

Annual Report
2008-09





Dhirubhai H. Ambani

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

Reliance Group – Founder and Visionary

Profile

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

Incorporated in 1929, Reliance Infrastructure is one of India's fastest growing companies in the infrastructure sector. It ranks among India's top listed private companies on all major financial parameters, including assets, sales, profits and market capitalization.

Reliance Infrastructure companies distribute more than 36 billion units of electricity to over 30 million consumers across an area that spans over 1,24,300 sq kms and includes India's two premier cities, Mumbai and Delhi. The group generates over 940 MW of electricity through its power stations located in Maharashtra, Andhra Pradesh, Kerala, Karnataka and Goa.

Reliance Infrastructure has emerged as the leading player in India in the Engineering, Procurement and Construction (EPC) segment of the power sector.

In the last few years, Reliance Infrastructure has expanded its foot-print much beyond the power sector. Currently, Reliance Infrastructure group is engaged in the implementation of projects not only in the field of generation, transmission, distribution and trading of power but also in other key infrastructural areas such as highways, roads, bridges, metro rail and other mass rapid transit systems, special economic zones, real estate, etc.

Mission: Excellence in Infrastructure

- To attain global best practices and become a world-class utility.
- To create world-class assets and infrastructure to provide the platform for faster, consistent growth for India to become a major world economic power.
- To achieve excellence in service, quality, reliability, safety and customer care.
- To earn the trust and confidence of all customers and stakeholders, exceeding their expectations and make the Company a respected household name.
- To work with vigour, dedication and innovation with total customer satisfaction as the ultimate goal.
- To consistently achieve high growth with the highest levels of productivity.
- To be a technology driven, efficient and financially sound organisation.
- To be a responsible corporate citizen nurturing human values and concern for society, the environment and above all people.
- To contribute towards community development and nation building.
- To promote a work culture that fosters individual growth, team spirit and creativity to overcome challenges and attain goals.
- To encourage ideas, talent and value systems.
- To uphold the guiding principles of trust, integrity and transparency in all aspects of interactions and dealings.

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

Reliance Infrastructure Limited

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Telephone: +91 40 2342 0815-25		
Fax: +91 40 2342 0859		
Email: rinfra@karvy.com		
Website: http://kcpl.karvy.com/adag		

80th Annual General Meeting on Tuesday, July 21, 2009 at 2.00 p.m. or soon thereafter as the AGM of Reliance Capital Limited convened for the same day shall be over at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020

The Annual Report can be accessed at www.rinfra.com

Letter to Shareowners



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

– Anil D Ambani

My dear fellow Shareowners,

For Indian economy as also of the rest of the world, 2008-09 was one of the toughest years to be in business, especially in the infrastructure sector. In the wake of the global financial meltdown, it was hard for businesses to raise resources and maintain the high trend growth rate of the last few years. However, for Reliance Infrastructure, it was another outstanding year – a year in which we made significant strides, and moved closer to our goal of being one of the top players in most of the businesses in which we operate.

The year saw us making important strides forward in our mission to become one of India's top infrastructure players and achieve leadership position across every business segment in which we operate.

On April 28, 2008, the Company changed its name from Reliance Energy Limited to Reliance Infrastructure Limited signifying a renewed thrust on exploiting the emerging long-term opportunities in the infrastructure sector. In recent years, we have made a conscious and concerted effort to align our people, processes and technological initiatives more closely with our new business strategy and focus.

Reliance Infrastructure continues to draw its inspiration and guidance from the vision of our legendary founder, Shri Dhirubhai Ambani. It was one of Dhirubhai's great ambitions in life to see the creation of world class infrastructure in India. With specific reference to the power sector, he wanted that the consumers be provided with uninterrupted and quality power at competitive prices through the deployment of cutting edge technology and operational efficiencies, something that was only possible in his view with the active participation of the private sector in core areas of infrastructure.

It is a tribute to Dhirubhai's vision that Reliance Infrastructure is now one of India's leading and fastest growing companies in the infrastructure sector, with estimated group revenues of Rs 21,818 crore (US\$ 4.3 billion) and gross fixed assets of Rs 14,722 crore (US\$ 2.9 billion).

Reliance Infrastructure is today one of India's most valuable private sector infrastructure companies.

Performance review

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

The salient points are:

- Total income of Rs 10,959 crore (US\$ 2.16 billion), as against Rs 7,501 crore (US\$ 1.48 billion) in the previous financial year, an increase of 46%.
- Cash profit of Rs 1,384 crore (US\$ 273 million), against Rs 1,308 crore (US\$ 258 million) in the previous financial year.
- Net profit of Rs 1,139 crore (US\$ 225 million), against Rs 1,085 crore (US\$ 214 million) in the previous financial year.
- Cash Earnings Per Share (Cash EPS) of Rs 60 (US\$ 1.18), against Rs 56 in the previous year and Earnings Per Share (EPS) of Rs 49.5 (US\$ 1), against Rs 46.9 in the previous year.
- A net worth of Rs 11,907 crore (US\$ 2.35 billion), making Reliance Infrastructure amongst the top Indian private sector companies.

Restructuring of business

While generation, transmission and distribution of power continues to be the core business of the Company, it has in recent years made major inroads in other vital areas such as mass rapid transit systems, roads, special economic zones, and Engineering, Procurement and Construction (EPC). During the past year, the Company evaluated its existing businesses and felt the need to create a simplified and transparent structure, focused on each individual business segment. Each of the several businesses carried on by the Company, either by itself or through subsidiaries, affiliate companies or strategic investments in other companies, was seen to have significant potential for growth.

In order to provide a simplified, transparent business structure, the Company has decided to reorganize all its businesses verticals. This re-organization envisages the transfer of various divisions of Reliance Infrastructure dealing with different areas of operations, to separate wholly owned subsidiary companies. I am sure we would receive the overwhelming support of the Members when we seek their approval to the new scheme of arrangement.

Reliance Infrastructure Limited

Letter to Shareowners

Buy-back of Shares

In keeping with our fundamental and overriding philosophy of creating value for our investors, we decided to utilize a part of our accumulated surplus for buy-back of shares so as to improve the return on equity. We have bought-back a total of 1.13 crore equity shares from the open market, aggregating Rs 925 crore.

Power generation, transmission and distribution

Power Generation

Our Company's power generation units continue to demonstrate significant improvements across all important performance parameters.

During the past year, the Dahanu power station achieved a record Plant Load Factor (PLF) of 100.99 per cent. The Station has been consistently operating at more than 100 per cent PLF for the last five years. The estimated over-performance incentive and efficiency gains as per MERC norm is over Rs 80 crore for the year. Similarly, our power stations at Samalkot and Goa have also registered healthy levels of performance during the year and been consistently improving on major operational, environmental and safety performance parameters.

All the stations are certified for Integrated Management System covering ISO 9001 for the quality management system, ISO 14001 for the environmental management system and OHSAS 18001 for the occupational health and safety management system. They are also certified for SA 8000 the social accountability standard and ISO 27001 for the information security standard.

Power Transmission

Reliance Infrastructure continues to explore emerging opportunities in the transmission sector. Keeping in line with the requirements of the sector, the Government of India has identified 14 transmission projects for development under tariff-based competitive bidding route to be awarded on build, own and operate basis. As you are aware, our Company has been selected as a joint venture partner, along with Power Grid Corporation of India Limited, for setting up the transmission network for Parbati and Koldam hydroelectric projects in Himachal Pradesh. Our Company was also the first private utility to win projects under the Western Region System Strengthening Scheme in Maharashtra and Gujarat. For strengthening our transmission network for Mumbai distribution, we have finalised a comprehensive plan aimed at enhancing our extra high voltage transmission network at a capital outlay of Rs 1,800 crore.

Power Distribution

Our Company's distribution network in Mumbai has achieved the distinction of consistently operating its distribution network at 99.9 per cent reliability.

The Company was recognized as the best among 20 utilities across the country for 'Excellence in Power Distribution – Urban' at the prestigious IEEMA National Awards 2009.

Strengthening and modernization of our network is a continuous process with a view to meeting the rising demand in our distribution area. The Company would continue to maintain its leadership position on key industry parameters such as uninterrupted power supply, deployment of IT and other technologies, meter modernization, and customer service.

Our two associate companies viz. BSES Rajdhani Power Limited (BRPL) and BSES Yamuna Power Limited (BYPL) continue to implement a series of measures aimed at improving overall customer service and reducing aggregate technical and commercial (AT&C) losses. Over the past year, both companies have made substantial progress in further paring down AT&C losses – from 27.26 per cent to 20.59 per cent in BRPL and from 29.99 per cent to 24.02 per cent in BYPL. In the process, we have exceeded the multi-year-tariff target levels. This over-achievement would enable the Company to qualify for performance incentives to the tune of Rs 136 crore.

The EPC Business

Our Engineering, Procurement and Construction (EPC) division, focusing mainly on the power sector, is leveraging its strength in executing power generation projects on a turn-key basis. Backed by an extraordinarily talented work force and years of experience in the field, we employ state-of-the-art technology in every facet of our EPC operation, delivering superior value in engineering, design and project management.

A Centre of Engineering Excellence has been formed to build *Knowledge Capital* in order to enable the execution of large projects at optimum cost, while ensuring high standards of quality and strict adherence to timelines.

The turnover of our EPC business during 2008-09 was Rs 2,513 crore (US\$ 495 million), against Rs 1,444 crore (US\$ 285 million) in the previous year. The EPC division had an order book position of Rs 20,625 crore (US \$ 4.07 billion) as on March 31, 2009.

Infrastructure Projects

Currently, the Company is engaged in four-laning of five road projects in the State of Tamil Nadu, aggregating to a total length of 401 kms and a total cost of Rs 3,150 crore. Of the five, two are at an advanced stage of completion.

The Company has been awarded an important road connectivity project of 66 kms between Gurgaon and Faridabad in the State of Haryana. The Company has also emerged as the sole bidder for the 135-km 'Eastern Peripheral Expressway' project at Delhi at a project outlay of Rs 4,000 crore.

Letter to Shareowners

The ongoing Versova-Andheri-Ghatkopar Corridor Mass Rapid Transit System (MRTS) project, which is being implemented by a special purpose vehicle of the Company along with MMRDA, is scheduled to be commissioned by second quarter of FY2011, two years ahead of the contractual commissioning date.

The Delhi Airport Express Line Project, being implemented by the Company's special purpose vehicle, Delhi Airport Metro Express Private Limited in consortium with CAF of Spain, will connect the Delhi Airport with the Central Business District. Overseen by globally renowned consultants and system contractors, the project is likely to start by second quarter of FY2011 i.e. before the Commonwealth Games.

The Company has also been awarded a project to develop a 100-storey trade tower and commercial business district in Hyderabad. We are also developing a special economic zone at the Dhirubhai Ambani Knowledge City in Navi Mumbai.

Reliance Power Limited

An associate of the Company, Reliance Power Limited is currently executing projects with a combined planned capacity of more than 33,480 MW, the largest portfolio of power generation assets under development in India in the private sector.

Corporate Governance

Our Company is a proud member of the Reliance Anil Dhirubhai Ambani Group. As such we have adopted the Group's Corporate Governance Practices and Code of Conduct. These guidelines prescribe a set of systems, processes and principles that conform to the best global standards, and are aimed at promoting the interests of all our stakeholders.

Social Commitments

The Company continues to take up several initiatives related to healthcare, education, water management, including construction of check dams and water drains, and promotion of environmental improvement measures as well as providing vocational training. In all programmes, special priority is given to the economically vulnerable sections of society, who stay in the vicinity of the power stations and project sites.

Awards and Recognitions

All our power stations continue to receive prestigious awards and recognitions for outstanding performance in various fields, viz., excellence in thermal power generation, environment, quality, water and energy management, leadership, technology and innovations, safety and corporate social responsibility.

Commitments

We are on the threshold of a major organizational transformation: from being a power utility to being a diversified infrastructure company, with strong presence across the entire gamut of infrastructure space.

Our young team of highly trained, motivated and qualified professionals will aim to make the most of every opportunity that opens up in infrastructure.

Powered by the experience and expertise of the Reliance ADA group in project management and financial engineering, we will seek to achieve the highest performance standards in the industry and an unchallenged leadership position across all segments in which we operate.

Our founder gave us a mantra for growth and success: think big - and act bigger. We will follow his lead and his inspiration in striving for bigger and better in everything that we do, paving the way for ever faster growth and ever higher value for all our stakeholders.



Anil D. Ambani
Chairman

Reliance Infrastructure Limited

Highlights - at a glance

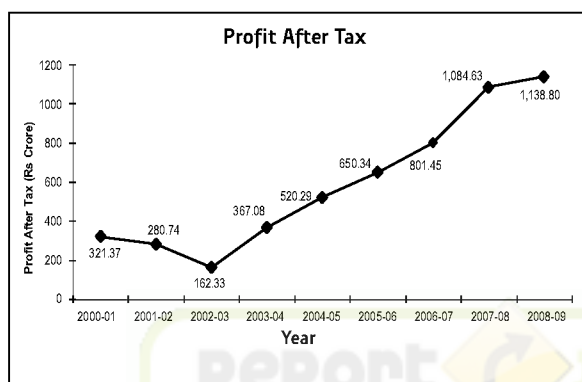
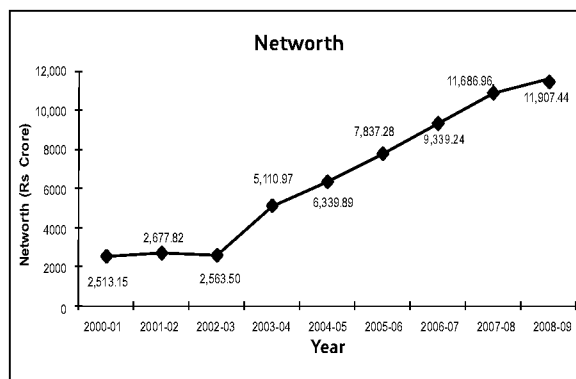
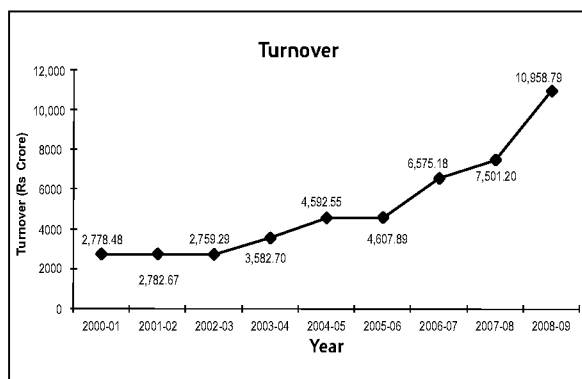
Year Ended 31st March		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Units Sold - (Million Units)		9582	9271	8743	8064	7969	7691	5880	5676	5415	5168
Maximum Demand MVA		1509	1408	1457	1331	1320	1274	1226	1201	1198	1121
High Tension Mains kms		3860	3606	3448	3114	3012	2915	2829	2789	2734	2577
Low Tension Mains kms		3619	3313	3179	3116	3039	3002	2965	2923	2870	2774
No. of Substations		5081	4909	4720	4002	3848	3735	3653	3547	3444	3337
No. of Consumers (in '000) Licensed Area - 384 sq kms		2692	2630	2506	2496	2381	2329	2223	2142	2067	1977
No. of Shareholders (in '000)		1591	1596	157	109	99	96	122	145	155	168
Financial Data (Rs in crore)	US \$ in Million										
Assets:											
Fixed Assets (Net)	769.91	3905	3637	3104	2874	2912	3093	1813	1951	2080	2108
Investments	2394.91	12147	7726	2512	1193	696	2875	1030	611	534	525
Current Assets (Net)	666.80	3382	5561	9954	8277	6731	1410	531	850	657	734
Total Assets	3831.62	19434	16924	15570	12344	10339	7378	3374	3412	3271	3367
Sources of Finance											
Share Capital	44.56	226	236	229	212	186	175	138	138	201	225
Equity Warrants	154.37	783	783	-	88	568	-	-	-	-	-
Reserves & Surplus	2148.66	10898	10668	9252	7573	5586	4936	2426	2540	2375	2143
Borrowings	1445.58	7332	4989	5858	4267	3739	2030	632	661	695	824
Deferred Tax Liabilities	38.44	195	249	231	204	260	237	178	73	-	-
Total Finance Raised	3831.62	19434	16924	15570	12344	10339	7378	3374	3412	3271	3367
Gross Revenue	2160.69	10959	7501	6575	4608	4593	3583	2777	2783	2778	2430
Profit Before Tax	235.21	1193	1152	872	781	570	417	153	302	350	397
Profit After Tax	224.57	1139	1085	801	650	520	367	297 *	281	321	307
Dividends	31.15	158	148	121	104	87	70	61	61	62	61
Dividend Tax	5.32	27	25	21	16	12	9	8	0.17	7	7
Retained Earnings (including statutory reserves)	188.49	956	912	699	529	421	295	54	244	227	235
Equity Share Capital	44.56	226	236	229	212	186	175	138	138	138	138
Rate of Dividend per Equity Share (Rs)	7.00	7.00	6.30	5.30	5.00	4.70	4.50	4.40	4.30	4.00	3.70
Earnings Per Share (Rs)	US\$ 0.97	49	47	37	33	28	26	22 *	22	21	21

* Prior to one time adjustments of Rs 135 crore

1 US\$ = Rs 50.72 as on March 31, 2009

1 crore = 10 million

Highlights - at a glance



Business Mix

Generation

Generates 940 MW of electricity through Power Stations across Maharashtra Andhra Pradesh, Kerala, Karnataka and Goa

Distribution

Distributes over 36 billion units of electricity to 30 million consumers

EPC

Leading player in India in the engineering, procurement and construction segment of the power sector

RELIANCE
Infrastructure

Anil Dhirubhai Ambani Group

Infrastructure

- Road Projects: Largest developer of road projects for NHAI totaling 467 kms
- Metro projects: First and only private sector builder and operator in Mumbai and Delhi covering 34 kms

Transmission

- Parbati and Koldam Hydroelectric project
- Project under Western Region System Strengthening Scheme II in Maharashtra and Gujarat

Reliance Infrastructure Limited

Distribution Network in Mumbai

