

Annual Report
2009-10





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, one of India's largest business houses.

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 Company 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 fields 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, airports, cement, etc.

The Company is in the process of restructuring its various divisions to its wholly owned subsidiaries with a view to adopting the best management practices, establish highest operational standards and also to identify separately the economic value of each of the divisions.

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.

Reliance Infrastructure Limited

Board of Directors

Shri Anil Dhirubhai Ambani	- Chairman
Shri Satish Seth	- Vice Chairman
Shri S C Gupta	- Director (Operations)
Shri Lalit Jalan	- Whole-time Director
Gen V P Malik	
Shri S L Rao	
Dr Leena Srivastava	

Company Secretary

Shri Ramesh Shenoy

Auditors

M/s Price Waterhouse
M/s Chaturvedi & Shah

Registered Office

H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710
Maharashtra, India

Registrar and Transfer Agent

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

Investor Helpdesk

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

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

Contents

Page No.

Letter to Shareowners	5
Highlights-at a glance.....	7
Notice of Annual General Meeting.....	8
Directors' Report	10
Auditors' Certificate on Corporate Governance	14
Management Discussion and Analysis.....	15
Corporate Governance Report.....	36
Investor Information	48
Auditors' Report on Financial Statements	58
Annexure to Auditors' Report.....	58
Balance Sheet	60
Profit and Loss Account.....	61
Schedules and Notes.....	62
Cash Flow Statement	95
Statement of interest in Subsidiary Companies	97
Auditors' Report on Consolidated Financial Statements	99
Consolidated Balance Sheet	100
Consolidated Profit and Loss Account	101
Schedules and Notes forming part of Consolidated Financial Statements.....	102
Consolidated Cash Flow Statement.....	137
Attendance Slip and Proxy Form	139

**Eighty First Annual General Meeting on Wednesday, December 22, 2010 at 11.00 a.m.
at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020**

This 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 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.

The infrastructure sector in India has witnessed encouraging growth in the last few years, thanks in no small measure to governmental initiatives at various levels which have paved the way for increased and growing participation of the private sector in developing the infrastructure of the country.

In many ways, this success is a vindication of a faith. Many decades ago, well before economic reforms became a reality, our founder Dhirubhai had expressed the hope and conviction, that the private sector will one day be allowed to play a leading role in the development of infrastructure in India, particularly the all-important power sector because the availability of quality and reliable power in his view was a pre-condition for sustained, long-term growth.

Today, we are proud to have realized a part of Dhirubhai's dream. Apart from providing quality and uninterrupted supply of power in the suburbs of Mumbai, we are now engaged, through our associate company, Reliance Power, in the development, construction and operation of power generation projects with a combined planned capacity of nearly 35,000 MW, the largest portfolio of private generation assets under development in India.

With its forays in recent years in other key infrastructural areas such as highways, roads, bridges, airports, metro rail and other mass rapid transit systems, our Company, backed by strong financial and execution capabilities, is now well poised to become one of India's leading integrated infrastructure players. We are currently developing 25 projects aggregating around Rs 40,000 crore (US\$ 8.6 billion) of investments comprising roads, metro rails, airports, sealink and transmission lines.

RInfra has emerged as the country's largest infrastructure company on an ownership basis. There would be 11 revenue generating projects on stream in financial year 2011 with a project outlay of ₹ 19,200 crore.

Our group revenues are estimated at ₹ 24,493 crore (US\$ 5.5 billion) and gross fixed assets at ₹ 19,057 crore (US\$ 4.2 billion).

We are not just about scale and size. We are equally committed to operational excellence and ever improving customer satisfaction across the entire range of our services. We believe these qualities will drive us to stay ahead of competition and strengthen our leadership position in every business segment that we operate.

Performance review

I am happy to share with you the highlights of financial and operational performance of the Company during the year.

- Total income of ₹ 10,908 crore (US\$ 2.4 billion) as against ₹ 10,959 crore (US\$ 2.4 billion) in the previous financial year.

- Cash profit of ₹ 1,435 crore (US\$ 320 million) as against ₹ 1,329 crore (US\$ 296 million) in the previous financial year.
- Net profit of ₹ 1,152 crore (US\$ 256 million) as against ₹ 1,139 crore (US\$ 254 million) in the previous financial year.
- Earnings Per Share (EPS) of ₹ 51 (US\$ 1.1), against ₹ 49 (US\$ 1.1) in the previous year.
- A net worth of ₹ 15,152 crore (US\$ 3.4 billion) making Reliance Infrastructure amongst the top Indian private sector companies.

Achievements across key operating businesses

Power Generation

All the power stations of the Company have shown consistent and improved performance in their operations. Many have set benchmarks in key spheres of operation, viz. operational performance, energy conservation, environmental management and safety management.

During the past year, the Dahanu Thermal Power Station operated at an average Plant Load Factor (PLF) of 102.32 per cent. The Station has now been operating at more than 100 per cent PLF for the sixth year running and the current PLF of 102.32 per cent is the highest ever achieved since inception. This exemplary performance has earned incentives and efficiency gains.

All our stations have the distinction of obtaining Integrated Management System (IMS) for Quality, Environment and OHSAS 18001:2007 certifications.

Power Transmission

Reliance Power Transmission Limited (RPTL), a subsidiary of the Company, is the largest private transmission utility in India and is currently implementing projects worth ₹ 6,600 crore, comprising 6,000 circuit kilometers of transmission lines and two substations. The projects under execution include Western Region System Strengthening Scheme-II, North Karanpura Transmission System, Talcher-II Augmentation scheme and Parbati Koldam Transmission Project in joint venture with Power Grid Corporation of India Limited.

In keeping with the growth of our economy and the power sector, the Government of India has identified a large number of transmission projects for the national grid. Our Company is fully geared to explore such upcoming opportunities.

Power Distribution

Our Mumbai Distribution business has been consistently operating at 99.9 per cent reliability. This consistency has been achieved through network augmentation, meter modernization, ever improving customer service through dedicated call centers and enhanced payment options.

Reliance Infrastructure Limited

Letter to Shareowners

I am glad to inform that the Administrative Staff College of India, which was appointed by the MERC, to investigate the operations of the distribution business of the Company for the years 2003 to 2009, has given a positive report and stated that there was nothing reportable under the investigation. In a simultaneous development, the Institute for Design of Electrical Measuring Instruments, which was appointed by the MERC to test the meters of consumers who had responded to MERC public notice, has after conducting tests on approximately 1,200 RInfra meters reported in its findings that the errors in the meters, when found to be performing, were within the range as prescribed by the Bureau of Indian Standards (BIS). This is another vote of confidence on our quality standards and underlines once again our commitment to operational excellence.

In recognition of our world-class IT systems and solutions, we have been awarded IT consultancy projects for Karnataka Discom and SCADA-Distribution Management System projects in Maharashtra, Chhattisgarh, Bihar as well as Haryana Discoms.

Our two associate companies, viz. BSES Rajdhani Power Limited and BSES Yamuna Power Limited, have been taking a series of steps to reduce the aggregate and technical commercial losses (AT&C) in their operations and further improving the quality of their customer service. The reductions in AT&C losses during the year enabled the two companies to qualify for performance incentive to the tune of ₹ 140 crore.

The EPC Business

The turnover of our Engineering, Procurement and Construction (EPC) Division for 2009-10 rose by 41 per cent to ₹ 3,522 crore, while profits rose by a healthy 38 per cent.

The Division employs state-of-the-art technology in engineering design and project management to execute its projects. The Division has been taking proactive measures to further augment its capabilities in executing large, complex projects such as ultra mega power projects and responding even more quickly to changing business environment and needs.

Infrastructure Projects

Metro Projects

Reliance Infrastructure is the country's largest player in metro rail projects, developing 3 metro rail projects in Delhi and Mumbai with total capex of around ₹ 160 billion. The construction work for the Delhi Airport Express Link is now complete and the line is expected to be operational before the end of this year.

The construction of Mumbai Metro Line 1 is under full swing and the link is likely to be operational by Q2 FY12 much ahead of the scheduled date as per the concession agreement. The recently awarded Mumbai Metro Line 2 project would provide connectivity from Mankhurd to Charkop through Bandra, for which surveys and investigation work has been started. We are confident that these projects once completed will lead to significant decongestion of the urban transport system in Mumbai and provide a fast and convenient mode of travel to Mumbai commuters.

Reliance Infrastructure is the largest private developer-operator of non-metro airports in the country, having developing and operating rights of five non-metro airports in Maharashtra—namely Nanded, Latur, Yavatmal, Baramati and Osmanabad. Awarded on 95-year leases, these airports are a vital link in boosting regional air connectivity, facilitating the growth of aviation business in India and catalysing the growth of the regional economy as a whole.

Reliance Infrastructure is one of the largest developers of road and highway projects for the National Highways Authority of India under the build, own, transfer (BOT) scheme. With an investment of ₹ 120 billion, the Company is currently developing

11 major road projects, totaling 970 kms. Of these projects, 6 are in Tamil Nadu, and one each in Maharashtra, Rajasthan, Gujarat and Delhi National Capital Region, in addition to a 180-km project which cuts across UP and Haryana.

While two of our projects in Tamil Nadu have commenced commercial operations, further 4 are slated for commissioning across different states in the current financial year. The construction of all other projects is proceeding as per schedule.

Your Company has been awarded the Western Freeway Sea Link Project – Phase II-A through international competitive bidding process under Public Private Partnership. The project envisages operation and maintenance of the existing Bandra-Worli Sealink and construction of Sealink from Worli to Haji Ali in Mumbai.

Reliance Infrastructure, through its subsidiary company, Reliance Cementation, is developing one of the most promising portfolios of cement plants in India. The Company is setting up integrated cement plants in Madhya Pradesh and Maharashtra with an aggregate cement capacity of 10 million tonnes. With various internal group synergies, these plants will be among the most cost-competitive cement plants in India.

Corporate Governance

Our Company is a proud member of the Reliance Anil Dhirubhai Ambani Group. We have adopted the Group's Corporate Governance Policies 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 stakeholders.

Social commitments

As responsible corporate citizens, we have always endeavoured to reach out to the underprivileged in and around the areas wherever we operate, viz. power plants, distribution areas and EPC Project sites. Our CSR initiatives are aimed at making our communities self-reliant by providing education, health, water, sanitation, rural development and vocational training. We continue to support the KDA Hospital and Medical Research Centre which has become a landmark and is contributing significantly to the health care sector in suburban Mumbai.

Awards and Recognitions

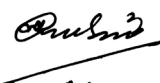
During the year, your Company was recognized and felicitated at various national and international fora for exemplary performance in various fields, viz. excellence in thermal generation, environment, quality, water and energy management, leadership, technology, innovation, safety and corporate social responsibility.

Commitments

Over the last few years, we have considerably expanded our project portfolio while enlarging our geographic footprint across various parts of the country.

I would like to thank all our employees for their continued dedication, hard work and contribution which has made this achievement and transformation possible. I also extend my sincere thanks to my colleagues on the Board for their involvement and mature counsel.

We have always endeavoured to meet, indeed exceed, the expectations of our large family of stakeholders. For us, value enhancement remains a key business objective and we will continue to aid, facilitate and support all initiatives which enhance stakeholder value, while maintaining the highest standards of corporate governance.



Anil Dhirubhai Ambani
Chairman

Reliance Infrastructure Limited

Highlights - at a glance

Year Ended 31st March		2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Units Sold -(Million Units)		10163	9582	9271	8743	8064	7969 [^]	7691 [^]	5880	5676	5415
Maximum Demand MVA		1516	1509	1408	1457	1331	1320	1274	1226	1201	1198
High Tension Mains kms		4113	3860	3606	3448	3114	3012	2915	2829	2789	2734
Low Tension Mains kms		3817	3619	3313	3179	3116	3039	3002	2965	2923	2870
No of Substations		5384	5081	4909	4720	4002	3848	3735	3653	3547	3444
No of Consumers (in'000) Licensed Area - 384 sq kms		2731	2692	2630	2506	2496	2381	2329	2223	2142	2067
No of Shareholders (in'000)		1509	1591	1596	1577	109	99	96	122	145	155
Financial Data (₹ in crore)	US \$ in Million										
Assets :											
Fixed Assets (Net)	908.46	4079	3905	3637	3104	2874	2912	3093	1813	1951	2080
Investments	2,231.63	10020	12147	7726	2512	1193	696	2875	1030	611	534
Current Assets (Net)	1,186.19	5326	3382	5561	9954	8277	6731	1410	531	850	657
Total Assets	4,326.28	19425	19434	16924	15570	12344	10339	7378	3374	3412	3271
Sources of Finance :											
Share Capital	54.57	245	226	236	229	212	186	175	138	138	201
Equity Warrants	120.49	541	783	783	-	88	568	-	-	-	-
Reserves & Surplus	3,199.55	14366	10898	10668	9252	7573	5586	4936	2426	2540	2375
Borrowings	916.48	4115	7332	4989	5858	4267	3739	2030	632	661	695
Deferred Tax Liabilities	35.19	158	194	249	231	204	260	237	178	73	-
Total Finance Raised	4,326.28	19425	19434	16924	15570	12344	10339	7378	3374	3412	3271
Gross Revenue	2,429.40	10908	10959	7501	6575	4608	4593	3583	2777	2783	2778
Profit Before Tax	288.85	1297	1193	1152	872	781	570	417	153	302	350
Profit After Tax	256.50	1152	1139	1085	801	650	520	367	297 *	281	321
Dividends	38.75	174	158	148	121	104	87	70	61	61	62
Dividend Tax	2.15	10	27	25	21	16	12	9	8	0.17	7
Retained Earnings (including statutory reserves)	215.59	968	956	912	699	529	421	295	54	244	227
Equity Share Capital	54.57	245	226	236	229	212	186	175	138	138	138
Rate of Dividend on Equity Shares (₹)	US\$ 0.16	7.1	7.0	6.3	5.3	5.0	4.7	4.5	4.4	4.3	4.0
Earnings Per Share (₹)	US\$ 1.14	51	49	47	37	33	28	26	22 *	22	21

* Prior to one time adjustments of ₹ 135 crore

[^] includes sales in respect of Samalkot and Goa Power Stations

1 US\$ = ₹ 44.90 as on March 31, 2010

1 crore = 10 million

Reliance Infrastructure Limited

Notice

Notice is hereby given that the Eighty First Annual General Meeting of the members of Reliance Infrastructure Limited will be held on Wednesday, December 22, 2010 at 11.00 a.m. 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, the Profit and Loss Account for the financial year ended on that date and the Reports of the Board of Directors and Auditors' thereon.
2. To confirm the payment of interim dividend on equity shares declared by the Board of Directors as final dividend.
3. To appoint a Director in place of Shri Lalit Jalan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Gen V P Malik, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as an

Ordinary Resolution:

"RESOLVED THAT Haribhakti & Co., Chartered Accountants (Firm Registration No 103523W) and Pathak H D & Associates, Chartered Accountants (Firm Registration No 107783W), be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors."

Special Business

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

"RESOLVED THAT pursuant to the provisions of Sections 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 up to 3 per cent 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 up to such extent as the Board and/or 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 acts, 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."

By Order of the Board of Directors

Ramesh Shenoy
Company Secretary

Registered Office:

H Block, 1st Floor,
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710

November 22, 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 herself/himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.**
2. Corporate members are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Meeting.
3. Members/proxies should fill in the attendance slip for attending the Meeting and bring their attendance slip alongwith 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 share(s) in electronic form are requested to write their DP Id and Client Id number and those who hold share(s) 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.
7. The Company's Register of Members and Transfer Books will remain closed from Thursday, the 16th December, 2010 to Wednesday, the 22nd December, 2010 (both days inclusive) for the purpose of the meeting.
8. Non-resident Indian members are requested to inform Karvy Computershare Private Limited immediately on:

Notice

- 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 of Bank, branch, account type, account number and address of the bank, if not furnished earlier.
9. Re-appointment of directors: At the ensuing Annual General Meeting Shri Lalit Jalan and Gen V P Malik retire by rotation, and being eligible, offer themselves for re-appointment. The details pertaining to all the directors as required to be provided pursuant to Clause 49 of the listing agreement are furnished in the Corporate Governance Report forming part of this Annual Report.
10. Price Waterhouse, Chartered Accountants and Chaturvedi & Shah, Chartered Accountants were appointed at the Annual General Meeting of the Company held on July 21, 2009 as auditors of the Company. Haribhakti & Co., Chartered Accountants and Pathak H D & Associates, Chartered Accountants are proposed to be appointed as joint statutory auditors of the Company at the ensuing Annual General Meeting. Special Notice has been received by the Company from a Member proposing the appointment of Haribhakti & Co. and Pathak H D & Associates, as Auditors of the Company.
11. Members are advised to refer to the section titled 'Investor Information' provided in this Annual Report.
12. Pursuant to Circular no. SEBI/CFD/DIL/LA/2/2007/26/4 dated April 26, 2007, issued by the Securities and Exchange Board of India, the statement containing the salient features of the balance sheet, profit and loss account and auditors' report (Abridged Financial Statements), is sent to the members, along with the Abridged Consolidated Financial Statements. Any member interested in obtaining a copy of the full Annual Report, may write to the Registrar and Transfer Agent of the Company.
13. The Registrar of Companies, Maharashtra, in terms of its approval dated August 27, 2010 has extended the time for holding the Company's AGM up to December 31, 2010.
14. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 to the accompanying Notice dated November 22, 2010

Item No. 6 Payment of commission to Non-executive Directors

The members, through postal ballot, result of which was declared on January 8, 2007, had approved payment of commission upto 3 per cent per annum to non-executive Directors who are not in full 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 1st April, 2006.

The Company had obtained approval from the Central Government vide letter No. A36105260-CL.VII dated June 16, 2008 for payment of Commission to non-executive Directors up to a limit of 3 per cent of net profits of the Company per year for a period of 4 years from the financial year 2007-2008 i.e. up to financial year ending March 31, 2011.

The Chairman and the non-executive Directors are required to devote significant time and attention with wider scope of business activities of the Company and 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 per cent, if the Company has a managing or whole-time director or manager, or 3 per cent, 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 whole-time Directors. The Company can pay remuneration exceeding 1 per cent or 3 per cent 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.

The Board of Directors accordingly recommends the resolution set out at Item No.6 of the accompanying Notice for the approval of the Members.

All Directors of the Company, except executive Directors, 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.

By Order of the Board of Directors

Ramesh Shenoy
Company Secretary

Registered Office:

H Block, 1st Floor,
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710

November 22, 2010

Reliance Infrastructure Limited

Directors' Report

Dear Shareowners,

Your Directors have pleasure in presenting the Eighty First Annual Report and the audited accounts for the financial 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	
	₹ crore	**US \$ million	₹ crore	**US \$ million
Total income	10,908.06	2,429.41	10,958.79	2,160.64
Gross profit before depreciation	1,616.78	360.08	1,438.31	283.58
Depreciation	319.84	71.23	244.88	48.28
Profit before taxation	1,296.94	288.85	1,193.43	235.30
Tax Expenses (Net) (including deferred tax and tax for earlier years)	145.25	32.35	54.55	10.75
Profit after taxation	1,151.69	256.50	1,138.88	224.55
Add :				
Balance of profit brought forward from previous year	683.20	152.16	774.86	152.77
Profit available for appropriation	1,834.89	408.66	1,913.74	377.32
Appropriations :				
Dividend on equity shares (including tax on dividend)	183.64	40.90	182.64	36.01
Statutory Reserves	16.96	3.78	14.55	2.87
Transfer to General Reserve	1,000.00	222.72	1,000.00	197.16
Transfer to Debenture Redemption Reserve	35.83	7.98	33.35	6.58
Balance carried to Balance Sheet	598.46	133.28	683.20	134.70

* figures of previous year have been regrouped and reclassified wherever required

** ₹ 44.90 = US \$ 1 Exchange rate as on March 31, 2010 (₹ 50.72 = US \$ 1 as on March 31, 2009)

Financial Performance

During the year under review, your Company earned an income of ₹ 10,908 crore, against ₹ 10,959 crore in the previous year. The Company earned Profit after tax of ₹ 1,152 crore as compared to ₹ 1,139 crore in the previous year. Shareholders equity (Net worth) increased to ₹ 15,152 crore from ₹ 11,907 crore in the previous year. The factors contributing to the financial performance are discussed more elaborately in the Management Discussion and Analysis which is included as part of the Annual Report.

Dividend

The Board of Directors paid an interim dividend of ₹ 7.10 per share on 24,48,70,262 equity shares of ₹ 10 each (Previous year ₹ 7.00 per equity share) for the financial year ended March 31, 2010. The Board of Directors do not propose to pay any final dividend and the interim dividend paid is to be treated as the final dividend for the year 2009-10.

The dividend paid is in accordance with the Company's policy to pay sustainable dividend linked to long term performance, keeping in view the capital needs for the Company's growth plans and the intent to optimal financing of such plans through internal accruals.

Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the listing agreement with the stock exchanges in India, is presented in a separate section forming part of the Annual Report.

The Company has entered into various contracts in the areas of infrastructure and value added service businesses. While benefits from such contracts will accrue in future years, their progress is periodically reviewed.

Issue of Securities and Share Capital

(i) Cancellation of outstanding warrants

The Company on January 20, 2008 had allotted 4,30,00,000 warrants on preferential basis to the promoters, against which an upfront amount of ₹ 783.49 crore was paid. The warrants were convertible in to equivalent number of equity shares of ₹ 10 each at a premium of ₹ 1,812.08 per equity share on or before July 19, 2009. Since the warrant holders had expressed their intention not to seek conversion of the warrants, the Company cancelled the said warrants and forfeited the upfront amount paid thereon.

(ii) Preferential allotment of warrants

Pursuant to approval of the members of the Company accorded through postal ballot on June 24, 2009,