

The logo for Reliance Capital, featuring the word "RELIANCE" in white capital letters on a blue rectangular background. A small red triangle is positioned between the 'I' and 'A' in "RELIANCE".

RELIANCE

Capital

Annual Report 2012-13



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, private equity, 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

Reliance Capital

ASSET MANAGEMENT

Mutual Fund

Offshore Fund

Pension Fund

Portfolio
Management
Services

INSURANCE

Life
Insurance

General
Insurance

BROKING & DISTRIBUTION

Stock
Broking

Depository
Services

Third Party
Distribution

Wealth
Management
products

COMMERCIAL FINANCE

Mortgages

SME
Loans

Vehicle
Loans

Infrastructure
Loans

OTHER BUSINESSES

Proprietary
Investments

Private
Equity

Institutional
Broking

Asset
Reconstruction

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 & 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 Private Limited
 Madhura Estates, 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 : +91 40 4030 8000
 Fax No. : +91 40 2342 0859
 Email : rcinvestor@karvy.com
 Post your request : <http://kcpl.karvy.com/adag>

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27th Annual General Meeting on Tuesday, August 27, 2013 at 10:00 a.m.,
 at Birla Matushri Sabhagar, 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 2012-13.

Reliance Capital made good progress during the year towards improving operational performance and unlocking value in its businesses, despite a challenging macro-economic environment.

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 company. We have diversified interests in asset management, mutual funds, pension funds, life and general insurance, commercial finance, home finance, stock broking and depository services, wealth, management, private equity, venture capital, financial products distribution, asset reconstruction and other activities in financial services.

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 and over 230 million customers. 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 ₹ 7,519 crore** (US\$ 1.4 billion), against ₹ 6,627 crore in the previous year, an increase of 13 per cent
- **Net profit of ₹ 812 crore** (US\$ 149 million), against ₹ 458 crore in the previous year, an increase of 77 per cent
- **Earnings per share (EPS) of ₹ 33.1** (US\$ 0.6), against ₹ 18.6 in the previous year
- **Total Assets of ₹ 40,588 crore** (US\$ 7.5 billion), against ₹ 35,345 crore in the previous year, an increase of 15 per cent
- **Total net worth of ₹ 11,991 crore** (US\$ 2.2 billion) as against ₹ 11,696 crore in the previous year, an increase of 3 per cent

- **Special Interim Dividend of ₹ 5** (50 per cent) per Equity Share each of ₹ 10, aggregating to ₹ 144 crore was declared.

These robust financial numbers have enabled us to recommend a final dividend of ₹ 8.00 per share against ₹ 7.50 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 Limited, 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

During the year under review, all our operating businesses achieved profitable growth.

Reliance Capital Asset Management (RCAM) managed over ₹ 1,73,000 crore (US\$ 31.8 billion) across its mutual funds, pension funds, managed accounts and hedge funds. RCAM's income from operations rose by 11 per cent to ₹ 735 crore (US\$ 135 million), and profit before tax was at ₹ 290 crore (US\$ 53 million) as against ₹ 308 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 12 per cent. The average assets under management (AAUM) for RMF rose by 21 per cent to ₹ 94,580 crore (US\$ 17.4 billion). With a recovery in equity markets and favourable regulatory changes in the second half of the financial year, the industry was able to reverse part of the decline from the previous years. RMF continued to focus on the under-penetrated retail debt market and increased the share of retail debt to 40 per cent of the overall debt AUMs as on March 31, 2013 as compared to 23 per cent as on March 31, 2012. RMF's gold fund continued to grow and crossed ₹ 29.3 billion (US\$ 538 million) in AAUMs for the quarter ended March 31, 2013. RMF had 24 per cent market share in gold AAUMs as on March 31, 2013.

During the year, Nippon Life acquired a 26 per cent stake in RCAM. The transaction valued RCAM at ₹ 56 billion (US\$ 1 billion). Nippon Life invested ₹ 14.5 billion (US\$ 267 million) for this stake, the largest FDI in the Indian Mutual Fund Sector

Letter to Shareowners

till date and the largest investment in any Indian AMC. Nippon Life is an over 120 year old Global Fortune 100 company and manages approx. US\$ 800 billion in assets, amongst the largest total assets in the world for any life insurer.

Reliance Life Insurance (RLI) is amongst the leading private sector life insurers with a market share of 5 per cent in the private sector. RLI garnered a total premium of ₹ 4,015 crore (US\$ 738 million) in the year. RLI received new business premium of ₹ 1,377 crore (US\$ 253 million) for the year, while renewal premium for the year was ₹ 2,669 crore (US\$ 491 million). The total funds under management stood at ₹ 18,189 crore (US\$ 3.3 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, 2013 increased by 16 per cent to ₹ 2,036 crore (US\$ 374 million) as against ₹ 1,748 crore in the previous year.

Our 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 7.50 lakh broking accounts as on March 31, 2013. The average daily equity broking turnover rose by 14 per cent to ₹ 1,426 crore (US\$ 262 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 6,200 outlets. Reliance Money sold nearly 5,000 kilograms of Gold in the financial year 2012-13, an increase of 123 per cent over the previous year. Reliance Money has maintained its position as one of the largest private sector partners for Western Union Money Transfer, and has handled nearly 25 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, 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, 2013. Reliance Commercial Finance is one of the leading lenders in the Indian non banking finance space with disbursements at ₹ 8,745 crore (US\$ 1.6 billion), an increase of 10 per cent over the corresponding previous period. The outstanding loan book grew by 3 per cent to ₹ 13,652 crore (US\$ 2.5 billion) as on March 31, 2013. This loan book is spread across 74,000 customers from top 20 Indian metros. The total income increased by 8 per cent to ₹ 2,097 crore (US\$ 386 million), while profit before tax rose to ₹ 342 crore (US\$ 63 million) as against ₹ 254 crore in the previous year.

Banking License

We have submitted an application for a banking license with the Reserve Bank of India in June 2013. We intend to partner with Sumitomo Mitsui Trust Bank and Nippon Life Insurance, two leading financial institutions from Japan, in this endeavour. The foreign partners propose to take between 4 – 5 per cent stake each in the proposed new bank, subject to necessary regulatory approvals. Both partners have vast experience in the financial services' businesses in Asia, and we are extremely happy to partner with them for our proposed new bank.

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 5,000 to 25,000 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

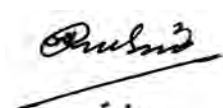
Reliance Capital has always maintained the highest governance standards and practices by adopting, as is the norm for all constituent companies of the Group, the "Reliance Group – Corporate Governance Policies and Code of Conduct". These Policies and Code prescribe a set of systems, processes and principles, 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)

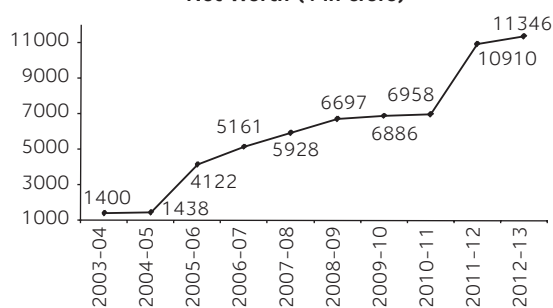
Year ended March 31	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Turnover	3 868	3 317	1 971	2 390	3 014	2 080	884	652	296	357
Earnings Before Depreciation, Interest & Tax (EBDIT)	2 912	2 712	1 472	1 724	2 335	1 597	783	619	290	348
Depreciation	29	26	14	18	21	17	7	23	28	42
Profit after Tax	662	519	229	339	968	1 025	646	537	106	106
Equity Dividend %	80	75	65	65	65	55	35	32	30	29
Dividend Payout*	212	191	161	187	187	158	101	81	38	37
Equity Share Capital	246	246	246	246	246	246	246	223	128	128
Reserves and Surplus	11 266	10 798	6 782	6 713	6 560	5 779	4 915	3 850	1 310	1 272
Net Worth	11 346	10 910	6 958	6 886	6 697	5 928	5 161	4 122	1 438	1 400
Total Assets	33 557	30 183	26 608	20 025	21 137	15 374	6 573	4 364	2 810	2 751
Market Capitalisation	7 681	9 625	14 280	18 537	8 684	30 169	16 416	11 569	2 272	1 675
Number of Employees (Core)	119	115	139	54	48	216	196	140	21	27

*Special Interim Dividend @ 50 per cent amounting to ₹ 144 crore (including tax) was paid during 2012 - 13.

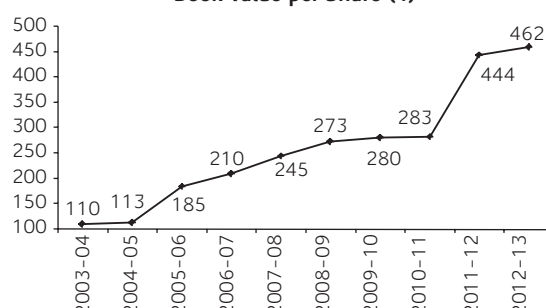
Key Indicators

Year ended March 31	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
EBDIT/Gross Turnover %	75	32	76	72	77	74	89	95	98	98
Net Profit Margin %	17	16	12	14	32	49	73	82	36	30
Earnings Per Share (₹)	27	21	9	14	39	42	28	25	8	8
Book Value Per Share (₹)	462	444	283	280	273	245	210	185	113	110
Debt : Equity Ratio	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	0.42:1

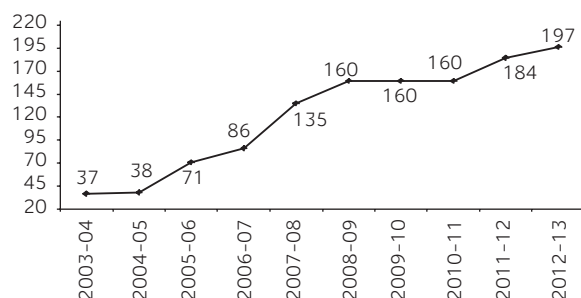
Net Worth (₹ in crore)



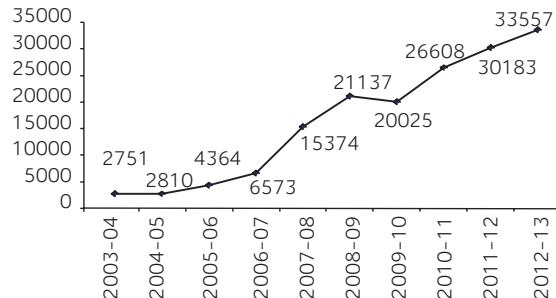
Book Value per Share (₹)



Dividend Payout (Excluding Tax) (₹ in crore)



Total Assets (₹ in crore)



Notice

Notice is hereby given that the 27th Annual General Meeting of the Members of **Reliance Capital Limited** will be held on Tuesday, August 27, 2013 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 the audited Balance Sheet as at March 31, 2013, 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 Rajendra P. Chitale, 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. B S R & Co., Chartered Accountants (Firm Registration No.101248W), 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. **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, if any, of the Companies Act, 1956 (the "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 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").
- 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 thinks 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, demerger, 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.

Notice

- 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 and 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."

By order of the Board of Directors

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

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

May 16, 2013

Notes :

- 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.**
- Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
- Members/Proxies should fill in the Attendance Slip for attending the Meeting and bring their Attendance Slips along with their copy of the Annual Report to the Meeting.
- 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.
- 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.
- 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.
- The Company's Register of Members and Transfer Books will remain closed from Saturday, August 17, 2013 to Tuesday, August 27, 2013 (both days inclusive) for the purpose of Annual General Meeting and for determining the names of members eligible for dividend, if declared, on equity shares for the year ended March 31, 2013.
 - The dividend on equity shares, as recommended by the Board of Directors, if declared at the Meeting, will be paid after the Meeting.
 - 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 revaluation 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.
- 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.
- 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.
- 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 2004-05, 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 September 4, 2012 (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.
- Non-Resident Indian members are requested to inform Karvy Computershare Private Limited immediately on:
 - the change in the residential status on return to India for permanent settlement; and
 - the particulars of the bank account(s) maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
- Re-appointment of Director:

At the ensuing Meeting, Shri Rajendra P. Chitale, Director of the Company retires by rotation and being eligible, offer himself for re-appointment. The details pertaining to Shri Rajendra P. Chitale required to be provided pursuant to the requirements of Clause 49 of the listing agreement are furnished in the statements on Corporate Governance forming part of this Annual Report.
- Members are advised to refer the section titled "Investor Information" provided in this Annual Report.
- Members are requested to fill in and send the Feedback Form provided in the 'Investor Relations' section on the Company's website www.reliancecapital.co.in to aid the Company in its constant endeavour to enhance the standards of service to investors.

Notice

15. The Statement containing the salient features of the balance sheet, the statement of profit and loss, cash flow statement 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.
16. 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.
17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Transfer Agent.
18. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
19. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Registrar and Transfer Agent for consolidation into a single folio.
20. Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 to the accompanying Notice dated May 16, 2013

Item No. 5 Issue of securities to the Qualified Institutional Buyers

The Company, in order to enhance its global competitiveness and its ability to compete with the peer groups in the domestic and international markets, needs to strengthen its financial position and net worth by augmenting its long term resources.

For the above purposes as also for meeting the requirements for general corporate purposes, as may be decided by the Board from time to time, it is proposed to seek the enabling authorisation of the Members of the Company in favour of the Board of Directors ("Board" which expression for the purposes of this resolution shall include any committee of Directors constituted by the Board), without the need for any further approval from the Members, to undertake the Qualified Institutional Placement ("QIP") with the Qualified Institutional Buyers ("QIB"), in accordance with the provisions of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time ("SEBI ICDR"), as set out in the special resolution at Item No. 5 of the accompanying Notice.

In view of above, the Board may, in one or more tranches, issue and allot equity shares/ fully convertible debentures/ partly convertible debentures/ non convertible debentures with warrants/ any other securities, which are convertible into or exchangeable with equity shares on such date(s) as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities"). The QIP Securities proposed to be issued by the Board shall be subject to the provisions of the SEBI ICDR including the pricing,

which will not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the two weeks preceding the Relevant Date. The Relevant Date for the determination of applicable price for the issue of the QIP Securities shall be the date of the meeting in which the Board of the Company decides to open the proposed issue or in case of securities which are convertible into or exchangeable with equity shares at a later date, the date on which the holder of such securities becomes entitled to apply for the said shares, as the case may be.

For the reasons aforesaid, an enabling special resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of the issue. The QIP Securities issued pursuant to the offering would be listed on the Indian stock exchanges.

The proposed issue of QIP Securities as above may be made in one or more tranches such that the aggregate amount raised by the issue of QIP Securities shall not result in the 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 as on the Relevant Date. The proposed special resolution is only enabling in nature and the Board may from time to time consider the extent, if any, to which the proposed securities may be issued.

The QIP Securities issued pursuant to the offer, if necessary, may be secured by way of mortgage/ hypothecation of the Company's assets as may be finalised by the Board in consultation with the Security Holders/ Trustees in favour of Security Holders/ Trustees for the holders of the said securities. The security that may have to be created for the purposes of this issue, as above may come within the purview of Section 293(1)(a) of the Companies Act, 1956. Necessary approval has already been accorded by Members of the Company for creation of such Security(s) by passing of resolution on December 30, 1994.

Section 81(1A) of the Companies Act, 1956 and Listing Agreement entered into with the Stock Exchanges, provide, inter alia, that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the persons, who on the date of the offer are holders of the equity shares of the Company, in proportion to the capital paid-up on those shares as of that date unless the Members decide otherwise. The Special Resolution seeks the consent and authorisation of the Members to the Board of Directors to offer, issue and allot the QIP Securities, in consultation with the Lead Managers, Legal Advisors and other intermediaries to any persons, whether or not they are members of the Company.

The Board of Directors accordingly recommends the special resolution set out at Item No. 5 of the accompanying Notice for the approval of the Members.

None of the Directors or Manager of the Company is, in any way, deemed to be concerned or interested in the said resolution, except to the extent of their shareholding in the Company.

By order of the Board of Directors

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

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

May 16, 2013

Reliance Capital Limited

Directors' Report

Dear Shareowners,

Your Directors have pleasure in presenting the 27th Annual Report and the audited accounts for the financial year ended March 31, 2013.

Financial Results

The standalone performance of the Company for the financial year ended March 31, 2013 is summarised below:

Particulars	Financial Year ended March 31, 2013		Financial Year ended March 31, 2012#	
	(₹ in crore)	(US\$ in million*)	(₹ in crore)	(US\$ in million**)
Total revenue	3 868	707	3 317	648
Profit before exceptional items	704	129	621	121
Exceptional Items:				
- Investment written off due to merger	680	125	-	-
- Loss on sale on investments	-	-	149	3
- Transfer / (Withdrawal) from General Reserve	(680)	(125)	(149)	(3)
Profit before tax	704	129	621	121
Tax expense	42	8	102	20
Profit after tax	662	122	519	101
Add: Opening surplus in statement of profit and loss	1 144	210	1 972	385
Profit available for appropriation	1 806	332	2 491	487
Proposed dividend including tax on proposed dividend	211	39	191	37
Interim Dividend (including tax)	144	26	-	-
Tax on proposed dividend for earlier years	5	1	-	-
Transfer to statutory reserve fund	132	24	104	20
Transfer to general reserve	66	12	1 052	206

* 1 US\$ = ₹ 54.39 ** 1 US\$ = ₹ 51.16 (Source: Reserve Bank of India website).

Figures of Previous year have been regrouped and reclassified, wherever required.

The assets and liabilities of Reliance Equities International Private Limited (REIPL) and Emerging Money Mall Limited (EMML) and its operating results have been incorporated in the Company's books pursuant to the merger of REIPL and EMML with the Company with effect from March 31, 2013 i.e., the Appointed Date. Accordingly, financial results for the financial year 2012-13 may not be comparable with that of financial year 2011-12.

Financial Performance

The Company's gross income for the financial year ended March 31, 2013 increased to ₹ 3,868 crore, from ₹ 3,317 crore in the previous year, an increase of 16.62 per cent. The operating profit (PBDIT) of the Company increased by 7.37 per cent to ₹ 2,912 crore during the year, from ₹ 2,712 crore, in the previous year. Interest expenses for the year increased by 5.52 per cent to ₹ 2,179 crore, from ₹ 2,065 crore, in the previous year. Depreciation was at ₹ 29 crore as against ₹ 26 crore in the previous year. The net profit for the year increased by 27.55 per cent to ₹ 662 crore from ₹ 519 crore, in the previous year. An amount of ₹ 132 crore was transferred to the Statutory Reserve Fund pursuant to Section 45-IC of the Reserve Bank of India Act, 1934, and a net amount of ₹ 66 crore was transferred to the General Reserve during the year under review.

Dividend

Your Directors have declared and paid a Special Interim Dividend of ₹ 5 (50 per cent) per Equity Share each of ₹ 10, aggregating to ₹ 144 crore (inclusive of dividend tax).

In addition to the above Special Interim Dividend your Directors have also recommended a Final dividend of ₹ 8 (80 per cent) per equity share each of ₹ 10 aggregating to ₹ 212 crore (inclusive of dividend tax) for the financial year ended March 31, 2013, which, if approved at the ensuing 27th Annual General Meeting, will be paid to (i) all those equity shareholders whose names appear in the Register of Members as on August 16, 2013, and (ii) to those whose names appear as beneficial owners, as on August 16, 2013 as furnished by the National Securities Depository Limited and Central Depository Services (India) Limited for the purpose.

The Dividend payout as proposed is in accordance with the Company's policy of paying sustainable dividend linked to long

term performance, keeping in view of the capital needs of the Company's growth plans and desire to achieve optimal financing of such plans through internal accruals.

Scheme of Amalgamation

Reliance Equities International Private Limited and Emerging Money Mall Limited have been amalgamated with the Company with effect from March 31, 2013 in terms of the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Judicature at Bombay vide order dated March 22, 2013.

Management Discussion and Analysis

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 this Annual Report.

Resources and Liquidity

The Company's Net worth as on March 31, 2013, stood at ₹ 11,512 crore. The Company has raised ₹ 15,594 crore during the financial year 2012-13 by issuance of Commercial Paper, Non Convertible Debentures (NCDs) and other money market instruments. The Company has also raised ₹ 491 crore by way of Unsecured Subordinated Non Convertible Debentures (Tier II Bonds) to augment the Capital Adequacy Ratio. The funds were deployed in providing commercial finance and other business requirement. RCL's debt equity ratio as on March 31, 2013 stood at 1.84:1.

Capital Adequacy Ratio

Your Company's Capital to Risk Assets Ratio (CRAR) calculated in line with the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ("RBI Directions") stood at 16.99 per cent, well above the regulatory minimum of 15 per cent. Your Company's asset size

Directors' Report

is ₹ 33,557 crore. The Company has received a certificate from the Auditors of the Company, M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co., Chartered Accountants, pursuant to Non Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008, confirming compliance of the conditions with respect to Systemically Important Non-Deposit taking Non-Banking Financial Companies.

Subsidiaries

During the year under review, Indian Agri Services Private Limited, Emerging Money Mall Limited and Quant Alternative Asset Management Private Limited became subsidiaries of the Company. Reliance Equities International Private Limited and Emerging Money Mall Limited ceased to be subsidiaries on their amalgamation with the Company.

In accordance with the general circular issued by the Ministry of Corporate Affairs (MCA), Government of India (GoI), Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not attached with the Balance Sheet of the Company. The Company shall make available the copies of annual accounts of the subsidiary companies and related detailed information to the shareholders of the Company seeking the same. The annual accounts of the subsidiary companies will also be kept for inspection by any shareholder at the Registered Office of the Company and that of respective subsidiary companies.

Further, pursuant to Accounting Standard (AS)-21 prescribed under the Companies (Accounting Standards) Rules, 2006 (Accounting Standards Rules) and the Listing Agreement, Consolidated Financial Statements presented herein by the Company include financial results of subsidiary companies, which forms part of this Annual Report.

Fixed Deposits

The Company has neither accepted nor renewed any fixed deposits during the year. There are no unclaimed deposits, unclaimed / unpaid interest, refunds due to the deposit holders or to be deposited to the Investor Education and Protection Fund as on March 31, 2013.

Directors

In terms of the provisions of the Companies Act, 1956, Shri Rajendra P. Chitale, Director of the Company retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting (AGM).

A brief resume of the Director retiring by rotation at the ensuing AGM, nature of expertise in specific functional areas and names of the companies in which he holds directorship and/or membership/ chairmanships of Committees of the respective Boards, shareholding and relationship between directors inter se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is given in the section on Corporate Governance Report forming part of this Annual Report.

Shri C. P. Jain ceased to be a Director with effect from September 10, 2012. The Board place on record its deep sense of appreciation for the invaluable contribution made by Shri C. P. Jain during his tenure as director of the Company

Directors' Responsibility Statement

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the financial year ended March 31, 2013, the applicable Accounting Standards had been followed alongwith proper explanation relating to material departures, if any;

- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2013, and of the profit of the Company for the year ended on that date;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors had prepared the annual accounts for the financial year ended March 31, 2013 on a 'going concern' basis.

Auditors and Auditors' Report

M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co., Chartered Accountants, the Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letters from M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co., Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956, and that they are not disqualified from such appointment within the meaning of Section 226 of the Companies Act, 1956.

The observations and comments given by Auditors in their report read together with notes to Accounts are self explanatory and hence do not call for any further comments under Section 217 of the Companies Act, 1956.

Consolidated Financial Statements

The Audited Consolidated Financial Statements based on the Financial Statements received from subsidiaries and associates, as approved by their respective Board of Directors have been prepared in accordance with AS-21 on 'Consolidated Financial Statements' read with AS-23 on 'Accounting for Investments in Associates' notified under Section 211 (3C) of the Companies Act, 1956 read with the Accounting Standards Rules as applicable.

Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Employees Stock Option Scheme

During the year under review, the Company has not granted any Options to the employees of the Company. Employees Stock Option Scheme (ESOS) was approved and implemented by the Company and Options were granted to employees under ESOS Plan A and Plan B in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the SEBI Guidelines'). The ESOS Compensation Committee, constituted in accordance with the SEBI Guidelines, administers and monitors the Scheme.

Reliance Capital Limited

Directors' Report

The applicable disclosures as stipulated under the SEBI Guidelines as on March 31, 2013 are given below:

Particulars	ESOS Plan A	ESOS Plan B
a) Total Options granted	3 99 900 Options	3 97 000 Options
b) Number of Options surrendered	1 31 160 Options	60 040 Options
c) Pricing formula decided by ESOS Compensation Committee	The options were granted at the market price i.e. ₹ 800	The options were granted at the market price i.e. ₹ 800
d) Options vested	58 980 Options	37 420 Options
e) Options exercised	Nil	Nil
f) Total number of equity shares arising as a result of exercise of Options	Nil	Nil
g) Options lapsed/forfeited	98 120 Options	84 500 Options
h) Variation of terms of Options	Nil	Nil
i) Money realised by exercise of Options during the year	Nil	Nil
j) Total number of Options in force at the end of the year	1 70 620 Options	2 52 460 Options
k) Employee wise details of Options granted to:		
i. Senior managerial personnel (i.e. Managing Director/ Wholtime Director/Manager)	Nil	Nil
ii. Employee who receives grant in any one year of option amounting to 5 per cent or more of option granted during the year	Nil	Nil
iii. Identified employees who were granted options, during any one year equal to or exceeding 1 per cent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Nil
l) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS-20)	N.A. – There would not be any fresh issue of equity shares of the Company upon exercise of Options by employees.	
m) The difference between employee compensation cost using intrinsic value method and fair value of the Options and impact of this difference on Profit; and on EPS of the Company	No difference, as the exercise would be made at the market price prevailing as on date of the grant plus applicable taxes as may be levied on the Company. However, if the fair value of the Options using the Black Scholes model was used, considering the assumptions as of the date of Grant the Net Profit and EPS for the year would have been lower by ₹ 9 crore and ₹ 0.28 respectively. Company has not granted any option during the year.	
n) Weighted-average exercise prices of Options granted during the year where exercise price is less than market price.	Company has not granted any option during the year.	
o) Weighted-average fair values of Options granted during the year where exercise price is less than market price	Company has not granted any option during the year.	
p) Significant assumptions made in computation of fair value risk-free interest rate, expected life, expected volatility, expected dividends (yield), and the price of the underlying share in market at the time of option grant.	Company has not granted any option during the year.	

The Company has received a certificate from the auditors of the Company that the ESOS Plan A and B have been implemented in accordance with the Guidelines and as per the resolution passed through Postal Ballot on January 8, 2007.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The Particulars as required to be disclosed pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, are as under:

- (1) Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company.
- (2) Foreign exchange earnings and outgo
Earnings – ₹ Nil Outgo – ₹ 3 crore

Corporate Governance

The Company has adopted "Reliance Group – Corporate Governance Policies and Code of Conduct" which has set out the systems, processes and policies conforming to the International Standards and corporate governance guidelines issued by Reserve Bank of India for Non Banking Financial Companies.

The report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of this Annual Report. A Certificate from the Auditors of the

Company M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co., Chartered Accountants, confirming compliance with conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is enclosed to this Report.

Acknowledgements

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, debenture holders, debenture trustee, bankers, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

For and on behalf of the Board of Directors


Anil Dhirubhai Ambani
Chairman

Mumbai
May 16, 2013

Management Discussion and Analysis

Forward looking statements

Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include determination of tariff and such other charges and levies by the regulatory authority, changes in government regulations, tax laws, economic developments within the country and such other factors globally.

The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provisions of the Companies Act, 1956 (the Act) and comply with the Accounting Standards notified under Section 211(3C) of the Act. The management of Reliance Capital Limited ("Reliance Capital" or "RCL" or "the Company") has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the state of affairs and profit / loss for the year.

The following discussions on our financial condition and result of operations should be read together with our audited consolidated financial statements and the notes to these statements included in the Annual Report. Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company", "Reliance", "RCL" or "Reliance Capital" are to Reliance Capital Limited and its subsidiaries and associates.

Macroeconomic Overview

Indian Economic Environment

Economic activities in India in 2012-13 remained weak due to both domestic and global factors. The slowdown in the global growth along with continued recession in the Euro zone hurt sentiment. However, steady monetary easing, aided by fiscal austerity measures in developed economies helped to revive global growth towards the end of the year. India's GDP (Gross Domestic Product) growth decelerated continuously and steeply, moving from 9.2 per cent in the fourth quarter of 2010-11 to 4.5 per cent in third quarter of 2012-13, its slowest pace in four years.

GDP Growth

The GDP growth in the first nine months of 2012-13 was 5 per cent as compared to 6.6 per cent in the corresponding period in previous year. The slowdown in growth was broad-based across sectors. The manufacturing sector production fell from 3.6 per cent to 1.2 per cent. The growth slowdown was primarily due to the weakness in industrial activity aggravated by domestic supply bottlenecks, slowdown in the services sector reflecting weak external demand, high interest rates and low level of capital investments due to drop in overall demand. RBI expects a modest improvement in growth at 5.7 per cent in 2013-14 with a pick-up likely only in the second half of the year.

Industrial Production

In 2012-13, the Index of Industrial Production (IIP) grew at 0.9 per cent compared to 3.5 per cent in 2011-12 due to supply constraints (particularly in infrastructure), rising input costs and lower external and domestic demand.

Current Account Deficit (CAD)

Imbalance in the external accounts was one of the primary concerns for investors and regulators alike, in 2012-13. CAD to GDP ratio widened to an all-time high of 6.7 per cent in the third quarter of 2012-13. Although, non-oil and non-gold

imports have moderated in the last few months and decline in the global prices of gold and oil provided temporary relief in the last quarter, structural impediments still remain. The government has already taken a range of initiatives to attract capital flows into the country to finance the large CAD, including liberalisation of FDI limit in various sectors, policy reforms to attract inflows from foreign investors, relaxation of FII debt limit, sharp cut in withholding tax to 5 per cent from 20 per cent on investments in domestic debt etc.

Inflation and Interest Rate

The headline wholesale price index (WPI) inflation moderated to an average of 7.3 per cent in 2012-13 from 8.9 per cent in 2011-12. WPI inflation of 6.0 per cent in March 2013 was the lowest in the last three years – much lower than RBI's expectation of 6.5 per cent. A combination of factors such as correction in the global commodity prices including oil and gold, range bound exchange rate and erosion of pricing power helped ease inflation pressure in last quarter of 2012-13. But fuel inflation averaged in double digits in 2012-13, largely due to upward revisions and deregulation of administered prices and the pass through of high international crude prices.

The retail inflation (CPI) still persists in double digits and remains a key concern. RBI expects the inflation to ease in the first half of the year on subdued pricing power of domestic producers and expected lower global commodity prices. However, upside risks to inflation in the near term are still significant in view of sectoral demand supply imbalances, the ongoing correction in diesel prices, incorporation of high coal, electricity prices and pressures from increases in minimum support prices. Inflation could inch upwards in the second half partly due to base effects and a reduction in the output gap. RBI expects WPI to be range-bound around 5.5 per cent during 2013-14. RBI will endeavour to bring inflation to a level of 5.0 per cent by March 2014.

RBI reduced policy interest rate and the statutory liquidity ratio (SLR) by 100 basis points in 2012-13. Also, the cash reserve ratio (CRR) was decreased by 75 basis points. The calibrated reduction in the policy rates and other liquidity easing measures were aimed at stemming the slowdown in growth, restraining inflationary pressures and stimulating demand. Muted growth and softening inflation provided the space for RBI for a third consecutive rate cut in May. However, in its forward guidance, RBI remained cautious and indicated that there is little space for further monetary easing.

About Reliance Capital

Reliance Capital Limited (RCL) is a constituent of the Reliance Group and is one of India's leading private sector financial services companies, and ranks amongst the top private sector financial services and banking groups, in terms of net worth. It is a constituent of CNX Nifty Junior and MSCI India.

Reliance Group is amongst India's leading business houses with over 230 million customers. It has a strong presence across a wide array of high growth consumer facing businesses of financial services, telecom, energy, power, infrastructure, media and entertainment.

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; private equity; asset reconstruction; proprietary investments and other activities in financial services.

Consolidated Financial Performance – Overview

The Company's standalone performance is discussed in detail under the head 'Financial Performance' in the Directors' report. The consolidated performance of the Company is as follows:

RCL's consolidated income from operations for the financial year ended March 31, 2013 stood at ₹ 7,519 crore (US\$ 1.4 billion) from ₹ 6,627 crore (US\$ 1.2 billion) in the previous year. The increase of 13 per cent was mainly on account of sale of stake in Reliance Capital Asset Management and increase in topline of General Insurance, Commercial Finance and Asset Management businesses.

Reliance Capital Limited

Management Discussion and Analysis

Staff costs for the year were ₹ 607 crore (US\$ 112 million) as against ₹ 548 crore (US\$ 101 million) in the previous year, an increase of 11 per cent.

Selling, administrative and other expenses in the year were ₹ 1,888 crore (US\$ 347 million) as against ₹ 1,238 crore (US\$ 228 million) in the previous year, an increase of 53 per cent.

Interest & finance charges for the year were ₹ 2,343 crore (US\$ 431 million) as against ₹ 2,250 crore (US\$ 414 million) in the previous year, an increase of 4 per cent.

Depreciation for the year was ₹ 56 crore (US\$ 10 million) as against ₹ 54 crore (US\$ 10 million) in the previous year, an increase of 3 per cent.

Provision for tax for the year was ₹ 127 crore (US\$ 23 million) as against ₹ 190 crore (US\$ 35 million) in the previous year, a decrease of 33 per cent.

Profit after tax, minority interest, share of profit of associates and sale of subsidiaries and one time provisioning, for the year was ₹ 812 crore (US\$ 149 million) as against ₹ 458 crore (US\$ 84 million) in the previous year, an increase of 77 per cent.

Resources and Liquidity

As on March 31, 2013, the consolidated net worth of the company stood at ₹ 11,991 crore (US\$ 2.2 billion) as against ₹ 11,696 crore (US\$ 2.2 billion), an increase of 3 per cent.

As on March 31, 2013, the Company had a net debt equity ratio of 1.70.

As on March 31, 2013, the consolidated total assets were ₹ 40,588 crore (US\$ 7.5 billion) as against ₹ 35,343 crore (US\$ 6.5 billion), an increase of 15 per cent.

Credit Rating

RCL's short term debt programme has been assigned a rating of "A1+" by ICRA Ltd. and CRISIL 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 lowest credit risk.

Finance & Investments

The investment portfolio of quoted investments as on March 31, 2013 amounted to ₹ 1,512 crore (US\$ 278 million), at cost.

Reliance Capital Asset Management (RCAM)

Reliance Capital Asset Management Limited is the largest AMC in India managing ₹ 1,73,129 crore (US\$ 32 billion) as on March 31, 2013, across mutual funds, pension funds, managed accounts, hedge funds and real estate fund, as against ₹ 1,40,853 crore (US\$ 26 billion) as on March 31, 2012, an increase of 23 per cent.

RCAM's income from its operations for the year ended March 31, 2013 was at ₹ 735 crore (US\$ 135 million) as against ₹ 665 crore (US\$ 122 million) in the previous year, an increase of 11 per cent.

Profit before tax for the year ended March 31, 2012 was ₹ 290 crore (US\$ 53 million) as against ₹ 308 crore (US\$ 57 million) in the previous year, a decline of 6 per cent.

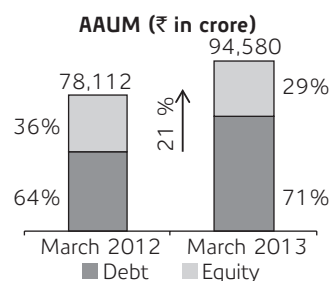
RCAM continues to be amongst the most profitable AMCs in India.

Reliance Mutual Fund

Reliance Mutual Fund (RMF) is amongst the top 2 mutual funds in India in terms of Assets under Management, with a market share of 12 per cent as on March 31, 2013.

The Industry's average assets under management (AAUM) for the quarter ended March 31, 2013 stood at ₹ 8,16,657 crore (US\$ 150 billion) as against ₹ 6,64,792 crore (US\$ 122 billion) for the quarter ended March 31, 2012, a growth of 23 per cent (Source: Association of mutual fund of India website).

The AAUM of RMF for the quarter ended March 31, 2013 stood at ₹ 94,580 crore (US\$ 17 billion) as against ₹ 78,112 crore (US\$ 14 billion) for the quarter ended March 31, 2012, an increase of 21 per cent.



RMF has created a wide distribution network in more than 200 cities with over 40,000 empanelled distributors.

The number of investor folios in RMF stood at 63 lakh as on March 31, 2013 as against 71 lakh as on March 31, 2012.

The number of Systematic Investment Plan (SIP) and Systematic Transfer Plan (STP) investor accounts in RMF stands at 13 lakh as on March 31, 2013.

Reliance Mutual Fund launched the unique Gold Savings Fund NFO in 2010-11. This fund is the first Gold fund in India and one of the largest in terms of retail participation and had 24 per cent market share in gold AAUMs as on March 31, 2013.

Achievements in the financial year 2012-13:

Nippon Life, the largest private life insurer in Asia and is based in Japan, acquired 26 per cent stake in RCAM:

- The transaction pegs RCAM valuation at ₹ 5,600 crore (US\$ 1 billion), translating to 7 per cent of AAUM at the time of deal.
- This is the largest FDI in Indian Mutual Fund Sector till date and the largest investment in any Indian AMC.
- Nippon Life is a 122 year old Global Fortune 100 company, and manages over ₹ 40 lakh crore (over US\$ 800 billion) in assets, amongst the largest total assets in the world for any life insurer.
- Nippon Life invested ₹ 1,450 crore (US\$ 267 million) for 26 per cent stake.

In financial year 2012-13, out of the top performing 10 Equity schemes of ₹ 10 billion and above in the MF industry, 3 schemes belong to Reliance Mutual Fund.

RCAM continued to expand its institutional business in Singapore and raised over US\$ 600 million in financial year 2012-13 across India offshore debt products.

Investor / Distributor (Branch Walk-in) Overall Satisfaction consistently above 95 per cent as per Internal CSAT Survey.

RCAM has enhanced its focus on the digital space to improve investor experience. There are over 6.8 lakh fans of the RMF Facebook page, the highest for any Mutual Fund in India.

Reliance Life Insurance (RLI)

Reliance Life Insurance currently offers a total of 31 products that fulfil the savings and protection needs of customers. Of these, 24 are targeted at individuals and 7 at group businesses. Reliance Life is committed to emerging as a transnational Life Insurer of global scale and standard and attaining leadership rankings in the industry within the next few years.

During the year, the Indian life insurance industry recorded new business premium of ₹ 1,07,011 crore (US\$ 20 billion) as against ₹ 1,14,233 crore (US\$ 21 billion) in the previous year, a decrease of 6 per cent. During the year, the Indian private sector life insurance industry recorded new business premium of ₹ 30,765 crore (US\$ 6 billion) as against ₹ 32,178 crore (US\$ 6 billion) in the previous year, a decrease of 4 per cent (Source: Financial Year 2012-13 data, Insurance Regulatory and Development Authority of India (IRDA) website).

RLI is amongst the leading private sector life insurers with a private sector market share of 5 per cent, in terms of new business premium. (Source: Financial Year 2012-13 data, IRDA website).

Management Discussion and Analysis

The total net premium for the year stood at ₹ 4,015 crore (US\$ 738 million) as against ₹ 5,470 crore (US\$ 1 billion) for the previous year.

For the year ended March 31, 2013 the renewal premium was ₹ 2,669 crore (US\$ 491 million) as against ₹ 3,688 crore (US\$ 678 million).

The new business premium income for the year ended March 31, 2013 was ₹ 1,377 crore (US\$ 253 million) as against ₹ 1,809 crore (US\$ 333 million) in the previous year.

New Business Achieved Profit (NBAP) margin for the year ended March 31, 2013 was 20.2 per cent as against 15.6 per cent in the previous year.

The total funds under management were at ₹ 18,189 crore (US\$ 3 billion) as on March 31, 2013 against ₹ 18,767 crore (US\$ 3 billion) as on March 31, 2012.

The profit for the year ended March 31, 2013 stood at ₹ 380 crore (US\$ 70 million) against ₹ 373 crore (US\$ 68 million) for the previous year, an increase of 2 per cent.

RLI was amongst the leading sellers of individual policies in 2012-13 in the private sector. The number of policies sold during the year were approximately 8 lakh.

The distribution network stood at 1,230 branches at the end of March 2013.

The number of agents at the end of March 31, 2013 were over 1,24,000 as against 1,51,000 as at March 31, 2012.

RLI Achievements in 2012 - 13:

Received the BS25999:2007 certification from BVQI and the ISO 9001:2008 recertification.

Awarded with the "Best Non-Urban Coverage" Award at Indian Insurance Awards 2012 for the second time in a row.

Won 'Silver' at the Indian Digital Media Awards (IDMA) 2012, under Best Integrated Campaign - Social Cause and Best Use of Social Network - Social Cause.

Launched five new products during the quarter (four individual and one group):

- Reliance Life Care For You Advantage Plan: family floater health plan.
- Reliance Life Easy Care Fixed Benefit Plan: comprehensive Individual health plan.
- Reliance Life Insurance Smart Pension Plan is a Unit Linked deferred pension plan.
- Reliance Life Insurance Smart Maturity Benefit Plan is a non-linked, non-participating, single premium, savings-cum-protection plan.
- Reliance Life Insurance Traditional Group Superannuation Plan is a traditional, non-participating Group superannuation product.

Reliance Commercial Finance (RCF)

Reliance Commercial Finance offers a wide range of products which include Home loans, Loans against property, SME loans, Vehicle loans, Loans for Construction equipment and Infrastructure loans.

RCF is amongst the leading lenders in the Indian non banking finance sector. The focus in this business continues to be on asset backed lending and productive asset creation.

The aim of RCF is not only credit growth per se but the quality of credit sourced. In line with this, the Company has been disbursing only secured asset backed loans and has wound up the unsecured loans portfolio.

The disbursements for the year ended March 31, 2013 were ₹ 8,745 crore (US\$ 2 billion) as against ₹ 7,937 crore (US\$ 1 billion) for previous year - an increase of 10 per cent.

As on March 31, 2013, the assets under management (including securitised portfolio) was ₹ 16,379 crore (US\$ 3 billion) as against ₹ 15,078 crore (US\$ 3 billion) as on March 31, 2012, an increase of 9 per cent.

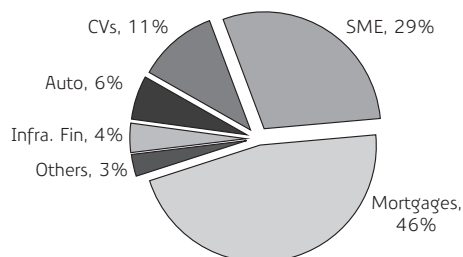
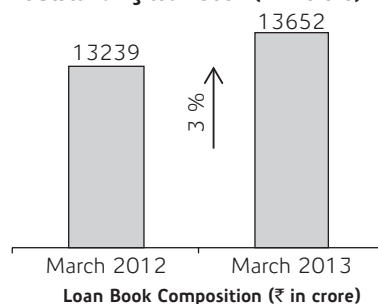
During the year, the Company securitized loans of ₹ 2,172 crore (US\$ 399 million) securitized, as against ₹ 1,294 crore (US\$ 238 million) in previous year.

The net interest income for the year ended March 31, 2013 was at ₹ 587 crore (US\$ 108 million), as against ₹ 510 crore (US\$ 94 million) for the previous year, an increase of 15 per cent.

As on March 31, 2013 the outstanding loan book was ₹ 13,652 crore (US\$ 3 billion) as against ₹ 13,239 crore (US\$ 2 billion) at the end of March 31, 2012, year on year increase of 3 per cent. This loan book is spread over 74,000 customers from top 20 Indian metros.

The gross non-performing assets were at ₹ 282 crore (US\$ 52 million), an increase of 28 per cent over previous year.

Outstanding loan book (₹ in crore)



RCF achieved a profit before tax of ₹ 342 crore (US\$ 63 million) as against ₹ 254 crore (US\$ 47 million) for the year ended March 31, 2012, an increase of 35 per cent.

Broking businesses

Reliance Capital's broking business is carried out by its subsidiaries viz. Reliance Securities Limited (RSL), a leading retail broking house in India that provides customers with access to equities, equity options and commodities futures, wealth management services, portfolio management services, mutual funds and Initial Public Offers (IPOs); and Quant Capital, which caters to wholesale client segment of capital markets, including foreign and domestic institutions, corporations and ultra high net worth individuals.

The focus is on the key business verticals of equity broking and wealth management.

As at March 31, 2013, RSL had over 7,10,000 equity broking accounts and achieved average daily turnover of ₹ 1,426 crore (US\$ 262 million) for the year.

In wealth management business, the client needs are assessed to create customized financial investment opportunities. The customized individual portfolios are based on their diverse investment needs and risk profiles. RSL managed assets of ₹ 473 crore (US\$ 87 million) as on March 31, 2013, from ₹ 242 crore (US\$ 45 million) as on March 31, 2012, an increase of 95 per cent.

Reliance Commodities, the commodity broking arm of Reliance Capital, is the one of the leading retail broking houses in India, providing customers with access to commodities market.

As at March 31, 2013, RSL had over 39,600 commodity broking accounts and recorded average daily commodities broking turnover of over ₹ 710 crore (US\$ 131 million).

Reliance Capital Limited

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RSL achieved revenues of ₹ 155 crore (US\$ 28 million) for the year ended March 31, 2013 as against ₹ 154 crore (US\$ 28 million) for the previous year.

RSL achieved a profit before tax of ₹ 17 crore (US\$ 3 million) for the year ended March 31, 2013, as against ₹ 15 crore (US\$ 3 million) for the previous year.

Quant Capital

Quant Capital is a subsidiary of the Company and management team at Quant Capital continues to be responsible for its operations.

Quant Capital has built and implemented state of the art trading, risk and operational platforms. The firm employs nearly 200 professionals with diverse skills and has expanded its research and quantitative teams to ensure complete sector coverage across Indian equities.

Quant Capital focuses on wholesale client segment of the capital markets which includes foreign and domestic institutions, corporations and ultra high net worth individuals.

Quant Capital achieved revenues of ₹ 106 crore (US\$ 20 million) for the year ended March 31, 2013 as against ₹ 121 crore (US\$ 22 million) for the previous year.

Quant Capital achieved a profit before tax of ₹ 20 crore (US\$ 4 million) for the year ended March 31, 2013, as against ₹ 17 crore (US\$ 3 million) for the previous year.

Distribution business ('Reliance Money')

The distribution business of Reliance Capital, branded 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 other financial products. As on March 31, 2013, Reliance Money had a distribution network of over 6,200 outlets across India.

Reliance Money is manufacturer agnostic and distributes mutual funds, life & general insurance products, loans and precious metal retailing.

Reliance Money has tied up with India Post to sell gold coins through the post office network across the country and sold nearly 5,000 kilos of gold in the year ended March 31, 2013, a 123 per cent year on year increase.

Reliance Money is one of the largest private sector partners for Western Union Money Transfer in India, nearly 25 lakh money transfer transactions handled during the year, a 9 per cent year on year increase.

Reliance Money achieved revenues of ₹ 120 crore (US\$ 22 million) for the year ended March 31, 2013 as against ₹ 106 crore (US\$ 19 million) for previous year, a year on year increase of 13 per cent.

Reliance Money achieved a profit before tax of ₹ 7 crore (US\$ 1 million) for the year ended March 31, 2013, as against ₹ 23 crore (US\$ 4 million) for the previous year.

Reliance General Insurance

Reliance General Insurance (RGI) offers insurance solutions for auto, health, home, property, travel, marine, commercial and other specialty products.

RGI is the amongst the leading private sector general insurance players in India with a private sector market share of over 7 per cent. During 2012-13, gross written premium of the total Indian general insurance industry increased by 19 per cent from ₹ 69,081 crore (US\$ 13 billion) of the corresponding previous period, to ₹ 82,120 crore (US\$ 15 billion). (Source: Insurance Regulatory and Development Authority of India website).

During 2012-13, gross written premium of the private Indian general insurance industry increased by 24 per cent from ₹ 23,977 crore (US\$ 4 billion) of the corresponding previous period, to ₹ 29,653 crore (US\$ 5 billion). (Source: Insurance Regulatory and Development Authority of India website).

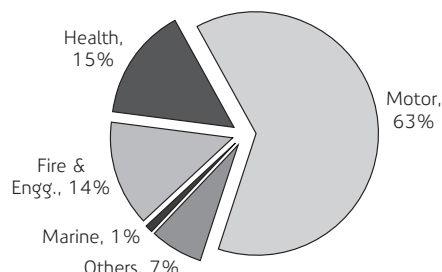
RGI's gross written premium for the year ended March 31, 2013 was ₹ 2,036 crore (US\$ 374 million), an increase of 16 per cent over previous year.

The loss for the year ended March 31, 2013 was at ₹ 93 crore (US\$ 17 million) as compared to a loss of ₹ 342 crore (US\$ 63 million) for the year ended March 31, 2012.

The distribution network composed of 126 branches and over 10,600 intermediaries & associates at the end of March 31, 2013.

At the of March 31, 2013, the investment book increased 20 per cent year on year to ₹ 3,252 crore (US\$ 598 million).

Sectorwise Premium Contribution (₹ in crore)



During the year, ₹ 155 crore (US\$ 28 million) was infused into the business, as against ₹ 443 crore in the previous year, a decrease of 65 per cent. The total capital invested till date is ₹ 1,747 crore (US\$ 321 million).

Reliance Equity Advisors

Reliance Equity Advisors (India) Limited (REAL), wholly owned subsidiary of Reliance Capital, manages a private equity fund, the Reliance Alternative Investments Fund - Private Equity Scheme I, which is in the process of investing funds which it has successfully raised in the domestic market through a mix of Institutional and HNI clients.

REAL (Reliance Private Equity)'s first Fund, the Reliance Alternative Investments Fund - Private Equity Scheme I is close to completing investments aggregating to 75 per cent of the fund size. The fund has an attractive transaction pipeline including an investment under evaluation in a company engaged in precision manufacturing for the aviation and automobile sectors.

Reliance Private Equity continues to evaluate investment opportunities in fast growing sectors of the Indian economy. The Fund continues to be closely involved with its investee companies, and these companies are performing in line with expectations.

Reliance Asset Reconstruction

Reliance Asset Reconstruction Company Ltd. (Reliance ARC) is in the business of acquisition, management and resolution of distressed debt/assets. The sponsors/ shareholders of Reliance ARC are Corporation Bank, Indian Bank, GIC of India, Dacrocroft and Blue Ridge along with Reliance Capital.

The assets under management as on March 31, 2013 were ₹ 54 crore (US\$ 10 million).

Significant Partnerships

China Ming Yang Wind Power Group Limited entered into definitive agreements with Reliance Capital to establish a joint venture with Reliance Capital, by subscribing to a significant stake in the share capital of Global Wind Power Limited ("GWPL"), a leading wind power solutions provider in India, in which Reliance Capital Limited and related entities are currently the largest shareholders.

Reliance Capital Asset Management signed a Memorandum of Understanding (MoU) with UBS Global Asset Management to explore opportunities for developing, structuring, managing and distributing/marketing each other's investment products, capabilities and services, both inside and outside India. The MoU allows UBS Global Asset Management to leverage Reliance's strong capabilities and performance in its home market and provide our clients with access to high-quality products and services in India's fast-growing fund management industry.

Management Discussion and Analysis

At the same time, RCAM will benefit from UBS's international expertise and client reach.

Risks and Concerns

RCL is exposed to specific risks that are particular to its businesses and the environment within which it operates, including market risk, credit risk, operational risk, competition risk, liquidity and interest rate risk, regulatory risk, human resource risk, execution risk and economic cycle.

Market risk

The Company has some quoted investments which are exposed to fluctuations in stock prices. Similarly company has also raised resources through issue of Market Linked Debentures, whose returns are linked to relevant underlying market instruments / indices RCL continuously monitors market exposure for both equity and debt and, in appropriate cases, also uses various derivative instruments as a hedging mechanism to limit volatility.

Competition risk

The financial sector industry is becoming increasingly competitive and the Company's growth will depend on its ability to compete effectively. The Company's main competitors are Indian nonbanking financial companies, commercial banks, life and non-life insurance companies, both in the public and private sector, mutual funds, broking houses, mortgage lenders, depository participants and other financial services providers. Foreign banks also operate in India through non-banking finance companies. Further liberalization of the Indian financial sector could lead to a greater presence or entry of new foreign banks and financial services companies offering a wider range of products and services. The Company's strong brand image, wide distribution network, diversified product offering and depth of management place it in a strong position to deal with competition effectively.

Credit risk

Credit risk is a risk arising out of default or failure on the part of borrowers in meeting their financial obligations towards repayment of loans. Thus credit risk is a loss as a result of non-recovery of funds lent both on principal and interest counts. This risk is comprehensively addressed both at the strategic level and at the client level. Stringent standards have been stipulated for customer identification and evaluation of credit proposals. Critical underwriting activities are automated. Comprehensive product programme guidelines have been developed to suit various products requirements and appropriate delegation and deviation grids have been put in place. Each credit proposal is evaluated on various lending parameters both in qualitative and quantitative terms. Proper security, industry norms and ceilings have been prescribed to ensure diversifying risks and to avoid concentration risk. Cross references to credit bureau data are made to assess the credit behaviour of the prospective customers. In our commercial finance businesses, we provide various customized products to different segment of borrowers. Borrowers are impacted by economic and market changes and government policies. Since most loans are secured against assets which are valued by independent agencies and loan to value ratio is restricted, chances of non recoverability in case of default are minimized. Company has put in place monitoring mechanisms commensurate with nature and volume of activities. Any early signal of default is addressed on priority to minimize/ prevent credit loss. The unsecured portfolio has been reduced substantially. Regular portfolio risk analysis is done extensively on various financial and policy parameters for making required changes in the credit policy as a proactive approach to risk management.

The Indian banking industry is highly competitive and the Company may compete directly with large public and private sector banks, which have larger retail customer bases, larger branch networks and greater access to capital. Large Indian banks have made significant investments in retail credit in recent periods and currently have a larger market share in the retail credit segment as compared to non-banking finance companies. If the Company is unable to compete with other retail lenders in the Indian banking sector, by reason of our lesser experience in retail lending or otherwise, its business, results of operations and financial condition could be affected to some extent.

Liquidity and Interest Rate Risk

The Company is exposed to liquidity risk principally, as a result of lending to its customers for periods which may differ from those of its funding sources. RCL's treasury team actively manages asset liability positions in accordance with the overall guidelines laid down by various regulators in the Asset Liability Management (ALM) framework. The Company may be adversely impacted by volatility in interest rates in India which could cause its margins to decline and profitability to shrink. The success of the Company's business depends significantly on interest income from its operations. It is exposed to interest rate risk, both as a result of lending to its customers at fixed interest rates and for reset periods which may differ from those of its funding sources. Interest rates are highly sensitive to many factors beyond the Company's control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and, inflation. As a result, interest rates in India have historically experienced a relatively high degree of volatility.

The Company seeks to match its interest rate positions of assets & liabilities to minimize interest rate risk. However, there can be no assurance that significant interest rate movements will not have an adverse effect on its financial position.

With the growth of the Company's business, it will become increasingly reliant on funding from the debt capital markets and commercial borrowings. The market for such funds is competitive and the Company's ability to obtain funds at competitive rates will depend on various factors including its credit ratings. There can be no guarantee that the Company will be able to raise debt on competitive terms, in the required quantum and in a cost effective manner. Any failure to do so may adversely impact the Company's business, its future financial performance and the price of its shares. The Company is also hedged to some extent against this risk through the variable interest clause in its advances portfolio.

Human resource risk

The Company's success depends largely upon the quality and competence of its management team and key personnel. Attracting and retaining talented professionals is therefore a key element of the Company's strategy and a significant source of competitive advantage. While the Company has a salary and incentive structure designed to encourage employee retention, a failure to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on the Company's business, its future financial performance and the results of its operations.

Operational risk

The Company may encounter operational and control difficulties when commencing businesses in new markets. The rapid development and establishment of financial services businesses in new markets may raise unanticipated operational or control risks. Such risks could have a materially adverse effect on the Company's financial position and the results of its operations.

The operations of the company have been extensively automated which minimizes the operational risk arising out of human errors and omissions. A robust system of internal controls is practiced by RCL to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition and all its transactions are authorized, recorded and reported correctly. The Audit Committee of Board periodically reviews the adequacy of our internal controls. The Company has implemented SAP systems across functions. With this initiative, along with other key systems and checks and balances established, we believe that our overall control environment has been enhanced. The Company is relentlessly focused on quality parameters and has a dedicated quality team to proactively identify and address operational issues. The mandate of the quality team is also to work closely with various business teams to bring about operational efficiencies and effectiveness through Six Sigma initiatives. It is pertinent to note that Reliance Life Insurance, Reliance General Insurance, Reliance Mutual Fund and Reliance Commercial

Management Discussion and Analysis

Finance have obtained an ISO 9001:2008 certification. They are among the few companies in their respective industries to be ISO certified.

Regulatory risk

As a non-deposit taking NBFC, the Company is subject to regulations by Indian governmental authorities, including the Reserve Bank of India. Also, as the Company operates in various lines of businesses, it is governed by different Indian regulators across these businesses.

Their laws and regulations impose numerous requirements on the Company, including asset classifications and prescribed levels of capital adequacy, solvency requirements and liquid assets. There may be future changes in the regulatory system or in the enforcement of the laws and regulations that could adversely affect the Company's performance.

Economic risk

Any slowdown in economic growth in India could cause the business of the Company to suffer. Recently, the growth in industrial production has been variable. Any slowdown in the Indian economy, and in particular in the demand for housing and infrastructure, could adversely affect the Company's business. Similarly, any sustained volatility in global commodity prices, including a significant increase in the prices of oil and petroleum products, could once again spark off a new inflationary cycle, thereby curtailing the purchasing power of the consumers. RCL manages these risks by maintaining a conservative financial profile and following prudent business and risk management practices.

Internal Control Systems

The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls, and compliance with applicable laws and regulations.

The organization is well structured and the policy guidelines are well documented with pre-defined authority. The Company has also implemented suitable controls to ensure that all resources are utilized optimally, financial transactions are reported with accuracy and there is strict adherence to applicable laws and regulations.

The Company has put in place adequate systems to ensure that assets are safeguarded against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported. The Company also has an exhaustive budgetary control system to monitor all expenditures against approved budgets on an ongoing basis.

The company uses information technology extensively in its operations for ensuring effective controls besides economy. It also helps the company in providing accurate MIS and prompt information / services to its customers and other stakeholders. The company has implemented enhanced level of Information System Security controls with commensurate monitoring systems to address technology risks.

Recognizing the important role of internal scrutiny, the Company has an internal audit function which independently evaluate the adequacy of, and compliance with, policies, plans, regulatory and statutory requirements. It also evaluates and suggests improvement in effectiveness of risk management, control and governance process. The Audit Committee of Board provides necessary oversight and directions to the internal audit function and periodically reviews the findings and ensures corrective measures are taken.

Opportunities

- Low retail penetration of financial services / products in India
- Tremendous brand strength and extensive distribution reach
- Opening of the financial sector in India in near future
- Opportunity to cross sell services
- Increasing per-capita GDP
- Changing demographic profile of the country in favour of the young

Threats

- Inflationary pressures and slowdown in policy making
- Competition from local and multinational players
- Execution risk
- Regulatory changes
- Attraction and retention of human capital

Human Resources

Across all its business operations, Reliance Capital had a workforce of 18,675 people as on March 31, 2013. The business wise breakup of the workforce is given below:

Business Operation	Number of people
Reliance Capital (Core)	119
Commercial Finance	1043
Asset Management	967
General Insurance	1,688
Life Insurance	13,102
Reliance Money	1,734
Other businesses	22
Total	18,675

Our workforce is young, with an average age of 35 years, and highly qualified. 80 per cent of our workforce is graduates, while 13 per cent are post-graduates and another 7 per cent are management graduates and chartered accountants.

Corporate Social Responsibility

The Reliance Group strives to further its commitment to being an ideal Corporate citizen. The Kokilaben Dhirubhai Ambani Hospital continues to provide quality healthcare and contributes in a very significant manner towards supporting the poor and the needy, especially those below the poverty line.

The employees of Reliance Capital supported the initiatives of Give India and contributed ₹ 3.5 lakh directly from their payroll towards the noble cause. Reliance Capital supported "Room to Read" and has aided libraries in 75 schools in Rajasthan, Maharashtra and Madhya Pradesh, whereby it has been able to touch the lives of over 22,500 children. This figure is slated to go up to a million by 2015. As part of Employee Volunteerism, blood donation campaigns were conducted twice in the year. Financial Inclusion and literacy is a cause towards which we are partnering NGOs like Swadhar. Offices are being fitted out and maintained keeping in mind, the mission of energy conservation and environment protection. Through several initiatives, a consistent and ongoing endeavour is on to reduce the carbon footprint.

Outlook

Globally, 2012-13 was another difficult year, impacted by the ongoing Euro debt crisis and slow global growth. However, global growth is expected to improve by the second half of 2013-14. Domestically, the investor sentiment improved significantly by second half of last fiscal as the Government undertook several initiatives to alleviate concerns regarding the policy and tax environment in India as well as continuing on the path of fiscal consolidation. With central banks in advanced economies remaining in easing mode, inflows of foreign capital increased. But improvement in domestic growth will be slow and gradual with some pick-up in second half of the year, assuming normal monsoon. Growth momentum can be increased by improving governance, easing the supply bottlenecks, and stepping up public investment, alongside continuing commitment to fiscal consolidation.

The financial sector achieved mixed success in 2012-13. New business premiums for the life insurance sector remained flat. Lending margins improved marginally as benefits from the lowering of interest rates by the RBI were partially offset by flat yields, while growth in profitability was limited by low credit offtake amid slow industrial recovery. Mutual Fund industry AUMs rose in the later part of the year, driven by favourable regulations, improved capital market sentiment and rise in the retail debt penetration. Broking revenues continued to be weak due to low retail interest. Investors expect a continuance of the growth-oriented regulatory changes, initiated in the second half of 2012-13, for 2013-14 to fare significantly better than the previous one.

Corporate Governance Report

Our corporate governance philosophy

Reliance Capital follows the highest standards of corporate governance principles and best practices by adopting the "Reliance Group – Corporate Governance Policies and Code of Conduct" as is the norm for all constituent companies in the group. These policies prescribe a set of systems and processes guided by the core principles of transparency, disclosure, accountability, compliances, ethical conduct and the commitment to promote the interests of all stakeholders. The policies and the code are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of our stakeholders as also to benchmark them against best practices.

Governance practices beyond regulatory requirements

Our governance practices go beyond the mere letter of statutory and regulatory requirements. With this in mind, we have formulated a number of policies and introduced the following set of governance practices:

A. Values and commitments

We have set out and adopted a policy document on 'Values and Commitments' of Reliance Capital. We believe that any business conduct can be ethical only when it rests on the nine core values viz; honesty, integrity, respect, fairness, purposefulness, trust, responsibility, citizenship and caring.

B. Code of ethics

Our policy document on 'Code of Ethics' demands that our employees conduct the business with impeccable integrity and by excluding any consideration of personal profit or advantage.

C. Business policies

Our 'Business Policies' cover a comprehensive range of issues such as fair market practices, inside information, financial records and accounting integrity, external communication, work ethics, personal conduct, policy on prevention of sexual harassment, health, safety, environment and quality.

D. Separation of the board's supervisory role from executive management

In line with best global practices, we have adopted the policy of separating the Board's supervisory role from the executive management. We have also split the posts of the Chairman and CEO.

E. Prohibition of insider trading policy

This document contains the policy on prohibiting trading in the equity shares of the Company, based on insider or privileged information.

F. Policy on prevention of sexual harassment

Our policy on prevention of sexual harassment aims at promoting a productive work environment and protects individual rights against sexual harassment.

G. Whistle blower policy

Our Whistle Blower policy encourages disclosure in good faith of any wrongful conduct on a matter of general concern and protects the whistle blower from any adverse personnel action.

H. Environment policy

The Company is committed to achieving excellence in environmental performance, preservation and promotion of clean environment. These are the fundamental concern in all our business activities.

I. Risk management

Our risk management procedures ensure that the management controls various business related risks through means of a properly defined framework.

J. Boardroom practices

a. Chairman

In line with the highest global standards of corporate governance, the Board has separated the Chairman's role from that of an executive in managing day-to-day business affairs.

b. Board charter

The Board of Directors has adopted a comprehensive charter, which sets out clear and transparent guidelines on matters relating to the composition of the Board, the scope and function of various Board Committees, etc.

c. Board committees

The Board has constituted Audit Committee, Nomination/Remuneration Committee, Shareholders/ Investors Grievance Committee and ESOS Compensation Committee. The Board rotates the Chairman of these Committees.

d. Tenure of independent directors

Tenure of independent directors on the Board of the Company shall not exceed nine years, subject to their re-appointment on retirement by rotation as per statutory provisions.

e. Independent director's interaction with shareholders

Member(s) of the Shareholders / Investors Grievance Committee interact with shareholders on their suggestions and queries, if any, which are forwarded to the Company Secretary.

f. Lead independent director

Recognising the need for a representative and spokesperson for the independent directors, the Board has appointed the Lead Independent Director. During the year, Shri V. N. Kaul has been appointed as the new Lead Independent Director in place of Shri Rajendra P. Chitale. The position of the lead independent director is rotated.

g. Training of board members

The Board members are periodically given formal orientation and training with respect to the Company's vision, strategic direction, core values including ethics, corporate governance practices, financial matters and business operations. The Directors are facilitated to get familiar with the Company's functions at the operational levels. Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. The Board members are also provided with the necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

Periodic updates and training programs for Board members are also conducted on relevant statutory changes and landmark judicial pronouncements encompassing important laws.

h. Meeting of independent directors with operating team

The Independent directors of the Company meet in executive sessions with the various operating teams as and when they deem necessary. These discussions may include topics such as operating policies and procedures, risk management strategies, measures to improve efficiencies, performance and compensation, strategic issues for Board consideration, flow of information to directors, management progression and succession and others, as the independent directors may determine. During these executive sessions, the independent directors have access to members of management and other advisors, as the independent directors may determine and deem fit.

i. **Subsidiaries**

All the subsidiaries of the Company are managed by their respective boards. Their boards have the rights and obligations to manage their companies in the best interest of their stakeholders. The Company monitors performance of subsidiary companies, inter alia, by the following means:

- (a) All minutes of Board meetings of the subsidiary companies are periodically placed before the Company's Board.
- (b) Financial statements, in particular the investments made by the subsidiary companies, are reviewed quarterly by the Audit Committee of the Company.
- (c) A statement containing all significant transactions and arrangements entered into by the subsidiary companies is placed before the Audit Committee.
- (d) Quarterly review of Risk Management process by the Risk Management Committee / Board.

j. **Commitment of directors**

The meeting dates for the entire financial year are scheduled in the beginning of the year and an annual calendar of meetings of the Board and its Committees is circulated to the directors. This enables the directors to plan their commitments and facilitates attendance at all meetings of the Board and its Committees.

K. **Governance practices being followed to promote the interests of our stakeholders**

The Company has introduced several trend setting governance practices to improve stakeholders' satisfaction. Some of the major ones among them are:

1. **Customers**

The Company has taken various customer caring initiatives, by providing comprehensive online support as well as world class call centre backed up by established customer relationship management system across all businesses. The efficiency of complaint and query management and service levels are monitored by the businesses on a continual basis.

2. **Employees**

In our relentless pursuit of driving operational excellence and our resolve to make Reliance Capital a "Great Place to Work", the focus is on evolving efficient and agile organisation structures, relentlessly driving capability, leadership and culture building and acquiring, developing and retaining high quality talent. The Company reviews and revise the HR policies constantly to align to the Market and Industry benchmarks and making them increasingly transparent and employee friendly. These policies have been extensively communicated to employees and automated.

The Company has a dedicated service portal which offers various online HR services and facilities to employees. Some of these facilities are; details of current and past salaries, income-tax computations, attendance and leave management, goal setting with relevant Key Performance Indicators (KPIs), potential assessment module, performance evaluation system, feedback mechanism, reward and recognition policy, grievance redressal system, exit interviews, training and development module, etc.

The Company regularly conducts an employee engagement survey through an independent external organisation aimed to identify the areas of strengths as well as those which need improvement. The results of this survey are communicated to all employees and appropriate action is initiated to enhance employee

satisfaction based on their feedback. As a means of providing accelerated career growth to high performing talent, the Company has a pilot program of assessment centers, wherein employees who have a proven track record are put through a rigorous assessment program for higher role.

The Company has institutionalised a leadership development process, linked to Reliance DNA & leadership competencies, which identifies high potential talent on a periodic basis and provides necessary learning interventions to help them take on larger responsibilities and roles.

3. **Shareholders**

The Company recognises the importance of two-way communication with shareholders and of giving a balanced report of results and progress and responds to questions and issues raised in a timely and consistent manner. To ensure this, the Company's corporate website; www.reliancecapital.co.in has information for institutional and retail shareholders alike. Shareholders seeking information may contact the Company directly throughout the year. They also have an opportunity to ask questions in person at the Annual General Meeting. Shareholders can contact the Company via dedicated shareholders contact points as provided in this report or through any of Investor Service Centers of the Company's Registrars and Transfer Agents spread in more than 84 cities across India, details of which are available on the Company's website.

4. **Lenders**

The Company has been prompt in honouring all debt obligations to its lenders.

5. **Society**

The Company, in keeping with its Corporate Social Responsibility policy, focuses on healthcare, education, and other social initiatives.

L. **Role of the Company Secretary in Governance Process**

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. All the Directors of the Company have access to the advice and services of the Company Secretary.

M. **Independent Statutory Auditors**

The Company's accounts are audited by a panel of two leading independent audit firms:

1. M/s. Chaturvedi & Shah, Chartered Accountants
2. M/s. B S R & Co., Chartered Accountants

N. **Compliance with the code and rules of Luxembourg Stock Exchange**

The Global Depository Receipts (GDRs) issued by the Company are listed on the Luxembourg Stock Exchange (LSE). The Company has reviewed the code on corporate governance of LSE and the Company's corporate governance practices conform to these codes and rules.

O. **Compliance with Clause 49 of the listing agreement**

The Company is fully compliant with the mandatory requirements of Clause 49 of the listing agreement formulated by the Securities and Exchange Board of India. We present our report on compliance of governance conditions specified in Clause 49 of the listing agreement:

Corporate Governance Report

I. Board of Directors

1. Board composition – Board strength and representation

As on March 31, 2013, the Board consisted of five members. The composition of and the category of directors on the Board of the Company were as under:

Category	Names of directors
Promoter, non-executive and non-independent Director	Shri Anil D. Ambani, Chairman
Non-executive and non-independent Director	Shri Amitabh Jhunjunwala, Vice Chairman
Independent Directors	Shri V. N. Kaul Shri Rajendra P. Chitale Dr. Bidhubhusan Samal

Notes:

- Shri C. P. Jain ceased to be Director with effect from September 10, 2012.
- None of the directors is related to any other director.
- None of the directors has any business relationship with the Company.
- None of the directors has received any loans and advances from the Company during the year.

All the independent directors of the Company furnish a declaration at the time of their appointment as also annually that they qualify the conditions of their being independent. All such declarations are placed before the Board.

The Company has re-appointed Shri V. R. Mohan, President & Company Secretary as the Manager of the Company in terms of the provisions of the Companies Act, 1956 for a period of five years commencing from March 7, 2011.

2. Conduct of Board proceedings

The day to day business is conducted by the executives and the business heads of the Company under the direction of the Board. The Board holds minimum four meetings every year to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company.

The Board performs the following specific functions in addition to overseeing the business and the management:

- review, monitor and approve major financial and business strategies and corporate actions;
- assess critical risks facing the Company and review options for their mitigation;
- provide counsel on the selection, evaluation, development and compensation of senior management;
- ensure that processes are in place for maintaining the integrity of:
 - the Company
 - the financial statements
 - compliance with law
 - relationship with all the stakeholders
- delegation of appropriate authority to the senior executives of the Company for effective management of operations of the Company.

3. Board meetings

The Board held six meetings during the financial year 2012-13 on May 19, 2012, August 11, 2012, September 4, 2012, September 10, 2012, November 06, 2012 and January 29, 2013. The maximum time gap between any two meetings during the year under review was 83 days and the minimum gap was 5 days.

The Board periodically reviews compliance reports of all laws applicable to the Company.

4. Standards issued by ICSI

The Institute of Company Secretaries of India (ICSI) has issued various 'Secretarial Standards' on key corporate functions like Board Meetings, General Meetings, Payment of Dividend, Maintenance of Registers and Records, Minutes of Meetings, Transmission of Shares and Debentures, Passing of Resolutions by Circulation, Affixing of Common Seal, Forfeiture of Shares and Board's Report. Although these standards are not mandatory, the Company adheres to them voluntarily.

5. Attendance of directors

Attendance of the Directors at the Board meetings held during 2012 – 2013 and at the last Annual General Meeting (AGM) held on September 4, 2012 were as under:

Name of Director	Meetings held during the tenure	Meetings Attended	Attendance at the last AGM
Shri Anil D. Ambani	6	6	Present
Shri Amitabh Jhunjunwala	6	6	Present
Shri Rajendra P. Chitale	6	5	Absent
Dr. Bidhubhusan Samal	6	6	Present
Shri V. N. Kaul	6	6	Present
Shri C. P. Jain*	3	3	Present

* Shri C. P. Jain ceased to be Director with effect from September 10, 2012.

6. Other directorships

None of the directors hold directorships in more than 15 public limited companies.

The details of directorships (calculation as per provisions of Section 275 and 278 of the Companies Act, 1956), Committee Chairmanships and the Committee memberships held by the directors as on March 31, 2013:

Name of the Director	Number of directorship (including RCL)	Committee(s) Chairmanship / Membership (including RCL)	
		Member-ship	Chairman-ship
Shri Anil D. Ambani	6	1	-
Shri Amitabh Jhunjunwala	3	2	-
Shri Rajendra P. Chitale	8	7	1
Dr. Bidhubhusan Samal	11	9	5
Shri V. N. Kaul	1	1	-

a. The information provided above pertains to the following committees in accordance with the provisions of Clause 49 of the listing agreement: (i) Audit Committee, and (ii) Shareholders/Investors Grievance Committee.

b. Membership of Committees include chairmanship, if any.

7. Membership of Board committees

No director holds membership of more than 10 committees of board, nor, is a chairman of more than 5 committees of Board.

8. Details of directors

The abbreviated resumes of all the directors are furnished hereunder:

Shri Anil D. Ambani, Regarded as one of the foremost corporate leaders of contemporary India, Shri Anil D. Ambani, 54, is the Chairman of Reliance Capital Limited, Reliance Communications Limited, Reliance Infrastructure Limited and Reliance Power Limited. He is also on the board of Reliance Infratel Limited and Reliance Anil Dhirubhai Ambani Group Limited. He is the President of the Dhirubhai Ambani Institute of Information and Communication Technology, Gandhinagar, Gujarat. The Group companies are engaged in leading businesses that provide cutting edge services to empower and enrich the lives of one out of every five Indians. He is a member of Shareholders and Investors Grievance Committee of the Company.

An MBA from the Wharton School of the University of Pennsylvania, Shri Ambani is credited with having pioneered several path breaking financial innovations in the Indian capital markets. He spearheaded the country's first forays into the overseas capital markets with international public offerings of global depository receipts, convertibles and bonds. Under his Chairmanship, the constituent companies of the Reliance Group had raised nearly US\$ 7 billion from global financial markets in a period of less than 3 years.

Shri Ambani has been associated with a number of prestigious academic institutions in India and abroad. He is currently a member of:

- Wharton Board of Overseers, The Wharton School, USA
- Executive Board, Indian School of Business (ISB), Hyderabad

Shri Ambani is also recognized by the Indian government as a visionary and torch bearer for the overall growth and development of modern infrastructure in the country. He is a regular invitee to top level consultation programmes that the Prime Minister's Office and other key central ministries conduct with corporate leaders in India towards creating and reforming policies and regulatory frameworks for the infrastructural growth in the country. The Prime Minister has recently nominated Shri Ambani as the Co-Chair from the Indian side of the India-China CEO Forum. In recent years, Shri Ambani has also been a trend setter for Corporate India in achieving multi-billion dollar investments from leading financial institutions in the US and China for infrastructure development in India.

As on March 31, 2013, Shri Anil D. Ambani held 2,73,891 equity shares in the Company.

Shri Amitabh Jhunjhunwala, 56, is a Fellow Chartered Accountant. He has had a wide exposure in developing, strategising and overseeing businesses in financial services, and entertainment sectors. He has experience in the areas of finance, commercial, banking, accounts and general management. Shri Jhunjhunwala is the Group Managing Director of Reliance Group. He is a Vice Chairman of Reliance Capital Ltd. and also a director on the Board of Reliance Equity Advisors (India) Ltd., Reliance Anil Dhirubhai Ambani Group Ltd. and Harmony Art Foundation. Shri Amitabh Jhunjhunwala is a member of Audit Committee, Shareholders / Investors Grievance Committee, Nomination / Remuneration Committee, and ESOS Compensation Committee of the Company. He does not hold any share in the Company as of March 31, 2013.

Shri Rajendra P. Chitale, 51, a law graduate and an eminent Chartered Accountant, is a Managing Partner of Chitale & Associates (one of India's leading boutique structuring, legal and tax advisory firm) and M. P. Chitale & Co. (one of the India's leading accounting and consulting firms). He is a member of the Insurance Advisory Committee and the Committee on Investment, Expenditure & ULIP Issues of

the Insurance and Regulatory Authority of India (IRDA); and has served as a member of the Working Group on Insurance, Pensions, Small Savings, etc., Financial Sector Legislative Reforms Commission, Government of India, the Company Law Advisory Committee, Government of India, the Takeover Panel of the Securities & Exchange Board of India, Investor Education & Protection Fund Committee, Government of India, the Advisory Committee on Regulations of the Competition Commission of India, and the Maharashtra Board for Restructuring of State Enterprises, Government of Maharashtra. He has served as a director on the boards of Life Insurance Corporation of India, Unit Trust of India, Small Industries Development Bank of India, National Stock Exchange of India Ltd., Asset Reconstruction Company (India) Ltd., SBI Capital Markets Ltd., and National Securities Clearing Corporation Limited. He currently serves as a director on the boards of several large companies including Ambuja Cements Ltd., Ishaan Real Estate Plc, Hinduja Ventures Ltd., Hinduja Global Solutions Ltd., Reliance Life Insurance Company Ltd., and Reliance General Insurance Company Ltd. Shri Rajendra P. Chitale is the Chairman of Audit Committee and Nomination/Remuneration Committee and a member of the Shareholders / Investors Grievances Committee and ESOS Compensation Committee of the Company. He is the Chairman of Audit Committee of Ambuja Cements Ltd., and a member of the Audit Committee of Hinduja Ventures Ltd., Hinduja Global Solutions Ltd. and Reliance Life Insurance Company Ltd. He is the Chairman of Share Allotment and Investors' Grievance Committee of Ambuja Cements Limited. He does not hold any share in the Company as of March 31, 2013.

Dr. Bidhubhusan Samal, 70, Master in Agriculture (Gold Medalist) and doctorate in Economics from Kalyani University, West Bengal. He is also a Post Graduate Diploma holder in Bank Management from the National Institute of Bank Management, Pune. He has more than 30 years of work experience in the field of Banking, Securities Markets and Industrial Finance. He has served as Chairman and Managing Director of Allahabad Bank, Chairman and Managing Director of Industrial Investment Bank of India and as Member of the Securities Appellate Tribunal. Presently, he is a member of the Task Force set up by the Ministry of Heavy Industries and Public Enterprises, Government of India. He is a Director on the Board of Surana Industries Ltd., IITL Projects Limited, Industrial Investment Trust Ltd., MayFair Hotels and Resorts Ltd., ARSS Infrastructure Projects Ltd., Jaiprakash Associates Ltd., Jaypee Infratech Ltd., Vipul Ltd., World Resorts Ltd. and T.K. International Ltd. He is the Chairman of the Shareholders/ Investors Grievances Committee and a member of Audit Committee, Nomination/ Remuneration Committee and ESOS Compensation Committee of the Company. He is the Chairman of Audit Committee of Surana Industries Ltd., World Resorts Ltd., T.K. International Ltd. and Vipul Ltd. He is a member of Audit Committee of ARSS Infrastructure Projects Ltd. and MayFair Hotels and Resorts Ltd. He is a member of the Shareholders / Investors Grievance Committee of ARSS Infrastructure Projects Ltd. He does not hold any share in the Company as of March 31, 2013.

Shri V. N. Kaul, 70, is a former Comptroller and Auditor General of India (2002 to 2008). He was Vice Chairman of the United Nations Independent Audit Advisory Committee at UN Headquarters, New York, from 2008 to 2011. Prior to his appointment as C&AG Shri Kaul held senior positions in the Government and in the United Nations system. In Government of India he was, amongst other things, Secretary to the Government of India in the Ministries of Petroleum and Natural Gas, Chemicals and Fertilizers and Coal. Earlier he has also been Principal Secretary, Finance of Madhya Pradesh. He has served as Chairman of public sector and joint sector companies including as Chairman,

Corporate Governance Report

Petronet LNG. He has also served as a Director of many private and public sector companies and he has been on the Governing Boards of International Bodies. From 1991 to 1998 he was with the United Nations- ESCAP, Bangkok as Advisor, Trade Policy and Negotiations for Asia-Pacific Region.

He holds a Masters degree from the University of Delhi and he is a Fellow of the EDI, Washington. He is currently a member of the Eminent Persons Advisory Group (EPAG), constituted by the Competition Commission of India, to give broad inputs and advice on larger issues impacting markets and competition. He has been appointed on the Oversight Committee constituted to advise and oversee the process of monetization of immovable property of Air India. He is mentoring a group of experts on solar energy and another group on modernising government accounts. Shri V. N. Kaul is a member of the Audit Committee and ESOS Compensation Committee of the Company. He does not hold any share in the Company as of March 31, 2013.

9. Insurance coverage

The Company has obtained Directors' and Officers liability insurance coverage in respect of any legal action that might be initiated against directors.

II. Audit Committee

In terms of Clause 49 of the listing agreement as well as Section 292A of the Companies Act, 1956 and Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 the Board has constituted the Audit Committee of the Board of Directors.

The Audit Committee has been reconstituted w.e.f. November 6, 2012 due to the resignation of Shri C. P. Jain as a Director of the Company and consequently he ceased to be a member of the Committee. The Audit Committee presently comprises of three independent, non – executive directors and one non – independent non executive directors of the Company. viz: Shri Rajendra P. Chitale as Chairman, Shri Amitabh Jhunjhunwala, Dr. Bidhubhusan Samal and Shri V. N. Kaul as Members. All the members of the Committee possess financial / accounting exposure.

The Audit Committee, inter alia, advises the management on the areas where systems, processes, measures for controlling and monitoring revenue assurance, internal audit and risk management can be improved.

The minutes of the meetings of the Audit Committee are placed before the Board. The terms of reference of the Audit Committee are in accordance with all the items listed in clause 49(II) of the Listing Agreement as follows:

- i. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial information is correct, sufficient and credible;
- ii. Recommending the appointment, re-appointment and replacement / removal of statutory auditor and fixation of audit fees;
- iii. Approving payment for any other services by statutory auditors;
- iv. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;
 - a. Matters required to be included in the Director's Responsibility Statement included in the report of the Board of Directors.
 - b. Any changes in accounting policies and practices and reasons thereof.
 - c. Major accounting entries based on exercise of judgment by management.
 - d. Qualifications in draft audit report, if any.

- e. Significant adjustments arising out of audit.
- f. Compliance with listing and other legal requirements concerning financial statements.
- g. Disclosure of related party transactions.
- v. Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- vi. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in the matter;
- vii. Reviewing with the management, the performance of statutory and internal auditors, the adequacy of internal control systems;
- viii. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- ix. Discussion with internal auditors on any significant findings and follow up thereon;
- x. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- xi. Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xii. To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors;
- xiii. To review financial statement of subsidiary companies, in particular its investments;
- xiv. To review the functioning of the Whistle Blower mechanism;
- xv. To approve appointment of Chief Financial Officer after assessing qualification, experience, and background etc.
- xvi. Carrying out all other functions as is mentioned in the terms of reference of the Audit committee;
- xvii. Review the following information:
 - a. Management Discussion and Analysis of Financial Condition and Results of Operations.
 - b. Internal audit reports relating to internal control weaknesses.
 - c. Management letters/ letters of internal control weaknesses issued by statutory auditors.
 - d. Statement of significant related party transactions, and
 - e. The appointment, removal and terms of remuneration of the Chief internal auditor.

The Audit Committee has the following powers:

- i. to investigate any activity within its terms of reference;
- ii. to seek any information from any employee;
- iii. to obtain outside legal and professional advice;
- iv. to secure attendance of outsiders with relevant expertise, if it considers necessary.

Attendance at the meetings of the Audit Committee held during 2012-2013

The Audit Committee held its meetings on May 18, 2012, August 10, 2012, November 6, 2012, January 11, 2013 and January 29, 2013. Maximum and minimum time gap between any two meetings, during the year under review was 87 days and 17 days respectively.

Name of Director	Meetings held during the tenure	Meetings Attended
Shri Rajendra P. Chitale	5	5
Shri Amitabh Jhunjhunwala	5	5
Dr. Bidhubhusan Samal	5	5
Shri V. N. Kaul	5	5
Shri C. P. Jain*	2	2

*Shri C. P. Jain ceased to be the Director of the Company w.e.f. September 10, 2012.

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

The meetings considered all the points in terms of its reference at periodic intervals.

Shri V. R. Mohan, President & Company Secretary acts as the Secretary to the Audit Committee.

During the year, the Committee discussed with the Company's auditors the overall scope and plans for the independent audit.

The Management represented to the Committee that the Company's financial statements were prepared in accordance with prevailing laws and regulations. The Committee discussed the Company's audited financial statements, the rationality of significant judgments and the clarity of disclosures in the financial statements. Based on the review and discussions conducted with the Management and the auditors, the Audit Committee believes that the Company's financial statements are fairly presented in conformity with prevailing laws and regulations in all material aspects.

The Committee has also reviewed the internal controls put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with the prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control systems of the Company. The Committee also reviewed the financial policies of the Company and expressed its satisfaction with the same. The Committee, after review expressed its satisfaction on the independence of both the internal and the statutory auditors.

Based on the Committee's discussion with the Management and the auditors and the Committee's review of the representations of the Management, the Committee has recommended the following to the Board of Directors:

1. The audited annual financial statements of the Company for the year ended March 31, 2013, be accepted by the Board as a true and fair statement of the financial status of the Company.
2. The audited abridged financial statements of the Company for the year ended March 31, 2013, be accepted by the Board as a true and fair statement of the financial status of the Company.
3. The audited consolidated financial statements of the Company for the year ended March 31, 2013, be accepted by the Board as a true and fair statement of the financial status.

4. The audited abridged consolidated financial statements of the Company for the year ended March 31, 2013, be accepted by the Board as a true and fair statement of the financial status.

III. Nomination / Remuneration Committee

The Nomination / Remuneration Committee of the Board is constituted to formulate from time to time (a) process for selection and appointment of new directors and succession plans and (b) recommend to the Board from time to time, a compensation structure for directors and the manager. Presently, the Company has no executive director.

During the year under the review, Nomination / Remuneration Committee held its meeting on September 4, 2012 which was attended by Shri Amitabh Jhunjhunwala and Shri C. P. Jain and leave of absence was granted to Shri Rajendra P. Chitale.

The Nomination / Remuneration Committee has been reconstituted w.e.f. November 6, 2012. The Committee presently comprises of three directors i.e. Shri Rajendra P. Chitale as Chairman, Shri Amitabh Jhunjhunwala and Dr. Bidhubhusan Samal as Members.

Shri V. R. Mohan, President & Company Secretary acts as the Secretary to the Nomination / Remuneration Committee.

Managerial remuneration policy

The Nomination/Remuneration Committee determines and recommends to the Board, the compensation of the Directors and the Manager. The key components of the Company's Remuneration Policy are:

- a. Compensation will be a major driver of performance.
- b. Compensation will be competitive and benchmarked with a select group of companies from the service sector.
- c. Compensation will be transparent, fair and simple to administer.
- d. Compensation will be fully legal and tax compliant.

The Ministry of Corporate Affairs vide its Circular No. 4/2011 dated March 4, 2011 has decided that a Company can pay Commission upto 3 per cent of its net profit to the Non-Whole Time Director(s) without approval of the Central Government, if it does not have a Managing Director or Whole Time Director(s). In view of above Circular, the Company can pay Commission upto 3 per cent of net profit to the Non Whole Time Directors of the Company.

Criteria for making payments to non executive directors

The remuneration to non executive directors is benchmarked with the relevant market and performance oriented, balanced between financial and sectoral market, comparative scales, aligned to Corporate goals, role assumed and number of meetings attended.

Details of Sitting fees and commission paid to the Directors during the Financial Year ended March 31, 2013.

(₹ in lakh)

Directors	Sitting Fees	Commission
Shri Anil D. Ambani	1.20	-
Shri Amitabh Jhunjhunwala	3.20	-
Shri Rajendra P. Chitale	2.80	15.00
Dr. Bidhubhusan Samal	2.60	15.00
Shri V. N. Kaul	2.20	15.00
Shri C. P. Jain*	1.60	15.00

* Shri C. P. Jain ceased to be the Director of the Company w.e.f. September 10, 2012.

Corporate Governance Report

Notes:

- There were no other pecuniary relationships or transactions of non-executive directors vis-à-vis the Company.
- The Company has so far not issued any stock options to its Directors.
- Pursuant to the limits approved by the Board, all directors being non-executive, are paid sitting fees of ₹ 20,000 for attending each meeting of the Board and its committees.
- Remuneration by way of commission to the non executive directors was paid for the financial year 2011-12.

IV. **Shareholders / Investors Grievance Committee**

The Shareholders / Investors Grievance Committee has been reconstituted w.e.f. November 6, 2012. The Committee presently comprises of three directors i.e. Dr. Bidhubhusan Samal as Chairman, Shri Rajendra P. Chitale and Shri Amitabh Jhunjhunwala as members.

The Company has appointed Karvy Computershare Private Limited to act as Registrar and Transfer Agent of the Company.

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The Committee also monitors redressal of investors grievances. Particulars of investors grievances received and redressed are furnished in the investor information section of this report. The Committee oversees performance of the Registrar and Transfer Agent of the Company and recommends measures for overall improvement in the quality of investor services. The Committee also monitors implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

Attendance at the meeting of the Shareholders / Investors Grievance Committee held during 2012-2013.

During the year, the Shareholders / Investors Grievance Committee held its meetings on May 19, 2012, August 11, 2012, November 6, 2012 and January 29, 2013. The maximum time gap between any two meetings during the year under review was 86 days and the minimum gap was 83 days.

Name of Director	Meetings held during the tenure	Meetings Attended
Dr. Bidhubhusan Samal	2	2
Shri Amitabh Jhunjhunwala	4	4
Shri Rajendra P. Chitale	4	4
Shri C. P. Jain*	2	2

*Shri C. P. Jain ceased to be the Director of the Company w.e.f. September 10, 2012.

Shri V. R. Mohan, President & Company Secretary acts as the Secretary to the Shareholders / Investors Grievance Committee.

V. **Compliance Officer**

Shri V. R. Mohan, President & Company Secretary, is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges.

VI. **Employees Stock Option Scheme (ESOS) Compensation Committee**

The ESOS Compensation Committee has been reconstituted w.e.f. November 6, 2012. The ESOS Compensation Committee presently comprises of four directors viz: Dr. Bidhubhusan Samal as Chairman, Shri Rajendra P. Chitale, Shri Amitabh Jhunjhunwala and Shri V. N. Kaul as Members. Shri V. R. Mohan, President & Company Secretary acts as the Secretary to the ESOS Compensation Committee.

No meeting of the ESOS Compensation Committee was held during 2012 - 13.

VII. **Employee Stock Option Scheme**

In order to share the growth in value and reward the employees for having participated in the success of the Company, our Employee Stock Option Scheme (the Scheme) has been implemented by the Company to the eligible employees based on specified criteria, under Employee Stock Option Plans A and B.

The Plans are prepared in due compliance of Scheme, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and other applicable laws.

VIII. **General Body Meetings**

The Company held its last three Annual General Meetings as under:

Financial Year	Date and Time	Whether Special Resolution passed or not
2011-12	September 4, 2012 10.00 a.m.	Yes, Qualified Institutional Placement (QIP)
2010 -11	September 27, 2011 10.00 a.m.	Yes, Qualified Institutional Placement (QIP)
2009 -10	September 28, 2010 12.00 noon	Yes, 1. Qualified Institutional Placement (QIP) 2. Approval for payment of commission to non- executive Directors

The above Annual General Meetings were held at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400020.

IX. **Postal Ballot**

The Company had not conducted any Postal Ballot during the financial year 2012 - 13.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of a special resolution through postal ballot.

X. **Means of communication**

a. **Quarterly Results:** Quarterly Results are published in Financial Express, English daily newspaper circulating in substantially the whole of India and in Navshakti, Marathi vernacular daily newspaper and are also posted on the Company's website www.reliancecapital.co.in.

b. **Media Releases and Presentations:** Official media releases are sent to the Stock Exchanges before their release to the media for wider dissemination. Presentations made to media, analysts, institutional investors, etc. are posted on the Company's website.

- c. **Website:** The Company's website contains a separate dedicated section 'Investor Relations'. It contains comprehensive database of information of interest to our investors including the financial results and Annual Report of the Company, information on dividend declared by the Company, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered/ facilities extended by the Company to our investors, in a user friendly manner. The basic information about the Company as called for in terms of clause 54 of the Listing Agreement with the Stock Exchanges is provided on the Company's website and the same is updated regularly.
- d. **Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report and is displayed on the Company's website.
The Ministry of Corporate Affairs ("MCA"), Government of India, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies in terms of which a Company would have ensured compliance with the provisions of Section 53 of the Act, if service of documents have been made through electronic mode. In such a case, the Company has to obtain e-mail addresses of its members for sending the notices / documents through e-mail giving an advance opportunity to each shareholder to register their e-mail address and changes therein, if any, from time to time with the Company.
The Company has welcomed the Green Initiative and accordingly has e-mailed to all those Members whose e-mail IDs are available with the Company's Registrar and Transfer Agent, the soft copies of the Unabridged Financial Statements for the year ended March 31, 2013.
- e. **Corporate Filing and Dissemination System (CFDS):** The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by listed companies.
- f. **Unique Investor helpdesk:** Exclusively for investor servicing the Company has set up a unique investor Help Desk with multiple access modes as under:
Toll free No. (India) : 1800 4250 999
Telephone Nos. : +91 40 4030 8000
Fax No. : +91 40 2342 0859
Email : rclinvestor@karvy.com
Post your request : <http://kcpl.karvy.com/adag>
- g. **Designated email-id:** The Company has also designated email-id rcl.investor@rcap.co.in for investor servicing.
- h. **National Electronic Application Processing System (NEAPS):** the NEAPS is a web based system designed by NSE for corporate. The shareholding pattern and Corporate Governance Report are also filed electronically on NEAPS.
- i. **SEBI Complaint Redress Systems (SCORES)**
The investors' complaints are also being processed through the centralised web base complaint redressal system. The salient features of SCORES are availability of centralised data base of the complaints, uploading online action taken reports by the Company. Through SCORES the investors can view online, the action taken and current status of the complaints.

XI. Compliance with other mandatory requirements

1. Management Discussion and Analysis

A Management Discussion and Analysis Report forms part of this Annual Report and includes discussions on various matters specified under Clause 49(IV)(F) of the listing agreement.

2. Subsidiaries

Reliance General Insurance Company Ltd. (RGICL) is a material non-listed Indian subsidiary company in terms of Clause 49 (III) of the Listing Agreement.

Accordingly, Shri Rajendra P. Chitale, an Independent Director of the Company has been appointed on the Board of RGICL.

The minutes of the meetings of the Board of Directors of subsidiary companies are placed before the meeting of Board of Directors of the Company and the attention of the directors is drawn to all significant transactions and arrangements entered into by subsidiary companies.

3. Disclosures

a. There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority.

b. Related party transactions

During the year 2012-13, no transactions of material nature had been entered into by the Company with the Promoters or Directors or Management or their relatives, subsidiaries that may have a potential conflict with interest of the Company. The related party transactions with subsidiary companies and others are disclosed in Notes to Accounts.

c. Accounting treatment

In the preparation of financial statements, the Company has followed the Accounting Standards as prescribed under Companies (Accounting Standard) Rules, 2006, as applicable. The Accounting Policies followed by the Company to the extent relevant, are set out elsewhere in this Annual Report.

d. Risk management

The Company has laid down a robust Risk Management Policy, defining Risk profiles involving Strategic, Technological, Operational, Financial, Organisational, Legal and Regulatory risks within a well defined framework. The Risk management Policy acts as an enabler of growth for the Company by helping its businesses to identify the inherent risks, assess, evaluate and monitor these risks continuously and undertake effective steps to manage these risks.

A Risk Management Committee (RMC) consisting of senior executives of the Company periodically reviews the robustness of the Risk Management Policy. The periodical update on the risk management practices and mitigation plan of the Company and subsidiaries are presented to the Audit Committee and Board of Directors. The Audit Committee and Board periodically review such updates and findings and suggest areas where internal controls and risk management practices can be improved.

Corporate Governance Report

Asset Liability Management Committee (ALCO) consisting of senior management executives, monitors liquidity and interest rate risks of the Company. The functioning of ALCO is reviewed by the RMC which meets on quarterly basis and reports to the Board of Directors.

e. **Prevention of Money Laundering – Know Your Customer Policy**

In keeping with specific requirements for Non Banking Financial Companies (NBFCs) the Company has also formulated a Prevention of Money Laundering and Know Your Customer Policy.

f. **Code of conduct**

The Company has adopted the code of conduct and ethics for directors and senior management. The Code has been circulated to all the members of the Board and senior management and the same has been posted on the Company's website www.reliancecapital.co.in. The Board members and senior management have affirmed their compliance with the code and a declaration signed by the Manager of the Company appointed in terms of the Companies Act, 1956 (i.e., the CEO within the meaning of Clause 49(V) of the Listing Agreement) is given below:

"It is hereby declared that the company has obtained from all members of the Board and senior management affirmation that they have complied with the Code of Conduct for Directors and Senior Management of the Company for the year 2012-13".

V. R. Mohan
Manager

g. **CEO and CFO certification**

Shri V. R. Mohan, President & Company Secretary being the CEO and Shri Amit Bapna, CFO of the Company have provided certification on financial reporting and internal controls to the Board as required under Clause 49(V) of the Listing Agreement.

h. **Review of Directors' Responsibility Statement**

The Board in its report has confirmed that the annual accounts for the year ended March 31, 2013 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

XII. **Policy on insider trading**

The Company has formulated a Code of Conduct for Prevention of Insider Trading (Code) in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. The Board has appointed Shri V. R. Mohan, President & Company Secretary as the Compliance Officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board. The Company's Code, inter alia, prohibits purchase and/or sale of shares of the company by an insider while in possession of unpublished price sensitive information in relation to the company and also during certain prohibited periods. The

Company's Code is available on the Company's website.

XIII. **Compliance of Clause 5A of Listing Agreement**

The details of shareholders and the outstanding shares lying in the "Reliance Capital Limited – Unclaimed Suspense Account" as per Clause 5A (II) of the Listing Agreement as on March 31, 2013 were as under:

Particulars	No. of shareholders	No. of shares
(i) Aggregate number of shareholders and the outstanding shares in the suspense account lying at April 1, 2012	53,487	2,08,292
(ii) Number of shareholders who approached issuer for transfer of shares from suspense account during the year	214	1,444
(iii) Number of shareholders to whom shares were transferred from suspense account during the year	214	1,444
(iv) Aggregate number of shareholders and the outstanding shares in the suspense account lying at March 31, 2013	53,273	2,06,848

The voting rights on the shares in the "Reliance Capital Limited – Unclaimed Suspense Account" shall remain frozen till the rightful owner of such shares claims the shares.

XIV. **Compliance with non-mandatory requirements**

1. **Tenure of independent directors on the Board**

The tenure of independent directors on the Board of the Company shall not exceed nine years in aggregate.

2. **Nomination / Remuneration Committee**

The Board has set up a Nomination / Remuneration Committee, details whereof are furnished at Sr. No. III of this report.

3. **Disclosures**

The quarterly financial results including summary of significant events of relevant period are published in newspapers and hosted on the website of the Company.

4. **Audit qualifications**

The financial statements of the company are unqualified.

5. **Training of Board members**

A programme has been devised to train Board members in the business model of the Company, risk profile of the business parameters and their responsibilities as directors.

6. **Whistle blower policy**

The Company has formulated a policy to prohibit managerial personnel from taking adverse action against employees, who are disclosing in good faith alleged wrongful conduct on matters of public concern involving violation of any law, mismanagement, gross waste or misappropriation of public funds, substantial and specific danger to public health and safety or an abuse of authority. The policy also lays down the mechanism for making enquiry in to whistle blower complaint received by the Company.

Corporate Governance Report

Employees aware of any alleged wrongful conduct are encouraged to make a disclosure to the Audit Committee. Employees knowingly making false allegations of alleged wrongful conduct to the Audit Committee shall be subject to disciplinary action. No personnel of the Company have been denied access to the grievance redressal mechanism of the Company.

XV. **Corporate Governance Voluntary Guidelines 2009**

The Company has ensured substantial compliance with most of the guidelines issued by the Ministry of Corporate Affairs on Corporate Governance in the year 2009, notwithstanding that they are subject to only voluntary compliance by corporates.

XVI. **General shareholder information**

The mandatory and various additional information of interest to investors are voluntarily furnished in a separate section on investor information in this annual report.

Auditors' certificate on corporate governance

The Auditors' certificate on compliance of Clause 49 of the listing agreement relating to corporate governance report is published elsewhere in this Annual Report.

Review of governance practices

We have in this Report attempted to present the governance practices and principles being followed at Reliance Capital, as evolved over the years, and as best suited to the needs of our business and stakeholders.

Our disclosures and governance practices are continually revisited, reviewed and revised to respond to the dynamic needs of our business and ensure that our standards are at par with the globally recognised practices of governance, so as to meet the expectations of all our stakeholders.

Investor Information

Important points

Hold securities in dematerialised form

Investors should hold their securities in dematerialised form as the same is beneficial due to following:-

- A safe and convenient way to hold securities;
- Elimination of risks associated with physical certificates such as bad delivery, fake securities, delays, thefts etc.
- Immediate transfer of securities;
- No stamp duty on electronic transfer of securities;
- Reduction in transaction cost;
- Reduction in paperwork involved in transfer of securities;
- No odd lot problem, even one share can be traded;
- Availability of nomination facility;
- Ease in effecting change of address as change with Depository Participants gets registered with all companies in which investor holds securities electronically;
- Easier transmission of securities as the same done by Depository Participants for all securities in demat account;
- Automatic credit into demat account of shares, arising out of bonus/split/consolidation/merger etc.

Hold securities in consolidated form

Investors holding shares in multiple folios are requested to consolidate their holdings in single folio. Holding of securities in one folio enables shareholders to monitor the same with ease.

Furnish bank details and get dividend directly credited in bank account

Investors should avail the Electronic Clearing Services for payment of dividend as the same reduces risk attached to physical dividend warrants. Some of the advantages of payment through electronic credit services are as under:

- Avoidance of frequent visits to banks for depositing the physical instruments.
- Prompt credit to the bank account of the investor through electronic clearing.
- Fraudulent encashment of warrants is avoided.
- Exposure to delays / loss in postal service avoided.
- As there can be no loss in transit of warrants, issue of duplicate warrants is avoided.

Printing of bank account numbers, names and addresses of bank branches on dividend warrants provide protection against fraudulent encashment of dividend warrants. Members are requested to provide, the same to the Company's RTA for incorporation on their dividend warrants.

Register for SMS alert facility

Investor should register with Depository Participants for the SMS alert facility. Both National Securities Depository Limited and Central Depository Services (India) Limited alert investors through SMS of the debits and credits in their demat account.

Submit nomination form and avoid transmission hassle

Nomination helps nominees to get the shares transmitted in their favour without any hassles. Investors should get the nomination registered with the Company in case of physical holding and with their Depository Participants in case of shares are held in dematerialised form.

Form may be downloaded from the Company's website, www.reliancecapital.co.in under the section "Investor Relations". However, if shares are held in dematerialised form, nomination has to be registered with the concerned Depository Participants directly, as per the form prescribed by the Depository Participants.

Deal only with SEBI registered intermediaries

Investors should deal with SEBI registered intermediary so that in case of deficiency of services, investor may take up the matter with SEBI.

Corporate benefits in electronic form

Investor holding shares in physical form should opt for corporate benefits like split/ bonus etc. in electronic form by providing their demat account details to Company's RTA.

Register e-mail address

Investors should register their email address with the Company/DPs. This will help them in receiving all communication from the Company electronically at their email address. This also avoids delay in receiving communications from the Company. Prescribed form for registration may please be downloaded from the Company's website.

Course of action in case of non-receipt of dividend, revalidation of dividend warrant etc.

Shareholders may write to the Company's RTA, furnishing the particulars of the dividend not received, and quoting the folio number/DP ID and Client ID particulars (in case of dematerialised shares). On expiry of the validity period, if the dividend warrant still appears as unpaid in records, duplicate warrant will be issued. The Company's RTA would request the concerned shareholder to execute an indemnity before issuing the duplicate warrant. However, duplicate warrants will not be issued against those shares wherein a 'stop transfer indicator' has been instituted either by virtue of a complaint or by law, unless the procedure for releasing the same has been completed. Shareholders are requested to note that they have to wait till the expiry of the validity of the original warrant before a duplicate warrant is issued to them, since the dividend warrants are payable at par at several centres across the country and the banks do not accept 'stop payment' instructions on the said warrants.

Permanent Account Number (PAN) for transfer of shares in physical form mandatory

SEBI has stated that for securities market transactions and off-market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company's RTA for registration of such transfer of shares.

Facility for a Basic Services Demat Account (BSDA)

SEBI has stated that all the depository participants shall make available a BSDA for the shareholders who have only one demat account with (a) No Annual Maintenance charges if the value of holding is upto ₹ 50,000 and (b) Annual Maintenance charges not exceeding ₹ 100 for value of holding from ₹ 50,001 to ₹ 2,00,000. (Refer Circular CIR/MRD/DP/22/2012 dated 22nd August, 2012).

Annual General Meeting

The 27th Annual General Meeting (AGM) will be held on Tuesday, August 27, 2013 at 10.00 a.m., at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.

Financial year of the company

The financial year of the Company is from April 1 to March 31 each year.

Website

The Company's website www.reliancecapital.co.in contains a separate dedicated section called 'Investors Relations'. It contains comprehensive data base of information of interest to our investors including the financial results, annual reports, dividends declared, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered / facilities extended to our investors.

Investor Information

Dedicated e-mail id for investors

For the convenience of our investors, the Company has designated an e-mail id i.e. rcl.investor@rcap.co.in

Registrar and Transfer Agent (RTA)

Karvy Computershare Private Limited

Unit: Reliance Capital Limited

Madhura Estates, Municipal No. 1-9/13/C

Plot No. 13 & 13C, Madhapur Village,

Hyderabad - 500081, Andhra Pradesh

Toll free no. (India) : 1800 4250 999

Telephone : +91 40 4030 8000

Fax No. : +91 40 2342 0859

E-mail : rclinvestor@karvy.com

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

Shareholders/investors are requested to forward share transfer documents, dematerialisation requests (through their Depository Participant (DP)) and other related correspondence directly to Company's RTA at the above address for speedy response.

Dividend announcements

The Board of Directors of the Company at its meeting held on September 10, 2012 had declared and paid a Special Interim Dividend of 50 per cent i.e. ₹ 5.00 per Equity Share of the face value of ₹ 10 each, totalling to ₹ 144 crore (inclusive of tax on dividend).

The Board of Directors of the Company has recommended a Final Dividend of ₹ 8 (80 per cent) per equity share of the Company for the financial year ended March 31, 2013, subject to the declaration by shareholders at the ensuing Annual General Meeting (AGM). The dividend, if declared, will be paid after the Meeting.

Book closure dates for the purpose of dividend and AGM

Register of Members and Share Transfer Books of the Company will remain closed from Saturday, August 17, 2013 to Tuesday, August 27, 2013 (both days inclusive) for the purpose of AGM as well as to determine the entitlement of shareholders to receive the Dividend, if any, for the year ended March 31, 2013.

Dividend remittance

Final Dividend on Equity Shares as recommended by the Directors for the financial year ended March 31, 2013, when declared at the AGM will be paid to:

- all those equity shareholders whose names appear in the Register of Members as on August 16, 2013, and
- those whose names as beneficial owners as on August 16, 2013 are furnished by the National Securities Depository Limited and Central Depository Services (India) Limited for the purpose.

Modes of payment of dividend

The dividend is paid under two modes viz:

- Credit to the Bank account via
 - ECS (Electronic Clearing Services)
 - NECS (National Electronic Clearing Services)
 - NEFT (National Electronic Funds Transfer)
 - RTGS (Real Time Gross Settlement)
 - Direct Credit
- Dispatch of physical dividend warrant

Shareholders are requested to avail the Electronic Clearing Services for payment of dividend as the same is immensely beneficial and considerably reduces risk attached to physical dividend warrants.

Unclaimed dividends

- Transfer to the Central Government

Pursuant to Section 205A of the Companies Act, 1956, unclaimed dividends upto and including for the financial year 1994-95 have been transferred to the General Revenue Account of the Central Government.

The shareholders who have not encashed their dividend warrants relating to financial year(s) upto 1994-95 are requested to claim the amounts from the Registrar of Companies, Maharashtra, CGO Complex, 2nd Floor, "A" Wing, CBD - Belapur, Navi Mumbai 400 614, in the prescribed form which will be furnished by the Company on request.

- Transfer to the Investor Education and Protection Fund (IEPF)

The dividends for the year 1995-96 to 2004-2005 remaining unclaimed for 7 years from the date of declaration have been transferred to the IEPF established by the Government of India pursuant to Section 205C of the Companies Act, 1956. Consequently, no claim shall lie against the said Fund or the Company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date it first became due for payment.

- Dividends to be transferred to the Investor Education and Protection Fund (IEPF)

The dividend for the following years remaining unclaimed for 7 years from the date of declaration are required to be transferred by the Company to IEPF and the various dates for transfer of such amounts are as under:

Financial year ended	Dividend per share (₹)	Date of declaration	Due for transfer on
31-03-2006	3.20	09-06-2006	08-07-2013
31-03-2007	3.50	03-07-2007	02-08-2014
31-03-2008	5.50	16-09-2008	15-10-2015
31-03-2009	6.50	21-07-2009	20-08-2016
31-03-2010	6.50	28-09-2010	27-10-2017
31-03-2011	6.50	27-09-2011	26-10-2018
31-03-2012	7.50	04-09-2012	03-10-2019
Special Interim Dividend	5.00	10-09-2012	09-10-2019

Members who have so far not encashed dividend warrant for the aforesaid years are requested to approach the Company's Registrar and Transfer Agent, Karvy Computershare Private Limited, immediately.

Ministry of Corporate Affairs has notified the Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with the companies) Rules, 2012, where by the Company, inter alia, will be required to upload the details of unpaid and unclaimed dividend on the website of the company. The Company shall ensure to comply the same within the stipulated time frame.

Members are requested to note that no claims shall lie against the Company or the IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date that it first became due for payment and no payment shall be made in respect of any such claim.

Share transfer system

Shareholders / investors are requested to send share certificate(s) along with share transfer deed in the prescribed form 7B, duly filled in, executed and affixed with share transfer stamps, to the Company's RTA. If the transfer documents are in order, the transfer of shares is registered within 7 days of receipt of transfer documents by Company's RTA.

Investor Information

Shareholding Pattern

Category of shareholders	As on 31-03-2013		As on 31-03-2012	
	No. of Shares	%	No. of Shares	%
(A) Shareholding of promoter and promoter group				
(i) Indian	13 29 82 272	54.14	13 29 82 272	54.14
(ii) Foreign				
Total shareholding of promoter and promoter group	13 29 82 272	54.14	13 29 82 272	54.14
(B) Public shareholding				
(i) Institutions	6 21 11 191	25.29	6 45 89 844	26.30
(ii) Non-institutions	5 00 32 236	20.36	4 70 86 355	19.16
Total public shareholding	11 21 43 427	45.65	11 16 76 199	45.46
(C) Shares held by custodians and against which depository receipts have been issued	5 07 101	0.21	9 74 329	0.40
Grand Total (A)+(B)+(C)	24 56 32 800	100.00	24 56 32 800	100.00

Distribution of Shareholding

Number of shares	Number of shareholders as on 31.03.2013		Total shares as on 31.03.2013		Number of shareholders as on 31.03.2012		Total shares as on 31.03.2012	
	Number	%	Number	%	Number	%	Number	%
Upto 500	11 63 157	99.19	3 00 39 394	12.23	11 92 963	99.30	288 44 451	11.74
501 to 5000	8 783	0.75	98 67 006	4.02	7 773	0.65	86 34 907	3.52
5001 to 100000	610	0.05	1 26 02 589	5.13	233	0.02	16 34 221	0.67
Above 100000	98	0.01	19 31 23 811	78.62	352	0.03	20 65 19 221	84.07
Total	11 72 648	100.00	24 56 32 800	100.00	12 01 321	100.00	24 56 32 800	100.00

Dematerialisation of shares

The Company was among the first few companies to admit its shares to the depository system of National Securities Depository Limited (NSDL) for dematerialisation of shares. The International Securities Identification Number (ISIN) allotted to the Company is INE013A01015. The Company was the first to admit its shares and go 'live' on to the depository system of Central Depository Services (India) Limited (CDSL) for dematerialisation of shares. The equity shares of the Company are compulsorily traded in dematerialised form as mandated by Securities and Exchange Board of India (SEBI).

Status of dematerialisation of shares

As on March 31, 2013, 97.79 per cent of the Company's shares are held in Dematerialised form.

Investors' Grievances Attended

Received from	Received during		Redressed during		Pending as on	
	2012-2013	2011-2012	2012-2013	2011-2012	31.03.2013	31.3.2012
SEBI	72	12	72	12	Nil	Nil
Stock Exchanges	28	20	28	20	Nil	Nil
NSDL/CDSL	2	9	2	9	Nil	Nil
Direct from investors	33	18	33	18	Nil	Nil
Total	135	59	135	59	Nil	Nil

Analysis of Grievances

	2012 - 2013		2011-2012	
	Numbers	Percentage	Numbers	Percentage
Non-receipt of dividends	100	74.07	31	52.55
Non-receipt of share certificates	13	9.63	9	15.25
Others	22	16.30	19	32.20
Total	135	100.00	59	100.00

There was no complaint pending as on March 31, 2013.

Notes :

- The shareholder base was 11,72,648 as of March 31, 2013 and 12,01,321 as of March 31, 2012.
- Investors queries / grievances are normally attended within a period of 3 days from the date of receipt thereof, except in cases involving external agencies or compliance with longer procedural requirements specified by the authorities concerned.

Legal Proceedings

There are certain pending cases relating to disputes over title to shares, in which the Company is made a party. These cases are however not material in nature.

Reliance Capital Limited

Investor Information

Equity History

Sr. No.	Date	Particulars	Price per equity share	No. of shares	Cumulative Total
1.	05-03-1986	Shares issued upon incorporation	10	7 000	7 000
2.	21-06-1990	1 st Public Issue	10	1 99 93 000	2 00 00 000
3.	28-08-1992	Shares Issued upon amalgamation of Arasina hotels with the Company	-	18 70 000	2 18 70 000
4.	10-02-1993	1 st Rights Issue 1992 with a ratio of 1:1	40	2 18 77 500	4 37 47 500
5.	18-07-1994 & 29-10-1994	Preferential Allotment to Promoters	50	2 74 00 000	7 11 47 500
6.	20-01-1995 & 17-02-1995	Public Issue 1995	140	4 33 97 592	11 45 45 092
7.	29-03-1995	Rights Issue 1995	50	1 40 01 970	12 85 47 062
8.	11-07-1995 to 13-11-1997	Allotment of Rights kept in abeyance	50	1 03 388	12 86 50 450
9.	04-11-1996	Forfeiture of equity shares relating to Public Issue of 1990 and Rights Issue 1992	-	(1 23 400)	12 85 27 050
10.	27-04-2000	Forfeiture of equity shares relating to Public and Rights Issue 1995	-	(12 61 455)	12 72 65 595
11.	27-04-2000 to 29-07-2003	Forfeiture of equity shares annulled	-	40 649	12 73 06 244
12.	21-07-2005	Preferential Allotment to FIIs	228	1 62 60 001	14 35 66 245
13.	02-08-2005	Preferential Allotment to Promoters	228	6 00 00 000	20 35 66 245
14.	22-08-2005	Allotment to Promoter upon Conversion of warrants on preferential basis	228	38 00 000	20 73 66 245
15.	31-03-2006	Allotment to Promoter upon Conversion of warrants on preferential basis	228	1 55 00 000	22 28 66 245
16.	07-08-2006	Allotment pursuant to amalgamation of Reliance Capital Ventures Ltd. (RCVL) with the Company	-	6 11 56 521	
	07-08-2006	Less: Shares extinguished due to amalgamation of RCVL with the Company	-	(6 00 89 966)	22 39 32 800
17.	30-01-2007	Allotment to Promoter upon Conversion of warrants on preferential basis	228	2 17 00 000	24 56 32 800

Stock Price and Volume

2012-13	BSE Ltd.			National Stock Exchange of India Ltd.		
	High ₹	Low ₹	Volume Nos.	High ₹	Low ₹	Volume Nos.
April, 2012	409.60	317.45	1,56,87,943	409.75	317.00	6,40,32,201
May, 2012	336.40	282.00	1,76,56,174	336.40	281.80	6,93,61,458
June, 2012	362.30	290.50	2,15,24,316	362.35	291.10	7,83,63,796
July, 2012	385.90	317.40	1,58,06,014	386.00	317.10	6,34,90,652
August, 2012	375.90	315.15	1,54,98,661	375.90	315.10	6,52,29,104
September, 2012	442.60	318.75	1,73,97,537	442.60	319.00	7,08,86,233
October, 2012	472.95	380.15	2,15,46,100	472.90	380.10	8,29,40,733
November, 2012	426.70	371.55	1,50,27,216	427.00	371.60	6,47,04,319
December, 2012	492.90	418.55	1,82,80,947	492.40	418.15	7,46,09,100
January, 2013	508.00	455.15	1,54,15,332	507.95	455.50	6,44,86,286
February, 2013	484.80	356.30	1,81,36,644	485.00	356.00	7,20,96,078
March, 2013	386.50	297.05	2,06,64,463	386.50	296.85	8,17,11,856

Stock exchange listings

The Company's equity shares are actively traded on BSE and NSE, the Indian Stock Exchanges.

Listing on stock exchanges

Equity shares

BSE Limited

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001.

Website : www.bseindia.com

National Stock Exchange of India Limited

Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051.

Website : www.nseindia.com

Stock codes

BSE Limited	: 500111
National Stock Exchange of India Limited	: RELCAPITAL
ISIN for equity shares	: INE 013A01015

Investor Information

An Index Scrip: Equity Shares of the Company are included in the Indices viz. NSE S&P CNX Nifty Junior, NSE S&P CNX 500, NSE CNX Finance Index, NSE CNX Midcap, NSE Nifty Midcap 50, NSE CNX 200, BSE100, BSE200, BSE500, CNX Service Sector Index and MSCI India.

Global Depository Receipts (GDRs)

Luxembourg Stock Exchange

Societe de la Bourse, De Luxembourg,
11, av de la Porte Neuve, L 2227 Luxembourg
Website : www.bourse.lu

Depository bank for GDR holders

Deutsche Bank Trust Company America
60 Wall Street, New York – 10005

Security Codes of RCL GDRs

	Master Rule 144A GDRs	Master Regulation S GDRs
CUSIP	75945L103	75945L202
ISIN	US75945L1035	US75945L2025
Common Code	026469457	026470315

Note: The GDRs are admitted to listing on the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF market. The Rule 144A GDRs have been accepted for clearance and settlement through the facilities of DTC, New York. The Regulation S GDRs have been accepted for clearance and settlement through the facilities of Euroclear and Clearstream, Luxembourg. The Rule 144A GDRs have been designated as eligible for trading on PORTAL.

Outstanding GDRs of the Company, conversion date and likely impact on equity

Outstanding GDRs as on March 31, 2013 represent 5,07,101 equity shares constituting 0.21 per cent of the paid up equity share capital of the Company.

Debt securities

The Debt Securities of the Company are listed on the Wholesale Debt Market Segment of BSE.

Debenture trustee

IL&FS Trust Company Limited
The IL&FS Financial Center, Plot C-22, G Block
Bandra- Kurla Complex, Bandra East, Mumbai-400051

Payment of listing fees

Annual listing fee for the year 2013-14 (as applicable) has been paid by the Company to the stock exchanges.

Share price performance in comparison to broad based indices – BSE Sensex and NSE Nifty

	RCL	Sensex BSE	Nifty NSE
FY 2012-13	-20.20%	8.23%	7.31%
2 years	-46.21%	-3.13%	-2.59%
3 years	-58.56%	7.46%	8.26%

Key financial reporting dates for the financial year 2013-14

Unaudited results for the first quarter ended June 30, 2013	On or before August 14, 2013
Unaudited results for the second quarter / half year ended September 30, 2013	On or before November 14, 2013
Unaudited results for the third quarter ended December 31, 2013	On or before February 14, 2014
Audited results for the financial year 2013-14	On or before May 30, 2014

Depository services

For guidance on depository services, shareholders may write to the Company's RTA or National Securities Depository Limited, Trade World, A Wing, 4th and 5th Floors, Kamala Mills Compound, Lower Parel, Mumbai 400 013, website: www.nsdl.co.in or Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Mumbai 400 023, website: www.cdslindia.com.

Communication to members

The quarterly financial results of the Company were announced within 45 days of the end of the respective quarter during the year under review. The Company's media releases and details of significant developments are made available on the Company's website: www.reliancecapital.co.in. These are also published in leading newspapers.

Reconciliation of share capital audit

The Securities and Exchange Board of India has directed that all issuer companies shall submit a certificate reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued / paid up capital. The said certificate, duly certified by a qualified chartered accountant is submitted to the stock exchanges where the securities of the Company are listed within 30 days of the end of each quarter and the certificate is also placed before the Board of Directors of the Company.

Investors' correspondence may be addressed to the Registrar and Transfer Agent of the Company

Shareholders/Investors are requested to forward documents related to share transfer, dematerialisation requests (through their respective Depository Participant) and other related correspondence directly to Karvy Computershare Private Limited at the below mentioned address for speedy response.

Karvy Computershare Private Limited
Unit: Reliance Capital Limited
Madhura Estates, Municipal No. 1-9/13/C
Plot No. 13 & 13C, Madhapur Village
Hyderabad 500 081
Andhra Pradesh, India

Shareholders / Investors may send the above correspondence at the following address

Queries relating to financial statements of the Company may be addressed to :

The Chief Financial Officer
Reliance Capital Limited
H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710
Telephone: +91 22 3047 9400
Facsimile: +91 22 3032 7202
E-mail : rcl.investor@rcap.co.in

Correspondence on investor services may be addressed to:

President & Company Secretary
Reliance Capital Limited
H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710
Telephone: +91 22 3047 9800
Facsimile: +91 22 3032 7202
E-mail : rcl.investor@rcap.co.in

Plant Locations

The Company is engaged in the business of financial services and as such has no plant.

Reliance Capital Limited

Auditor's Certificate on Corporate Governance

**To,
The Members of
Reliance Capital Limited**

We have examined the compliance of conditions of corporate governance by Reliance Capital Limited ('the Company') for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE') (together referred to as the 'Stock Exchanges').

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company

has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No: 101720W

Vijay Napawaliya
Partner
Membership No: 109859

Mumbai
Dated: May 16, 2013

For **B S R & Co.**
Chartered Accountants
Firm Reg. No: 101248W

Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
Dated: May 16, 2013

Independent Auditor's Report

**To
The Members,
Reliance Capital Limited
Report on the Financial Statements**

We have audited the accompanying financial statements of Reliance Capital Limited ('the Company'), which comprise the balance sheet as at 31 March 2013, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, the financial performance and the cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013;
- in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- in the case of the cash flow statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw your attention to Note 29(I) of the financial statements regarding accounting treatment prescribed in the Scheme of Amalgamation approved by the Honourable High Court of Bombay on March 22, 2013 ('the Scheme'), pursuant to which, Emerging Money Mall Limited and Reliance Equities International Private Limited (the 'transferor companies') has been amalgamated with the Company with an appointed date of March 31, 2013. Pursuant to the above Scheme, all assets and

liabilities of the transferor companies have been recorded in the books of the Company at their respective fair values and the net excess arising on transfer of assets & liabilities of the transferor companies of ₹ 915 crore is credited to the Capital Reserve. According to the aforesaid Scheme, the total investment in the equity shares and the preference shares of the transferor companies amounting to ₹ 680 crore has been written-off in the statement of profit and loss in preference to cancelling the said investments.

The board of directors of the Company has identified such amount of ₹ 680 crore as an exceptional item and has withdrawn an equivalent amount from general reserve and credited in the statement of profit and loss as permitted by an earlier Scheme of Amalgamation approved by the Honourable High Court of Bombay on April 29, 2011 ("the 2011 Scheme") of Reliance Commercial Finance Private Limited which permits the Company to adjust losses/write-off identified by the board of directors as exceptional items against the General Reserve of the Company.

Had both the Schemes mentioned above, not prescribed the above accounting treatment, the withdrawal of equivalent amount from the general reserve would have not been done. The above accounting treatment has no impact on profit before tax for the year. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditors' Report) Order, 2003 ('the Order'), as amended by 'the Companies (Auditors' Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

As required by section 227(3) of the Act, we report that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
- in our opinion, the balance sheet, the statement of profit and loss and the cash flow statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the board of directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No: 101720W

Vijay Napawaliya
Partner
Membership No: 109859

Mumbai
Dated: May 16, 2013

For **B S R & Co.**
Chartered Accountants
Firm Reg. No: 101248W

Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
Dated: May 16, 2013

Annexure to the Independent Auditor's Report

(Referred to in our report of even date)

- | | |
|--|--|
| <p>(i) In respect of its fixed assets:</p> <p>(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>(b) The Company has a program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.</p> <p>(c) As per information and explanations given to us, during the year, the Company has not disposed off any substantial part of fixed assets that would affect the going concern.</p> <p>(ii) The Company is a service company, primarily engaged in lending and investing activities. Accordingly, it does not hold any physical inventories. Thus, paragraph 4 (ii) of the Order is not applicable to the Company.</p> <p>(iii) According to the information and explanations given to us, the Company has neither granted nor taken any loan secured/unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of clauses (iii) (a) to (iii) (g) of paragraph 4 of the Order are not applicable to the Company.</p> <p>(iv) In our opinion and according to the information and explanations given to us there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to sale of services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.</p> <p>(v) According to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered in the register required to be maintained under that section. Accordingly, clause (v) of the Order is not applicable to the Company.</p> <p>(vi) The Company has not accepted deposits from public hence directives issued by the Reserve Bank of India and the provisions of Section 58A and 58 AA or any other relevant provisions of the Act, and rules framed there under are not applicable for the year under audit.</p> <p>(vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.</p> | <p>(viii) According to the information and explanations given to us, The Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Act, in respect of activities carried on by the Company. Hence the provisions of clause 4 (viii) of the Order is not applicable to the Company.</p> <p>(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records, of the Company, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Income-tax, Sales-tax, Wealth tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, except in the case of Professional Tax there were a few delays in payment of the said dues. According to the information and explanations given to us, there are no undisputed amounts payable outstanding as at 31 March 2013 for a period of more than six months from the date they became payable.</p> <p>b) According to the information and explanations given to us, there are no such statutory dues, which have not been deposited on account of any dispute, except in respect of sales tax under Gujarat Sales Tax Act, 1969 of ₹ 4,75,916 for the period 2001-02 which is pending before the Gujarat Sales Tax Tribunal, Ahmedabad and sales tax under Madhya Pradesh General Sales Tax Act, 1958 of ₹ 4,30,472 for the period 1996-97 which is pending before Appellate Deputy Commissioner of the Commercial Tax, Indore Division - I.</p> <p>(x) The Company neither has accumulated losses nor has it incurred any cash losses during the current financial year and in the immediately preceding financial year.</p> <p>(xi) Based on our audit procedures and the information and explanations given by management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, banks or debenture holders.</p> <p>(xii) In our opinion and according to the information and explanations given to us, adequate documents and records have been maintained by the Company in respect of loans and advances granted on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>(xiii) In our opinion, the Company is not a chit fund, a nidhi or a mutual benefit society. Therefore, the provisions of clause 4 (xiii) of the Order is not applicable to the Company.</p> <p>(xiv) The Company has maintained proper records of transactions and contracts in respect of trading in shares, securities, debentures, and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.</p> |
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Annexure to the Independent Auditor's Report

- | | |
|--|---|
| <p>(xv) The Company has given guarantees for loans taken by others from banks or financial institutions. According to the information and explanations given by management, in our opinion the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.</p> <p>(xvi) According to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised except in a case where the loan amounting to ₹ 25 crore has been taken towards the year end which was lying in bank account at the year end and was subsequently utilized for the purpose for which loan has been taken.</p> <p>(xvii) According to information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at March 31 2013, no funds raised on short-term basis have been used for long-term investment.</p> <p>(xviii) The Company has not made any preferential allotment of shares during the year to a company, covered in the register maintained under Section 301 of the Act.</p> <p>(xix) The Company has created securities and / or charges in respect of secured debentures issued and redeemed during the year except in case of Non Convertible Debentures amounting to ₹ 567 crore for which the Company is in the process of creation of securities.</p> | <p>(xx) The Company has not raised any money by way of public issue during the year.</p> <p>(xxi) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year, except in case of loans pertaining to commercial finance amounting to ₹ 6 crore, which was identified by management and reported to the RBI. As at 31 March 2013, ₹ 2 crore was recovered by the Company and the balance was provided for/written-off in the statement of profit and loss.</p> |
|--|---|

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No: 101720W

Vijay Napawaliya
Partner
Membership No: 109859

Mumbai
Dated: May 16, 2013

For **B S R & Co.**
Chartered Accountants
Firm Reg. No: 101248W

Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
Dated: May 16, 2013

Reliance Capital Limited

Balance Sheet as at March 31, 2013

(₹ in crore)

	Note No.	As at March 31, 2013	As at March 31, 2012
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	4	246	246
(b) Reserves and surplus	5	11 266	11 512
(2) Non-current liabilities			
(a) Long-term borrowings	6	12 402	10 865
(b) Deferred tax liabilities (net)	7	6	-
(c) Other long-term liabilities	8	14	-
(d) Long-term provisions	9	30	25
(3) Current liabilities			
(a) Short-term borrowings	10	4 190	3 453
(b) Trade payables	11	1	7
(c) Other current liabilities	12	5 171	4 583
(d) Short-term provisions	13	231	206
TOTAL		33 557	30 183
II ASSETS			
(1) Non-current assets			
(a) Fixed assets	14		
(i) Tangible assets		131	142
(ii) Intangible assets		20	21
(iii) Intangible assets under development		3	-
		154	163
(b) Non-current investments	15	13 309	13 225
(c) Deferred tax assets (net)	7	-	3
(d) Long-term loans and advances	16	10 199	8 713
(e) Other non-current assets	17	1 344	981
(2) Current assets			
(a) Current investments	18	366	600
(b) Trade receivables	19	-	193
(c) Cash and bank balances	20	745	436
(d) Short-term loans and advances	21	7 025	5 400
(e) Other current assets	22	415	469
TOTAL		33 557	30 183

See accompanying notes to the financial statements 1 - 52

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No. : 101720W

Vijay Napawaliya
Partner
Membership No: 109859
Mumbai
Dated: May 16, 2013

For **B S R & Co.**
Chartered Accountants
Firm Reg. No. : 101248W

Manoj Kumar Vijai
Partner
Membership No: 046882

For and on behalf of the Board

Chairman

Anil D. Ambani

Directors

Rajendra P. Chitale

Dr. Bidhubhusan Samal

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

Mumbai
Dated: May 16, 2013

Statement of Profit and Loss for the year ended March 31, 2013

(₹ in crore)

	Note No.	2012-13	2011-12
REVENUE			
I Revenue from operations	23	3 828	3 268
II Other income	24	40	49
III Total revenue (I+II)		3 868	3 317
IV EXPENSES			
Employee benefits expense	25	165	141
Finance cost	26	2 179	2 065
Depreciation and amortisation expense	14	29	26
Other expenses	27	791	464
Total expenses		3 164	2 696
V Profit before exceptional items and tax (III-IV)		704	621
VI Exceptional items			
Investment written off as per amalgamation [Refer Note 29 (I)]		680	-
Loss on sale of investment [Refer Note 29 (III)]		-	149
Withdrawal from general reserve [Refer Note 29 (III)]		(680)	(149)
VII Profit before tax (V-VI)		704	621
VIII Tax expense			
(1) Current tax		33	78
(2) Taxation for earlier years [Current year ₹ Nil (Previous year ₹ 7 89 499)]		-	-
(3) Deferred tax		9	24
		42	102
IX Profit after tax (VII-VIII)		662	519
X Earning per equity share face value of ₹ 10 each fully paid up	40		
(1) Basic (₹)		26.95	21.14
(2) Diluted (₹)		26.95	21.14

See accompanying notes to the financial statements 1 - 52

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No. : 101720W

Vijay Napawaliya
Partner
Membership No: 109859
Mumbai
Dated: May 16, 2013

For **B S R & Co.**
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Firm Reg. No. : 101248W

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For and on behalf of the Board

Chairman

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Directors

Rajendra P. Chitale
Dr. Bidhubhusan Samal

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

Mumbai
Dated: May 16, 2013

Reliance Capital Limited

Cash Flow Statement for the year ended March 31, 2013

(₹ in crore)

	2012-13	2011-12
A. Cash flows from operating activities		
Profit before exceptional items and tax	704	621
Adjusted for		
Depreciation and amortisation expense	29	26
Bad debts recovered	(34)	(53)
Provision for NPA, doubtful debts and balances written off	296	101
Provision and loss on repossessed stock	9	3
Provision for diminution in the value of investments / written off	236	136
Provision for gratuity / leave encashment (₹ 20 68 523)	-	(1)
Excess provision / credit balance written back	(1)	(4)
(Profit) / loss on sale of fixed assets (Previous year ₹ 19 61 037)	2	(-)
Amortised DSA commission	39	33
(Profit) / loss share in partnership firm	9	(30)
Interest income on investments	(467)	(534)
Dividend income on investments	(132)	(156)
(Profit) / loss on sale of investments (net)	(1 011)	(717)
Amortised brokerage on borrowings	28	27
Discount on commercial papers	407	398
Interest expenses	1 744	1 640
Operating profit before working capital changes	1 858	1 490
Adjusted for		
Proceeds from / (repayment of) short term borrowings (Net)	331	(1 935)
Proceeds from long term borrowings	6 235	4 146
Repayment of long term borrowings	(4 398)	(2 832)
Unamortised expenses incurred	(99)	(126)
Trade receivables & loans and advances	(3 191)	(1 289)
Trade payables and liabilities	(159)	(228)
Cash generated from / (used in) operations	577	(774)
Interest paid	(1 745)	(1 572)
Taxes paid (Net)	(2)	(94)
Net cash used in operating activities	(1 170)	(2 440)

Cash Flow Statement for the year ended March 31, 2013

(₹ in crore)

	2012-13	2011-12
B. Cash flows from investing activities		
Purchase of fixed assets	(27)	(110)
Sale of fixed assets	5	2
Investments in subsidiaries	(410)	(479)
Proceeds from sale of subsidiaries	1 459	30
Withdrawal from partnership firm current account (Net)	140	-
Purchase of non-current investments	(2 393)	(3 454)
Proceeds from sale of non-current investments	2 551	5 400
Proceeds from sale of current investments (Net)	127	301
Interest received	274	183
Dividend received	132	155
Net cash from investing activities	1 858	2 028
C. Cash flows from financing activities		
Dividends paid (including dividend tax thereon)	(340)	(160)
Net cash used in financing activities	(340)	(160)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	348	(572)
Opening balance of cash and cash equivalents	328	900
Add: On amalgamation (Refer Note b & c given below) (Previous year ₹ 5 582)	3 331	- 900
Closing balance of cash and cash equivalents	679	328

Notes:

- The previous year's figures have been regrouped and reclassified wherever necessary.
- Assets and liabilities pertaining to the Reliance Equities International Private Limited and Emerging Money Mall Limited transferred pursuant to the Scheme of Amalgamation with the Company with effect from March 31, 2013 have not been considered for the current year's cash flow statement.
- Assets and liabilities pertaining to the Viscount Management Services (Alpha) Limited transferred pursuant to the Scheme of Amalgamation with the Company with effect from October 1, 2011 have not been considered for the previous year's cash flow statement.
- Cash and cash equivalents include cash on hand and bank balances.

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No. : 101720W

Vijay Napawaliya
Partner
Membership No: 109859
Mumbai
Dated: May 16, 2013

For **B S R & Co.**
Chartered Accountants
Firm Reg. No. : 101248W

Manoj Kumar Vijai
Partner
Membership No: 046882

For and on behalf of the Board

Chairman

Anil D. Ambani

Directors

Rajendra P. Chitale
Dr. Bidhubhusan Samal

President & Company Secretary **V. R. Mohan**
Mumbai
Dated: May 16, 2013

1. Background

Reliance Capital Limited ('the Company') is registered as a Non-Banking Financial Company ('NBFC') as defined under Section 45-IA of the Reserve Bank of India Act, 1934. The Company is principally engaged in lending and investing activities.

2. Significant Accounting Policies

a Basis of Preparation of Financial Statements

The accompanying financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting unless otherwise stated in accordance with the generally accepted accounting principles (GAAP) in India and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 to the extent applicable. These financial statements are presented in Indian rupees rounded to the nearest crore.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of the services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

The Company complies in all material respects, with the prudential norms relating to income recognition, asset classification and provisioning for bad and doubtful debts and other matters, specified in the directions issued by the Reserve Bank of India in terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007, as applicable to the Company.

b Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

c Revenue Recognition

i) Interest income:

Interest income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable except in the case of non performing assets ("NPAs") where it is recognised, upon realisation.

ii) Dividend income:

Dividend income is recognised when the right to receive payment is established.

iii) Income from investments:

Profit earned from sale of securities is recognised on trade date basis. The cost of securities is computed on weighted average basis.

iv) Lease rental income:

Lease rental income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

v) Discount on investments:

The difference between the acquisition cost and face value of debt instruments is recognised as interest income over the tenor of the instrument on straight-line basis.

vi) Redemption premium on investments:

Redemption premium on investments is recognised as income over the tenor of the investment.

vii) Share of profits or losses in partnership firm:

Share of profits / losses in partnership firm is accounted for once the amount of the share of profit/loss is ascertained and credited/debited to the Company's account in the books of the partnership firm.

viii) Loan processing fee income:

Loan processing fee income is accounted for upfront as and when it becomes due.

ix) Management fee income:

Management fee income towards support services is accounted as and when it becomes due on contractual terms with the parties.

x) Income from assignment / securitisation:

In case of assignment / securitization of loans, the assets are derecognized when all the rights, title, future receivables and interest thereof along with all the risks and rewards of ownership are transferred to the purchasers of assigned/ securitised loans. The profit if any, as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction, is recognised as gain or loss arising on assignment / securitization over the tenure of the deal. Loss arising from these transactions if any will be recognised immediately in the statement of profit and loss account.

d Fixed assets

i) Tangible assets

- Lease assets

All assets given on operating lease are shown as fixed assets net of depreciation and impairment loss, if any. Initial direct costs in respect of leases are expensed in the year in which such costs are incurred.

Notes to Financial Statements as at March 31, 2013

– **Own assets**

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss if any. Cost includes all expenses incidental to the acquisition of the fixed assets.

ii) Intangible assets

– Intangible assets are recognised where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortisation.

– Expenditure incurred on acquisition / development of intangible assets which are not put / ready to use at the reporting date is disclosed under intangible assets under development.

e Depreciation / Amortisation

Depreciation on Tangible assets is provided as follows:

- i) Leased assets: Depreciated on Straight Line Method over the useful life of assets. The estimated useful life for the different types of assets are :
 - a) Plant & equipments – 8 years
 - b) Data processing machineries – 5 years
 - c) Vehicle for personal use – 8 years
 - d) Vehicle for commercial use – 8 years other than Taxi – 6 years
- ii) Own Assets: All assets other than lease hold improvements, on Written Down Value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 and lease hold improvements are amortised over the primary period of the lease on straight-line basis.
- iii) Intangible Assets are amortised on straight line basis over the useful life of the asset up to a maximum of five years commencing from the month in which such asset is first installed.

The Company provides pro-rata depreciation from the day the asset is put to use and for any asset sold, till the date of sale.

f Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

g Investments

Investments are classified as long term or current based on intention of the management at the time of purchase. Current investments are valued, scrip wise at cost or fair value, whichever is lower. Long-term investments are carried at carrying cost less diminution in value which is other than temporary, determined separately for each individual investment.

h Repossessed assets

Assets repossessed against the settlement of loans are carried in the balance sheet at outstanding loan amount. The classification and provision is based on the underlying Days Past Due (DPD) for these loans.

i Loan origination / acquisition cost

All direct cost incurred for the loan origination is amortised over the tenure of the loan.

j Security of loans given

Housing loans / loans against property granted are secured by equitable registered mortgage of property and / or undertaking to create a security. Other Secured loans are secured against hypothecation of respective assets.

k Provisions for Non Performing Assets (NPA) and doubtful debts

NPA including loans and advances, receivables are identified as bad/ doubtful based on the duration of the delinquency. The duration is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning meets the NBFC prudential norms prescribed by Reserve Bank of India.

l Provisions for standard assets

Provisions for standard assets are made as per the Reserve Bank of India notification DNBS.PD.CC.No.207/ 03.02.002 /2010-11 dated January 17, 2011.

m Market linked debentures (MLD)

The Company has issued certain non-convertible debentures, the rate of interest which is linked to performance of specified indices over the period of the debentures.

The Company hedges its interest rate risk on MLD by taking positions in future & options based on specified indices. Any gain/loss on these hedge positions are netted against with interest expense on MLD and resultant 'net loss' is recognised in Statement of Profit and Loss immediately, however 'net gain' if any, is ignored.

n Discount on commercial paper

The difference between the issue price and the redemption value of commercial papers is apportioned on time basis and recognised as discounting expense.

o Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the Statement of Profit and Loss. Monetary assets and liabilities denominated in foreign currencies at the year end are restated at year end rates.

p Employee benefits

i) Provident fund:

Company's contributions to the recognised provident fund, which is a defined contribution scheme, are charged to the Statement of Profit and Loss.

ii) Gratuity:

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

iii) Leave encashment:

Leave encashment which is a defined benefit, is accrued for based on an actuarial valuation at the balance sheet date carried out by an independent actuary.

The employees of the Company are entitled to compensated absence. The employees can carry forward a portion of the unutilised accrued leave balance and utilise it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the service that increases the entitlement. The Company measures the expected cost of compensated absence as the amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

q Employee Stock Option Scheme ("ESOS")

The Employees Stock Option Scheme ("the Scheme") provides for grant of equity shares of the Company to directors (including whole-time) and employees of the Company and its subsidiaries. The Scheme provides that employees are granted an option to acquire equity shares of the Company that vests in a graded manner. The options may be exercised within a specified period. The Company follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured as the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date and is amortised over the vesting period of the option on a straight line basis.

The fair market price is the latest closing price, immediately prior to the date of the Board /Committee meeting in which the options are granted, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

r Borrowing costs

Borrowing costs, which are directly attributable to the acquisition / construction of fixed assets, till the time such assets are ready for intended use, are capitalised as part of the cost of the assets. Other borrowing costs are recognised as an expense in the year in which they are incurred. Brokerage costs directly attributable to a borrowing are expensed over the tenure of the borrowing.

s Operating lease

Lease payments for assets taken on an operating lease are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

t Earning per share

The basic earning per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting year. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share, is computed by dividing the net profit / loss after tax by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit / increase loss per share are included.

u Taxation

– Current tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit entitlement is recognised where there is convincing evidence that the same can be realised in future.

Notes to Financial Statements as at March 31, 2013

- Deferred tax

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

v Provisions, contingent liabilities and contingent assets

The Company creates a provision when there is a present obligation as a result of past events and it is probable that there will be outflow of resources and a reliable estimate of the obligation can be made of the amount of the obligation. Contingent liabilities are not recognised but are disclosed in the notes to the financial statements. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

3 Previous year figures has been regrouped /reclassified wherever necessary.

The figures for current year includes figures of Reliance Equities International Private Limited (REIPL) and Emerging Money Mall Limited (EMML) which is amalgamated with the Company with effect from March 31, 2013 i.e. the Appointed Date and therefore to that extent not strictly comparable to that of previous year's figures.

		(₹ in crore)	
		As at March 31, 2013	As at March 31, 2012
4 Share Capital			
(a) Authorised:			
30 00 00 000 Equity shares of ₹ 10 each		300	300
(Previous year 30 00 00 000)			
10 00 00 000 Preference shares of ₹ 10 each		100	100
(Previous year 10 00 00 000)			
		400	400
(b) Issued & Subscribed:			
24 69 77 006 Equity shares of ₹ 10 each fully paid up		247	247
(Previous year 24 69 77 006)			
		247	247
(c) Paid up:			
24 56 32 800 Equity shares of ₹ 10 each fully paid up		245	245
(Previous year 24 56 32 800)			
Add: Forfeited shares		1	1
13 44 206 Equity shares of ₹ 10 each (Previous year 13 44 206)			
		246	246
(d) Equity shares held by holding company and subsidiaries of holding company:			
Name of the holder	As at March 31, 2013	As at March 31, 2012	
	% Qty.	% Qty.	
Reliance Innoventures Private Limited (Holding company)	0.23 5 76 450	0.23 5 76 450	
AAA Enterprises Private Limited (Subsidiary of holding company)	40.07 9 84 14 206	40.07 9 84 14 206	
AAA Infrastructure Consulting And Engineers Private Limited (Subsidiary of holding company)	11.39 2 79 75 633	11.39 2 79 75 633	
(e) Equity shares in the company held by each shareholder holding more than 5 percent:			
Name of the holder	As at March 31, 2013	As at March 31, 2012	
	% Qty.	% Qty.	
AAA Enterprises Private Limited	40.07 9 84 14 206	40.07 9 84 14 206	
AAA Infrastructure Consulting And Engineers Private Limited	11.39 2 79 75 633	11.39 2 79 75 633	

Reliance Capital Limited

Notes to Financial Statements as at March 31, 2013

- (f) The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held.

For the year ended March 31, 2013, the amount of per share dividend recognised as distributable to equity shareholders is ₹ 8 (March 31, 2012 ₹ 7.50). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

- (g) **Reconciliation of numbers of shares outstanding**

	No of Shares	Amount (₹ in crore)	No of Shares	Amount (₹ in crore)
Equity shares				
Opening balance	24 56 32 800	245	24 56 32 800	245
Movement during the year	-	-	-	-
Closing balance	24 56 32 800	245	24 56 32 800	245

- (h) As on March 31, 2013, 5,07,101 equity shares (Previous year 9,74,329 equity shares) are held by custodian against which depository receipts have been issued.

	(₹ in crore)	
	As at March 31, 2013	As at March 31, 2012
5 Reserves and surplus		
Capital reserve		
As per last balance sheet	6	6
Add: Amount transferred as per scheme of amalgamation [Refer Note No. 29(I)]	846	852
Capital redemption reserve		
As per last balance sheet	10	10
Securities premium account		
As per last balance sheet	3 291	3 291
General reserve #		
As per last balance sheet	5 314	574
Add: Amount transferred from surplus in statement of profit and loss	66	1 052
Add: Amount transferred as per scheme of amalgamation [Refer Note No. 29(II)]	-	3 837
Less: Amount withdrawn as per scheme of amalgamation [Refer Note No. 29(III)]	680	4 700
Statutory reserve fund *		
As per last balance sheet	1 033	929
Add: Amount transferred from surplus in statement of profit and loss	132	1 165
Surplus in statement of profit and loss		
As per last balance sheet	1 144	1 972
Add: Amount transferred from statement of profit and loss	662	519
Less: Proposed dividend [₹ 8 (Previous year ₹ 7.50) per equity share]	196	184
Less: Tax on proposed dividend (Refer Note No. 34)	15	7
Less: Interim dividend [₹ 5 (Previous year ₹ Nil) per equity share]	123	-
Less: Tax on interim dividend	21	-
Less: Tax on proposed dividend for earlier years	5	-
Less: Transfer to statutory reserve fund	132	104
Less: Transfer to general reserve	66	1 052
	11 248	1 144
	11 266	10 798

* Created pursuant to section 45-IC of Reserve Bank of India Act, 1934.

Includes ₹ 3 837 crore (Previous year ₹ 3 837 crore) created pursuant to scheme of amalgamation.

6 Long term borrowings

Non convertible debentures

-Secured (Refer Note No. 28)

Others

4 917

2 624

Notes to Financial Statements as at March 31, 2013

			(₹ in crore)	
	As at March 31, 2013		As at March 31, 2012	
Related party (Refer Note No. 38)	96		1	
-Unsecured				
Others	974		483	
Related party (Refer Note No. 38)	25	6 012	25	3 133
Term loans from banks / financial institutions				
-Secured (Refer Note No. 28)		5 831		6 935
Inter corporate deposits				
-Unsecured				
Others	9		17	
Related party (Refer Note No. 38)	550	559	780	797
		12 402		10 865
7 Deferred tax liabilities / (assets)				
Deferred tax liabilities / (assets) included in the balance sheet comprises the following:				
a) Deferred tax liabilities				
Depreciation on fixed assets		12		9
Unamortised expenditure		56		43
Total (a)		68		52
b) Deferred tax assets				
Provision for non performing assets / diminution in the value of assets and investments		61		54
Provision for leave encashment / gratuity		1		1
Total (b)		62		55
Net deferred tax liabilities / (assets) [(a)-(b)]		6		(3)
8 Other long-term liabilities				
Interest accrued but not due on debentures		13		-
Security deposits		1		-
		14		-
9 Long-term provisions				
Provision for employee benefits				
-Leave encashment (Refer Note No. 36)		3		3
Others				
-Standard debts		27		22
		30		25
10 Short term borrowings				
Loans from banks / financial institutions				
-Secured				
Cash credit (Refer Note (a) below)	41		165	
Short term (Refer Note (b) below)	500		-	
-Unsecured				
Short term	-	541	400	565
Commercial paper (Refer Note (c) below)				
-Unsecured				
Others	3 378		2 406	
Related party (Refer Note No. 38)	271	3 649	482	2 888
		4 190		3 453

Reliance Capital Limited

Notes to Financial Statements as at March 31, 2013

Notes:

- Cash Credit amounting to ₹ 41 crore (Previous year ₹ 165 crore) referred above are secured by pari passu first charge on all present and future book debts (only performing assets), receivables and loan assets pertaining only to the Company's commercial finance division.
- Short term loan amounting to ₹ 500 crore (Previous year ₹ Nil) referred above are secured by pari passu first charge on all present and future book debts (only performing assets), receivables and loan assets pertaining only to the Company's commercial finance division.
- In respect of Commercial papers maximum amount outstanding during the year was ₹ 5 296 crore (Previous year ₹ 5 465 crore).

(₹ in crore)

	As at March 31, 2013	As at March 31, 2012
11 Trade payables		
-Due to micro, small and medium enterprises (Refer Note below)	-	-
- Due to Related party (Refer Note No. 38) [₹ 4 79 830 (Previous year ₹ 16 60 369)]	-	-
- Due to Others	1	7
	<u>1</u>	<u>7</u>

Note:

There are no micro, small and medium scale business enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2013. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

12 Other current liabilities

Current maturities of long-term debt

Non convertible debentures

-Secured (Refer Note No. 28)

Others

Related party (Refer Note No. 38)

Inter corporate deposits

-Unsecured

Others

Related party (Refer Note No. 38)

Term loans from banks / financial institutions

-Secured (Refer Note No. 28)

Interest accrued but not due on debentures

Income received in advance

Advance from customers

Temporary book overdraft balance of banks

Other payables*

Unclaimed dividend#

1 318	2 985
85	157
1	-
150	-
2 687	800
287	301
6	6
64	34
282	145
279	146
12	9
<u>5 171</u>	<u>4 583</u>

Notes:

* Includes provision for expenses, statutory payments and other payables.

Does not include any amounts, due and outstanding, to be deposited to the Investor Education and Protection Fund.

13 Short-term provisions

Provision for employee benefits (Refer Note No. 36)

-Leave encashment [₹ 45 26 486 (Previous year ₹ 31 49 266)]

-Gratuity [₹ Nil (Previous year ₹ 63 555)]

Others

-Standard debts

-Proposed dividend

-Tax on proposed dividend

20	15
196	184
15	7
<u>231</u>	<u>206</u>

Notes to Financial Statements as at March 31, 2013

14 Fixed assets

Description	Gross Block				Depreciation /Amortisation		Net Block		(₹ in crore)	
	As at April 1, 2012	Additions / Adjustments	Deductions / Adjustments	As at March 31, 2013	Upto April 1, 2012	For the Year	Deductions	Upto March 31, 2013		As at March 31, 2013
(i) Tangible assets										
Lease assets										
Plant and equipments	25	3	5	23	2	3	1	4	19	23
Data processing machineries	14	2	-	16	2	3	-	5	12	12
Vehicles	40	2	1	41	6	6	-(vi)	12	29	34
Sub total A	79	7	6	80	10	12	1	21	59	69
Previous year	38	41	-(i)	79	1	9	-(vi)	10	69	
Own assets										
Buildings	68	1	-	69	15	3	-	18	51	53
Data processing machineries	36	6	-(ii)	42	29	4	-(viii)	33	9	7
Furniture and fixtures	9	1	-(iii)	10	7	1	-(ix)	8	2	2
Vehicles	14	2	9	7	9	1	6	4	3	5
Office equipments	10	1	-(iv)	11	5	1	1	5	6	5
Leasehold improvement	6	-	-	6	5	-(v)	-	5	1	1
Sub total B	143	11	9	145	70	10	7	73	72	73
Previous year	96	49	2	143	63	9	2	70	73	
Total (A+B)	222	18	15	225	80	22	8	94	131	142
Previous year	134	90	2	222	64	18	2	80	142	
(ii) Intangible assets										
Computer software / Licensing cost	43	6	-	49	22	7	-	29	20	21
Total	43	6	-	49	22	7	-	29	20	21
Previous year	23	20	-	43	14	8	-	22	21	
(iii) Intangible assets under development										
									3	-

Notes:

- In respect of Intangible assets;
 - It is other than internally generated.
 - Average remaining useful life is as follows:
 - Additions for financial year 2012-13- 4 years
 - Additions for financial year 2011-12 - 3 years (Previous year 4 years)
 - Additions for financial year 2010-11 - 2 years (Previous year 3 years)
 - Additions for financial year 2009-10 - 1 years (Previous year 2 years)
 - Additions for financial year 2008-09 - Nil years (Previous year 1 years)
- ₹ 35 54 821 (ii) ₹ 54 823 (iii) ₹ 39 39 677 (iv) ₹ 5 09 231 (v) ₹ 21 88 869
 - ₹ 17 93 087 (vii) ₹ 3 16 033 (viii) ₹ 3 90 640 (ix) ₹ 54 822

Notes to Financial Statements as at March 31, 2013

(₹ in crore)

	Face Value / Issue Price ₹	Quantity As at March 31, 2013	As at March 31, 2012	Value As at March 31, 2013	As at March 31, 2012
15. Non-current investments					
Other Investments					
(A) Investments in Equity instruments (valued at cost unless stated otherwise)					
Quoted, fully paid-up					
A2Z Maintenance & Engineering Services Limited	10	-	18 29 265	-	73
Aurionpro Solutions Limited	10	13 06 906	13 06 906	35	35
Action Construction Equipment Limited	2	-	30 00 000	-	20
Anant Raj Limited (Formerly Anant Raj Industries Limited)	2	31 09 000	25 00 000	21	18
Aptech Limited	10	-	66 990	-	1
Celebrity Fashions Limited	10	8 98 750	8 98 750	-	-
[₹ 11 25 465 (Previous year ₹ 11 25 465)]					
D B Realty Limited	10	-	9 47 203	-	43
DLF Limited	2	-	1 50 000	-	6
ElH Limited	2	46 54 545	46 54 545	47	47
EMCO Limited	2	19 43 000	16 20 000	14	13
EPC Industrie Limited	2	5 22 000	-	6	-
HBL Power Systems Limited	1	1 43 60 000	1 43 60 000	27	27
Indiabulls Financial Services Limited	2	16 19 710	-	31	-
Indiabulls Infrastructure and Power Limited	2	48 10 000	-	2	-
Indage Vintners Limited	10	-	3 50 000	-	3
Indiabulls Power Limited	10	-	20 00 000	-	9
Indian Terrain Fashions Limited	10	3 30 962	3 30 962	14	14
Inox Leisure Limited	10	-	24 00 005	-	31
Kinetic Engineering Limited	10	7 15 000	7 15 000	13	13
Kirloskar Pneumatic Company Limited	10	1 45 000	1 45 000	6	6
KSK Energy Ventures Limited	10	-	14 19 000	-	25
Jindal Saw Limited	2	15 00 000	-	18	-
Mahanagar Telephone Nigam Limited	10	-	30 00 000	-	55
Network18 Media & Investments Limited	5	-	50 55 000	-	157
Padmalaya Telefilms Limited	10	5 11 000	5 11 000	2	2
Pratibha Industries Limited	2	14 50 000	14 50 000	9	9
Reliance Communications Limited*	5	3 10 95 295	3 10 95 295	307	307
Reliance Industrial Infrastructure Limited	10	1 60 100	1 60 100	1	1
Reliance MediaWorks Limited	5	85 29 366	85 29 366	217	217
Reliance Broadcast Network Limited	5	1 57 27 957	62 58 864	77	35
Reliance Power Limited*	10	41 17 823	41 17 823	3	3
TV 18 Broadcast Limited	2	2 54 00 000	95 00 000	51	122
TV Today Network Limited	5	81 00 000	81 00 000	102	102
Unitech Limited	2	-	10 00 000	-	11
Ventura Textiles Limited	10	12 87 500	12 87 500	6	6
				1 009	1 411
Less: Provision for diminution in value of investments				369	146
				640	1 265
Unquoted, fully paid-up					
All Green Energy India Private Limited	10	10	10	-	-
[₹ 4 230 (Previous year ₹ 4 230)]					
BSE Limited	1	1 30 000	1 30 000	2	2
Gradatim IT Ventures (India) Private Limited	10	64	64	-	-
[₹ 2 611 (Previous year ₹ 2 611)]					
Global Wind Power Limited	10	21 60 000	21 60 000	24	24
GTFS Multi Services Limited	10	-	25 00 000	-	75
Grover Vineyards Limited	10	13 61 707	-	13	-
KGS Developers Limited	10	-	47 28 081	-	75
KLT Automotive and Tubular Products Limited	10	5 25 000	5 25 000	11	11

Notes to Financial Statements as at March 31, 2013

(₹ in crore)

	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Menon and Menon Limited (Refer Note 4 below)	10	15 60 000	7 80 000	6	6
National Multi-Commodity Exchange of India Limited	10	16 66 667	16 66 667	11	11
One 97 Communications Limited	10	3 84 616	3 84 616	10	10
Reliance CWT India Limited (Refer Note 7 below) [₹ 90 000 (Previous year ₹ Nil)]	10	9 000	-	-	-
Reverse Logistics Company Private Limited	10	16 542	16 542	5	5
Reliance Net Limited	10	5 26 497	5 26 497	1	1
Reliance Tech Services Private Limited [₹ 10 000 (Previous year ₹ 10 000)]	10	1 000	1 000	-	-
Tessolve Services Private Limited [₹ 6 600 (Previous year ₹ 6 600)]	10	100	100	-	-
Unilazer Media Limited	10	14 68 109	17 77 191	30	37
Vallee de Vin Private Limited	10	13 43 175	-	2	-
Victory Transformers and Switchgears Limited	100	-	1 15 041	-	62
Viscount Management Services Limited [Refer Note 7 below & Note No. 29 (I)]	10	40 800	40 800	274	343
Wellspring Healthcare Private Limited [₹ 17 768 (Previous year ₹ 17 768)]	5	10	10	-	-
				389	662
Less: Provision for diminution in value of investments				10	13
				379	649
Subsidiary Companies *					
Unquoted, fully paid-up					
Reliance Alternative Investments Services Private Limited [₹ 1 00 000 (Previous year ₹ 1 00 000)]	10	10 000	10 000	-	-
Reliance Capital Asset Management Limited	10	75 14 800	1 00 00 000	184	10
Reliance Capital Trustee Co. Limited [₹ 5 07 000 (Previous year ₹ 5 07 000)]	10	50 700	50 700	-	-
Reliance Money Precious Metals Private Limited (Previous year ₹ 3 00 000)	10	80 00 000	30 000	8	-
Reliance Capital (Singapore) Pte. Limited	\$1	20 00 001	20 00 001	9	9
Reliance Commodities Limited	10	30 00 000	30 00 000	3	3
Reliance Equity Advisors (India) Limited [₹ 5 00 000 (Previous year ₹ 5 00 000)]	10	50 000	50 000	-	-
Reliance Equities International Private Limited [Refer Note No. 29(I)]	10	-	1 50 00 000	-	80
Reliance Exchangenext Limited	10	69 10 000	69 10 000	69	69
Reliance Financial Limited	10	1 10 00 000	1 10 00 000	11	11
Reliance General Insurance Company Limited	10	11 84 80 288	11 68 98 656	1 717	1 562
Reliance Gilts Limited	10	70 00 700	70 00 700	7	7
Reliance Home Finance Limited (Refer Note 8 below)	10	6 58 20 000	3 00 00 000	321	30
Reliance Investment Banking Services Limited	10	70 00 000	70 00 000	7	7
Reliance Money Express Limited	10	1 38 13 140	1 38 13 140	25	25
Reliance Securities Limited	10	2 49 00 000	2 49 00 000	25	25
Reliance Venture Asset Management Private Limited [₹ 1 00 000 (Previous year ₹ 1 00 000)]	10	10 000	10 000	-	-
Reliance Wealth Management Limited	10	1 15 00 000	1 15 00 000	12	12
Quant Capital Private Limited	10	74 01 423	74 01 423	200	200
				2 598	2 050
Less: Provision for diminution in value of investments				19	40
				2 579	2 010
Associate Companies*					
Unquoted, fully paid-up					
Ammolite Holdings Limited [₹ 45 332 (Previous year ₹ 45 332)]	\$1	1 000	1 000	-	-
Reliance Land Private Limited	10	50 00 000	50 00 000	5	5

Reliance Capital Limited

Notes to Financial Statements as at March 31, 2013

(₹ in crore)

	Face Value / Issue Price ₹	Quantity As at March 31, 2013	As at March 31, 2012	Value As at March 31, 2013	As at March 31, 2012
Reliance Life Insurance Company Limited (Refer Note 7 below)	10	57 15 64 410	46 38 95 295	4 776	3 717
Reliance Share & Stock Brokers Private Limited	10	50 00 000	50 00 000	5	5
Reliance Asset Reconstruction Company Limited	10	4 90 00 000	4 90 00 000	49	49
				4 835	3 776
Sub-Total (A)				8 433	7 700
(B) Investments in preference shares (valued at cost unless stated otherwise)					
Quoted, fully paid-up					
5% Non Convertible Cumulative Preference Shares of Network18 Media & Investments Limited	150	-	6 75 343	-	10
				-	10
Unquoted, fully paid-up					
Series A 8% Non Cumulative Convertible Preference Shares of All Green Energy India Private Limited	10	3 20 229	2 00 140	15	8
0% Optionally Convertible Redeemable Preference Shares of Payone Enterprises Private Limited	10	20 60 000	20 60 000	206	206
0.001% Optionally Convertible Cumulative Redeemable Preference Shares of Asmitha Microfin Limited	10	84 80 000	84 80 000	8	8
Fully & Compulsorily Convertible Cumulative Participating Preference Shares of Gradatim IT Ventures (India) Private Limited	39	6 37 191	6 37 191	3	3
0% Convertible Preference Shares of Grover Vineyards Limited	10	4 06 056	-	4	-
0% Convertible Preference Shares of Vallee de Vin Private Limited	10	4 00 542	-	1	-
10% Cumulative Redeemable Preference Shares of Reliance Money Infrastructure Limited (Refer Note 7 below)	10	10 00 000	-	1	-
10% Non-Cumulative Optionally Convertible Redeemable Preference Shares of Reliance Money Infrastructure Limited	10	3 50 00 000	-	35	-
9% Non Cumulative Redeemable Preference Shares of India Best Buy Private Limited	10	20 00 000	20 00 000	200	200
12% Non Cumulative Convertible Redeemable Preference Shares of Reliance Big Entertainment Private Limited*	1	1 00 00 000	1 00 00 000	1 000	1 000
0% Optionally Convertible Redeemable Preference Shares of Reliance CWT India Limited	10	-	46 500	-	5
0% Optionally Convertible Redeemable Preference Shares of Reliance Money Solutions Private Limited	10	-	6 500	-	1
0% Optionally Convertible Redeemable Preference Shares of Emerging Money Mall Limited [Refer Note No. 29(I)]	1	-	60 00 000	-	600
0% Optionally Convertible Redeemable Preference Shares of Reliance Net Limited	10	40 35 684	40 35 684	475	475
Scalable Display Technologies, Inc. Series A-1 Preferred Stock	\$0.001	1 50 846	1 50 846	2	2
0.001% Optionally Convertible Cumulative Redeemable Preference Shares of Share Microfin Limited	10	1 19 40 000	1 19 40 000	12	12
Series A Preference Shares of Suvidhaa Infoserve Private Limited	1	72 37 980	72 37 980	11	11
Series B Preference Shares of Suvidhaa Infoserve Private Limited	3	3 69 709	3 69 709	1	1
Compulsory Convertible Preference shares of Tessolve Services Private Limited	10	18 89 830	16 13 537	12	11
0% Optionally Convertible Redeemable Preference Shares of Viscount Management Services Limited	1	5 10 68 177	5 10 68 177	510	510
Series A Preference Shares of Yatra Online Inc.	\$0.0001	42 00 042	42 00 042	6	6
Series B Preference Shares of Yatra Online Inc.	\$0.0001	27 31 960	27 31 960	16	16
Series C Preference Shares of Yatra Online Inc.	\$0.0001	11 44 946	11 44 946	16	16

Notes to Financial Statements as at March 31, 2013

						(₹ in crore)	
		Face Value / Issue Price ₹	Quantity As at March 31, 2013	As at March 31, 2012	Value As at March 31, 2013	As at March 31, 2012	
Wellspring Healthcare Private Limited		50	18 562	18 562	3	3	
					2 537	3 094	
Less: Provision for diminution in value of investments					-	5	
					2 537	3 089	
Subsidiary Companies *							
Unquoted, fully paid-up							
9% Non Cumulative Non Convertible Redeemable Preference Shares of Quant Broking Private Limited [₹ 1 00 000 (Previous year ₹ 1 00 000)]		10	10 000	10 000	-	-	
1% Non Convertible Non Cumulative Redeemable Preference Shares of Reliance Capital Asset Management Limited [₹ 16 20 000 (Previous year ₹ Nil)] (Refer Note 7 below)		100	16 200	-	-	-	
10% Cumulative Redeemable Preference Shares of Reliance Securities Limited		10	12 50 00 000	12 50 00 000	125	125	
0% Optionally Convertible Redeemable Preference Shares of Reliance Money Express Limited		10	40 00 000	1 50 00 000	4	15	
0% Optionally Convertible Redeemable Preference Shares of Reliance Home Finance Limited (Refer Note 8 below)		10	-	29 10 000	-	291	
					129	431	
Associate Companies *							
Unquoted, fully paid-up							
0% Optionally Convertible Redeemable Preference Shares of Reliance Land Private Limited		10	1 41 25 000	1 41 25 000	481	481	
0% Optionally Convertible Redeemable Preference Shares of Reliance Share & Stock Brokers Private Limited		100	4 00 000	4 00 000	4	4	
0% Optionally Convertible Redeemable Preference Shares of Reliance Share & Stock Brokers Private Limited		10	7 65 000	7 65 000	77	77	
					562	562	
					3 228	4 092	
Sub-Total (B)							
(C) Investments in Government or Trust Securities (valued at cost unless stated otherwise)							
Unquoted							
National Saving Certificates [₹ 45 000 (Previous year ₹ 45 000)] (Deposited with sales tax department)			-	-	-	-	
Sub-Total (C)							
(D) Investments in debentures or bonds (valued at cost unless stated otherwise)							
Associate Companies *							
Unquoted, fully paid-up							
Series DDB I - Non Secured Redeemable Non Interest Bearing Non Convertible Deep Discount Bonds - Ammolite Holdings Limited		\$961	7 524	7 524	29	29	
Less: Provision for diminution in value of investments					29	-	
					-	29	
Others							
Unquoted, fully paid-up							
0% L&T Infrastructure Finance Company Limited NCD October 31, 2016		10 00 000	-	107	-	11	
12.00% India Infoline Finance Limited NCD February 27, 2019		10 00 000	250	250	25	25	
20% Kumar Urban Development Limited August 1, 2014		1 00 000	4 500	-	45	-	
12% Business Broadcast News Limited		10 000	60 000	60 000	60	60	
11 % Secured Optionally Fully Convertible Redeemable Debentures Series A - Ventura Textiles Limited		50 00 000	20	20	11	11	

Reliance Capital Limited

Notes to Financial Statements as at March 31, 2013

						(₹ in crore)	
	Face Value / Issue Price ₹	Quantity		Value		As at March 31, 2013	As at March 31, 2012
		As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012		
Reliance Broadcast Network Limited NCD August 8, 2015	10 00 000	1 500	-	150	-		
12% Optionally fully Convertible Debentures Series B - Ventura Textiles Limited	50 00 000	22	22	10	11		
Zero Coupon Optionally Fully Convertible Unsecured Debentures Viscount Management Services Limited	1 000	57 85 496	32 25 922	579	322		
12% Vensat Tech Services Private Limited NCD - December 31, 2013	100	-	5 00 000	-	5		
9.90% Yes Bank Limited Bonds M - March 28, 2022	10 00 000	-	500	-	50		
				880	495		
Less: Provision for diminution in value of investments				21	13		
Sub-Total (D)				859	482		
(E) Investments in Partnership Firm* (valued at cost unless stated otherwise)				544	693		
Reliance Capital Partners				544	693		
Sub-Total (E)				544	693		
(F) Other non-current investments (valued at cost unless stated otherwise)							
Investment in units of Seed/Equity Fund- unquoted, fully paid-up							
The India Seed Investment Trust	1 00 000	500	500	3	3		
				3	3		
Investment in units of fund - unquoted, partly paid-up							
Class A units of Reliance Alternative Investments Fund [Partly paid ₹ 7.40 (Previous year ₹ 6.55 per unit)]	10	20 00 00 000	20 00 00 000	148	131		
				148	131		
Warrants - unquoted, partly paid-up							
Textrade International Limited (Refer note 5 below)	-	60 985	60 985	-	-		
				-	-		
Investment in joint venture							
KGS Developers Limited (Refer note 6 below)				85	85		
				85	85		
Pass Through Certificates & Security Receipts							
Indian Receivable Trust A-2		87	-	3	-		
EXIMIUS SBL IFMR CAPITAL 2012-A1 [₹ 367,151 (Previous year ₹ Nil)]		1	-	-	-		
Aurora A1		205	-	4	-		
Aurora A2		900	-	2	-		
ILSS 6 Trust 2010-ITSL SR-A2 PTC 05NV09		-	46	-	10		
IFMR Capital Mosec XIII SR-A1 PTC 30MR12 [₹ Nil (Previous year ₹ 6 84 873)]		-	3 000	-	-		
				9	10		
Sub-Total (F)				245	229		
Total non-current investments (A+B+C+D+E+F)				13 309	13 225		

* Related Party

Notes:

	As at March 31, 2013		As at March 31, 2012	
	Book Value	Market value	Book Value	Market value
1. Aggregate value of investments				
Quoted investments	640	515	1 275	705
Unquoted investments	12 669	-	11 950	-
TOTAL	13 309	515	13 225	705

Notes to Financial Statements as at March 31, 2013

2. Aggregate value of provision for diminution in value of investments
- | | | |
|----------------------|------------|------------|
| Quoted investments | 369 | 146 |
| Unquoted investments | 79 | 71 |
| TOTAL | 448 | 217 |
3. Investments includes ₹ 63 crore (Previous year ₹ Nil) of equity shares given as collateral towards margin with brokers.
4. In case of Menon and Menon Limited, during the year the Company received 780,000 bonus shares in the ratio of 1:1.
5. The Company has been allotted Warrants without paying any consideration at the time of allotment.
6. The Company has entered into a joint venture with KGS Developers Ltd in respect of real estate project development. The Company has invested ₹ 85 crore and is entitled to share the Profit / Loss equally. However assets, liabilities, revenue and expenses related to the project are not included in the financial statements of the Company as it does not meet the definition criteria of a Joint Venture under AS 27 "Financial Reporting of Interests in Joint Ventures".
7. Investment in 38,85,24,405 (Previous year 28,08,55,290) equity shares of Reliance Life Insurance Company Limited, 9,000 (Previous year Nil) equity shares of Reliance CWT India Limited, 10,00,000 (Previous year Nil) preference shares of Reliance Money Infrastructure Limited, 16,200 (Previous year Nil) preference shares of Reliance Capital Asset Management Limited and Nil (Previous year 30,000) equity shares of Viscount Management Services Limited are carried at fair value i.e. at amount transferred under the scheme of amalgamation.
8. Reliance Home Finance Limited, a subsidiary of the Company has converted all 0% Optionally Convertible Redeemable Preference Shares of ₹ 10 each into equity share of ₹ 10 each in the ratio of 1:1. Further the Company has received 3,29,10,000 bonus shares of the Reliance Home Finance Limited in the ratio of 1:1.

(₹ in crore)

	As at March 31, 2013	As at March 31, 2012	
16 Long-term loans and advances			
(a) Capital advances			
Secured, considered good	76	76	
Unsecured, considered good	17	198	274
(b) Security deposits-Unsecured			
Considered good	38	31	
Considered doubtful [₹ 17 20 333 (Previous year ₹ 23 10 296)]	-	-	
Less : Provision for doubtful debts [₹ 17 20 333 (Previous year ₹ 23 10 296)]	-	-	31
(c) Loans			
Considered doubtful			
-Secured	228	188	
-Unsecured	37	13	
Less : Provision for non performing assets and doubtful debt	66	30	
	199	171	
Considered good			
Related party (Refer Note No. 38)			
-Secured	61	50	
-Unsecured	87	84	
Officer of the company-Unsecured (Refer Note No. 38) [₹ 4 35 351 (Previous year ₹ 4 49 751)]	-	-	
Others			
-Secured	6 699	7 148	
-Unsecured	2 732	740	
	9 579	8 022	8 193
(d) Advances			
Considered doubtful			
-Secured	49	23	
-Unsecured	-	16	
Less : Provision for non performing assets and doubtful debts	10	11	
	39	28	
Considered good			
Related party - Unsecured (Refer Note No.38)	88	50	
Others			
-Unsecured	6	6	
	94	56	84

Reliance Capital Limited

Notes to Financial Statements as at March 31, 2013

	(₹ in crore)			
	As at March 31, 2013		As at March 31, 2012	
(e) Other loans and advances				
–VAT and Service tax credit available	29		34	
–Advance income tax & TDS deducted [net of provision of ₹ 175 crore (Previous year ₹ 142 crore)]	128	157	97	131
		10 199		8 713

Note:

Advances includes ₹ 52 crore (Previous year ₹ 50 crore) paid towards share application money.

17 Other non-current assets

(a) Other bank balances				
- In fixed deposit accounts (Refer Note below)				
More than 12 months				
-Under lien	133		117	
-Other	6		1	
	139		118	
More than 3 months less than 12 months - Under lien	109	248	84	202
(b) Accrued interest / finance income on investments		958		677
(c) Unamortised expenditures				
Unamortised DSA commission	72		54	
Add : Incurred during the year	38		51	
Less : Amortised during the year	39		33	
	71		72	
Less : To be amortised during the next year	22		27	
	49		45	
Unamortised brokerage on borrowings	63		15	
Add : Incurred during the year	61		75	
Less : Amortised during the year	28		27	
	96		63	
Less : To be amortised during the next year	20		18	
	76	125	45	90
(c) Repossessed assets	18		14	
Less : Provision for repossessed assets	5	13	2	12
		1 344		981

Note:

In respect of balances with Scheduled Banks in Fixed deposit accounts, ₹ 242 crore (Previous year ₹ 201 crore) is kept as credit enhancement towards securitisation / assignment transaction, ₹ 2 12 500 (Previous year ₹ 112 500) is kept as deposit with sales tax authority, ₹ 5 00 000 (Previous year ₹ 5 00 000) is kept as deposit with the Pension Fund Regulatory and Development Authority (PFRDA) and ₹ 2 00 000 (Previous year ₹ 2 00 000) is kept as deposit with bank for issuing of Bank Guarantee.

	Face Value / Issue Price ₹	Quantity As at March 31, 2013	Quantity As at March 31, 2012	Value As at March 31, 2013	Value As at March 31, 2012
(₹ in crore)					
18 Current investments					
Investments in preference shares-Quoted (current portion of long-term investments) (valued at cost unless stated otherwise)					
5% Non Convertible Cumulative Preference Shares of Network18 Media & Investments Limited	150	6 75 343	-	10	-
Sub-Total (A)				10	-
Investments in debentures or bonds (current portion of Long-term investments) (valued at cost unless stated otherwise)					
Unquoted , fully paid-up					
0% First Blue Home Finance Limited August 30, 2012	10 00 000	-	100	-	11

Notes to Financial Statements as at March 31, 2013

(₹ in crore)

	Face Value / Issue Price ₹	Quantity As at March 31, 2013	As at March 31, 2012	Value As at March 31, 2013	As at March 31, 2012
16% Kumar Urban Development Limited August 1,2012	1 33 160	-	231	-	3
19% Kumar Urban Development Limited November 1,2012 [₹ Nil (Previous year ₹ 30 00 000)]	1 00 000	-	30	-	-
12% Vensat Tech Services Private Limited NCD M – December 31, 2013	100	7 50 000	-	7	-
Zero Coupon Optionally Fully Convertible Unsecured Debentures Viscount Management Services Limited	1 000	12 06 000	36 00 000	121	360
Sub-Total (B)				128	374
Investment in Mutual Fund –*Quoted (valued at cost or market value whichever is lower)					
Peerless Liquid Fund – Super Insti. Growth	10	1 55 97 096	-	20	-
Reliance Liquidity Fund-Direct Growth Plan Growth Option	1 000	6 79 823	-	120	-
Sub-Total (C)				140	-
Other current investments –Unquoted (valued at cost or market value whichever is lower)					
Pass Through Certificates					
Janalakshmi Financial Services JFS Rel Trust –3		1	-	3	-
ABEONA-VISTAR SBL IFMR CAPITAL 2012		90	-	3	-
ELETE IFMR Capital 2012		400	-	3	-
MOSEC XIV		261,949	-	2	-
IFMR CAPITAL MOSEC XV		2,700	-	2	-
Indian MFI Trust-Series I (GVMFL)		1	-	5	-
Indian Receivable Trust A-2		87	-	3	-
PFSPL TRUST-1		1	-	1	-
IMLRT 2012 SKS MICRO FINANCE		1,000	-	26	-
EXIMIUS SBL IFMR CAPITAL 2012-A1		1	-	3	-
EXIMIUS SBL IFMR CAPITAL 2012-A2		1,235	-	1	-
SMILE REL Dec-12 Series A1 PTC		1	-	8	-
SMILE REL Dec-12 Series A2 PTC		3	-	1	-
IMRT 3 PTC Inv		1	-	21	-
Aurora A1		205	-	1	-
PFSPL Trust 2		1	-	5	-
ILSS 6 Trust 2010-ITSL SR-A2 PTC 05NV09		-	46	-	25
GVMFL Satdev Microfinance Loan Pool Jul-11 PTC 28JL11 [₹ Nil (Previous year ₹ 19 97 737)]		-	1	-	-
IFMR Capital MOSEC-VI SR-A1 PTC 02AG11		-	49	-	8
Themis IFMR Capital 2011 SR-A1 PTC 31AG11		-	815,138	-	4
Aether IFMR Capital 2011 SR-A1 PTC 20SP11		-	13,363,031	-	3
SMF Reliance October 2011 Tranch 1 SR-A1 PTC 23SP11		-	1	-	2
KRIOS IFMR Capital 2011 SR-A1 PTC 26SP11		-	100	-	8
IMLRT September 2011 SR-A1 PTC 29SP11		-	1,000	-	11
IFMR Capital MOSEC-VIII SR-A1 PTC 07OT11		-	28,456,249	-	9
HESTIA IFMR Capital 2011 SR-A1 PTC 12OT11		-	4,055,189	-	5
SMF Reliance October 2011 Tranch 2 SR-A1 PTC 24OT11		-	1	-	10
IFMR Capital Mosec – IX SR-A1 PTC 09NV11		-	2,145,712	-	13
GVMFL Satdev Microfinance Loan Pool Nov-11 PTC 18NV11		-	1	-	15
Helios IFMR Capital 2011 SR-A1 PTC 26DC11		-	1,400	-	9

Reliance Capital Limited

Notes to Financial Statements as at March 31, 2013

(₹ in crore)

	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
IFMR Capital Mosec XI SR-A1 PTC 26DC11		-	100	-	33
Chloris IFMR Capital 2012 SR-A1 PTC 17FB12		-	800,000	-	10
IFMR Capital Mosec XIII SR-A1 PTC 30MR12		-	3,000	-	30
GAIA IFMR Capital 2012 SR-A1 PTC 30MR12		-	936	-	9
GVMFL Satdev Microfinance Loan Pool Mar-12 SR-A1 PTC 30MR12Mar-12		-	1	-	22
Sub-Total (D)				88	226
Total Current investments (A+B+C+D)				366	600

* For mutual fund net asset value (NAV) is taken as market value

Note:

Aggregate value of Investment

(₹ in crore)

	As at March 31, 2013		As at March 31, 2012	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	150	150	-	-
Unquoted Investments	216	-	600	-
	366	150	600	-

(₹ in crore)

	As at March 31, 2013	As at March 31, 2012
--	-------------------------	-------------------------

19 Trade receivables

Unsecured, considered good valued unless stated otherwise

Doubtful debts outstanding for a Period exceeding Six Months from the due date - 16

Less : Provision for doubtful debts - 15

Other debts-unsecured considered good - 1

- 192

- 193

20 Cash and bank balances

(a) Cash and cash equivalents

Balances with banks

- In current accounts 679 328

Cash on hand [₹ 29 96 143(Previous year ₹ 40 99 144)] - 679 - 328

(b) Other bank balances

- Fixed Deposits under lien (less than 3 months)* 54 99

- Unclaimed dividend 12 9

745 436

* In respect of balances with Scheduled Banks in Fixed Deposit accounts, ₹ 54 crore (Previous year ₹ 99 crore) is kept as credit enhancement towards securitisation / assignment transaction.

21 Short term loans and advances

Unsecured, considered Good;

(a) Loans

Considered good

Related party (Refer Note No. 38)

-Secured 95 19

-Unsecured 434 66

Others

-Secured 3 379 2 897

-Unsecured 2 962 6 870 2 324 5 306

Notes to Financial Statements as at March 31, 2013

			(₹ in crore)	
	As at March 31, 2013		As at March 31, 2012	
(b) Advances				
Considered good				
Related party-unsecured (Refer Note No. 38)	5		9	
Others				
-Secured	109		45	
-Unsecured	25	139	34	88
(c) Prepaid expenses		16		6
		<u>7 025</u>		<u>5 400</u>
22 Other current assets				
(a) Interest accrued on loans				
Related Party [₹ 25 38 945 (Previous year ₹ Nil)]	-		-	
Others	309	309	253	253
(b) Accrued interest / finance income on investments		64		171
(c) Unamortised DSA commission		22		27
(d) Unamortised brokerage on borrowings		20		18
		<u>415</u>		<u>469</u>
				(₹ in crore)
	2012-2013		2011-2012	
23 Revenue from operations				
Interest and finance income on:				
-Long term investments	467		534	
-Loans	2 047		1 668	
-Fixed deposits and others	26	2 540	18	2 220
Profit on sale of (net):				
-Long term investments	990		657	
-Current investments	21	1 011	60	717
Dividends on investments:				
-Subsidiary	105		150	
-Long term	27		6	
-Current (Previous year ₹ 41 19 522)	-	132	-	156
Premium on loan assignment and securitisation		-		4
Profit share in partnership firm (Refer Note No. 32)		-		30
Depository participant transaction charges	-		5	
Less : Service tax recovered (Previous year ₹ 43 82 816)	-	-	-	5
Lease rental income		21		17
Processing fees	66		42	
Less : Service tax recovered	7	59	4	38
Bad debts recovered		34		53
Other operating income	34		31	
Less : Service tax recovered	3	31	3	28
		<u>3 828</u>		<u>3 268</u>
24 Other income				
Management fee	30		30	
Less : Service tax recovered	3	27	3	27
Credit balance / excess provision written back		1		4
Profit on sale of fixed assets (net) (Previous year ₹ 19 61 037)		-		-
Rent income		1		-
Miscellaneous income		11		18
		<u>40</u>		<u>49</u>
25 Employee benefit expenses:				
Salaries and wages		150		127
Contribution to provident and other funds		7		6
Staff welfare expenses		8		8
		<u>165</u>		<u>141</u>

Reliance Capital Limited

Notes to Financial Statements as at March 31, 2013

		(₹ in crore)
	2012-2013	2011-2012
26 Finance cost		
Interest expense		
-Debentures	640	584
-Bank loans / financial institutions (Long term and short term)	997	976
-Bank loans (Cash credit)	24	23
-Inter corporate deposits	83	57
Other borrowing costs		
-Discount on commercial papers	407	398
-Amortised brokerage on borrowings (Refer Note No. 17)	28	27
	<u>2 179</u>	<u>2 065</u>
27 Other expenses		
Bank charges	1	1
Rent	34	27
Rates and taxes	4	3
Repairs and maintenance		
-Buildings	1	1
-Others	29	23
Electricity	4	3
Insurance	1	1
Travelling and conveyance	9	8
Postage, telegram and telephones	7	6
Legal and professional fees	77	76
Auditors' remuneration (Refer Note No. 33)	1	1
Sales and marketing expenses	25	32
Employee seminar and training	1	2
Donation	1	4
Directors' sitting fees [₹ 14 11 912 (Previous year ₹ 15 80 000)] (including Service Tax)	-	-
Amortised DSA commission (Refer Note No. 17)	39	33
Provision for NPA, doubtful debts and balances written off *	296	101
Provision and loss on repossessed stock #	9	3
Provision for diminution in the value investments / written off **	236	136
Loss share in partnership firm	9	-
Loss on sale of fixed assets (net)	2	-
Miscellaneous expenses	5	3
	<u>791</u>	<u>464</u>
Notes:		
* Breakup of provision for NPA, doubtful debts and bad debts written off		
Provision for NPA and doubtful debts	21	(20)
Provision for standard assets	8	1
Bad debts written off	146	120
Loss on sale of assignment	121	-
	<u>296</u>	<u>101</u>
# Breakup of provision and loss on repossessed stock		
Provision / (reversal) for repossessed stock	3	(-)
(Previous year reversal of ₹ 35 50 183)		
Loss on sale of repossessed stock	6	3
	<u>9</u>	<u>3</u>
** Breakup of provision for diminution in the value of investments / written off		
Provision for diminution in the value of investments	230	125
Investments written off	6	11
	<u>236</u>	<u>136</u>

Notes to Financial Statements as at March 31, 2013
28 Security clause / maturity profiles in respect to Secured Loans from banks / debentures

- (i) Non convertible debentures (NCDs) are redeemable at par, in one or more installments, on various dates.
- (a) NCDs amounting to ₹ Nil (Previous year ₹ 5 crore) are secured by way of first pari passu legal mortgage and charge over the premises situated at Avdesh House near Pritam Nagar, Ellisbridge, Ahmedabad and additional first pari passu charge by way of hypothecation on business receivables and loan assets of the commercial finance division, against security not exceeding ₹ Nil (Previous year ₹ 6 crore).
- (b) NCDs amounting to ₹ 5,849 crore (Previous year ₹ 5,686 crore) are secured by way of first pari passu legal mortgage and charge over the premises situated at Avdesh House near Pritam Nagar, Ellisbridge, Ahmedabad and additional first pari passu charge by way of hypothecation on present and future book debts / business receivables of the Company. Business receivables includes Fixed Asset, Current Assets, Investments and any other assets, against security not exceeding ₹ 6,341 crore (Previous year ₹ 6,111 crore).
- (c) The Company is in the process of creating security on the remaining NCDs amounting to ₹ 567 crore (Previous year ₹ 75 crore).
- (d) Maturity profile and Rate of interest of Long Term NCDs are as set out below:

(₹ in crore)

Rate of Interest	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Total
#	20	-	-	-	-	-	-	-	-	-	20
8.40%	-	25	-	-	-	-	-	-	-	-	25
9.50%	-	10	-	-	-	-	-	-	-	-	10
9.60%	-	19	-	-	-	-	-	-	-	-	19
9.75%	123	10	-	15	-	-	-	-	-	-	148
9.80%	-	-	-	-	-	-	-	-	500	-	500
9.85%	-	5	-	75	-	-	-	-	45	-	125
9.86%	-	-	-	30	-	-	-	-	-	-	30
9.90%	-	-	-	-	-	-	500	-	75	-	575
9.95%	-	-	-	-	-	-	-	-	85	-	85
10.00%	-	-	10	240	-	-	-	-	10	-	260
10.05%	-	-	-	-	-	-	-	-	7	-	7
10.10%	40	-	-	-	16	-	-	-	10	-	66
10.15%	-	-	-	65	-	-	-	-	-	-	65
10.20%	-	-	-	5	-	-	-	-	82	-	87
10.24%	-	-	-	-	-	500	-	-	-	-	500
10.25%	25	-	-	16	-	-	-	-	40	-	81
10.28%	-	-	-	-	-	15	-	-	-	-	15
10.30%	50	4	-	49	-	-	-	-	-	-	103
10.33%	-	-	-	25	-	-	-	-	-	-	25
10.35%	89	5	-	50	-	-	5	-	5	-	154
10.40%	-	45	105	-	-	5	-	-	350	-	505
10.50%	99	-	500	-	21	-	-	25	20	15	680
10.60%	-	-	-	-	-	-	-	83	51	-	134
10.65%	10	-	-	-	8	-	-	-	-	-	18
10.70%	640	-	-	-	-	-	-	-	-	-	640
10.75%	19	-	-	-	-	-	-	367	-	-	386
11.00%	-	-	300	-	-	-	-	-	-	-	300
11.65%	50	-	-	-	-	-	-	-	-	-	50
MLD	153	194	52	-	-	-	-	-	-	-	399
Total	1 318	317	967	570	45	520	505	475	1 280	15	6 012

Zero Coupon Deep Discount Non-Convertible Debentures

- (ii) (a) Term Loans from banks includes ₹ 8,518 crore (Previous year ₹ 7,735 crore) are secured by pari passu first charge on all present and future book debts, receivables, bills, claims and loan assets of the Company's commercial finance division.
- (b) Maturity profile of Term loans from banks are as set out below :

(₹ in crore)

	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Term Loan from Banks	2 409	2 380	744	267	31	5 831

Notes to Financial Statements as at March 31, 2013

- (iii) Maturity profile of Inter corporate Deposit are as set out below : (₹ in crore)

Rate of Interest	2014-15
5.00%	1
8.00%	8
11.00%	350
11.50%	200
Total	559

29 Amalgamation

I Scheme of Amalgamation between Company, Reliance Equities International Private Limited (REIPL) and Emerging Money Mall Limited (EMML)

The Scheme of Amalgamation ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 between Company, REIPL and EMML has been sanctioned by the Hon'ble High Court of Judicature at Bombay vide Order dated March 22, 2013. The scheme became effective on April 17, 2013 on filing with the Registrar of Companies (RoC) with effect from March 31, 2013 i.e. Appointed Date.

REIPL was incorporated with the main object of providing broking services to institutional investors and EMML was incorporated with the main object of e-commerce. The amalgamation has been accounted for under the "Purchase method" as prescribed by Accounting Standard (AS-14) on "Accounting for Amalgamation" notified under the Companies (Accounting Standards) Rules, 2006. The Company has carried out the accounting treatment prescribed in the Scheme as sanctioned by the Hon'ble High Court of Judicature at Bombay. The required disclosures as per paragraph 42 of Accounting Standard (AS-14) 'Accounting for Amalgamations' as prescribed under the Companies (Accounting Standards) Rules, 2006 has been provided.

Hence, in accordance with the Scheme:-

- As entire issued, subscribed and paid up share capital of REIPL and EMML was held by the Company, no shares of the Company have been allotted in lieu or exchange of its holding in REIPL and EMML. Consequent to the Scheme the share capital of REIPL and EMML stands cancelled.
- On Scheme becoming effective with effect from Appointed Date, the Company has written off its cancelled investments amounting to ₹ 680 crore in REIPL and EMML to the Statement of Profit and Loss of the Company for the year and recorded all the assets aggregating to ₹ 1,103 crore and liabilities aggregating to ₹ 188 crore as appearing in the books of REIPL and EMML at their respective fair value as decided by the Board of Directors of the Company. The net assets taken over include:

	(₹ in crore)		
Assets / Liabilities Taken Over	REIPL	EMML	Total
Assets			
Investments	1 060	2	1 062
Balance with Schedule Bank (₹ 5 95 231)	3	-	3
Loans & Advances (₹ 30 000)	38	-	38
Taxes Paid (₹ 3 94 137)	-	-	-
Total	1 101	2	1 103
Liabilities			
Loans	187	1	188
Other liabilities (₹ 4 86 095, ₹ 5 62 024)	-	-	-
Total	187	1	188
Excess of Assets over liabilities credit to Capital Reserve	914	1	915

- All Inter-company balances including liabilities on account of loans and advances amounting to ₹ 186 crore on Appointed Date also stand cancelled. Consequent upon the above Scheme of Amalgamation, there has been a reduction of ₹ 69 crore in the value of investments in Viscount Management Services Limited which has been debited to Capital Reserve.
- Difference aggregating to ₹ 846 crore after recording both above said items being the excess arising on transfer under the Scheme of assets and liabilities has been credited to Capital Reserve. The reserve created pursuant to the Scheme shall for all regulatory and accounting purposes be considered to be part of the owned funds / net worth of the Company.
- In accordance with the provisions of the Scheme of Amalgamation of Reliance Commercial Finance Private Limited (RCFPL) with the Company ("the 2011 Scheme") sanctioned by the Hon'ble High Court of Judicature at Bombay vide order dated April 29, 2011, an equivalent amount, equivalent to the investments written off amounting to ₹ 680 crore determined as an exceptional item by the Board of Directors of the Company, has been withdrawn from General Reserve to offset the same and credited to the Statement of Profit and Loss so that there is no impact on profit before tax for the year.

Notes to Financial Statements as at March 31, 2013

Had both the Schemes not prescribed the above accounting treatment and Company has followed accounting treatment prescribed under Accounting Standard (AS - 14), the General reserve would have been higher by ₹ 680 crore and the balance in the statement of profit and loss would have been lower by ₹680 crore.

II Scheme of Amalgamation between Company and Viscount Management Services (Alpha) Limited (VMSAL)

The Scheme of Amalgamation ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 between Company and VMSAL was sanctioned by the Hon'ble High Court of Judicature at Bombay vide Order dated January 20, 2012. The scheme became effective on March 12, 2012 on filing with the Registrar of Companies (RoC) with effect from October 1, 2011 i.e. Appointed Date.

VMSAL was incorporated with the main object of business consultancy service. The amalgamation has been accounted for under the "Purchase method" as prescribed by Accounting Standard (AS-14) on "Accounting for Amalgamation" notified under the Companies (Accounting Standards) Rules, 2006. The Company has carried out the accounting treatment prescribed in the Scheme as sanctioned by the Hon'ble High Court of Judicature at Bombay. The required disclosures as per paragraph 42 of Accounting Standard (AS-14) 'Accounting for Amalgamations' as prescribed under the Companies (Accounting Standards) Rules, 2006 has been provided.

Hence, in accordance with the Scheme:-

- (i) Before Scheme becomes effective the entire issued, subscribed and paid up share capital was held by the Company. No shares of the Company have been allotted in lieu or exchange of its holding in VMSAL and share capital of VMSAL stands cancelled.
- (ii) On Scheme becoming effective with effect from Appointed Date, the Company has recorded all the assets aggregating to ₹ 5,839 crore and liabilities aggregating to ₹ 1,385 crore as appearing in the books of VMSAL at their respective fair value as decided by the Board of Directors of the Company. The net assets taken over include:

(₹ in crore)

Assets / Liabilities Taken Over	
Assets	
Investments	5 839
Cash in Hand (₹ 2 053)	-
Balance with Schedule Bank (₹ 3 529)	-
Taxes Paid (₹ 12 364)	-
Total	5 839
Liabilities	
Optionally Convertible Preference Share Capital including premium on redemption of ₹ 204 crore	211
Zero Coupon Optionally Fully Convertible Debenture including premium on redemption of ₹321 crore	1 174
Short Term Provision (₹ 27 575)	-
Total	1 385
Excess of Assets over liabilities credit to General Reserve	4 454

- (iii) All inter-company balances including liabilities on account of debentures and inter-company investments amounting to ₹ 1,385 crore on appointed date stands cancelled. The excess amount of investments amounting to ₹ 679 crore has been debited to general reserve toward inter-company investments cancellation.
- (iv) Difference aggregating to ₹ 3,774 crore after recording both above said items being the excess arising on transfer of assets and liabilities has been credited to General Reserve.
- (v) Difference in accounting method between the Company and VMSAL amounting to ₹ 62 crore has been credited to General Reserve pursuant to the Scheme.

Had the Scheme not prescribed the above accounting treatments, the difference of ₹ 3,837 crore would have been credited to Capital Reserve instead of General Reserve and General Reserve would have been lower by equivalent amount.

- III** In accordance with the provisions of the Scheme of Amalgamation of Reliance Commercial Finance Private Limited (RCFPL) with the Company ("the Scheme") sanctioned by the Hon'ble High Court of Judicature at Bombay vide order dated April 29, 2011, the loss on sale of long term investments amounting to ₹ 149 crore determined as an exceptional item by the Board of Directors of the Company has been debited in the statement of profit and loss for the previous year ended March 31, 2012. As per the Scheme and legal opinion obtained by the Company equivalent amount has been withdrawn from General Reserve to adjust the same, which has been disclosed accordingly. Had such losses not been met from General Reserve, the Company would have reflected a profit before tax of ₹ 472 crore and Profit after tax for the year would have been ₹ 370 crore.

Reliance Capital Limited

Notes to Financial Statements as at March 31, 2013

- 30 a) The Company sells loans through securitisation and direct assignment. The information related to securitisation and assignment made by the Company during the year, as an originator is given below:

(₹ in crore)

	Securitisation Outside	Subsidiaries	Assignment Outside	Total
Total number of loan assets Securitised / (Nos.)	11 525	31	6 892	18 448
Assigned	(-)	(96)	(14 494)	(14 590)
Total book value of loan assets Securitised / (₹)	1 544	25	586	2 155
Assigned (Net of Provisions, if any)	(-)	(49)	(1 078)	(1 127)
Sale consideration received for the Securitised / Assigned assets (₹)	1 544	25	465	2 034
	(-)	(49)	(1 082)	(1 131)
Net gain / (loss) on account of Securitisation / Assigned (₹)	-	-	(121)	(121)
	(-)	(-)	(4)	(4)
Outstanding Credit Enhancement (Funded) as at March 31, 2013 (₹)	172	-	124	296
	(174)	(-)	(126)	(300)
Outstanding Liquidity Facility (₹)	-	-	-	-
	(-)	(-)	(-)	(-)
Net Outstanding Servicing Liability as at March 31, 2013 (₹)	62	-	65	127
	(19)	(-)	(73)	(92)

Note : Figures in bracket indicate previous year figures.

(i) Securitisation

(₹ in crore)

Particulars	As at March 31, 2013	As at March 31, 2012
1 No of SPVs sponsored by the NBFC for Securitisation Transactions	5	3
2 Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	1 311	209
3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
a) Off-balance sheet exposures		
• First loss	-	-
• Others	-	-
b) On-balance sheet exposures		
• First loss	172	-
• Others	7	-
4 Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitisations		
• First loss	-	-
• Others	-	-
ii) Exposure to third party securitisations		
• First loss	-	-
• Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
• First loss	-	174
• Others	-	35
ii) Exposure to third party securitisations		
• First loss	-	-
• Others	-	-

Notes to Financial Statements as at March 31, 2013

(ii) Assignments		(₹ in crore)	
Particulars	As at March 31, 2013	As at March 31, 2012	
1 No of Direct Assignments	23	20	
2 Total amount of assigned assets as per books of the NBFC	1 317	1 471	
3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet			
a) Off-balance sheet exposures			
First loss	-	-	
Others	-	-	
b) On-balance sheet exposures			
First loss	-	-	
Others	47	-	
4 Amount of exposures to assignment transactions other than MRR			
a) Off-balance sheet exposures			
i) Exposure to own assignments			
First loss	-	-	
Others	-	-	
ii) Exposure to third party assignments			
First loss	-	-	
Others	-	-	
b) On-balance sheet exposures			
i) Exposure to own assignments			
First loss	124	126	
Others	-	-	
ii) Exposure to third party assignments			
First loss	-	-	
Others	-	-	

- b) The Company invests in Pass Through Certificates (PTCs) and purchases loans through the direct assignment route. In some of the securitisation transactions, the Company also has invested in the assets securitised by it, which, however, is restricted to the maximum limit prescribed by RBI from time to time.
- c) During the year, Company has entered into a agreement for assignment of receivables amounting to ₹ 87 crore (Previous year ₹ 733 crore). The said receivables are included in loans given.

31 Business Transfer Agreement

In terms of Business Transfer Agreement (BTA) dated April 26, 2010 further amended on January 31, 2011 with its subsidiary company i.e. Reliance Home Finance Limited, the Company hold loan assets of ₹ 11 crore (Previous year ₹ 42 crore) related to Reliance Home Finance Limited in a trust capacity as on March 31, 2013.

32 The Company is a partner in the following firms:

- i) Reliance Capital Partners:
- a) The firm consists of following partners and their balances:

		(₹ in crore)	
Name of Partners	As at March 31, 2013	As at March 31, 2012	
i) Reliance Capital Limited	544	693	
ii) Reliance Land Private Limited	12	5	
Total	556	698	

- b) Profit Sharing Ratio: The profit / (loss) is distributed between the partners on the basis of the weighted average capital. The loss for the current financial year is ₹ 9 crore (Previous year profit ₹ 30 crore)
- ii) Reliance Capital Infrastructure Partners has been dissolved w.e.f December 31, 2012.

Notes to Financial Statements as at March 31, 2013

33 Auditors' remuneration includes:

	(₹ in crore)	
	2012-13	2011-12
i) Audit Fees	1	1
ii) Tax Audit Fees [₹ 1 06 180 (Previous year ₹ 1 00 000)]	-	-
iii) Certification charges and other reimbursement [₹ 1 31 110 (Previous year ₹ 1 00 000)]	-	-
Total	1	1

34 Tax on Proposed Dividend

In view of Section 115- O of the Income Tax Act, 1961, the Company has reduced its dividend tax liabilities to that extent dividend received from its subsidiary company. The Company has received the following dividend from Reliance Capital Asset Management Limited

	(₹ in crore)	
	2012-13	2011-12
Date of proposed dividend	April 19, 2013	May 9, 2012
Dividend Declared	161	161
Dividend Distribution Tax	27	26
Date of dividend Received	-	August 27, 2012
Dividend Received	-	105

35 Employee Stock Option Plans

The Company operates two Employee Stock Option Plans; ESOS Plan A and ESOS Plan B introduced in the financial year 2009-10, which cover eligible employees of the Company, the Holding Company and its subsidiaries. The vesting of the options is from expiry of one year and ranges till four to five years as per Plan under the respective ESOS(s). Each Option entitles the holder thereof to apply for and be allotted / transferred one Equity Share of the Company of ₹ 10 each upon payment of the exercise price during the exercise period. The Company implements and manages the ESOS plan through a trust. Advance of ₹ 64 crore (net of diminution ₹ 64 crore) [Previous year ₹ 130 crore (net of diminution ₹ Nil)] has been granted to Trust. Out of the said advance Trust has purchased 16,00,000 (Previous year 16,00,000) Equity Shares for the above purpose.

Details of scheme of Employee Stock Option Plans are as under :

	Plan A	Plan B
Date of Grant	February 1, 2010	February 1, 2010
Prices of the Underlying Stock (₹)	790	790
Exercise / Strike Price (₹)	800	800

The fair value of the options granted was estimated on the date of grant using the Black Scholes Model with the following assumptions:

	Plan A	Plan B
Risk Free Interest Rate	7.01% - 7.27%	7.01% - 7.34%
Expected Dividend Yield	0.62%	0.62%
Expected Life (years)	5.5 to 7.0	5.5 to 7.5
Expected Volatility	61.23% to 64.04%	59.56% to 64.04%
Weighted Average Fair Value (₹)	536	546

The information covering stock options granted, exercised, forfeited and outstanding at the year end is as follows (As certified by management):

	Plan A		Plan B	
	No. of Stock Options	Exercise Price (₹)	No. of Stock Options	Exercise Price (₹)
Outstanding at the beginning of the year	3 47 900	800	3 50 100	800
Granted	-	N.A.	-	N.A.
Exercised	-	N.A.	-	N.A.
Lapsed / Forfeited / Surrendered	1 77 280	800	97 640	800
Outstanding at the end of the year	1 70 620	800	2 52 460	800
Exercisable at end of the year	58 980	800	37 420	800

Notes to Financial Statements as at March 31, 2013

36 Employee benefits

a) Defined contribution plan

Contribution to defined contribution plans, recognised as expense for the year is as under:

	2012-13	2011-12
Employer's contribution to provident fund	4	4
Employer's contribution to superannuation fund [₹ 18 15 991 (Previous year ₹ 19 35 628)]	-	-
Employer's contribution to pension scheme	1	1
	5	5

b) Defined Benefit plans

The following tables summarise the components of the net employee benefit expenses recognised in the Statement of Profit and Loss, the fund status and amount recognised in the balance sheet for the gratuity benefit plan and leave encashment plan.

Particulars	(₹ in crore)			
	Gratuity benefit funded		Leave Encashment Benefit Unfunded	
	2012-13	2011-12	2012-13	2011-12
I. Table showing change in				
Liability at the beginning of the period	4.36	3.24	3.63	4.50
Interest cost	0.37	0.28	0.27	0.31
Current service cost	0.94	0.82	0.83	0.83
Benefit paid	(1.28)	(0.57)	(0.96)	(0.58)
Actuarial (gain)/loss on obligations	1.16	0.59	0.07	(1.43)
Liability at the end of the period	5.54	4.36	3.84	3.63
II. Changes in the fair Value of Plan Assets and the reconciliation thereof:				
Fair value of plan assets at the beginning of the period	4.35	3.82	-	-
Expected return on plan assets	0.37	0.32	-	-
Contributions	3.27	1.03	0.96	0.58
Benefit paid	(1.28)	(0.57)	(0.96)	(0.58)
Actuarial gain/(loss) on plan assets	(0.03)	(0.25)	-	-
Fair value of plan assets at the end of the period	6.69	4.35	-	-
Total actuarial gain/(loss) to be recognised	(1.18)	(0.84)	(0.07)	1.43
III. Actual return on plan assets				
Expected return on plan assets	0.37	0.32	-	-
Actuarial gain/(loss) on plan assets	(0.03)	(0.25)	-	-
Actual return on plan assets	0.34	0.07	-	-
IV. Amount recognised in the Balance Sheet				
Liability at the end of the period	5.54	4.36	3.84	3.63
Fair Value of Plan Assets at the end of the period	6.69	4.35	-	-
Difference Funded status	1.15	(0.01)	(3.84)	(3.63)
Unrecognised Actual Gain/(Loss)	-	-	-	-
Amount recognised in the Balance Sheet (liability)	1.15	(0.01)	(3.84)	(3.63)

(₹ in crore)

Particulars	Gratuity benefit funded		Leave Encashment Benefit Unfunded		
	2012-13	2011-12	2012-13	2011-12	
V. Expenses recognised in the Statement of Profit and Loss					
Current Service Cost	0.94	0.82	0.83	0.83	
Interest Cost	0.36	0.28	0.27	0.31	
Expected return on Plan Assets	(0.37)	(0.32)	-	-	
Net Actuarial (gain)/loss to be recognized	1.18	0.84	0.07	(1.43)	
Expense recognised in the Statement of Profit and Loss	2.11	1.62	1.17	(0.29)	
VI. Amount recognised in the Balance Sheet					
Opening Net Liability	0.01	(0.58)	3.63	4.50	
Expense as above	2.11	1.62	1.17	(0.29)	
Employers Contribution paid	(3.27)	(1.03)	(0.96)	(0.58)	
Closing Net Liability/(Assets)	(1.15)	0.01	3.84	3.63	
VII. Assumptions					
Discount Rate	8.00%	8.50%	8.00%	8.50%	
Rate of return on Plan Assets	8.00%	8.50%	-	-	
Salary Escalation Rate	5.00%	5.00%	5.00%	5.00%	
VIII. Particulars of the amounts for the year and previous years					
	Gratuity for the year ended March 31				
	2 013	2 012	2 011	2 010	2 009
Present value of benefit obligation	5.54	4.36	3.25	4.62	4.13
Fair value of plan assets	6.69	4.35	3.82	3.76	2.98
Excess of obligation over plan assets	(1.15)	0.01	(0.57)	0.86	1.15
IX. Experience Adjustment					
Experience adjustment on Plan Assets Gain / (Loss)	(0.03)	(0.25)	(0.09)	0.23	(0.40)
Experience adjustment on Plan Liabilities (Gain) / Loss	0.72	0.58	(0.51)	0.58	(0.99)

Notes:

- The above figures are shown in rupees in crore with two decimals to be more representative.
- The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.
- General descriptions of significant defined plans:
 - Gratuity plan
Gratuity is payable to all eligible employees of the Company on superannuation, death and permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972 or as per the Company's Scheme whichever is more beneficial.
 - Leave plan
Encashment of leave can be availed by the employee for balance in the earned account as on January 1, 2009. All carry forward earned leaves with a maximum limit of 10 days, are available for availment but not for encashment.

37 Segment reporting

As per paragraph 4 of Accounting Standard (AS-17), on "Segment Reporting" notified by the Companies (Accounting Standards) Rules 2006, where a single financial report contains both consolidated financial statements and the separate financial statements of the holding company, segment reporting needs to be presented only on the basis of consolidated financial statements. In view of this, segment information has been presented at Note No. 40 of the consolidated financial statements.

Notes to Financial Statements as at March 31, 2013

38 Related party disclosures

A. List of Related Parties and their relationship:

i) **Holding Company**

Reliance Innoventures Private Limited

ii) **Subsidiary of Holding Company**

AAA Enterprises Private Limited

iii) **Individual Promoter**

Shri Anil D. Ambani, the person having control during the year

iv) **Subsidiaries**

Reliance Capital Asset Management Limited	Reliance Money Express Limited
Reliance Capital Asset Management (UK) Plc	Reliance Composite Insurance Broking Limited
Reliance Asset Management (Malaysia) SDN BHD	Reliance Alternative Investments Services Private Limited
Reliance Asset Management (Mauritius) Limited	Reliance Capital (Singapore) Pte Limited
Reliance Asset Management (Singapore) Pte. Limited	Reliance Venture Asset Management Private Limited
Reliance Capital Pension Fund Limited	Reliance Equities International Private Limited
Reliance Capital Trustee Company Limited	(merged with the company w.e.f. March 31, 2013)
Reliance General Insurance Company Limited	Emerging Money Mall Limited (w.e.f. February 20, 2013)
Reliance Gilts Limited	(merged with the company w.e.f. March 31, 2013)
Reliance Home Finance Limited	QOPPA Trading Private Limited
Reliance Equity Advisors (India) Limited	Quant Broking Private Limited
Reliance Consultants (Mauritius) Limited	Quant Capital Advisors Private Limited
Reliance Exchangenext Limited	Quant Capital Finance And Investments Private Limited
Reliance Spot Exchange Infrastructure Limited	Quant Capital Private Limited
Indian Agri Services Private Limited (w.e.f April 30, 2012)	Quant Commodities Private Limited
Reliance Securities Limited	Quant Commodity Broking Private Limited
Reliance Wealth Management Limited	Quant Investments Services Private Limited
Reliance Financial Limited	Quant Securities Private Limited
Reliance Money Precious Metals Private Limited	QCAP Trade Private Limited
Reliance Commodities Limited	Quant Alternative Asset Management Private Limited
Reliance Investment Banking Services Limited	(w.e.f. October 12, 2012)

v) **Partnership firm**

Reliance Capital Partners

Reliance Capital Infrastructure Partners (dissolved w.e.f. December 31, 2012)

vi) **Associates**

Ammolite Holdings Limited	Reliance Land Private Limited
Indian Commodity Exchange Limited	Reliance Life Insurance Company Limited
Reliance Asset Reconstruction Company Limited	Reliance Share & Stock Brokers Private Limited

vii) **Fellow subsidiaries**

AAA Entertainment Private Limited	Reliance Communications Limited
Big Flicks Private Limited	Reliance Infocomm Infrastructure Private Limited
Jump Games Private Limited	Reliance Webstore Limited
Reliance Big Entertainment Private Limited	Zapak Digital Entertainment Limited
Reliance Communications Infrastructure Limited	

viii) **Key management personnel**

Shri V. R. Mohan – President & Company Secretary

B. Other related parties with whom transactions have taken place during the year:

i) Enterprise over which individual described in clause A (iii) above has control

Reliance Power Limited

Reliance Capital Limited

Notes to Financial Statements as at March 31, 2013

C. Transactions during the year with related parties:

(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
Debentures					
a) Issued during the year	85	-	15	-	100
	(-)	(-)	(25)	(-)	(25)
b) Redeemed during the year	157	-	-	-	157
	(-)	(-)	(-)	(-)	(-)
c) Balance as at March 31, 2013	166	-	40	-	206
	(158)	(-)	(25)	(-)	(183)
d) Accrued interest on debentures as at March 31, 2013	10	-	1	-	11
(Previous year ₹ 28 38 356)	(-)	(-)	(-)	(-)	(-)
Loans Taken					
a) Taken during the year	-	-	-	-	-
	(500)	(-)	(-)	(-)	(500)
b) Returned during the year	80	-	-	-	80
	(-)	(-)	(-)	(-)	(0)
c) Balance as at March 31, 2013	700	-	-	-	700
	(780)	(-)	(-)	(-)	(780)
Commercial Paper					
a) Issued during the year	-	-	527	-	527
	(10)	(-)	(682)	(-)	(692)
b) Repaid during the year	-	-	750	-	750
	(10)	(-)	(299)	(-)	(309)
c) Balance as at March 31, 2013	-	-	271	-	271
	(-)	(-)	(482)	(-)	(482)
Investments					
a) Subscribed/Purchased during the year	454	23	-	-	477
	(479)	(-)	(125)	(-)	(604)
b) Redeemed during the year	302	-	-	-	302
	(25)	(-)	(-)	(-)	(25)
c) Balance as at March 31, 2013	2 708	1 230	5 397	-	9 335
[Net of provision ₹ 125 crore (Previous year ₹ 40 crore)]	(2 441)	(1 307)	(4 366)	(-)	(8 114)
Partnership Current Accounts					
a) Contribution /(withdrawal) during the year (Net)	-	-	-	(140)	(140)
	(-)	(-)	(-)	(-)	(-)
b) Profit / (Loss) of Partnership firm during the year	-	-	-	(9)	(9)
	(-)	(-)	(-)	(30)	(30)
c) Balance as at March 31, 2013	-	-	-	544	544
	(-)	(-)	(-)	(693)	(693)
Interest / Finance income accrued on Investment					
a) Balance as at March 31, 2013	-	410	166	-	576
	(-)	(290)	(125)	(-)	(415)
Loans Given					
a) Given during the year	443	749	11	-	1 203
	(280)	(86)	(19)	(-)	(385)
b) Returned /Adjusted during the year	495	230	13	-	738
	(352)	(49)	(150)	(-)	(551)
c) Balance as at March 31, 2013	62	583	32	-	677
[Net of provision ₹ 7 crore (Previous year ₹ Nil)]	(122)	(63)	(34)	(-)	(219)
d) Assignment of Loans	25	-	-	-	25
	(49)	(-)	(-)	(-)	(49)
e) Re-Assignment of Loans	-	-	-	-	-
	(703)	(-)	(-)	(-)	(703)

Notes to Financial Statements as at March 31, 2013

(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
f) Interest accrued on Loans (*₹ 25 38 345)	-*	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Trade receivable					
a) Balance as at March 31, 2013	-	-	-	-	-
	(-)	(1)	(-)	(-)	(1)
Advances					
a) Balance as at March 31, 2013 (*₹ 2 67 733)	92	2	-*	-	94
	(55)	(-)	(4)	(-)	(59)
Trade payables					
a) Balance as at March 31, 2013	-	-	-	-	-
₹ 4 79 830 (Previous year ₹ 16 60 369)]	(-)	(-)	(-)	(-)	(-)
Income					
a) Interest & Finance Income (including Premium on Preference Shares)	4	148	63	-	215
	(4)	(127)	(66)	(-)	(197)
b) Rent	-	1	-	-	1
	(-)	(-)	(-)	(-)	(-)
c) Dividend Income	105	1	19	-	125
(Previous year ₹ 42 10 544)	(150)	()	(-)	(-)	(150)
d) Reimbursement of Expenditure	13	-	5	-	18
₹ 23 25 359 (Previous year ₹ 39 05 151)]	(31)	(-)	(6)	(-)	(37)
e) Management Fees	15	-	6	-	21
	(18)	(-)	(6)	(-)	(24)
f) Income transferred as per Business Transfer Agreement	3	-	-	-	3
	(11)	(-)	(-)	(-)	(11)
g) Processing fees	-	2	-	-	2
	(-)	(-)	(-)	(-)	(-)
Expenditure					
a) Finance cost	98	-	39	-	137
	(66)	(-)	(2)	(-)	(68)
b) Insurance	-	-	-	-	-
₹ 66 29 083 (Previous year ₹ 24 62 049)]	(-)	(-)	(-)	(-)	(-)
c) Legal & Professional fees	-	-	-	-	-
	(2)	(-)	(-)	(-)	(2)
d) Brokerage paid during the year	-	-	-	-	-
₹ 38 98 504)	(6)	(-)	(-)	(-)	(6)
e) Expenses transferred as per Business Transfer Agreement	3	-	-	-	3
	(9)	(-)	(-)	(-)	(9)
f) Reimbursement of Expenditure	3	-	1	-	4
	(14)	(-)	(2)	(-)	(16)
g) Provision for diminution in value of investments	(21)	77	-	-	56
	(40)	(-)	(-)	(-)	(40)
h) Provision for NPA, doubtful debts and balances written off	7	-	18	-	25
	(-)	(-)	(-)	(-)	(-)
Contingent Liability					
a) Guarantees to Banks and Financial Institutions on behalf of third parties	5	50	82	-	137
	(-)	(-)	(77)	(-)	(77)
Shares given as collateral					
a) Shares given as collateral	63	-	-	-	63
	(-)	(-)	(-)	(-)	(-)

Reliance Capital Limited

Notes to Financial Statements as at March 31, 2013

D. The nature and volume of material transactions for the year with above related parties are as follows:

(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
Debentures					
a) Issued during the year					
i) Reliance Securities Limited	85	-	-	-	85
	(-)	(-)	(-)	(-)	(-)
ii) Reliance Life insurance Company Limited	-	-	15	-	15
	(-)	(-)	(25)	(-)	(25)
b) Redeemed during the year					
i) Reliance Securities Limited	80	-	-	-	80
	(-)	(-)	(-)	(-)	(-)
ii) Reliance General Insurance Company Limited	77	-	-	-	77
	(-)	(-)	(-)	(-)	(-)
c) Balance as at March 31, 2013					
i) Reliance Securities Limited	86	-	-	-	86
	(81)	(-)	(-)	(-)	(81)
ii) Reliance Life insurance Company Limited	-	-	40	-	40
	(-)	(-)	(25)	(-)	(25)
iii) Reliance General Insurance Company Limited	80	-	-	-	80
	(77)	(-)	(-)	(-)	(77)
d) Interest accrued on debentures as at March 31, 2013					
i) Reliance Securities Limited	5	-	-	-	5
(Previous year ₹ 4 82 192)	(-)	(-)	(-)	(-)	(-)
ii) Reliance Life Insurance Company Limited	-	-	1	-	1
(Previous year ₹ 23 56 164)	(-)	(-)	(-)	(-)	(-)
iii) Reliance General Insurance Company Limited	5	-	-	-	5
	(-)	(-)	(-)	(-)	(-)
Loans Taken					
a) Taken during the year					
i) Reliance Capital Asset Management Limited	-	-	-	-	-
	(500)	(-)	(-)	(-)	(500)
b) Returned during the year					
i) Reliance Capital Asset Management Limited	80	-	-	-	80
	(-)	(-)	(-)	(-)	(-)
c) Balance as at March 31, 2013					
i) Reliance Capital Asset Management Limited	700	-	-	-	700
	(780)	(-)	(-)	(-)	(780)
Commercial Papers					
a) Issued during the year					
i) Reliance Securities Limited	-	-	-	-	-
	(10)	(-)	(-)	(-)	(10)
ii) Reliance Life Insurance Company Limited	-	-	527	-	527
	(-)	(-)	(682)	(-)	(682)
b) Repaid during the year					
i) Reliance Securities Limited	-	-	-	-	-
	(10)	(-)	(-)	(-)	(10)
ii) Reliance Life Insurance Company Limited	-	-	750	-	750
	(-)	(-)	(299)	(-)	(299)
c) Balance as at March 31, 2013					
i) Reliance Life Insurance Company Limited	-	-	271	-	271
	(-)	(-)	(482)	(-)	(482)
Investments					
a) Subscribed / Purchased during the year					
i) Reliance General Insurance Company Limited	155	-	-	-	155
	(443)	(-)	(-)	(-)	(443)
ii) Reliance Land Private Limited	-	-	-	-	-
	(-)	(-)	(125)	(-)	(125)
iii) Reliance Home Finance Limited	291	-	-	-	291

Notes to Financial Statements as at March 31, 2013

(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
	(-)	(-)	(-)	(-)	(-)
iv) AAA Entertainment Private Limited	-	23	-	-	23
	(-)	(-)	(-)	(-)	(-)
b) Redeemed during the year					
i) Reliance Securities Limited	-	-	-	-	-
	(25)	(-)	(-)	(-)	(25)
ii) Reliance Home Finance Limited	291	-	-	-	291
	(-)	(-)	(-)	(-)	(-)
c) Balance as at March 31, 2013					
i) Reliance Capital Asset Management Limited	184	-	-	-	184
	(10)	(-)	(-)	(-)	(10)
ii) Reliance General Insurance Company Limited	1 717	-	-	-	1 717
	(1 562)	(-)	(-)	(-)	(1 562)
iii) Reliance Land Private Limited	-	-	486	-	486
	(-)	(-)	(486)	(-)	(486)
iv) Reliance Home Finance Limited	321	-	-	-	321
	(321)	(-)	(-)	(-)	(321)
v) Reliance Share & Stock Brokers Private Limited	-	-	86	-	86
	(-)	(-)	(86)	(-)	(86)
vi) Reliance Big Entertainment Private Limited	-	1 000	-	-	1 000
	(-)	(1 000)	(-)	(-)	(1 000)
vii) Reliance Communications Limited [Net of Provision ₹ 77 crore (Previous year ₹ Nil)]	-	230	-	-	230
	(-)	(307)	(-)	(-)	(307)
viii) Reliance Asset Reconstruction Company Limited	-	-	49	-	49
	(-)	(-)	(49)	(-)	(49)
ix) Ammolite Holdings Limited [Net of Provision ₹ 29 crore (Previous year ₹ Nil)]	-	-	-	-	-
	(-)	(-)	(29)	(-)	(29)
x) Reliance Securities Limited	150	-	-	-	150
	(150)	(-)	(-)	(-)	(150)
xi) Quant Capital Private Limited	200	-	-	-	200
	(200)	(-)	(-)	(-)	(200)
xii) Reliance Exchangenext Limited [Net of Provision ₹ 19 crore (Previous year ₹ Nil)]	50	-	-	-	50
	(69)	(-)	(-)	(-)	(69)
xiii) Reliance Life Insurance Company Limited	-	-	4 776	-	4 776
	(-)	(-)	(3 717)	(-)	(3 717)
Partnership Current Accounts					
a) Contribution /(withdrawal) during the year (Net)					
i) Reliance Capital Partners	-	-	-	(140)	(140)
	(-)	(-)	(-)	(-)	(-)
b) Profit /(Loss) of Partnership firm during the year					
i) Reliance Capital Partners	-	-	-	(9)	(9)
	(-)	(-)	(-)	(30)	(30)
c) Balance as at March 31, 2013					
i) Reliance Capital Partners	-	-	-	544	544
	(-)	(-)	(-)	(693)	(693)
Interest / Finance income accrued on investment					
a) Balance as at March 31, 2013					
i) Reliance Land Private Limited	-	-	166	-	166
	(-)	(-)	(107)	(-)	(107)
ii) Ammolite Holdings Limited	-	-	-	-	-
	(-)	(-)	(19)	(-)	(19)
iii) Reliance Big Entertainment Private Limited	-	410	-	-	410
	(-)	(290)	(-)	(-)	(290)
Loans Given					
a) Given during the year					
i) Reliance Land Private Limited	-	-	11	-	11
	(-)	(-)	(17)	(-)	(17)

Reliance Capital Limited

Notes to Financial Statements as at March 31, 2013

(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
ii) Reliance Financial Limited	40 (50)	- (-)	- (-)	- (-)	40 (50)
iii) Quant Capital Private Limited	50 (-)	- (-)	- (-)	- (-)	50 (-)
iv) Zapak Digital Entertainment Limited	- (-)	2 (20)	- (-)	- (-)	2 (20)
v) Jump Games Private Limited	- (-)	4 (5)	- (-)	- (-)	4 (5)
vi) Reliance Asset Reconstruction Company Limited	- (-)	- (-)	- (3)	- (-)	- (3)
vii) Reliance Securities Limited	50 (-)	- (-)	- (-)	- (-)	50 (-)
viii) Quant Commodities Private Limited	100 (156)	- (-)	- (-)	- (-)	100 (156)
ix) Reliance Commodities Limited	- (67)	- (-)	- (-)	- (-)	- (67)
x) Reliance Big Entertainment Private Limited	- (-)	743 (61)	- (-)	- (-)	743 (61)
xi) Reliance Equities International Private Limited	186 (-)	- (-)	- (-)	- (-)	186 (-)
b) Returned/Adjusted during the year					
i) Reliance Land Private Limited	- (-)	- (-)	- (140)	- (-)	- (140)
ii) Reliance Financial Limited	40 (50)	- (-)	- (-)	- (-)	40 (50)
iii) Reliance Asset Reconstruction Company Limited	- (-)	- (-)	4 (8)	- (-)	4 (8)
iv) Quant Broking Private Limited	16 (10)	- (-)	- (-)	- (-)	16 (10)
v) Quant Commodities Private Limited	100 (156)	- (-)	- (-)	- (-)	100 (156)
vi) Quant Capital Private Limited	50 (-)	- (-)	- (-)	- (-)	50 (-)
vii) Reliance Securities Limited	103 (44)	- (-)	- (-)	- (-)	103 (44)
viii) Reliance Commodities Limited	- (67)	- (-)	- (-)	- (-)	- (67)
ix) Reliance Big Entertainment Private Limited	- (-)	205 (24)	- (-)	- (-)	205 (24)
x) Zapak Digital Entertainment Limited	- (-)	- (20)	- (-)	- (-)	- (20)
xi) Jump Games Private Limited	- (-)	- (5)	- (-)	- (-)	- (5)
xii) Reliance Life Insurance Company Limited	- (-)	- (-)	9 (2)	- (-)	9 (2)
xiii) Reliance Equities International Private Limited	186 (-)	- (-)	- (-)	- (-)	186 (-)
c) Balance as at March 31, 2013					
i) Reliance Land Private Limited	- (-)	- (-)	24 (13)	- (-)	24 (13)
ii) Reliance Equity Advisors (India) Limited	32 (32)	- (-)	- (-)	- (-)	32 (32)
iii) Quant Broking Private Limited	30 (30)	- (-)	- (-)	- (-)	30 (30)
iv) Zapak Digital Entertainment Limited	- (-)	2 (20)	- (-)	- (-)	2 (20)

Notes to Financial Statements as at March 31, 2013

(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
v) Jump Games Private Limited	-	4	-	-	4
	(-)	(5)	(-)	(-)	(5)
vi) Reliance Asset Reconstruction Company Limited	-	-	1	-	1
	(-)	(-)	(5)	(-)	(5)
vii) Reliance Exchangenext Limited [Net of Provision ₹ 7 crore (Previous year ₹ Nil)]	-	-	-	-	-
	(7)	(-)	(-)	(-)	(7)
viii) Reliance Big Entertainment Private Limited	-	576	-	-	576
	(-)	(38)	(-)	(-)	(38)
ix) Reliance Securities Limited	-	-	-	-	-
	(53)	(-)	(-)	(-)	(53)
x) Reliance Life Insurance Company Limited	-	-	7	-	7
	(-)	(-)	(16)	(-)	(16)
d) Assignment of Loans					
i) Reliance Home Finance Limited	25	-	-	-	25
	(49)	(-)	(-)	(-)	(49)
e) Re-Assignment of Loans					
i) Reliance Home Finance Limited	-	-	-	-	-
	(703)	(-)	(-)	(-)	(703)
Trade Receivables					
a) Reliance Communications Infrastructure Limited	-	-	-	-	-
	(-)	(1)	(-)	(-)	(1)
Advances					
a) Balance as at March 31, 2013					
i) Reliance Securities Limited	3	-	-	-	3
	(-)	(-)	(-)	(-)	(-)
ii) Reliance General Insurance Company Limited	1	-	-	-	1
	(2)	(-)	(-)	(-)	(2)
iii) Quant Capital Private Limited	50	-	-	-	50
	(50)	(-)	(-)	(-)	(50)
iv) Reliance Communications Infrastructure Limited (including capital advance)	-	2	-	-	2
	(-)	(-)	(-)	(-)	(-)
v) Reliance Life Insurance Company Limited (₹ 2 67 733)	-	-	-	-	-
	(-)	(-)	(4)	(-)	(4)
vi) Quant Broking Private Limited	38	-	-	-	38
	(-)	(-)	(-)	(-)	(-)
Trade Payable					
a) Trade payables as at March 31, 2013					
i) Big Flicks Private Limited [₹ 4 29 830 (Previous year ₹ 4 29 830)]	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
ii) Reliance Securities Limited (Previous year ₹ 12 30 539)	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Income					
a) Interest & Finance Income (including Premium on Preference Shares)					
i) Quant Capital Finance And Investments Private Limited (Previous year ₹ 17 54 521)	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
ii) Quant Capital Private Limited	1	-	-	-	1
	(-)	(-)	(-)	(-)	(-)
iii) Reliance Land Private Limited	-	-	61	-	61
	(-)	(-)	(61)	(-)	(61)
iv) Ammolite Holdings Limited	-	-	-	-	-
	(-)	(-)	(5)	(-)	(5)
v) Quant Broking Private Limited	3	-	-	-	3
	(3)	(-)	(-)	(-)	(3)
vi) Reliance Big Entertainment Private Limited	-	148	-	-	148
	(-)	(123)	(-)	(-)	(123)

Reliance Capital Limited

Notes to Financial Statements as at March 31, 2013

(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
b) Rent					
i) Reliance Communications Infrastructure Limited	- (-)	1 (-)	- (-)	- (-)	1 (-)
c) Dividend Income					
i) Reliance Capital Asset Management Limited	105 (150)	- (-)	- (-)	- (-)	105 (150)
ii) Reliance Communications Limited (Previous year ₹ 42 10 544)	- (-)	1 (-)	- (-)	- (-)	1 (-)
iii) Reliance Life Insurance Company Limited	- (-)	- (-)	19 (-)	- (-)	19 (-)
d) Reimbursement of Expenditure					
i) Reliance General Insurance Company Limited	3 (6)	- (-)	- (-)	- (-)	3 (6)
ii) Reliance Communications Infrastructure Limited [₹ 23 25 359 (Previous year ₹ 32 15 245)]	- (-)	- (-)	- (-)	- (-)	- (-)
iii) Reliance Asset Reconstruction Company Limited (₹ 24 06 000)	- (-)	- (-)	- (1)	- (-)	- (1)
iv) Reliance Capital Asset Management Limited	2 (2)	- (-)	- (-)	- (-)	2 (2)
v) Reliance Securities Limited	1 (2)	- (-)	- (-)	- (-)	1 (2)
vi) Reliance Home Finance Limited	7 (21)	- (-)	- (-)	- (-)	7 (21)
vii) Reliance Land Private Limited (Previous year ₹ 4 63 890)	- (-)	- (-)	- (-)	- (-)	- (-)
viii) Reliance Big Entertainment Private Limited (Previous year ₹ 4 850)	- (-)	- (-)	- (-)	- (-)	- (-)
ix) Reliance Life Insurance Company Limited	- (-)	- (-)	5 (5)	- (-)	5 (5)
e) Management Fees					
i) Reliance General Insurance Company Limited	6 (6)	- (-)	- (-)	- (-)	6 (6)
ii) Reliance Capital Asset Management Limited	6 (6)	- (-)	- (-)	- (-)	6 (6)
iii) Reliance Securities Limited	- (3)	- (-)	- (-)	- (-)	- (3)
iv) Reliance Home Finance Limited	3 (3)	- (-)	- (-)	- (-)	3 (3)
v) Reliance Life Insurance Company Limited	- (-)	- (-)	6 (6)	- (-)	6 (6)
f) Income transferred as per Business Transfer Agreement					
i) Reliance Home Finance Limited	3 (11)	- (-)	- (-)	- (-)	3 (11)
g) Processing fees					
i) Reliance Big Entertainment Private Limited	- (-)	2 (-)	- (-)	- (-)	2 (-)
Expenditure					
a) Finance cost					
i) Reliance Securities Limited	9 (9)	- (-)	- (-)	- (-)	9 (9)
ii) Reliance Capital Asset Management Limited	82 (57)	- (-)	- (-)	- (-)	82 (57)
iii) Reliance Life Insurance Company Limited	- (-)	- (-)	39 (2)	- (-)	39 (2)

Notes to Financial Statements as at March 31, 2013

(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
b) Insurance					
i) Reliance General Insurance Company Limited [₹ 22 52 222 (Previous year ₹ 24 62 049)]	- (-)	- (-)	- (-)	- (-)	- (-)
ii) Reliance Life Insurance Company Limited [₹ 43 76 861 (Previous year ₹ Nil)]	- (-)	- (-)	- (-)	- (-)	- (-)
c) Professional and Management fees					
i) Reliance Venture Asset Management Private Limited	- (2)	- (-)	- (-)	- (-)	- (2)
d) Brokerage paid during the year					
i) Reliance Securities Limited (₹ 38 98 504)	- (6)	- (-)	- (-)	- (-)	- (6)
e) Expenses transferred as per Business Transfer Agreement					
i) Reliance Home Finance Limited	3 (9)	- (-)	- (-)	- (-)	3 (9)
f) Reimbursement of Expenditure					
i) Reliance Land Private Limited	- (-)	- (-)	1 (2)	- (-)	1 (2)
ii) Reliance Home Finance Limited	3 (14)	- (-)	- (-)	- (-)	3 (14)
g) Provision for diminution in value of investments					
i) Reliance Exchangnext Limited	19 (-)	- (-)	- (-)	- (-)	19 (-)
ii) Reliance Communication Limited	- (-)	77 (-)	- (-)	- (-)	77 (-)
iii) Reliance Equities International Private Limited	(40) (40)	- (-)	- (-)	- (-)	(40) (40)
h) Provision for NPA, doubtful debts and balances written off					
i) Reliance Exchangnext Limited	7 (-)	- (-)	- (-)	- (-)	7 (-)
ii) Ammolite Holdings Limited	- (-)	- (-)	18 (-)	- (-)	18 (-)
Contingent Liability					
a) Guarantees to Banks and Financial Institutions					
i) Reliance Money Precious Metals Private Limited	5 (-)	- (-)	- (-)	- (-)	5 (-)
ii) Ammolite Holdings Limited	- (-)	- (-)	82 (77)	- (-)	82 (77)
iii) Reliance Big Entertainment Private Limited	- (-)	50 (-)	- (-)	- (-)	50 (-)
Shares given as collateral					
a) Reliance Securities Limited	63 (-)	- (-)	- (-)	- (-)	63 (-)

Key Managerial Personnel

- a) Shri V. R. Mohan
 -Employee benefit expenses ₹ 69 99 996 (Previous year ₹ 68 54 397)
 -Loan given balance as at March 31, 2013, ₹ 4 35 351 (Previous year ₹ 4 49 751)

Enterprise over which individual described in clause A(iii) above has control

- a) Reliance Power Limited
 -Commercial Paper subscribed & redeemed ₹ Nil (Previous year ₹ 224 crore)
 -Investment balance as at March 31, 2013, ₹ 3 crore (Previous year ₹ 3 crore)
 -Reimbursement of expenditure ₹ 1 06 120 (Previous year Nil)

Notes :

- i) Figures in bracket indicate previous year figures.
 ii) Expenses incurred towards public utilities services such as telephone and electricity charges have not been considered for related party transaction.

Reliance Capital Limited

Notes to Financial Statements as at March 31, 2013

- iii) The above disclosed transactions entered during the period of existence of related party relationship. The balances and transactions are not disclosed before existence of related party relationship and after cessation of related party relationship.
- iv) In addition to the above, Commission of ₹ Nil (Previous year ₹ Nil) and Director sitting fees of ₹ 1,20,000 (Previous year ₹ 1,00,000) has been paid to Shri Anil D. Ambani, an individual having control.
- v) Pursuant to the Scheme of Amalgamation ("the Scheme") between Company and Reliance Equities International Private Limited (REIPL) and Emerging Money Mall Limited (EMML) [Refer note no. 29] entire issued, subscribed and paid up share capital of REIPL and EMML was held by the Company and was cancelled. Therefore, for the purpose of above disclosures the same has not been considered.

39 Leases

Details of Future Minimum Lease Receivables are as under :

(₹ in crore)		
Particulars	2012-13	2011-12
Within one year of the balance sheet date	24	21
Due in a period between one year and five years	42	50
Due after five years [₹ 26 00 000 (Previous year ₹ 3 91 880)]	-	-

40 Basic and diluted earning per share:

The computation of earning per share is set out below :

(₹ in crore)		
Particulars	2012-13	2011-12
a) Amounts used as the numerators		
Net Profit after tax	662	519
Net Profit attributable to equity shareholders	662	519
b) Weighted average number of equity shares (Nos.)	24 56 32 800	24 56 32 800
c) Basic earning per share of face value ₹ 10 each (₹)	26.95	21.14
d) Diluted earning per share of face value ₹ 10 each (₹)	26.95	21.14

- 41 During the year Nippon Life Insurance Company (NLIC) has acquired 26% equity shareholding in Reliance Capital Asset Management Company Limited (RCAM). The Company has waived its entitlement of bonus shares issued by RCAM.

42 Disclosure of loans / advances and investments in its own shares by the listed companies, in its subsidiaries, associate etc. (as certified by the management) in terms of the Listing Agreement with the Stock Exchanges.

(₹ in crore)				
Particulars	Outstanding Balance		Maximum Balance outstanding	
	March 31, 2013	March 31, 2012	2012-13	2011-12
i) Loans and advances in the nature of loans to subsidiaries				
a) Reliance Equity Advisors (India) Limited	32	32	32	32
b) Reliance Securities Limited	-	53	50	97
c) Reliance Financial Limited	-	-	40	50
d) Quant Broking Private Limited	30	30	51	40
e) Quant Capital Finance And Investments Private Limited	-	-	-	25
f) Quant Commodities Private Limited	-	-	100	100
g) Reliance Commodities Limited	-	-	-	50
h) Reliance Exchangenext Limited (Net of Provision of ₹ 7 crore as on March 31, 2013)	-	7	8	7
i) Quant Capital Private Limited	-	-	50	-
j) Reliance Equities International Private Limited (Merged with the Company w.e.f. March 31, 2013)	-	-	186	-
ii) Loans and advances in the nature of loans to associates				
a) Reliance Asset Reconstruction Company Limited	1	5	5	12
b) Reliance Land Private Limited	24	13	24	136
c) Reliance Life Insurance Company Limited	7	16	16	78

Notes to Financial Statements as at March 31, 2013

(₹ in crore)

Particulars	Outstanding Balance		Maximum Balance outstanding	
	March 31, 2013	March 31, 2012	2012-13	2011-12
iii) Loans and advances in the nature of loans where there is				
a) No repayment schedule or repayment beyond seven years				
Reliance Land Private Limited	24	13	24	136
b) No interest or interest below Section 372A of the Companies Act, 1956.	Not Applicable pursuant to provision of section 372A (8) (a) (iii) of the Companies Act, 1956			
iv) Loans and advances in nature of loans to firms / companies in which directors are interested.	-	-	-	-
v) Investments by loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.	No. of shares		Amount in ₹	
	-	-	-	-

43 Disclosure of details as required by Para 13 of Non Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(i) Liability side

(₹ in crore)

Particulars	Amount Outstanding		Amount Overdue	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
1) Loans and advances availed by NBFC inclusive of interest accrued thereon but not paid				
a) Debentures				
(Other than falling within the meaning of public deposits)				
i) Secured [inclusive of ₹ 248 crore (Previous year ₹ 275 crore) interest accrued thereon]	6 664	6 041	-	-
ii) Unsecured [inclusive of ₹ 52 crore (Previous year ₹ 26 crore) interest accrued thereon]	1 051	534	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans				
i) Secured	9 018	7 735	-	-
ii) Unsecured	-	400	-	-
d) Inter-corporate Loans and Borrowing	710	797	-	-
e) Commercial Paper	3 649	2 888	-	-
f) Other Loans				
i) Cash Credit from Banks	41	165	-	-

(ii) Asset side

Amount Outstanding

Particulars	March 31, 2013	March 31, 2012
2) Break up of loans and advances including bills receivable other than those included in (3) below (Gross Amount)(Refer Note (b) below)		
a) Secured	10 620	10 370
b) Unsecured	6 376	3 342
	<u>16 996</u>	<u>13 712</u>

Note:

- Housing loans / loans against property and construction finance granted are secured by equitable registered mortgage of property and / or undertaking to create a security and other loans and advances are secured by way of hypothecation and / or pledging of the underlying asset.
- In case of loans & advances given in para (2) above, Provision for NPA & Doubtful Debts is ₹ 76 crore (Previous year ₹ 41 crore)
- Break up of leased assets and stock on hire and Other assets counting towards AFC activities:

Reliance Capital Limited

Notes to Financial Statements as at March 31, 2013

Particulars	Amount Outstanding	
	March 31, 2013	March 31, 2012
Lease assets including lease rentals under sundry debtors:		
1) Financial lease (net of depreciation and lease adjustment)	-	-
2) Operating lease (net of depreciation)	59	69
4) Break up of investments [(Amount net of provisions of ₹ 448 crore (Previous year ₹ 217 crore))]		
a) Current investments		
1) Quoted		
i) Shares		
a) Equity (stock-in trade)	-	-
b) Preference	10	-
ii) Units of Mutual fund	140	-
2) Unquoted		
i) Others		
- Debentures and Bonds	128	374
- Pass Through Certificates	88	226
b) Long term investments		
1) Quoted		
i) Shares		
a) Equity	640	1 265
b) Preference	-	10
ii) Debentures and bonds	-	-
iii) Government securities	-	-
2) Unquoted		
i) Shares		
a) Equity	7 794	6 435
b) Preference	3 227	4 081
ii) Debentures and bonds	859	512
iii) Units of Mutual fund	-	-
iv) Government of India securities ₹ 45 000 (Previous year ₹ 45 000)	-	-
v) Others		
a) Pass Through Certificates & Security Receipts	9	10
b) Units of Private Equity/Seed Fund	151	134
c) Investment in Partnership firm	544	693
d) Investment in unincorporated joint venture	85	85
	13 675	13 825

- 5) Borrower group-wise classification of assets financed as in (2) and (3) above:
[Amount net of provisions of ₹ 76 crore (Previous year ₹ 41 crore)]

(₹ in crore)

Particulars	Secured		Unsecured		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
a) Related parties						
1) Subsidiaries	-	53	154	124	154	177
2) Companies in the same group - Associates	7	16	25	22	32	38
3) Other related parties	149	-	435	63	584	63
b) Other than related parties	10 469	10 334	5 740	3 128	16 209	13 462
Total	10 625	10 403	6 354	3 337	16 979	13 740

Notes to Financial Statements as at March 31, 2013

- 6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted excluding stock in trade)

[Amount net of provisions of ₹ 448 crore (Previous year ₹ 217 crore)]

(₹ in crore)

Particulars	Market value / Fair Value or NAV		Book Value (Net of provisions)	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
a) Related parties				
1) Subsidiaries	2 708	2 441	2 708	2 441
2) Companies in the same group - Associates	5 397	4 366	5 397	4 366
3) Other related parties	1 197	1 284	1 233	1 310
b) Other than related parties	4 248	5 163	4 337	5 708
Total	13 550	13 254	13 675	13 825

- 7) Other information (₹ in crore)

Particulars	March 31, 2013	March 31, 2012
a) Gross Non Performing Assets		
1) Related Parties	36	-
2) Other than Related Parties	328	239
b) Net Non Performing Assets		
1) Related Parties	-	-
2) Other than Related Parties	238	199
c) Assets Acquired in satisfaction of Debt	13	12
[Net of provision ₹ 5 crore (Previous year ₹ 2 crore)]		

Notes :

- a) Companies in same group means companies under the same management as per section 370 (1B) of the Companies Act, 1956.
- b) In case of unquoted investments, in the absence of market value, book value has been considered.
- c) Capital contribution in Partnership Firm and unincorporated Joint venture have not been considered for the purpose of companies in the same group and other related party.
- d) Investments are classified between non-current and current investments (including current portion of long term investments) as required under revised Schedule VI, as per the Companies Act, 1956.

44 Disclosure of details as required by para 5 of Reserve Bank of India Circular No RBI 2008-09/116 DNBS (PD).CC. No. 125/03.05.002/2008-09

I. Capital to Risk Asset Ratio ("CRAR") (₹ in crore)

Particular	March 31, 2013	March 31, 2012
i) CRAR (%)	16.99	20.21
ii) CRAR - Tier I capital (%)	13.05	17.99
iii) CRAR - Tier II capital (%)	3.94	2.22

II. Exposure to Real Estate (₹ in crore)

Category	2012-13	2011-12
a) Direct Exposure		
i) Residential Mortgage		
Individual Housing Loan upto 15 lakh	1	3
Individual Housing Loan more than 15 lakh	28	46
ii) Commercial Real Estate	1 154	889
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
Residential	-	-
Commercial	-	-
b) Indirect Exposure		
Fund Based and Non Fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	330	321

Reliance Capital Limited

Notes to Financial Statements as at March 31, 2013

Note:

- For the exposure to real estate only secured loans extended to builders / developers based on the nature of business has been considered.
- In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

III. Maturity pattern of asset and liabilities (At Book Values)

(₹ in crore)

Particulars	1 day to 30/31 days	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from bank	- (33)	- (150)	433 (233)	731 (291)	2 063 (526)	4 789 (4 734)	1 012 (2 333)	31 (-)	9 059 (8 300)
Market Borrowings	1 009 (720)	1 081 (954)	1 149 (973)	980 (1 179)	1 026 (2 204)	2 152 (2 375)	1 537 (996)	2 840 (559)	11 774 (9 960)
Assets									
Loans / Advances	983 (745)	703 (600)	311 (177)	1 037 (1 745)	3 891 (2 037)	5 825 (3 856)	1 463 (1 349)	2 707 (3 162)	16 920 (13 671)
Investments	813 (1 344)	19 (53)	51 (44)	111 (138)	194 (334)	1 464 (1 171)	922 (194)	10 101 (10 547)	13 675 (13 825)

Notes:

- All quoted investments have been included in 1 day to 30/31 days (one month) bucket considering its liquidity. All unquoted equity shares / warrants including investment in subsidiaries have been included in 'Over 5 years'. The maturity pattern has been prepared in line with various regulations issued by RBI from time to time, best practices & based upon best estimate of the management with regard to the timing of various cashflows.
- The classification of Assets and Liabilities into current and non-current is carried out based on their residual maturity profile as per requirement of Revised Schedule VI to the Companies Act, 1956. The above maturity pattern of assets and liabilities has been prepared by the Company after taking into consideration guidelines for assets-liabilities management (ALM) system in non-banking financial companies issued by RBI, best practices and best estimate of the Assets-Liability Committee / management with regard to the timing of various cash flows, which has been relied upon by the auditors.

45 The gold loans outstanding as at March 31, 2013 as a percentage of total assets is at 0.22% (previous year 0.19%).

46 During the year, the Company reported to Reserve Bank of India (RBI) fraud in disbursement of commercial vehicle loans amounting to ₹ 6 crore, as on March 31, 2013, ₹ 2 crore was recovered and write-off / provision was made for the balance amount of ₹ 4 crore.

47 Contingent Liabilities and Commitments (As Certified by the Management)

(₹ in crore)

Particulars	March 31, 2013	March 31, 2012
Contingent Liabilities		
i) Guarantees to Banks and Financial Institutions on behalf of third parties	1 281	983
ii) Claims against the Company not acknowledge as debt	20	22
Commitments		
iii) Estimated amount of contracts remaining to be executed on capital account (net of advances)	38	81
iv) Undrawn Committed Credit lines	434	253
v) Uncalled amount of Investments	56	79

48 Expenditure in foreign currency

(₹ in crore)

Particulars	2012-13	2011-12
i) Travelling expenses [₹ 13 20 686 (Previous year ₹ 22 54 787)]	-	-
ii) Donations	-	3
iii) Professional fees (₹ 46 26 792)	-	1
iv) Sales & marketing	2	-
v) Repairs and maintenance - others	1	1
vi) Others [₹ 5 05 682]	-	1
Total	3	6

Notes to Financial Statements as at March 31, 2013

49 Value of Imports on CIF basis:

(₹ in crore)

Particulars	2012-13	2011-12
i) Capital Goods	2	-
Total	2	-

50 Outstanding Future & Option as on March 31, 2013

Name of Option	No. of contracts	Units	
		Long	Short
Nifty Call option	4 454	1 00 850	1 21 850
	(786)	(24 650)	(14 650)
Nifty Put option	27 785	-	13 89 250
	(1 806)	(-)	(90 300)
Nifty Futures	1 196	59 800	-
	(-)	(-)	(-)

51 Remittance in foreign currency on account of dividend

The Company has paid dividend in respect of shares held by non residents on repatriation basis. This, inter-alia, includes portfolio investment, where the amount is also credited to Non Resident External Account (NRE A/c). The total amount remittable in this respect is specified below:

Particulars	2012-13	2011-12
Dividend		
a) Number of Non Resident Shareholders	536	722
b) Number of Equity shares held by them	27 365	33 400
c) i) Amount of Dividend paid (gross) (amount in ₹)	2 05 238	2 17 183
ii) Year to which Dividend relates	2011-12	2010-11
Special Interim Dividend		
a) Number of Non Resident Shareholders	613	-
b) Number of Equity shares held by them	31 837	-
c) i) Amount of Dividend paid (gross) (amount in ₹)	1 59 185	-
ii) Year to which Dividend relates	2012-13	-

52 In the opinion of management, all the assets other than fixed assets and non current investments are approximately of the value stated if realised in the ordinary course of business.

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No. : 101720W

Vijay Napawaliya
Partner
Membership No: 109859
Mumbai
Dated: May 16, 2013

For **B S R & Co.**
Chartered Accountants
Firm Reg. No. : 101248W

Manoj Kumar Vijai
Partner
Membership No: 046882

For and on behalf of the Board

Chairman

Anil D. Ambani

Directors

Rajendra P. Chitale
Dr. Bidhubhusan Samal

President & Company Secretary **V. R. Mohan**
Mumbai
Dated: May 16, 2013

Independent Auditor's Report on Consolidated Financial Statements

To,
The Board of Directors
Reliance Capital Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Reliance Capital Limited ("the Company") and its subsidiaries including partnership firm, and its associates (as per the list appearing in Note No. 46 of the consolidated financial statements) (Collectively referred to as the 'Group') which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standard (AS) – 21, "Consolidated Financial Statements" and Accounting Standard (AS) – 23, "Accounting for Investments in Associates in Consolidated Financial Statements", notified by the Companies (Accounting Standards) Rules, 2006.
7. Based on our audit and on consideration of reports of other auditors and one of the joint auditor on separate financial statements, certification by management on separate financial statements and on the other financial information of the components of the Group as referred to in paragraph 11 to 16 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
 - (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

8. We draw your attention to Note No. 31 (I) of the consolidated financial statements of the Group, regarding a Scheme of Amalgamation ('Scheme') approved by the Honourable High Court of Bombay, pursuant to which Emerging Money Mall Limited and Reliance Equities International Private Limited (the 'transferor companies') has been amalgamated with the Company. Accordingly the Company has carried out the accounting treatment prescribed in the Scheme as set out in the above referred Note. Our opinion is not qualified in respect of this matter.
9. As explained in the Note No. 36(c) to the consolidated financial statements of the Group relating to Reliance General Insurance Company Limited ('RGIC') a subsidiary of the Company, regarding Insurance Regulatory and Development Authority ('IRDA') Order No. IRDA/F&A/ORD/MTAP/070/03/2012 dated March 22, 2012 on Indian Motor Third Party Insurance Pool ('IMTPIP') liability for underwriting years 2009-10, 2010-11 and 2011-12, wherein the RGIC has opted to amortise the transactional liability on straight line basis over three years beginning with the financial year ended March 31, 2012. Accordingly, ₹ 95 crore has been charged to revenue account and unamortise transactional liability amounting to ₹ 79 crore has been

Independent Auditor's Report on Consolidated Financial Statements

carried forward as per the said Order. Our opinion is not qualified in this regard.

Other Matters

10. We draw attention to Note No. 36(d) of the consolidated financial statements of the Group, with regard to actuarial valuation of liabilities of RGIC with respect to claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) is the responsibility of the RGIC's appointed actuary. The appointed actuary has certified to the RGIC that the assumptions for such valuations are in accordance with the guidelines and norms issued by the IRDA and the Actuary Society of India in concurrence with the IRDA. The independent auditors of the RGIC have relied on the RGIC's Appointed Actuary's certificate in this regard for forming their opinion on the financial statements of the RGIC.
11. We did not audit the financial statements and financial information of twenty four subsidiaries and a partnership firm. The financial statements of these subsidiaries including partnership firm for the year ended March 31, 2013 have been audited by other auditors whose reports have been furnished to us by the management, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries including a partnership firm, is based solely on these reports. The attached consolidated financial statements include total assets of ₹ 5,827 crore as at March 31, 2013, total revenues of ₹ 2,589 crore and net cash inflows amounting to ₹ 48 crore in respect of the aforementioned subsidiaries and partnership firm for the year then ended.
12. The financial statements and financial information of thirteen subsidiaries for the year ended March 31, 2013 have been audited by one of the joint auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on these reports. The attached consolidated financial statements include total assets of ₹ 4,171 crore as at March 31, 2013, total revenues of ₹ 1,186 crore and net cash inflows amounting to ₹ 76 crore in respect of the aforementioned subsidiaries for the year then ended.

13. The financial statements and financial information of two associates company for the year ended March 31, 2013 have been audited by one of the joint auditors whose reports have been furnished to us, and our opinion, in so far as it relates to share of loss of ₹ 24 crore for the year ended March 31, 2013 to the amounts included in respect of the same associates, is based solely on these reports.
14. The financial statements and financial information of one associate company for the year ended March 31, 2013 has been audited by one of the joint auditors of the Company along with the other auditor as joint auditor of the associate whose report has been furnished to us, and our opinion, in so far as it relates to share of profit of ₹ 148 crore for the year ended March 31, 2013 to the amounts included in respect of the same associate, is based solely on this report.
15. The financial statements and financial information of one associate company for the year ended March 31, 2013 have been audited by other auditor whose report has been furnished to us, and our opinion, in so far as it relates to share of profit of ₹ 4 crore for the year ended March 31, 2013 to the amounts included in respect of the same associate, is based solely on this report.
16. We have relied on the unaudited financial statement and financial information of two associates company, whose financial statements are certified by the management of associates, and our report in so far as it relates to share of profit of ₹ 4 crore for the year ended March 31, 2013 to the amount included in respect of these associates is based solely on such certified unaudited financial statements and financial information.

Our opinion is not qualified in respect of other matters.

For **Chaturvedi & Shah**
Chartered Accountants
Firm's Reg. No: 101720W

Vijay Napawaliya
Partner
Membership No: 109859

Mumbai
May 16, 2013

For **B S R & Company**
Chartered Accountants
Firm's Reg. No: 101248W

Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
May 16, 2013

Reliance Capital Limited

Consolidated Balance Sheet as at March 31, 2013

(₹ in Crore)					
	Note No.	As at March 31, 2013		As at March 31, 2012	
I EQUITY AND LIABILITIES					
(1) Shareholders' funds					
(a) Share capital	4	246		246	
(b) Reserves and surplus	5	11 725	11 971	11 522	11 768
(2) Minority interest					
			516		131
(3) Non-current liabilities					
(a) Long-term borrowings	6	13 686		11 926	
(b) Other long-term liabilities	7	14		1	
(c) Long-term provisions	8	48	13 748	41	11 968
(4) Current liabilities					
(a) Short-term borrowings	9	4 386		3 667	
(b) Trade payables	10	342		302	
(c) Other current liabilities	11	8 529		6 649	
(d) Short-term provisions	12	1 096	14 353	860	11 478
TOTAL			40 588		35 345
II ASSETS					
(1) Non-current assets					
(a) Fixed assets	13				
(i) Tangible assets		182		199	
(ii) Intangible assets		252		81	
(iii) Capital work-in-progress [₹ Nil (Previous year ₹ 5 66 150)]		-		-	
(iv) Intangible assets under development		5		1	
		439		281	
(b) Non-current investments	14	13 560		12 830	
(c) Deferred tax assets (net)	15	34		45	
(d) Long-term loans and advances	16	12 741		11 136	
(e) Other non-current assets	17	1 533	28 307	1 141	25 433
(2) Current assets					
(a) Current investments	18	1 527		1 930	
(b) Inventories	19	144		127	
(c) Trade receivables	20	839		430	
(d) Cash and bank balances	21	1 582		1 125	
(e) Short-term loans and advances	22	7 472		5 711	
(f) Other current assets	23	717	12 281	589	9 912
TOTAL			40 588		35 345

See accompanying notes to the financial statements 1-49

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No. : 101720W

Vijay Napawaliya
Partner
Membership No: 109859
Mumbai
Dated: May 16, 2013

For **B S R & Co.**
Chartered Accountants
Firm Reg. No. : 101248W

Manoj Kumar Vijai
Partner
Membership No: 046882

For and on behalf of the Board

Chairman

Anil D. Ambani

Directors

Rajendra P. Chitale

Dr. Bidhubhusan Samal

President & Company Secretary **V. R. Mohan**
Mumbai
Dated: May 16, 2013

Consolidated Statement of Profit and Loss for the year ended March 31, 2013

(₹ in crore)

	Note No.	2012-13	2011-12
Revenue			
I Revenue from operations	24	7 470	6 577
II Other income	25	49	50
III Total revenue (I+II)		7 519	6 627
IV Expenses			
Employee benefits expense	26	607	548
Finance costs	27	2 343	2 250
Depreciation and amortisation expense	13	56	54
Other expenses	28	3 683	3 256
Total expenses		6 689	6 108
V Profit before exceptional items and tax (III-IV)		830	519
VI Exceptional items			
Loss on sale of investments [Refer Note No. 31 (III)]		-	149
Withdrawal from general reserve [Refer Note No. 31 (III)]		-	(149)
VII Profit before tax (V-VI)		830	519
VIII Tax expense:			
(1) Current taxation		118	164
(2) Taxation for earlier years		(2)	1
(3) Deferred tax		11	25
IX Profit after tax (VII-VIII)		703	329
X Less: Share of minority shareholders		62	7
XI Profit after minority interest (IX-X)		641	322
XII Add: Share of profit/(loss) in associates		131	137
XIII Profit after share of profit / (loss) in associates (XI+XII)		772	459
XIV Add: Profit /(loss) on sale/amalgamation of subsidiaries (Refer Note No. 30)		40	(1)
XV Net profit after tax (XIII+XIV)		812	458
XVI Earning per equity share of ₹ 10 each fully paid up	44		
(1) Basic (₹)		33.05	18.64
(2) Diluted (₹)		33.05	18.64

See accompanying notes to the financial statements 1-49

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No. : 101720W

Vijay Napawaliya
Partner
Membership No: 109859
Mumbai
Dated: May 16, 2013

For **B S R & Co.**
Chartered Accountants
Firm Reg. No. : 101248W

Manoj Kumar Vijai
Partner
Membership No: 046882

For and on behalf of the Board

Chairman

Anil D. Ambani

Directors

Rajendra P. Chitale
Dr. Bidhubhusan Samal

President & Company Secretary **V. R. Mohan**
Mumbai
Dated: May 16, 2013

Reliance Capital Limited

Consolidated Cash Flow Statement for the year ended March 31, 2013

	(₹ in crore)	
	2012-13	2011-12
A. Cash flows from operating activities		
Profit before exceptional items and tax	830	519
Adjusted for		
Depreciation and amortisation	56	54
Provision for NPA, doubtful debts and balances written off	334	121
Provision for diminution in the value investments / written off	304	131
Provision and loss on repossessed stock	9	2
Provision for gratuity/leave encashment (Previous year ₹ 26 05 447)	(1)	(0)
Excess provision / credit balance written back	(11)	(10)
Bad debts recovered	(34)	(53)
(Profit) / loss on sale of fixed assets	2	(2)
Reserve for unexpired risk provided	183	21
Amortised DSA commission	46	35
Amortised Distribution cost	3	4
Interest income on investments	(753)	(749)
Dividend income on investments	(40)	(36)
(Profit) / loss on sale of investments (net)	(1 071)	(758)
Amortised Brokerage on borrowing	29	25
Discount on commercial papers	408	406
Interest expenses	1 906	1 819
	1 370	1 010
Operating profit before working capital changes	2 200	1 529
Adjusted for		
Proceeds from / (repayment of) short term borrowings (Net)	311	(2 127)
Proceeds from long term borrowings	6 654	4 014
Repayment of long term borrowings	(4 453)	(3 077)
Inventories	(17)	58
Unamortised expenses incurred	(112)	(132)
Trade receivables & loans and advances	(3 785)	(971)
Trade payables and liabilities	1 667	(144)
	265	(2 379)
Cash generated from operations	2 465	(850)
Interest paid	(1 894)	(1 755)
Taxes paid	(99)	(162)
	(1 993)	(1 917)
Net cash from / (used in) operating activities	472	(2 767)

Consolidated Cash Flow Statement for the year ended March 31, 2013

(₹ in crore)

	2012-13	2011-12
B. Cash flows from investing activities		
Purchase of fixed assets	(55)	(130)
Sale of fixed assets	7	4
Purchase of non-current investments	(7 970)	(7 087)
Proceeds from sale of non-current investments	7 409	9 296
Proceeds from sale of current investments (Net)	453	(32)
Interest received	517	347
Dividend received	40	35
Net Cash from investing activities	401	2 433
C. Cash flows from financing activities		
Dividends paid (including dividend tax thereon)	(419)	(198)
Net cash used in financing activities	(419)	(198)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	454	(532)
Opening balance of cash and cash equivalents	658	1 190
Add: On amalgamation (Refer Note 1(b)&(c) given below) [₹ 5 95 231 (Previous year ₹ 5 582)]	-	-
	658	1 190
Closing balance of cash and cash equivalents	1 112	658

Note:

- 1 a) The previous year's figures have been regrouped and reclassified wherever necessary.
- b) Assets and liabilities pertaining to the Emerging Money Mall Limited transferred pursuant to the Scheme of Amalgamation with the Company with effect from March 31, 2013 have not been considered for the current year cash flow statement.
- c) Assets and liabilities pertaining to the Viscount Management Services (Alpha) Ltd. transferred pursuant to the Scheme of Amalgamation with the Company with effect from October 1, 2011 i.e. the Appointed Date have not been considered for the previous year cash flow statement.
- d) Cash and cash equivalents include cash on hand and bank balances including fixed deposits.

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No. : 101720W

Vijay Napawaliya
Partner
Membership No: 109859
Mumbai
Dated: May 16, 2013

For **B S R & Co.**
Chartered Accountants
Firm Reg. No. : 101248W

Manoj Kumar Vijai
Partner
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Rajendra P. Chitale
Dr. Bidhubhusan Samal

President & Company Secretary **V. R. Mohan**
Mumbai
Dated: May 16, 2013

1. Background

Reliance Capital Limited ('the Company') is registered as a Non-Banking Financial Company ('NBFC') as defined under section 45-IA of the Reserve Bank of India Act, 1934. The Company along with the group is broadly engaged in lending, investing activities, asset management, insurance and broking business.

2. Significant Accounting Policies

a Principles of Consolidation

The consolidated financial statements relate to Reliance Capital Limited ('the Company'), its subsidiaries including partnership firm and its associates (collectively referred to as "Group"). The consolidated financial statements have been prepared on the following basis:

- i) The financial statements of the Company and its subsidiaries including partnership firm have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.
- ii) The consolidated financial statements have been prepared using uniform accounting policies for transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's stand-alone financial statements.
- iii) The difference between the costs of investment in the subsidiaries over the net assets as on the date of acquisition is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- iv) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of profit and loss as the profit or loss on disposal of investment in subsidiary.
- v) Minority interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to shareholders of the Company.
- vi) Minority interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- vii) The financial statements of the Company and its associates have been combined on the basis of equity method, whereby the investment is initially recorded at cost, identifying any goodwill / capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for post acquisition change in the Company's share of net assets of the associate. Unrealised profits and losses resulting from transactions between the Company and the associates are eliminated to the extent of the Company's interest in the associate. Unrealised losses are not eliminated if and to the extent the cost of the transferred asset cannot be recovered. The consolidated statement of profit and loss reflects the Company's share of operations of the associate.
- viii) In case of foreign subsidiaries and companies controlled by the Company, in translating the financial statements of non integral foreign subsidiaries for consolidation the following procedures have been followed:
 - a) The assets and liabilities both monetary and non monetary, of the non integral foreign operations are translated at the closing rate;
 - b) Income and expenses items of the non integral foreign operations are translated at the average rate;
 - c) All resulting exchange differences (if any) are accumulated in foreign currency translation reserve.

b Basis of Preparation of Financial Statements

The consolidated financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting unless otherwise stated in accordance with the generally accepted accounting principles (GAAP) in India and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 to the extent applicable. In case of Reliance General Insurance Company Limited the financial statement are drawn up in accordance with the Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors Report of Insurance Companies) Regulations, 2002 and order and direction issued by IRDA in this behalf and the regulations framed there under read with relevant provisions of the Insurance Act, 1938 and the Companies Act, 1956, to the extent possible. These financial statements are presented in Indian rupees rounded to the nearest crore.

c Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

d Revenue Recognition

i) Interest income:

Interest income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable except in the case of non performing assets ("NPAs") where it is recognised, upon realisation.

ii) Dividend income:

Dividend income is recognised when the right to receive payment is established.

Notes to Consolidated Financial Statements as at March 31, 2013

iii) Discount on investments:

The difference between the acquisition cost and face value of debt instruments is recognised as interest income over the tenor of the instrument on straight line basis.

iv) Redemption premium on investments in preference shares:

Redemption premium on investments in preference shares is recognised as income over the tenor of the investment.

v) Investment Management Fees:

Investment management fees are recognised on an accrual basis in accordance with Investment Management Agreement and SEBI (Mutual Fund) Regulations, 1996 based on average assets under management (AUM).

vi) Portfolio Management Fees:

Portfolio Management fees are recognised on an accrual basis in accordance with Portfolio Management Agreement entered with respective clients.

vii) Online Access Fees:

Online access fees is recognized on straight line basis, based on the agreement with the clients.

viii) Infrastructure and Resource Management Fees:

Infrastructure and resource management services fees are recognised on accrual basis as per agreements with the clients.

ix) Advisory Services Fee:

Fee for Advisory Services is accounted in accordance with the terms and contracts into with the clients.

x) Trusteeship Fee:

Trusteeship fee income is recognised on the basis of the agreements entered into between the settler and the trustee.

xi) Loan / other processing fee:

Loan processing fee is accounted for upfront as and when it becomes due. in the case of reliance money precious metals private Limited Income from processing fee is accounted on accrual basis.

xii) Management fee:

Management fee towards support services is accounted as and when it becomes due on contractual terms with the parties.

xiii) Income from investments:

Profit earned from sale of securities is recognised on trade date basis. The cost of securities is computed based on weighted average basis.

xiv) Income from assignment / securitization:

In case of assignment / securitization of loans, the assets are derecognized when all the rights, title, future receivables and interest thereof along with all the risks and rewards of ownership are transferred to the purchasers of assigned/secured loans. The profit if any, as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction, is recognised as gain or loss arising on assignment / securitization over the tenure of the deal. Loss arising from these transactions if any will be recognised immediately in the statement of profit and loss account.

xv) Income from Trading in Securities and Derivatives:

The initial margin and the additional margin paid for entering into contracts for equity futures and options are disclosed under the head Loans and Advances in the Balance Sheet.

Income from trading in securities and derivatives comprises of profit/loss on hedged positions in Equity and Derivative instruments. All the hedged positions in Equity and equity/ index-futures are marked to market and difference between the transaction price and settlement price is recognized as Gains or Losses.

The Brokerage, STT and other payments made in connection with the acquisition of securities are added to the cost of acquisition. The amount shown under sale of securities is net of Brokerage and STT.

xvi) Income from Trading in Commodities:

The initial margin and the additional margin paid for entering into contracts for commodity futures and options are disclosed under the head Loans and Advances in the Balance Sheet.

Income from trading in commodities comprises of profit/loss on hedged positions in commodity stocks and futures. All the hedged positions in commodity and commodity Futures are marked to market and difference between the transaction price and settlement price is recognized as Gains or Losses.

The Brokerage and other payments made in connection with the acquisition of securities are added to the cost of acquisition. The amount shown under sale of securities is net of Brokerage.

xvii) Income from Trading in Currency Derivatives:

The initial margin and the additional margin paid for entering into contracts for commodity futures and options are disclosed under the head Loans and Advances in the Balance Sheet.

Income from trading in currency comprises of profit/loss on currency futures. All the positions in currency and currency futures are marked to market and difference between the transaction price and settlement price is recognized as Gains or Losses.

The Brokerage, STT and other payments made in connection with the acquisition of securities are added to the cost of acquisition. The amount shown under sale of securities is net of Brokerage and STT.

xviii) Income from lease:

Lease rental income is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term.

xix) Income from Money Changer:

Revenue on foreign exchange transactions is recognised at the time of sale. The income arising from selling of foreign currencies represents the margin earned on sale of foreign currencies.

xx) Premium:

Premium net of service tax is recognised as income over the contract period or the period of risk whichever is appropriate. Any subsequent revisions to or cancellations of premium are recognised in the year in which they occur.

xxi) Commission:

- i) Commission income on reinsurance ceded is recognised as income in the period in which reinsurance premium is ceded.
- ii) Profit commission under reinsurance treaties, wherever applicable, is recognised on accrual basis. Any subsequent revisions of profit commission are recognized in the year in which final determination of the profits is intimated by reinsurers.
- iii) Commission income of money transfer services is recognised on rendering the service at contractual rates. Incentives received are recognised on receipt basis. Service income received on account of gain on foreign currency is accounted when accrued and due.

xxii) Reinsurance:

- i) Reinsurance ceded is accounted in the year in which the risk commences and recognised over the contract period. Any subsequent revision to refunds or cancellation of premiums, are recognised in the year in which they occur.
- ii) Reinsurance inward is accounted to the extent of the returns received from the reinsurers.

xxiii) Premium Received in Advance:

Premium received in advance represents premium received in respect of policies issued during the year, where the risk commences subsequent to the balance sheet date.

xxiv) Sales and Services :

Revenue from sale is recognized on transfer of all significant risks and rewards of ownership as per terms of contracts with the customers. (net of VAT, sales return, service tax recovery and trade discount).

xxv) Brokerage Income:

Brokerage income is recognized net of service tax on the date of transaction.

e Fixed assets

i) Tangible assets

- Lease assets

All assets given on operating lease are shown as fixed assets net of depreciation and impairment loss, if any. Initial direct costs in respect of leases are expensed in the year in which such costs are incurred.

- Own assets

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss if any. Cost includes all expenses incidental to the acquisition of the fixed assets.

ii) Intangible assets

- Intangible assets are recognised where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortisation.

- Expenditure incurred on acquisition / development of intangible assets which are not put / ready to use at the reporting date is disclosed under intangible assets under development.

f Depreciation / Amortisation

Depreciation on fixed assets, lease assets and intangible assets are provided as follows:

- i) Leased assets: Depreciated on Straight Line Method over the useful life of assets. The estimated useful lives of the assets for the different types of assets are :
 - a) Plant & equipments – 8 years
 - b) Data processing machineries – 5 years
 - c) Vehicle for personal use – 8 years
 - d) Vehicle for commercial use (Taxi) – 6 years
 - e) Vehicle for commercial use (Lorries) – 8 years
- ii) Own Assets: All assets other than lease hold improvements, on Written Down Value method except Reliance Commodities Limited, Reliance Exchangenext Limited, Reliance Financial Limited, Reliance Securities Limited, Reliance Wealth

Notes to Consolidated Financial Statements as at March 31, 2013

Management Limited, Quant Capital Private Limited, Reliance Land Private Limited, Reliance Share & Stock Brokers Private Limited and Reliance Asset Reconstruction Company Limited which depreciates on straight line basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 and lease hold improvements are amortised over the primary period of the lease on Straight Line Basis .

g Impairment of assets

The group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss . If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

h Investments

Investments are classified as long term or current based on intention of the management at the time of purchase. Current investments are valued, scrip wise at cost or fair value, whichever is lower. Long-term investments are carried at carrying cost less diminution in value which is other than temporary, determined separately for each individual investment.

i Inventories

Securities held as inventories are valued scrip wise at weighted average cost or fair value, whichever is lower.

Commodities held as inventories are valued at weighted average cost or realisable value, whichever is lower.

Stock of foreign currencies have been valued at weighted average cost or realisable value, whichever is lower.

Stock of gold have been valued at weighted average cost or realisable value, whichever is lower

Stock of paintings are of such nature that the market value of which cannot be easily available, hence valued at cost.

j Repossessed assets

Assets repossessed against the settlement of loans are carried in the balance sheet at outstanding loan amount. The classification and provision is based on the underlying Days Past Due (DPD) for these loans.

k Provisions for Non Performing Assets (NPA) and Doubtful Debts

NPA including loans and advances, receivables are identified as bad / doubtful based on the duration of the delinquency. The duration is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning meets the NBFC / NHB prudential norms prescribed by Reserve Bank of India / National Housing Bank.

l Provisions for Standard Assets

Provisions on Standard Assets are made as per the Reserve Bank of India notification DNBS.PD.CC.No.207/03.02.002 /2010-11 dated January 17, 2011 and prudential norms as per Housing Finance companies (NHB) Directions, 2010.

m Security of Loans Given

Housing loans / loans against property granted are secured by equitable registered mortgage of property and / or undertaking to create a security. Other Secured loans are secured against hypothecation of respective assets.

n Foreign currency transactions

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies at the year end are restated at year end rates.

o Employee benefits

i) Provident fund:

Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the statement of profit and loss.

ii) Gratuity:

The group gratuity benefit scheme is a defined benefit plan. The group net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the statement of profit and loss .

iii) Leave encashment:

Leave encashment which is a defined benefit, is accrued for based on an actuarial valuation at the balance sheet date carried out by an independent actuary.

The employees of the group are entitled to compensated absence. The employees can carry forward a portion of the unutilised accrued leave balance and utilise it in future periods. The group records an obligation for compensated absences in the period in which the employee renders the service that increases the entitlement. The group measures the expected cost of compensated absence as the amount that the group expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

p Employee Stock Option Scheme ("ESOS")

The Employees Stock Option Scheme ("the Scheme") provides for grant of equity shares of the Company to directors (including whole-time) and employees of the Company and its subsidiaries. The Scheme provides that employees are granted an option to acquire equity shares of the Company that vests in a graded manner. The options may be exercised within a specified period. The Company follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured as the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date and is amortized over the vesting period of the option on a straight line basis.

The fair market price is the latest closing price, immediately prior to the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

q Loan origination/acquisition cost

The direct commission cost incurred for the loan origination is written off over the average tenure of the loan.

r Discount on Commercial Paper

The difference between the issue price and the redemption value of commercial papers is apportioned on time basis and recognised as discounting expense.

s New fund offer expenses of schemes

Expenses relating to new fund offer of mutual fund and PMS schemes are charged in the statement of profit and loss in the year in which such expenses are incurred except for closed ended schemes which are recognised over their duration of the scheme.

t Expenses of management

Expense relating to insurance business is allocated on the basis of net premium written to the Revenue Account(s).

Expenses relating to investment activities are charged to the statement of profit and loss.

u Financial Derivatives and Commodity Hedging Transactions

Financial Derivatives and Commodity Hedging transaction are accounted for on a mark to market basis. Payments of margin requirements on this contract are recognised on the Balance Sheet.

v Claims Incurred

Claims incurred comprise claims paid, estimated liability for outstanding claims made following a loss occurrence reported and estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER'). Further, claims incurred also include specific claim settlement costs such as survey/legal fees and other directly attributable costs.

Claims (net of amounts receivable from reinsurers/coinsurers) are recognized on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

Estimated liability for outstanding claims at Balance Sheet date is recorded net of claims recoverable from/payable to co-insurers/reinsurers and salvage to the extent there is certainty of realization.

Estimated liability of outstanding claims is determined by management on the basis of ultimate amounts likely to be paid on each claim based on the past experience. These estimates are progressively revaluated on availability of further information.

IBNR represents that amount of claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims IBNER. Estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER') is based on actuarial estimate duly certified by the appointed actuary of the Company.

w Reserve for Unexpired Risk

Reserve for unexpired risk is made on the amount representing that part of the net premium written which is attributable to, and to be allocated to the succeeding accounting periods, subject to a minimum of 100% in case of marine hull business and 50% in case of other business except in Health business, based on net premium written during the year as required by Section 64V (1) (ii) (b) of the Insurance Act, 1938.

In case of Health segment, the Reserve for Unexpired Risks is created at the end of the Accounting period based on the 1/365 method as per IRDA Circular No. IRDA/F&A/CIR/49/Mar-09 dated March 24, 2009 and IRDA/F&I/CIR/F&A/015/02/2011 dated February 2, 2011.

x Premium Deficiency

Premium deficiency is recognised if the ultimate amount of expected net claim costs, related expenses and maintenance costs exceeds the sum of related premium carried forward to subsequent accounting period as the reserve for unexpired risk. Premium deficiency is calculated by line of business as per IRDA circular F&A/CIR/017/May-04 dated May 18, 2004. The company considers maintenance as relevant costs incurred for ensuring claim handling operations.

Notes to Consolidated Financial Statements as at March 31, 2013

y Acquisition Cost

Acquisition costs are costs that vary with and are primarily related to acquisition of insurance contracts and are expensed in the period in which they are incurred.

z Fund Expenses

Expenses incurred on behalf of schemes of Fund are recognised in the statement of profit and loss under advertisement/brokerage expenses unless considered recoverable from the schemes in accordance with the provisions of SEBI (Mutual Fund) Regulations, 1996.

Expenses directly incurred on behalf of the schemes of Fund are charged to the statement of profit & loss under respective heads.

aa Market linked debentures (MLD)

The group has issued certain non-convertible debentures, the rate of interest on which is linked to performance of specified indices over the period of the debenture.

The group Hedges its interest rate risk on MLD by taking positions in future & options based on specified indices. Any gain/loss on these hedge positions are netted against with interest expense on MLD and resultant 'net loss' is recognised in statement of profit and loss immediately, however 'net gain' if any is ignored.

ab Borrowing costs

Borrowing costs, which are directly attributable to the acquisition / construction of fixed assets, till the time such assets are ready for intended use, are capitalised as part of the cost of the assets. Other borrowing costs are recognised as an expense in the year in which they are incurred. Brokerage costs directly attributable to a borrowing are expensed over the tenure of the borrowing.

ac Operating leases

Lease payments for assets taken on an operating lease are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

ad Earnings per share

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share, is computed by dividing the net profit after tax by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit / loss per share are included.

ae Taxation

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit entitlement is recognized where there is convincing evidence that the same can be realised in future.

Deferred taxation:

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

af Provisions, contingent liabilities and contingent assets

The Company creates a provision when there is a present obligation as a result of past events and it is probable that there will be outflow of resources and a reliable estimate of the obligation can be made of the amount of the obligation. Contingent liabilities are not recognised but are disclosed in the notes to the financial statements. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

3 Previous year figures have been rearranged and reclassified wherever necessary.

The figures for current year includes figures of Emerging Money Mall Limited (EMML) which is amalgamated with the Company with effect from March 31, 2013 i.e. the Appointed Date, Indian Agri Services Private Limited and Quant Alternative Asset Management Private Limited which became subsidiaries during the year, therefore to that extent not strictly comparable to that of Previous year's Figures.

Reliance Capital Limited

Notes to Consolidated Financial Statements as at March 31, 2013

(₹ in crore)

	As at March 31, 2013	As at March 31, 2012
4 Share Capital		
(a) Authorised:		
30 00 00 000 Equity shares of ₹ 10 each (Previous year 30 00 00 000)	300	300
10 00 00 000 Preference shares of ₹ 10 each (Previous year 10 00 00 000)	100	100
	400	400
(b) Issued & Subscribed		
24 69 77 006 Equity shares of ₹ 10 each fully paid up (Previous year 24 69 77 006)	247	247
	247	247
(c) Paid Up		
24 56 32 800 Equity shares of ₹ 10 each fully paid up (Previous year 24 56 32 800)	245	245
Add: Forfeited shares 13 44 206 Equity shares of ₹ 10 each (Previous year 13 44 206)	1	1
	246	246

(d) Equity shares held by holding company and subsidiaries of holding company:

Name of the holder	2012-13		2011-12	
	%	Qty.	%	Qty.
Reliance Innoventures Private Limited (Holding Company)	0.23	5 76 450	0.23	5 76 450
AAA Enterprises Private Limited (Subsidiary of Holding Company)	40.07	9 84 14 206	40.07	9 84 14 206
AAA Infrastructure Consulting & Engineers Private Limited (Subsidiary of Holding Company)	11.39	2 79 75 633	11.39	2 79 75 633

(e) Equity shares in the company held by each shareholder holding more than 5 percent:

Name of the holder	2012-13		2011-12	
	%	Qty.	%	Qty.
AAA Enterprises Private Limited	40.07	9 84 14 206	40.07	9 84 14 206
AAA Infrastructure Consulting & Engineers Private Limited	11.39	2 79 75 633	11.39	2 79 75 633

(f) The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held.

For the year ended March 31, 2013, the amount of per share dividend recognised as distributable to equity shareholders is ₹ 8 (March 31, 2012 ₹ 7.50). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(g) Reconciliation of numbers of share outstanding:

	No of Shares	Amount (₹ in crore)	No of Shares	Amount (₹ in crore)
Equity shares				
Opening balance	24 56 32 800	245	24 56 32 800	245
Movement during the year	-	-	-	-
Closing balance	24 56 32 800	245	24 56 32 800	245

(h) As on March 31, 2013, 5,07,101 equity shares (Previous year 9,74,329 equity shares) are held by custodian against which depository receipts have been issued.

Notes to Consolidated Financial Statements as at March 31, 2013

(₹ in crore)

	As at March 31, 2013	As at March 31, 2012	
5 Reserves & surplus			
Capital reserve	6	6	
Add: Amount transferred as per scheme of amalgamation (Refer Note No. 31)	846		
Less: Amount withdrawn as per scheme of amalgamation (Refer Note No. 31)	680	172	6
Capital redemption reserve			
As per last balance sheet	36	11	
Add: Amount transferred from statement of profit and loss	-	25	
Less: Minority share adjustments (Previous year ₹ 3 00 000)	1	35	36
Securities premium account			
As per last balance sheet	3 757	3 720	
(Add)/Less: Minority share adjustments	158	3 599	3 757
General reserve **			
As per last balance sheet	5 385	621	
Add: Amount transferred from statement of profit and loss	88	1 080	
Add: Amalgamation adjustments (Refer Note No. 31)	-	3 837	
Less: Amount withdrawn as per scheme of amalgamation (Refer Note No. 31)	-	149	
Less: Minority share adjustments	22	5 451	5 385
Statutory reserve fund *			
As per last balance sheet	1 040	935	
Add: Amount transferred from statement of profit and loss	136	105	
Less: Minority share adjustments [₹ 3 657 (Previous year ₹ 6 53 684)]	-	1 176	1 040
Special reserve #			
As per last balance sheet	14	9	
Add: Amount transferred from statement of profit and loss	5	19	14
Foreign currency translation reserve			
As per last balance sheet	26	15	
Add : Addition during the year	5	12	
Less: Minority share adjustments	9	22	26
Settlement guarantee fund			
As per last balance sheet [₹ 4 65 000 (Previous year ₹ 2 30 000)]	-	-	
Add : Addition during the year [₹ Nil (Previous year ₹ 2 35 000)]	-	-	-
Surplus in statement of profit & loss			
As per Last Balance Sheet	1 258	2 227	

Reliance Capital Limited

Notes to Consolidated Financial Statements as at March 31, 2013

(₹ in crore)

	As at March 31, 2013	As at March 31, 2012
Add: amount transferred from statement of profit & loss	812	458
Less: Proposed dividend	253	196
Less: Tax on proposed dividend	26	33
Less: Interim dividend	123	-
Less: Tax on interim dividend	21	-
Less: Proposed dividend for earlier years	44	-
Less: Tax on proposed dividend for earlier years	5	-
Less: Transfer to special reserve	5	5
Less: Transfer to statutory reserve Fund	136	105
Less: Transfer to general reserve	88	1 080
Less: Transfer to capital redemption reserve	-	25
Less: Minority share adjustments	118	(17)
	<u>1 251</u>	<u>1 258</u>
	<u>11 725</u>	<u>11 522</u>

* Created pursuant to section 45-IC of Reserve Bank of India Act, 1934.

** Includes ₹ 3 837 crore (Previous year ₹ 3 837 crore) created pursuant to schemes of amalgamation.

Created pursuant to Section 29C of the National Housing Bank Act, 1987

6 Long term borrowings

Non convertible debentures

- Secured (Refer Note No. 29)		
Others	5 003	2 624
Related party (Refer Note No. 41)	15	-
- Unsecured		
Others	1 092	483
Related party (Refer Note No. 41)	25	25
Term loans from banks / financial institutions		3 132
- Secured (Refer Note No. 29)	7 542	8 777
Inter corporate deposits -Unsecured	9	17
	<u>13 686</u>	<u>11 926</u>

7 Other long-term liabilities

Interest accrued but not due on debentures	13	-
Security deposits	1	1
	<u>14</u>	<u>1</u>

8 Long-term provisions

Provision for employee benefits		
-Leave encashment	9	9
-Gratuity [₹ 24 41 552 (Previous year ₹ 12 18 562)]	-	-
Others		
-Standard debts	39	31
-Income tax	-	1
	<u>48</u>	<u>41</u>

Notes to Consolidated Financial Statements as at March 31, 2013

(₹ in crore)

	As at March 31, 2013	As at March 31, 2012
9 Short term borrowings		
Loans from banks / financial institutions		
–Secured (Refer Note given below)		
Cash credit	41	165
Overdrafts from banks (Secured against fixed deposits receipts ₹ 216 crore (Previous year ₹ 140 crore))	170	132
Short term	500	-
–Unsecured		
Short term	-	400
Inter corporate deposits –Unsecured	2	38
Commercial paper –Unsecured (Refer Note c below)		
Others	3 402	2 450
Related party (Refer Note No. 41)	271	2 932
	4 386	3 667

Note:

- Cash Credits amounting to ₹ 41 crore (Previous year ₹ 165 crore) referred above are secured by pari passu first charge on all present and future book debts (only performing assets), receivables and loan assets pertaining only to the Company's commercial finance division and Reliance Home Finance Limited.
- Short term loan amounting to ₹ 500 crore (Previous year ₹ Nil) referred above are secured by pari passu first charge on all present and future book debts (only performing assets), receivables and loan assets pertaining only to the Company's commercial finance division.
- In respect of Commercial Papers maximum amount outstanding during the year was ₹ 5 341 crore (Previous year ₹ 5 620 crore).

10 Trade payables

–Due to micro, small and medium enterprises (Refer Note below)	-	-
– Due to Related party (Refer Note No. 41) [₹ 4 79 830 (Previous year ₹ 4 79 830)]	-	-
– Due to others	342	302
	342	302

There are no Micro, Small and Medium Scale Business Enterprises, to whom the group owes dues, which are outstanding for more than 45 days as at March 31, 2013. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the group.

11 Other current liabilities

Current maturities of long-term debt

Non convertible debentures

–Secured (Refer Note No. 29)	1 318	2 985
Inter corporate deposits –Unsecured	1	-

Reliance Capital Limited

Notes to Consolidated Financial Statements as at March 31, 2013

(₹ in crore)

	As at March 31, 2013	As at March 31, 2012
Term loans from banks / financial institutions		
–Secured (Refer Note No. 29)	<u>3 119</u>	<u>1 012</u>
Interest accrued but not due on debentures	4 438	3 997
Income received in advance	295	295
Advance from customers	45	7
Temporary book overdraft balance of banks	254	275
Claims outstanding	434	249
Trading margins from clients	2 438	1 511
Other payables*	52	88
Investor education and protection fund	561	218
Unclaimed dividend #	12	9
	<u>8 529</u>	<u>6 649</u>

Notes:

* Includes provision for expenses, statutory payments and other payables.

Does not include any amounts, due and outstanding, to be deposited to the Investor Education and Protection Fund.

12 Short-term provisions

Provision for employee benefits

–Leave encashment	4	4
–Gratuity	1	2
–Bonus [₹ Nil (Previous year ₹ 17 98 125)]	-	-

Others

– Income tax	2	2
–Standard debts	20	15
– Provision for loss – equity index options	3	-
–Provision for unexpired risk	785	608
–Provision for premium deficiency reserve (Previous year ₹ 29 64 000)	2	-
–Proposed dividend	253	196
–Tax on proposed dividend	26	33
	<u>1 096</u>	<u>860</u>

Notes to Consolidated Financial Statements as at March 31, 2013

13 Fixed Assets

(₹ in crore)

DESCRIPTION	Gross Block			Depreciation			Net Block			
	As at April 1, 2012	Additions / Adjustments #	Deduction / Adjustments	As at March 31, 2013	Upto April 1, 2012	During the year	Deduction / Adjustments	Upto March 31, 2013	As at March 31, 2013	As at March 31, 2012
(i) Tangible Assets										
Lease assets										
Plant and equipments	25	3	5	23	2	4	1	5	18	23
Data processing machineries	14	2	-	16	2	3	-	5	11	12
Vehicles	40	2	1	41	6	5	-(iii)	11	30	34
Sub - total - A	79	7	6	80	10	12	1	21	59	69
Previous year	38	41	-(ii)	79	1	9	-(iv)	10	69	
Own assets										
Buildings	68	1	-	69	15	2	-	17	52	53
Data processing machineries	93	13	4	102	70	11	3	78	24	23
Furniture and fixtures	28	1	3	26	18	3	3	18	8	10
Vehicles	18	3	9	12	12	2	7	7	5	6
Office equipments	53	2	4	51	27	4	3	28	23	26
Leasehold improvement	48	4	8	44	36	6	8	34	10	12
Sub - total - B	308	24	28	304	178	28	24	182	123	130
Previous year	253	64	9	308	155	29	6	178	130	
Total (A+B)	387	31	34	383	188	40	27	201	182	199
Previous year	291	105	9	387	156	38	6	188	199	
(ii) Intangible assets										
Computer software/licensing cost	118	19	-	137	85	16	-	101	36	33
Membership rights	1	-	-	1	1	-(ii)	-	1	-(iv)	1
Goodwill on consolidation	47	176	7	216	-	-	-	-	216	47
Total	166	195	7	354	86	16	-	102	252	81
Previous year	148	18	-	166	69	16	-	85	81	
(iii) Capital work-in-progress										
									-	-(v)
(iv) Intangible assets under development									5	1

1 During the previous year gross block of ₹ 4 crore alongwith accumulated depreciation ₹ 1 crore forming part of office equipments has been reclassified to computer software.

Adjustments to additions are on account of acquisitions of subsidiary gross block of ₹ Nil (Previous year ₹ 51 94 927) alongwith accumulated depreciation ₹ Nil (Previous year ₹ 29 09 988)

2. (i) ₹ 35 54 821 (ii) ₹ 7 50 000 (iii) ₹ 17 93 087 (iv) ₹ 18 30 822 (v) ₹ 5 66 150 (vi) ₹ 3 16 033

Reliance Capital Limited

Notes to Consolidated Financial Statements as at March 31, 2013

	(₹ in crore)	
	As at March 31, 2013	As at March 31, 2012
14 Non-current investments (valued at cost unless stated otherwise)		
Investments in equity shares		
-Quoted {Net of provision of ₹ 418 crore (Previous year ₹ 152 crore)}	827	1 495
-Unquoted {Net of provision of ₹ 10 crore (Previous year ₹ 12 crore)}	398	667
Investments in associate companies		
-Equity shares (carrying cost)	5 158	3 967
-Preference shares	562	562
-Debentures {Net of provision of ₹ 29 crore (Previous year ₹ Nil)}	-	29
Investments in preference shares		
-Quoted	-	10
-Unquoted {Net of provision of ₹ Nil (Previous year ₹ 5 crore)}	2 824	3 482
Investments in government or trust securities		
-Unquoted	1 000	777
Investments in debentures or bonds		
-Quoted	1 282	891
-Unquoted {Net of provision of ₹ 21 crore (Previous year ₹ 13 crore)}	1 019	547
Investments in mutual funds		
-Quoted {Net of provision of Nil (Previous year ₹ 12 63 556)}	99	31
-Unquoted	84	83
Other non-current investments		
-Units of seed/equity fund- unquoted, fully paid-up {Net of provision of ₹ 2 crore (Previous year ₹ Nil)}	50	49
-Units of fund - unquoted, partly paid-up	148	131
-Joint venture (Refer Note 2 below)	85	85
-Pass through certificates & security receipts	24	24
	13 560	12 830
Notes		
1. Aggregate value of Provision for diminution in value of investments		
Quoted Investments	418	152
Unquoted Investments	62	30
Total	480	182
2. The Company has entered into a joint venture with KGS Developers Ltd in respect of real estate project development. The Company has invested ₹ 85 crore and is entitled to share the Profit / Loss equally. However assets, liabilities, revenue and expenses related to the project are not included in the financial statements of the Company as it does not meet the definition criteria of a Joint Venture under AS 27 "Financial Reporting of Interests in Joint Ventures".		
15 Deferred tax assets:		
Deferred tax asset included in the balance sheet comprises the following:		
(a) Deferred tax assets		
Depreciation on fixed assets	-	30
Provision for non performing assets/diminution in the value of assets & investments	68	61
Straightlining of lease rentals	2	2
Unabsorbed depreciation and carried forward losses as per Income tax act,1961	35	7
Employee compensation/ leave encashment	4	4
Total (a)	109	104
(b) Deferred tax liabilities		
Depreciation on fixed assets	7	-
Accrued interest / interest on investments	-	4
Reserve for unexpired risk & others	5	6
Unamortised expenditure	63	49
Total (b)	75	59
Net deferred tax assets [(a)-(b)]	34	45

Notes to Consolidated Financial Statements as at March 31, 2013

(₹ in crore)

	As at March 31, 2013		As at March 31, 2012	
16 Long-term loans and advances				
(a) Capital advances				
Secured, considered good	76		76	
Unsecured, considered good	20	96	201	277
(b) Security deposits				
Unsecured, considered good	106		94	
Unsecured, considered doubtful [₹ 17 20 333 (Previous year ₹ 23 10 296)]	-		-	
Less : Provision for doubtful debts [₹ 17 20 333 (Previous year ₹ 23 10 296)]	-	106	-	94
(c) Loans				
Considered doubtful				
-Secured	262		222	
-Unsecured	30		13	
Less : Provision for non performing assets and doubtful debt	68		38	
	224		197	
Considered good				
Related party (Refer Note No. 41)				
-Secured	61		7	
-Unsecured	25		15	
Others				
-Secured	9 154		9 443	
-Unsecured	2 816		771	
	12 056	12 280	10 236	10 433
(d) Advances (Refer Note No. 2 below)				
Considered doubtful				
-Secured	50		24	
-Unsecured	1		17	
Less : Provision for non performing assets and doubtful debt	12		13	
	39		28	
Considered good - others (Unsecured)	10	49	130	158
(e) Other loans and advances				
-VAT & service tax credit available	31		36	
-Advance income tax & TDS deducted (net of income tax provision)	179	210	138	174
		12 741		11 136

Notes:

- In the opinion of the management, loans and advances, other than doubtful, are considered as good and fully recoverable.
- Advances includes ₹ 2 crore (Previous year ₹ 52 crore) paid towards share application money .

17 Other non-current assets

(a) Other bank balances				
- In fixed deposit accounts				
-Under lien (Refer Note No. 1 below)	316		259	
-Other	7	323	1	260
(b) Accrued interest / finance income on investments		1 053		764

Reliance Capital Limited

Notes to Consolidated Financial Statements as at March 31, 2013

(₹ in crore)

	As at March 31, 2013	As at March 31, 2012	
(c) Unamortised expenditures			
Unamortised DSA commission	88	66	
Add : Incurred during the year	45	57	
Less : Amortised during the year	46	35	
	87	88	
Less : To be amortised during the next year	23	30	
	64	58	
Unamortised brokerage on borrowings	63	16	
Add : Incurred during the year	66	75	
Less : Amortised during the year	29	28	
	100	63	
Less : To be amortised during the next year	20	18	
	80	45	
Unamortised distribution cost	6	9	
Add : Incurred during the year (Previous year ₹ 47 74 581)	-	-	
Less : Amortised during the year	3	4	
	3	5	
Less : To be amortised during the next year	2	3	
	1	2	105
(d) Repossessed assets	19	14	
Less : Provision for repossessed assets	7	2	12
	12		
	1 533	1 141	

1. In respect of balances with banks in fixed deposit accounts above includes:

- ₹ 301 crore (Previous year ₹ 256 crore) is kept as credit enhancement towards securitisation/assignment transaction.
- ₹ 2 12 500 (Previous year ₹ 3 32 500) is kept as deposit with sales tax authority.
- ₹ 5 00 000 (Previous year ₹ 5 00 000) is kept as deposit with the Pension Fund Regulatory and Development Authority (PFRDA)
- ₹ 4 crore (Previous year ₹ 3 crore) is kept as deposit with bank for issuing of Bank Guarantee & Financial institutions
- ₹ 50 00 000 (Previous year ₹ Nil) pledged with Insurance Regulatory & Development Authority
- ₹ 10 crore (Previous year ₹ Nil) is pledged against Bank overdraft facility.

18 Current investments (valued at cost unless stated otherwise)

Investments in preference shares

-Quoted	10	-
-Unquoted	119	5

Investments in government or trust securities

-Unquoted	5	47
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Investments in debentures or bonds

-Quoted	314	231
-Unquoted	540	944

Investments in mutual funds

-Quoted	180	184
-Unquoted	268	290

Pass through certificates & security receipts

88	226
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Notes to Consolidated Financial Statements as at March 31, 2013

(₹ in crore)

	As at March 31, 2013	As at March 31, 2012
Other current investments		
-Units of seed/equity fund- unquoted , fully paid-up {Net of provision of ₹ 1 crore (Previous year ₹ 1 crore)}	3	3
	<u>1 527</u>	<u>1 930</u>
Notes		
1. Aggregate value of provision for diminution in value of investments		
Quoted investments	-	-
Unquoted investments	1	1
TOTAL	<u>1</u>	<u>1</u>
19 Inventories (As certified by management)		
Securities	76	22
Commodities	11	68
Paintings	37	37
Gold	20	-
Stock of currencies [₹ 23 52 829 (Previous year ₹ 19 72 539)]	-	-
	<u>144</u>	<u>127</u>
20 Trade receivables		
Doubtful unsecured		
Debts outstanding for a period exceeding six months	39	19
Less : Provision for doubtful debts	38	18
	<u>1</u>	<u>1</u>
Other debts-unsecured,considered good;		
Others	838	429
	<u>839</u>	<u>430</u>
21 Cash & bank balances		
(a) Cash & cash equivalents		
Balances with banks		
- In current accounts	1 010	555
- Fixed deposits (less than 3 months)	71	75
Cheques on hand	24	23
Cash on hand	7	5
	<u>1 112</u>	<u>658</u>
(b) Other bank balances		
- Unclaimed dividend accounts	12	9
- In fixed deposit accounts		
-Under lien	451	452
-Under margin	7	5
-Other	-	1
	<u>458</u>	<u>458</u>
	<u>1 582</u>	<u>1 125</u>

Notes:

1. In respect of balances with Banks in Fixed Depsoit accounts above includes:

(a) ₹ 54 crore (Previous year ₹ 99 crore) is kept as credit enchancement towards securitisation transaction,,

Reliance Capital Limited

Notes to Consolidated Financial Statements as at March 31, 2013

(₹ in crore)

	As at March 31, 2013	As at March 31, 2012
(b) ₹ 30 crore (Previous year ₹ 21 crore) is kept as collateral security deposit in favour of National Stock Exchange Limited and Bombay Stock Exchange Limited and ₹ 7 crore (Previous year ₹ 5 crore) placed as margin for the issue of bank guarantee favouring National Securities Clearing Corporation Limited.		
(c) ₹ 25 crore (Previous year ₹ 40 crore) placed as margin for the issue of bank guarantee favouring Multi Commodity Exchange Limited and National Commodity and Derivative Exchange Limited .		
(d) ₹ 206 crore (Previous year ₹ 140 crore) are lien against bank overdraft facility.		
(e) ₹ 136 crore (Previous year ₹ 152 crore) is kept as deposit with bank for issuing of bank guarantees.		
22 Short term loans and advances		
Unsecured, considered good;		
(a) Loans		
Considered doubtful [₹Nil (Previous year ₹ 40 72 963)]	-	-
Less : Provision for non performing assets and doubtful debt [₹ Nil (Previous year ₹ 40 72 963)]	-	-
	-	-
Considered good		
Related party (Refer Note No. 41)		
-Secured	95	9
-Unsecured	434	66
Others		
-Secured	3 644	3 050
-Unsecured	3 028	2 343
	7 201	5 468
(b) Advances		
Considered good		
Related party unsecured (Refer Note No. 41) [₹ 2 67 733]	-	4
Others		
-Secured	109	45
-Unsecured	96	162
	205	211
(c) Other laons and advances		
-Deal and fund organisation expenses	4	2
-VAT & service tax credit available	14	6
-Advance income tax & TDS deducted(net of provision)	10	3
	28	11
(d) Prepaid expenses	38	21
	7 472	5 711
23 Other current assets		
Interest accrued on loans	483	359
Option premium receivable	-	8
Accrued interest / finance income on investments	99	171
Unamortised DSA commision	23	30
Unamortised brokerage on borrowings	20	18
Motor pool transltion liabilities (Unamortised Losses)	79	-
DR pool claims assets account	11	-
Unamortised referral fees	2	3
	717	589

Notes to Consolidated Financial Statements as at March 31, 2013

(₹ in crore)

	2012-2013	2011-2012
24 Revenue from operations		
Interest and finance income on:		
Long term investments	753	749
Loans	2 374	1 987
Fixed deposits & others	80	86
Lease rental income	21	17
Processing fees	91	56
Less: Service tax recovered	10	5
Profit / (loss) on sale of (Net):		
Long term investments	1 028	667
Current investments	43	91
Investment management and advisory fees	50	30
Trustee / portfolio management fees	592	560
Commission and brokerage earned	221	209
Premium & commission earned	2 073	1 934
Dividends on long term / short term investments	40	36
Profit on sale of securities / commodities	48	57
Premium on loan assignment and securitisation	-	4
Depository participant transaction charges	-	4
Bad debts recovered	34	53
Other operating income	32	42
	<u>7 470</u>	<u>6 577</u>
25 Other income		
Exchange difference/ margin on sale of foreign currency (Net)	2	4
Credit balance / excess provision written back	11	10
Profit on sale of fixed assets/written off reversed	-	2
Miscellaneous income	36	34
	<u>49</u>	<u>50</u>
26 Employee benefit expenses:		
Salary and wages	555	498
Contribution to provident fund & other funds	27	23
Staff welfare expenses	25	27
	<u>607</u>	<u>548</u>
27 Finance cost		
Interest expense		
-Debentures	631	567
-Bank loans / financial institutions (Long term and short term)	1 242	1 203
-Bank loans (cash credit)	29	27
-Inter corporate deposits	1	5
-Others	3	17
Other borrowing costs		
-Discourt on commercial papers	408	406
-Amortised brokerage on borrowings (Refer Note No. 17)	29	25
-Net (gain)/loss on foreign currency transactions and translation	-	-
[₹ 3 52 124 (Previous year ₹ 4 52 850)]		
	<u>2 343</u>	<u>2 250</u>

Reliance Capital Limited

Notes to Consolidated Financial Statements as at March 31, 2013

(₹ in crore)

	2012-2013	2011-2012
28 Other expenses:		
Bank charges	5	5
Rent	75	126
Rates and taxes	47	10
Repairs and maintenance		
– Buildings	2	10
– Others	66	63
Electricity	11	13
Insurance	3	3
Travelling and conveyance	31	28
Claims incurred (Net)	1 261	1 266
Premium paid on reinsurance ceded	534	752
Reserve for unexpired risk	183	21
Postage, telegram and telephones	43	52
Legal & professional fees	207	170
Commission	241	118
Auditors' remuneration (Refer Note No. 42)	3	2
Loss on sale of securities / commodities	6	5
Sales and marketing expenses	190	213
Employee seminar and training	8	7
Donation	1	4
Directors' sitting fees (Previous year ₹ 45 22 799)	1	–
Amortised DSA commission (Refer Note No. 17)	46	35
Amortised Distribution cost (Refer Note No. 17)	3	4
Provision for NPA, doubtful debts and balances written off *	334	122
Provision for diminution in the value investments / written off **	304	130
Provision and loss on repossessed stock #	9	2
Loss on sale of fixed assets/written off	2	–
Miscellaneous expenses	67	95
	3 683	3 256
Notes:		
* Breakup of provision for NPA, doubtful debts and bad debts written off		
Provision for NPA and doubtful debts	50	(19)
Provision for standard debts	12	9
Bad debts written off	151	132
Loss on sale of assignment	121	–
	334	122
# Breakup of provision and loss on repossessed stock		
Provision for repossessed stock	3	(–)
(Previous year reversal of ₹ 35 50 183)		
Loss on sale of repossessed stock	6	2
	9	2
** Breakup of provision for diminution in the value of investments / written off		
Provision for diminution in value of investments	298	119
Investments written off	6	11
	304	130

Notes to Consolidated Financial Statements as at March 31, 2013

29 Security clause in respect to Secured Loans/Debentures:

- (i) Non convertible debentures (NCDs) referred above are redeemable at par, in one or more installments, on various dates .
- (a) NCDs amounting to ₹ Nil (Previous year ₹ 5 crore) are secured by way of first pari passu legal mortgage and charge over the premises situated at Avdesh House near Pritam Nagar, Ellisbridge, Ahmedabad and additional first pari passu charge by way of hypothecation on business receivables and loan assets of the commercial finance division, against security not exceeding ₹ Nil (Previous year ₹ 6 crore).
- (b) 'NCDs amounting to ₹ 5,683 crore (Previous year ₹ 5,530 crore) are secured by way of first pari passu legal mortgage and charge over the premises situated at Avdesh House near Pritam Nagar, Ellisbridge, Ahmedabad and additional first pari passu charge by way of hypothecation on business receivables and loan assets of the Company or as may be decided by the Company, against security not exceeding ₹ 6,175 crore (Previous year ₹ 6,954 crore).
- (c) 'NCDs amounting to ₹ 86 crore (Previous year ₹ Nil) are secured by way of first pari passu legal mortgage and charge over the premises situated at Bharuch and additional pari passu charge by way of hypothecation on the present and future books debts/receivables, outstanding money (loan book), receivable claims of the Company with other secured lenders, except those book debts and receivables charged/ to be charged in favour of National Housing Bank for refinance availed/ to be availed from them, of Home Finance Business subject to maintenance of minimum asset coverage of 100% of issue amount.
- (d) The Company is in the process of creating security on the remaining NCDs amounting to ₹ 567 crore (Previous year ₹ 74 crore).
- (e) Maturity profile and Rate of interest of Non Convertible Debentures are as set out below:

(₹ in crore)

Rate of Interest	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Total
#	20	-	-	-	-	-	-	-	-	-	20
8.40%	-	25	-	-	-	-	-	-	-	-	25
9.50%	-	10	-	-	-	-	-	-	-	-	10
9.60%	-	19	-	-	-	-	-	-	-	-	19
9.75%	123	10	-	15	-	-	-	-	-	-	148
9.80%	-	-	-	-	-	-	-	-	500	-	500
9.85%	-	5	-	75	-	-	-	-	45	-	125
9.86%	-	-	-	30	-	-	-	-	-	-	30
9.90%	-	-	-	-	-	-	500	-	75	-	575
9.95%	-	-	-	-	-	-	-	-	85	-	85
10.00%	5	15	10	280	-	-	-	-	26	-	336
10.05%	-	-	-	-	-	-	-	-	7	-	7
10.10%	40	-	-	20	16	-	-	-	10	-	86
10.15%	-	5	-	65	-	-	-	-	-	-	70
10.20%	-	-	-	5	-	-	-	-	82	-	87
10.24%	-	-	-	-	-	500	-	-	-	-	500
10.25%	25	-	-	16	-	-	-	-	40	-	81
10.28%	-	-	-	-	-	15	-	-	-	-	15
10.30%	5	4	-	49	-	-	-	-	-	-	58
10.33%	-	-	-	25	-	-	-	-	45	-	70
10.35%	89	5	-	15	-	-	5	-	5	-	119
10.40%	-	45	105	-	-	5	-	-	400	-	555
10.50%	99	-	500	-	21	-	-	25	20	15	680
10.60%	-	-	-	-	-	-	-	83	59	-	142
10.65%	10	-	-	-	8	-	-	-	-	-	18
10.70%	640	-	-	-	-	-	-	-	-	-	640
10.75%	19	-	-	-	-	-	-	367	-	-	386
11.00%	-	-	300	-	-	-	-	-	-	-	300
11.65%	50	-	-	-	-	-	-	-	-	-	50
MLD	153	193	52	-	-	-	-	-	-	-	398
Total	1 278	336	967	595	45	520	505	475	1 399	15	6 135

Zero coupon deep discount non convertible debentures

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- (ii) Term Loans from banks above includes :
- (a) Term Loans from banks includes ₹ 8,518 crore (Previous year ₹ 7,735 crore) are secured by pari passu first charge on all present and future book debts, receivables, bills, claims and loan assets of the Company's commercial finance division.
- (b) In respect of Term Loans taken from Bank by Reliance Home Finance Ltd. ('RHFL') :
- (i) Term loans ₹ 1,695 crore (Previous year ₹ 1,524 crore) secured by pari passu first charge in favor of the lender on all the book debts, outstanding moneys, receivable claims of RHFL, except for those book debts/receivables to be charged in favour of National Housing Bank for refinance to be availed, if any, from them, against security not exceeding ₹ 1,880 crore (Previous year ₹ 1,708 crore).
- (ii) Term loans ₹ 100 crore (Previous year ₹ 100 crore) secured by pari passu first charge in favor of the lender on all the standard book debts, outstanding moneys, receivable claims of RHFL, except for those book debts/receivables to be charged in favor of National Housing Bank for refinance to be availed, if any, from them, against security not exceeding ₹ 110 crore (Previous year ₹ 110 crore).
- (iii) Term loans ₹ 187 crore (Previous year ₹ 250 crore) secured by pari passu first charge in favor of the lender on all the book debts, outstanding moneys, receivable claims of RHFL, against security not exceeding ₹ 206 crore (Previous year ₹ 275 crore).
- (iv) Term loans ₹ 161 crore (Previous year ₹ 180 crore) secured by pari passu first charge in favor of the lender on all the book debts, outstanding moneys, receivable claims of RHFL, against security not exceeding ₹ 192 crore (Previous year ₹ 216 crore).
- (c) Maturity profile of Term loans from banks are as set out below :

	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Term Loan from Banks	2 988	2 990	1 133	400	31	7 542

- (iii) Maturity profile of Inter corporate Deposit are as set out below :

Rate of Interest	2014-15
5.00%	1
8.00%	8
Total	9

30 Profit on Sale of Subsidiaries and Amalgamation adjustments:

	(₹ in crore)	
	2012-2013	2011-2012
Profit /(Loss) on sale of subsidiaries	-	(1)
Amalgamation Adjustments (Refer Note (i) given below)	40	-
Total	40	(1)

- (i) Amalgamation Adjustments referred above ₹ 40 crore (Previous year ₹ Nil) is on account of Provision for diminution in value of investments reversed in respect of Reliance Equities International Private Limited.

31 Scheme of Amalgamation & Arrangement

I Scheme of Amalgamation between Company, Reliance Equities International Private Limited (REIPL) and Emerging Money Mall Limited (EMML)

The Scheme of Amalgamation ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 between Company, REIPL and EMML has been sanctioned by the Hon'ble High Court of Judicature at Bombay vide Order dated March 22, 2013. The scheme became effective on April 17, 2013 on filing with the Registrar of Companies (RoC) with effect from March 31, 2013 i.e. Appointed Date.

REIPL was incorporated with the main object of providing broking services to institutional investors and EMML was incorporated with the main object of e-commerce. The amalgamation has been accounted for under the "Purchase method" as prescribed by Accounting Standard (AS-14) on "Accounting for Amalgamation" notified under the Companies (Accounting Standards) Rules, 2006. The Company has carried out the accounting treatment prescribed in the Scheme as sanctioned by the Hon'ble High Court of Judicature at Bombay. The required disclosures as per paragraph 42 of Accounting Standard (AS-14) 'Accounting for Amalgamations' as prescribed under the Companies (Accounting Standards) Rules, 2006 has been provided.

Notes to Consolidated Financial Statements as at March 31, 2013

Hence, in accordance with the Scheme:-

- (i) As entire issued, subscribed and paid up share capital of REIPL and EML was held by the Company, no shares of the Company have been allotted in lieu or exchange of its holding in REIPL and EML. Consequent to the Scheme the share capital of REIPL and EML stands cancelled.
- (ii) On Scheme becoming effective with effect from Appointed Date, the Company has written off its cancelled investments amounting to ₹ 680 crore in REIPL and EML to the Statement of Profit and Loss of the Company for the year and recorded all the assets aggregating to ₹ 1,103 crore and liabilities aggregating to ₹ 188 crore as appearing in the books of REIPL and EML at their respective fair value as decided by the Board of Directors of the Company. The net assets taken over include:

	(₹ in crore)		
Assets / Liabilities Taken Over	REIPL	EML	Total
Assets			
Investments	1 060	2	1 062
Balance with Schedule Bank (₹ 5 95 231)	3	-	3
Loans & Advances (₹ 30 000)	38	-	38
Taxes Paid (₹ 3 94 137)	-	-	-
Total	<u>1 101</u>	<u>2</u>	<u>1 103</u>
Liabilities			
Loans	187	1	188
Other liabilities (₹ 4 86 095, ₹ 5 62 024)	-	-	-
Total	<u>187</u>	<u>1</u>	<u>188</u>
Excess of Assets over liabilities credit to Capital Reserve	<u>914</u>	<u>1</u>	<u>915</u>

- (iii) All Inter-company balances including liabilities on account of loans and advances amounting to ₹ 186 crore on Appointed Date also stand cancelled. Consequent upon the above Scheme of Amalgamation, there has been a reduction of ₹ 69 crore in the value of investments in Viscount Management Services Limited which has been debited to Capital Reserve.
- (iv) Difference aggregating to ₹ 846 crore after recording both above said items being the excess arising on transfer under the Scheme of assets and liabilities has been credited to Capital Reserve. The reserve created pursuant to the Scheme shall for all regulatory and accounting purposes be considered to be part of the owned funds / net worth of the Company.
- (v) In accordance with the provisions of the Scheme of Amalgamation of Reliance Commercial Finance Private Limited (RCFPL) with the Company ("the 2011 Scheme") sanctioned by the Hon'ble High Court of Judicature at Bombay vide order dated April 29, 2011, an equivalent amount, equivalent to the investments written off amounting to ₹680 crore determined as an exceptional item by the Board of Directors of the Company, has been withdrawn from General Reserve to offset the same and credited to the Statement of Profit and Loss so that there is no impact on profit before tax for the year.

Had both the Schemes not prescribed the above accounting treatment and Company has followed accounting treatment prescribed under Accounting Standard (AS - 14), the General reserve would have been higher by ₹ 680 crore.

In consolidated financial statements due to accounting of above said Schemes Capital Reserve (Net) is higher by ₹ 166 crore.

II Between Viscount Management Services(Alpha) Limited and Reliance Capital Limited

The Scheme of Amalgamation ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 between Company and Viscount Management Services (Alpha) Limited (VMSAL) was sanctioned by the Hon'ble High Court of judicature at Bombay vide Order dated January 20, 2012. The scheme has become effective on March 12, 2012 on filing with the Registrar of Companies (RoC) with effect from October 1, 2011 i.e. Appointed Date.

VMSAL was incorporated with the main object of business consultancy service. The amalgamation has been accounted for under the "Purchase method" as prescribed by Accounting Standard (AS) 14 on "Accounting for Amalgamation" notified under the Companies (Accounting Standards) Rules, 2006. The Company has carried out the accounting treatment prescribed in the Scheme as sanctioned by the Hon'ble High Court of Judicature at Bombay. The required disclosures as per paragraph 42 of Accounting Standard 14 (AS 14) 'Accounting for Amalgamations' as prescribed under the Companies (Accounting Standards) Rules, 2006 has been provided.

Hence, in accordance with the Scheme:-

- (i) Before Scheme becomes effective the entire issued, subscribed and paid up share capital was held by the Company. No shares of the Company have been allotted in lieu or exchange of its holding in VMSAL and share capital of VMSAL stands cancelled.

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- (ii) On Scheme becoming effective with effect from Appointed Date, the Company has recorded all the assets aggregating to ₹ 5,839 crore and liabilities aggregating to ₹ 1,385 crore as appearing in the books of VMSAL at their respective fair value as decided by the Board of Directors of the Company. The net assets taken over include:

Assets / Liabilities Taken Over	₹ in crore
Assets	
Investments	5 839
Cash in Hand (₹ 2 053)	-
Balance with Schedule Bank (₹ 3 529)	-
Taxes Paid (₹ 12 364)	-
Total	5 839
Liabilities	
Optionally Convertible Preference Share Capital and premium payable on redemption ₹ 204 crore	211
Zero Coupon Optionally Fully Convertible Debenture and premium payable on redemption ₹ 321 crore	1 174
Short Term Provision (₹ 27 575)	-
Total	1 385
Excess of Assets over liabilities credit to General Reserve	4 454

- (iii) All Inter-company balances including liabilities on account of debentures and inter-company investments amounting to ₹ 1,385 crore on appointed date stand cancelled. The excess amount of investments amounting to ₹ 679 crore has been debited to general reserve toward inter-company investments cancellation.
- (iv) Difference aggregating to ₹ 3,774 crore after recording both above said items being the excess arising on transfer of assets and liabilities has been credited to General Reserve.
- (v) Difference in accounting method between the Company and VMSAL amounting to ₹ 62 crore has been credited to General Reserve pursuant to the Scheme.

Had the Scheme not prescribed the above accounting treatments, the difference of ₹ 3,837 crore would have been credited to Capital Reserve instead of General Reserve and General Reserve would have been lower by equivalent amount.

- III** In accordance with the provisions of the Scheme of Amalgamation of Reliance Commercial Finance Private Limited (RCFPL) with the Company ("the Scheme") sanctioned by the Hon'ble High Court of Judicature at Bombay vide order dated April 29, 2011, the loss on sale of long term investments amounting to ₹ 149 crore determined as an exceptional item by the Board of Directors of the Company has been debited in the statement of profit and loss for the previous year ended March 31, 2012. As per the Scheme and legal opinion obtained by the Company equivalent amount has been withdrawn from General Reserve to adjust the same, which has been disclosed accordingly. Had such losses not been met from General Reserve, the Company would have reflected a profit before tax of ₹ 370 crore and Profit after tax for the year would have been ₹ 309 crore.

- 32 a)** The group sells loans through securitisation and direct assignment. The information related to securitisation and assignment made by the group during the year, as an originator is given below:

		(₹ in crore)		
		Securitisation	Assignment	Total
Total number of loan assets Securitised / Assigned	(Nos.)	12 051	7 120	19 171
		(-)	(16 392)	(16 392)
Total book value of loan assets Securitised / Assigned (Net of Provisions, if any)	(₹)	1 610	701	2 311
		(-)	(1 293)	(1 293)
Sale consideration received for the Securitised / Assigned assets	(₹)	1 610	580	2 190
		(-)	(1 297)	(1 297)
Net gain on account of Securitisation / Assigned	(₹)	-	(121)	(121)
		(-)	(4)	(4)
Outstanding Credit Enhancement (Funded) as at March 31, 2013	(₹)	204	152	355
		(200)	(154)	(354)
Outstanding Liquidity Facility	(₹)	-	-	-
		(-)	(-)	(-)
Net Outstanding Servicing Liability as at March 31, 2013	(₹)	66	74	140
		(22)	(76)	(98)

Note : Figures in bracket indicate previous year figures.

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(i) Securitisation

		(₹ in crore)	
Particulars	As at March 31, 2013	As at March 31, 2012	
1 No of SPVs sponsored by the Group for Securitisation Transactions	7	4	
2 Total amount of securitised assets as per books of the SPVs sponsored by the Group	1 421	281	
3 Total amount of exposures retained by the Group to comply with MRR as on the date of balance sheet			
a) Off-balance sheet exposures			
First loss	-	-	
Others	-	-	
b) On-balance sheet exposures			
First loss	178	-	
Others	7	-	
4 Amount of exposures to securitisation transactions other than MRR			
a) Off-balance sheet exposures			
i) Exposure to own securitisations			
First loss	-	-	
Others	-	-	
ii) Exposure to third party securitisations			
First loss	-	-	
Others	-	-	
b) On-balance sheet exposures			
i) Exposure to own securitisations			
First loss	25	199	
Others	14	49	
ii) Exposure to third party securitisations			
First loss	-	-	
Others	-	-	

(ii) Assignments

		(₹ in crore)	
Particulars	As at March 31, 2013	As at March 31, 2012	
1 No of Direct Assignments by group	26	27	
2 Total amount of assigned assets as per books of the Group	1 583	2 111	
3 Total amount of exposures retained by the Group to comply with MRR as on the date of balance sheet			
a) Off-balance sheet exposures			
First loss	-	-	
Others	-	-	
b) On-balance sheet exposures			
First loss	-	-	
Others	58	-	
4 Amount of exposures to assignment transactions other than MRR			
a) Off-balance sheet exposures			
i) Exposure to own assignments			
First loss	-	-	
Others	-	-	
ii) Exposure to third party assignments			
First loss	-	-	
Others	-	-	
b) On-balance sheet exposures			
i) Exposure to own assignments			
First loss	152	154	
Others	-	-	
ii) Exposure to third party assignments			
First loss	-	-	
Others	-	-	

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- b) The Group invests in Pass Through Certificates (PTCs) and purchases loans through the direct assignment route. In some of the securitisation transactions, the Company also has invested in the assets securitised by it, which, however, is restricted to the maximum limit prescribed by RBI from time to time.
- c) During the year, Company has entered into a agreement for assignment of receivables amounting to ₹ 87 crore (Previous year ₹ 733 crore). The said receivables are included in loans given.

33 Goodwill on Consolidation of Subsidiaries

During the year, the Company has further acquired 4.74% equity stake in one of its existing subsidiary company (Previous year 51.79% equity stake in one company through its subsidiary). On Consolidation, the Company has recognised the following goodwill :

	2012-13	2011-12
Opening balance of Goodwill/(Capital Reserve) on consolidation of subsidiaries	47	53
Add : Goodwill on acquisition of subsidiaries	176	(6)
Less : Goodwill on sale / amalgamation of investments in subsidiaries	7	-
Closing balance of Goodwill on consolidation of subsidiaries	216	47

34 Employees Stock Option Plan (ESOP) :

A) Reliance Capital Limited

The Company operates two Employee Stock Option Plans; ESOS Plan A and ESOS Plan B introduced in the financial year 2009-10, which cover eligible employees of the Company, the Holding Company and its subsidiaries. The vesting of the options is from expiry of one year and ranges till four to five years as per Plan under the respective ESOS(s). Each Option entitles the holder thereof to apply for and be allotted / transferred one Equity Share of the Company of ₹ 10 each upon payment of the exercise price during the exercise period. The Company implements and manages the ESOS plan through a trust. Advance of ₹ 64 crore (net of diminution ₹ 64 crore) (Previous year ₹ 130 crore) has been granted to Trust. Out of the said advance Trust has purchased 16,00,000 (Previous year 16,00,000) Equity Shares for the above purpose.

Details of scheme of Employee Stock Option Plans are as under :

	Plan A	Plan B
Date of Grant	February 1, 2010	February 1, 2010
Prices of the Underlying Stock (₹)	790	790
Exercise / Strike Price (₹)	800	800

The fair value of the options granted was estimated on the date of grant using the Black Scholes Model with the following assumptions:

	Plan A	Plan B
Risk Free Interest Rate	7.01%- 7.27%	7.01%- 7.34%
Expected Dividend Yield	0.62%	0.62%
Expected Life (years)	5.5 to 7.0	5.5 to 7.5
Expected Volatility	61.23% to 64.04%	59.56% to 64.04%
Weighted Average Fair Value (₹)	536	546

The information covering stock options granted, exercised, forfeited and outstanding at the year end is as follows (As certified by management):

	Plan A		Plan B	
	No. of Stock Options	Exercise Price (₹)	No. of Stock Options	Exercise Price (₹)
Outstanding at the beginning of the year	3 47 900	800	3 50 100	800
Granted	-	N.A.	-	N.A.
Exercised	-	N.A.	-	N.A.
Lapsed / Forfeited / Surrendered	1 77 280	800	97 640	800
Outstanding at the end of the year	1 70 620	800	2 52 460	800
Exercisable at end of the year	58 980	800	37 420	800

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B) Reliance Capital Asset Management Ltd (RCAM)

- (i) Pursuant to the shareholder's resolution dated 20 September 2007 RCAM introduced Employee Stock Option Plan I - 2007 under which RCAM may grant options to its employees from time to time. The grant of options to the employees under the ESOP scheme is on the basis of their performance and other eligibility criteria. The Plan has been amended and restated vide shareholder's resolution dated 3 February 2011.
- (ii) On 21 December 2007, RCAM issued 200,000 equity shares at a price ₹ 2,000 per equity share to the Trust, Reliance Capital Asset Management Employee Benefit Trust pursuant to the above Plan.
- (iii) Pursuant to the shareholder's resolution dated 3 February 2011, RCAM introduced Employee Stock Option Plan II - 2011 under which RCAM may grant options to its employees from time to time. The grant of options to the employees under the ESOP scheme is on the basis of their performance and other eligibility criteria.
- (iv) On 30 March 2011, RCAM issued 50,000 equity shares at a price ₹ 3,009 per equity share to the Trust, Reliance Capital Asset Management Employee Benefit Trust.
- (v) All above options are planned to be settled in cash or equity at the time of exercise and have maximum period of 7 years from the date of vesting. The options existing during the year are as follows:
 - a) Year 2007 - Grant Date September 28, 2007
The option under ESOP I - 2007 at an exercise price of ₹ 2,000 per share and vest on a graded basis on completion of 3 Years - 30%, on completion of 4 Years - 30%, on completion of 5 Years - 40%.
 - b) Year 2011 - Grant Date March 30, 2011
The option under ESOP I - 2007 at an exercise price of ₹ 3,009 per share and vest on a graded basis on completion of 1 Year - 30%, on completion of 2 Years - 30%, on completion of 3 Years - 40%.
 - c) Year 2011 - Grant Date March 30, 2011
The option under ESOP I - 2007 and Plan II-2011 at an exercise price of ₹ 3,009 per share and vest on a graded basis on completion of 1 Years - 10%, on completion of 2 Years - 10%, on completion of 3 Years - 20%, on completion of 4 Years - 20%, on completion of 5 Years - 40%.
- (vi) The information concerning stock options granted, exercised, forfeited and outstanding at the year-end is as follows:

	As of March 31, 2013		As of March 31, 2012	
	No of stock options	Weighted average exercise Price (₹)	No of stock options	Weighted average exercise Price (₹)
Number of shares under option:				
Year 2007				
Outstanding at beginning of year	63 800	2 000	69 650	2 000
Granted/Exercised	59 550	2 000	-	-
Cancelled or expired	-	-	5 850	2 000
Outstanding at the year end	4 250	2 000	63 800	2 000
Exercisable at end of year	4 250	2 000	38 280	2 000
Year 2011				
Outstanding at beginning of year	34 050	3 009	38 050	3 009
Granted/Exercised	9 765	3 009	-	-
Cancelled or expired	490	3 009	4 000	3 009
Outstanding at the year end	23 795	3 009	34 050	3 009
Exercisable at end of year	10 455	3 009	10 215	3 009
Year 2011				
Outstanding at beginning of year	1 32 075	3 009	1 39 800	3 009
Granted/Exercised	12 340	3 009	-	-
Cancelled or expired	4 950	3 009	7 725	3 009
Outstanding at the year end	1 14 785	3 009	1 32 075	3 009
Exercisable at end of year	13 528	3 009	13 208	3 009

- (vii) The fair value of the options granted was estimated on the date of grant using the Black- Scholes model with the following assumptions

	Year ended March 31, 2013	Year ended March 31, 2012
Risk Free Interest Rate	8%	8%
Expected Life	7 Years	7 Years
Dividend yield	0%	0%

Notes to Consolidated Financial Statements as at March 31, 2013

(viii) RCAM has chosen to account for the Plan by the Intrinsic Value Method. The total expense recognised for the period arising from stock option plan as per Intrinsic Value Method is ₹ Nil (previous year ₹ Nil).

C) In case of Reliance General Insurance Company Ltd (RGIC)

RGIC had introduced the Employee Stock Option Plan during the F. Y. 2008-09 under which options were granted to the employees of RGIC on the basis of their performance and other eligibility criteria. During the year RGIC granted Nil equity shares (Previous year Nil) to Reliance General Insurance Employees' Benefit Trust. These options are planned to be settled in cash or equity at the time of exercise and have maximum period of 7 years from the date of respective grants. The plan existing during the year is as follows:

	On completion of 3 years	30%
Exercised Period	On completion of 4 years	30%
	On completion of 5 years	40%

The information covering stock options granted, exercised, forfeited and outstanding at the year end is as follows

	As of March 31, 2013			As of March 31, 2012		
	No of stock options	Weighted average exercise Price (₹)	Weighted average remaining contractual Life (in Years)	No of stock options	Weighted average exercise Price (₹)	Weighted average remaining contractual Life (in Years)
Outstanding at beginning of year	4 59 900	70	2.42	5 24 600	70	4.46
Granted	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
Lapsed / Forfeited	45 000	-	-	64 700	-	-
Outstanding at the year end	4 14 900	70	-	4 59 900	70	-
Exercisable at end of year	4 14 900	70	-	4 59 900	70	-

RGIC has chosen to account for the plan by Intrinsic Value Method. The total expense recognized for the year arising from stock option plan as per intrinsic value method is ₹ Nil (Previous year ₹ Nil) The net results and Earning Per Share (EPS) for the year, had RGIC adopted the fair value method, would have been unchanged.

D) In case of Reliance Securities Ltd (RSL)

- Pursuant to the board members, resolution dated October 24, 2007, RSL introduced the Employee Stock Option Plan under which RSL decided to grant, from time to time, options to the employees of RSL.
- On October 1 2009, RSL issued a total of 100,000 equity shares at a price ₹ 50 per equity share to the Trust, Reliance ADA Group Trustees Private Limited as Trustees of Reliance Securities Limited Employee Benefit Trust.
- All above options are planned to be settled in cash or equity at the time of exercise and have maximum period of 7 years from the date of respective grants. The plan existing during the year is as follows:

a) Employee Stock Option Plan Plan – IB, 2009 Plan

The option under this plan has an exercise price of ₹ 50 per share and vest on a graded basis on completion of 3 years – 30%, on completion of 4 years – 30%, on completion of 5 years – 40%

- The information concerning stock options granted, exercised, forfeited and outstanding at the year-end is as follows:

	As of March 31, 2013		As of March 31, 2012	
	No of stock options	Weighted average exercise Price (₹)	No of stock options	Weighted average exercise Price (₹)
IB, 2009				
Outstanding at beginning of year	54 800	50	64 600	50
Granted / Exercised	Nil	-	Nil	-
Cancelled or expired	24 500	-	9 800	50
Outstanding at the year end	30 300	50	54 800	50
Exercisable at end of year	30 300	50	54 800	50

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- (v) The fair value of the options granted was estimated on the date of grant using the Black- Scholes model with the following assumptions

	Year ended March 2013
Risk free interest rate	6.68%
Expected life	7 years
Dividend yield	0%

- (vi) RSL has chosen to account for the Plan by the intrinsic Value Method. The total expense recognized for the period arising from stock option plan as per intrinsic value method is ₹ NIL.

- E) The net results for the year, had the RCAM and RSL adopted the Fair Value Method, would have been lower by ₹ 15 crore (net of tax saving ₹ 12 crore) and accordingly basic and diluted EPS would have been lower by ₹ 0.62 and ₹ 0.49 respectively.

35 In case of Reliance Money Express Limited (RMEL)

- a) In the year 2008-2009, RMEL had claimed service tax refund of ₹ 7 crore pertaining to period March 2005 to January 2009, pursuant to circular no.111/05-2009 dated 24/02/2009 issued by Central Board of Excise and Customs (CBES) in respect of money transfer services. During the year 2009-2010, RMEL had received ₹ 3 crore towards service tax refund claim for the period December 2007 to January 2009. During the year 2010-2011, RMEL received a show cause notice dated 27 January 2011 reclaiming the refund granted. Further, RMEL has received a show cause cum demand notice dated 22 March 2011 demanding service tax aggregating ₹ 3 crore (excluding interest and penalty) for the period October 2009 to September 2010.

The Management is of the opinion that the money transfer services are construed as 'export' of services and hence not liable to service tax. Accordingly, no provision for the same has been made in the financial statements.

- b) During the financial year 2009-10, the Directorate of Enforcement (DoE) seized foreign currency amounting to ₹ 3 crore. Based on investigations conducted by the DoE and documents furnished by RMEL, the DoE department released foreign currency worth ₹ 3 crore to RMEL in the financial year 2009-10. RMEL is confident of getting back the balance currency worth ₹ 16 64 322.

36 In case of Reliance General Insurance Company Ltd (RGIC)

(a) Terrorism Pool:

In accordance with the requirements of IRDA, RGIC together with other insurance companies participates in the Terrorism Pool. This pool is managed by the General Insurance Corporation of India (GIC). Amount collected as terrorism premium in accordance with the requirements of the Tariff Advisory Committee (TAC) are ceded at 100% of the terrorism premium collected to the Terrorism Pool.

In accordance with the terms of the agreement, GIC retrocedes to RGIC, terrorism premium to the extent of RGIC share in the risk which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly statements received from GIC. The reinsurance accepted on account of terrorism pool has been recorded in accordance with the last statement received from GIC

RGIC has ensured that it has created liability to the extent of premium retroceded to RGIC through reserve for unexpired risks.

(b) Indian Motor Third Party Insurance Pool (IMTPIP)

In accordance with the directions of IRDA, RGIC, together with other insurance companies, had participated in the Indian Motor Third Party Insurance Pool (IMTPIP). The IMTPIP was a multilateral reinsurance arrangement, in which all member companies were compulsorily required to participate. The IMTPIP was administered by the General Insurance Corporation of India ('GIC'). The IMTPIP had covered reinsurance of third party risks of specified motor vehicles ("Specified Risks"). Amounts collected as premium in respect of Specified Risks were ceded at 100% of such premium, 100% of claims incurred against risks ceded being recoverable from the pool.

In accordance with the terms of the agreement, each participant company was compulsorily required to share in the revenues, expenses, assets and liabilities of the IMTPIP, including Unexpired Risks Reserve, in the proportion that RGIC's Gross Direct Premium written in India (GDPI), bears to the total GDPI of all participant companies. RGIC's share as specified above had been recorded based on the returns submitted by GIC, under the respective heads.

IRDA through its Orders dated December 23, 2011, January 3, 2012 and March 22, 2012 had directed the dismantling of the Pool on a clean cut basis and advised recognition of the Pool liabilities as per loss ratios estimated by Government's Actuary Department UK ("GAD Estimates") at 159%, 188%, 200%, 213% and 145% for underwriting year 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 respectively with the option to recognise the additional liabilities for the period 2009-10, 2010-11 and 2011-12 over a three year period, RGIC had exercised this option and IMTPIP liability relating to underwriting years 2009-10, 2010-11, 2011-12 is being recognized based on straight line basis over three years beginning with financial year 31st March, 2012. Accordingly, the profit of RGIC would have been higher by ₹ 47 crore pursuant to recognition of the said liability in the year of dismantling of IMTPIP.

Notes to Consolidated Financial Statements as at March 31, 2013

(c) Transitional Liabilities (TL) recognized in current year is as follows : (₹ in crore)

	Unrecognised as on March 31, 2012	Accounted during the year	Recognized during the year	Unrecognised as on March 31, 2013
Opening	127	-	63	63
Based on audited statement for the month of March, 2012	-	7	4	2
Net Loss on Earned Premium released on unexpired risk reserve during the year	-	41	28	14
Total	127	48	95	79

(d) Basis used by actuary for determining IBNR / IBNER.

The liability for IBNR claims including IBNER for the year ending March 31, 2013 has been estimated by the Appointed Actuary in compliance with guidelines issued by IRDA vide Circular no. 11/IRDA/ACTL/IBNR/2005-06.

The Appointed Actuary has adopted the basic paid claims chain ladder method for all line of business except for Motor Third Party for which ultimate loss ratio method has been followed. Under the basic paid claims chain ladder method, the trends from past claims development are referred to for determining the future claims development.

(e) Contribution to Solatium Fund:

In accordance with the requirements of the IRDA circular dated March 18, 2003 and based on recommendations made at the General Insurance Council meeting held on February 4, 2005, RGIC has provided 0.1% of gross written premium on all motor third party policies towards contribution to the solatium fund.

(f) Indian Motor Third Party Decline Risk Pool (IMTPDRP):

In accordance with the directions of IRDA, RGIC, together with other insurance companies, is participating in the Indian Motor Third Party Decline Risk Pool (IMTPDRP). The IMTPDRP is a multilateral reinsurance arrangement, in which all member companies are compulsorily required to participate. The IMTPDRP is administered by the General Insurance Corporation of India (GIC).

The Authority vide Order dated January 03, 2012 has created IMTPDRP for Act only Commercial Vehicle third party risks i.e. Act only policies.

Under this arrangement, any business relating to Act only policies of Commercial Vehicles which does not fall within the underwriting parameters of insurers shall be ceded to IMTPDRP. This arrangement is called the Declined Risk Pool.

IRDA has mandated that every insurer has to comply with the obligation to underwrite a minimum percentage of such policies that is calculated as an average of insurer's total gross premium percentage share in the industry and gross motor premium percentage share in the industry.

The insurers are required to retain 20% of such risk, while 10% is ceded to GIC under obligatory cession and remaining 70% ceded to IMTPDRP.

RGIC has received its share of premium, claims and expenses of the pool, which is recorded as inward reinsurance business, based on the statement received from GIC. Accordingly RGIC has recognized pool retrocession up to 9 month ended 31st December 2012, the accounts for which statement received.

RGIC has accounted for its share in Decline Risk Pool for the 3 months period January 2013 to March 2013 on provisional basis based on management estimate and recorded the net amount under claims incurred. Unexpired risks reserve is provided for at 50% of net premium of such inward business, being the minimum rate specified in Section 64V(1)(ii) of the Insurance Act, 1938.

37 In case of Quant Capital Private Limited (QCPL)

- QCPL has collected stamp duty from various clients on account of its statutory obligation towards transactions entered on various segments. QCPL has not deposited the same as the matter is under discussion with the revenue authorities. In the interim the amount payable is reflected under Statutory Liability. The amount outstandings is to the tune of ₹ 3 crore.
- There is a legal proceeding going on with Quant Transactional Services Private Limited (QTSPL), due to which, which may result in income and recovery for QCPL from QTSPL which has not been accounted for in Current Financial Statement considering the principle of conservatism. Keeping in view the fact that matter is subjudice as at the Balance Sheet date, the following other accounting effects have been given considering the principle of conservatism and prudence.

Inter-Corporate Deposits(ICD) amounting to ₹ 4 crore given to QTSPL in earlier financial years has been fully provided for in QCPL books. However, QCPL is hopeful of an amicable settlement and recovery of the same in full. Similarly a provision of 50% which has been made towards interest accrued on the above ICD, which is considered adequate.

Miscellaneous Income under the head Other Income represent expenses charged to QCPL in earlier years by Quant Transactional Services Private Limited, which has been reversed in the current financial year since the Company is of the opinion that it is no longer payable to the said company. However QCPL has provided for the common amenities charged by Quant Capital Private Limited in respect of above.

Notes to Consolidated Financial Statements as at March 31, 2013

38 In case of Reliance Money Precious Metals Private Limited (RMPMPL)

- (a) RMPMPL has entered into an agreement with World Gold Council for its gold accumulation plan and have appointed Computer Age Management Services Private Limited as its data processing service provider. RMPMPL has appointed IDBI Trusteeship Services Limited as a Security Trustee for and on behalf of the customer. Lemiur Secure Logistics Private Limited is appointed as custodian and maintains physical stock of accumulated gold till it is delivered to the customer.
- (b) RMPMPL runs a plan, MY Gold pan where in, the customer subscribes for a plan with a tenor from 1 year to 15 years. The monthly subscription amount received from the customers is utilized for buying of gold. The gold is bought in twenty equated working days and is credited to the customer's account. The delivery of gold to the customer will be at the maturity, as decided by the customer. Till such time the gold stock will be held by RMPMPL and the same is shown as inventory. The corresponding money received from the customers is shown as advance received from the customer.

39 In case of Investment in equity shares of Indian Commodity Exchange Limited ('ICEX') :

As per share sale & purchase agreement dated October 13, 2010 between Indiabulls Financial Services Limited ("IBFSL") and Reliance Exchangenext Limited ('the subsidiary'), the subsidiary had acquired 5,20,00,000 equity shares of Indian Commodity Exchange Limited ('ICEX') from the IBFSL, at a purchase price of ₹ 47 crore which represents 26% stake in the of ICEX on December 13, 2010.

Pursuant to the ICEX application, Government of India and Forward Market Commission granted their approval vide their letters dated September 23, 2010 & October 04, 2010 respectively, for the said transfer by IBFSL to the subsidiary. The aforesaid approval from Government of India and Forward Markets Commission are subject to the following conditions: -

- (a) that three years lock-in period condition shall apply to the subsidiary, anchor investor, the subsidiary afresh with effect from the date of Government approval, i.e., September 23, 2010;
- (b) that in case MMTC Ltd, which now becomes co-anchor investor, exercises its right to stake a claim to 14% in the Exchange from IBFSL in pursuance to its right to first refusal, IBFSL will be bound to transfer its remaining 14% to MMTC Ltd at the same price at which it has been offered to the subsidiary.

On October 21, 2011, MMTC Ltd submitted a petition before the Company Law Board, New Delhi, in terms of Sections 397, 398, 402 and 403 of the Companies Act, 1956, seeking declaration of the aforesaid transfer of shares as void, injunction and investigation into the affairs of the ICEX and appointment of Administrative Special Office, Auditor, etc.

Subsequently the ICEX has submitted its response to the aforesaid petition before the Honourable Company Law Board on February 10, 2012 refusing and denying the purported allegations against it. The matter is under consideration by the Company Law Board. Any future impact on the financial statements is contingent upon the final order by the appropriate authority.

40 The Group is organised into following reportable segments referred to in Accounting Standard (AS 17) "Segment Reporting"

							(₹ in crore)
Particular	Finance & Investments	Asset Management	General Insurance	Commercial Finance	Others	Elimination	Total
Revenue							
External	2 158	527	2 408	2 117	309	-	7 519
	(1 658)	(508)	(2 183)	(1 945)	(333)	(-)	(6 627)
Inter Segment	23	83	9	-	10	125	-
	(51)	(57)	(9)	(-)	(15)	(132)	(-)
Total Revenue	2 181	610	2 417	2 117	319	125	7 519
	(1 709)	(564)	(2 192)	(1 945)	(349)	(132)	(6 627)
Results							
Segment Results - Profit / (Loss) before Tax	409	169	(93)	342	7	-	834
	(370)	(210)	-(342)	(254)	(28)	(-)	(520)
Unallocated Expenses							4
							(1)
Profit / (Loss) before Tax	409	169	(93)	342	7	-	830
	(370)	(210)	-(342)	(254)	(28)	(-)	(520)
Other information							
Segment Assets	23 297	250	4 353	15 390	1 228	3 930	40 588
	(20 284)	(347)	(3 081)	(14 375)	(1 248)	(4 194)	(35 141)
Unallocated Assets	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total Asset	23 297	250	4 353	15 390	1 228	3 930	40 588
	(20 284)	(347)	(3 081)	(14 375)	(1 248)	(4 194)	(35 141)
Segment Liabilities	11 899	209	3 569	12 894	648	1 118	28 101
	(9 421)	(311)	(2 360)	(11 893)	(632)	(1 171)	(23 446)

Reliance Capital Limited

Notes to Consolidated Financial Statements as at March 31, 2013

(₹ in crore)

Particular	Finance & Investments	Asset Management	General Insurance	Commercial Finance	Others	Elimination	Total
Unallocated Liabilities	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total Liabilities	11 899	209	3 569	12 894	648	1 118	28 101
	(9 421)	(311)	(2 360)	(11 893)	(632)	(1 171)	(23 446)
Capital Expenditure	14	8	11	15	6	-	54
	(57)	(5)	(7)	(53)	(7)	(-)	(129)
Depreciation	14	9	11	15	7	-	56
	(11)	(10)	(12)	(14)	(7)	(-)	(54)
Non Cash Expenses other than Depreciation	528	-	214	82	7	-	831
	(149)	(9)	(21)	(96)	(-)	(-)	(275)

Figures in bracket indicates previous year figures.

Note:-

- (i) As per Accounting Standard (AS-17) on "Segment Reporting", notified by the Companies (Accounting Standards) Rules 2006, the Group has reported segment information on the consolidated basis including business conducted through its subsidiaries.
- (ii) The reportable segments of the Reliance Capital Group are further described below
 - (a) Finance & Investment - This includes the corporate lending and investment activities.
 - (b) Asset Management - This includes the asset management activities including Mutual Fund and Portfolio Management Services.
 - (c) General Insurance - This includes the general insurance business.
 - (d) Commercial Finance - This includes the consumer finance and home finance business.
 - (e) Others - This includes other financial and allied services.
- (iii) Since all the operations of the Group are largely conducted within India, as such there is no separate reportable geographical segment.

41 Related party disclosures:

A. List of related parties

i) Holding Company

Reliance Innoventures Private Limited

ii) Subsidiary of Holding Company

AAA Enterprises Private Limited

iii) Individual Promoter

Shri Anil D. Ambani, the person having control during the year

iv) Associates

Ammolite Holdings Limited

Reliance Land Private Limited

Indian Commodity Exchange Limited

Reliance Life Insurance Company Limited

Reliance Asset Reconstruction Company Limited

Reliance Share & Stock Brokers Private Limited

v) Fellow subsidiaries

AAA Entertainment Private Limited

Reliance Communications Limited

Big Flicks Private Limited

Reliance Infocomm Infrastructure Private Limited

Jump Games Private Limited

Reliance Webstore Limited

Reliance Big Entertainment Private Limited

Zapak Digital Entertainment Limited

Reliance Communications Infrastructure Limited

vi) Key management personnel

Shri V. R. Mohan - President & Company Secretary

B. Other related parties with whom transactions have taken place during the year:

- i) Enterprise over which individual described in clause A (ii) above has control
Reliance Power Limited

Notes to Consolidated Financial Statements as at March 31, 2013
C. Transactions during the year with related parties:

(₹ in crore)

	Fellow Subsidiaries	Associates	Total
Debentures			
a) Issued during the year	-	15	15
	(-)	(25)	(25)
b) Balance as at March 31, 2013	-	40	40
	(-)	(25)	(25)
c) Accrued interest on debentures as at March 31, 2013 (Previous year ₹ 23 56 164)	-	1	1
	(-)	(-)	(-)
Commercial Paper			
a) Issued during the year	-	527	527
	(-)	(682)	(682)
b) Repaid during the year	-	750	750
	(-)	(299)	(299)
c) Balance as at March 31, 2013	-	271	271
	(-)	(482)	(482)
Investments			
a) Subscribed/Purchased during the year	23	-	23
	(11)	(125)	(136)
b) Balance as at March 31, 2013	1 623	5 720	7 343
[Net of provision ₹ 106 crore (Previous year ₹ Nil)]	(1 700)	(4 558)	(6 258)
Interest / Finance income accrued on Investments			
a) Balance as at March 31, 2013	524	166	690
	(290)	(125)	(415)
Loans Given			
a) Given during the year	749	11	760
	(86)	(19)	(105)
b) Returned /Adjusted during the year	230	13	243
	(49)	(150)	(199)
c) Balance as at March 31, 2013	582	33	615
	(63)	(34)	(97)
Trade receivable			
a) Balance as at March 31, 2013	-	-	-
	(1)	(-)	(1)
Advances			
a) Balance as at March 31, 2013	2	-	2
[(₹ 2 67 733 (Previous year ₹ Nil)]	(-)	(4)	(4)
Trade payables			
a) Balance as at March 31, 2013	-	-	-
[(₹ 4 79 830 (Previous year ₹ 4 79 830)]	(-)	(-)	(-)
Income			
a) Interest & Finance Income (including Premium on Preference Shares)	187	63	250
	(166)	(65)	(231)
b) Rent	1	-	1
	(-)	(-)	(-)
c) Dividend Income	1	19	20
(Previous year ₹ 42 10 544)	(-)	(-)	(-)
d) Reimbursement of Expenditure	-	5	5
[(₹ 23 25 359 (Previous year ₹ 39 05 151)]	(-)	(6)	(6)
e) Management Fees	-	6	6
	(-)	(6)	(6)
f) Processing fees	2	-	2
	(-)	(-)	(-)
Expenditure			
a) Finance cost	-	39	39
	(-)	(2)	(2)

Reliance Capital Limited

Notes to Consolidated Financial Statements as at March 31, 2013

(₹ in crore)

	Fellow Subsidiaries	Associates	Total
b) Insurance [₹ 91 69 801 (Previous year ₹ 23 91 000)]	- (-)	- (-)	- (-)
c) Miscellaneous Expenditure	- (-)	1 (2)	1 (2)
d) Provision for diminution in value of investments	77 (-)	29 (-)	106 (-)
e) Bad debts written off	- (-)	18 (-)	18 (-)
Contingent Liability			
Guarantees to Banks and Financial Institutions on behalf of third parties	50 (-)	82 (77)	132 (77)

D. The nature and volume of material transactions for the year with above related parties are as follows:

(₹ in crore)

	Fellow Subsidiaries	Associates	Total
Debentures			
a) Issued during the year			
i) Reliance Life Insurance Company Limited	- (-)	15 (25)	15 (25)
b) Balance as at March 31, 2013			
i) Reliance Life Insurance Company Limited	- (-)	40 (25)	40 (25)
c) Interest accrued on debentures as at March 31, 2013			
i) Reliance Life Insurance Company Limited (Previous year ₹ 23 56 164)	- (-)	1 (-)	1 (-)
Commercial Papers			
a) Issued during the year			
i) Reliance Life Insurance Company Limited	- (-)	527 (682)	527 (682)
b) Repaid during the year			
i) Reliance Life Insurance Company Limited	- (-)	750 (299)	750 (299)
c) Balance as at March 31, 2013			
i) Reliance Life Insurance Company Limited	- (-)	271 (482)	271 (482)
Investments			
a) Subscribed / Purchased during the year			
i) Reliance Land Private Limited	- (-)	- (125)	- (125)
ii) AAA Entertainment Private Limited	23 (-)	- (-)	23 (-)
iii) Reliance Big Entertainment Private Limited	- (11)	- (-)	- (11)
b) Balance as at March 31, 2013			
i) Reliance Land Private Limited	- (-)	486 (486)	486 (486)
ii) Reliance Share & Stock Brokers Private Limited	- (-)	86 (86)	86 (86)
iii) Reliance Big Entertainment Private Limited	1 393 (1 393)	- (-)	1 393 (1 393)
iv) Reliance Communications Limited [Net of Provision ₹ 77 crore (Previous year ₹ Nil)]	230 (307)	- (-)	230 (307)
v) Reliance Asset Reconstruction Company Limited	- (-)	49 (49)	49 (49)
vi) Ammolite Holdings Limited (Net of Provision ₹ 29 crore)	- (-)	- (29)	- (29)
vii) Reliance Life Insurance Company Limited	- (-)	4 776 (3 717)	4 776 (3 717)

Notes to Consolidated Financial Statements as at March 31, 2013

	(₹ in crore)		
	Fellow Subsidiaries	Associates	Total
Interest / Finance income accrued on Investment			
a) Balance as at March 31, 2013			
i) Reliance Land Private Limited	-	166	166
	(-)	(107)	(107)
ii) Ammolite Holdings Limited	-	-	-
	(-)	(19)	(19)
iii) Reliance Big Entertainment Private Limited	524	-	524
	(365)	(-)	(365)
Loans Given			
a) Given during the year			
i) Reliance Land Private Limited	-	11	11
	(-)	(17)	(17)
ii) Zapak Digital Entertainment Limited	2	-	2
	(20)	(-)	(20)
iii) Jump Games Private Limited	4	-	4
	(5)	(-)	(5)
iv) Reliance Asset Reconstruction Company Limited	-	-	-
	(-)	(3)	(3)
v) Reliance Big Entertainment Private Limited	743	-	743
	(61)	(-)	(61)
b) Returned/Adjusted during the year			
i) Reliance Land Private Limited	-	-	-
	(-)	(140)	(140)
ii) Reliance Asset Reconstruction Company Limited	-	4	4
	(-)	(8)	(8)
iii) Reliance Big Entertainment Private Limited	205	-	205
	(24)	(-)	(24)
iv) Zapak Digital Entertainment Limited	20	-	20
	(20)	(-)	(20)
v) Jump Games Private Limited	5	-	5
	(5)	(-)	(5)
vi) Reliance Life Insurance Company Limited	-	9	9
	(-)	(2)	(2)
c) Balance as at March 31, 2013			
i) Reliance Land Private Limited	-	24	24
	(-)	(13)	(13)
ii) Zapak Digital Entertainment Limited	2	-	2
	(20)	(-)	(20)
iii) Jump Games Private Limited	4	-	4
	(5)	(-)	(5)
iv) Reliance Asset Reconstruction Company Limited	-	1	1
	(-)	(5)	(5)
v) Reliance Big Entertainment Private Limited	576	-	576
	(38)	(-)	(38)
vi) Reliance Life Insurance Company Limited	-	7	7
	(-)	(16)	(16)
Trade Receivables as at March 31, 2013			
i) Reliance Communications Infrastructure Limited	-	-	-
	(1)	(-)	(1)
Advances			
a) Balance as at March 31, 2013			
i) Reliance Communications Infrastructure Limited	2	-	2
	(-)	(-)	(-)
ii) Reliance Life Insurance Company Limited	-	-	-
[(₹ 2 67 733 (Previous year ₹ Nil))]	(-)	(4)	(4)
Trade Payables as at March 31, 2013			
i) Big Flicks Private Limited	-	-	-
[₹ 4 29 830 (Previous year ₹ 4 29 830)]	(-)	(-)	(-)

Reliance Capital Limited

Notes to Consolidated Financial Statements as at March 31, 2013

	(₹ in crore)		
	Fellow Subsidiaries	Associates	Total
Income			
a) Interest & Finance Income (including Premium on Preference Shares)			
i) Reliance Land Private Limited	- (-)	61 (61)	61 (61)
ii) Ammolite Holdings Limited	- (-)	- (5)	- (5)
iii) Reliance Big Entertainment Private Limited	187 (162)	- (-)	187 (162)
b) Rent			
i) Reliance Communications Infrastructure Limited	1 (-)	- (-)	1 (-)
c) Dividend Income			
i) Reliance Communications Limited (Previous year ₹ 42 10 544)	1 (-)	- (-)	1 (-)
ii) Reliance Life Insurance Company Limited	- (-)	19 (-)	19 (-)
d) Reimbursement of Expenditure			
i) Reliance Communications Infrastructure Limited [₹ 23 25 359 (Previous year ₹ 32 15 245)]	- (-)	- (-)	- (-)
ii) Reliance Asset Reconstruction Co. Limited (₹ 24 06 000)	- (-)	- (1)	- (1)
iii) Reliance Land Private Limited [₹ Nil (Previous year ₹ 4 63 890)]	- (-)	- (-)	- (-)
iv) Reliance Big Entertainment Private Limited [₹ Nil (Previous year ₹ 4 850)]	- (-)	- (-)	- (-)
v) Reliance Life Insurance Company Limited	- (-)	5 (5)	5 (5)
e) Management Fees			
i) Reliance Life Insurance Company Limited	- (-)	6 (6)	6 (6)
Expenditure			
a) Finance cost			
i) Reliance Life Insurance Company Limited	- (-)	39 (2)	39 (2)
b) Insurance			
i) Reliance Life Insurance Company Limited [₹ 43 76 801 (Previous year ₹ Nil)]	- (-)	- (-)	- (-)
ii) AAA Entertainment Private Limited [₹ 47 93 000 (Previous year ₹ 23 91 000)]	- (-)	- (-)	- (-)
c) Miscellaneous Expenditure			
i) Reliance Land Private Limited	- (-)	1 (2)	1 (2)
Contingent Liability			
a) Guarantees to Banks and Financial Institutions			
i) Ammolite Holdings Limited	- (-)	82 (77)	82 (77)
ii) Reliance Big Entertainment Private Limited	50 (-)	- (-)	50 (-)

Key Managerial Personnel

- a) Shri V.R. Mohan
 -Employee benefit expenses ₹ 69 99 996 (Previous year ₹ 68 54 397)
 -Loan given balance as at March 31,2013 ₹ 4 35 351 (Previous year ₹ 4 49 751)

Enterprise over which individual described in clause A(iii)above has control

- a) Reliance Power Limited
 -Commercial Paper subscribed & redeemed ₹ Nil (Previous year ₹ 224 crore)
 -Investment balance as at March 31,2013 ₹ 3 crore (Previous year ₹ 3 crore)
 -Reimbursement of expenditure ₹ 1 06 120 (Previous year Nil)

Notes to Consolidated Financial Statements as at March 31, 2013

Notes :

- i) Figures in bracket indicate previous year figures.
- ii) Expenses incurred towards public utilities services such as telephone and electricity charges have not been considered for related party transaction.
- iii) The above disclosed transactions entered during the period of existence of related party relationship. The balances and transactions are not disclosed before existence of related party relationship and after cessation of related party relationship.
- iv) In addition to the above, Director Sitting Fees of ₹ 1,20,000 (Previous year ₹ 1,00,000.) has been paid to Shri Anil D. Ambani, an individual having control.
- v) In terms of the provisions of Accounting Standard (AS) 18 on "Related Party Disclosures" as per Companies (Accounting Standard) Rules 2006 the Company does not exercise any "Significant Influence" on Reliance Capital Partner's stake in Fame India Limited and Ravissant Private Limited though in excess of 20% of their shareholdings, hence the transactions with these parties are not considered for Related Party Disclosures

42 Auditors' remuneration includes:

	(₹ in crore)	
	2012-13	2011 - 12
i) Audit Fees	3	2
ii) Tax Audit Fees [₹ 6 31 798 (Previous year ₹ 8 45 618)]	-	-
iii) Certification and other reimbursement charges [₹ 4 34 152 (Previous year ₹ 2 29 434)]	-	-
Total	3	2

43 Leases

Details of Future Minimum Lease Receivables are as under :

	(₹ in crore)	
	2012-13	2011 - 12
Within one year of the balance sheet date	24	21
Due in a period between one year and five years	42	50
Due after five years [₹ 26 00 000 (Previous year ₹ 3 91 880)]	-	-

Details of future minimum lease rent payable under operating lease for each of the following periods:

	(₹ in crore)	
	2012-13	2011 - 12
Not Later than one year	5	8
Later than one year and not later than five years	4	7
Later than five years	-	-

44 Basic and diluted earnings per share:

The computation of earnings per share is set out below

	(₹ in crore)	
	2012-13	2011 - 12
a) Amounts used as the numerators		
Net Profit after tax	812	458
Net Profit attributable to equity shareholders	812	458
b) Weighted average number of equity shares (Nos.)	24 56 32 800	24 56 32 800
c) Basic earnings per share of face value ₹ 10 each (₹)	33.05	18.64
d) Diluted earnings per share of face value ₹ 10 each (₹)	33.05	18.64

45 Contingent Liabilities and Commitments (As Certified by the Management)

	(₹ in crore)	
	March 31, 2013	March 31, 2012
Contingent Liabilities		
i) Guarantees to Banks and Financial Institutions	1 755	1 454
ii) Claims against the Company not acknowledge as debt	28	27
iii) Outstanding Forward Exchange Contract	52	38

Reliance Capital Limited

Notes to Consolidated Financial Statements as at March 31, 2013

(₹ in crore)

	March 31, 2013	March 31, 2012
Commitments		
i) Estimated amount of contracts remaining to be executed on capital account (net of advances)	48	87
ii) Undrawn Committed Credit lines	757	481
iii) Uncalled amount of Investments	66	170

Share of company in contingent liabilities and capital commitments of an associate are as follows

(₹ in crore)

	March 31, 2013	March 31, 2012
Contingent Liabilities		
i) Claims against the Company not acknowledge as debt	11	6
ii) Statutory Demands /liabilities in disputed not provided for	9	7
iii) Guarantees to Banks and Financial Institutions	-	-
Commitments		
i) Commitment towards fixed Assets	41	38
ii) Other commitments	4	8

46 The subsidiaries / associate companies considered in the consolidated financial statements with their proportion of ownership are as under

Name	Country of Incorporation	Year Ending	Proportion of ownership (Interest)
List of Subsidiaries			
Reliance Capital Asset Management Limited	India	March 31, 2013	65.23%
Reliance Asset Management (Mauritius) Limited	Mauritius	March 31, 2013	65.23%
Reliance Asset Management (Singapore) Pte Limited	Singapore	March 31, 2013	65.23%
Reliance Capital Asset Management (UK) Plc	United Kingdom	March 31, 2013	65.23%
Reliance Asset Management (Malaysia) SDN BHD	Malaysia	March 31, 2013	65.23%
Reliance Capital Pension Fund Limited	India	March 31, 2013	65.23%
Reliance General Insurance Company Limited	India	March 31, 2013	96.50%
Reliance Capital Trustees Co. Limited	India	March 31, 2013	100.00%
Reliance Gilts Limited	India	March 31, 2013	100.00%
Reliance Money Precious Metals Private Limited	India	March 31, 2013	100.00%
Reliance Venture Asset Management Private Limited	India	March 31, 2013	100.00%
Reliance Money Express Limited	India	March 31, 2013	100.00%
Reliance Equity Advisors (India) Limited	India	March 31, 2013	100.00%
Reliance Home Finance Limited	India	March 31, 2013	100.00%
Reliance Equities International Private Limited	India	March 31, 2013	100.00%
(merged with the company w.e.f. March 31, 2013)			
Emerging Money Mall Limited (w.e.f. February 20, 2013)	India	March 31, 2013	100.00%
(merged with the company w.e.f. March 31, 2013)			
Reliance Securities Limited	India	March 31, 2013	99.60%
Reliance Composite Insurance Broking Limited	India	March 31, 2013	51.79%
Reliance Commodities Limited	India	March 31, 2013	100.00%
Reliance Financial Limited	India	March 31, 2013	100.00%
Reliance Alternative Investments Services Private Limited	India	March 31, 2013	100.00%
Reliance Wealth Management Limited	India	March 31, 2013	100.00%
Reliance Spot Exchange Infrastructure Limited	India	March 31, 2013	100.00%
Reliance Exchangenext Limited	India	March 31, 2013	100.00%
Indian Agri Services Private Limited (w.e.f April 30, 2012)	India	March 31, 2013	100.00%

Notes to Consolidated Financial Statements as at March 31, 2013

Name	Country of Incorporation	Year Ending	Proportion of ownership (Interest)
Reliance Investment Banking Services Private Limited	India	March 31, 2013	100.00%
Reliance Capital (Singapore) Pte Limited	Singapore	March 31, 2013	100.00%
Reliance Consultants (Mauritius) Limited	Mauritius	March 31, 2013	100.00%
Quant Capital Private Limited	India	March 31, 2013	74.00%
Quant Broking Private Limited	India	March 31, 2013	74.00%
Quant Capital Advisors Private Limited	India	March 31, 2013	74.00%
Quant Securities Private Limited	India	March 31, 2013	74.00%
Quant Commodity Broking Private Limited	India	March 31, 2013	74.00%
Quant Commodities Private Limited	India	March 31, 2013	74.00%
Quant Investments Services Private Limited	India	March 31, 2013	74.00%
Quant Capital Finance and Investments Private Limited	India	March 31, 2013	74.00%
QOPPA Trading Private Limited	India	March 31, 2013	74.00%
QCAP Trade Private Limited	India	March 31, 2013	74.00%
Quant Alternative Asset Management Private Limited (w.e.f. October 12, 2012)	India	March 31, 2013	74.00%
List of Associates			
Reliance Land Private Limited	India	March 31, 2013	50.00%
Reliance Share & Stock Brokers Private Limited	India	March 31, 2013	50.00%
Indian Commodity Exchange Limited	India	March 31, 2013	26.00%
Ammolite Holding Limited	Jersey	March 31, 2013	* 50.00%
Reliance Asset Reconstruction Company Limited	India	March 31, 2013	49.00%
Reliance Life Insurance Company Limited	India	March 31, 2013	47.78%
Partnership Firm			
Reliance Capital Partners (Partnership Firm)	India	March 31, 2013	#

Note:-

- a) # Proportion of ownership interest in Partnership firm is on the basis of weighted average capital
b) * The Financial statements of Ammolite Holdings Limited, have been certified by the management.

- 47 In accordance with Para 7 of Accounting Standard (AS-23) on "Accounting for Investments in Associates in Consolidated Financial Statements" as per the Companies (Accounting Standard), Rules 2006, Reliance Capital Partner's (firm) stake in Fame India Limited and Ravissant Private Limited though in excess of 20% of their shareholdings have not been accounted for as associates in the preparation of consolidated financial statements as the firm does not have any "Significant Influence" on these companies, as defined by Accounting Standard (AS-18) on "Related Party Disclosures" as per the Companies (Accounting Standards), Rules 2006 and hence the transaction with these parties have not been considered for Related Party Disclosures.
- 48 Goodwill of ₹ 4,576 crore (Previous year ₹ 3,627 crore) arising at the time of acquisition of associates has been included in the carrying amount of investments in associates, as per Accounting Standard (AS-23) on "Accounting for Investment in Associates in Consolidated Financial Statements".
- 49 Pursuant to the general exemption granted by the Ministry of Corporate Affairs, Government of India, the Parent Company is publishing the consolidated and standalone financial statements of Reliance Capital Limited and its subsidiaries. The requisite financial information of subsidiaries have been furnished by the management as a part of annual report.

As per our report of even date

For and on behalf of the Board

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No. : 101720W

For **B S R & Co.**
Chartered Accountants
Firm Reg. No. : 101248W

Chairman

Anil D. Ambani

Directors

Rajendra P. Chitale
Dr. Bidhubhusan Samal

Vijay Napawaliya
Partner
Membership No: 109859
Mumbai
Dated: May 16, 2013

Manoj Kumar Vijai
Partner
Membership No: 046882

President & Company Secretary **V. R. Mohan**
Mumbai
Dated: May 16, 2013

Notes to Consolidated Financial Statements as at March 31, 2013

Sr. No	Name	Country	Capital	Reserves	Total Assets	Total Liabilities	Investments (except in case of investment in subsidiaries)	Turnover/ Total Income	Profit/ (loss) before Taxation	Provisions for Taxation	Profit/ (loss) after Taxation	Proposed Dividend
												(₹ in crore)
1	Reliance Capital Asset Management Ltd.	India	11.47	1,209.07	1,500.21	279.67	521.24	712.67	258.04	60.50	197.54	161.28
2	Reliance Capital Trustee Co. Ltd.	India	0.05	0.60	0.65	-	0.60	0.23	0.09	0.02	0.07	-
3	Reliance General Insurance Company Ltd.	India	122.78	660.83	4,352.13	3,568.53	3,247.20	2,417.37	(92.77)	-	(92.77)	-
4	Reliance Gifts Ltd.	India	7.00	(2.86)	4.16	0.02	-	0.20	0.19	-	0.19	-
5	Reliance Asset Management (Mauritius) Ltd.	Mauritius	10.64	(0.39)	14.35	4.11	0.01	7.34	3.29	0.10	3.20	-
6	Reliance Asset Management (Singapore) Pte. Ltd.	Singapore	17.05	34.78	55.78	3.95	50.09	10.13	(11.88)	-	(11.88)	-
7	Reliance Money Express Ltd.	India	17.81	20.28	76.87	38.78	-	47.87	11.18	2.15	9.03	-
8	Reliance Money Precious Metals Pvt. Ltd.	India	8.00	(8.12)	26.61	26.73	1.41	0.64	(8.08)	0.01	(8.09)	-
9	Reliance Venture Asset Management Pvt. Ltd.	India	0.01	2.60	2.62	0.01	1.80	0.17	(0.01)	-	(0.01)	-
10	Reliance Equity Advisors (India) Ltd.	India	0.05	(13.19)	24.21	37.35	3.26	19.30	1.87	0.59	1.28	-
11	Reliance Capital Asset Management (UK) Plc	UK	26.74	(25.89)	0.96	0.11	-	2.48	(6.36)	-	(6.36)	-
12	Reliance Composite Insurance Broking Ltd.	India	2.50	(1.18)	10.19	8.87	0.05	12.58	(8.90)	0.43	(9.33)	-
13	Reliance Home Finance Ltd.	India	65.82	355.09	2,953.50	2,532.59	13.76	361.14	42.02	14.54	27.48	-
14	Reliance Capital (Singapore) Pte. Ltd.	Singapore	9.54	1.11	10.67	0.02	-	-	(0.02)	-	(0.02)	-
15	Reliance Securities Ltd.	India	150.00	26.39	324.88	148.48	86.19	114.52	(7.69)	(0.34)	(7.35)	-
16	Reliance Commodities Ltd.	India	3.00	10.40	38.90	25.50	-	13.68	2.55	0.89	1.66	-
17	Reliance Financial Ltd.	India	11.00	32.05	43.45	0.40	-	6.47	1.30	0.40	0.90	-
18	Reliance Investment Banking Services Ltd.	India	7.00	0.35	7.47	0.12	0.70	3.00	0.36	0.12	0.24	-
19	Reliance Wealth Management Ltd.	India	11.50	(6.92)	4.93	0.35	-	3.45	(3.08)	-	(3.08)	-
20	Reliance Alternative Investments Services Pvt. Ltd.	India	0.01	0.02	0.05	0.02	-	0.06	-	-	-	-
21	Reliance Asset Management (Malaysia) SDN BHD	Malaysia	27.77	(20.39)	7.65	0.28	5.77	1.63	(9.47)	-	(9.47)	-
22	Reliance Consultants (Mauritius) Ltd.	Mauritius	0.26	(0.16)	0.26	0.16	-	0.00	(0.09)	-	(0.09)	-
23	Reliance Capital Pension Fund Ltd.	India	25.00	0.53	25.69	0.17	25.41	1.61	0.33	-	0.33	-
24	Reliance Exchangenext Ltd.	India	6.91	33.84	48.11	7.35	47.43	0.16	(25.49)	-	(25.49)	-
25	Reliance Spot Exchange Infrastructure Ltd.	India	17.65	(22.02)	2.28	6.65	-	0.54	(1.28)	-	(1.28)	-
26	Indian Agri Services Pvt. Ltd.	India	0.12	(0.07)	0.08	0.03	-	0.03	-	-	-	-
27	Quant Capital Pvt. Ltd.	India	10.00	194.00	498.28	294.28	170.01	5.76	1.83	0.59	1.24	-
28	Quant Broking Pvt. Ltd.	India	18.01	147.29	643.19	477.89	1.00	58.87	2.43	0.49	1.93	-
29	Quant Capital Advisors Pvt. Ltd.	India	0.11	2.45	3.82	1.26	-	2.77	0.01	-	0.01	-
30	Quant Securities Pvt. Ltd.	India	1.54	1.53	161.07	158.00	-	5.69	0.86	0.30	0.55	-
31	Quant Commodity Broking Pvt. Ltd.	India	0.14	1.91	133.93	131.88	-	2.51	0.73	0.24	0.49	-
32	Quant Commodities Pvt. Ltd.	India	0.21	17.34	104.76	87.21	-	23.64	14.02	5.00	9.02	-
33	Quant Investments Services Pvt. Ltd.	India	0.74	5.86	6.82	0.22	-	3.25	0.09	0.02	0.07	-
34	Quant Capital Finance And Investments Pvt. Ltd.	India	3.83	18.13	22.76	0.81	-	1.97	0.03	0.02	0.01	-
35	QOPPA Trading Pvt. Ltd.	India	0.52	0.03	63.48	62.93	-	0.56	0.00	-	0.00	-
36	QCAP Trade Pvt. Ltd.	India	0.52	0.38	42.28	41.38	-	5.81	0.01	-	0.01	-

Reliance Capital LimitedRegistered Office: H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710

Please fill attendance slip and hand it over at the entrance of the meeting venue
Joint shareholders may obtain additional attendance slip on request.

DP. Id*	
----------------	--

Regd. Folio No.	
------------------------	--

Client Id*	
-------------------	--

No. of Share(s) held	
-----------------------------	--

Name and address of the shareholder

I/we hereby record my/our presence at the 27th Annual General Meeting on Tuesday, August 27, 2013 at 10:00 a.m. at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.

Signature of the shareholder or proxy

*Applicable for investors holding share(s) in electronic form.

..... TEAR HERE

PROXY FORM**Reliance Capital Limited**Registered Office: H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710

DP. Id*	
----------------	--

Regd. Folio No.	
------------------------	--

Client Id*	
-------------------	--

No. of Share(s) held	
-----------------------------	--

I/We.....of..... in the district of.....
being a member/members of Reliance Capital Ltd. hereby appoint.....
of..... in the district of..... or failing him/her
of..... in the district of.....as my/our proxy to
vote for me/us and on my/our behalf at the 27th Annual General Meeting on Tuesday, August 27, 2013 at 10:00 a.m. at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020 or at any adjournment thereof.

Signed this.....day of.....2013.

* Applicable for investors holding shares in electronic form.

Affix
Re. 1/-
revenue
stamp

- Note: (1) The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.
- (2) Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The Company shall provide additional forms on request.



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Karvy Computershare Private Limited
(Unit: Reliance Capital Limited)

Madhura Estate, Municipal No. 1-9/13/C
Plot No. 13 & 13 C, Madhapur Village
Hyderabad 500 081

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