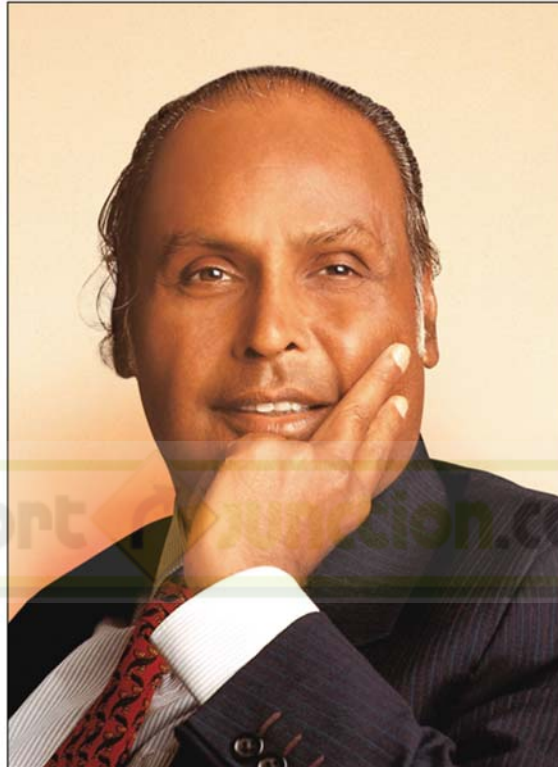


# RELIANCE Capital

Anil Dhirubhai Ambani Group

Annual Report  
2008-09





## **Dhirubhai H. Ambani**

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

Reliance Group – Founder and Visionary

## Profile

Reliance Capital Limited 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.

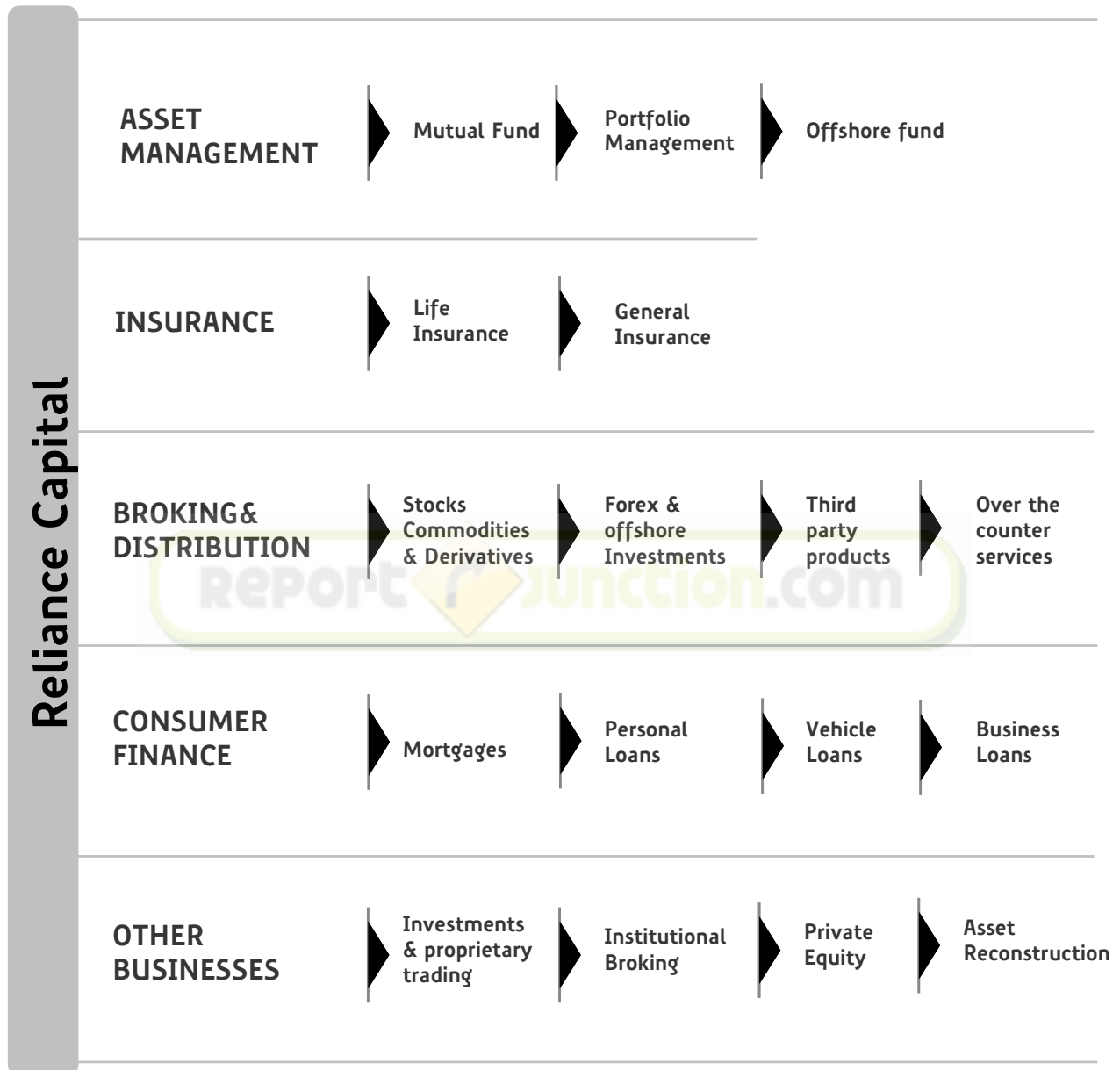
Reliance Capital has interests in asset management and mutual funds, life and general insurance, private equity and proprietary investments, stock broking and depository services, consumer finance, asset reconstruction, institutional broking and distribution of financial products.

## 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.

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

## Business mix



**Creating India's leading financial superstore**

## Reliance Capital Limited

**Board of Directors**

Shri Anil D. Ambani – Chairman  
 Shri Amitabh Jhunjhunwala – Vice Chairman  
 Shri Rajendra P. Chitale  
 Shri C. P. Jain  
 Shri P. N. Ghatalia

**Company Secretary & 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 Pvt. Ltd.  
 Plot No. 17-24, Vittal Rao Nagar  
 Madhapur, Hyderabad 500 081  
 Andhra Pradesh, India  
 Website: www.karvy.com

**Investor Helpdesk**

Toll free no. (India): 1800 4250 999

Telephone : +91 40 2342 0815-25

Fax : +91 40 2342 0859

Email: rclinvestor@karvy.com

Post your request at

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

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23rd Annual General Meeting on Tuesday, July 21, 2009 at 11:00 a.m.,  
 at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020

The Annual Report can be accessed at [www.reliancecapital.co.in](http://www.reliancecapital.co.in)

## Reliance Capital Limited

### 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,

It gives me great pleasure to share with you the highlights of our Company's performance during the year 2008-09.

For India and for the world, 2008-09 was one of the toughest years to be in business, especially in the financial services Industry. For Reliance Capital, it was another outstanding year – a year in which we made huge strides, and moved closer to our goal of being one of the top players in most of the businesses in which we operate.

What gives us the greatest satisfaction, however, is the fact that we are today closer to fulfilling the vision of our legendary founder and my father, late Shri Dhirubhai Ambani.

It was one of Dhirubhai's great dreams to bring the fruits of financial empowerment to millions of ordinary Indians, and, in the process, enable Reliance Capital to become one of India's leading financial services players. Today, we are well on our way to translating his dreams into reality. Reliance Capital is now India's fastest-growing financial services powerhouse, serving over 15 million customers.

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

Reliance Mutual Fund remains the largest mutual fund for the second year in a row. We continue to remain amongst the fastest growing private sector players in the insurance industry. We are among the top three general insurers and top four life insurers in the private sector. Our Company has a market capitalization in excess of Rs.20,000 crore and 1.3 million shareholders.

Our Company now ranks among the top three private sector banking and finance companies on all major parameters. It has interests in asset management and mutual funds, life and general insurance, private equity and proprietary investments, stock broking and depository services, consumer finance, financial products distribution, asset reconstruction and institutional equities.

Our Company is an integral part of the Reliance Anil Dhirubhai Ambani Group, India's third largest business house. Our goal is not just to build a great enterprise for our stakeholders but a great future for India – the new India of the new millennium, a young country that desires real and rapid change and seeks a quality of life that is second to none.

Today the Reliance Anil Dhirubhai Ambani Group touches the life of one in eight Indians, every single day.

Across different companies, our group enjoys the support of a customer base of over 150 million and a shareholder base of over 11 million – the largest for any business group in India.

This proud association shapes our vision and values. It defines who we are, what we stand for and what we aspire to achieve. 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.

#### Performance Review

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

#### The salient points are:

- **Consolidated total income** of **Rs.6,019 crore** (US\$ 1.3 billion), against Rs.4,919 crore in the corresponding previous period, **an increase of 22 per cent.**
- **Consolidated net profit** of **Rs.1,016 crore** (US\$ 221 million), against Rs.1,009 crore in the corresponding previous period, **an increase of 1 per cent.**
- **Consolidated Earnings per share (EPS)** of **Rs.41.35** (US\$ 0.90), against Rs.41.08 in the corresponding previous period, **an increase of 1 per cent.**
- **Total Assets** of the company stood at **Rs.24,260 crore** (US\$ 4.8 billion), an increase of 142 per cent over the previous year.
- **Total net worth** was **Rs.7,340 crore** (US\$ 1.5 billion), an increase of 13 per cent over the previous year.

#### Highest credit ratings – from all raters

Your Company'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. 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.

These robust financial numbers have enabled us to recommend an increase, subject to confirmation at the AGM, in the dividend to Rs.6.50 a share against Rs.5.50 a share in the previous year.

## Reliance Capital Limited

### Letter to Shareowners

#### Achievements during the year

The year under review saw our Company post significant achievements despite the most challenging market conditions in the last two decades.

The average assets under management (AAUM) of the Indian mutual fund industry declined by 7 per cent, from Rs.5,00,973 crore in March 2008 to Rs.4,93,287 crore in March 2009. In line with this, during the same period, the AAUM for Reliance Mutual Fund (RMF) also fell from Rs.90,938 crore to Rs. 80,963 crore. However, RMF continued to be India's No.1 Mutual Fund with a market share of 16.4 per cent.

**Reliance Capital Asset Management (RCAM)** was appointed as one of the fund managers by the Employees Provident Fund Organization (EPFO). A hugely prestigious account, EPFO has entrusted Rs.27,575 crore to RCAM, for investment management. 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). RCAM is the only private sector asset management company, which has been selected to manage funds for both the EPFO and the new pension scheme.

During the year, the Indian life insurance industry recorded new business premium of Rs.87,108 crore as against Rs.92,989 crore in the previous year, a decrease of 6.75 per cent. Against this, **Reliance Life Insurance** garnered new business premium of Rs.3,514 crore for the year as compared to Rs.2,751 crore in the previous year, an increase of 28 per cent. Reliance Life Insurance has maintained its position amongst the top four (in terms of monthly new business premium) private sector life insurance companies in India.

**Reliance Consumer Finance** offers a wide range of products, which include personal loans, vehicle loans (car and commercial), home loans, loan against property, and SME loans. The focus in this business is primarily the asset quality and the profitability of each loan given; not merely growth or market share gains. In the September to December quarter of the year, there was a steep drop in liquidity due to the global financial meltdown that had its fallout on India. Consequently we slowed our disbursements. This naturally resulted in a smaller loan book, which fell from Rs.9,513 crore last year to Rs.8,576 crore this year.

**Reliance Money**, one of the leading brokerage and distributor of financial products in India with more than three million customers. Reliance Money gives its customers comprehensive financial services and solutions by providing access to equities, equity options, and commodities futures, mutual funds, IPOs, life and general insurance products, offshore investments and credit cards. Reliance Money generated revenues of Rs.352 crore for the year ended March 31, 2009, as against Rs.239 crore – an increase of 47 per cent.

**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. Gross Direct Premium for the year ended March 31, 2009 was virtually unchanged at Rs.1,915 crore as against Rs.1,946 crore in the corresponding previous period. The pace of growth in this business was moderated in response to the general economic slowdown and because the management felt that we owed it to our shareholders to focus on improving profitability rather than merely increasing the revenues.

During the year, our Institutional broking arm, Reliance Equities International and our asset reconstruction business, Reliance Asset Reconstruction commenced business operations. Also, Reliance Capital Services, an initiative to cross-sell the Reliance Capital products to the all other customers of Reliance ADA group commenced operations.

#### Future Plans

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

- Increase our customer base – from fifteen 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.
- Enter the banking sector as and when regulations permit.
- Globalize operations by leveraging our domestic experience and capabilities to expand our asset management, life insurance and broking operations in emerging markets across Asia, Africa, and the Middle East

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

#### Corporate Governance

We have adopted "The Corporate Governance Policies and Code of Conduct of the Reliance Anil Dhirubhai Ambani Group", as is the norm for all constituent group companies. Benchmarked to the best global standards, these model practices aim to promote and protect the interests of all stakeholders and set out the systems, processes and principles which we scrupulously adhere to at all times.

#### Social Commitments

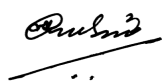
In the past year, we have undertaken several important initiatives and measures in the area of education and healthcare, signifying our continued and long-standing commitment to social and community welfare.

#### Our Commitment

Our founder, the legendary Dhirubhai H. 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.

It is this inspiration from our founder that drives us to always strive for bigger and better, achieving ever greater value for all our stakeholders.



**Anil D. Ambani**  
Chairman

## Reliance Capital Limited

### Highlights – at a glance

(Rs. in crore)

Year ended March 31	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Turnover	3 017.29	2 079.79	883.86	652.02	295.69	356.79	458.78	548.59	492.20	457.40
Earnings Before Depreciation, Interest & Tax (EBDIT)	2 335.00	1 596.69	782.88	619.00	290.06	348.27	447.09	529.83	475.06	450.87
Depreciation	21.22	17.09	7.07	23.19	27.77	42.09	91.65	55.18	71.97	84.94
Profit After Tax	968.02	1 025.45	646.18	537.61	105.81	105.79	102.63	101.22	93.45	90.56
Equity Dividend %	65.00	55.00	35.00	32.00	30.00	29.00	29.00	29.00	29.00	28.00
Dividend Payout	186.80	158.04	100.58	81.32	38.19	36.92	36.92	36.92	36.96	35.70
Equity Share Capital	246.16	246.16	246.16	223.40	127.84	127.97	127.83	127.83	127.83	126.93
Reserves and Surplus	6 560.28	5 779.07	4 915.07	3 849.58	1 310.08	1 271.84	1 208.50	1 147.99	1 901.91	1 071.03
Net Worth	6 697.42	5 927.50	5 161.23	4 122.46	1 437.92	1 399.81	1 336.33	1 275.82	2 039.74	1 197.96
Total Assets	20 594.07	15 374.31	6 573.19	4 364.35	2 809.94	2 751.47	3 106.78	3 710.70	4 356.51	3 513.40
Market Capitalisation	8 684.35	30 168.62	16 415.64	11 568.99	2 272.42	1 675.35	618.69	670.24	796.22	2 174.04
Number of Employees	218	216	196	140	21	27	30	29	34	25

### KEY INDICATORS

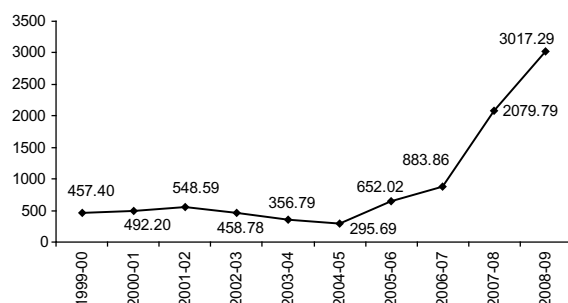
Year ended March 31	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
EBDIT/Gross Turnover %	77.39	76.77	88.58	94.94	98.10	97.61	97.45	96.58	96.52	98.57
Net Profit Margin %	32.08	49.31	73.11	82.45	35.78	29.65	22.37	18.45	18.99	19.80
Earnings Per Share (Rs.)	39.41	41.75	28.39	24.64	8.31	8.31	8.06	7.91	7.33	7.04
Book Value Per Share (Rs.)	272.66	245.29	210.12	184.97	112.95	109.96	104.97	100.22	160.24	93.21
Debt : Equity Ratio	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	1.93:1



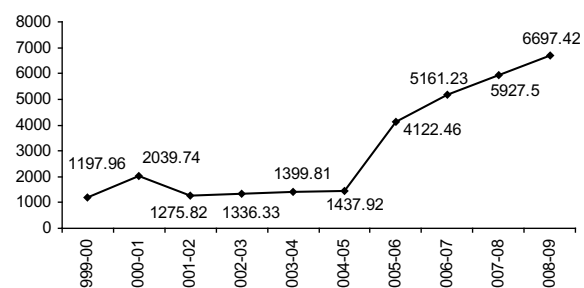
## Reliance Capital Limited

## Highlights - at a glance

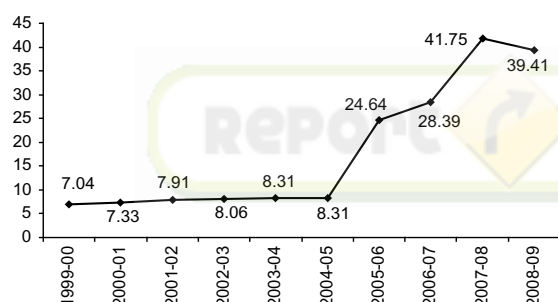
Turnover (Rs. in crore)



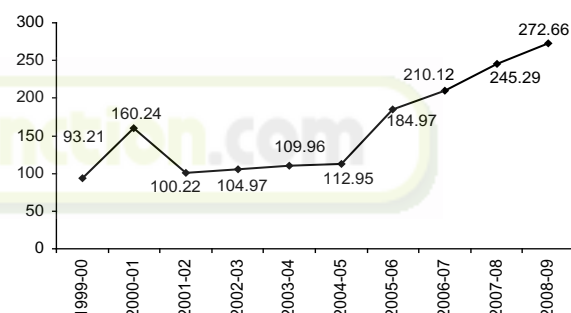
Net Worth (Rs. in crore)



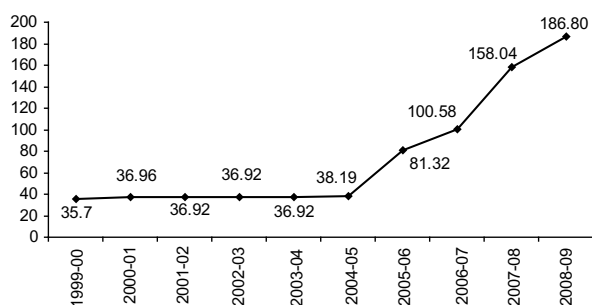
Earning Per Share (Rs.)



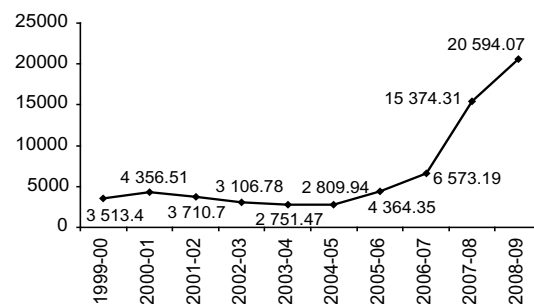
Book Value Per Share (Rs.)



Dividend Payout (Rs. in crore)



Total Assets (Rs. in crore)



## Reliance Capital Limited

### Notice

Notice is hereby given that the twenty third Annual General Meeting of the members of Reliance Capital Limited will be held on Tuesday, July 21, 2009 at 11.00 a.m., at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020, to transact the following business:

#### Ordinary Business

1. To consider and adopt the audited Balance Sheet as at March 31, 2009, 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 C. P. Jain 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, and M/s. B S R & Co., Chartered Accountants, be and are hereby appointed as the Statutory 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 may 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 pursuant to the provisions of Section 255 and other applicable provisions, if any, of the Companies Act, 1956 and such other approval(s) as may be necessary, consent of the Company be and is hereby accorded to the appointment of Shri Anil Dhirubhai Ambani, as a Director not 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 P. N. Ghatalia, 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(s) the following Resolution as a **Special Resolution**.

"RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (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 XIII-A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 ("SEBI DIP Guidelines"), 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 DIP Guidelines, 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 issue of securities as above shall not result in increase of the issued and subscribed equity share capital of the Company by more than 25% of the then issued and subscribed equity shares of the Company.

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 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").