial Statements

unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

Fringe benefit tax

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

xxii) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

xxiii) Initial Issue Expenses of Schemes

Expenses relating to Initial Issue of Mutual Fund Schemes in excess of the entry load collected, as applicable, are charged to the profit and loss account in the year in which such expenses are incurred.

xxiv) Preliminary Expenditure

In case of Reliance Gilts Limited, Preliminary expenses or pre-operative expenses are fully written off in the year of commencement of business.

xxv) Expenses of Management

Expense relating to insurance business is allocated on the basis of net premium written to the Revenue Account(s). Expenses relating to investment activities are charged to the profit and loss account.

xxvi) Financial Derivatives and Commodity Hedging Transactions

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

xxvii) Claims Incurred

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

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

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

xxviii) Reserve for Unexpired Risk

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

In case of Health segment, the Reserve for Unexpired Risks is created at the end of the Accounting period based on the 1/365 method as per IRDA Circular No. IRDA/F&A/CIR/49/Mar-09 dated March 24, 2009 and IRDA/F&I/CIR/F&A/081/12/2009 dated December 17, 2009.

xxix) Premium Deficiency

Premium deficiency is recognised if the ultimate amount of expected net claim costs, related expenses and maintenance costs exceeds the sum of related premium carried forward to subsequent accounting period as the reserve for unexpired risk. Premium deficiency is calculated by line of business as per IRDA circular F&A/CIR/017/May-04 dated May 18, 2004. The company considers maintenance as relevant costs incurred for ensuring claim handling operations.

xxx) Acquisition Cost

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

xxxi) Fund Expenses

Expenses incurred (inclusive of advertisement/brokerage expenses) on behalf of Schemes / Fund are recognised to the profit and loss account unless considered recoverable.

Notes to the Abridged Consolidated Financial Statements

- 1 Previous year's figures have been reworked, regrouped and reclassified wherever necessary.
- 2 The Company is a partner in the following firms:
 - i) Reliance Capital Partners:
 - a) The firm consists of following partners:
 - i) Reliance Capital Limited
 - ii) Reliance Land Pvt. Ltd.
 - iii) Shri Surendra Pipara
 - b) Profit Sharing Ratio
The profit is distributed between the partners on the basis of the weighted average capital.
The Loss of Rs.1.04 crore is considered as Loss of the current financial year (Previous Year Loss of Rs.4.40 crore).
 - ii) Reliance Capital Infrastructure Partners:
 - a) The firm consists of following partners:
 - i) Reliance Capital Limited
 - ii) Reliance Infocomm Infrastructure Pvt. Ltd.
 - iii) Reliance Infracore Ltd.
 - b) Profit Sharing Ratio:
The profit is distributed between the partners on the basis of the weighted average capital.
The firm has not commenced operations during the year ended March 31, 2010 and there has been no contribution of capital upto March 31, 2010.

3 Capital Reserve on Consolidation of Subsidiaries

The Company has acquired 100% holding in three subsidiaries during the FY 2008-09. On Consolidation of the above subsidiaries, the Company has recognised capital reserve of Rs.2.44 crore.

Particular	2009-10	2008-09
Opening balance of (Goodwill) / Capital Reserve on consolidation of subsidiaries	2.35	(0.09)
Add : (Goodwill) / Capital Reserve on acquisition of subsidiaries	-	2.44
Closing balance of (Goodwill) / Capital Reserves on consolidation of subsidiaries	2.35	2.35

- 4 a) The Company sells loans through securitisation and direct assignment. The information related to securitisation and assignment made by the Company during the year, as an originator is given below:

Particulars	Securitisation	Assignment	Total
Total number of loan assets Securitized / Assigned (Nos.)	33 314	17,788	51 102
	(-)	-	-
Total book value of loan assets Securitized / Assigned	1 249.16	1 241.54	2 490.70
	(-)	(-)	(-)
Sale consideration received for the Securitized / Assigned assets	1 249.16	1 376.21	2 625.37
	(-)	(-)	(-)
Net gain on account of Securitization / Assigned	-	134.67	134.67
	(-)	(-)	(-)
Outstanding Credit Enhancement (Funded)	165.20	-	165.20
	(-)	(-)	(-)
Outstanding Liquidity Facility	-	-	-
	(-)	(-)	(-)
Net Outstanding Servicing Asset / (Liability)	-	-	-
	(-)	(-)	(-)

Note: Figures in bracket indicate previous year figures.

- 4 b) The Company invests in Pass Through Certificates (PTCs) and purchases loans through the direct assignment route. In some of the securitisation transactions, the Company also has invested in the assets securitised by it, which, however, is restricted to the maximum limit prescribed by RBI from time to time.
- 5 Employees Stock Option Plan (ESOP)**
- A) Reliance Capital Limited**

During the year the Company has introduced Employee Stock Option Plan, under which it has granted 7,96,900 options (3,99,900 options under Plan A and 3,97,000 options under Plan B) to the eligible employees of the Company as well as employees of its Subsidiary Companies on the basis of their performance and other eligibility

Reliance Capital Limited

Notes to the Abridged Consolidated Financial Statements

criteria. ESOS Plans are administered through an ESOS Trust. The vesting of the options is on the expiry of one year and so on from the date of grant as per Plan under the respective ESOS(s). In respect of Options granted, the accounting value of Options (based on market price of the share on the date of the grant of the option) is accounted as deferred employee compensation, which is amortised on a straight line basis over the vesting period. Each Option entitles the holder thereof to apply for and be allotted/ transferred one Equity Share of the Company of Rs.10 each upon payment of the exercise price during the exercise period. The Company has established a Trust for the implementation and management of ESOS for the benefit of its present and future employees. Advance of Rs.96.41 crore (Previous year Rs.Nil) has been granted to the Trust. Rs.96.40 (Previous year Rs.Nil) has been utilised by the Trust for purchasing 11,00,000 (Previous year Nil) Equity Shares during the period upto March 31, 2010. The fair value of the options granted was estimated on the date of grant using the Black Scholes Model with the following assumptions; the information covering stock options granted, exercised, forfeited and outstanding at the year end is as follows;

Particulars	Plan A				Plan B				
	Vest 1	Vest 2	Vest 3	Vest 4	Vest 1	Vest 2	Vest 3	Vest 4	Vest 5
	1-Feb 2010	1-Feb 2010	1-Feb 2010	1-Feb 2010	1-Feb 2010	1-Feb 2010	1-Feb 2010	1-Feb 2010	1-Feb 2010
Prices of the Underlying Stock (Rs.)	805.00	805.00	805.00	805.00	805.00	805.00	805.00	805.00	805.00
Continuous Risk-free Interest Rate	7.01%	7.10%	7.19%	7.27%	7.01%	7.10%	7.19%	7.27%	7.34%
Exercise / Strike Price	800.00	800.00	800.00	800.00	800.00	800.00	800.00	800.00	800.00
Volatility	64.04%	63.66%	62.60%	61.23%	64.04%	63.66%	62.60%	61.23%	59.56%
Time to Expiration (years)	5.50	6.00	6.50	7.00	5.50	6.00	6.50	7.00	7.50
Time to Expiration (days)	2,008	2,191	2,374	2,556	2,008	2,191	2,374	2,556	2,739
Expected Dividend (%)	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%
Fair Value of Stock Option (Rs.)	510.00	527.00	540.00	551.00	510.00	527.00	540.00	551.00	559.00
Proportion of Vest	20.00%	20.00%	20.00%	40.00%	10.00%	10.00%	20.00%	20.00%	40.00%
Weighted Average Fair Value (Rs.)	536.00	536.00	536.00	536.00	546.00	546.00	546.00	546.00	546.00

Particulars	Plan A			Plan B		
	No. of Stock Options	Weighted Average Exercise Price (Rs.)	Weighted Average Remaining Contractual Life (in Years)	No. of Stock Options	Weighted Average Exercise Price (Rs.)	Weighted Average Remaining Contractual Life (in Years)
	Outstanding at the beginning of the year	Nil	N.A.	N.A.	Nil	N.A.
Granted	399,900	536.00	5.50 to 7.00	397,000	546.00	5.50 to 7.50
Exercised	Nil	N.A.	N.A.	Nil	N.A.	N.A.
Lapsed / Forfeited	Nil	N.A.	N.A.	Nil	N.A.	N.A.
Outstanding at the end of the year	399,900	536.00	5.50 to 7.00	397,000	546.00	5.50 to 7.50
Exercisable at end of the year	399,900	536.00	N.A.	397,000	546.00	N.A.

The Company has chosen to account for the Plan by the Intrinsic Value Method. The total expense recognised for the period arising from stock option plan as per Intrinsic Value Method is Rs. Nil (Previous Year Rs. Nil).

B) Reliance Capital Asset Management Ltd (RCAM)

- (i) Pursuant to the shareholder's, resolution dated September 20, 2007, RCAM introduced the Employee Stock Option Plan under which RCAM decided to grant, from time to time, options to the employees of the Company. The grant of options to the employees under the ESOP scheme is on the basis of their performance and other eligibility criteria.
- (ii) On December 21 2007, RCAM issued a total of 200,000 equity shares at a price Rs.2,000 per equity share to the Trust, Reliance Capital Asset Management Employee Benefit Trust.
- (iii) All above options are planned to be settled in cash or equity at the time of exercise and have maximum period of 5 years from the date of respective grants. The plan existing during the year is as follows:

Notes to the Abridged Consolidated Financial Statements

a) 2007 Plan

The option under this plan has an exercise price of Rs.2,000/- per share and vest on a graded basis as follows:

Vesting Period	Vesting Schedule
On completion of 3 Years	30%
On completion of 4 Years	30%
On completion of 5 Years	40%

b) 2008 Plan

The option under this plan has an exercise price of Rs.7,989/- per share and vest on a graded basis as follows:

Vesting Period	Vesting Schedule
On completion of 3 Years	30%
On completion of 4 Years	30%
On completion of 5 Years	40%

(iv) The information concerning stock options granted, exercised, forfeited and outstanding at the year-end is as follows:

Shares in Thousands	As of March 31, 2010		As of March 31, 2009	
	No of stock options	Weighted average exercise Price (Rs.)	No of stock options	Weighted average exercise Price (Rs.)
Number of shares under option:				
2007 Plan	71,125	2,000	73,350	2,000
Outstanding at beginning of year	NIL	NIL	NIL	NIL
Granted	NIL	NIL	NIL	NIL
Cancelled or expired	NIL	NIL	2,225	NIL
Outstanding at the year end	71,125	2,000	71,125	2,000
Exercisable at end of year	71,125	2,000	71,125	2,000
2008 Plan	40,450	8,000	NIL	NIL
Outstanding at beginning of year	NIL	NIL	40,450	8,000
Granted	NIL	NIL	NIL	NIL
Cancelled or expired	NIL	NIL	NIL	NIL
Outstanding at the year end	39,550	8,000	40,450	8,000
Exercisable at end of year	39,550	8,000	40,450	8,000

(v) 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, 2010	Year ended March 31, 2009
Risk free interest rate	8%	8%
Expected life	7 Years	7 Years
Dividend yield	0%	0%

(vi) 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 Rs. Nil (previous year Rs. Nil).

Reliance Capital Limited

Notes to the Abridged Consolidated Financial Statements

C) Reliance General Insurance Company Ltd (RGICL)

RGICL had introduced the Employee Stock Option Plan during the F. Y. 2008-09 under which options were granted to the employees of RGICL on the basis of their performance and other eligibility criteria. Accordingly, RGICL issued a total of nil equity shares (Previous year 4,294,672 equity shares at a price of Rs.70 per equity share) to Reliance General Insurance Employees' Benefit Trust. These options are planned to be settled in cash or equity at the time of exercise and have maximum period of 7 years from the date of respective grants. The plan existing during the year is as follows:

Exercised Period	On completion of 3 years	30%
	On completion of 4 years	30%
	On completion of 5 years	40%

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

Particular	Current Year			Previous Year		
	No of stock options	Weighted average exercise Price (Rs.)	Weighted average remaining contractual Life (in Years)	No of stock options	Weighted average exercise Price (Rs.)	Weighted average remaining contractual Life (in Years)
Outstanding at beginning of year	694,300	70	6.05 years	Nil	Nil	
Granted	Nil	Nil	694,300	70		
Exercised	Nil	Nil	Nil	Nil		
Lapsed / Forfeited	Nil	Nil	Nil	Nil		
Outstanding at the year end	694,300	70	4.46 years	694,300	70	6.05 years
Exercisable at end of year	694,300	70	694,300	70		

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

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
Risk Free Interest Rate	-	7.98%
Expected Life	-	7 year
Volatility	-	-
Dividend yield	-	-

The RGICL 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 Rs. Nil (Previous Year Nil)

D) Reliance Securities Ltd (RSL)

- (i) Pursuant to the shareholder's, resolution dated October 24, 2007, RSL introduced the Employee Stock Option Plan under which the Company decided to grant, from time to time, options to the employees of RSL.
- (ii) On October 1 2009, RSL issued a total of 100,000 equity shares at a price Rs.50 per equity share to the; Trust; Reliance ADA Group Trustees Private Limited as Trustees of Reliance Securities Limited Employee Benefit Trust.
- (iii) All above options are planned to be settled in cash or equity at the time of exercise and have maximum period of 5 years from the date of respective grants.

The plan existing during the year is as follows:

- a) Employee Stock Option Plan Plan – IB, 2009 Plan

The option under this plan has an exercise price of Rs.50/- per share and vest on a graded basis as follows:

Notes to the Abridged Consolidated Financial Statements

Vesting Period	Vesting Schedule
On completion of 3 Years	30%
On completion of 4 Years	30%
On completion of 5 Years	40%

- (iv) The information concerning stock options granted, exercised, forfeited and outstanding at the year-end is as follows:

Share in Thousands	As on March 31, 2010	
	Number of Stock Options	Weighted average exercise price (Rs.)
IB, 2009		
Outstanding at the beginning of the Year	NIL	-
Granted	64,600	50
Exercised	NIL	-
Cancelled or Expired	NIL	-
Outstanding at the year end	64,600	50
Exercisable at end of year	64,600	50

- (v) 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
Risk free interest rate	6.68%
Expected life	7 Years
Dividend yield	0%

- (vi) RSL has chosen to account for the Plan by the Black-Scholes Method. The total expense recognized for the period arising from stock option plan as per intrinsic value method is Rs.NIL.

6. **Payment to and provision for employees include Managerial Remuneration by way of**

(Rs. in crore)

Particulars	2009-10	2008-09
i) Salary	1.59	2.14
ii) Perquisites	0.14	0.15
iii) Contribution to provident fund and superannuation fund	0.15	0.15
Total	1.88	2.44

Information relating to the payment to manager does not include payment for gratuity and leave encashment which is provided for employees on an overall basis.

7. **Auditors' Remuneration (excluding service tax) includes**

(Rs. in crore)

Particulars	2009-10	2008-09
i) Audit Fees	1.57	1.49
ii) Tax Audit Fees	0.10	0.05
iii) Certification Charges	0.03	0.00
iv) Reimbursement of Out of Pocket Expenses	0.01	0.02
Total	1.71	1.56

Reliance Capital Limited

Notes to the Abridged Consolidated Financial Statements

8. Contingent Liabilities and Commitments (As certified by the management) (Rs. in crore)

	As at March 31, 2010	As at March 31, 2009
Contingent Liabilities		
Gross Non Performing Assets		
i) Guarantees to Banks and Financial Institutions+	289.51	558.43
ii) Claims against the Company not acknowledged as debt	12.97	3.29
Commitments		
iii) Estimated amount of contracts remaining to be executed on capital account (net of advances)	28.18	23.09
ii) Uncalled amount of Investments	371.72	265.17

+ On behalf of Company, subsidiaries and associates.

9. Related party disclosures:

i) Holding Company

Reliance Innoventures Pvt. Ltd. (Holding Company w.e.f. June 26, 2009)
AAA Enterprises Pvt. Ltd. (Ceased to be Holding Company w.e.f. June 26, 2009)

ii) Individual Promoter

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

iii) Associates

Reliance Land Pvt. Ltd.
Reliance Share & Stock Brokers Pvt. Ltd.
Ammolite Holdings Limited
Reliance Asset Reconstruction Co. Limited

iv) Fellow subsidiaries

Reliance Communications Limited
Reliance Communications Infrastructure Limited
Reliance Telecom Limited
Matrix Innovations Limited
Reliance Natural Resources Limited
Reliance WiMax Limited
Reliance Webstore Limited
Reliance Infocomm Infrastructure Pvt. Ltd.

v) Key management personnel

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

vi) Transactions during the year with related parties

Particulars	(Rs. in crore)				
	Fellow Subsidiaries	Associates	Partnership Firm	Key Management Personnel	Total
Investments					
a) Subscribed / Purchased during the year	-	393.29	-	-	393.29
	(-)	(34.24)	(-)	(-)	(34.24)
b) Balance as at March 31, 2010	98.18	448.01	-	-	546.19
	(211.77)	(54.72)	(-)	(-)	(266.49)
Partnership Current Accounts					
a) Contribution / (withdrawal) during the year (Net)	-	-	148.23	-	148.23
	(-)	(-)	(191.59)	(-)	(191.59)
b) Loss of Partnership firm during the year	-	-	1.04	-	1.04
	(-)	(-)	(4.40)	(-)	(4.40)
c) Balance as at March 31, 2010	-	-	443.17	-	443.17
	(-)	(-)	(295.98)	(-)	(295.98)

Notes to the Abridged Consolidated Financial Statements

(Rs. in crore)

Particulars	Fellow Subsidiaries	Associates	Partnership Firm	Key Management Personnel	Total
Premium Accrued on Investment	-	24.95	-	-	24.95
	(-)	(2.90)	(-)	(-)	(2.90)
Loans					
a) Given during the year	-	35.56	-	-	35.56
	(-)	(559.80)	(-)	(-)	(559.80)
b) Returned during the year	-	491.18	-	-	491.18
	(385.00)	(641.55)	(-)	(-)	(1026.55)
c) Balance as at March 31, 2010	-	27.81	-	0.05	27.86
	(-)	(483.43)	(-)	(0.05)	(483.48)
Sundry Debtors / Advances Recoverable in Cash or in Kind					
a) Balance as at March 31, 2010	7.02	-	-	-	7.02
	(7.17)	(0.11)	(-)	(-)	(7.28)
b) Interest receivable as at March 31, 2010	-	-	-	-	-
	(-)	(8.53)	(-)	(0.01)	(8.54)
Contingent Liability					
a) Sundry Creditors Balance as at March 31, 2010	-	-	-	-	-
	(0.13)	(-)	(-)	(-)	(0.13)
Income					
a) Interest & Finance Income	-	22.74	-	-	22.74
(including Premium on Preference Shares)	(21.00)	(41.78)	(-)	(-)	(62.78)
b) Rent	4.41	-	-	-	4.41
	(4.41)	(-)	(-)	(-)	(4.41)
c) Front End Fees	-	-	-	-	-
	(-)	(1.25)	(-)	(-)	(1.25)
d) Reimbursement of Expenditure taken	1.46	0.05	-	-	1.51
	(2.41)	(0.08)	(-)	(-)	(2.49)
Expenditure					
a) Rent	-	-	-	-	-
	(2.53)	(-)	(-)	(-)	(2.53)
b) Payment to and provisions for employees	-	-	-	1.88	1.88
	(-)	(-)	(-)	(2.44)	(2.44)
c) Professional and management fees	3.26	-	-	-	3.26
	(1.37)	(-)	(-)	(-)	(1.37)
d) Repairs & Maintenance - Others	4.95	-	-	-	4.95
	(6.38)	(-)	(-)	(-)	(6.38)
e) Miscellaneous	0.01	-	-	-	0.01
	(0.05)	(0.01)	(-)	(-)	(0.06)
Contingent Liability					
a) Guarantees to Banks and Financial Institutions on behalf of third parties	-	75.00	-	-	75.00
	(-)	(75.00)	(-)	(-)	(75.00)

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

(Rs. in crore)

Particulars	Fellow Subsidiaries	Associates	Partnership Firm	Key Management Personnel	Total
Investments					
a) Subscribed / Purchased during the year					
i) Reliance Land Pvt. Ltd.	-	350.00	-	-	350.00
	(-)	(1.00)	(-)	(-)	(1.00)
ii) Reliance Asset Reconstructions Co. Ltd.	-	43.29	-	-	43.29
	(-)	(4.23)	(-)	(-)	(4.23)
iii) Ammolite Holdings Ltd.	-	-	-	-	-
	(-)	(29.01)	(-)	(-)	(29.01)
b) Balance as at March 31, 2010					
i) Reliance Communications Ltd.	95.46	-	-	-	95.46
	(209.05)	(-)	(-)	(-)	(209.05)
ii) Reliance Land Pvt. Ltd.	-	361.00	-	-	361.00
	(-)	(11.00)	(-)	(-)	(11.00)
iii) Reliance Asset Reconstructions Co. Ltd.	-	49.00	-	-	49.00
	(-)	(5.71)	(-)	(-)	(5.71)

Reliance Capital Limited

Notes to the Abridged Consolidated Financial Statements

(Rs. in crore)

Particulars	Fellow Subsidiaries	Associates	Partnership Firm	Key Management Personnel	Total
iv) Reliance Share & Stock Brokers Pvt. Ltd.	-	9.00	-	-	9.00
	(-)	(9.00)	(-)	(-)	(9.00)
v) Ammolite Holdings Ltd.	-	29.01	-	-	29.01
	(-)	(29.01)	(-)	(-)	(29.01)
Partnership Current Accounts					
a) Contribution / (withdrawal) during the year (Net)					
i) Reliance Capital Partners	-	-	148.23	-	148.23
	(-)	(-)	(191.59)	(-)	(191.59)
b) Loss of Partnership firm during the year					
i) Reliance Capital Partners	-	-	1.04	-	1.04
	(-)	(-)	(4.40)	(-)	(4.40)
c) Balance as at March 31, 2010					
i) Reliance Capital Partners	-	-	443.17	-	443.17
	(-)	(-)	(295.98)	(-)	(295.98)
Premium accrued on Investment					
i) Reliance Land Pvt. Ltd.	-	15.71	-	-	15.71
	(-)	(-)	(-)	(-)	(-)
ii) Ammolite Holdings Ltd.	-	9.24	-	-	9.24
	(-)	(2.90)	(-)	(-)	(2.90)
Loans to Others					
a) Given during the year					
i) Reliance Land Pvt. Ltd.	-	15.56	-	-	15.56
	(-)	(558.20)	(-)	(-)	(558.20)
ii) Reliance Asset Reconstruction Co. Ltd.	-	20.00	-	-	20.00
	(-)	(-)	(-)	(-)	(-)
b) Returned during the year					
i) Reliance Communications Infrastructure Ltd.	-	-	-	-	-
	(385.00)	(-)	(-)	(-)	(385.00)
ii) Reliance Land Pvt. Ltd.	-	486.87	-	-	486.87
	(-)	(581.05)	(-)	(-)	(581.05)
c) Balance as at March 31, 2010					
i) Reliance Asset Reconstruction Co. Ltd.	-	15.69	-	-	15.69
	(-)	(-)	(-)	(-)	(-)
ii) Reliance Land Pvt. Ltd.	-	12.12	-	-	12.12
	(-)	(483.43)	(-)	(-)	(483.43)
Sundry Debtors / Advances recoverable in Cash or in Kind					
a) Balance as at March 31, 2010					
i) Reliance Communications Infrastructure Ltd.	6.74	-	-	-	6.74
	(6.94)	(-)	(-)	(-)	(6.94)
b) Interest Receivable on above					
i) Reliance Land Pvt. Ltd.	-	-	-	-	-
	(-)	(8.53)	(-)	(-)	(8.53)
Current Liabilities					
a) Sundry Creditors					
i) Reliance Infocomm Infrastructure Pvt. Ltd.	-	-	-	-	-
	(0.13)	(-)	(-)	(-)	(0.13)
Income					
a) Interest & Finance Income					
i) Reliance Land Pvt. Ltd.	-	15.71	-	-	15.71
	(-)	(37.69)	(-)	(-)	(37.69)
ii) Reliance Communications Infrastructure Ltd.	-	-	-	-	-
	(21.00)	(-)	(-)	(-)	(21.00)
iii) Ammolite Holdings Ltd.	-	6.34	-	-	6.34
	(-)	(2.90)	(-)	(-)	(2.90)
b) Rent					
i) Reliance Communications Infrastructure Ltd.	4.41	-	-	-	4.41
	(4.41)	(-)	(-)	(-)	(4.41)
c) Front End Fees					
i) Reliance Land Pvt. Ltd.	-	-	-	-	-
	(-)	(1.25)	(-)	(-)	(1.25)

Notes to the Abridged Consolidated Financial Statements

(Rs. in crore)

Particulars	Fellow Subsidiaries	Associates	Partnership Firm	Key Management Personnel	Total
d) Reimbursement of Expenditure taken.					
i) Reliance Communications Infrastructure Ltd.	1.43 (2.41)	- (-)	- (-)	- (-)	1.43 (2.41)
ii) Reliance Asset Reconstruction Co. Ltd.	- (-)	0.05 (0.08)	- (-)	- (-)	0.05 (0.08)
Expenditure					
a) Rent					
i) Reliance Communications Infrastructure Ltd.	- (2.53)	- (-)	- (-)	- (-)	- (2.53)
b) Payment to and provisions for employees					
i) Shri V. R. Mohan	- (-)	- (-)	- (-)	0.41 (0.33)	0.41 (0.33)
ii) Smt Geeta Chandran	- (-)	- (-)	- (-)	0.45 (0.45)	0.45 (0.45)
iii) Shri K. A. Somasekharan	- (-)	- (-)	- (-)	1.02 (1.66)	1.02 (1.66)
c) Professional and Management fees					
i) Reliance Communications Infrastructure Ltd.	2.01 (1.37)	- (-)	- (-)	- (-)	2.01 (1.37)
ii) Reliance Tech Service Pvt. Ltd	1.25 (-)	- (-)	- (-)	- (-)	1.25 (-)
d) Repairs & Maintenance – Others					
i) Reliance Communications Infrastructure Ltd.	4.95 (6.10)	- (-)	- (-)	- (-)	4.95 (6.10)
Contingent Liability					
a) Guarantees to Banks and Financial Institutions on behalf of third parties					
i) Ammolite Holdings Ltd.	- (-)	75.00 (75.00)	- (-)	- (-)	75.00 (75.00)

Note:

- i) Figures in bracket indicate previous year figures.
- ii) Expenses incurred towards public utilities services such as telephone and electricity charges have not been considered for related party transaction.
- iii) a) Previous year transactions with parties that have become related parties in the current year have been included in the above mentioned table.
b) Previous year transactions with parties that have ceased to be related parties in the current year have been excluded in the above mentioned table.
- iv) In addition to the above, Director Sitting Fees of Rs.1,00,000 (Previous year Rs.80,000) has been paid to Shri Anil Dhirubhai Ambani, an individual having significant influence.

10. Basic and Diluted Earning per Share

The computation of earnings per share is set out below

Particulars	2009-10	2008-09
a) Amounts used as the numerators		
Net Profit after tax	433.38	1 015.67
Net Profit attributable to equity shareholders	433.38	1 015.67
b) Weighted average number of equity shares (Nos.)	24 56 32 800	24 56 32 800
c) Basic earnings per share of face value Rs.10 each (Rs.)	17.64	41.35
d) Diluted earnings per share of face value Rs.10 each (Rs.)	17.64	41.35

11. Deferred Taxation

Deferred Tax Liability included in the Balance Sheet comprises the following

	As at March 31, 2010	As at March 31, 2009
Deferred tax liabilities		
Deferred Expenses / Accrued Premium	33.07	72.03
Others	4.11	5.20
	37.18	77.23
Deferred tax assets		
Provision for Non Performing Assets / Carry Forward or Unabsorbed Losses, Others	76.97	72.77
Net Deferred Tax Liabilities / (Assets)	(39.79)	4.46

Reliance Capital Limited

Notes to the Abridged Consolidated Financial Statements

12 Prior period adjustment amounting to Rs.1.40 crore (Previous Year Rs. Nil) was due to the adjustments that arose on completion of the audit of three associates in comparison to unaudited financials statements considered for consolidation in the year ended March 31, 2009.

13 Accrued Premium / Interest on Investments amounting to Rs.45.31 crore are due within 1 Year. (Previous Year Rs. Nil)

14 Micro, small and medium enterprises:

During the current year, the management has carried out the process of identification of enterprises, which have provided goods and services to the Company and which qualify under the definition of medium and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Based on the inputs received on above, there have been no reporting cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments.

15 The Group is organised into following reportable segment referred to in Accounting Standard (AS 17) "Segment Reporting"

(Rs. in crore)							
Particular	Finance & Investments	Asset Management	General Insurance	Consumer Finance	Others	Elimination	Total
Revenue							
External	1,167.57 (1875.21)	646.02 (390.74)	2,384.88 (2311.44)	1,325.18 (1205.20)	616.95 (236.55)	- (0.00)	6,140.60 (6019.14)
Inter Segment	13.77 (-)	- (1.75)	1.35 (3.45)	- (-)	4.14 (15.35)	19.26 (20.55)	- (-)
Total Revenue	1,181.34 (1875.21)	646.02 (392.49)	2,386.23 (2314.89)	1,325.18 (1205.20)	621.09 (251.90)	19.26 (20.55)	6,140.60 (6019.14)
Results							
Segment Results - Profit/(Loss) before Tax	342.56 (1037.51)	230.27 (114.73)	(90.55) (-50.17)	135.01 (92.15)	(27.43) (11.03)	0.00 (0.00)	589.86 (1205.25)
Unallocated Expenses							1.54 (1.10)
Other information							
Segment Assets	14,562.25 (13023.91)	192.93 (98.03)	2,608.91 (2198.49)	9,652.57 (8885.84)	1,627.66 (1727.31)	(2,500.47) (1857.70)	26,143.85 (24075.88)
Unallocated Assets	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	46.55 (5.18)
Segment Liabilities	7,377.03 (5,682.44)	184.01 (55.38)	1,817.74 (1567.75)	8,066.34 (8482.86)	931.37 (1174.73)	(132.12) (310.16)	18,244.37 (16653.00)
Unallocated Liabilities	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	6.00 (4.46)
Capital Expenditure	7.18 (6.95)	10.81 (20.76)	18.28 (20.65)	4.37 (8.51)	3.34 (3.64)	0.00 (0.00)	43.98 (60.51)
Depreciation	13.19 (13.57)	12.56 (9.67)	31.64 (22.93)	5.18 (7.65)	5.06 (2.89)	0.00 (0.00)	67.63 (56.71)
Non Cash Expenses other than Depreciation	0.83 (189.25)	0.36 (0.24)	43.23 (10.70)	273.81 (0.00)	27.14 (18.03)	0.00 (0.00)	345.37 (218.22)

Figures in bracket indicate previous year figures.

Note:

- 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 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 the general insurance business.
 - d) Consumer Finance - This includes the consumer finance and mortgage lending business.
 - e) Others
- iii) Since all the operations of the Group are largely conducted within India, as such there is no separate reportable geographical segment

Notes to the Abridged Consolidated Financial Statements

- 16 The list of subsidiaries/associates considered in the consolidated financial statements with their proportion of ownership are as under

Name	Country of Incorporation	Year Ending	Proportion of ownership (interest)
List of Subsidiaries			
Reliance Capital Asset Management Ltd.	India	March 31, 2010	93.37%
Reliance Capital Trustees Co. Ltd.	India	March 31, 2010	100.00%
Reliance General Insurance Co. Ltd.	India	March 31, 2010	96.20%
Reliance Gilts Ltd.	India	March 31, 2010	100.00%
Reliance Capital Research Pvt. Ltd.	India	March 31, 2010	100.00%
Reliance Venture Asset Management Pvt. Ltd. (formerly Reliance Technology Ventures Pvt Ltd)	India	March 31, 2010	100.00%
Reliance Money Express Ltd.	India	March 31, 2010	100.00%
Reliance Capital Markets Pvt. Ltd.	India	March 31, 2010	100.00%
Medybiz Pvt Ltd.	India	March 31, 2010	100.00%
Net Logistics Pvt. Ltd.	India	March 31, 2010	# 90.00%
Reliance Asset Management (Mauritius) Ltd.	Mauritius	March 31, 2010	93.37%
Reliance Asset Management (Singapore) Pte Ltd.	Singapore	March 31, 2010	93.37%
Reliance Capital Asset Management (UK) Ltd.	United Kingdom	March 31, 2010	93.37%
Reliance Asset Management (Malaysia) SDN BHD	Malaysia	March 31, 2010	93.37%
Reliance Capital Partners (Partnership Firm)	India	March 31, 2010	# #
Reliance Equity Advisors (India) Ltd.	India	March 31, 2010	100.00%
Reliance Equities International Pvt. Ltd.	India	March 31, 2010	100.00%
Reliance Home Finance Pvt. Ltd.	India	March 31, 2010	100.00%
Reliance Capital Services Pvt. Ltd.	India	March 31, 2010	100.00%
Reliance Consumer Finance Pvt. Ltd.	India	March 31, 2010	100.00%
Reliance Securities Ltd.	India	March 31, 2010	100.00%
Reliance Commodities Ltd.	India	March 31, 2010	100.00%
Reliance Financial Ltd.	India	March 31, 2010	100.00%
Reliance Alternative Investments Services Pvt. Ltd.	India	March 31, 2010	100.00%
Reliance Prime International Ltd.	India	March 31, 2010	100.00%
Reliance Capital Pension Fund Ltd.	India	March 31, 2010	93.37%
Reliance Capital (Singapore) Pte. Ltd.	Singapore	March 31, 2010	100.00%
Reliance Consultants (Mauritius) Ltd.	Mauritius	March 31, 2010	100.00%
List of Associates			
Reliance Land Pvt. Ltd.	India	March 31, 2010	50.00%
Reliance Share & Stock Brokers Pvt. Ltd.	India	March 31, 2010	50.00%
Ammolite Holding Ltd.	Bermuda	March 31, 2010	* 50.00%
Reliance Asset Reconstruction Co. Ltd.	India	March 31, 2010	49.00%

Notes:

- # Balance 10% ownership interest in Net Logistics Pvt Ltd is held by Medybiz Pvt Ltd
 - ## Proportion of ownership interest in Partnership firm is on the basis of weighted average capital
 - * The Financial statements of Ammolite Holdings Ltd., have been certified by the management
 - Wall Street Finance Limited has not been considered for consolidation as the company ceased to be an Associate of Reliance Money Express Limited w.e.f. September 3, 2009.
 - Reliance Capital Infrastructure Partners has not commenced operations during the year ended March 31, 2010 and there has been no contribution of capital upto March 31, 2010. Hence it has been not considered for consolidation.
- The Investments of Reliance General Insurance Company Ltd, amounting to Rs.1665.54 crore (Previous Year Rs 1433.56 crore) have been accounted on held till maturity basis in accordance with the Insurance Regulatory & Development Act, 1999 and the regulations framed thereunder read with relevant provisions of Insurance Act, 1938 and Companies Act, 1956.
 - The Company's stake in the Share Capital of Gini & Jony Ltd, Rose Land Buildtech Private Ltd., and Victory Transformers & Switchgears Pvt Ltd is in excess of 20% each. These investments made by the Company are strategic in nature, with an intention to sell these investments in the near future.
 - In accordance with Para 7 of Accounting Standard (AS-23) on Accounting for Investments in Associates in Consolidated Financial Statements as per the Companies (Accounting Standard), Rules 2006, these investments have not been accounted for as associates in the preparation of consolidated financial statements.
 - The Company does not have any "Significant Influence" on these companies, as defined by Accounting Standard (AS-18) on Related Party Disclosures as per the Companies (Accounting Standard), Rules 2006 and hence the transaction with these parties have not been considered for Related Party Disclosures.

Reliance Capital Limited

Consolidated Cashflow Statement for the year ended March 31, 2010

Particulars	(Rs. in crore)			
	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
A. Cash flows from Operating Activities				
Net Profit before tax		588.32		1,204.15
Adjusted for				
Prior period expenses	(1.40)		0.46	
Depreciation	67.63		56.71	
Miscellaneous Expenditure written off	4.00		-	
Provision for Non Performing Assets / Doubtful Debts	2.72		131.84	
Provision for Diminution in the Value of Assets	-		4.70	
Provision for Diminution in the Value of Investment	(0.21)		60.16	
Provision for Grauity/ Leave Encashment	(10.22)		3.71	
Provision for repossessed stock	0.97		4.29	
Reserve for Unexpired Risks	29.47		-	
Amortised DSA Commission	82.07		47.72	
Amortised Brokerage on Borrowings	18.60		4.18	
Balances written off	301.16		6.52	
Excess provision/credit balance written back	(16.17)		(31.84)	
Investments -				
Interest	(587.43)		(326.49)	
Dividend Income	(44.43)		(71.70)	
(Profit) / Loss on Sale of Investment (net)	(514.21)		(1,176.44)	
Interest expenses	1,332.40		1,263.83	
(Profit) / Loss on Partnership Firm	1.04		4.40	
Loss / (Profit) on Sale of Fixed Assets (net)	0.97	666.96	(1.13)	(19.08)
Operating Cash Flows before working capital changes		1,255.28		1,185.07
Adjusted for				
Trade and other receivables	(999.08)		(1,341.27)	
Inventories	(1.12)		(4.91)	
Loan originating cost	(77.56)		(63.18)	
Proceeds from/(repayment of) Short Term Borrowings (net)	(4,178.92)		2,644.72	
Proceeds from Long Term Borrowings	4,795.01		1,794.76	
Trade payables	313.96	(147.71)	79.67	3,109.79
Cash generated from operations		1,107.57		4,294.86
Interest paid	(1,369.25)		(918.73)	
Taxes paid	(123.20)	(1,492.45)	(150.53)	(1,069.26)
Cash Flows before Prior period items		(384.87)		3,225.60
Prior period expense		1.40		(0.46)
Net Cash provided by Operating Activities		(383.47)		3,225.14
B. Cash Flows from Investing Activities				
Purchase of Fixed Assets	(42.99)			167.69
Sale of Fixed Assets	5.61			7.57
Purchase of Investments	(13,852.71)			(18,696.35)
Sale of Investments	12,980.21			15,990.42
Interest received	160.23			135.69
Dividend received	43.27			71.70
Net cash used in Investing Activities		(706.38)		(2,323.28)
C. Cash flows from Financing Activities				
Issue / (redemption) of Share Capital		-		30.06
Dividend paid		(185.77)		(157.27)
Net Cash provided / (used in) financing activities		(185.77)		(127.21)
Net increase in cash and cash equivalents (A + B + C)		(1,275.62)		774.65
Cash and Cash equivalents at the beginning of the period		1,167.53		392.88
Cash and Cash equivalents at the end of the period*		(108.09)		1,167.53

* Fixed Deposits with banks amounting to Rs.178.75 crore (Previous Year Rs. NIL) under lien, are not considered for Cash & Cash Equivalents.

As per our report of even date

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

C. D. Lala
Partner
Membership No.: 35671
Mumbai
Dated: April 30, 2010

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

Akeel Master
Partner
Membership No.: 046768

For and on behalf of the Board

Chairman
Vice Chairman

Directors

Company Secretary & Manager
Mumbai
Dated: April 30, 2010

Anil D. Ambani
Amitabh Jhunjhunwala

Rajendra P. Chitale
C. P. Jain
Dr. Bidhubhusan Samal

V. R. Mohan

ATTENDANCE SLIP**Reliance Capital Limited****Registered Office:** H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710.

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

Joint shareholders may obtain additional attendance slip at the venue.

DP. Id*	
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Master Folio No.	
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Client Id*	
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No. of Share(s) held	
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NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 24th Annual General Meeting on Tuesday, September 28, 2010 at 12.00 noon or soon after conclusion of the annual general meeting of Reliance Power Ltd. convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, Sir Vitthalidas Thackersey Marg, New Marine Lines, Mumbai 400 020.

Signature of the shareholder or proxy

*Applicable for investors holding shares in electronic form.

..... TEAR HERE.....

PROXY FORM**Reliance Capital Limited****Registered Office:** H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710

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

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

Client Id*	
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No. of Share(s) held	
----------------------	--

I/Weof

being a member/members of Reliance Capital Ltd. hereby appoint.....

of or failing him

..... of

as my/our proxy to vote for me/us and on my/our behalf at the 24th Annual General Meeting on Tuesday, September 28, 2010 at 12.00 noon or soon after conclusion of the annual general meeting of Reliance Power Ltd. convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, Sir Vitthalidas Thackersey Marg, New Marine Lines, Mumbai 400 020 or at any adjournment thereof.

Signed this day of 2010.

* Applicable for investors holding shares in electronic form.

Affix Re. 1/- revenue stamp

Note: (1) The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

(2) Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The Company shall provide additional forms on request.



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Hyderabad - 500 081, Andhra Pradesh
Email: rclinvestor@karvy.com