

RELIANCE

Infrastructure

**Annual Report
2011-12**



Dhirubhai H. Ambani

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

Reliance Group - Founder and Visionary

Profile

Reliance Infrastructure Limited is a part of the Reliance Group, one of the leading business houses in India.

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 941 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.

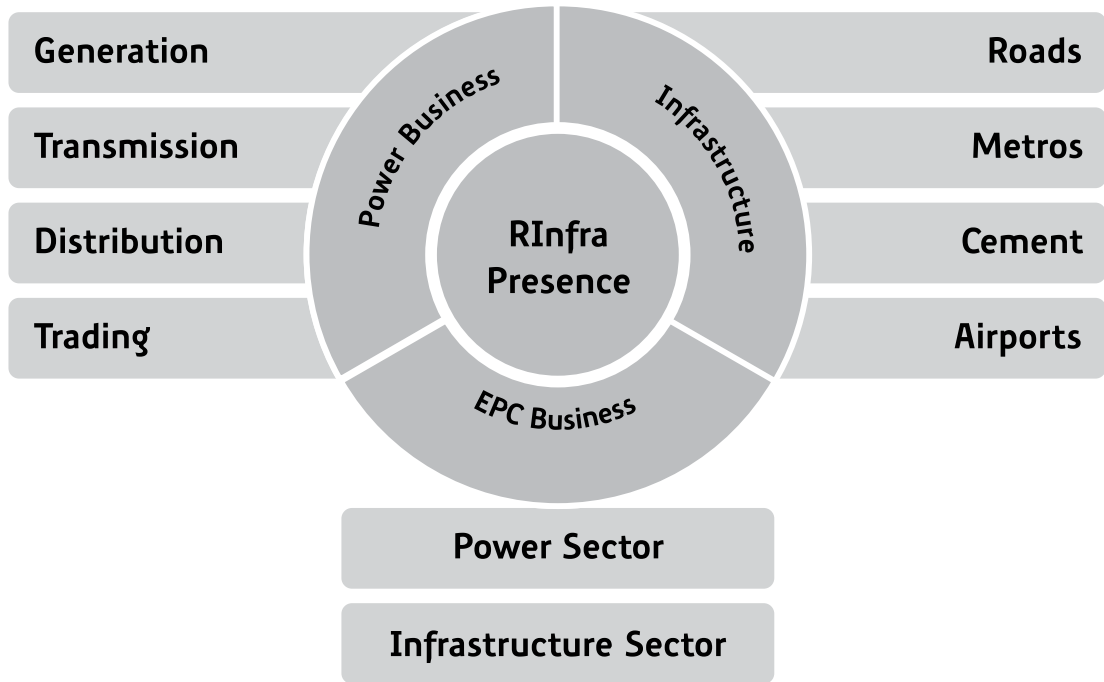
In the last few years, Reliance Infrastructure has expanded its foot-print much beyond the power sector. Currently, Reliance Infrastructure group is engaged in the implementation of projects not only in the fields of generation, transmission, distribution and trading of power but also in other key infrastructural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

Mission: Excellence in Infrastructure

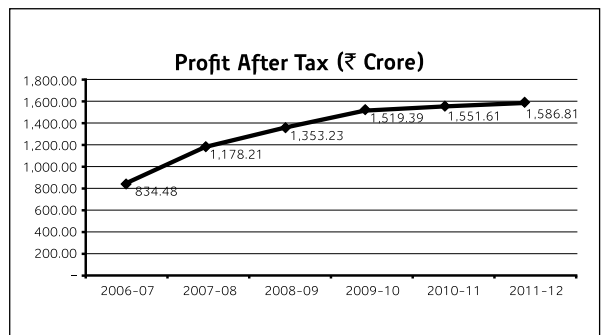
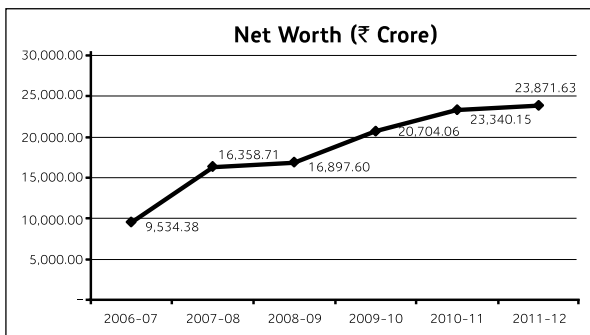
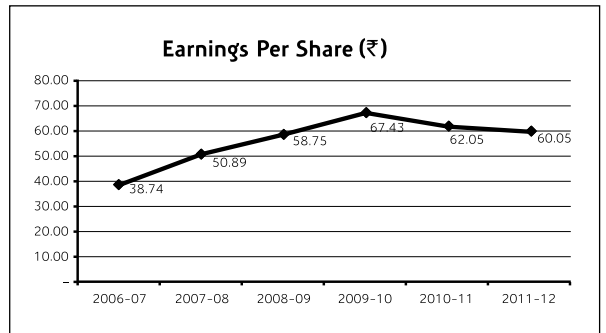
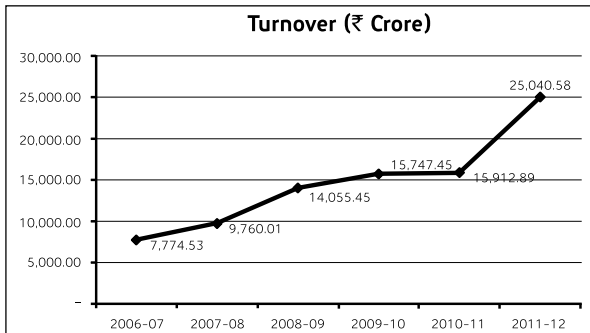
- To attain global best practices and become a world-class utility.
- To create world-class assets and infrastructure to provide the platform for faster, consistent growth for India to become a major world economic power.
- To achieve excellence in service, quality, reliability, safety and customer care.
- 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.

Reliance Infrastructure Limited

Business Mix



Key Financial Highlights (Consolidated)



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83rd Annual General Meeting on Tuesday, September 4, 2012 at 4.00 p.m. or soon after conclusion of the AGM of Reliance Power Limited convened on the same day, whichever is later at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020

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



My dear fellow Shareowners

It gives me great pleasure to share with you the highlights of our Company's performance during the year 2011-12.

The Company in recent years has expanded its business landscape from power generation, distribution, transmission and trading to infrastructure sectors such as roads, metros, airports and has made large investments in these areas.

I am glad to inform you that the Company is engaged in developing two metro rail projects in Mumbai and is already operating the Airport Metro Express in Delhi; It has been awarded 11 road projects with total length of 1,000 kms; is maintaining five airports in Maharashtra and is developing two cement plants of five million tons each in Maharashtra and Madhya Pradesh. I am sure, the progress being achieved by your Company would bring in vibrancy and growth in the infrastructure sector and contribute in the growth of the economy..

Performance Review

I am happy to share with you the highlights of our financial and operational performance during the year 2011-12

- Total Income of ₹ 18,615 crore (US\$ 3.7 billion), as against ₹ 10,210 crore in the previous financial year.
- Cash Profit of ₹ 2,619 crore (US\$ 515 million) against ₹ 1,336 crore in the previous financial year.
- Net Profit of ₹ 2,000 crore (US\$ 393.17 million) against ₹ 1,081 crore in the previous financial year
- Cash Earnings Per Share for the year of ₹ 99 (US\$ 1.9) against ₹ 53 in the previous financial year.
- Earnings Per Share (EPS) of ₹ 76 (US\$ 1.5) against ₹ 43 in the previous financial year.

With a net worth of about ₹ 18,541 crore (US\$ 3.6 billion), Reliance Infrastructure ranks among the top performing Indian private sector companies in the country.

Our group revenues stand at about ₹ 35,570 crore (US\$ 7 billion), while our gross fixed assets amount to ₹ 29,830 crore (US\$ 5.9 billion).

Buy-back of shares

The Company by declaring a buy-back programme during the last year, has ensured that each of your share becomes more valuable and represents a greater percentage of equity in the company. This is in keeping with our overriding philosophy of creating value for our shareholders. The Company bought-back 44,30,262 equity shares of an aggregate value of ₹ 234.88 crore representing 1.66 per cent of the pre buy-back paid up equity shares at an average price of ₹ 528.91 per equity share.

Power generation, transmission and distribution

Power Generation

Dahanu Thermal Power Station (DTPS) achieved Plant Load Factor (PLF) of more than 100 per cent. The power plant has been operating with a PLF of more than 100 per cent consecutively for the last six years and achieved this unique distinction eight times in overall, since inception. The Dahanu Thermal Power Station has emerged as the country's best thermal power plant with respect to various operating plant parameters such as PLF, availability, heat rate and auxiliary power consumption. All the power stations, viz. DTPS, Samalkot Power Station and Goa Power Station continue to pursue various six sigma quality initiatives for continual improvement.

Power Transmission

I am glad to inform you that six transmission lines associated with the Western Region System Strengthening Project with a cumulative length of about 1,450 ckt kms out of the total length of 3,000 ckt kms have been commissioned so far and are being successfully operated by Reliance Power Transmission Limited (RPTL). With the commissioning of these lines, RPTL has become the first ever private transmission licensee to build, own and operate the interstate transmission lines in the country. RPTL has made significant progress on the remaining lines of the project and they are expected to be commissioned during the financial year 2012-13.

Engineering activities for the Parbati Koldam Transmission Line project being executed in joint venture with Power Grid Corporation of India Limited have been completed. Significant progress has been made in implementing the project and the project is scheduled to be commissioned by the end of 2012-13.

The Company incurred capital expenditure of ₹ 324 crore during 2011-12 for strengthening and augmenting the transmission network in Mumbai. The Company has been granted a transmission licence in Mumbai distribution area for a period of 25 years with effect from August 16, 2011.

Power Distribution

Maharashtra Electricity Regulatory Commission (MERC), being satisfied with the power procurement plan and the management and technical expertise of the Company granted a fresh distribution licence for the Company for a period of 25 years from August 16, 2011. The observations made by the MERC is a testimony to the Company's inherent strength and its track record of serving millions of industrial, commercial and residential consumers in Mumbai, benchmarked to international standards of quality, operational performance, efficiency and customer care.

Letter to Shareowners

The Company achieved the distinction of consistently operating its distribution network at 99.98 per cent availability in Mumbai. The Company, through customer centric initiatives has been providing best-in-class services to its customers in the areas of billing, metering, payment mode, access to billing information, speedy redressal of grievances and energy audit service to its consumers. The Company continues to focus on system loss through a variety of technical and physical means and has one of the lowest system losses in the country.

The Delhi distribution companies, viz. BSES Rajdhani Power Limited (BRPL) and BSES Yamuna Power Limited (BYPL) are implementing a series of measures to improve customer service, and to reduce aggregate technical and commercial (AT&C) losses so as to achieve enhanced customer satisfaction. The AT&C losses have declined to 17.81 per cent in BRPL and 17.84 per cent in BYPL which were as high as at 51 percent in BRPL and 63 per cent in BYPL when these Discoms were taken over in 2002-03. The reliability index too had gone up from a common average of about 88.00 to 99.85 in BRPL and 99.91 in BYPL.

Power Trading

Reliance Energy Trading Limited (RETL), the trading arm of the Company, is a professional member of power exchanges with a significant market share of exchanged traded volume. RETL apart from being engaged in trading of power from captive/independent power plants is also targeting industrial/open-access consumers in several States as also exploring options in trading of renewable energy.

The EPC Business

The Engineering, Procurement and Construction (EPC) Division has achieved a turnover of ₹ 11,689 crore during the year. It has a robust order book position of ₹ 17,280 crore as of March 31, 2012. The Division over the years has emerged as from being a limited work execution provider to a total solution provider in the Indian power sector. The Division's excellent engineering capabilities and integrated project management and control system have been contributing significantly to achieve faster project implementation at optimum cost and better quality.

Infrastructure Projects

Road Projects

The Company through its special purpose vehicles has been developing 11 road projects with capital outlay of about ₹ 12,000 crore of which five projects have commenced generating revenues and additional six projects would start generating revenue shortly. The company continues to explore opportunities in the road sector by shortlisting 21 projects worth ₹ 40,000 crore for bidding.

The Company has developed the Enterprise Road Business Management system (ERMS) which is a bundled package comprising of real time toll monitoring, accident reporting, enterprise reporting, environment and operation and maintenance aspects of business.

Metro Projects

Delhi Airport Metro Express Line was commissioned within a record time of 27 months from the date of signing of the concession agreement, reducing travel time to airport to mere 18 minutes. The Line provides unique services to the customers, viz. check-in for both domestic and international travellers, integrating baggage handling with the system at the airport for seamless transfer of luggage.

The Mumbai Metro I Versova-Andheri-Ghatkopar Mass Rapid Transit System (MRTS) has been making steady progress and is scheduled to be commissioned ahead of the contractual commissioning date. The line will result in reduced travel time from 120 minutes to about 20 minutes along with improved travelling experience.

Cement Business

Reliance Cement Company Private Limited (RCCPL), subsidiary of the Company, has achieved certain milestones towards setting up two plants, one in Maihar, Madhya Pradesh and the other in Mukutban, Maharashtra. The construction of the satellite grinding unit at Butibori (Nagpur), linked to the Mukutban Project is nearing completion and is expected to commence commercial production in the later half of the current year. In line with RCCPL's vision to set up cement projects across India, it has applied for mining leases/prospecting licenses in various parts of India.

Corporate Governance

RInfra has always maintained the best governance standards and practices by adopting, as is the norm for all constituent companies of the Group, the "Reliance Group-Corporate Governance Policies and Code of Conduct". These Policies and Code prescribe a set of systems, processes and principles, which conform to the highest international standards and are reviewed periodically to ensure their continued relevance, effectiveness and responsiveness to the needs of investors, both local and global, and all other stakeholders.

Social Commitments

The Company places high importance to the development of the community in and around our areas of businesses. The primary focus of social welfare and community development measures is on health care and education. We are committed to improving the quality of life in the communities in which we operate and to contributing to the overall well being of under privileged citizens.

Awards and Recognitions

It is a matter of pride that our company continues to receive numerous awards in recognition of its outstanding performance in various fields. This is in recognition of the passion for quality and excellence exhibited by various Divisions of the Company. These accolades cover a wide gamut of specific areas including environmental management, energy conservation, water management, safety record, pollution control, quality leadership and corporate social responsibility.

Our Commitment

Our vision is continued growth and improved operational efficiency. 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 Infrastructure Limited

Highlights - at a glance

| Year Ended 31 st March | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|--------|--------|--------|--------|--------|
| Units Sold - (Million Units) | 7,954 | 9,186 | 10,163 | 9,582 | 9,271 |
| Maximum Demand MVA | 1,664 | 1,671 | 1,516 | 1,509 | 1,408 |
| High Tension Mains KMs | 3,906 | 3,814 | 3,651 | 3,860 | 3,606 |
| Low Tension Mains KMs | 5,123 | 4,871 | 4,713 | 3,619 | 3,313 |
| No. of Substations | 5,818 | 5,596 | 5,384 | 5,081 | 4,909 |
| No. of Consumers (in '000) Licensed Area - 400 sq.km | 2,830 | 2,805 | 2,761 | 2,692 | 2,630 |
| No. of Shareholders (in lakhs) | 14.11 | 14.54 | 15.09 | 15.91 | 15.96 |
| Financial Data (₹ in crore) | | | | | |
| Fixed Assets (Net) | 7,754 | 6,844 | 4,079 | 3,905 | 3,637 |
| Investments | 12,785 | 12,584 | 10,020 | 12,147 | 7,726 |
| Share Capital | 263 | 267 | 245 | 226 | 236 |
| Reserves and Surplus | 18,278 | 17,400 | 14,366 | 10,898 | 10,668 |
| Borrowings | 9,189 | 3,969 | 4,115 | 7,332 | 4,989 |
| Gross Revenue | 18,615 | 10,210 | 10,908 | 10,959 | 7,501 |
| Profit Before Tax | 2,498 | 1,135 | 1,297 | 1,193 | 1,152 |
| Profit After Tax | 2,000 | 1,081 | 1,152 | 1,139 | 1,085 |
| Dividends | 194 | 191 | 174 | 156 | 148 |
| Dividend Tax | 31 | 31 | 10 | 27 | 25 |
| Retained Earnings (including statutory reserves) | 1,775 | 859 | 968 | 956 | 912 |
| Rate of Dividend on Equity Shares | 73% | 72% | 71% | 70% | 63% |
| Earnings Per Share (₹) | 76 | 43 | 51 | 49 | 47 |

1 crore = 10 million

Notice

Notice is hereby given that the 83rd Annual General Meeting of the members of **Reliance Infrastructure Limited** will be held on **Tuesday, September 4, 2012** at 4.00 p.m. or soon after the conclusion of the Annual General Meeting of Reliance Power Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020, to transact the following businesses:

Ordinary Business

1. To consider and adopt the audited Balance Sheet as at March 31, 2012, the audited Statement of Profit and Loss for the financial 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 Sateesh Seth, 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. Haribhakti & Co., Chartered Accountants (Firm Registration No 103523W) and M/s. 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

5. **Appointment of Shri S S Kohli as Director, liable to retire by rotation**

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

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (Act) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Shri S S Kohli, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Act and the Articles of Association of the Company, be and is hereby appointed as Director of the Company liable to retirement by rotation under the provisions of the Articles of Association of the Company."

6. **Appointment of Shri C P Jain as Director, liable to retire by rotation**

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

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (Act) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Shri C P Jain, who was appointed as an

Additional Director pursuant to the provisions of Section 260 of the Act and the Articles of Association of the Company, be and is hereby appointed as Director of the Company liable to retirement by rotation under the provisions of the Articles of Association of the Company."

7. **Appointment of Dr V K Chaturvedi as Director, liable to retire by rotation**

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

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (Act) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Dr V K Chaturvedi, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Act and the Articles of Association of the Company, be and is hereby appointed as Director of the Company liable to retirement by rotation under the provisions of the Articles of Association of the Company."

8. **Issue of Securities to the Qualified Institutional Buyers**

To consider and, if thought fit, to pass with or without modification(s), 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 (s) or re-enactment(s) thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into with the Stock Exchanges and subject to the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR"), the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, applicable rules, regulations, guidelines or laws and/or any approval, consent, permission or sanction of the Central Government, Reserve Bank of India and any other appropriate authorities, institutions or bodies (hereinafter collectively referred to as the "appropriate authorities"), and subject to such conditions as may be prescribed by any one of them while granting any such approval, consent, permission and/or sanction (hereinafter referred to as the "requisite approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter called the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorised to issue, offer and allot equity shares/fully convertible debentures/partly convertible debentures/non-convertible debentures with warrants/any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not

later than 60 months from the date of allotment (collectively referred to as "QIP Securities"), to the Qualified Institutional Buyers (QIBs) as per the SEBI ICDR, whether or not such QIBs are members of the Company, on the basis of placement document(s), at such time or times in one or more tranche or tranches, at par or at such price or prices, and on such terms and conditions and in such manner as the Board may, in its absolute discretion determine, in consultation with the lead managers, advisors or other intermediaries, provided however that the aggregate amount raised by issue of QIP Securities as above shall not result in increase of the issued and subscribed equity share capital of the Company by more than 25 per cent 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 decides to open the proposed issue, or the date on which the holder of the securities which are convertible into or exchangeable with equity shares at a later date becomes entitled to apply for the said shares, as the case may be ("Relevant Date").
- c. RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph (a) above or as may be necessary in accordance with the terms of the offering, all such shares shall rank *pari passu* with the then existing shares of the Company in all respects, as may be provided under the terms of the issue and in the offering document.
- d. RESOLVED FURTHER THAT such of these QIP Securities to be issued as are not subscribed may be disposed of by the Board to such person or persons and in such manner and on such terms as the Board may in its absolute discretion think 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, de-merger, amalgamation, takeover or any other re-organisation or restructuring in the Company.
- f. RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of QIP Securities or instruments representing the same, as described in paragraph (a) above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the entering into of underwriting, marketing and institution/trustees/agents and similar agreements/and to remunerate the managers, underwriters and all other agencies/intermediaries by way of commission, brokerage, fees

and the like as may be involved or connected in such offerings of Securities, with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit.

- g. RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of QIP Securities and utilisation of the issue proceeds including but without limitation to the creation of such mortgage/hypothecation/charge on the Company's assets under Section 293(1)(a) of the said act in respect of the aforesaid QIP Securities either on *pari passu* basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.
 - h. RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s)/Authorised Representative(s) of the Company to give effect to the aforesaid resolution."
9. **Appointment of Shri Ramesh Shenoy as Manager**

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 387 and all other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force and referred hereinafter as "the Act") and subject to such sanctions, approvals, as may be necessary, consent of the Company be and is hereby accorded to the appointment of Shri Ramesh Shenoy as the Manager of the Company for a period commencing from April 21, 2012 and until October 31, 2014 on the terms and conditions including remuneration set out in the Agreement to be entered into between the Company and Shri Ramesh Shenoy, 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 the "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 for the said appointment and/or agreement, as may be agreed to between the Company and Shri Ramesh Shenoy, so as not to exceed the limits specified in Schedule XIII to the said Act, or any amendments thereto.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the currency of tenure of appointment of Shri Ramesh Shenoy, as Manager, the remuneration and perquisites as may be agreed 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