

**RELIANCE**

Capital

**Annual Report  
2013-14**



## **Dhirubhai H. Ambani**

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

Reliance Group - Founder and Visionary

# Profile

Reliance Capital Limited is a constituent of the Reliance Group, one of the leading business houses in India.

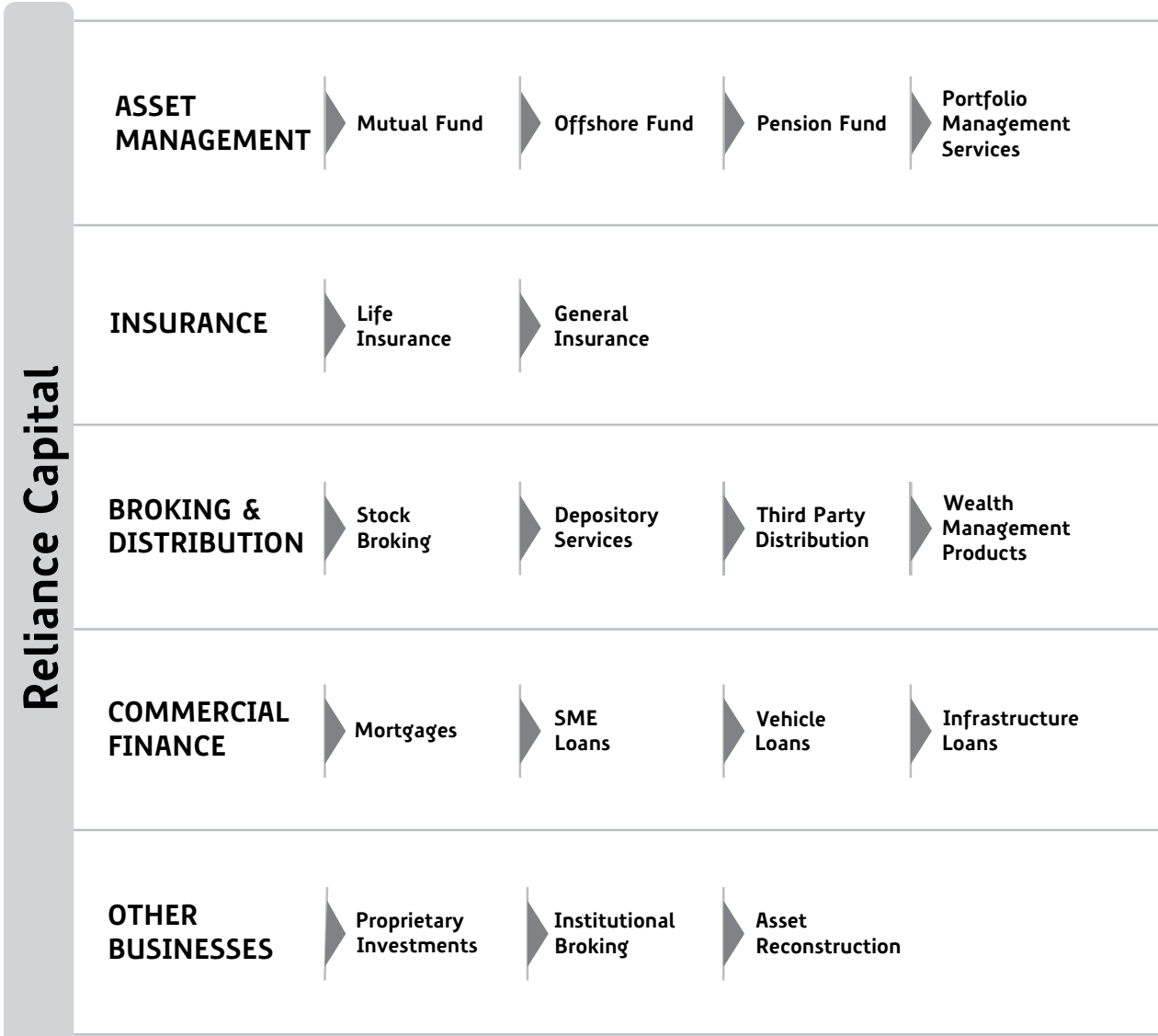
Reliance Capital, incorporated in 1986, is one of India's leading and fastest growing private sector financial services companies, and ranks among the top 4 private sector financial services and banking companies, in terms of networth.

Reliance Capital has interests in asset management and mutual funds, life and general insurance, commercial and home finance, stock broking, wealth management services, distribution of financial products, asset reconstruction, proprietary investments and other activities in financial services.

## Mission: Excellence in Financial Services

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

# Business mix



**Board of Directors**

Shri Anil Dhirubhai Ambani – Chairman  
 Shri Amitabh Jhunjhunwala – Vice Chairman  
 Shri Rajendra P. Chitale  
 Dr. Bidhubhusan Samal  
 Shri V. N. Kaul

**Company Secretary and Manager**

Shri V. R. Mohan

**Auditors**

M/s. Chaturvedi & Shah  
 M/s. B S R & Co. LLP

**Registered Office**

H Block, 1<sup>st</sup> Floor,  
 Dhirubhai Ambani Knowledge City  
 Navi Mumbai 400 710, India  
 CIN : L65910MH1986PLC165645  
 Telephone : +91 22 3047 9800  
 Fax No. : +91 22 3032 7202  
 Email : rcl.investor@relianceada.com  
 Website: www.reliancecapital.co.in

**Registrar and Transfer Agent**

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

**Investor Helpdesk**

Toll free no. (India) : 1800 4250 999  
 Telephone : +91 40 4030 8000  
 Fax No. : +91 40 2342 0859  
 Email : rclinvestor@karvy.com  
 Post your request : <http://kcpl.karvy.com/adag>

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**28<sup>th</sup> Annual General Meeting on Tuesday, September 30, 2014 at 10:00 A.M.,  
 at Birla Matushri Sabhaagar, 19, New Marine Lines, Mumbai 400 020**



My dear fellow Shareowners,

It gives me great pleasure to share with you the highlights of our Company's performance during 2013 - 14.

Reliance Capital made significant progress during the year towards improving operational performance across its core businesses, and is fully geared to capitalise on its growth aspirations.

We continue to move forward in fulfilling the vision of our legendary founder and my father, late Shri Dhirubhai Ambani, to attain financial empowerment for millions of ordinary Indians, and, in the process, enable Reliance Capital to become one of India's leading financial services players.

Today, our Company is one of India's largest non-banking financial services companies. We have diversified interests in asset management, mutual funds, pension funds, life and general insurance, commercial finance, home finance, stock broking services, wealth management, financial products distribution, asset reconstruction and other activities in the financial services arena.

Our Company is an integral part of the Reliance Group. Reliance Group is amongst India's leading business houses with a 10 million strong shareholders base. We have a strong presence across the wide array of high growth consumer facing businesses of telecom, financial services, energy, power, infrastructure and media and entertainment.

Today, each of us can claim with pride and humility that the Reliance Group touches the life of one in every five Indians, every single day. This proud association defines our vision and values. It defines who we are, what we stand for and what we aspire to achieve.

### Performance Review

The key financial highlights on a consolidated basis are:

- **Total income of ₹ 7,544 crore** (US\$ 1.3 billion), against ₹ 7,519 crore in the previous year
- **Net profit of ₹ 747 crore** (US\$ 123 million), against ₹ 812 crore in the previous year
- **Earnings Per Share (EPS) of ₹ 30.4** (US\$ 0.5), against ₹ 33.1 in the previous year

- **Total assets of ₹ 45,528 crore** (US\$ 7.6 billion), against ₹ 40,588 crore in the previous year, an increase of 12 per cent

- **Total net worth of ₹ 12,483 crore** (US\$ 2.1 billion) as against ₹ 11,991 crore in the previous year, an increase of 4 per cent

These robust financial numbers have enabled us to recommend a dividend of ₹ 8.50 per share against ₹ 8.00 per share in the previous year.

### Highest credit ratings

Our Company's short term debt programme has been assigned a rating of "A1+" by ICRA and CRISIL, the highest credit quality rating assigned by the respective agency to short-term debt instruments. Instruments rated in this category carry the lowest credit risk in the short term. A third agency, CARE, assigned our long term debt paper a rating of "CARE AAA". Instruments with this rating are considered to have the best credit quality and offer investors the highest degree of safety for timely servicing of debt obligations. Such instruments carry lowest credit risk.

### Achievements during the year across key operating businesses

At the end of the year under review, all our core operating businesses achieved profitable growth.

**Reliance Capital Asset Management (RCAM)** managed over ₹ 1,93,620 crore (US\$ 32 billion) across its mutual funds, pension funds, managed accounts and hedge funds. RCAM's income from operations rose by 5 per cent to ₹ 775 crore (US\$ 129 million), and profit before tax was at ₹ 352 crore (US\$ 59 million) as against ₹ 290 crore in the previous year.

Reliance Mutual Fund (RMF) maintained its position amongst the top asset managers in the country with a market share of 11 per cent. The average assets under management (AAUM) for RMF rose by 9 per cent to ₹ 1,03,542 crore (US\$ 17 billion). RMF continued to focus on the under-penetrated retail debt market and increased the share of retail debt to 33 per cent of the overall debt AUMs as on March 31, 2014. RMF's gold fund AAUMs were at ₹ 2,230 crore (US\$ 371 million) for the quarter ended March 31, 2014. RMF continued to have 24 per cent market share in gold AAUMs as on March 31, 2014.

## Letter to Shareowners

**Reliance Life Insurance (RLI)** is amongst the leading private sector life insurers with a market share of 7 per cent in the private sector. RLI's total premium increased by 6 per cent to ₹ 4,257 crore (US\$ 708 million) in the year. New business premium rose by 40 per cent to ₹ 1,934 crore (US\$ 322 million) for the year, while renewal premium for the year was ₹ 2,349 crore (US\$ 391 million). The total funds under management rose by 1 per cent to ₹ 18,328 crore (US\$ 3 billion).

**Reliance General Insurance (RGI)** is amongst the leading private sector general insurance companies in India with a market share of over 7 per cent. RGI's gross written premium for the year ended March 31, 2014 increased by 20 per cent to ₹ 2,442 crore (US\$ 406 million). RGI's profit before tax was at ₹ 64 crore (US\$ 11 million) as against a loss of ₹ 93 crore in the previous year.

**The broking business** consists of Reliance Securities, one of the leading retail broking houses in India, and provides customers with access to equities, options and futures products, wealth management, portfolio management services and mutual funds. We had over 7 lakh broking accounts as on March 31, 2014. The average daily equity broking turnover was at ₹ 1,342 crore (US\$ 223 million).

**The distribution business of Reliance Capital, known as Reliance Money,** is a comprehensive financial services and solutions provider, providing customers with access to mutual funds, life and general insurance products, money transfer, currency exchange, loans, gold coins and premium products. It has a pan-India distribution network of over 7,000 outlets. Reliance Money has maintained its position as one of the largest private sector partners for Western Union Money Transfer, and has handled over 28 lakh money transfer transactions during the year.

**Commercial Finance Business** offers a wide range of products which include home loans, loans against property, SME loans, commercial vehicle loans, loans for construction equipment, and Infrastructure financing. The focus of this business continues to be asset-backed lending for productive asset creation. In accordance with our focus on improving the asset quality as well as the profitability, 100 per cent of the outstanding book was secured as on March 31, 2014. Reliance Commercial Finance is one of the leading lenders in the Indian non banking finance space with disbursements at over ₹ 9,800 crore (US\$ 1.6 billion), an increase of 12 per cent over the corresponding previous period. The assets under management grew by 6 per cent to ₹ 17,348 crore (US\$ 3 billion) as on March 31, 2014. This loan

book is spread across 66,000 customers from top 37 Indian cities. The total income increased by 4 per cent to ₹ 2,210 crore (US\$ 368 million), while profit before tax rose to ₹ 430 crore (US\$ 72 million) as against ₹ 342 crore in the previous year.

### Future Plans

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

- Increase our customer base – from 20 million to 50 million
- Increase the distribution reach – from 5 thousand to 25 thousand cities and towns
- Increase the number of business partners – from half a million to one million

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

### Corporate Governance

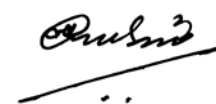
Reliance Capital has always maintained the highest governance standards and practices by adopting, as is the norm for all constituent companies of the Group, the "Reliance Group – Corporate Governance Policies and Code of Conduct". These Policies and Code prescribe a set of systems, processes and principles,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

### Social Commitments

The Company continued to contribute actively to community welfare activities and took up several initiatives and measures related to education and healthcare.

### Our Commitment

Our founder, the legendary Shri Dhirubhai Ambani, gave us a simple mantra: to aspire to the highest global standards of quality, efficiency, operational performance and customer care. We remain committed to upholding that vision. Dhirubhai exhorted us to think big. With your continued support, we will think bigger. Indeed not just bigger but better, creating ever greater value for all our stakeholders.



**Anil Dhirubhai Ambani**  
Chairman

# Reliance Capital Limited

## Highlights - at a glance (Standalone)

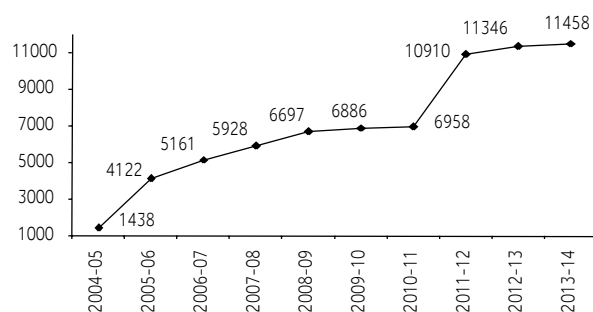
(₹ in crore)

Year ended March 31	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Turnover	3 254	3 868	3 317	1 971	2 390	3 014	2 080	884	652	296
Earnings Before Depreciation, Interest & Tax (EBDIT)	2 777	2 912	2 712	1 472	1 724	2 335	1 597	783	619	290
Depreciation	34	29	26	14	18	21	17	7	23	28
Profit after Tax	409	662	519	229	339	968	1 025	646	537	106
Equity Dividend %	85	80	75	65	65	65	55	35	32	30
Dividend Payout	225	212	191	161	187	187	158	101	81	38
Equity Share Capital	244	246	246	246	246	246	246	246	223	128
Reserves and Surplus	11 390	11 266	10 798	6 782	6 713	6 560	5 779	4 915	3 850	1 310
Net Worth	11 458	11 346	10 910	6 958	6 886	6 697	5 928	5 161	4 122	1 438
Total Assets	36 515	33 557	30 183	26 608	20 025	21 137	15 374	6 573	4 364	2 810
Market Capitalisation	8 499	7 681	9 625	14 280	18 537	8 684	30 169	16 416	11 569	2 272
Number of Employees (Core)	124	119	115	139	54	48	216	196	140	21

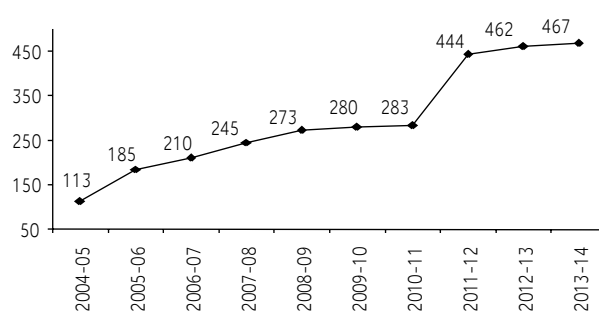
## Key Indicators

Year ended March 31	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
EBDIT/Gross Turnover %	85	75	32	76	72	77	74	89	95	98
Net Profit Margin %	13	17	16	12	14	32	49	73	82	36
Earnings Per Share (₹)	17	27	21	9	14	39	42	28	25	8
Book Value Per Share (₹)	467	462	444	283	280	273	245	210	185	113
Debt : Equity Ratio	2:1	1.84:1	1.67:1	2.66:1	1.71:1	2:1	1.5:1	0.28:1	0.06:1	0.05:1

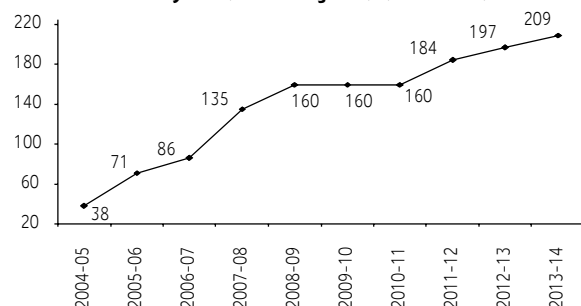
Net Worth (₹ in crore)



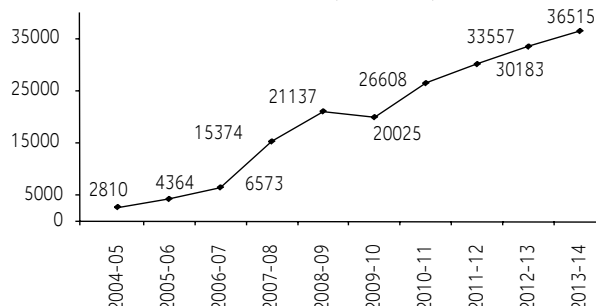
Book Value Per Share (₹)



Dividend Payout (Excluding Tax) (₹ in crore)



Total Assets (₹ in crore)





## Notice

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of the Members of **Reliance Capital Limited** will be held on Tuesday, September 30, 2014 at 10:00 A.M., at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020, to transact the following business:

### Ordinary Business:

1. To consider and adopt:
  - a) the audited financial statement of the Company for the financial year ended March 31, 2014 and the reports of the Board of Directors and Auditors thereon, and
  - b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2014 and the report of the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of Shri Amitabh Jhunjhunwala (DIN:00045174), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
 "RESOLVED THAT M/s. Chaturvedi & Shah, Chartered Accountants (Firm Registration No. 101720W) and M/s. BSR & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors."

### Special Business:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
 "RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (the "Act") and the applicable provisions of the Listing Agreement, Shri Rajendra Prabhakar Chitale (DIN:00015986), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for appointment as an Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to five consecutive years from the date of coming into effect of this resolution."
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
 "RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (the "Act") and the applicable provisions of the Listing Agreement, Dr. Bidhubhusan Samal (DIN:00007256), who was appointed as a Director liable to retire by rotation and in respect of whom the Company

has received a notice in writing from a member under Section 160 of the Act proposing his candidature for appointment as an Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to five consecutive years from the date of coming into effect of this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (the "Act") and the applicable provisions of the Listing Agreement, Shri Vijayendra Nath Kaul (DIN:03070263), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for appointment as an Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to five consecutive years from the date of coming into effect of this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) (the "Act"), Smt. Chhaya Virani (DIN:06953556), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing her candidature for appointment as a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

9. 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 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) read with the rules made thereunder, as may be amended from time to time, and pursuant to the provisions of SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI (Issue and Listing of Debt Securities) (Amendment) Notification, 2012 and 2014 and other applicable SEBI regulations and guidelines, the provisions of the Memorandum and Articles of Association of the Company and subject to such other applicable laws, rules and regulations and guidelines, approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this Resolution) for making offer(s) or invitation(s) to subscribe to Secured/ Unsecured / Redeemable Non-Convertible Debentures (NCDs) including but not limited to subordinated

## Notice

Debentures, bond, and/or other debt securities, etc., on a private placement basis, in one or more tranches, within the overall borrowing limits of the Company, as may be approved by the Members from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised to determine the terms of issue including the class of investors to whom NCDs are to be issued, time, securities to be offered, the number of NCDs, tranches, issue price, tenor, interest rate, premium / discount, listing and to do all such acts and things and deal with all such matters and take all such steps as may be necessary and to sign and execute any deeds/documents/ undertakings/ agreements/ papers/ writings, as may be required in this regard."

**By order of the Board of Directors**

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

Registered Office:

H Block, 1<sup>st</sup> Floor

Dhirubhai Ambani Knowledge City

Navi Mumbai 400 710

CIN : L65910MH1986PLC165645

Website: www.reliancecapital.co.in

August 21, 2014

### Notes :

1. Statement pursuant to Section 102 (1) of the Companies Act, 2013, relating to the special business to be transacted at the Annual General Meeting (the "Meeting") is annexed hereto.
2. **A member entitled to attend and vote at 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 the Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the Meeting. A Proxy form is sent herewith.**
3. **A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other shareholder.**
4. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of their board resolution authorising their representatives to attend and vote on their behalf at the Meeting.
5. Members / Proxies are requested to bring their duly filled attendance slip sent herewith along with their copy of the annual report to the Meeting.
6. 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.
7. Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold shares in physical form are requested to write their Folio number in the Attendance Slip for attending the Meeting to facilitate identification of membership at the Meeting.
8. 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 Saturdays between 11:00 A.M. and 1:00 P.M. up to the date of the Meeting. The certificate from the Auditors of the Company confirming the compliance of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 with respect to the Company's ESOS Plans will be available for inspection at the Meeting.
9. a. The Company's Register of Members and Transfer Books will remain closed from Saturday, September 20, 2014 to Tuesday, September 30, 2014 (both days inclusive) for the purpose of the Meeting and for determining the names of members eligible for dividend, if declared, on equity shares for the year ended March 31, 2014.  
b. The dividend on equity shares, as recommended by the Board of Directors, if declared at the Meeting, will be paid after the Meeting.  
c. Members may please note that the dividend warrants shall be payable at par at the designated branches of the Bank for an initial period of three months only. Thereafter, the dividend warrants on revalidation shall be payable only at limited centres / branches of the said Bank. Members are therefore, requested to encash dividend warrants within the initial validity period.
10. Members may please note that for shares in electronic form, bank particulars registered against their depository accounts will be used by the Company for payment of dividend. Members are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. The Company or its Registrar and Transfer Agent cannot change bank particulars or bank mandates for shares held in electronic form.
11. Members holding shares in physical form are requested to advise any change of address or bank mandates immediately to the Company / Registrar and Transfer Agent, Karvy Computershare Private Limited.
12. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial years 1995-96 to 2006-07, to the Investor Education and Protection Fund (IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on August 27, 2013 (date of last Annual General Meeting) on the website of the Company (www.reliancecapital.co.in), as also on the Ministry of Corporate Affairs website.