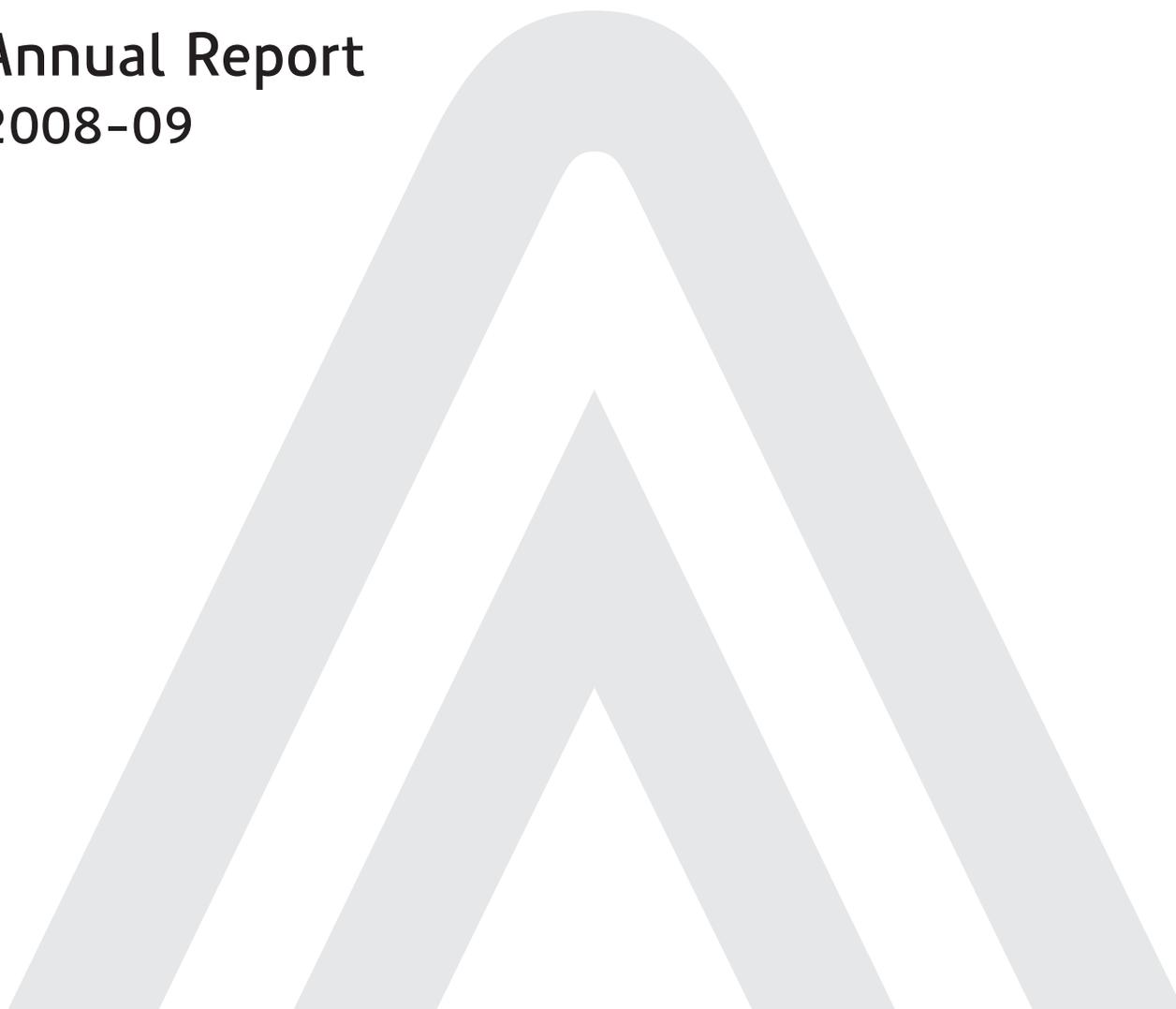
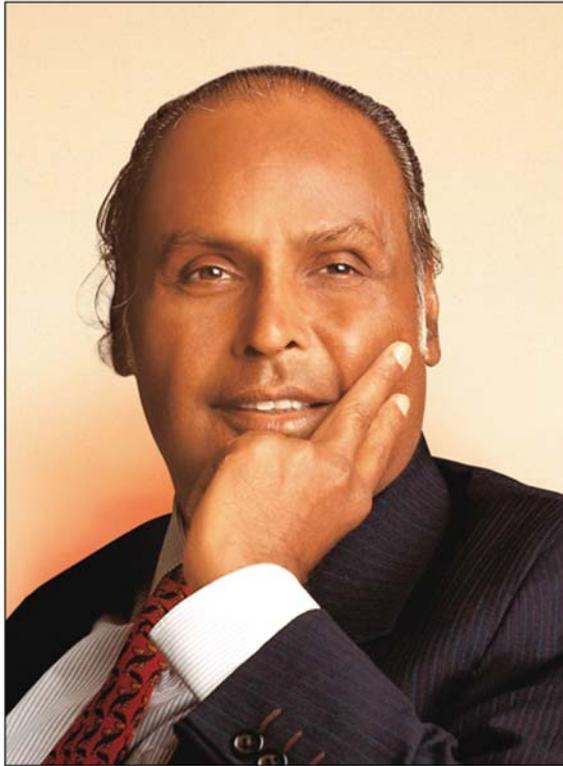


RELIANCE Infrastructure
Anil Dhirubhai Ambani Group

Annual Report
2008-09





Dhirubhai H. Ambani

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

Reliance Group - Founder and Visionary

Profile

Reliance Infrastructure Limited is a part of the Reliance Anil Dhirubhai Ambani Group, India's second largest business house.

Incorporated in 1929, Reliance Infrastructure is one of India's fastest growing companies in the infrastructure sector. It ranks among India's top listed private companies on all major financial parameters, including assets, sales, profits and market capitalization.

Reliance Infrastructure companies distribute more than 36 billion units of electricity to over 30 million consumers across an area that spans over 1,24,300 sq kms and includes India's two premier cities, Mumbai and Delhi. The group generates over 940 MW of electricity through its power stations located in Maharashtra, Andhra Pradesh, Kerala, Karnataka and Goa.

Reliance Infrastructure has emerged as the leading player in India in the Engineering, Procurement and Construction (EPC) segment of the power sector.

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

Mission: Excellence in Infrastructure

- To attain global best practices and become a world-class utility.
- To create world-class assets and infrastructure to provide the platform for faster, consistent growth for India to become a major world economic power.
- To achieve excellence in service, quality, reliability, safety and customer care.
- To earn the trust and confidence of all customers and stakeholders, exceeding their expectations and make the Company a respected household name.
- To work with vigour, dedication and innovation with total customer satisfaction as the ultimate goal.
- To consistently achieve high growth with the highest levels of productivity.
- To be a technology driven, efficient and financially sound organisation.
- To be a responsible corporate citizen nurturing human values and concern for society, the environment and above all people.
- To contribute towards community development and nation building.
- To promote a work culture that fosters individual growth, team spirit and creativity to overcome challenges and attain goals.
- To encourage ideas, talent and value systems.
- To uphold the guiding principles of trust, integrity and transparency in all aspects of interactions and dealings.

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

Letter to Shareowners



**"We are not just about scale and size
we are also about the pursuit of excellence,
the integrity of our values and the quality of our services."**

- Anil D Ambani

My dear fellow Shareowners,

For Indian economy as also of the rest of the world, 2008-09 was one of the toughest years to be in business, especially in the infrastructure sector. In the wake of the global financial meltdown, it was hard for businesses to raise resources and maintain the high trend growth rate of the last few years. However, for Reliance Infrastructure, it was another outstanding year – a year in which we made significant strides, and moved closer to our goal of being one of the top players in most of the businesses in which we operate.

The year saw us making important strides forward in our mission to become one of India's top infrastructure players and achieve leadership position across every business segment in which we operate.

On April 28, 2008, the Company changed its name from Reliance Energy Limited to Reliance Infrastructure Limited signifying a renewed thrust on exploiting the emerging long-term opportunities in the infrastructure sector. In recent years, we have made a conscious and concerted effort to align our people, processes and technological initiatives more closely with our new business strategy and focus.

Reliance Infrastructure continues to draw its inspiration and guidance from the vision of our legendary founder, Shri Dhirubhai Ambani. It was one of Dhirubhai's great ambitions in life to see the creation of world class infrastructure in India. With specific reference to the power sector, he wanted that the consumers be provided with uninterrupted and quality power at competitive prices through the deployment of cutting edge technology and operational efficiencies, something that was only possible in his view with the active participation of the private sector in core areas of infrastructure.

It is a tribute to Dhirubhai's vision that Reliance Infrastructure is now one of India's leading and fastest growing companies in the infrastructure sector, with estimated group revenues of Rs 21,818 crore (US\$ 4.3 billion) and gross fixed assets of Rs 14,722 crore (US\$ 2.9 billion).

Reliance Infrastructure is today one of India's most valuable private sector infrastructure companies.

Performance review

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

The salient points are:

- Total income of Rs 10,959 crore (US\$ 2.16 billion), as against Rs 7,501 crore (US\$ 1.48 billion) in the previous financial year, an increase of 46%.
- Cash profit of Rs 1,384 crore (US\$ 273 million), against Rs 1,308 crore (US\$ 258 million) in the previous financial year.
- Net profit of Rs 1,139 crore (US\$ 225 million), against Rs 1,085 crore (US\$ 214 million) in the previous financial year.
- Cash Earnings Per Share (Cash EPS) of Rs 60 (US\$ 1.18), against Rs 56 in the previous year and Earnings Per Share (EPS) of Rs 49.5 (US\$ 1), against Rs 46.9 in the previous year.
- A net worth of Rs 11,907 crore (US\$ 2.35 billion), making Reliance Infrastructure amongst the top Indian private sector companies.

Restructuring of business

While generation, transmission and distribution of power continues to be the core business of the Company, it has in recent years made major inroads in other vital areas such as mass rapid transit systems, roads, special economic zones, and Engineering, Procurement and Construction (EPC). During the past year, the Company evaluated its existing businesses and felt the need to create a simplified and transparent structure, focused on each individual business segment. Each of the several businesses carried on by the Company, either by itself or through subsidiaries, affiliate companies or strategic investments in other companies, was seen to have significant potential for growth.

In order to provide a simplified, transparent business structure, the Company has decided to reorganize all its businesses verticals. This re-organization envisages the transfer of various divisions of Reliance Infrastructure dealing with different areas of operations, to separate wholly owned subsidiary companies. I am sure we would receive the overwhelming support of the Members when we seek their approval to the new scheme of arrangement.

Reliance Infrastructure Limited

Letter to Shareowners

Buy-back of Shares

In keeping with our fundamental and overriding philosophy of creating value for our investors, we decided to utilize a part of our accumulated surplus for buy-back of shares so as to improve the return on equity. We have bought-back a total of 1.13 crore equity shares from the open market, aggregating Rs 925 crore.

Power generation, transmission and distribution

Power Generation

Our Company's power generation units continue to demonstrate significant improvements across all important performance parameters.

During the past year, the Dahanu power station achieved a record Plant Load Factor (PLF) of 100.99 per cent. The Station has been consistently operating at more than 100 per cent PLF for the last five years. The estimated over-performance incentive and efficiency gains as per MERC norm is over Rs 80 crore for the year. Similarly, our power stations at Samalkot and Goa have also registered healthy levels of performance during the year and been consistently improving on major operational, environmental and safety performance parameters.

All the stations are certified for Integrated Management System covering ISO 9001 for the quality management system, ISO 14001 for the environmental management system and OHSAS 18001 for the occupational health and safety management system. They are also certified for SA 8000 the social accountability standard and ISO 27001 for the information security standard.

Power Transmission

Reliance Infrastructure continues to explore emerging opportunities in the transmission sector. Keeping in line with the requirements of the sector, the Government of India has identified 14 transmission projects for development under tariff-based competitive bidding route to be awarded on build, own and operate basis. As you are aware, our Company has been selected as a joint venture partner, along with Power Grid Corporation of India Limited, for setting up the transmission network for Parbati and Koldam hydroelectric projects in Himachal Pradesh. Our Company was also the first private utility to win projects under the Western Region System Strengthening Scheme in Maharashtra and Gujarat. For strengthening our transmission network for Mumbai distribution, we have finalised a comprehensive plan aimed at enhancing our extra high voltage transmission network at a capital outlay of Rs 1,800 crore.

Power Distribution

Our Company's distribution network in Mumbai has achieved the distinction of consistently operating its distribution network at 99.9 per cent reliability.

The Company was recognized as the best among 20 utilities across the country for 'Excellence in Power Distribution – Urban' at the prestigious IEEMA National Awards 2009.

Strengthening and modernization of our network is a continuous process with a view to meeting the rising demand in our distribution area. The Company would continue to maintain its leadership position on key industry parameters such as uninterrupted power supply, deployment of IT and other technologies, meter modernization, and customer service.

Our two associate companies viz. BSES Rajdhani Power Limited (BRPL) and BSES Yamuna Power Limited (BYPL) continue to implement a series of measures aimed at improving overall customer service and reducing aggregate technical and commercial (AT&C) losses. Over the past year, both companies have made substantial progress in further paring down AT&C losses – from 27.26 per cent to 20.59 per cent in BRPL and from 29.99 per cent to 24.02 per cent in BYPL. In the process, we have exceeded the multi-year-tariff target levels. This over-achievement would enable the Company to qualify for performance incentives to the tune of Rs 136 crore.

The EPC Business

Our Engineering, Procurement and Construction (EPC) division, focusing mainly on the power sector, is leveraging its strength in executing power generation projects on a turn-key basis. Backed by an extraordinarily talented work force and years of experience in the field, we employ state-of-the-art technology in every facet of our EPC operation, delivering superior value in engineering, design and project management.

A Centre of Engineering Excellence has been formed to build *Knowledge Capital* in order to enable the execution of large projects at optimum cost, while ensuring high standards of quality and strict adherence to timelines.

The turnover of our EPC business during 2008-09 was Rs 2,513 crore (US\$ 495 million), against Rs 1,444 crore (US\$ 285 million) in the previous year. The EPC division had an order book position of Rs 20,625 crore (US \$ 4.07 billion) as on March 31, 2009.

Infrastructure Projects

Currently, the Company is engaged in four-laning of five road projects in the State of Tamil Nadu, aggregating to a total length of 401 kms and a total cost of Rs 3,150 crore. Of the five, two are at an advanced stage of completion.

The Company has been awarded an important road connectivity project of 66 kms between Gurgaon and Faridabad in the State of Haryana. The Company has also emerged as the sole bidder for the 135-km 'Eastern Peripheral Expressway' project at Delhi at a project outlay of Rs 4,000 crore.

Letter to Shareowners

The ongoing Versova-Andheri-Ghatkopar Corridor Mass Rapid Transit System (MRTS) project, which is being implemented by a special purpose vehicle of the Company along with MMRDA, is scheduled to be commissioned by second quarter of FY2011, two years ahead of the contractual commissioning date.

The Delhi Airport Express Line Project, being implemented by the Company's special purpose vehicle, Delhi Airport Metro Express Private Limited in consortium with CAF of Spain, will connect the Delhi Airport with the Central Business District. Overseen by globally renowned consultants and system contractors, the project is likely to start by second quarter of FY2011 i.e. before the Commonwealth Games.

The Company has also been awarded a project to develop a 100-storey trade tower and commercial business district in Hyderabad. We are also developing a special economic zone at the Dhirubhai Ambani Knowledge City in Navi Mumbai.

Reliance Power Limited

An associate of the Company, Reliance Power Limited is currently executing projects with a combined planned capacity of more than 33,480 MW, the largest portfolio of power generation assets under development in India in the private sector.

Corporate Governance

Our Company is a proud member of the Reliance Anil Dhirubhai Ambani Group. As such we have adopted the Group's Corporate Governance Practices and Code of Conduct. These guidelines prescribe a set of systems, processes and principles that conform to the best global standards, and are aimed at promoting the interests of all our stakeholders.

Social Commitments

The Company continues to take up several initiatives related to healthcare, education, water management, including construction of check dams and water drains, and promotion of environmental improvement measures as well as providing vocational training. In all programmes, special priority is given to the economically vulnerable sections of society, who stay in the vicinity of the power stations and project sites.

Awards and Recognitions

All our power stations continue to receive prestigious awards and recognitions for outstanding performance in various fields, viz., excellence in thermal power generation, environment, quality, water and energy management, leadership, technology and innovations, safety and corporate social responsibility.

Commitments

We are on the threshold of a major organizational transformation: from being a power utility to being a diversified infrastructure company, with strong presence across the entire gamut of infrastructure space.

Our young team of highly trained, motivated and qualified professionals will aim to make the most of every opportunity that opens up in infrastructure.

Powered by the experience and expertise of the Reliance ADA group in project management and financial engineering, we will seek to achieve the highest performance standards in the industry and an unchallenged leadership position across all segments in which we operate.

Our founder gave us a mantra for growth and success: think big - and act bigger. We will follow his lead and his inspiration in striving for bigger and better in everything that we do, paving the way for ever faster growth and ever higher value for all our stakeholders.



Anil D. Ambani
Chairman

Reliance Infrastructure Limited

Highlights - at a glance

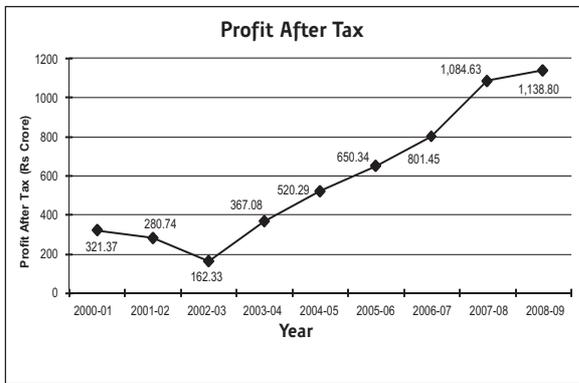
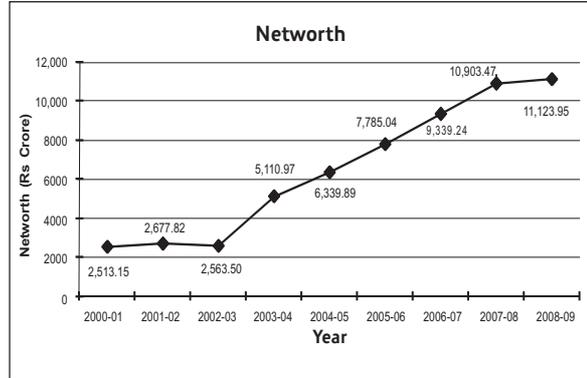
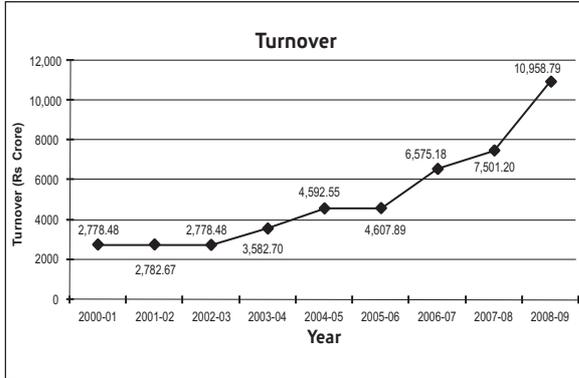
| Year Ended 31st March | | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|--|------------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|
| Units Sold - (Million Units) | | 9582 | 9271 | 8743 | 8064 | 7969 | 7691 | 5880 | 5676 | 5415 | 5168 |
| Maximum Demand MVA | | 1509 | 1408 | 1457 | 1331 | 1320 | 1274 | 1226 | 1201 | 1198 | 1121 |
| High Tension Mains kms | | 3860 | 3606 | 3448 | 3114 | 3012 | 2915 | 2829 | 2789 | 2734 | 2577 |
| Low Tension Mains kms | | 3619 | 3313 | 3179 | 3116 | 3039 | 3002 | 2965 | 2923 | 2870 | 2774 |
| No. of Substations | | 5081 | 4909 | 4720 | 4002 | 3848 | 3735 | 3653 | 3547 | 3444 | 3337 |
| No. of Consumers (in '000) Licensed Area - 384 sq kms | | 2692 | 2630 | 2506 | 2496 | 2381 | 2329 | 2223 | 2142 | 2067 | 1977 |
| No. of Shareholders (in '000) | | 1591 | 1596 | 157 | 109 | 99 | 96 | 122 | 145 | 155 | 168 |
| Financial Data (Rs in crore) | US \$ in Million | | | | | | | | | | |
| Assets: | | | | | | | | | | | |
| Fixed Assets (Net) | 769.91 | 3905 | 3637 | 3104 | 2874 | 2912 | 3093 | 1813 | 1951 | 2080 | 2108 |
| Investments | 2394.91 | 12147 | 7726 | 2512 | 1193 | 696 | 2875 | 1030 | 611 | 534 | 525 |
| Current Assets (Net) | 666.80 | 3382 | 5561 | 9954 | 8277 | 6731 | 1410 | 531 | 850 | 657 | 734 |
| Total Assets | 3831.62 | 19434 | 16924 | 15570 | 12344 | 10339 | 7378 | 3374 | 3412 | 3271 | 3367 |
| Sources of Finance | | | | | | | | | | | |
| Share Capital | 44.56 | 226 | 236 | 229 | 212 | 186 | 175 | 138 | 138 | 201 | 225 |
| Equity Warrants | 154.37 | 783 | 783 | - | 88 | 568 | - | - | - | - | - |
| Reserves & Surplus | 2148.66 | 10898 | 10668 | 9252 | 7573 | 5586 | 4936 | 2426 | 2540 | 2375 | 2143 |
| Borrowings | 1445.58 | 7332 | 4989 | 5858 | 4267 | 3739 | 2030 | 632 | 661 | 695 | 824 |
| Deferred Tax Liabilities | 38.44 | 195 | 249 | 231 | 204 | 260 | 237 | 178 | 73 | - | - |
| Total Finance Raised | 3831.62 | 19434 | 16924 | 15570 | 12344 | 10339 | 7378 | 3374 | 3412 | 3271 | 3367 |
| Gross Revenue | 2160.69 | 10959 | 7501 | 6575 | 4608 | 4593 | 3583 | 2777 | 2783 | 2778 | 2430 |
| Profit Before Tax | 235.21 | 1193 | 1152 | 872 | 781 | 570 | 417 | 153 | 302 | 350 | 397 |
| Profit After Tax | 224.57 | 1139 | 1085 | 801 | 650 | 520 | 367 | 297 * | 281 | 321 | 307 |
| Dividends | 31.15 | 158 | 148 | 121 | 104 | 87 | 70 | 61 | 61 | 62 | 61 |
| Dividend Tax | 5.32 | 27 | 25 | 21 | 16 | 12 | 9 | 8 | 0.17 | 7 | 7 |
| Retained Earnings (including statutory reserves) | 188.49 | 956 | 912 | 699 | 529 | 421 | 295 | 54 | 244 | 227 | 235 |
| Equity Share Capital | 44.56 | 226 | 236 | 229 | 212 | 186 | 175 | 138 | 138 | 138 | 138 |
| Rate of Dividend per Equity Share (Rs) | 7.00 | 7.00 | 6.30 | 5.30 | 5.00 | 4.70 | 4.50 | 4.40 | 4.30 | 4.00 | 3.70 |
| Earnings Per Share (Rs) | US\$ 0.97 | 49 | 47 | 37 | 33 | 28 | 26 | 22 * | 22 | 21 | 21 |

* Prior to one time adjustments of Rs 135 crore

1 US\$ = Rs 50.72 as on March 31, 2009

1 crore = 10 million

Highlights - at a glance



Business Mix

Generation

Generates 940 MW of electricity through Power Stations across Maharashtra Andhra Pradesh, Kerala, Karnataka and Goa

Distribution

Distributes over 36 billion units of electricity to 30 million consumers

EPC

Leading player in India in the engineering, procurement and construction segment of the power sector

RELIANCE
Infrastructure
Anil Dhirubhai Ambani Group

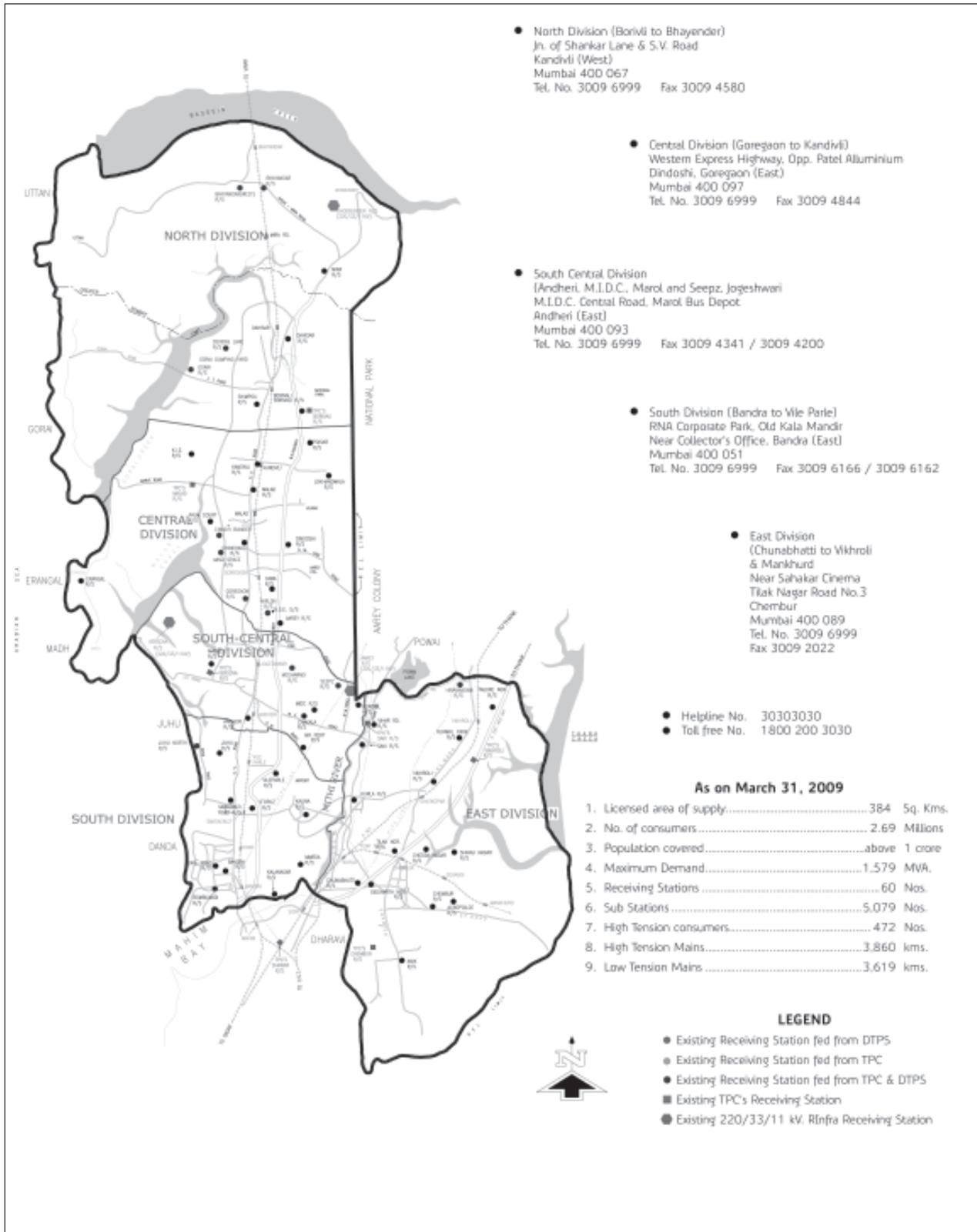
Infrastructure

- Road Projects: Largest developer of road projects for NHAI totaling 467 kms
- Metro projects: First and only private sector builder and operator in Mumbai and Delhi covering 34 kms

Transmission

- Parbati and Koldam Hydroelectric project
- Project under Western Region System Strengthening Scheme II in Maharashtra and Gujarat

Distribution Network in Mumbai



Notice

Notice is hereby given that the 80th Annual General Meeting (AGM) of the members of Reliance Infrastructure Limited will be held on Tuesday, July 21, 2009 at 2.00 p.m. or soon thereafter as the AGM of Reliance Capital Limited convened for the same day shall be over at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020, to transact the following business:

Ordinary Business

1. To consider and adopt the audited Balance Sheet as at March 31, 2009, the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors' thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri Satish Seth who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri S C Gupta who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri V R Galkar who retires by rotation and being eligible offers himself for re-appointment.
6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Price Waterhouse, Chartered Accountants and Chaturvedi & Shah, Chartered Accountants, be and are hereby appointed as joint statutory auditors of the Company, to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting of the Company, on such remuneration as may be fixed by the board of directors."

By Order of the Board

Ramesh Shenoy
Company Secretary

Registered Office:
Reliance Energy Centre
Santa Cruz (E)
Mumbai 400 055

April 23, 2009

Notes

1. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote instead of herself/himself and the proxy need not be a member of the Company. The instrument appointing a proxy should, however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the Meeting.**
2. Corporate members are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Meeting.
3. Members/proxies should fill in the attendance slip for attending the Meeting.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members who hold 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 numbers in the attendance slip for attending the Meeting to facilitate identification of membership at the Meeting. Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting.
6. a. The Company has notified closure of the Register of Members and the Share Transfer Books from Monday, July 6, 2009 to Friday, July 10, 2009 (both days inclusive), for determining the names of members eligible for dividend, if approved, on equity shares for the year ended March 31, 2009. In respect of shares held in electronic form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories for this purpose.
b. The dividend on equity shares, as recommended by the Board of Directors, if declared at the AGM will be paid on or after the AGM on July 21, 2009.
c. Shareholders holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of the dividend. The Company or its Registrar will not act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandate. Such changes are to be advised only to the Depository Participant by the shareholders.

Reliance Infrastructure Limited

Notice

7. Non-resident Indian members are requested to inform Karvy Computershare Private Limited immediately on:
 - a. the change in the residential status on return to India for permanent settlement.
 - b. the particulars of the bank accounts maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
8. Re-appointment of directors: At the ensuing meeting, Shri Satish Seth, Shri S C Gupta and Shri V R Galkar retire by rotation, and being eligible, offer themselves for re-appointment. The details pertaining to these directors required to be provided pursuant to clause 49 of the listing agreement are furnished in the statement on corporate governance published elsewhere in this Annual Report.
9. Members are advised to refer to the section titled 'Investor Information' provided in the Annual Report.
10. Members are requested to fill in and send the Response form provided in this Annual Report, to aid the Company in its constant endeavour to enhance the standards of service to its investors.
11. Pursuant to Circular no. SEBI/CFD/DIL/LA/2/2007/26/4 dated April 26, 2007, issued by the Securities and Exchange Board of India, the statement containing the salient features of the balance sheet, profit and loss account and auditors' report (Abridged Financial Statements), is sent to the members, along with the Abridged Consolidated Financial Statements. Any member interested in obtaining a copy of unabridged Annual Report, may write to the Registrar and Transfer Agent of the Company.

Directors' Report

Dear Shareowners,

Your Directors have pleasure in presenting the 80th Annual Report, together with the audited statement of accounts of the Company for the year ended March 31, 2009.

Financial Results

The performance of the Company for the financial year ended March 31, 2009 is summarised below:

| Particulars | Financial Year ended March 31, 2009 | | Financial Year ended March 31, 2008 | |
|--|--|--------------------|--|--------------------|
| | Rs in Crore | US \$ in million * | Rs in Crore | US \$ in million * |
| Total Income | 10,958.79 | 2,160.64 | 7,501.20 | 1,869.69 |
| Gross Profit before Depreciation | 1,438.31 | 283.58 | 1,374.64 | 342.63 |
| Depreciation | 244.88 | 48.28 | 222.94 | 55.57 |
| Profit before Taxation and Adjustments | 1,193.43 | 235.30 | 1,151.70 | 287.06 |
| Provision for Taxation (Income Tax and Wealth Tax) | 175.75 | 34.65 | 137.15 | 34.18 |
| Provision for Deferred Tax | (54.56) | (10.76) | 17.22 | 4.29 |
| Fringe Benefit Tax | 5.70 | 1.12 | 6.00 | 1.50 |
| Tax Adjustments for earlier years (Net) | (72.34) | (14.26) | (93.30) | (23.25) |
| Profit after Taxation and Adjustments | 1,138.88 | 224.55 | 1,084.63 | 270.34 |
| Add: a. Balance of Profit brought forward from previous year | 703.76 | 138.75 | 359.28 | 89.55 |
| b. Balance of Profit transferred on Amalgamation | 71.10 | 14.02 | - | - |
| Profit available for appropriation | 1,913.74 | 377.32 | 1,443.91 | 359.89 |
| Less: Statutory Reserves | 14.55 | 2.87 | 13.32 | 3.32 |
| Amount available for appropriations | 1,899.19 | 374.45 | 1,430.59 | 356.57 |
| Appropriations : | | | | |
| Dividend on Equity Shares | 157.69 | 31.09 | 147.73 | 36.82 |
| Dividend on Equity Shares (including Tax on Dividend) for previous year | (1.85) | (0.36) | - | - |
| Corporate Tax on Dividends | 26.80 | 5.28 | 25.11 | 6.26 |
| Transfer to General Reserve | 1,000.00 | 197.16 | 500.00 | 124.63 |
| Transfer to Debenture Redemption Reserve | 33.35 | 6.58 | 53.99 | 13.46 |
| Balance carried to Balance Sheet | 683.20 | 134.70 | 703.76 | 175.41 |

* Rs 50.72 = US \$ 1 Exchange rate as on March 31, 2009 (Rs 40.12 = US \$ 1 as on March 31, 2008)

Financial Performance

During the year under review, your Company recorded a total income of Rs 10,959 crore, against Rs 7,501 crore in the previous year, an increase of 46%. Net Profit for the financial year ended March 31, 2009 recorded an increase of 5% to Rs 1,139 crore from Rs 1,085 crore in the previous year. Shareholders equity (Networth) increased to Rs 11,907 crore from Rs 11,687 crore in the previous year.

Dividend

Your Directors recommend a dividend of Rs 7.00 per equity share aggregating Rs 157.69 crore for the financial year 2008-09 which, if approved at the ensuing 80th AGM, will be paid to (i) those members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company on or before July 4, 2009, and (ii) to those members whose names appear as beneficial owners as at

Reliance Infrastructure Limited

Directors' Report

the end of business hours on July 4, 2009, as per particulars to be furnished for this purpose, by the Depositories, viz. National Securities Depository Limited and Central Depository Services (India) Limited.

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

Management Discussion and Analysis

The Management Discussion and Analysis of financial condition including the results of operations of the Company for the year under review as required under clause 49 of the listing agreement with the stock exchanges, is given as a separate statement in the Annual Report.

Issue of Securities and Share Capital

(i) Issue of Non-Convertible Debentures

During the year, the Company issued 11.55% Secured Redeemable Non-Convertible Debentures (NCDs) aggregating Rs 850 crore on Private Placement basis to Life Insurance Corporation of India. The NCDs are redeemable in three equal instalments at the end of 8th, 9th and 10th year respectively. The NCDs are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

(ii) Buy-back of shares

Pursuant to the resolution passed by the Board of Directors of the Company and in accordance with the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, the Company made a Public Announcement to buy-back the equity shares of the Company at a maximum price of Rs 1,600 per equity share, up to an amount not exceeding 10 per cent of the paid-up equity share capital and free reserves (including securities premium) of the Company, i.e. up to Rs 800.06 crore. The buy-back was open from March 25, 2008 till February 6, 2009 and the Company bought -back 87,60,000 equity shares at an aggregate value of Rs 795.53 crore. Consequently, the paid-up equity share capital of the Company declined from Rs 236.53 crore to Rs 227.77 crore as on February 6, 2009.

Further, on April 17, 2008, the members of the Company passed a special resolution through Postal Ballot (members approval) enabling the Company to buy-back equity shares, up to an amount not exceeding 25 per cent of the paid-up equity share capital and free reserves (including securities premium) of the Company, at a maximum price of Rs 1,600 per equity share, aggregating Rs 2,000.14 crore, including the limits approved by the Board of the Company. The

Board accordingly made a fresh announcement for buy-back of equity shares for an aggregate amount of up to Rs 700 crore, as approved by the members of the Company at a maximum price of Rs 700 per share. The buy-back under the members approval was open from February 25, 2009 till April 8, 2009 and the Company bought-back 25,00,000 equity shares at cost of Rs 127.38 crore. Consequently, the paid-up equity share capital of the Company declined further to Rs 225.27 crore as on April 23, 2009.

Deployment of funds raised from External Commercial Borrowings

The Company had raised US\$ 360 million through External Commercial Borrowings (ECB) and the proceeds thereof were repatriated to India in April 2007 and temporarily invested in debt mutual funds with no equity exposure, which earned an aggregate income of Rs 123 crore. In the absence of clarity on such inward remittance, the Company's application for compounding in respect of its ECBs of US\$ 360 million had been deemed by the Reserve Bank of India as never to have been made subsequent to the withdrawal of the compounding application. Accordingly, there was no liability in respect of compounding fee of Rs 124.68 crore earlier specified by the Reserve Bank of India. The Company was advised that it was in compliance with the regulations specified for ECB under the Foreign Exchange Management Act, 1999.

Reorganisation of various businesses

The Company evaluated its existing businesses and felt the need to create a simplified and transparent structure focusing on each individual business segments. The Company is in the process of restructuring its business verticals envisaging transfer of various divisions to resulting wholly owned subsidiary companies as under:

- Dahanu Thermal Power Station Division to Reliance Energy Generation Limited
- Goa and Samalkot Power Stations Division to Reliance Goa and Samalkot Power Limited
- Power Transmission Division to Reliance Power Transmission Limited
- Power Distribution Division to Reliance Energy Limited
- Toll Roads Division to Reliance Infraventures Limited
- Real Estate Division to Reliance Property Developers Limited

With effect from the Appointed Date, i.e. March 31, 2009, the whole of the undertaking and properties of the above divisions, shall stand transferred to and vested in the resulting companies pursuant to the provisions contained in Sections 391 to 394 of the Companies Act, 1956 and subject to requisite consents and approvals of the shareholders, lenders, creditors of the Company and of the resulting

Directors' Report

companies, Central Government, Securities and Exchange Board of India, stock exchanges on which the equity shares of the Company are listed, the Bombay High Court or any other statutory or regulatory authorities.

Standby Charges

In the pending litigation on standby charges, The Tata Power Company Limited (TPC) had filed an appeal in the Hon'ble Supreme Court which admitted it and directed TPC to deposit Rs 227 crore (being 50 per cent of the amount of refund including interest up to December 31, 2006) as per the order of the Appellate Tribunal for Electricity and furnish a bank guarantee for Rs 227 crore. We were permitted to withdraw the amount after giving an undertaking to repay the amount, if required, without demur, on the final order being passed. The Company, after giving such an undertaking received Rs 227 crore on March 12, 2007. The Company is yet to receive further order from the Hon'ble Supreme Court.

Subsidiary Companies

The Company, as of March 31, 2009 had 20 subsidiaries, viz. BSES Kerala Power Limited, Reliance Infraprojects Limited, Reliance Infraventures Limited, Reliance Power Transmission Limited, Noida Global SEZ Private Limited, Mumbai Metro One Private Limited, Reliance Energy Trading Limited, Parbati Koldam Transmission Company Limited, Delhi Airport Metro Express Private Limited, SU Toll Road Private Limited, TD Toll Road Private Limited, TK Toll Road Private Limited, NK Toll Road Limited, DS Toll Road Limited, GF Toll Road Private Limited, CBD Tower Private Limited, Reliance Energy Limited, Tulip Realtech Services Private Limited, Reliance Energy Generation Limited and Reliance Property Developers Limited. Besides, Western Region Transmission (Maharashtra) Private Limited and Western Region Transmission (Gujarat) Private Limited are wholly owned subsidiaries of Reliance Power Transmission Limited, a subsidiary of the Company and Reliance Goa and Samalkot Power Limited is a subsidiary of Reliance Energy Generation Limited, a subsidiary of the Company. In terms of Section 4(1)(c) of the Companies Act, 1956, these three companies are subsidiaries of the Company.

In terms of the approvals granted by the Central Government under Section 212(8) of the Companies Act, 1956, copies of the balance sheet, profit and loss account and reports of the board of directors and auditors of the subsisting subsidiaries have not been attached with the balance sheet of the Company. However, these documents will be made available upon request by any member of the Company interested in obtaining the same. As directed by the Central Government, the financial data of the subsidiaries has been furnished in the Notes on consolidated financial statements, which forms part of the Annual Report. The annual accounts of the Company including that of subsidiaries will be kept for inspection by any member. Further, pursuant to Accounting Standard-21 (AS-21) prescribed under the

Companies (Accounting Standard) Rules, 2006, Consolidated Financial Statements presented by the Company include financial information about its subsidiaries.

Fixed Deposits

The Company discontinued accepting fixed deposits since December 1998. There was no unclaimed fixed deposit as on March 31, 2009.

Amalgamation

The Scheme of Arrangement for the merger of Reliance Projects Finance Private Limited, the wholly owned subsidiary of the Company, with the Company as approved by the Hon'ble High Court of Bombay by an order dated June 20, 2008 became effective from the appointed date i.e. April 1, 2007.

Directors

Shri Satish Seth, Shri S C Gupta and Shri V R Galkar retire by rotation and are eligible for re-appointment. Brief resumes of these directors, the nature of their expertise in specific functional areas, names of companies in which they hold directorships and the memberships/chairmanship of committees of the board, their shareholdings, etc. as stipulated under clause 49 of the listing agreement with the stock exchanges in India are provided in the report on corporate governance forming part of the annual report.

Directors' Responsibility Statement

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

- i. in the preparation of the accounts for the financial year ended March 31, 2009, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- ii. the Directors have 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 at March 31, 2009 and of the profit of the Company for the said period;
- iii. the Directors have taken proper and sufficient care to the best of their knowledge and ability 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 have prepared the accounts for the financial year ended March 31, 2009, on a 'going concern' basis.

The above statements were noted by the audit committee at its meeting held on April 22, 2009.

Reliance Infrastructure Limited

Directors' Report

Group

Pursuant to an intimation from the Promoters, the names of the Promoters and entities comprising 'group' as defined under the Monopolies and Restrictive Trade Practices ('MRTP') Act, 1969 are furnished in the Annual Report for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Consolidated Financial Statements

The Audited Consolidated Financial Statements based on the Financial Statements received from subsidiary companies, as approved by their respective board of directors, have been prepared in accordance with the Accounting Standard 21 (AS-21) - 'Consolidated Financial Statements' and Accounting Standard 23 (AS-23) - 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard 27 (AS-27) - 'Financial Reporting of Interests in Joint Ventures', notified under Section 211 (3C) of the Companies Act, 1956 read with Companies (Accounting Standards) Rules, 2006, as applicable.

Auditors

Price Waterhouse, Chartered Accountants and Chaturvedi & Shah, Chartered Accountants, statutory 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 Price Waterhouse, Chartered Accountants and Chaturvedi & Shah, 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 for such appointment within the meaning of Section 226 of the Companies Act, 1956.

Cost Auditor

Pursuant to the direction of the Central Government that the cost accounts maintained by the Company be audited by an auditor, the Company has appointed V J Talati & Company, Cost Accountants, for conducting the cost audit for the generation, transmission and distribution of electricity business of the Company for the financial year ended March 31, 2009.

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, 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 is being sent to all members of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The information relating to energy conservation, technology absorption, foreign exchange earnings and outgo required to be disclosed under Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in Annexure I and forms part of this report.

Corporate Governance

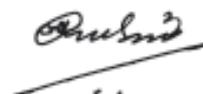
The Company has adopted the *Reliance Anil Dhirubhai Ambani Group - Corporate Governance Policies and Code of Conduct* which has set out the systems, processes and policies conforming to international standards. As per clause 49 of the Listing Agreement, a separate section on corporate governance forms part of the annual report.

A certificate from the auditors of the Company regarding compliance of conditions of corporate governance as stipulated under clause 49 of the listing agreement is given in Annexure II.

Acknowledgment

Your directors wish to thank the Government of India (including the Ministry of Power), Governments of Maharashtra, Andhra Pradesh and Goa (including Energy and Environment Departments), Western Region Load Despatch Centre, State Transmission Unit, Maharashtra State Electricity Transmission Company Limited, Electricity Regulatory Commissions of Maharashtra and Andhra Pradesh, Dahanu Taluka Environment Protection Authority, Municipal Corporation of Greater Mumbai, financial institutions, bankers, customers, suppliers, shareholders and the employees of the Company for their continued co-operation and support.

On behalf of the Board of Directors



Anil D Ambani
Chairman

Mumbai
April 23, 2009

Directors' Report

Annexure I

Disclosure under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A. Conservation of Energy

- a. *Energy conservation measures taken at Distribution Division, Power Stations and offices*
 - i. Energy audit of buildings, offices, power plant systems consisting of main process and equipments.
 - ii. Demand Side Management of power distribution areas.
 - iii. Training programme, workshop and e-bulletin on various aspects of energy conservation opportunities and future perspective including awareness for use of BEE star label energy efficient appliances.
 - iv. Use of energy efficient lightings & luminaries like Light Emitting Diodes (LED) / Power Diode, high lumen fluorescent lamps, CFL, electronic choke and efficient fixtures with better ergonomics for lighting and small group switching of lighting.
 - v. Optimization of air-conditioning systems, Diesel generator sets and air compressor through process improvement and automation.
 - vi. Installation of LT fixed capacitors at office buildings for improvement of power factor and loss reduction.
 - vii. Installation of Variable Frequency Drives (VFD) in High Pressure Boiler Feed pump, Low Pressure Boiler Feed pump, Condensate Extraction pumps, etc.
 - viii. Fluiglide coating of circulating water pump for energy saving and anti-corrosion.
 - ix. Installation of energy efficient Hollow-FRP epoxy coated fan blades on cooling tower fans.
 - x. Installation of wind turbo ventilator in place of motor operated roof ventilator.
 - xi. Use of solar street lighting at remote locations of plant areas.
- b. *Additional investment and proposals being implemented*
 - i. Installation of Steam fired Vapour Absorption Machine (VAM) in place of electrical reciprocating chiller for centralized air conditioning system.
 - ii. Replacement of steam ejectors with vacuum pumps and less efficient pumps with higher efficiency pumps.

- iii. Installation of energy efficient blades on cooling tower fans.
- iv. Expansion of the VFD usage to other pumps and fans.
- v. Expanding the usage of wind turbo ventilator in place of motor operated roof ventilator.
- c. *Impact of the measures outlined at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods*
 - i. Reduction in auxiliary power consumption.
 - ii. Improvement in heat rate.
 - iii. Increased energy conservation awareness among employees and customers.

B. Technology Absorption: Efforts made in technology absorption as per Form B is given below.

FORM 'B'

Research and Development (R&D)

1. Electricity Supply Division

Areas in which R&D was carried out

- a. Analysis of Low Tension (LT) cable joint failures and modification in joint design to enhance life expectancy of LT joints.
- b. Assessment of street light pole corrosion with CMOS LED white light camera.
- c. Feasibility of use of MCBs in place of cut out fuses/ HRC fuses at consumer installations /LT feeder pillars.
- d. Insul coat epoxy painted busbars with armour cast tapes for LT feeder pillars.
- e. Design of Compact distribution substation.
- f. Integration of GIS with network analysis software.
- g. Online substation monitoring system.

Benefits derived

- a. Improvement in reliability of supply, reduction in repairs and maintenance expenses.
- b. Prevention of accidents.
- c. Easy isolation and reduction in down time.
- d. Prevention of theft of energy.
- e. Optimum utilization of space.
- f. Optimal planning and design of distribution network.
- g. Predictive maintenance & resource optimization.

2. Transmission Division

Areas in which R&D was carried out

- a. Hot line maintenance

Reliance Infrastructure Limited

Directors' Report

- b. Polymer Insulators

Benefits derived

- a. Replacement of insulator strings, repositioning of vibration dampers, tightening of nut-bolts and jumpers can be carried out without outage and down time.
- b. Installation of polymer insulators will reduce insulator failures and improve reliability.

Future plan of action

- a. Installation of online Dissolved Gas Analyzer for all 220 KV Transformer.
- b. Introduction of 220 kV cables for new EHV stations.
- c. Introduction of 33 kV and 220 kV GIS at proposed EHV stations at Gorai, Nagri Nivara Parishad, Goregaon (E), Goregaon (W) and Chembur.

3. Power Plants

Areas in which R&D was carried out

- a. Reference Field Test (RFT) for testing suitability of Bio-Fuel (Ethanol) as Gas Turbine alternative fuel at Goa Power Station, Goa
- b. Installation of HV Series reactor between plant generating bus and GoG grid at Goa
- c. Use of Hybrid-Wind Turbo Ventilators
- d. Installation of steam fired Vapour Absorption machine for centralized air conditioning system at Dahanu.
- e. Use of VFD for pumps at Dahanu & Samalkot.
- f. Innovative ground improvement technique using Prefabricated Vertical Drains (PVD) being used in India for the first time.
- g. Testing of imported pre-fabricated high grade hollow PC Spun piles from Malaysia, being carried out in India for the first time.
- h. Use of desalinated sea water for Power Cycle make up and other power plant applications using state of art Multi-effect Distillation / RO technique.
- i. IT enabled Communication Server, E-library and Video conferencing facilities implemented for communication with Consultants, Vendor and project site at a very early stage of the power projects.

Benefits derived

- a. Lower emission and eco-friendly alternative fuel.
- b. Elimination of Voltage dip faced by customer and reliability improvement.
- c. Renewable energy source and energy saving.
- d. Auxiliary Power reduction and energy saving.

- e. Use of innovative ground improvement technique helps in reduction of number of piles and reduces cost of foundation system for the project.

- f. Use of high grade hollow PC spun piles helps in optimizing piling costs and compressing project schedule.

- g. Use of sea water desalination helps in conservation of groundwater and fresh surface water. Selection of optimum desalination technique will help in reducing overall water costs for the project.

- h. Faster communication, knowledge sharing and cost reduction

Future plan of action

- a. Full Field Test (FFT) for testing suitability of Bio – Fuel (Ethanol) as Gas Turbine alternative fuel at Goa.

- b. Use of CDMA (Code Division Multiple Access) technology for Automated Remote Metering at Goa.

- c. Extending the usage of more VFD's.

- d. Naphtha additive testing for fuel efficiency at Goa.

- e. Solar water heating system for colony household usage at Dahanu.

- f. Use of on-line Motor Current Signature Analysis as a predictive maintenance for reliability improvement.

- g. Setting of coarse ash grinding system in order to utilize coarse ash gainfully.

- h. Thermal Energy Storage system for Air Conditioning for off-setting peak load.

- i. High Concentration Photovoltaic (HCPV) system for electricity generation for auxiliary power requirements.

- j. Concentrated Solar Water Heating system for application in the thermal cycle.

4. Expenditure incurred on R&D

Rs Lakh

| | |
|---|-----------------|
| a. Capital | 1,379.06 |
| b. Recurring | 141.12 |
| c. Total | <u>1,520.18</u> |
| d. Total R&D expenditure as per centage of total turnover | 0.14% |

Foreign Exchange earnings and outgo

Virtually, all of the Company's revenues are derived from the domestic market in India. The foreign exchange earnings for the year 2008-09 was Rs 93.35 crore (previous year Rs 29.96 crore) and foreign exchange outgo during the year was Rs 1,363.86 crore (previous year Rs 716.15 crore).

Directors' Report

Annexure II

Auditors' Certificate on compliance with the conditions of corporate governance under Clause 49 of the listing agreement(s)

To the Members of Reliance Infrastructure Limited

We have examined the compliance of the conditions of Corporate Governance by Reliance Infrastructure Limited ('the Company') for the year ended March 31, 2009 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 Agreements.

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 Price Waterhouse

Chartered Accountants

For Chaturvedi & Shah

Chartered Accountants

Partha Ghosh

Partner

Membership No. F55913

Date : April 23, 2009

Place : Mumbai

C D Lala

Partner

Membership No. F35671

Date : April 23, 2009

Place : Mumbai

Reliance Infrastructure Limited

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 cost of fuel, 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.

The financial statements are prepared on accrual basis of accounting and in accordance with Indian GAAP, provisions of the Companies Act, 1956 (the Act) and comply in material aspects with the accounting standards notified under Section 211 (3C) of the Act read with the Companies (Accounting Standards) Rules, 2006. Assets and liabilities created under applicable electricity laws continue to be depicted under appropriate heads. The management of Reliance Infrastructure Limited ("Reliance Infrastructure" or "RIInfra" or "the Company") accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. These estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the state of affairs and profits 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", "RIInfra" or "Reliance Infrastructure" are to Reliance Infrastructure Limited *and/or its subsidiary companies*.

Overall Review

The Company changed its name from Reliance Energy Limited to Reliance Infrastructure Limited with effect from April 28, 2008 as approved by the members through postal ballot on April 17, 2008. The new name appropriately reflects various infrastructure businesses, including in the

power and energy sector, being carried on by the Company and redefines the Company's vision and focus to emerge as a premier Infrastructure Company.

Reliance Infrastructure is India's leading private sector Infrastructure Company, with aggregate estimated group revenues of Rs 21,818 crore (US\$ 4.3 billion) and total assets of Rs 14,722 crore (US\$ 2.9 billion). Reliance Infrastructure is ranked amongst India's leading private companies on all major financial parameters, including assets, sales, profits and market capitalisation.

The highlights of performance of the Company for the year 2008-09 are:

- Total Income of Rs 10,959 crore (US\$ 2.16 billion), as against Rs 7,501 crore (US\$ 1.48 billion), in the previous financial year, an increase of 46%.
- Cash Profit of Rs 1,384 crore (US\$ 273 million) against Rs 1,308 crore (US\$ 258 million), in the previous financial year.
- Net Profit of Rs 1,139 crore (US\$ 225 million) against Rs 1,085 crore (US\$ 214 million) in the previous financial year, an increase of 5%.
- Cash Earnings Per Share for the year of Rs 60 (US\$ 1.18) against Rs 56 (US\$ 1.1) in the previous financial year.
- Earnings Per Share (EPS) of Rs 49.5 (US\$ 1) against Rs 46.9 (US\$ 1) in the previous financial year.

In order to optimise shareholder value, the Company continues to focus on in-house opportunities as well as selective large external projects for its Engineering, Procurement and Construction (EPC) Division. The EPC Division had an order book position of Rs 20,625 crore (US\$ 4.07 billion) as on March 31, 2009.

Financial Review

Reliance Infrastructure's total income for the year ended March 31, 2009 increased to Rs 10,959 crore (US\$ 2.16 billion), compared to Rs 7,501 crore (US\$ 1.48 billion), in the previous year.

The total income includes earnings from sale of electrical energy of Rs 7,183 crore (US\$ 1.42 billion) as compared to 4,920 crore (US\$ 0.97 billion) recorded last year. The sale of electrical energy includes income of Rs 319 crore (US\$ 63 million) and Rs 313 crore (US\$ 62 million) from the Samalkot Power Station (SPS) and the Goa Power Station (GPS) respectively.

The turnover of our EPC business was Rs 2,513 crore (US\$ 495 million), against Rs 1,444 crore (US\$ 285 million) in the previous year.

Management Discussion and Analysis

Other income for the year was Rs.1,262 crore (US\$ 249 million) including interest income.

The cost of electrical energy purchased increased by 71% from Rs 2,488 crore (US\$ 490 million) in the previous year to Rs 4,254 crore (US\$ 839 million) during the current year.

During the year, interest expenditure increased to Rs 330 crore (US\$ 65 million) as compared to Rs 309 crore (US\$ 61 million) in the previous year, owing to higher level of debt for the period.

The Company had, in order to reflect the true value of its prime assets, revalued the assets of its Dahanu Power Station as at April 1, 2003 by Rs. 752 crore (US\$ 148 million). In view of this, the depreciation on such revalued assets is higher by Rs 54 crore (US\$ 11 million), and the same has been adjusted by withdrawing equivalent amount from the general reserve, which is credited to the profit and loss account.

The generation plants – Dahanu power station, Samalkot power station, Goa power station and the wind farm in Karnataka are all eligible for tax holiday under section 80IA of the Income Tax Act, 1961 for a total of 10 consecutive years out of 15. Hence, the effective tax rate for the Company as a whole is governed by section 115JB of the Income-tax Act, 1961.

The corporate tax liability for the year was Rs 55 crore (US\$ 11 million), compared to Rs 67 crore (US\$ 13 million) in the previous year.

Cash profit for the year was Rs 1,384 crore (US\$ 273 million) compared to Rs 1,308 crore (US\$ 258 million) in the previous year.

Operating profit i.e. profit before depreciation, interest and tax (PBDIT) increased by 5% to Rs 1,769 crore (US\$ 349 million) during the year, up from Rs 1,683 crore (US\$ 332 million) in the previous year.

Net profit for the year recorded an increase of 5% to Rs 1,139 crore (US\$ 225 million), against Rs 1,085 crore (US\$ 214 million), in the previous financial year.

The net profit of Rs 1,139 crore (US\$ 225 million) has been arrived at after taking into consideration the following higher expenses aggregating Rs 558 crore (US\$ 110 million) for the year.

- Rs 170 crore (US\$ 34 million) towards revaluation of foreign exchange derivative instruments
- Rs 320 crore (US\$ 63 million) towards provision for contingencies.
- We have followed conservative accounting policy and have not adopted modified Accounting Standard – 11 which would have increased our profits further by Rs 68 crore.

Excluding the above, the net profit would have been higher by Rs 491 crore (US\$ 97 million), an increase of 50% over the previous year.

In our ongoing endeavour to enhance value for our shareholders, RInfra introduced India's largest share buy-back programme. The Company made an announcement to buy-back up to 10% of the paid-up capital and free reserves (including securities premium) of the Company aggregating Rs 800.06 crore, at a maximum price of Rs 1,600 per share, as approved by the Board of Directors on March 5, 2008. The shareholders of the Company also approved the buy-back of up to 25% of the paid-up capital and free reserves of the Company aggregating Rs 2,000.14 crore on April 17, 2008, inclusive of the percentage of shares and the aggregate amount approved by the Board of Directors of the Company.

The Company bought-back 95.6 lakh equity shares for an aggregate amount of Rs 759 crore (US\$ 149 million) during the year and all the shares bought-back were extinguished. As of the date of this report, the Company had cumulatively bought-back 112.6 lakh equity shares for an aggregate amount of Rs 925 crore (US\$ 182 million).

At its meeting held on April 23, 2009, the Board approved payment of final dividend of Rs 7 per share, amounting to pay out of Rs 158 crore (US\$ 31 million) (excluding dividend tax) for the year ended March 31, 2009.

The capital expenditure during the year was Rs 584 crore (US\$ 115 million), primarily on account of expenditure incurred on modernizing and strengthening of the distribution network.

Total gross assets increased during the year to Rs 6,923 crore (US\$ 1.36 billion).

The Company ranks among leading Indian private sector companies in terms of net worth. As on March 31, 2009, the net worth of the Company stood at Rs 11,907 crore (US\$ 2.35 billion).

During the year, pursuant to the sanction of the Hon'ble High Court of Bombay to the scheme of amalgamation between Reliance Projects Finance Private Limited (RPFPL), a wholly owned subsidiary and the Company, RPFPL has been amalgamated with the Company with appointed date as April 1, 2007. The Profit after Tax of RPFPL of Rs 66.19 crore for the year ended March 31, 2008 has been added to the balance of the Profit and Loss account as on April 1, 2008 of the Company. On account of the above amalgamation, Profit before tax for the year is higher by Rs 46.28 crore.

Resources and Liquidity

Reliance Infrastructure continues to maintain its conservative financial profile, as reflected in its credit ratings in current business environment.

Reliance Infrastructure Limited

Management Discussion and Analysis

The Company's gross debt as at the end of the financial year stood at Rs 7,332 crore (US\$ 1.45 billion). Of this, nearly 70% represented foreign currency denominated debt. The average final maturity of the Company's long-term debt is about 5 years and 3 months. The average annual interest cost is about 6.41%.

Reliance Infrastructure's current cash flow levels, for less than five years, are adequate to extinguish its entire gross debt, reflecting its inherent financial strength and conservatism. At net level, the Company is currently debt free.

The Company funds its long-term and project related financing requirements from a combination of internally generated cash flows and external sources. The working capital requirements are met through commercial rupee credit lines provided by a consortium of Indian and foreign banks.

The Company also undertakes liability management transactions and enters into other structured derivative arrangements such as interest rate and currency swaps. This is practised on an ongoing basis to reduce overall cost of debt and diversify liability mix.

Reorganization of various businesses

The Company reviewed its existing businesses and felt the need to create a simplified and transparent structure focusing on each individual business segments. Each of the several businesses carried on by RInfra either by itself or through its subsidiaries and affiliates and through strategic investments in other companies have significant potential for growth. The nature of risk and returns involved in each of these businesses is distinct from others and consequently, each business or undertaking is capable of attracting a different set of investors, strategic partners, lenders and other stakeholders. There are also differences in the manner in which each of these businesses are required to be managed.

In order to enable distinct focus of investors to invest in some of the key businesses and to lend greater focus to the operation of each of its diverse businesses, RInfra has decided to reorganize all its business verticals envisaging transfer of various divisions of Reliance Infrastructure Limited to various resulting wholly owned subsidiary companies as under:

- Dahanu Thermal Power Station to Reliance Energy Generation Limited
- Goa and Samalkot Power Stations to Reliance Goa and Samalkot Power Limited
- Power Transmission Division to Reliance Power Transmission Limited
- Power Distribution Division to Reliance Energy Limited
- Toll Roads Division to Reliance Infraventures Limited
- Real Estate Division to Reliance Property Developers Limited

With effect from the Appointed Date, i.e. March 31, 2009, the whole of the undertaking and properties of the above divisions, shall stand transferred to and vested in the resulting companies pursuant to the provisions contained in Section 391 to 394 of the Companies Act, 1956 and subject to requisite consents and approvals of the shareholders, lenders, creditors of the Company and of the resulting companies, Central Government, Securities and Exchange Board of India, Stock Exchanges on which the equity shares of the Company are listed, the Bombay High Court or any other statutory or regulatory authorities.

The management believes that all the business segments have tremendous growth and profitability potential and are at a stage where they require focused leadership and management attention.

The re-organization exercise would achieve the following synergies for the RInfra Group:

- Simplified and transparent business structure
- Attribution of appropriate risk and valuation to different businesses based on their respective risk-return profile and cash flows
- More focused management
- Greater visibility on the performance of individual businesses
- Possibility of investments by strategic players in different businesses

Apart from the above, all other remaining businesses of RInfra and all the assets including but not limited to shares held in companies engaged in metro rail projects in Mumbai and Delhi, liabilities and obligations pertaining thereto shall continue to belong to and be managed by RInfra.

Infrastructure Industry Structure and Development

The existence and development of adequate infrastructure is an essential requirement for sustaining the growth momentum and to ensure required growth rate.

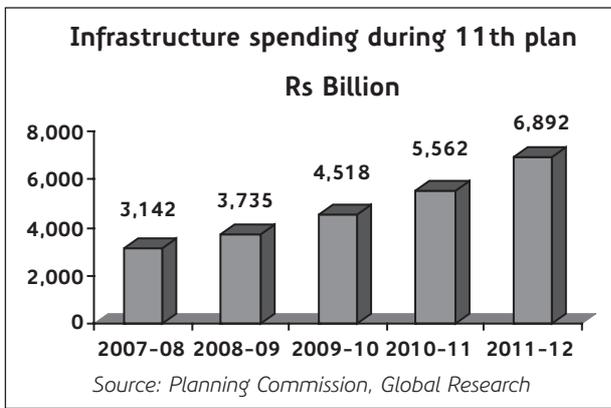
With the rapid growth of the economy in recent years, the importance and urgency of removing infrastructure constraints have increased. Traditionally, power, roads, railways, ports, airports and telecommunications were the exclusive domain of the government.

Infrastructure investment requires huge initial capital outlay, which was considered to be a big hurdle in the past due to prohibition or lesser private participation on infrastructure projects. Even in the present situation it is not possible on the part of the Government to provide the infrastructure on its own and is under the pressure of rising gaps between demand and supply of infrastructure. Consequently, the government is encouraging more private sector participation through Public Private Partnership (PPPs) concept, which is fast evolving in all the aspects of infrastructure development.

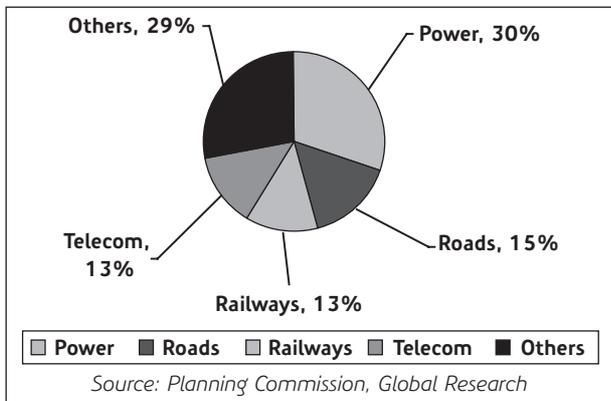
Management Discussion and Analysis

Involvement of private investments not only suffice funding requirement of the projects but it has also other advantages like improvement in competitiveness of the projects, more efficient execution, better offerings, etc. Out of the total outlay on infrastructure sector during 11th five year plan, government expects 29.7% of total outlay to come from private participation and balance (79.1%) through public funding.

The government has shown greater commitment to accelerate the infrastructure development as indicated by its plans to raise infrastructure spending during 11th five year plan. According to 11th five year plan, investment in infrastructure sector is likely to increase to around 8% of GDP compared to 4.6% in 10th plan period. It is estimated that infrastructure spending of around Rs 23,850 billion is planned during the 11th Plan period.



The total spending on infrastructure during 11th five year plan is almost 2.7 times bigger than anticipated spending on infrastructures during 10th five year plan. This spending is planned across the segments, with power likely to see the maximum spending of 30.4% of total outlay during 11th five year plan. Other sectors to see major outlay of total infrastructure spending are roads, railways and telecom with total infrastructure outlay of 15.4%, 12.7%, 13.2% respectively.



Power

The Indian power sector has grown manifold in size and capacity since independence. The per capita power consumption has increased to approximately 612 kWh (as per Key world energy statistics 2007) vs 1,802 kWh in China, 2,980 kWh in Middle East countries and 8,365 kWh in OECD countries.

The growth in generation capacity has been witnessed across the regions and has been made possible by tapping into several energy sources. While new capacity has been added, demand has far outstripped the supply leading to a widening gap.

The access to electricity has improved tremendously with electrification of almost 87% villages and energisation of 65% pump sets. The capacity of transmission and distribution lines has also increased but lot more need to be done. The Ministry of Power has set a vision of "providing reliable, affordable and quality power for all by 2012".

From the facts above, it is clear that this provides a tremendous investment opportunity in the Indian power sector for both the public and the private players. It is clear that the biggest fundamental issue hampering the viability of the Indian Power Sector is the sheer volume or level of Transmission and Distribution (T&D) losses that amount to over 30%, a very high level by any standard. To make the matters worse, indirect calculations show T&D losses to be much higher in the range of 40-50%. In addition, the distribution system in India is often characterized by inefficiency, low productivity, frequent interruption in supply and poor voltage.

The surge in interest in adding new power capacity has been driven by rising power shortages, electricity reforms initiated in 2003, deregulation of electricity sector and potential for higher returns, gradual improvement in financial situation of some state utilities, allocation of captive blocks to private and government companies, and initiatives like UMPP at central and state levels.

Over the past few years, the government has taken a number of steps beginning with the Electricity Act 2003 and securitization of State Electricity Board dues to reform the private sector and attract more private investments. Distribution reforms were brought under focus and power theft was made a punishable offence, Accelerated Power Development and Reform programme (APDRP) was launched to improve T&D infrastructure in the country and electricity regulatory commission has been set up at the state level to delineate tariff setting from politics.

Roads

Indian road network, forms 15% of India's Infrastructure investment in the 11th plan and is also one of the busiest road networks in the world. While India has one of the

Reliance Infrastructure Limited

Management Discussion and Analysis

longest road system in the world, only a very small fraction of this is comparable to world standard in terms of width and quality. About 65% of freight and 87% of passenger traffic is carried by roads in India. Traffic on Indian roads has been increasing by 7-10% per annum which has led to about 25-30% of national and state highways being heavily congested with truck speeds of around 25-40 km/hr. India's road network has witnessed rapid traffic growth, which has far outstripped the capacity increase of the road network.

The government has successfully experimented participation of private sector in road development and expects the share of private investments to go up from 5% in 10th plan to 36% in 11th plan.

Driven by the initiatives of National Highways Authority of India (NHAI) as well as the state bodies, the 11th plan is expected to generate investments of Rs 3,14,200 crore into the roads sector, representing an increase of more than 110% over the corresponding investment in the 10th plan. The 11th plan focuses on harnessing investments from the private sector, with such investments set to increase by more than 14% over the corresponding 10th plan investments. Currently, 60 NHAI road projects are under implementation by private developers. On the other hand, contribution from the Central and State sectors is expected to grow by just over 50%.

Railways

Indian Railways has been the prime mover of the nation and has the distinction of being the largest railway system in Asia and the second largest railway system in the world under single management.

Recognizing the need for substantial financial and managerial capital, the Railways have been actively seeking and encouraging increased private sector participation. Railways are targeting Rs 1,20,000 crore of public-private partnership (PPP) investment and will be focused on the modernization of metro rail stations, logistics, parks and container depots, the establishment of manufacturing facilities for modern rolling stock and dedicated freight and high-speed passenger corridors.

Real Estate

The real estate sector is second only to agriculture in terms of employment generation and contributes heavily towards the gross domestic product (GDP). According to industry players, housing accounts for 4.5% of gross domestic product (GDP) with urban housing accounting for 3.13%.

India's property sector could begin to improve from late 2009 and may attract up to US\$ 12 billion in real estate investment over a five-year period. Moreover, the real estate sector is also responsible for the development of over 250 ancillary industries such as cement, steel, paints, etc. A

study by rating agency ICRA shows that the construction industry ranks 3rd among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy. A unit increase in expenditure in this sector has a multiplier effect and the capacity to generate income as high as five times. The IT and IT Enabled Services sector alone are estimated to require 150 million sq ft of office space across urban India by 2010. The organized retail industry is likely to require an additional 220 million sq ft by 2010. Moreover, growth is not restricted to a few towns and cities but is pan-India, covering nearly all tier-I and tier-II cities.

The real estate sector is also likely to get a boost from Real Estate Mutual Funds (REMFs) and Real Estate Investment Trusts (REITs). In fact, according to a CRISIL paper, the REITs would have the potential to hold at least 5% share of the total global real estate market by 2010, the size of which would turn to US\$ 1,400 billion in the next 3 years. The paper titled, 'Indian REITs: Are We Prepared', says that by 2010, REITs alone would hold a market size of US\$ 70 billion of the total real estate market as its concept is gaining ground in countries like India and other developing nations.

The government's recently announced stimulus package, coupled with the Reserve Bank of India's (RBI) move allowing banks to provide special treatment to the real estate sector, is likely to impact the Indian real estate sector in a positive way.

Besides the above measures, public sector banks and private sector banks have announced a package for home loan borrowers in various categories. This is expected to increase borrowing for homes and in turn give a boost to the realty sector. Moreover, excise duty cuts on cement and steel will bring down construction costs.

Reliance Energy – Energy Distribution Division of Reliance Infrastructure

Mumbai Distribution Business

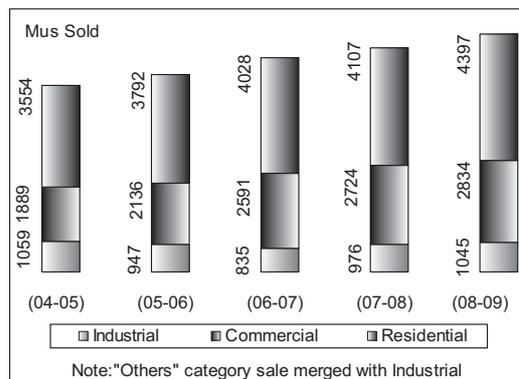
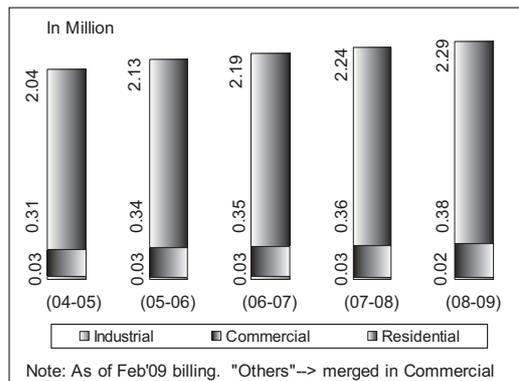
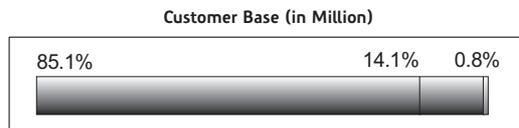
The Company's distribution business division, "Reliance Energy", has been in the field of power distribution for almost eight decades and has achieved the distinction of consistently operating its distribution network at 99.9% reliability. The Company has been recognized as the best utility for 'Excellence in Power Distribution- Urban' amongst 20 utilities from across the country in the recently concluded prestigious IEEMA National Awards 2009. This recognition is based on the Company's leadership in parameters like uninterrupted power supply, average cost of supply, deployment of IT and other modern technologies and advanced customer service.

Customers

The number of customers at the end of the year was 26.92 lakh (previous year 26.29 lakh).

Management Discussion and Analysis

Customer profile and units sold



Revenue

The billing revenue by the Mumbai distribution business of the Company for the year was Rs 6,542 crore (previous year Rs 4,324 crore).

System Demand

The coincident peak demand registered in the Company's system during the year was 1,579 MVA as against 1,540 MVA during the previous year, growing at 3%.

Network Augmentation

In order to meet the rising demand, network augmentation is a continuous process. At the close of the year, there were 3,860 kms of high tension and 3,619 kms of low tension mains in the Company's system, with the addition of 210 kms of high tension and 220 kms of low tension lines during the year.

During the year, the installed capacity of Power Transformers increased by 130 MVA to 2,492 MVA. The installed capacity of Distribution Transformers increased by 187 MVA to 3,923 MVA. The Company added 172 new substations, and has 5,079 sub-stations at the end of the year.

The Company continues to focus on system loss control through a variety of technical and physical means, some of which are as follows:

- Maintenance of network loading at an optimum loading level.
- Refurbishment and replacement of old cables and distribution transformers.
- Installation of capacitors to reduce inductive loads in the system.
- Implementation of Distribution Management System (DMS) including installation of fault passage indicators.
- Monthly meter readings at various levels in the system and analysis thereof through the process of energy audit to identify potential areas of improvement.
- Vigilance drives in the areas with higher levels of losses contributed due to power thefts.

Meter Modernization

After the notification of the Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006, it is mandatory that all customer meters shall be of static type. The Company has 27,28,683 meters as on year end, out of which over 87% meters (23,82,708 meters) are electronic meters and only 13% meters (3,45,975 meters) are electro-mechanical, which will also be replaced with electronic meters in due course of time. All the meters installed by the Company conform to IS-13779 specifications.

Customer Service

Reliance Energy continues its focus on providing enhanced services to its customers with several transparent services including better access to billing information, ease of payments and speedy redressal of grievances. As a part of Demand Side Management (DSM) activities, the Company provides energy audit services to its customers resulting in substantial savings in consumed units and cost. In order to create awareness, the Company sends E-Newsletters on important subjects such as Safety and Energy Conservation, to its customers.

Billing

The Company carries out monthly billing for its customer base with actual meter reading of over 99.5%. The balance remains predominantly due to meter inaccessibility in unoccupied premises.

Reliance Infrastructure Limited

Management Discussion and Analysis

The Company unveiled a new layout of its electricity bill emphasizing on higher visibility of contents relating to snap shot of bill for quick reference, customer education, personalized message space, thus enhancing transparency.

The Company offers its customers a range of choices for their bills. Choices include Bill in 4 different languages, English, Hindi, Marathi and Gujarati, Braille bill for the visually challenged customers and e-bills for those who provide their email address. There is also an option of viewing the energy bill at the RInfra website and the key bill details can also be received as an SMS alert on one's mobile phone.

Our customers are being informed of their next meter reading date in their current month bill and also through SMS, a day earlier to the actual meter reading date. Other important customer alerts via SMS/email include Payment acknowledgement and status of ECS / Voluntary Deposit Scheme (VDS) services opted by the customer.

Payment

In addition to the 2,200 payment locations consisting of collection centers, collecting banks, drop boxes, Pay-by-phone and online options, last year saw three more payment modes being offered for enhanced customer convenience viz. Payment via SMS using ITZ Cash cards, payment via rinfra.com using ICICI Bank's net banking service and cheque payment by mail.

Call Centre

As a listening organization, the Company has taken cognizance of customer feedback and subsequently made the 24 x 7 helpline Toll Free. The customers can now continue enjoying the services of this single window call-centre with multi-lingual customer service staff.

Reliance Energy also introduced "E-Courtesy" services through the Call Centre during the year. "E-Courtesy" is an automated follow-up mail communication for information provided during the call.

IVR-based services for requesting billing and payment information were also introduced during the year. The Call Centre also supports a centralized web desk to handle all email-based queries from customers.

Customer Care Centres

The Company has eight Customer Care Centres spread over its licensed area, across its five divisions, to attend to customers' requirements including new connections, payments and redressal of grievances. In addition, the Internal Grievance Redressal Cell is also functional at each of these Customer Care Centres.

These Customer Care Centres are fully integrated with our Enterprise Resource Planning (ERP) system which enables our customer care staff to have On-Line access to the

entire customer data. This helps in improved redressal of various customer issues.

Website

Reliance Infrastructure's website www.rinfra.com is designed in a way that best serves the needs of the customer. Informative, interactive and user-friendly, the website enables the customer to access the consumption profile, billing information and payment status in addition to communicating with the organization. Other features of the website include a personalized 'My-Account', online update of billing language option and contact details. Meter reading schedules for the month are also available online. Customers having multiple premises/account can now view all their accounts through one integrated login.

Regulatory Initiatives, Developments and Issues

New Regulations

- The Maharashtra Electricity Regulatory Commission (MERC) had issued Specific Conditions of Distribution Licence to the Company, in conformity with the provisions of the Electricity Act 2003.
- MERC has issued Regulations on Uniform Recording and Maintenance of Information. The Regulations require Balance Sheet and Profit and Loss Account, as well as cost records to be maintained separately for Generation, Transmission, Distribution-wires and Distribution-Retail Supply businesses. These accounts have to be submitted to the Commission on a quarterly basis.

Tariff Revision

The Company has filed with MERC the Annual Revenue Requirements for the financial year 2009-10 for its Generation, Transmission and Distribution functions. The public hearing on the same is completed on March 26, 2009. The revised Tariff once notified by MERC would be effective from date of the order. These Orders will be towards truing-up of FY 2008, Annual Performance Review of FY 2009 and determination of ARR and Tariff for FY 2010.

Renewable Purchase Standards

The Renewable Purchase Standards (RPS) Order of MERC issued on August 16, 2006, specifies minimum percentage of total energy input that distribution licensees are required to purchase from renewable energy sources. In case such obligation not being met, a penalty of Rs 5/u, Rs 6/u and Rs 7/u is applicable for FY 2007, FY 2008 and FY 2009 respectively. For FY 2007, MERC had stated that there would be no penalty. For FY 2008, FY 2009 and FY 2010, the Company has filed a petition seeking for a waiver of RPS targets, citing non-availability of renewable energy capacity in the State.

Management Discussion and Analysis

Standby Charges

The Tata Power Company Limited (TPC) filed a civil appeal bearing C.A. 415/2007 before the Supreme Court of India against RInfra claiming that RInfra should pay the standby charges to them at the same rate per KVA as TPC pays to erstwhile MSEB. RInfra has contended that the part of standby charges payable by TPC to MSEB was recovered through tariff and hence they were not liable to pay at the same rate as TPC pays to MSEB. RInfra has received Rs 227 crore, being 50% of the deposit with TPC, in exchange of bank guarantee pending disposal of the appeal, as directed by the Supreme Court of India.

Rebate to Customers

TPC has filed a civil appeal before the Supreme Court of India (CA no. 3101 of 2006 against Appellate Tribunal for Electricity (ATE) judgment which held that RInfra could offer certain rebates with effect from 1998 to retain high value consumers and prevent their migration to TPC. The said appeal is pending. Earlier MERC by its order dated February 20, 2004, disallowed such rebate and treated the rebate of Rs 350 crore as a notional income while computing the aggregate revenue requirement for the period FY 1998 to 2004. RInfra had challenged the said order by filing an appeal before the ATE. The ATE held that there was no bar in law against the grant of such rebates and consequently this amount should not be included in the notional income of the Company. TPC filed an appeal in the Supreme Court against the said order which is pending for hearing before the Hon'ble Supreme Court.

Take or Pay

MERC passed an order on December 6, 2007 on a petition filed by TPC in 2001 relating to Additional Energy Charges (AEC) and Take or Pay for 1998-99 and 1999-2000 holding that an amount of Rs 116 crore would be payable by the Company with interest at 24% per annum. Pursuant to this order, TPC raised a claim together with interest for Rs 324 crore. The Company has filed an appeal before the ATE, which held that additional energy charges are payable but remanded the issue of Take or Pay to MERC for redetermination. The Company has filed an appeal to the Supreme Court against ATE judgment, while TPC has filed an appeal in respect of Take or Pay. Both Appeals are pending.

Power Purchase Agreement with TPC

MERC in its tariff order of June 4, 2008 allocated 500 MW capacity of TPC generation after approving PPA of 800 MW between BEST and TPC-G and 477 MW between TPC-D and TPC-G. RInfra had intervened in these PPA matters at MERC hearing. Since the PPA was approved by MERC, RInfra successfully appealed before the ATE. However, TPC / BEST appealed against the ATE order in the Supreme Court, which while admitting the appeals had

granted interim stay on the ATE judgment. The Hon'ble Supreme Court has completed the hearing in the matter and the order is expected shortly.

TPC license issue

The Hon'ble Supreme Court has passed a judgment on July 8, 2008 holding that TPC has license to supply power in retail, in Mumbai (distribution areas of both BEST and RInfra). RInfra has filed a Review Petition in the Supreme Court and the same is pending.

Medium Term and Long Term Power Procurement

The Company has initiated the process of medium term and long term power procurement. These bidding documents for procurement are at various stages of approval before the MERC. Once the approval is granted, the Company will start inviting bids for the same. The procurement process once completed, will eliminate the impact of fluctuating electricity price, in the present national power shortage scenario.

Training

Reliance Energy Management Institute (REMI) has maintained its top rating for the Distribution Reform Upgrades and Management (DRUM) training programmes, an initiative of the United States Agency for International Development (USAID) and the Ministry of Power, Government of India. Almost 3,000 participants attended the training programmes and REMI has been adjudged the best rating in terms of quality of training. Many companies from the power distribution sector viz., Maharashtra State Electricity Distribution Company Limited, the Goa Electricity Department and Brihanmumbai Electric Supply and Transport Undertaking, evinced keen interest in the DRUM training programmes conducted by REMI and more than 300 executives participated in a variety of programmes ranging from technical skill upgradation to behavioural skills development.

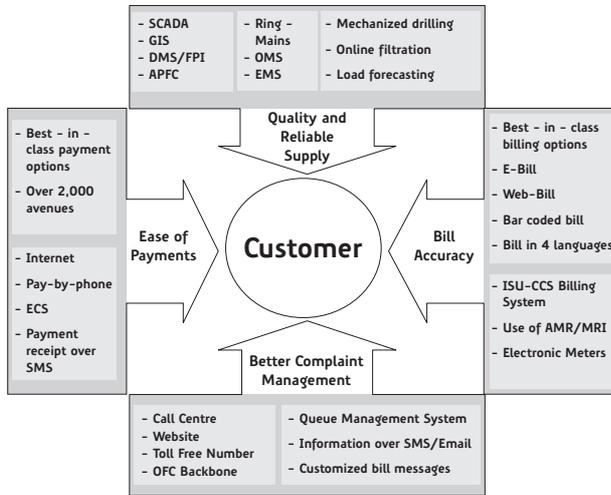
During the year 2008-09, over 300 training programmes were conducted by the training institutions of RInfra for more than 8,000 participants, aggregating to over 18,000 man-days. The focus of training activities was to address the prevailing and emerging training needs of all divisions of distribution business in functional and behavioural areas. More than 100 training programmes were conducted in functional areas of our business and about 50 training programmes addressed the development of behavioural, attitudinal and soft skills.

Automation and Information Technology

This year has been very eventful. Our focus on being a technology driven company has enabled intensive use of technology in catering to the key needs of the customer, as shown in the figure.

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SCADA : Supervisory Control and Data Acquisition System, GIS: Geographical Information System, DMS: Distribution Management System, FPI: Fault Passage Indicator, APFC: Automatic Power Factor Correction, EMS: Equipment Management System, ISU: CCS: Industry Solution Utility-Customer Care Solution, AMR: Automated Meter Reading, MRI: Meter Reading Instrument, OMS: Outage Management System, OFC: Optical Fibre Cable.

This has helped the Customer Care and Operation teams in enhancing service levels to our customers. Geographical Information System (GIS) has played a key role in integrating the geographical attributes of the network and customers to the ERP. The enhanced GIS is now the chosen system in management of operation and maintenance of the Distribution Business, enhancing efficiency and facilitating analysis for managing network and customer services viz. Energy Audit, Web GIS for efficient Operations management, Fault Locator for quick customer response.

In addition, several projects like Availability Based Tariff (ABT), Outage Management System (OMS), SCADA-GIS integration and Zone-wise demand forecasting have been undertaken. Initiatives such as Web based application to record transmission energy flow for Transmission department, 11 kV cable loss reduction by network optimization, communication through Automatic Meter Reading (AMR), etc. have contributed to improving operational efficiency.

The new initiatives of On-Line Distribution Transformer oil filtration and Hot-Line washing of transmission lines has enabled the Company in saving over 2 lakh customer hours lost for preventive maintenance activity.

A state-of-the-art technology has been incorporated for remotely monitoring of substation parameters such as Distribution Transformer condition, Switchgear status, and Substation intrusion, etc. on a real time basis.

Towards enhancing security of corporate and divisional/site offices, Access Control System (ACS) along with CCTVs at strategic locations have been installed to enable a one window view of all offices from the Security Control Centre.

RInfra has successfully upgraded the SAP R/3 and HR to ECC6, thus taking full advantage of the various functionalities offered by SAP. New systems in the Employee Self Service (ESS) module of SAP have been introduced for improving convenience and increasing efficiency of office personnel.

Delhi Distribution Business

The Delhi distribution companies ("Discoms"), viz. BSES Rajdhani Power Limited (BRPL) in South and West and BSES Yamuna Power Limited (BYPL) in East and Central Delhi are implementing a series of measures aimed at improving customer service, fulfilling our corporate social responsibility and reducing aggregate technical and commercial (AT&C) losses at the same time so as to benefit the consumers from all perspectives. Financial year 2008-09 witnessed strong operating performance by the Delhi Discoms with significant improvement across all operating parameters.

Loss reduction performance

The Aggregate Technical and Commercial (AT&C) losses have declined steeply from 27.26% in BRPL and 29.99% in BYPL to 20.59% and 24.02% respectively during the financial year, against the MYT target of 23.46% and 30.52% respectively.

Performance incentives by State Regulator

With this over-achievement of AT&C losses, total incentive earned would be approximately Rs 271 crore having a Discom share of Rs 136 crore (BRPL-Rs 59 crore, BYPL-Rs 77 crore). This would add significantly to the shareholder value. The incentive earned during FY 2008-09 alone is more than 24% of the initial equity of both discoms.

Key Financials

The Delhi distribution companies registered an aggregate total income of Rs 5,137 (US \$ 1 billion) crore during the year (excluding income from sale of power aggregating to Rs 1,092 crore) against Rs 4,422 crore in the previous year, which is an increase of 16%. The other operating expenses have either declined, remained constant or have increased marginally. This was achieved through tighter control and monitoring of all operating expenses and processes.

Capital Expenditure and Funding

The aggregate capital expenditure incurred during the year amounted to Rs 575 crore for the upgradation, strengthening and modernization of the distribution system. The aggregate net block including current work in progress stood at Rs 4,077 crore. The additional loans sanctioned

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by various banks during the year 2008-09 for financing the capital expenditure of Discoms aggregated Rs 250 crore, raising the total loans sanctioned for the purpose to Rs 3,454 crore. The aggregate fund based limits sanctioned by a consortium of banks for working capital was Rs 454 crore (BRPL Rs 264 crore and BYPL Rs 190 crore) against which the utilization was Rs 210 crore (net of cash and bank balances).

Growth in Consumer base

The aggregate consumer base has grown by 1.96 lakh customers for BRPL and 0.84 lakh customers for BYPL, bringing the total for BSES Delhi customer base to 25 lakh.

Mass Meter replacement

All three-phase meters are now electronic. 1.8 lakh meters were changed in 2008-09. There are approximately 43,000 single-phase mechanical meters left which will be changed in the current calendar year. All 1,600 feeders and 11,000 distribution transformers are metered with strong analytics in place.

Technical improvements

The Average System Availability Index has gone up from 99.06 to 99.63 in BRPL and 99.10 to 99.87 in BYPL during the said year.

Customer Care initiatives

- Substantial improvements in all key customer satisfaction numbers ~ 7 on a scale of 10 in FY 2008-09 as compared to 6.9 in FY 2007-08
- Door Step services to consumers
- Upgraded website
- Unified Complaint number
- Caller Identification Implemented
- Many new initiatives aimed at Customer satisfaction
 - o "Vishisht Sahyogi" – BSES Brand Ambassadors
 - o "Vivad Samadhan" Enforcement schemes
 - o Lok Adalats and Amnesty Schemes for liquidating legal cases.

Active CSR initiatives

- Bijli Gyan Abhiyan- Energy Conservation quiz with 1,200 schools
- Rs 50 lakh donation for Bihar Flood Relief
- Food packet donation for Yamuna flood relief
- "Arpan" – Clothes distribution to poor
- Eye catching social messages on our assets
- Energy Conservation rally by school children
- CFL Promotion at discounted price- (~5 lakh units sold, saving ~27MW of demand)
- Earth Hour-700 MW saved through Resident Welfare

Associations (RWA) and other consumer association participation.

Human resource transformation

- Focus has been on bolstering the organizational performance mainly through infusion of talent, training and inculcating performance orientation across the company.
- More than 3,000 man days of training covering around 1,600 employees
- Concept of root level approach- Town hall meets and Train the trainer program
- Performance appraisal for outsourced employees
- Innovative job rotation and leadership succession policies
- Rationalized top management information system with focus to assist management in monitoring performance

Other technological advancements

- 6,500 pre-paid meter installations for Government consumers
- 50 Grids remotely operate through SCADA and Automated Log Sheets for all 115 grids
- Automatic switches for Street lights across license area
- Demand Side management in terms of load balancing
- SAP-ISU implementation in progress
- 100% GIS digitization complete for EHV and HT network

Awards and Applauds

- NABL accreditation received for both meter testing labs
- ISO 27001 certification for IT and ISO 9001:2000 Certification for HR
- CIO 100 Award from IDG , USA
- SMART Infrastructure Award from AMD Athlon
- ICWA Award to BRPL for "Most Transparent Cost Accounting"

Orissa Distribution Business

The operations of 3 distribution companies of Orissa viz. Western Electricity Supply Company of Orissa Limited (WESCO), North Eastern Electricity Supply Company of Orissa Limited (NESCO) and Southern Electricity Supply Company of Orissa Limited (SOUTHCO) were constrained by the unremunerative tariffs. The bulk supply tariff orders for 2006-07 and 2007-08 were having substantial adverse financial impact for 2 discoms viz. WESCO and NESCO. The discoms have filed review petitions and the matters are pending before ATE and the Supreme Court. In addition, the Retail Supply tariffs have not been increased by the Orissa Electricity Regulatory Commission (OERC) for 12 consecutive years, resulting in negative returns to Discoms.

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There was substantial increase in demand from the industries in WESCO and NESCO, in the previous years. However, with melting down of the economy, the demand from industrial consumers has declined during the current year.

The Discoms are seeking support from regulators and other authorities concerned to make the business operations financially viable. The Discoms have filed revised turnaround Business Plan and OERC has been reviewing the same.

Generation Business

Dahanu Thermal Power Station

Dahanu Thermal Power Station (DTPS) continued to maintain the top position in the power sector in the country on all operating parameters.

During the year, DTPS generated 4,423 million units at an average Plant Load Factor (PLF) of 100.99%. The plant has been consistently operating at more than 100% PLF for the last five years.

The station has also achieved plant availability of 96.31% against the CERC norm of 80% during the year. However, Unit No 2 has recorded the highest availability of 99.17%.

DTPS emerged as the country's best Thermal Power Plant on various parameters such as PLF, Availability and Heat Rate. The Power station has received total 18 awards including 3 international awards for excellence across different categories ranging from operational performance, energy conservation, environmental management and safety management during the year.

The Station continues to surge ahead on six sigma quality initiatives for all round improvement in business processes. The station also has the distinction of achieving Integrated Management System (IMS) certification for ISO 9001, ISO 14001, OSHAS 18001, SA 8000 and ISO 27001.

Power Plant process Simulator has been installed at CEA approved Technical Training Centre at DTPS.

Samalkot Power Station

During the year, the 220 MW combined cycle power station of the Company at Samalkot in Andhra Pradesh recorded a PLF of 52.5%, against a PLF of 60.61% in the previous year due to reduced availability of natural gas. The station generated 1,011.76 million units, against 1,171.25 million units in the previous year. The average gas availability to the station decreased to 0.53 million cubic meters as against 0.63 million cubic meters per day made available in the last year. This year the Station has also operated in mixed fuel mode as per AP Transco's dispatch instructions. The Station continued to maintain high availability factor at 97.08%.

The Samalkot Power Station is certified for Integrated Management System covering ISO 14001: 2004 for Environment Management System, OHSAS 18001: 2007

for Occupational Health and Safety Management System, ISO 9001:2000 for Quality Management System, SA 8000: 2001 for Social Accountability Management System and ISO 27001 : 2005 for Information Security Management System.

The power station is one of the few power plants in the country to receive such unique certification with all five Management Standards under one umbrella as a part of the Integrated Management System.

Goa Power Station

During the year 2008-09, the 48 MW combined cycle power station of the Company at Goa generated 334.62 million units, at an average PLF of over 79.58% against a generation of 326.83 million units and PLF of 77.73% achieved in the previous year. The station achieved plant availability of 95.19% compared to 91.66% achieved in 2007-08. Gross Station heat rate remained same at 2,065 Kcal/Kwh.

The Goa Distribution achieved an overall availability of over 99.99% compared to 99.98% during the previous year. The AT&C loss is maintained at 0.75%. Customer Satisfaction Indices (CSI) based on the customer feedback on power quality and service, was 85.39% as compared to 71.85% during the previous year. The entire metering and billing cycle including dispatch is reduced to one day from two days and the station achieved collection efficiency of almost 100%. Power Quality Analysis for detecting Harmonics and Current / Voltage imbalances were conducted for all consumers.

A number of processes are introduced and improved that resulted in significant savings for the plant. A major initiative was the installation of High Voltage Series Reactor (HVSR) to reduce / eliminate the effect of grid disturbance in form of voltage dips on consumers and also to avoid tripping of STG due to these faults. This has increased the Reliability of the system tremendously and also Customer Satisfaction.

Power export (outside Goa) has also started for the first time wherein the power station supplies excess power outside the state.

Public Hearing was successfully conducted for environmental clearance from the Union Ministry of Environment and Forests (MoEF) for the proposed plant expansion to 100 MW on naphtha and/or gas. Environmental Clearance is under process from MoEF for the expansion project.

The station achieved significant milestones in the fields of environment and safety practices during 2008-09. The Goa Power Station and Distribution was certified by DNV for ISO 14001:2004, ISO 9001:2000, ISO 27001:2005 and OHSAS 18001:2007 under the Integrated Management System.

Management Discussion and Analysis

Kochi Power Station

BSES Kerala Power Limited (BKPL), the wholly owned subsidiary of the Company, owns and operates the 165 MW naphtha based combined cycle power plant at Kochi in the state of Kerala.

The plant is operated based on the dispatch instructions from the Kerala State Electricity Board (KSEB). As compared to previous years, KSEB has increased the offtake this year from BKPL due to lower fuel prices and acute shortage of power in Kerala. During the year under review, the plant has achieved a PLF of 60.47% and generated 875.48 million units as compared to PLF of 25.8% for 2007-08. However, the Deemed PLF stands at 87.7%. The plant availability is 93.39% as compared to 82.8% in the previous year.

Wind Farm Project

During the year, the Company's wind farm project consisting of 36 windmills with an aggregate capacity of 9.39 MW at Chitradurga in Karnataka generated over 20.80 million units.

The wind farm recorded a PLF of 25.29% during the year 2008-09 as against 25.81% during the previous year because of lower wind velocity patterns in the area. SCADA system has been installed at the wind farm for better monitoring and control of the windmills. The wind farm has also achieved availability of 98.49% during the year 2008-09 as compared to 94.93% in the previous year.

Transmission Business

With increased focus on Open access regime and Power trading across the national grid, Transmission sector is geared up for makeover from the traditional generation linked evacuation system to network expansion based on integrated system planning. Further, with the rededicated efforts by the Government of India (GoI), it is expected that the transmission sector shall be wide open for private participation.

Commensurate with the requirement, 14 new transmission projects for the national grid have been identified by GoI for development under tariff based competitive bidding route to be awarded on Build, Own and Operate (BOO) basis. Out of these, 3 projects worth approximately Rs 6,000 crore are already at Request for Proposal (RfP) stage. Further, huge investment at the intra-state level is envisaged to be put up for private participation through competitive bidding in this sector. Initiatives have also been taken for private participation in transmission at state level by States of Haryana and Rajasthan, who have already commenced the competitive bidding process for 5 projects. Likewise, in Uttar Pradesh transmission system consisting of 21 elements has been identified for private participation.

Positioning of Reliance Power Transmission Limited in the industry

Reliance Power Transmission Limited (RPTL), the

transmission arm and wholly owned subsidiary of Rinfra, backed by vast work experience is in unique advantageous position to offer the most appropriate technologies, methodologies and services by virtue of having one of the early set ups. We are the first private utility having secured the first set of projects of about Rs 1,370 crore (Western Region System Strengthening Schemes - Maharashtra and Gujarat) through International Competitive Bidding conducted by Power Grid Corporation of India Limited (PGCIL). We have also been declared qualified at RfQ stage for all the projects under competitive bidding coordinated by Rural Electrification Corporation Limited (REC) and Power Finance Corporation Limited (PFC). Similarly, we are participating in projects bid out by Haryana and Rajasthan transmission utilities for private participation in the intra-state transmission schemes.

Further, RInfra is also executing Rs 1,070 crore Parbati Koldam Transmission project in Himachal Pradesh for the Northern Regional grid. This is a joint venture with PGCIL where we hold 74% stake.

For the city of Mumbai, projects worth Rs 1,800 crore for strengthening the transmission network are under implementation and 4 new such projects with capital outlay of worth approximately Rs 2,000 crore are also in the pipeline.

Projects under execution

Western Region System Strengthening Scheme II

This project awarded to the Company on BOO basis involves construction, maintenance and operation of 9 transmission lines of 3,285 ckt kms length for 25 years of license period (6 lines with line length, 2,317 ckt kms to be executed by Western Region Transmission (Maharashtra) Private Limited, and 3 lines with line length 967 ckt kms by Western Region Transmission (Gujarat) Private Limited). It will benefit 9 beneficiary states and union territories in the Western Region. Power Transmission Agreements with all these beneficiaries have been executed and transmission licenses have been granted by CERC. Approval under section 68 of Electricity Act, 2003 has been accorded by Ministry of Power (MoP) for execution of projects. Financial closure for these projects has been achieved and commercial operation for the projects is targeted to be in third quarter of financial year 2010-11.

Parbati Koldam Transmission Corporation Limited

The project, awarded to the Company on BOO basis involves construction, maintenance and operation of 400 KV Transmission lines from 800 MW Parbati-II HEP (being constructed by National Hydro Power Corporation Limited) and 800 MW Koldam HEP (being constructed by NTPC Limited) hydro projects in Himachal Pradesh. It entails construction of two lines- one from Parbati-II to Koldam, another from Koldam to Ludhiana, total line length 457 Ckt kms.

Reliance Infrastructure Limited

Management Discussion and Analysis

The power evacuated from these stations shall be utilized by 13 beneficiaries of Northern Region states of Uttar Pradesh, Rajasthan, Punjab, Haryana, Jammu & Kashmir, Himachal Pradesh, Delhi, Chandigarh and Uttrakhand. The Company has entered into bulk power transmission agreements with all but one of these beneficiaries. Transmission License has been granted by CERC. Approval under section 68 by MoP, Stage I Forest clearance and Aviation clearance have already been secured for the project.

Strengthening of Mumbai transmission system

To serve the consumers with improved reliability and match the load requirements, RInfra has conceived and taken up state-of-the-art technology projects with, 220kV GIS cables, etc. Technical clearances from State Transmission Unit (STU) and Regulatory clearances from MERC have already been received for these projects. The required sites are under procurement / re-location. The civil works orders and major equipments orders are in bidding stage for different projects. There are 9 ongoing schemes for strengthening of Mumbai Transmission System with approved cost of Rs 1,800 crore. The schemes are scheduled to be completed by the financial year 2011-12. Two new transformers having 220 kV GIS, 220 kV cables and 33 kV GIS boards have already been commissioned in last quarter with a cost of Rs 80 crore.

EPC Business

Overview

The Company undertakes the Engineering, Procurement and Construction (EPC) contracts of projects in various fields like power generation, transmission and distribution. The EPC Division mainly focuses on the power sector projects and is continuously building up on its strengths in the same field. It employs state-of-the-art technology in engineering design and project management to execute its projects.

The division has continued to perform well during 2008-09 with an order book position of Rs 20,625 crore as on March 31, 2009 as compared to Rs 7,849 crore as on March 31, 2008.

Turnover achieved as on March 31, 2009 was at Rs 2,513 crore registering an increase of 74% as against Rs 1,444 crore on March 31, 2008 while Profit achieved for 2008-09 was Rs 204 crore against Rs 131 crore for 2007-08, an increase of 56%.

The EPC Division has been recertified for ISO 9001: 2000 by BVQI and also for Integrated Management System (IMS) by Det Norske Veritas (DNV) covering Environmental Management System (ISO 14001) and Occupational Health and Safety Management (OHSAS 18001).

This year, the EPC Division was certified for ISO 27001 by Det Norske Veritas (DNV) covering Information Security Management Systems.

Opportunities and Challenges in Power and Infrastructure sector

As evident, there are enormous investment opportunities for private players across the entire power sector value chain consisting of generation, transmission and distribution and in various infrastructure projects. The attainment of these objectives requires an enormous increase in engineering and management capabilities.

The entry of more private players into the power sector has resulted in increased competition and subsequently raised the demand for good quality manpower. This has further aggravated the issue of employee retention and escalated employee costs.

All these pose a great challenge to the EPC Division in terms of completing the projects on time, maintaining profitability as well as retention of skilled and experienced personnel. The EPC division however looks at these increased challenges as opportunities to be capitalized.

Ongoing Projects

Generation Projects

2 X 300 MW Deenbandhu Chhoturam Thermal Power Station, Yamuna Nagar

The project is completed and both the units are running at full load. Significant highlights of the projects are:

- Trial Operation of both the units had been completed on April 14, 2008 and June 24, 2008 and performance guarantee (PG) tests of boiler, turbine, electrostatic precipitator and balance of payment systems for both the units successfully completed.
- Both units are generating power regularly since completion of their trial operations.
- Arrangements for Provisional Taking Over (PTO) by the client, Haryana Power Generation Company Limited (HPGCL) have been completed; PTO is likely to be accorded shortly.

2 X 600 MW Rajiv Gandhi Thermal Power Project, Hisar

This is the second project awarded by HPGCL which started on January 29, 2007. Against the aggressive schedule of 35 months for Unit-I and 38 months for Unit-II, the project is progressing as per the planned schedule. The project has achieved 67.68% progress as on date. In achieving this progress, the significant highlights and milestones reached are:

- Boiler Hydro Test for Unit No 1 has been completed successfully in 25th month from issue of Letter of Intent and in 23rd month from zero date of award of main plant contract. This was achieved in a record time in the Indian power sector.
- Demineralised and pre - treatment plant commissioned in January 2009; Water filling completed in raw water reservoir No.1.

Management Discussion and Analysis

- Chimney shell (275 m) casting completed to full height
- Cooling Tower No 1 with 173 m height, tallest in the country, has reached to its full height. Cooling Tower No 2 has been constructed up to 160 m height.
- Switchyard works are in full swing with 98% progress in engineering and procurement and 90% progress achieved in construction

2 x 250 MW Parichha TPP – II (Unit 5 & 6) Balance of Plant (BOP) Package

The project was awarded to RInfra by Uttar Pradesh Rajya Vidyut Utpadan Nigam for the execution of Balance of Plants for its Parichha-II extension project on January 29, 2007. The project commenced on February 23, 2007 and has achieved an overall progress of 60%. Significant highlights are:

- Demineralised / fuel oil pump house/raw water pump house/pipe rack released for mechanical and electrical works
- Installation of cooling water piping, auxiliary cooling water piping, low pressure piping, demineralised plant, fuel oil tanks / demineralised tanks, raw water / auxiliary cooling water pumps, cranes, cable tray, service transformer and diesel generator installation in full swing.

6 x 660 MW Sasan Ultra Mega Power Project

Reliance Power has bagged the India's second Ultra Mega Power Project and largest domestic coal based power plant through an international competitive bidding process. The project is being executed by the EPC division of RInfra. The project highlights are:

- Most of the studies and investigation work have been completed.
- Procurement of major civil and mechanical packages is under advance stages of negotiation
- Site office established. Construction of boundary wall, permanent store and other site enabling works in progress
- Biggest 765 kV switchyard in India

2 x 600 MW Raghunathpur Thermal Power Station

The project was awarded to RInfra by Damodar Valley Corporation (DVC) for 2 X 600 MW thermal power plant at Raghunathpur in West Bengal on December 14, 2007. The project has so far achieved 20% progress despite adverse conditions like land disputes, stoppage of works by locals, etc. In achieving this progress, the significant highlights and milestones reached are –

- Engineering work is in full swing and achieved 55% progress so far
- BTG order placed on Shanghai Electric Company and material started reaching at site

- Area Grading for Main Plant area is completed
- Boiler foundation works are completed

1 x 300 MW Butibori Group Captive Power Plant

Reliance Power has bagged the prestigious Group Captive Thermal Power Project (GCPP), the first in the state of Maharashtra. The project was awarded by the Maharashtra Industrial Development Corporation (MIDC) through the competitive bidding route. RInfra's EPC division is executing the project. Major highlights of the project are:

- All statutory clearances for the project have been accorded
- Engineering and procurement for the project is in advanced stage
- Area grading works completed and boundary wall enclosing complete plant area built
- Boiler foundation for Unit No 1 nearing completion and foundation works for steam turbine generator building are in progress

Transmission and Distribution Projects

UPRE Rural Electrification Project

The EPC Division is executing the project under the Government's rural electrification scheme called Rajiv Gandhi Gramin Vidyutikaran Yojna (RGGVY). Following are the key highlights of the year:

- Provided more than one lakh Below Poverty Line connections till date
- 49 out of 50 – 33/11 kV new substations have been commissioned and 100% augmentation of 33/11 kV substations achieved
- 5,629 villages' energized and 5,476 villages have been handed over to client

Western Region System Strengthening Scheme

The EPC division is executing the Western Region System Strengthening Scheme for Western Region Transmission (Maharashtra) Private Limited and Western Region Transmission (Gujarat) Private Limited. The project involves installation of transmission lines in states of Gujarat and Maharashtra. The EPC division has taken up the project for execution. The designing and testing of tower is completed. The detailed survey is being carried out and tower spotting and profiling study is nearing completion.

Bidding Status

Enormous opportunities are available in the market for execution of power projects, with several states also looking up to set up power projects under the Case- I bidding guidelines of the Ministry of Power. The EPC division continuously scans such options for enhanced business opportunity.

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Management Discussion and Analysis

New Initiatives

Consequent to the tremendous challenges being faced, such as the execution of two ultra mega power projects, and ever changing business needs, the EPC division continuously takes new initiatives to successfully accomplish these tasks. The Company has undertaken initiatives in the following areas:

1. *Center of Engineering Excellence:* The Centre of Engineering Excellence has been formed to build "Knowledge Capital" in order to enable the execution of large projects at optimum cost and schedule while ensuring high standards of quality. Some of the steps undertaken in this direction are standardization of engineering documents, in-house competency for steel fabrication drawings using the latest softwares, plant layout and design using 3D modeling and integrated engineering software tools.
2. *Remote Surveillance of Project Sites:* Implementation of IP Camera at Butibori and Raghunathpur project sites – the outdoor camera can be used for remote surveillance of project activities without having to be physically present at the site.
3. *Construction Workers Skill Development:* This year EPC undertook the task of improving the quality of our workers at sites. For this, an initiative was taken by involving Construction Industry Development Council (CIDC). As first step, at Sasan site we trained workforce of 80 masons and 80 carpenters.
4. *E-Library:* Document Management System that works as a central data repository allows collaboration, approval workflow of drawing and design basis reports with client and consultants.
5. *Contract Management System:* Development and Implementation of SAP based contract management system which automates the entire lifecycle from contract-to-commissioning. It encompasses contract creation, negotiation/award, and scheduling and progress percentage, S-curves for erection, testing and commissioning, compliances, deliverable tracking/management, billing break ups (BBUs), financial processing and event monitoring. This solution will also help streamline contract award priorities, reduce procurement monitoring and contract lifecycle times, and improve effectiveness in day-to-day operations across the wide range of pre-award packages.
6. *Fly Ash Utilization:* The Company has taken the initiative of using the fly ash in a big way. The mission is to minimize the green house gases (GHGs) emission while reducing the construction cost.
7. *In-House Aggregate Production:* The Company has undertaken aggregate production for construction purposes at its project sites. This will result in considerable cost savings while ensuring continuity of supply and high quality.

8. *In-house Construction Group:* In-house construction has been taken up by the Company at Parichha thermal power plant. The works are being executed by deploying Piece Rate Work contractors. This has resulted in significant cost savings, better monitoring and control of schedule, resources and quality of works.

Human Resource at EPC Division

During 2008-09, the challenges for timely execution of Rosa, Hissar, DVC-Raghunathpur along with accelerating Sasan UMPP laid the road map for accelerated talent acquisition endeavours. The major focus remained on Centre of Engineering Excellence including building in-house capabilities in engineering.

The overall human capital addition has been to the tune of 862 during 2008-09. This accelerated talent infusion has led to strengthening of EPC talent pool to 1,527 as on date. It was in this year that we saw the emergence of our major project teams and Centre of Engineering Excellence.

The in-house mentoring initiative named "Sankalp-2009" has been rolled out to institutionalize Mentoring as a core value to the organization and to help our Budding Leaders diffuse into the cultural milieu of the organization.

A major initiative named 'Role Identification, Alignment and Potential Evaluation' (RIPE) has been rolled out to capture functional competencies and skill matrix of all employees.

Employee Services Automation: The entire gamut of employee services was automated by linking it with SAP. The PMS process for the year 2007-08 was completely automated including issuance of PLI and increment letters to individuals through ESS. The Bio-Metric attendance system was brought online and linked with payroll.

Employee Database Maintenance through SAP: SAP modules have been implemented for Organization Management, Personnel Administration, Pay Roll and Leave and attendance management.

In our constant quest to upgrade the workforce competence and increase the commitment and engagement levels in the organization, we are continually making efforts to institutionalize an approach of 'Excellence by Design' in all our endeavours.

Infrastructure Projects

Road Projects

Growing opportunities in Road Business : Under various phases of National Highways Development Programme (NHDP), approximately 15,645 kms of Highway lengths involving an estimated amount of Rs 1,40,805 crore are yet to be awarded by National Highways Authority of India (NHAI) out of which approximately 9,145 kms lengths are to be awarded to developers on build, own and transfer (BOT) / annuity basis.

Management Discussion and Analysis

Projects under execution

Five Projects are under construction in the state of Tamil Nadu totaling to a length of 401 kms, costing around Rs. 3,150 crore. Out of them, NK Toll and DS Toll Road projects, both on National Highways (NH) 7 are in advanced stage and are expected to be commercially operational in the financial year 2009-10.

Some of the unique features of the projects undertaken by the respective project companies include:

1. *NK Toll Road Limited* is constructing 44 kms long 4 lane road connecting Namakkal to Karur in Tamil Nadu with a concession period of 20 years. The major challenge was construction of major bridge of 800 metre across river Cauvery. This bridge construction included all types of construction activity, viz. construction of different types of foundations to precast pre-stressed concrete structures.
2. *DS Toll Road Limited* is constructing 53 kms long 4 lane road connecting Dindigul to Samyanallore in Tamil Nadu with a concession period of 20 years. Railway line runs close to the NH all along the corridor. This railway line is crossing NH at 3 locations. Building Railway over bridges at these locations in coordination with the Railways is a major challenge.
3. *TK Toll Road Private Limited* is constructing 81 kms long 4 lane road from Trichy to Karur in Tamil Nadu with a concession period of 30 years. This is a technically challenging project to construct. The road corridor runs between a river and railway line. Construction activity and diversion of traffic during construction was required to be done within the limited available land.
4. *SU Toll Road Private Limited* is the first project by NHAI on build, own and transfer (BOT) basis of 136 kms connecting Salem to Ulundurpet in Tamil Nadu with a concession period of 25 years.
5. *TD Toll Road Private Limited* is constructing 88 kms 4 lane road connecting Trichi to Dindigul in Tamil Nadu with a concession period of 30 years.

The Company has also been awarded an important road connectivity between Gurgaon and Faridabad in the State of Haryana having length of 66 kms to be developed on BOT basis. The concession period is for 17 years. The scope includes 4 laning of Gurgaon – Faridabad corridor of 33.10 kms. The project also includes improvement / reconstruction of Ballabgarh–Sohna link road of 33.98 kms, which is again one of the important roads in the vicinity.

Metros

The Company is the only private player which is currently implementing two metro rail projects on a BOT basis in the country (Mumbai and Delhi) at a total project cost of about Rs 5,200 crore.

Mumbai Metro One Private Limited

Versova–Andheri–Ghatkopar Corridor Mass Rapid Transit System (MRTS) project (Mumbai Metro Line 1) has been awarded by Mumbai Metropolitan Region Development Authority (MMRDA) through a global competitive bidding process on Public–Private–Partnership (PPP) framework to RInfra led consortium.

A special purpose vehicle, namely, Mumbai Metro One Private Limited (MMOPL) is incorporated for the implementation of the project. RInfra holds 69% of the equity share capital of MMOPL, while MMRDA holds 26% and remaining 5% is held by Veolia Transport, France.

Reducing the vehicular traffic substantially, the system will provide the first east to west connectivity for 6 lakh commuters per day with fares comparable to fares charged by local buses of Brihanmumbai Electric Supply and Transport (BEST) Undertaking. The biggest advantage of the system is the reduction in the traveling time from 90 minutes to about 20 minutes along with improved traveling experience.

MMOPL has awarded all the critical and major contracts and the project implementation is going on in full swing.

Civil works for both viaduct and station works is going on in full fledged manner. Foundation works for three special bridges i.e., Andheri Special Bridge, Western Express Highway Special Bridge and the Mithi River Special Bridge is also going on in full swing. Casting yard at Wadala is fully functional and casting of the super structure comprising pier cap and girder is underway.

Earthwork at the D N Nagar Car Depot land is in advanced stage of completion and Depot Civil Works is in progress for critical structures that includes viaduct ramp structure.

All rail systems works including the rolling stock are largely on schedule and the system integration with civil works and other rail systems is being done simultaneously.

MMOPL has achieved the financial closure for a total debt of Rs 1,194 crore. This debt has been raised amidst a tight global liquidity position, based on a unique funding model, where the only recourse available to the lenders is through the cash flow generated from the project instead of the project assets. MMOPL has raised this debt from a group of banks led by IDBI Bank, Karur Vyasa Bank, Oriental Bank of Commerce and Independent Finance Corporation Limited (IFCL) (UK) who are providing the foreign currency loan for the project.

The project is scheduled to be commissioned by second quarter of FY2011, two years before the contractual commissioning date. Thereafter, Metro One Operation Private Limited, a joint venture company between Veolia Transport and RInfra, will operate and maintain the line for the concession period of 30 years.

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Airport Express Metro Link, Delhi

Delhi Airport Express Line project has been awarded by Delhi Metro Rail Corporation (DMRC) through a global competitive bidding process on PPP basis to a consortium of RInfra (95%) and CAF, Spain (5%). A special purpose company viz. Delhi Airport Metro Express Private Limited (DAMEPL) has been incorporated to set up the project.

This is the first high speed airport link of its kind in the country connecting the airport with the central business district and is comparable with similar projects in other mega cities across the world, viz. London, Hong Kong, etc. The metro link will operate at the high design speed of 135 kmph and the total length of the network would be 23 kms with six stations enroute – New Delhi, Shivaji Stadium, Dhaula Kuan, NH-8, IGI Airport and Dwarka. Out of the six stations, 5 stations would be underground and only the Dhaula Kuan station shall be elevated.

The entire project is to be developed, financed, constructed, operated and maintained by DAMEPL. DMRC shall however construct the civil works pertaining to stations, tunnels and viaducts. The project is to be completed in a record time of 30 months with commissioning scheduled for second quarter of FY2011 i.e., before the Commonwealth Games. Thereafter, the RInfra led consortium will operate and maintain the line for the concession period of 30 years.

The project would offer high speed connectivity from city center to the IGI airport and would catapult Delhi to one of the few cities in the world which provide this infrastructure facility reducing the journey time from New Delhi to Airport to approximately 18 minutes. In addition, airport passengers would be able to check in themselves and their baggage at three city airport terminal stations – New Delhi, Shivaji Stadium and Dhaula Kuan. Also, for the first time in the country, all stations would be air-conditioned having platform screen doors. The airport line would be fully integrated with the existing DMRC metro network at New Delhi and Dwarka. The line would also be integrated with the Northern Railway New Delhi Station and with the IGI Airport. All these integrations would ensure very smooth passenger interchange.

The project cost is estimated at Rs 2,885 crore, with debt to equity ratio of 70:30. The project received an overwhelming response from the lenders and the financial closure for the project was achieved in March 2009.

The Company has appointed globally renowned consultants and system contractors for the project and major portion of design and engineering has been completed. All major contracts have been awarded and the civil construction of tunnels, stations, viaduct and depot planned at Dwarka is in full swing.

Real Estate and SEZs

As reported last year, RInfra was awarded the Hyderabad Trade Tower and Business District Project by Andhra Pradesh

Industrial Investment Corporation (APIIC) through competitive bidding. The project entails development of a 100 storeyed tower along with other commercial developments on a 76 acre plot in western Hyderabad on the upcoming outer ring road. Separate special purpose vehicle has been formed with APIIC as required under the bid terms and it has been appropriately capitalized.

RInfra is also developing a 45 acre IT special economic zone, through a subsidiary, in a part of its Dhirubhai Ambani Knowledge City campus at Navi Mumbai. The development would have around 4 million sq. feet of office space along with a 4 star hotel. Various permissions from MIDC as well as the final SEZ approval from the Ministry of Commerce of GOI have been obtained.

In view of the current slump in the real estate market, RInfra is proceeding very cautiously in the implementation of these projects and is re-working certain aspects of the development mix and phasing in order to time the deliveries with the economic recovery so as to maximize the returns. We are also ensuring that our rights remain protected in all the projects.

RInfra also has a number of other real estate and SEZ projects in various stages of bidding/negotiation/planning with over 400 million sq. feet of mixed use built up potential including Jaipur Ring Road and township, Noida Multiproduct SEZ, etc.

Major Associate Company – Reliance Power Limited

Power generation sector

The current installed power generation capacity of India is 147,966 MW as on March 31, 2009. Thermal power constitutes about 63% of the current capacity and the other major segments are hydroelectric power (25%), nuclear (3%), and renewable energy (9%). Geographically, western region accounts for largest share (31%) of the installed power in India followed by southern region with 27% and northern region with 26%.

The increase in installed power capacities has not kept pace with the increase in demand for power thus leading to shortages. The peak power deficit was 12% while the energy deficit was 11% in the financial year 2008-09. The per capita consumption of electricity in India is one of the lowest in the world. This presents a huge opportunity in the power generation space in India.

Status of project

Reliance Power, an associate of the company with 44.95% equity stake directly and through its subsidiaries is currently developing 17 large and medium sized power projects with a combined planned installed capacity of 33,480 MW, the largest portfolio of power generation assets under development in India in the private sector. The projects are diverse in terms of geographic location, fuel source and offtake.

Management Discussion and Analysis

Reliance Power has the unique distinction of securing 3 out of the 4 Ultra Mega Power Projects (UMPPs) awarded by the Government of India on the basis of tariff based competitive bidding.

Projects under implementation

Reliance Power has taken up the following major power projects for implementation.

1. Rosa Phase I - 600 MW Coal-fired Power Project, Uttar Pradesh
 2. Rosa Phase II - 600 MW Coal-fired Power Project, Uttar Pradesh
 3. Butibori Group Captive Power Project - 300 MW Coal-fired Power Project, Maharashtra
 4. Sasan Ultra Mega Power Project- 3,960 MW Pit head Coal-fired Power Project, Madhya Pradesh
 5. Krishnapatnam Ultra Mega Power Project - 4,000 MW Imported Coal-fired Power Project, Andhra Pradesh
 6. Chitragiri Power Project - 3,960 MW Coal-fired Power Project, Madhya Pradesh
 7. Shahapur 1,200 MW Imported Coal-fired Power Project, Maharashtra
 8. Shahapur 2,800 MW Combined Cycle Gas-fired Power Project, Maharashtra
 9. Dadri Gas Project - 7,480 MW Combined Cycle Gas-fired Power Project, Uttar Pradesh.
 10. Talaiya Ultra Mega Power Project- 3,960 MW Pit head Coal-fired Power Project, Jharkhand
 - Hydro Power Projects
 11. Urthing Sobla - 400 MW Hydroelectric Project, Uttarakhand
 12. Siyom - 1,000 MW Hydroelectric Project, Arunachal Pradesh
 13. Tato II - 700 MW Hydroelectric Project, Arunachal Pradesh
- Besides the existing hydroelectric portfolio, Reliance Power has been awarded the following hydroelectric projects in Arunachal Pradesh in the financial year 2008-09
14. Kalai II - 1,200 MW Hydroelectric Project
 15. Amulin - 420 MW Hydroelectric Project
 16. Emini - 500 MW Hydroelectric Project
 17. Mithundon - 400 MW Hydroelectric Project

Risks and Concerns

Reliance Infrastructure is dependent on the domestic market for its business and revenues. The Company's power generation, transmission and distribution facilities are located in India, and virtually all of the Company's revenues including those from the EPC Division, are derived from the domestic market. The Company also makes significant investments

in various new businesses in infrastructure sector in the country.

These factors may potentially expose the Company to the risk of any adverse impact to the national economy and any adverse changes in the policies and regulations related to the power sector, however the same are unlikely looking to the huge power shortage in the country.

The Government of India has been pursuing progressive policies on economic liberalization and reforms in the infrastructure sector including considerable focus on power sector. The Company closely monitors the government policy measures to identify and mitigate any possible business risks.

Generation of power at the Company's power stations can be affected due to various factors including non-availability of fuel, grid disturbances and such other factors in load management in the grid. The Company has entered into agreements with fuel suppliers for adequate supply of fuel, thus mitigating the fuel availability risk. To remain unaffected by the grid differences, the Company has developed systems to island its power stations from the grid in such eventualities.

The consumer tariffs are regulated by the Maharashtra Electricity Regulatory Commission. Any adverse changes in the tariff structure could have a material impact on the profitability. However, the Company endeavours to achieve the highest efficiency in its operations, and has been implementing cost reduction measures in order to enhance its competitiveness and maintain profitability.

Pursuant to the Electricity Act 2003, there is risk of rising competition in the supply of electricity in the licensed area of the company. The Company has built a large and established distribution network that is difficult to replicate by potential competitors, and will endeavour to provide reliable power at competitive costs, with the highest standards of customer care to meet the threat of competition.

Infrastructure projects are highly capital intensive, and as such run the risks of (i) longer development period than planned due to delay in statutory clearances, delayed supply of equipment or non-availability of land, etc., (ii) financial and infrastructural bottlenecks, (iii) execution delay and performance risk and (iv) cost over-run. Reliance Infrastructure is currently developing highways and metro rail projects. The past experience of Reliance Infrastructure in implementing projects without significant time and cost overruns provides confidence about the timely completion of these projects.

Any adverse movement in the value of the domestic currency may increase the Company's liability on account of its foreign currency denominated external commercial borrowings in rupee terms. However, Reliance Infrastructure

Reliance Infrastructure Limited

Management Discussion and Analysis

has adopted conservative foreign exchange risk management policies in this regard. The Company undertakes liability management initiatives on an ongoing basis to manage its foreign exchange rate risks. The Company manages other potential operational risks by adopting suitable policies including human resource development, appropriate health, safety and environment framework.

Adequacy of Internal Control

The Company has an adequate system of management-supervised internal controls which are aimed at achieving efficiency in operations, optimum utilization of resources, and compliance with all applicable laws and regulations. The internal control mechanism comprises a well-defined organization structure, pre-determined authority levels with segregation of duties, risk assessment and management framework. The Company's policies and standard operating procedures are well documented and has various ISO and OHSAS certifications.

The procurement and operational maintenance activities are planned well in advance to avoid any possible risk of late delivery of equipment and materials, delay in attending to maintenance needs, etc. The Company, on a regular basis stores and maintains all the relevant data and information as a back up to avoid any possible risk of losing important business data.

The Management Audit and Risk Assessment Department (MA&RA) reviews the systems and processes jointly with professional internal audit firms. This is helpful in providing independent and professional audit observations, and the management audit coordinates and follows up for corrective and preventive action with various process owners.

The Company has a defined risk policy and risk management framework for all units, functional departments and project sites. This helps in identifying, assessing and mitigating the

Emission Parameters at Dahanu Thermal Power Station

Various initiatives have been taken to increase ash utilization further i.e. open truck unloading system for ash collection and transportation without any fugitive emissions.

| Sr. No. | Parameters | UOM | MPCB* Limit | 06-07 | 07-08 | 08-09 |
|-------------------------------------|--------------------------------------|--------------------|-------------|-------|-------|-------|
| 1 | Stack Total Particulate Matter (TPM) | mg/Nm ³ | 150 | 39.3 | 34.9 | 37.3 |
| 2 | Sulphur Dioxide (SO ₂) | TPD | 80.4 | 56.1 | 29.4 | 3.92 |
| 3 | NOx (ppm) at 15% excess oxygen v/v | PPM | 150 | 75.9 | 69.9 | 75.3 |
| Ambient air out side plant premises | | | | | | |
| 1 | Suspended Particulate Matter (SPM) | µg/M ³ | 100 | 52.7 | 56.0 | 55.0 |
| 2 | Sulphur Dioxide (SO ₂) | µg/M ³ | 30 | 4.5 | 4.1 | 3.9 |
| 3 | Oxides of Nitrogen (NOx) | µg/M ³ | 30 | 9.4 | 10.2 | 10.6 |

*MPCB : Maharashtra Pollution Control Board
UOM: Unit of Measurement

risk that could impact the Company's performance and achievement of its business objectives. The risks are reviewed on regular basis by various process owners across the organization and every calendar quarter, the risk assessment is carried out by MA&RA, the convener of the Risk Management Committee which meets quarterly to deliberate on all major and moderate risks faced by the Company.

A qualified and independent audit committee of the Board comprising all independent directors of the Company, reviews the internal audit reports and the adequacy of internal controls and risk management framework.

Environment, Health and Safety

Dahanu Power Station

The Company attaches utmost importance to safety standards at all its installations, especially the power stations. Necessary steps are regularly taken to ensure the safety of employees and equipment. Both external and internal audits are conducted regularly. Mock drill is conducted to ensure emergency and disaster management preparedness. The joint safety committee consisting of generation and supply division identifies safety measures to be adopted to continually improve safe working conditions. There is no reportable accident in more than 17.5 million man hours from November 4, 2003 to March 31, 2009. In addition to this, near miss incident and potential risks are identified for corrective and preventive actions.

As a result of this, Dahanu Thermal Power Station received various safety awards including Shreshta Suraksha Puraskar by National Safety Council of India, Safety Innovation Award by Institution of Engineers, etc.

All the plant emission parameters are well below statutory limits. Both the Flue Gas De-sulphurisation units were in service throughout the year with SOx absorption more than 90% as stipulated.

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Samalkot Power Station

Samalkot Power Station uses natural gas, an environment friendly fuel, as the primary fuel and naphtha as the secondary fuel. A dedicated Chemistry and Environment, Health, Safety (EHS) and Quality manager is assigned with the responsibility of supervising, monitoring and ensuring all necessary actions with regard to EHS issues at the power station. The average levels of emission recorded at the power station during the year 2008-09 were much below the limits stipulated by Andhra Pradesh Pollution Control Board. The Station is certified for ISO 14001 and OHSAS 18001. The power station also carries out regular mock drills on disaster management.

"Zero Discharges of Industrial Effluents" for the past 35 months in a row is one of the major milestones of the power station which is achieved by using "Reduce, Recycle and Reuse" concepts (achieved through the recovery of Steam and Water Analysis System as well as higher Cycle of Concentration (COC) operation of Cooling Water Systems.

Emission Parameters at Samalkot Power Station

| Sr. No | Parameters | UOM | APPCB* Limits | 06-07 | 07-08 | 08-09 |
|--------|------------------------------------|-------------------|---------------|-------|-------|-------|
| 1 | Particulate Matter | µg/m ³ | 200 | 138 | 156 | 139 |
| | in ambient air | | | | | |
| 2 | Sulphur Dioxide (SO ₂) | µg/m ³ | 80 | 39.09 | 33.98 | 12.50 |
| | in ambient air | | | | | |
| 3 | Nitrogen Oxide (Stack) | PPM | 75 | 18.44 | 33.96 | 34.67 |

*APPCB : Andhra Pradesh Pollution Control Board

Goa Power Station

The plant has taken up several initiatives towards conservation of resources and improving environmental performance. Improvement on Cycle of Concentration (COC) and reduction in average water consumption has been achieved. An area of about 1.6 hectares is covered under forestation in and around the plant premises.

Goa Power Station maintained a 'Zero Reportable Accident' record since its inception. Steps undertaken to ensure safety of man and machine includes internal and external safety audits, hazard identifications and risk assessment, periodic inspection of plant areas by safety teams and daily unsafe observation records. The power station also carries out mock drills on disaster management.

Emission Parameters at Goa Power Station

| Sr. No | Parameters | UOM | APPCB* Limits | 06-07 | 07-08 | 08-09 |
|--------|------------|--------------------|---------------|-------|-------|-------|
| 1 | NOX | PPM | 100 | 10.75 | 16.05 | 17.29 |
| 2 | SOX | mg/Nm ³ | 50 | 24.24 | 25.75 | 22.18 |

Energy Conservation

Dahanu Power Station

Dahanu Thermal Power Station achieved an average heat rate of 2,300 Kcal/Kwh during the year against the norm of 2,500 Kcal/Kwh specified by the Central Electricity Regulatory Commission for unit of this size.

The Power Station undertakes various energy conservation measures i.e. installation of variable frequency drive in condensate extraction pumps, coal mill seal air fans, Primary Air (PA) fan, corrocoating of Cooling Water (CW) pumps and ACW pumps, wind turbo-ventilator, energy efficient lighting systems, etc. This has resulted in saving of power to the tune of 1,040 KW. Installation and commissioning of Vapour Absorption Machine (VAM) system is also nearing completion.

The energy management cell at Dahanu consists of qualified energy managers and auditors, who continue to drive the conservation agenda with defined energy policy, procedures and work instructions. Internal and external energy audits of various systems are carried out at regular interval and all audit findings /recommendations are followed up with appropriate action to implement them.

Dahanu Thermal Power Station bagged the prestigious awards like IEEMA Power Awards 2009 : 1st prize in the category of "Excellence in Thermal Power Generation", Maharashtra Energy Development Agency (MEDA) State level awards for excellence in energy conservation management. CII - National Award for excellence in energy management - 2008.

The power station completed overhaul of unit No.1 within 16 days against planned period of 25 days. Unit No.1 overhaul has given improvement in heat rate by 30 Kcal/Kwh, resulting in direct saving of Rs. 6.3 crore per annum.

Samalkot Power Station

Samalkot power station continues to adopt appropriate operation and maintenance strategies, and makes all possible efforts towards energy conservation.

Various energy conservation measures undertaken were installation of variable frequency drive (VFD) in High Pressure Boiler Feed Pump (HPBFP), Low Pressure Boiler Feed Pump (LPBFP), Destaging of Condensate Extraction Pump (CEP), wind turbo ventilators, energy efficient lighting system, corrocoating of CW pumps, optimisation of Plant Air Compressor and other plant operations etc. This has resulted in total power saving of 1,024 KW.

The energy cell consisting of qualified energy managers and auditors undertakes various energy conservation projects and conducts energy conservation awareness programmes.

The plant operational strategies have been suitably modified for achieving higher efficiencies, with the result that

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Samalkot station achieved a gross heat rate of 2,141 Kcal/kwh against the design value of 2,172 Kcal/kwh at an operating PLF of 52.50%.

Goa Power Station

Continuous focused efforts towards energy conservation have reduced the auxiliary power consumption to about 2.10% as compared to 2.20% during the previous year and CEA benchmark of 3% for a plant configuration of this size.

The energy management cell at Goa consisting of qualified energy managers and auditors continue to drive the conservation agenda with defined energy policy. Internal and external energy audits of various systems are carried out at regular interval.

Various energy conservations measures i.e. installation of Energy Efficient CT fan blades, efficient lighting systems, multi-stage pressure reduction drag valve, optimization of HP, LP, deaerator pressure, etc. have resulted in saving of 251 KW. Dry ice blasting was also carried out to improve the Heat Recovery Steam Generator; Differential Pressure so as to improve its output.

The Power Station has undertaken further initiatives i.e. installation of vacuum pump in place of steam ejector, Variable Frequency Drive (VFD) for High Pressure Boiler Feed Pump (HPBFP), efficient CW pumps, etc. to step up energy conservation.

Human Resource

While Reliance Infrastructure is continually growing into becoming a multi business, service cum value provider as also a trusted partner in nation building, its pivotal force is the inherent capabilities of its people. Our human resource is an all-star workforce that not only epitomizes our company's mission but also has the skills to realize it. The present employee strength in the organisation stands at 7,304.

Having the very best people, we believe that they deserve the very best and therefore our HR works with the mission of creating a customer-centric, process-based, synergetic, integrated, transparent, communication-led competency-based agile work-culture which is responsive to business needs and challenges which impart happiness to all our people while extracting professional ownership and innovative responses from all across.

Recruitment

Creating a workforce of the best talent is challenging and maintaining it over time is a bigger challenge. To maintain our standards of the best talent pool we recruit students from premier institutes after rigorous screening for consistent high levels of academic records and assessment of their competencies through various state-of-the-art world class methods. Our lateral recruits are taken at various levels as per needs of the business and are assessed on our

competency framework before finalizing selection. This entire process is carried out after following a scientific manning methodology for every business and project.

Learning and Development

As part of the Company's commitment to make RInfra a learning organization, the training and development team at Reliance Energy Management Institute (the learning and development centre of RInfra) constantly strives to provide globally acclaimed programmes on competencies and technical skills which are conducted by renowned faculties. Likewise, the Technical Training Institutes at Dahanu and Versova, impart training to upgrade the skills of our workers and staff of the Company. With a focus to create an environment of continuous capability building and foster our organization as a Learning organization, we sharpen our employee's talents, develop their competencies and enhance their innovative and entrepreneurial talents through a comprehensive learning approach and competency based training for specific user groups and an in-house designed leadership development program – EM-Power for all our future leaders. In addition to this, our employees are constantly exposed to the best of training/ developmental opportunities outside the organization as well. This is done with the intention of continually upgrading their competencies.

Employee Relations

Our advocacy of people practices is not only established in our professional workforce but we are equally proud of having established sound and proactive industrial relations with all employee bodies. This helps us resolve all issues through meaningful dialogue. This has helped us strengthen relationships between the union and management. Through a productivity/performance driven collaborative approach we have had zero work interruption in the last 3 years which has led to strong Employee Relations.

Compensation

For compensation we follow the philosophy of Pay for Position, Person and Performance. Our compensation methodologies are aligned with our overall business strategies and the performance of an employee. To keep our compensation structures competitive and benchmarked with the market standards, compensation surveys are conducted at regular intervals. Besides compensation, a comprehensive non-monetary Reward and Recognition policy is implemented to recognize and appreciate significant acts of contribution by the employees either individually or as a Team member and thereby create a culture of appreciation, recognition and reward. All these have helped us to create an inspired, innovative, entrepreneurial and committed workforce.

Talent Development

With the diverse and fast paced growth of businesses at RInfra, meeting talent needs at the same pace is just not

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enough. Competencies and talents have to be made available in advance, commensurate with our critical talent requirements. Therefore, a career planning programme is designed to meeting our critical talent requirements wherein potential employees are groomed and developed to take critical leadership roles in future from within.

Since the top teams are very crucial to the execution of a great strategy and to capitalize on the leadership talent pool available with us to fuel the future growth and success of the Company, several Leadership Development initiatives are undertaken. These initiatives have enhanced our overall leadership team effectiveness, sharpened leadership competencies and created a leadership pipeline for the organization's growing need of 'leaders with a perspective' rather than merely 'programmed thinking managers'.

At HR, we strive continually to make RInfra a place where people are enthused to produce innovative ideas and dedicated to turn RInfra into a leading service and value that does more than build the bottom line and provide value not only to all its stakeholders but the nation at large.

Quality

A comprehensive quality plan has been formulated with a view to enhancing quality standards at all levels. A quality council has been formed which is in the process of preparing a company wide quality plan. To broad base participation, almost 30 projects have been initiated which are aimed at addressing specific quality problems in the field. Two of these groups have been recognized at the national level in Quality Control forum of India. The initial results have been extremely encouraging. For more complex problems we have started several six-sigma projects and the results have been very promising.

Mumbai Transmission and Distribution has been upgraded to the revised ISO 9001:2008 Standard. The Information Technology department has been awarded the ISO 27001, the first initiative in the country.

Corporate Governance

The Company from time to time has voluntarily introduced several governance practices long before clause 49 of the listing agreement with stock exchanges was introduced. The Company has also adopted the *Reliance Anil Dhirubhai Ambani Group – Corporate Governance Policies and Code of Conduct*, which has set out a set of systems, processes and principles conforming to the international standards.

The Corporate Governance policies were reviewed during the year and revised to incorporate new initiatives, significant ones being board evaluation, lead independent director and rotation of chairmanship of board committees.

A report on corporate governance confirming compliance with the conditions of corporate governance stipulated in clause 49 of the listing agreement of stock exchanges is

annexed to the directors' report. The report sets out in detail the various best practices of governance voluntarily introduced, adopted and practised by the Company.

Corporate Social Responsibility

RInfra continues to contribute actively towards community welfare measures and took up several initiatives/measures related to education, healthcare, environmental improvement and other developmental measures.

Education

- Best teacher Awards were given to five teachers in Dahanu Taluka for promoting education
- More than 4,500 educational kits were distributed by active participation at all levels of employees.
- Mobile medical unit provided for medical assistance to nearby villages.
- Computer training courses for family members of community and employees around Dahanu have been undertaken with the help of MH-CIT.
- Sponsorship and Contribution under the 'Prothsaham' scheme (by sponsoring three girl students from the near by villages i.e. from Vetlapalem Village and G Medapadu) for two year Intermediate course in reputed colleges at Samalkot.
- Financial support for higher studies extended to talented needy student by the employees at Samalkot.
- Distribution of school uniform to needy students of Government Primary and Secondary Schools located at plant vicinity at Goa.
- Free stationary kits distributed to the students of Primary school near Project sites.
- Construction skill development center in collaboration with CIDC established near Sasan site for the locals and project affected persons

Healthcare

- More than 350 Hand pumps installed till date under the project "Safe Drinking water to all" in Dahanu Taluka.
- Health services support provided to schools in tribal areas of Dahanu Taluka.
- Blood donation camps organized at various plants, offices and project sites
- Gynaec Camp was organized for the rural poor women at Vetlapalem village, Samalkot including medical consultation and distribution of medicines at the Camp.
- Support to local hospital for improvement of basic infrastructure facilities so as to provide good health and services near Sancoale, Goa
- Support to Taluka sports meet thus encouraging social and cultural activities in school children and arranging talks on health and nutrition for residents of surrounding communities near Sancoale, Goa

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- Support for maintenance of water filter systems and new water coolers to local schools for providing safe drinking water to children at Goa.
- First aid centre, health check up camps and counseling sessions were arranged. Free HIV tests were also conducted for villagers located near project sites.
- Basic amenities like electricity, streetlights, clean drinking water facility and a well hygienic central canteen with meals at subsidized rates are provided in labour colonies at all the project sites.

Environment

- Extensive plantation outside the plant boundaries
- Distribution of Ash bricks for community construction activities around Dahanu.
- Check dams and water harvesting projects at Dahanu Taluka

Other Developmental Initiatives

- Financial assistance provided for the construction of old age home at Vetlapalem Village, Samalkot.
- Distribution of Sewing machines for helping poor and needy women for self sustenance in the village of Sancoale, Goa.
- Construction Skill development Centre in collaboration with CIDC established near Sasan Site for the locals and project affected persons.

Our initiatives as Corporate Social Responsibility (CSR) have been recognised through awards like CII national award in excellence in water management – beyond the fence, Golden Peacock Award for corporate social responsibility 2007, etc.

Awards and Recognitions

1. Dahanu Power Station

The Station continues to receive prestigious awards and recognitions for its outstanding performance in various fields. The station received the following awards during the year 2008-09.

Operational Performance Awards

1. IEEMA Power Awards 2009 – 1st Prize in the category of "Excellence in Thermal Power Generation"
2. IEEMA Power Awards 2009 – 1st Prize in the category of "Best Environment & Efficient Power Plant – Thermal"
3. IMC Ramakrishna Bajaj National Quality Performance Trophy – 2008
4. QCI – D. L. Shah Award on Economics of Quality commendation award under large scale manufacturing unit, 2009
5. CII – National Award for Excellence in Water Management – 2008

6. CII – National Award for Excellence in Energy Management – 2008
7. "International Star Award for Leadership in Quality in Diamond Category" in recognition of Commitment to Quality, Leadership, Technology and Innovations
8. National Award for Meritorious Performance (Silver Shield) for outstanding Performance during 2006-07 by Ministry of Power, Government of India.

Environmental Awards

9. Golden Peacock Innovation Award – 2008 received at London
10. Greentech Environment Excellence Award 2007, in Gold Category
11. Golden Peacock Award-2008 for Environment Management
12. Srishti Good Green Governance Award 2007

Safety Awards

13. "Greentech Safety Award – 2008"
14. National Safety Council of India "Shreshtha Suraksha Puraskar" 2007
15. Safety Innovation award – 2008 from the Institution of Engineers, New Delhi Chapter

Corporate Social Responsibility

16. CII – National Award for Excellence in Water Management – 2008, for "Beyond the fence"
17. CII – National Award for Excellence in Water Management – 2008, for "Innovative case study"
18. Golden Peacock Award – 2007 for corporate social responsibility

2. Goa Power Station

The Goa Power Station was adjudged the best among the Gas based power stations in the country and was awarded the prestigious "Greentech Gold Award for Environment management" and "Greentech Gold Award for Safety management". The awards in both categories were received for the third year in succession.

3. Mumbai Transmission Division

Golden Peacock Award for Innovative Management.

4. Mumbai Distribution Division

Recognised as the best utility for 'Excellence in Power Distribution – Urban' amongst 20 utilities of India in the IEEMA National Awards 2009.

Corporate Governance Report

Reliance Infrastructure Limited has maintained the highest standards of corporate governance policies, principles and best practices by adopting the "Reliance Anil Dhirubhai Ambani Group - Corporate Governance Policies and Code of Conduct" as followed by all constituents in the group. These policies and code prescribe a set of systems, processes and principles conforming to international standards which are reviewed periodically to ensure their continued relevance, effectiveness and responsiveness to the needs of local and global investors and all other stakeholders.

Our governance philosophy

The Company's philosophy on Corporate Governance is driven by its desire towards attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders: From, customers, shareholders and employees, to government, lenders and the wider community. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall enterprise value and safeguarding the shareholders' trust. In our commitment to practise sound governance principles, we are guided by the following core principles:

- 1. Transparency**
To maintain the highest standards of transparency in all aspects of our interactions and dealings.
- 2. Disclosures**
To ensure timely dissemination of all price sensitive information and matters of interest to our stakeholders.
- 3. Empowerment and Accountability**
To demonstrate the highest levels of personal accountability and ensure that employees consistently pursue excellence in everything they do.
- 4. Compliances**
To comply with all laws and regulations as applicable to the Company.
- 5. Ethical conduct**
To conduct the affairs of the Company in an ethical manner.
- 6. Stakeholders' interests**
To promote the interests of all stakeholders including of customers, shareholders, employees, lenders, vendors, government and the community.

Governance practices beyond regulatory requirements

Our governance practices seek to go beyond statutory and regulatory requirements. Our endeavour is to follow the spirit of good governance rather than the mere letter of the conditions specified by regulatory authorities. With this objective, we have formulated, *inter alia*, the following policy documents and introduced best practices of governance:

- 1. Values and commitments**
We have set out and adopted policy documents on *Values and commitments* of Reliance Infrastructure. We believe that any business conduct can be ethical only when it rests on the nine core values of honesty, integrity, respect, fairness, purposefulness, trust, responsibility, citizenship and caring.
- 2. Code of ethics**
Our policy document on *Code of ethics*, in essence, directs that our employees should conduct the business with integrity by excluding consideration of personal advantage.
- 3. Business policies**
Our *Business policies* cover a comprehensive range of governance 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.
- 4. Separation of the Board's supervisory role from the executive management**
In line with the 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 Chairman and CEO.
- 5. Prohibition of insider trading policy**
This document contains the policy on prohibiting trading in the equity shares of the Company, based on inside or privileged information.
- 6. Prevention of sexual harassment**
Our policy on prevention of sexual harassment aims at promoting a work environment that protects the individual against sexual misdemeanour of any kind whatsoever.
- 7. 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 action.
- 8. Environment policy**
The Company is committed to achieving excellence in environmental performance, and preservation and promotion of environment are of fundamental concern in all our business activities.
- 9. Risk management**
Our risk management procedures ensure that the management controls risks through means of a properly defined frame work.

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10. SA 8000 (standard for social accountability)

Dahanu Power Station and Samalkot Power Station of the Company are certified for SA 8000, initiated by the Council on Economic Priority with Social Accountability International, USA as the accreditation agency. The standards are based on recommendations of the International Labour Organization, United Nations Universal Declaration on Human Rights and UN's convention on the rights of the child and other conventions. The key attributes are social accountability with regard to child labour, forced labour, health and safety, discrimination, working hours, remuneration and management system, etc.

11. Six Sigma

Dahanu power station has adopted the six sigma quality management tool to measure the baseline performance of various processes, determine the root causes of variations and improve the processes to meet and exceed the desired performance levels.

12. OHSAS 18001

All power stations of the Company are OHSAS 18001 certified. OHSAS 18001 helps to establish occupational health and safety management system.

13. ISO 9001

ISO 9001 is concerned with establishing quality management system to achieve continual improvement of performance. All the power stations of the Company are certified for ISO 9001. The Mumbai distribution group as well as the Company Secretarial and Investor Services group have also secured ISO 9001 certification.

14. ISO 14001

ISO 14001 is primarily focussed on Environmental Management System and all the power stations of the Company are ISO 14001 certified.

15. ISO 27001

The Company has secured ISO 27001 Information Security Management System (ISMS) Certification for its Information Technology group. In the process of achieving certification, the Company re-aligned several of its systems and processes. It also adopted and implemented many best practices as per the policy requirements of ISMS to ensure quality and security of data. This certification helps in protecting the confidentiality, integrity and availability of information relating to the businesses of the Company.

16. Integrated Management System

Samalkot Power Station is the first power plant in Reliance Anil Dhirubhai Ambani Group to secure Integrated Management System (IMS) certification

consisting of ISO 14001, OHSAS 18001, ISO 9001, SA 8000 and ISO 27001. Dahanu Power Station and BSES Kerala Power Limited have also integrated its ISO 9001, ISO 14001 and OHSAS 18001 systems under IMS. Goa Power Station has ISO 9001, ISO 14001, OHSAS 18001 and ISO 27001 integrated under IMS. This integrated certificate provides an integrated approach towards quality, environment and safety.

17. 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 Board Charter. The Charter has set out matters relating to Board composition, scope and functions of the Board and its committees, etc.

c. Board Committees

The Board constituted the audit committee way back in 1986. The Board also constituted the nomination/remuneration committee and shareholders/investors grievances committee. The Board rotates the chairman of these committees once in two years.

d. Tenure of independent director

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

e. Interaction of non-executive, including independent directors, with the Chairman

The Chairman regularly interacts with non-executive directors to enable them to freely express their views on various matters concerning the business of the Company. A separate meeting between the Chairman and the non-executive directors is periodically held so that issue of business and management can be discussed freely without encumbrances.

f. Lead independent director

Recognizing the need to have a representative and spokesperson for the independent directors, the Board has appointed an independent director as the lead independent director. The lead independent director performs the following roles in addition to the role of a non-executive independent director:

Corporate Governance Report

- preside over all executive sessions of the Board's independent directors;
- work closely with the Chairman to finalize the information flow, agendas for the meetings and meeting schedules;
- liaise between the Chairman and the independent directors on the Board; and
- take a lead role along with the Chairman in the Board evaluation process.

For the year 2008-09, the board designated Gen V P Malik as the lead independent director. The position of the lead independent director is rotated on a yearly basis or as decided by the Board and for the years 2009-10 and 2010-11, the Board has designated Shri S L Rao as the lead independent director.

g. Independent director's interaction with shareholders

Shri V R Galkar, a senior independent director, interacts with shareholders on their suggestions and queries which are forwarded to the Company Secretary at ramesh.shenoy@relianceada.com.

h. Meeting of independent directors without the management

The independent directors of the Company meet in executive sessions (with no executive directors present) as and when they deem necessary. These executive session discussions may include topics such as, performance and compensation, strategic issues for Board consideration, the flow of information to directors, management progression and succession, and such other matters as the independent directors think appropriate.

During these executive sessions, the independent directors have access to such members of management or advisors, as they may deem fit and necessary. The sessions are chaired by the lead independent director.

i. Independent director on the risk management committee

The Company has set up a risk management committee consisting of executives and a senior independent director, Gen V P Malik. The committee periodically reviews the existing risk management procedures in order to ensure that the risks to the Company are controlled through means of a properly defined framework.

j. Monitoring Subsidiaries

The minutes of meetings of boards of subsidiary companies are periodically placed before the board of the Company.

k. Independent directors on boards of associate and joint venture companies

Two independent directors of the Company are on the boards of associate companies in which it has significant equity stake. Shri S L Rao an independent director, is on the board of Reliance Power Limited and Gen V P Malik an independent director, has been appointed on the boards of BSES Rajdhani Power Limited and BSES Yamuna Power Limited.

l. Commitment of directors

The dates of the Board meetings for the entire financial year are scheduled at 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 well in advance and facilitates attendance of all directors at the meetings of the board and its committees.

m. Participation of directors through audio / video conference

The Company encourages / facilitates participation in the deliberations of the board by directors who are unable to attend any meeting of the board through audio / video conference, subject to their accessibility and availability.

n. Compliance

The Company Secretary monitors the compliance of applicable laws, regulations and rules including the Companies Act, 1956 and the listing agreement with stock exchanges, including in-house legal audit and places confirmation of such compliance before the board at the end of every calendar quarter.

o. Training of Board members

The Company periodically organizes training programmes for directors on various corporate governance related issues.

p. Evaluation of the Board

Evaluation of the Board, Committees and Directors of the Company are carried out on an annual basis. The Board, through peer evaluation, carries out evaluation of the Board including Board process, risk management systems, performance of Board committees based on inputs received from individual directors.

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

We have in the recent past introduced several trend setting governance practices to improve stakeholder satisfaction, some of the major ones being –

Corporate Governance Report

- a. **Customers :** Details of bills are made available to customers as E-bills, web bills and as SMS bill alerts. Bills are also made available in Braille, on IVR and in a customer's choice of language. Bill can now be paid at over 2,200 payment locations, and through a multiplicity of options such as net banking, credit card payment, ECS/VDS and phone pay over RIM. For complaints and queries, the customer has the option of either approaching the Company's modern, redesigned Customer Care Centre or call the state-of-the-art 24x7, multi-lingual (4 languages) Call Centre. The Company's customer redressal mechanism includes setting of a consumer grievance redressal forum, which is an independent body headed by a retired judge of the High Court. Customers can make enquiries, lodge complaints, view and pay bills and calculate energy consumption through the website. The Company constantly monitors customer satisfaction through surveys and feedbacks.
- b. **Employees:** There is a focused attempt to make the organization a '*People's Organization*'. There are a number of initiatives being taken to enhance employee capability, engagement and effectiveness. These include initiatives for achieving a competency based organization, performance driven compensation, nurturing of talent, developing leadership pipeline and focused training to promote learning within the organization. To support the above initiatives, the Company runs state-of-the-art functionalities in SAP – HR such as details of current and past salaries, income tax computations, attendance and leave management, E-learning, travel management, grievance management, reimbursements and E-joining for new entrants. These support system help in achieving speed, efficacy and probity in our endeavour to greater employee engagement.
- c. **Shareholders :** The significant services and facilities being rendered to investors include e-payment of dividend at over 160 cities, odd lot share trust for convenient disposal of odd lot shares held in physical form and annual shareholder satisfaction survey.
- d. **Vendors :** The major initiatives introduced are global sourcing, e-procurement, strategic supply management, continuous vendor development and evaluation, elimination of sourcing risk while reducing overall procurement costs, value creation through quality and logistics, etc.
- e. **The society :** The Company, in keeping with its Corporate Social Responsibility (CSR) policy, focuses on healthcare, education, water resources, etc. for citizens around its power stations. Details

of its CSR activities are set out in detail in the Management Discussion and Analysis Report annexed to the Directors' Report.

19. Awards

The Company was presented several prestigious awards for excellence in performance, energy management, environmental management, energy conservation and pollution control, leadership in quality system and innovative management, water management, safety track record and management and corporate social responsibility.

Compliance with the code and rules of LSE and NYSE

The Global Depositary Receipts (GDRs) issued by the Company are listed on the London Stock Exchange (LSE). The Company has reviewed the combined code on corporate governance of LSE and the corporate governance rules of the New York Stock Exchange (NYSE), though the same are not applicable to the Company. The Company's corporate governance practices substantially conform to these code and rules.

Compliance with clause 49 of the listing agreement

Reliance Infrastructure adopted and introduced several sound governance practices well before they were codified through clause 49 of the listing agreement formulated by the Securities and Exchange Board of India (SEBI) were made applicable from January 1, 2006.

We present our report on compliance of governance conditions specified in clause 49.

1. Board of directors

A. Board composition

I. Board strength and representation

As of March 31, 2009, the Board consisted of eight members. The composition and the category of directors on the Board of the Company were as under:

Table 1

| Category | Particulars of directors |
|--|--|
| Non-executive, Non-independent directors | Shri Anil D Ambani, Chairman Shri Satish Seth, Vice Chairman |
| Executive, Non-independent directors | Shri S C Gupta, Director (Operations) Shri Lalit Jalan, Whole-time Director |
| Independent directors | Gen V P Malik Dr Leena Srivastava Shri S L Rao Shri V R Galkar |

Notes:

- a. None of the directors is related to any other director.
- b. None of the directors has any business relationship with the Company.

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c. None of the directors received any loans and advances from the Company during the year.

II. Conduct of Board proceedings

The day-to-day business is conducted by the executives of Reliance Infrastructure under the direction of Whole - time directors and the supervision of the Board. The Board holds periodic 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 the oversight of the business and the management:

- review, monitor and approve major financial and business strategies and corporate actions;
- assess critical risks facing the Company – 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
 - (a) the Company;
 - (b) the financial statements;
 - (c) compliance with laws;
 - (d) relationships with customers, suppliers and other stakeholders;
- delegation of appropriate authority to the senior executives of the Company for effective management of operations.

B. Board meetings

The Board held 5 meetings during 2008-09 on April 28, 2008, July 26, 2008, September 16, 2008, October 22, 2008 and January 22, 2009. The maximum time gap between any two meetings was 91 days and the minimum gap was 35 days.

Table 2 - Attendance at Board Meetings held during 2008-09 and at the last AGM, number of directorships, memberships/chairmanship in public companies during 2008-09

| Name of Directors | Number of Board meetings attended out of five meetings held | Attendance at the last AGM held on 16.09.2008 | Number of directorship ¹ (including RInfra) | Committee(s) ² position (including RInfra) | |
|---------------------|---|---|--|---|----------|
| | | | | Member ³ | Chairman |
| Shri Anil D Ambani | 5 | Present | 10 | 4 | None |
| Shri Satish Seth | 4 | Present | 3 | 2 | 2 |
| Shri Lalit Jalan | 5 | Present | 5 | 2 | 2 |
| Shri S C Gupta | 5 | Present | 4 | 3 | None |
| Gen V P Malik | 5 | Present | 4 | 4 | None |
| Shri S L Rao | 5 | Present | 6 | 7 | 4 |
| Dr Leena Srivastava | 5 | Present | 1 | 2 | None |
| Shri V R Galkar | 5 | Present | 1 | 2 | 2 |

The Board periodically reviews compliance reports of all laws applicable to the Company and takes appropriate action.

Standards issued by ICSI: The Company is in substantial compliance with the secretarial standards governing board meetings as also general meetings as set out in Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India. The Board of Directors of the Company has taken necessary steps in order to ensure compliance with these standards.

The Board has constituted several committees to deal with various specialized issues. While the recommendations of SEBI on the constitution of Audit Committee and Shareholders/Investors' Grievance committee have come into force from March 31, 2001, Reliance Infrastructure had set up such committees in May 1986 and January 1995 respectively.

Amendment to SEBI (Prohibition of Insider Trading) Regulation, 1992

The Board of the Company during the year adopted the revised Reliance Infrastructure Limited (Prohibition of Insider Trading) Code modified in terms of amendments notified by the Securities and Exchange Board of India (SEBI) under the SEBI (Prohibition of Insider Trading) Regulations, 1992, on November 19, 2008.

C. Attendance of directors and other directorships

The overall attendance of directors at the Board Meetings and the AGM was almost 97.5 per cent. It is proposed to introduce teleconferencing and videoconferencing facilities immediately upon amendment to the relevant statutes, in order to ensure participation of directors in the deliberations of all meetings of the board.

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1. Number of directorships excludes directorship in foreign Company, alternate directorships, Companies registered under Section 25 of the Companies Act and private companies.
2. Committee includes Audit Committee and Shareholders / Investors' Grievances Committee as required under clause 49 of listing agreement
3. Membership of Committees includes Chairmanship also.

D. Other directorships

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

E. Membership of Board committees

No director had membership of more than 10 committees of Boards nor is any director Chairman of more than 5 committees of Boards.

F. Details of Directors

The abbreviated resumes of all directors are furnished hereunder:

Shri Anil D Ambani

Regarded as one of the foremost corporate leaders of contemporary India, Shri Anil D Ambani, 50, is the Chairman of all listed companies of the Reliance ADA Group, namely, Reliance Communications, Reliance Capital, Reliance Infrastructure, Reliance Natural Resources and Reliance Power.

He is also the president of the Dhirubhai Ambani Institute of Information and Communication Technology, Gandhinagar, Gujarat.

An MBA from the Wharton School of the University of Pennsylvania, Shri Ambani is credited with pioneering several path-breaking financial innovations in the Indian capital markets. He spearheaded the country's first forays into overseas capital markets with international public offerings of global depositary receipts, convertibles and bonds. Under his Chairmanship, the constituent companies of the Reliance ADA group have 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
- Board of Governors, Indian Institute of Management (IIM), Ahmedabad
- Executive Board, Indian School of Business (ISB), Hyderabad

In June 2004, Shri Ambani was elected as an Independent member of the Rajya Sabha – Upper House, Parliament of India, a position he chose to resign voluntarily on March 29, 2006.

Select Awards and Achievements

- Awarded by Light Readings as the Person of the Year – 2008 for outstanding achievements in the communication industry
- Voted 'the Businessman of the Year' in a poll conducted by The Times of India – TNS, December 2006
- Voted the 'Best role model' among business leaders in the biannual Mood of the Nation poll conducted by India Today magazine, August 2006
- Conferred 'the CEO of the Year 2004' in the Platts Global Energy Awards
- Conferred 'The Entrepreneur of the Decade Award' by the Bombay Management Association, October 2002
- Awarded the First Wharton Indian Alumni Award by the Wharton India Economic Forum (WIEF) in recognition of his contribution to the establishment of Reliance as a global leader in many of its business areas, December 2001

Shri Satish Seth, 53, is a Fellow Chartered Accountant and a law graduate. He has had a wide exposure in developing, strategizing and overseeing businesses in petrochemicals, petroleum and financial sectors. Currently, he oversees and leads businesses in power, telecommunication and infrastructure sectors. He has vast experience in the areas of finance, commercial, banking, accounts, audit, taxation, legal, project execution and general management. Shri Seth was appointed to the board on November 24, 2000. Currently, he is the Vice Chairman of the Board of the Company. He is also a director of Reliance Telecom Limited and Reliance Anil Dhirubhai Ambani Group Limited. He is chairman of audit and shareholders / investors' grievances committee of Reliance Telecom Limited.

Shri S C Gupta, 60, is a graduate in electrical and mechanical engineering and also M.Sc. (Engineering) in power systems. He was appointed to the board on January 18, 2003. He was actively involved in the design and implementation of captive power plants of Reliance Industries Limited at Hazira, Patalganga, Naroda and Jamnagar totalling 750 MW and development of Independent Power Projects (IPPs) at various locations. He is on the boards of Reliance Energy Trading Limited, Utility Powertech Limited and BSES Kerala Power Limited. He is a member of the shareholders/investors' grievances committee of

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Reliance Infrastructure Limited. He is a member of the audit committee of BSES Kerala Power Limited and Reliance Energy Trading Limited.

Shri Lalit Jalan, 52, was appointed to the board as whole-time director on April 25, 2007. He is responsible for the entire distribution, transmission, trading and shared services of the Company and its affiliates in Mumbai, Delhi and Orissa covering 6 million customers. He successfully spearheaded the transformation from erstwhile BSES to Reliance Infrastructure in Mumbai and the complete turnaround of Delhi distribution. The success of Delhi made him a posterboy of distribution reforms.

Shri Lalit Jalan did his MBA in Finance from the prestigious Wharton School, University of Pennsylvania and MS in Computer Science from Moore School, University of Pennsylvania. He did his B Tech from the Indian Institute of Technology, Kanpur. He graduated throughout in top 2 percentile of his class. He was the winner of Directors Honours and Deans List at Wharton.

He has been awarded the Distinguished Alumni Award from IIT, Kanpur. He was also chosen as one of the 15 achievers from the IIT system. These 15 achievers were showcased as IIT Spirit during the opening ceremony of 50th anniversary celebration (PAN IIT 50) organized at Silicon Valley, California in January 2003.

He is on the Board of BSES Rajdhani Power Limited, BSES Yamuna Power Limited, Reliance Power Transmission Limited, Reliance Digital World Limited and various private limited companies. He is Chairman of the Audit Committee of BSES Rajdhani Power Limited and BSES Yamuna Power Limited.

He joined Reliance Industries Limited as Chief Executive Officer, Polypropylene Business in 1995. He was the youngest CEO at Reliance.

Dr Leena Srivastava, 48, is the Executive Director, The Energy and Resources Institute (TERI), an independent not-for-profit research institution working in the areas of energy, environment and sustainable development. Dr Srivastava held additional charge as Dean, Faculty of Policy and Planning, TERI University between June 2000 to March 2008. She has a Ph.D. in energy economics from the Indian Institute of Science, Bangalore. She has a number of publications to her credit and is on the Editorial Boards of various international journals dealing with energy and environment issues.

Dr Srivastava was a member of the expert committee to formulate an integrated energy policy set up by the Planning Commission, Government of India and also of the Steering Committee on North Eastern Region for the 11th Five Year Plan. She serves on the Foresight Advisory Council of Suez Environment, the Investment

Advisory Panel of Cumulus Climate Fund; the research advisory committee of IGES (the Institute for Global Environmental Strategies, Japan), the International advisory Board of the Wuppertal Institute for Climate, Environment and Energy, Germany and the scientific committee of the International Human Dimensions Programme on Global Environmental Change (IHDP). She is a member of the Audit and Shareholders/Investors' Grievances Committee of the board of the Company.

Shri S L Rao, 73, is currently Chairman, Board of Governors of the Institute for Social and Economic Change, Bangalore; Distinguished Visiting Fellow at The Energy and Resources Institute (TERI); a widely read newspaper columnist, writer and speaker on management, consumer markets, the economy and energy issues. He is an economist by training and a professional manager with 28 years of experience in large companies including in top management positions in marketing and general management and a further 4 years in management consultancy. He taught marketing in the most reputed management schools in India as visiting faculty. He was a Visiting Fellow at the Indian Ocean Centre, Australia (1996-98). From 1990 to 1996 he was Director - General of the National Council of Applied Economic Research (NCAER), a premier research institution in India, which during his tenure, was known the world over for its data on Indian markets, human development indicators, social infrastructure and economic forecasting. He was the first Chairman of the Central Electricity Regulatory Commission (CERC) in 1998. His leadership made CERC highly regarded for its independence, transparency and objectivity. He was President of the Madras Management Association (1983-84) and All India Management Association (1985-86), a founder and former Vice President of the People's Union for Civil Liberties in Tamil Nadu (1981-84). He was founder Chairman of the Forum of Indian Regulators. He has co-authored or edited 13 books and articles on the economy and management. His writings and active participation contributed to the formation of the Indian Ocean Region as a zone for economic cooperation. He was awarded the Ravi J Mathai Fellowship Award by the Association of Indian Management Schools in 2001. He is on the Board of Honeywell Automation India Limited, Kanoria Chemicals and Industries Limited, Reliance Natural Resources Limited, Reliance Power Limited, Rain CII (Carbon) India Limited and other private limited companies. He is the Chairman of the Audit Committee of Honeywell Automation India Limited, Reliance Natural Resources Limited, Reliance Power Limited and Rain CII (Carbon) India Limited. He is also a member of the Audit Committee of the Company and member of Shareholders/Investors

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Grievances Committee of Reliance Natural Resources Limited and Reliance Power Limited. He is Columnist: Telegraph, Deccan Herald, Life Trustee of the Madras Craft Foundation, Trustee of the Aga Khan Foundation India Committee, Trustee, CIRC-CUTS Institute of Regulation and Competition, Jaipur, Trustee, Bangalore International Centre, Chairman, Academic Advisory Council, IMI, Delhi. Member of the Board of the Institute for Learning and Management, Delhi, Member on the General and Energy Committees of Bangalore Chamber of Commerce and Industry, and holds memberships in various advisory boards/committees. He has written 13 books, the latest being *"From Servants to Masters?, The Evolution of Professional Management in India"* (2007) and hundreds of articles in newspapers and journals.

Gen V P Malik, 69, was chief of Indian Army from October 1997 to September 2000. Concurrently, he was Chairman, Chief of Staff Committee of India for two years. As Army Chief, Gen Malik had dual responsibility of being an "advisor" to the Government as well as commander of over a million strong Indian army and managed all its functions to fulfill its national role and assigned missions. In India, every aspect of the management of the army—strategic and planning, equipment profile, human resource development, discipline, welfare, etc. is shouldered by the Army Chief. During his tenure, he oversaw intensified anti terrorist operations in Jammu and Kashmir, in the north east, and management of disputed border with China and other neighbouring countries. He planned, coordinated and oversaw execution of Operation Vijay to successfully defeat Pakistan's attempted intrusion in Kargil sector in 1999.

Gen Malik was awarded the Ati Vishishta Seva Medal in 1986, and Param Vishishta Seva Medal, the highest national award for distinguished services in India in 1996. He was given excellence in leadership award by Atur Foundation, Pune, Distinguished Fellowship of the Institute of Directors, New Delhi in 1999, and 'Pride of the Nation' award by the Doon Citizens' Council in July 2000.

Since retirement (September 30, 2000), he keeps himself engaged in spreading awareness and sharing his views on India's national security challenges and international relations. He is a former member of the National Security Advisory Board. Currently, an honorary advisor to the Centre for Policy Research, New Delhi and President of the ORF Institute of Security Studies. In 2007, he was nominated on the judges' panel to select and rank *Top Companies for Leaders* in Asia Pacific Region by Hewitt Associates, who undertook this exercise in collaboration with *Fortune* Magazine and The RBL Group.

He is on the board of Hero Honda Motors Limited, BSES Rajdhani Power Limited and BSES Yamuna Power Limited. He is a member of the audit committee of the Company. He is also a member of the audit Committee of Hero Honda Motors Limited, BSES Rajdhani Power Limited and BSES Yamuna Power Limited.

Shri V R Galkar, 65, B.Com, LL.B., FCA, is representative of Life Insurance Corporation of India. He was appointed on the Board of Reliance Infrastructure Limited on June 9, 2003. He has vast experience in the fields of accounts and finance. He is the Chairman of the Audit and Shareholders/Investors' Grievances Committee of the Company.

G. Insurance coverage

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

2. Audit Committee

The Audit Committee of Reliance Infrastructure was set up way back in May 1986. Currently, the committee consists of all the four independent directors of the Company. All the directors have good knowledge of finance, accounts and Company law. The Chairman of the committee, Shri V R Galkar, a chartered accountant, was formerly the Executive Director (Finance) of Life Insurance Corporation of India and has accounting and related financial management expertise. The committee held five meetings during the year. The Audit Committee advises the management on the areas where internal audit 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) (D) and (E) 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 fee.
- iii. Approve 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;

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- b. any changes in accounting policies and practices;
 - c. major accounting entries based on exercise of judgment by management;
 - d. qualifications in draft statutory audit report;
 - e. significant adjustments arising out of audit;
 - f. compliance with listing and other legal requirements concerning financial statements;
 - g. any 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 utilized 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 public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 - vii. Reviewing with the management, statutory 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 the functioning of the Whistle Blower mechanism.
 - xiv. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

- xv. 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 / internal 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.

Table 3 - Attendance at the meetings of the Audit Committee held during 2008-09

| Members | Meetings held during the tenure of | Meetings attended |
|---------------------------|------------------------------------|-------------------|
| Shri V R Galkar, Chairman | 5 | 5 |
| Shri S L Rao | 5 | 5 |
| Gen V P Malik | 5 | 5 |
| Dr Leena Srivastava | 5 | 5 |

Overall attendance: 100 per cent

The Audit Committee held its meetings on April 27, 2008, July 26, 2008, October 22, 2008, January 21, 2009 and January 31, 2009 and the maximum gap between any two meetings was 90 days.

Shri V R Galkar, the Chairman of the Audit Committee was present at the AGM.

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

The Company Secretary, Shri Ramesh Shenoy, acts as the secretary to the committee.

3. Nomination / Remuneration Committee

The Nomination / Remuneration Committee of the board is constituted to formulate and recommend to the Board from time to time, a compensation structure for whole-time directors of the Board. Gen V P Malik is the Chairman of the Committee and the other members are Dr Leena Srivastava and Shri S L Rao.

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Though the package of remuneration does not include pension plans, the perquisites of whole time directors include superannuation benefit under which these directors are entitled to an annuity from LIC on their retirement. It is proposed to introduce a stock option scheme for the directors of the Company in accordance with the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as approved by the members through a postal ballot on January 8, 2007.

Table 4 - Attendance at the meetings of the Nomination / Remuneration Committee held during 2008-09

| Members | Meetings held during the tenure of directors | Meetings attended |
|-------------------------|--|-------------------|
| Gen V P Malik, Chairman | 1 | 1 |
| Shri S L Rao | 1 | 1 |
| Dr Leena Srivastava | 1 | 1 |

Overall attendance: 100 per cent

The Nomination / Remuneration Committee held its meeting on July 26, 2008. The Company Secretary, Shri Ramesh Shenoy, acts as the secretary to the committee.

Shri V R Galkar was inducted on the Committee on April 23, 2009.

Table 5 - Remuneration paid to directors (excluding contribution to gratuity fund and provision for leave encashment on retirement) during 2008-09

| Sr. No. | Name | Position | Sitting Fees | Salary | Commission ² | Rs in lakh |
|--------------|------------------------------|-----------------------|--------------|---------------|-------------------------|-----------------|
| | | | | | | Total |
| 1. | Shri Anil D Ambani | Chairman | 1.20 | N.A. | 1,100.00 | 1,101.20 |
| 2. | Shri Satish Seth | Vice Chairman | 1.00 | N.A. | 8.00 | 9.00 |
| 3. | Shri S C Gupta | Director (Operations) | Nil | 112.88 | Nil | 112.88 |
| 4. | Gen V P Malik | Director | 2.80 | N.A. | 8.00 | 10.80 |
| 5. | Shri S L Rao | Director | 2.80 | N.A. | 8.00 | 10.80 |
| 6. | Dr Leena Srivastava | Director | 3.60 | N.A. | 8.00 | 11.60 |
| 7. | Shri V R Galkar ¹ | Director | 3.00 | N.A. | 8.00 | 11.00 |
| 8. | Shri Lalit Jalan | Whole-time Director | Nil | 110.04 | Nil | 110.04 |
| Total | | | 14.40 | 222.92 | 1,140.00 | 1,377.32 |

1. Shri V R Galkar represents Life Insurance Corporation of India (LIC) and hence, commission of Rs 8,00,000 was paid to LIC.

2. Relates to 2007-08

Notes:

- The salary and perquisites include all fixed elements of remuneration i.e. salary and other allowances and benefits.
- The Company did not pay bonus and any incentives to the executive directors.
- The Company has not entered in to any other pecuniary relationship or transactions with the non-executive directors. The compensation paid to non-executive directors including independent directors is approved by the shareholders in the general meetings.
- The Company has so far not issued any stock options to its directors.

Table 6 - Details of service contract

| Names | Date of initial appointment | Current tenure | From | To |
|------------------|-----------------------------|----------------|------------------|------------------|
| Shri S C Gupta | January 18, 2003 | 5 years | January 18, 2008 | January 17, 2013 |
| Shri Lalit Jalan | April 25, 2007 | 5 years | April 25, 2007 | April 24, 2012 |

For any termination of service contract, the Company or the executive director is required to give a notice of 3 months or pay three months' salary in lieu thereof to the other party.

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Equity shares held by Directors

Except Shri Anil D Ambani who held 1,39,437 equity shares, Dr Leena Srivastava who held 16 equity shares and Shri Lalit Jalan who held 23 equity shares as at March 31, 2009, no other Director of the Company held any equity share of the Company.

Directors' remuneration policy

The Nomination / Remuneration Committee determines and recommends to the Board, the compensation of whole-time directors. The key components of the Company's remuneration policy are :

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

Criteria for making payments to Non-Executive Directors

The non-executive directors are paid commission taking into account the significant contribution made by them to the growth of the Company, prevailing industry trend and in line with the Group's philosophy to adequately remunerate the directors for their contribution.

The Members had, through Postal Ballot on January 8, 2007 subject to approval and permissions as may be required, approved payment of commissions to non-executive Directors, who are not in the full time employment, up to the limits laid down under the provisions of Section 309(4) of the Companies Act, 1956, computed in the manner specified in the Act, or such other limit as approved by the Central Government, for a period of 5 years from the financial year commencing April 1, 2007. Subsequently, the Central Government has approved the payment of commission to non-executive directors for the said period.

4. Shareholders / Investors' Grievances Committee

The Board of Directors of the Company constituted the Shareholders / Investors' Grievances Committee in the year 1995. As on March 31, 2009, the Committee comprised Shri V R Galkar as Chairman and Shri S C Gupta and Dr Leena Srivastava as members. The Company has appointed Karvy Computershare Private Limited to act as Registrar and Share Transfer Agent of the Company. The Committee monitors redressal of investors' grievances. Particulars of investors' grievances received and redressed are furnished in the Investor Information section of this report.

The composition of the Committee and the number of meetings held during the year are furnished hereunder.

Shri Ramesh Shenoy, Company Secretary, is the Compliance Officer and Secretary to the Committee.

Table 7 - Attendance of members at the meeting of the Shareholders / Investors' Grievances Committee held during 2008-09

| Members | Meetings held during the tenure of directors | Meetings attended |
|--|--|-------------------|
| Shri V R Galkar, Chairman ¹ | 4 | 4 |
| Dr Leena Srivastava | 4 | 4 |
| Shri S C Gupta ² | 4 | 4 |

- ¹ Dr Leena Srivastava was appointed as Chairperson of the Committee from April 23, 2009
- ² Shri Lalit Jalan was appointed on the Committee in place of Shri S C Gupta from April 23, 2009

Overall attendance : 100 per cent

The Shareholders / Investors' Grievances Committee held its meetings on April 27, 2008, July 26, 2008, October 22, 2008 and January 22, 2009 and the maximum gap between any two meetings was 91 days.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review was 688. There were no complaints pending as on March 31, 2009. None of the complaints during the year remained pending for more than 30 days and no request for dematerialization and share transfers remained pending for more than two weeks. 21 requests for transfers and 94 requests for dematerialization were pending for approval as on March 31, 2009, which were approved and dealt with by April 5, 2009. The details of period taken on transfer of shares and nature of complaints are furnished in the Investor Information section of this Annual Report.

5. Environment, Health and Safety Committee

The Environment, Health and Safety Committee of the Board is constituted, to monitor compliance as to environment, health and safety issues affecting the Company as also to promote environment protection. Currently, the Committee comprises Dr Leena Srivastava (Chairperson), Gen V P Malik, Shri S L Rao and Shri S C Gupta. The composition of the Committee and the number of meetings held during the year are furnished hereunder:

Table 8 - Attendance at the meeting of the Environment, Health and Safety Committee held during 2008-09

| Members | Meetings held during the tenure of directors | Meetings attended |
|---------------------|--|-------------------|
| Dr Leena Srivastava | 2 | 2 |
| Gen V P Malik | 2 | 2 |
| Shri S L Rao | 2 | 2 |
| Shri S C Gupta | 2 | 2 |

Overall attendance : 100 per cent

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The Environment, Health and Safety Committee held its meeting on August 01, 2008 and March 18, 2009.

6. General Body Meetings: The Company held its last three AGMs as under :

| Year | Date and time | Venue |
|---------|---------------------------------|--|
| 2007-08 | September 16, 2008 2.00 p.m. | Birla Matushri Sabhagar 19, Sir Vithaldas Thackersey Marg Mumbai 400 020 |
| 2006-07 | July 10, 2007 11.00 a.m. | Birla Matushri Sabhagar 19, Sir Vithaldas Thackersey Marg Mumbai 400 020 |
| 2005-06 | June 7, 2006 11.00 a.m. | Shri Bhaidas Maganlal Sabhagriha, U-1 Juhu Development Scheme Vile Parle (West) Mumbai 400 056 |

Special Resolutions: No Special Resolution was passed at any of the above three meetings.

7. Postal Ballot

During the year, Ordinary and Special resolutions as proposed in Postal Ballot Notice dated March 10, 2008, were passed on April 17, 2008 through postal ballot which related to (i) change in name of Company from 'Reliance Energy Limited' to 'Reliance Infrastructure Limited', (ii) Buy-back of shares, (iii) waiver of entitlement to receive Bonus Shares proposed by Reliance Power Limited, (iv) acceptance of gift of shares of Reliance Power Limited from AAA Project Ventures Private Limited and (v) appointment and fixation of terms of re-appointment of Shri S C Gupta as Whole-time Director, designated as Director (Operations). Shri Anil Lohia, Chartered Accountant, was appointed as the scrutinizer for overseeing the Postal Ballot process. The above resolutions have been passed with the requisite majority as per the following details.

Table 9 - Postal Ballot results

| Sr. No. | Particulars of resolutions | Percentage of votes cast in favour of resolution |
|---------|--|--|
| 1. | Special Resolution for change in name of Company from 'Reliance Energy Limited' to 'Reliance Infrastructure Limited' | 99.968 |
| 2. | Special resolution for Buy-back of shares | 99.787 |

| | | |
|----|---|--------|
| 3. | Ordinary Resolution for waiver of entitlement to receive Bonus Shares proposed by Reliance Power Limited | 99.937 |
| 4. | Ordinary Resolution for acceptance of gift of shares of Reliance Power Limited from AAA Project Ventures Private Limited | 99.972 |
| 5. | Ordinary Resolution for appointment and fixation of terms of re-appointment of Shri S C Gupta as Whole-time Director, designated as Director (Operations) | 99.976 |

The Company has complied with the procedures for the postal ballot in terms of the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 and amendments thereto. The Board does not recommend any special resolution for approval of the members at the ensuing 80th AGM.

8. Compliance with other mandatory requirements

8.1 Management Discussion and Analysis report

A Management Discussion and Analysis report forms part of the annual report and includes discussions on various matters specified under clause 49(IV)(F) of the listing agreement.

8.2 Financial performance of the Company

The Company being a utility in the business of generation and distribution of electricity, its earnings are regulated by the regulatory authorities. The financial performance of the Company is subject to regulatory approvals and clearances and the Company is therefore unable to make any earnings projections or guidance with any reasonable degree of accuracy.

8.3 Subsidiaries

The Company does not have any material non-listed Indian subsidiary Company and hence, it is not required to have an independent director of the Company on the Board of such subsidiary Company. The minutes of the proceedings of meetings of the Board of Directors of subsidiary companies are placed before the Board of Directors of the Company and the attention of the directors is drawn to significant transactions and arrangements entered into by the subsidiary companies. The Company has two of the independent directors on the boards of a major associate company and two joint venture companies.

8.4 Disclosures

8.4.1 No penalty or stricture has been imposed on the Company by the stock exchanges or SEBI or any other statutory authority, on any matter related to the capital markets, during the last 3 years.

Corporate Governance Report

8.4.2 Related party transactions

The details of all significant transactions with related parties are periodically placed before the audit committee. The Company has entered into related party transactions as set out in the notes to accounts, which are not likely to have a conflict with the interest of the Company.

8.4.3 Disclosure of accounting treatment

The financial statements are prepared on accrual basis of accounting and in accordance with Indian GAAP, provisions of the Companies Act, 1956 (the Act) and comply in material aspects with the accounting standards notified under Section 211 (3C) of the Act read with the Companies (Accounting Standard) Rules, 2006.

8.4.4 Disclosures on risk management

The Company has laid down procedures to inform the members of the board about the risk assessment and minimisation procedures. A risk management committee consisting of senior executives of the Company periodically reviews these procedures to ensure that executive management controls risk, through means of a properly defined framework. A senior independent director is associated with the committee. The Company has framed the risk assessment and minimisation procedure which is periodically reviewed by the Board.

8.4.5 Proceeds from the preferential issue of warrants

The details of utilisation of proceeds raised through preferential issue of warrants on January 20, 2008 are disclosed to the Audit Committee. The Company has not utilized these funds for purposes other than those stated in the notice convening the general meeting.

8.4.6 Code of conduct

The Company has adopted the code of conduct and ethics for directors and senior management. The code had been circulated to all the members of the Board and senior management and the same has been put on the Company's website www.rinfra.com. The Board members and senior management have affirmed their compliance with the code and a declaration signed by the CEO 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 2008-09."

Lalit Jalan
CEO

8.4.7 CEO/CFO certification

A certificate from the Chief Executive Officer and the finance head on the financial statements of the Company was placed before the Board.

8.4.8 Review of Directors' responsibility statement

The Board in its report has confirmed that the annual accounts for the year ended March 31, 2009 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

9. Compliance with non-mandatory requirements

9.1 Tenure of independent directors on the Board

The tenure of independent directors on the board of the Company shall not exceed, in the aggregate, a period of nine years.

9.2 Nomination / Remuneration committee

The Board has set up a nomination / remuneration committee details whereof are furnished at Sr. No. 3 of this report.

9.3 Shareholder rights

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

9.4 Audit qualifications

Strategic decisions were taken during the year resulting in unqualified financial statements of the Company.

9.5 Training of Board members

For orientation and to get familiar with the Company's business operations, governance procedures and practices, the directors visit the power stations and the project sites of the Company. Besides, detailed presentations are periodically made to the board members on the business model of the Company, risk profile of the business parameters and their responsibilities as directors.

9.6 Whistle blower policy

The Company has formulated a policy to prohibit managerial personnel from taking adverse personnel action against employees 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 into whistleblower complaint received by the Company. Employees aware of any alleged wrongful

Corporate Governance Report

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 has been denied access to the grievance redressal mechanism of the Company.

10. Means of communication

i. Information like quarterly financial results and media releases on significant developments in the Company as also presentations that have been made from time to time to the media, institutional investors and analysts are hosted on the Company's web site and has also been submitted to the stock exchanges on which the Company's equity shares are listed, to enable them to put them on their own web sites. The quarterly financial results are published in Financial Express and Navshakti.

ii. Corporate Filing and Dissemination System (CFDS)

As per the requirements of Clause 51 and 52 of the Listing Agreement with the Stock Exchanges, all the data relating to quarterly financial results, shareholding pattern etc. are being electronically filed on www.corpfiling.co.in in addition to filing the same with the Stock Exchanges within the time frame prescribed in this regard. However, the

Company has also filed the above data through electronic data information filing and retrieval (EDIFAR) web site of SEBI (www.sebiedifar.nic.in).

11. General shareholder information

The mandatory as also various additional information of interest to investors is voluntarily furnished in a separate section on Investor Information elsewhere in this Annual Report.

12. Auditor's certificate on corporate governance

The Auditor's certificate on compliance of clause 49 of the listing agreement relating to corporate governance is published as an annexure to the Directors' Report.

13. Review of governance practices

We have in this report attempted to present the governance practices and principles being followed at Reliance Infrastructure, 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 recognized practices of governance, so as to meet the expectations of all our stakeholders.

Investor Information

Annual General Meeting

The 80th Annual General Meeting (AGM) will be held on Tuesday, July 21, 2009 at 2.00 p.m. or soon thereafter as the AGM of Reliance Capital Limited convened for the same day shall be over at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Marine Lines, Mumbai 400 020.

Financial year of the Company : April 1 to March 31, each year.

Website: The website of the Company www.rinfra.com contains a sub-menu on *Investor Relations*. It carries comprehensive information of interest to our investors including on the financial results of the Company, dividends declared by the Company, any price sensitive information disclosed to the regulatory authorities from time to time, business activities of the Company and the services rendered / facilities extended by the Company to our investors.

Dedicated email id for investors: For the convenience of our investors, the Company has designated an exclusive email id for investors i.e. rinfra.investor@relianceada.com.

Compliance Officer: Shri Ramesh Shenoy, Company Secretary, is the Compliance Officer of the Company.

Registrar and Transfer Agents (RTA)

Karvy Computershare Private Limited

Unit: Reliance Infrastructure Limited

Plot No 17-24, Vittal Rao Nagar

Madhapur

Hyderabad 500 081

Telephone No: +91 40 2342 0815-25

Fax No: + 91 40 2342 0859

E-mail: rinfra@karvy.com

Shareholders / Investors are requested to forward share transfer documents, dematerialisation requests and other related correspondence directly to Karvy Computershare Private Limited at the above address for speedy response.

Dividend announcement

The Board of Directors of the Company have recommended a dividend of Rs 7.00 per equity share of the Company for the financial year ended March 31, 2009, subject to the approval by shareholders at the AGM [dividend paid in the previous year was Rs 6.30 per equity share]. The dividend, if approved, will be paid on or after the AGM.

Book closure dates for the purpose of dividend and AGM

To determine the entitlement of shareholders to receive the dividend, if any, for the year ended March 31, 2009, as well as for the purpose of AGM, the Register of Members and Share Transfer Books of the Company will remain closed from Monday, July 6, 2009 to Friday, July 10, 2009 (both days inclusive).

Dividend remittance

Dividend on equity shares as recommended by the Directors for the year ended March 31, 2009, when declared at the meeting, will be paid:

- i. to those members whose names appear on the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company on or before July 4, 2009, and
- ii. in respect of shares held in electronic form, to those "deemed members" whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on the close of business hours on July 4, 2009.

Members may please note that the dividend warrants shall be payable at par at the designated branches of the bank printed on the reverse of the dividend warrant for an initial period of 3 months only. Thereafter the dividend warrant on revalidation shall be payable only at limited centers/branches of the said Bank. The Members are, therefore, advised to encash dividend warrants within the initial validity period.

With respect to payment of dividend, the Company provides the facility of ECS to all shareholders, holding shares in electronic and physical forms, residing in the following cities:

Agra, Ahmedabad, Allahabad, Amritsar, Asansol, Aurangabad, Bangaluru, Baroda, Belgaum, Bhilwara, Bhopal, Bhubaneswar, Bikaner, Burdwan, Calicut, Chandigarh, Chennai, Cochin, Coimbatore, Cuttack, Deharadun, Dhanbad, Durgapur, Erode, Goa, Gorakhpur, Guwahati, Gwalior, Haldia, Hubli, Hyderabad, Indore, Jabalpur, Jaipur, Jalandhar, Jammu, Jamnagar, Jamshedpur, Jodhpur, Kakinada, Kanpur, Kolhapur, Kolkata, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Mysore, Nagpur, Nashik, Nellore, New Delhi, Panjim, Patna, Pondicherry, Pune, Raipur, Rajkot, Ranchi, Salem, Shimla, Shimoga, Srinagar, Sholapur, Siliguri, Surat, Tirupathi, Tirupur, Trichur, Trichy, Trivandrum, Udaipur, Udupi, Varanasi, Vijaywada and Vizag.

Unclaimed Dividend

i. Transfer to the Central Government

Pursuant to Section 205A of the Companies Act, 1956, unclaimed dividends up to and including for the financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. Since 1995-96, the unclaimed dividends of subsequent years which remained unclaimed for more than 7 years have been transferred to the Investor Education and Protection Fund. The shareholders who have not encashed their dividend warrants relating to financial year(s) up to 1994-95 are requested to claim the amounts from the Registrar of Companies, Maharashtra, CGO Complex, 2nd Floor, "A" Wing, CBD Belapur, Near RBI Building, Navi Mumbai 400 614 Telephone: (022) 2757 6802 in the prescribed form which will be furnished by the Company on request.

Reliance Infrastructure Limited

Investor Information

ii. Transfer to the Investor Education and Protection Fund

The dividends for the year 1995-96 to 2000-01 remaining unclaimed for 7 years from the date of declaration have been transferred to the Investor Education and Protection Fund 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 they first become due for payment.

iii Dividend to be transferred to the Investor Education and Protection Fund

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 the Investor Education and Protection Fund and the various dates for transfer of such amounts are as under:

| Financial year | Dividend No. | Date of declaration | Due for transfer on |
|-----------------|--------------|---------------------|---------------------|
| 2001-02 | 114th | September 21, 2002 | October 27, 2009 |
| 2002-03 | 115th | June 9, 2003 | July 15, 2010 |
| 2003-04 (Q1) | 116th | July 28, 2003 | September 3, 2010 |
| 2003-04 (Q2) | 117th | October 15, 2003 | November 20, 2010 |
| 2003-04 (Q3) | 118th | January 21, 2004 | February 27, 2011 |
| 2003-04 (final) | 119th | June 9, 2004 | July 15, 2011 |
| 2004-05 (Q1) | 120th | July 21, 2004 | August 27, 2011 |
| 2004-05 (Q2) | 121st | October 20, 2004 | November 26, 2011 |
| 2004-05 (Q3) | 122nd | January 19, 2005 | February 25, 2012 |
| 2004-05 (final) | 123rd | June 8, 2005 | July 15, 2012 |
| 2005-06 (Q1) | 124th | July 19, 2005 | August 25, 2012 |
| 2005-06 (final) | 125th | June 7, 2006 | July 13, 2013 |
| 2006-07 | 126th | July 10, 2007 | August 16, 2014 |
| 2007-08 | 127th | September 16, 2008 | October 22, 2015 |

Members who have so far not encashed their dividend warrants or have not received the dividend warrants are requested to seek issuance of duplicate warrants. The Company during the year 2008-09 has also individually intimated the concerned members of non-encashment of their dividend warrants. Such members may write to Karvy Computershare Private Limited, the RTA of the Company, for payment of unclaimed dividend amounts.

Direct deposit of dividend (electronic clearing service)

Members desirous of receiving dividend by direct electronic deposit to their bank accounts may authorise the Company with their mandate. For details, kindly write to Karvy Computershare Private Limited or members may visit the *Investor Relations* Section at our website www.rinfra.com.

Bank details for physical shareholdings

In order to provide protection against fraudulent encashment of dividend warrants, members are requested to provide, if not provided earlier, their bank account numbers, bank account type, names and addresses of bank branches, quoting folio numbers, to Karvy Computershare Private Limited, to enable them to incorporate the same on their dividend warrants. This is a mandatory requirement in terms of Securities and Exchange Board of India (SEBI) circular No. D&CC/FITTC/CIR-04/2001 dated November 13, 2001.

Bank details for electronic shareholdings

While opening accounts with depository participants (DPs), members may have given their bank account details, which will be used by the Company for printing on dividend warrants for remittance of dividend. SEBI by its circular No. DCC/FITTC/CIR-03/2001 dated October 15, 2001 has advised that all companies should mandatorily use electronic clearing service (ECS) facility, wherever available. SEBI has also, vide its circular dated November 13, 2001 referred to above, advised companies to mandatorily print the bank account details furnished by the depositories, on the dividend warrants. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the monies in the account specified on the dividend warrants and ensures safety for the investors. However, members who wish to receive dividend in an account other than the one specified while opening the depository account, may notify their DPs about any change in bank account details. The Members are requested to furnish complete details of their bank accounts including MICR codes of their banks to their DPs.

Nomination facility

Individual shareholders holding physical shares can nominate any person for the shares held by them. This will save the nominee from going through the lengthy process of getting the shares later on transmitted to her/his name in the event of demise of the shareholder concerned. For further details, shareholders may write to the RTA of the Company or visit the *Investor Relations* section at our website www.rinfra.com.

Share transfer system

Shareholders / investors are requested to send share transfer related documents directly to our RTA whose address is given at the beginning of this section. A committee of executives of the Company is authorised to approve transfer of shares. If the transfer documents are in order, the transfer of shares is registered within 7 days of receipt of transfer documents by our RTA

Odd lot shares scheme for small shareholders

In view of the difficulty experienced by the shareholders of the Company in selling their odd lot shares in the stock market and to mitigate the hardships caused to them, Reliance Anil Dhirubhai Ambani Group has framed a scheme

Reliance Infrastructure Limited

Investor Information

for the purchase and disposal of odd lot equity shares at the prevailing market price. This scheme has been launched and is available to shareholders of Reliance Infrastructure, who hold shares in odd lots. The shareholders who wish to avail of the above facility can contact the Registrar and Share Transfer Agent of the Company.

Shareholding pattern

| Category | As on 31.03.2009 | | As on 31.03.2008 | |
|--|---------------------|---------------|---------------------|---------------|
| | No. of Shares | % | No. of Shares | % |
| A Holdings of the Promoter Group | | | | |
| AAA Project Ventures Private Limited | 8,34,98,937 | 36.88 | 8,34,98,937 | 35.30 |
| Reliance Innoventures Private Limited | 8,64,675 | 0.38 | 8,64,675 | 0.37 |
| Reliance Capital Limited | 1,653 | 0.00 | 1,653 | 0.00 |
| Hansdhvani Trading Company Pvt Ltd. | 3 | 0.00 | 3 | 0.00 |
| Promoter Director and his relatives | 6,63,378 | 0.29 | 6,63,378 | 0.28 |
| Sub-total | 8,50,28,646 | 37.55 | 8,50,28,646 | 35.95 |
| B Non-promotes holdings | | | | |
| 1. Institutional investors | | | | |
| a. Mutual Funds and Unit Trust of India | 1,53,62,583 | 6.78 | 1,19,24,356 | 5.04 |
| b. Banks, Financial Institutions, Insurance Companies, Governments | 4,68,01,672 | 20.67 | 4,30,57,887 | 18.20 |
| c. Foreign Institutional Investors | 3,57,59,166 | 15.79 | 4,38,58,727 | 18.55 |
| Sub-total | 9,79,23,421 | 43.25 | 9,88,40,970 | 41.79 |
| 2. Others | | | | |
| a. Private Corporate Bodies | 99,69,529 | 4.40 | 1,56,52,012 | 6.62 |
| b. Indian Public/Others | 3,06,07,056 | 13.52 | 2,94,76,490 | 12.46 |
| c. Non Resident Indians/Overseas Corporate Bodies | 15,12,397 | 0.67 | 14,48,686 | 0.61 |
| d. The Bank of New York (for GDRs) | 13,82,718 | 0.61 | 60,83,458 | 2.57 |
| Sub-total | 4,34,71,700 | 19.20 | 5,26,60,646 | 22.26 |
| Grand total | 22,64,23,767 | 100.00 | 23,65,30,262 | 100.00 |

Note:

On January 20, 2008, the Company made an allotment of 4,30,00,000 warrants at Rs 1,822.08 each to the Promoters on a preferential allotment basis. The warrant holders are entitled to apply for and be allotted one equity share of Rs 10 each at a premium of Rs 1,812.08 per share against each warrant at any time on or before July 19, 2009. The equity shares to be allotted on exercise of conversion option by the warrant holders will be locked-in for a period of three years from the date of allotment of warrants i.e. January 19, 2011.

Group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969).

The following persons constitute the Group coming within the definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969), which exercises, or is established to be in a position to exercise, control, directly or indirectly, over the company.

- | | |
|--|---|
| 1. Shri Anil Dhirubhai Ambani | 11. Telecom Infrastructure Finance Private Limited |
| 2. Smt Tina A Ambani | 12. Reliance General Insurance Company Limited |
| 3. Smt Kokila D Ambani | 13. Sonata Investments Limited |
| 4. Master Jai Anmol Ambani | 14. Reliance Limited |
| 5. Master Jai Anshul Ambani | 15. Reliance India Private Limited |
| 6. Reliance Innoventures Private Limited | 16. AAA Pivotal Enterprises Private Limited |
| 7. AAA Enterprises Private Limited | 17. AAA Infrastructure Consulting and Engineers Private Limited |
| 8. AAA Communication Private Limited | 18. K D Ambani Trust |
| 9. AAA Project Ventures Private Limited | 19. AAA Entertainment Private Limited |
| 10. AAA Power Systems (Global) Private Limited | |

Reliance Infrastructure Limited

Investor Information

- | | |
|---|--|
| 20. AAA Industries Private Limited | 54. AAA Home Entertainment Services Private Limited |
| 21. Reliance Enterprises and Ventures Private Limited | 55. AAA Infra Advising Services Private Limited |
| 22. AAA Global Ventures Private Limited | 56. AAA Advertisement Private Limited |
| 23. Ambani Industries Private Limited | 57. AAA Infrastructure Investments Private Limited |
| 24. Solaris Information Technology Private Limited | 58. AAA Enterprises and Ventures Private Limited |
| 25. AAA & Sons Enterprises Private Limited | 59. AAA Telecom Holdings Private Limited |
| 26. AAA International Capital Private Limited | 60. Shreenathji Krupa Project Management Private Limited |
| 27. Ambani International Private Limited | 61. Shreenathji Krupa Endeavour Management Private Limited |
| 28. AAA Business Machines Private Limited | 62. Reliance Big Entertainment Private Limited |
| 29. Reliance Big Private Limited | 63. Big Flicks Private Limited |
| 30. ADA Enterprises and Ventures Private Limited | 64. Big Animation (India) Private Limited |
| 31. ADAE Global Private Limited | 65. Jump Games Private Limited |
| 32. Ikosel Investments Limited | 66. Zapak Digital Entertainment Limited |
| 33. Reliance Anil Dhirubhai Ambani Group (UK) Private Limited | 67. Reliance Big Broadcasting Private Limited |
| 34. Reliance Anil Dhirubhai Ambani Investments (UK) Limited | 68. Reliance Big News Private Limited |
| 35. Serbus Asia Private Limited | 69. AAA Digital Imaging Private Limited |
| 36. Millsfield Enterprises Limited | 70. AAA Infrastructure Solutions Private Limited |
| 37. Tareson Company Limited | 71. ND's Art World Private Limited |
| 38. Reliance Communications Limited | 72. Emerald Telecom Services Private Limited |
| 39. Reliance Capital Limited | 73. Reliance Entertainment Ventures Private Limited |
| 40. Reliance Natural Resources Limited | 74. Gaylord Investments and Trading Private Limited |
| 41. Adlabs Films Limited | 75. Fidelity Shares and Securities Private Limited |
| 42. Reliance Infratel Limited | 76. Guruvas Textiles Private Limited |
| 43. Reliance Communications Infrastructure Limited | 77. Hansdhvani Trading Company Private Limited |
| 44. Reliance Telecom Limited | 78. Kokilaben Dhirubhai Ambani Enterprises Private Limited |
| 45. Reliance Net Limited | 79. Reliance Land Private Limited |
| 46. AAA Infrastructure Finance Management Private Limited | 80. Reliance Futura Limited |
| 47. AAA Corporation Private Limited | 81. Reliance Prima Limited |
| 48. AAA Facilities Solutions Private Limited | 82. Quadro Mercantile Private Limited |
| 49. AAA Cap Advisory Services Private Limited | 83. Trans-Pacific Advisory Services Private Limited |
| 50. AAA Finance Management Private Limited | 84. Whitehills Corporate Services Private Limited |
| 51. ADA Enterprises & Ventures Private Limited | 85. Sevenstar Corporate Services Private Limited |
| 52. AAA Resources Private Limited | |
| 53. AAA Advisory Services Private Limited | |

The above disclosure has been made, inter alia, for the purpose of Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Top 10 shareholders as of March 31, 2009

| Sr. No. | Name of the Shareholder(s) | No. of Shares | % to total shareholding |
|---------|---|---------------|-------------------------|
| 1. | AAA Project Ventures Private Limited | 8,34,98,937 | 36.88 |
| 2. | Life Insurance Corporation of India | 3,02,50,431 | 13.36 |
| 3. | Reliance Capital Trustee Company Limited | 81,56,861 | 3.60 |
| 4. | Quantum (M) Limited | 52,89,729 | 2.34 |
| 5. | The New India Assurance Company Limited | 48,03,917 | 2.12 |
| 6. | The Oriental Insurance Company Limited | 33,37,255 | 1.47 |
| 7. | General Insurance Corporation of India | 31,00,303 | 1.37 |
| 8. | JP Morgan Asset Management (Europe) S.A.R.L.A/C | 27,38,676 | 1.21 |
| 9. | Abu Dhabi Investment Authority | 26,32,568 | 1.16 |
| 10. | National Insurance Company Limited | 22,68,728 | 1.00 |

Reliance Infrastructure Limited

Investor Information

Distribution of shareholding

| Number of shares | Number of Shareholders as on 31.03.2009 | | Total shares as on 31.03.2009 | | Number of Shareholders as on 31.03.2008 | | Total shares as on 31.03.2008 | |
|--------------------|---|---------------|-------------------------------|---------------|---|---------------|-------------------------------|---------------|
| | Holders | % | Shares | % | Holders | % | Shares | % |
| 1 – 500 | 15,84,483 | 99.60 | 2,48,77,275 | 10.99 | 15,90,342 | 99.63 | 2,36,31,732 | 9.99 |
| 501 – 5,000 | 5,507 | 0.35 | 66,17,037 | 2.92 | 5,266 | 0.33 | 64,40,788 | 2.72 |
| 5,001 – 1,00,000 | 560 | 0.04 | 1,32,55,845 | 5.85 | 485 | 0.03 | 1,05,88,480 | 4.48 |
| 1,00,001 and above | 143 | 0.01 | 18,16,73,610 | 80.24 | 133 | 0.01 | 19,58,69,262 | 82.81 |
| Total | 15,90,693 | 100.00 | 22,64,23,767 | 100.00 | 15,96,226 | 100.00 | 23,65,30,262 | 100.00 |

Investors' grievances attended

| Received From | Received during April to March | | Redressed during April to March | | Pending as on | |
|--|--------------------------------|------------|---------------------------------|------------|---------------|-----------|
| | 2008-09 | 2007-08 | 2008-09 | 2007-08 | 31.3.2009 | 31.3.2008 |
| Securities and Exchange Board of India | 48 | 40 | 48 | 40 | 0 | 0 |
| Stock Exchanges | 28 | 14 | 28 | 14 | 0 | 0 |
| NSDL/CDSL | 8 | 6 | 8 | 6 | 0 | 0 |
| Direct from investors | 604 | 825 | 604 | 825 | 0 | 0 |
| Total | 688 | 885 | 688 | 885 | 0 | 0 |

Analysis of grievances

| Particulars | Number | | Percentage | |
|-----------------------------------|------------|------------|------------|------------|
| | 2008-09 | 2007-08 | 2008-09 | 2007-08 |
| Non-receipt of dividend warrants | 566 | 650 | 82 | 73 |
| Non-receipt of share certificates | 88 | 132 | 13 | 15 |
| Non-credit of shares | 0 | 7 | 0 | 1 |
| Non-receipt of fractional warrant | 0 | 3 | 0 | 0 |
| Others | 34 | 93 | 5 | 11 |
| Total | 688 | 885 | 100 | 100 |

Notes :

- 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.
- The queries and grievances received during 2008-09 correspond to 0.04 per cent (Previous Year 0.05 per cent) of the number of members.

Reliance Infrastructure Limited

Investor Information

Shareholder Satisfaction Survey

The Company constantly endeavors to extend the best of facilities and services to shareholders and intends to further improve the services standards. In response to the Shareholder Satisfaction Survey feedback forms mailed to our shareholders in 2008, the Company received response from shareholders, results of which are summarised hereunder:

| Satisfaction level of services in following areas received | % of total responses received | | | | |
|--|-------------------------------|------|-------------------|---------|-------|
| | Excellent | Good | Needs improvement | Invalid | Total |
| 1 Response to queries/complaints | 76 | 12 | 11 | 1 | 100 |
| 2 Your overall rating of our investor service | 70 | 22 | 7 | 1 | 100 |
| 3 Presentation of information on Company website | 71 | 23 | 4 | 2 | 100 |
| 4 Quality and Contents of Annual Report 2007-08 | 79 | 16 | 5 | - | 100 |

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.

Dematerialization 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 dematerialization of shares. The International Securities Identification Number (ISIN) allotted to the Company is INE036A01016. 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 dematerialization of shares. The equity shares of the Company are compulsorily traded in dematerialized form as mandated by the Securities and Exchange Board of India (SEBI).

Status of dematerialization of shares as of 31.03.2009

| Electronic holdings | | | Physical holdings | | | Total | | |
|--------------------------|---------------|-------|-------------------|---------------|------|----------------------|---------------|--------|
| No. of Beneficial Owners | No. of Shares | % | No. of folios | No. of Shares | % | No. of Share holders | No. of shares | % |
| 8,30,031 | 21,96,27,472 | 97.00 | 7,60,662 | 67,96,295 | 3.00 | 15,90,693 | 22,64,23,767 | 100.00 |

Equity history

Details of issue of equity shares in the last one decade:

| Dates | Particulars of issue / forfeiture | No. of shares | Total No. of shares |
|------------|---|---------------|---------------------|
| 01.04.1998 | Outstanding Equity Shares | | 13,77,24,516 |
| 29.01.1999 | Allotment of equity shares from 15% FCDs which was kept under abeyance ¹ | + 300 | 13,77,24,816 |
| 29.01.1999 | Annulment of forfeiture | + 850 | 13,77,25,666 |
| 28.07.2003 | Allotment of equity shares on conversion of 0.5% FCCBs ² | + 49,336 | 13,77,75,002 |
| 07.10.2003 | Allotment of equity shares on conversion of 0.5% FCCBs ² | + 49,336 | 13,78,24,338 |
| 07.11.2003 | Allotment of equity shares on conversion of 0.5% FCCBs ² | + 1,50,00,399 | 15,28,24,677 |
| 24.02.2004 | Allotment of equity shares on conversion of 0.5% FCCBs ² | + 51,00,036 | 15,79,24,713 |
| 23.03.2004 | Allotment of shares under preferential issue ³ | + 1,35,80,000 | 17,15,04,713 |
| 24.03.2004 | Allotment of shares under preferential issue ³ | + 36,50,000 | 17,51,54,713 |
| 02.04.2004 | Allotment of shares under preferential issue ³ | + 91,95,622 | 18,43,50,335 |
| 30.04.2004 | Allotment of equity shares on conversion of 0.5% FCCBs ² | + 9,99,009 | 18,53,49,344 |
| 29.07.2004 | Allotment of equity shares on conversion of 0.5% FCCBs ² | + 1,97,346 | 18,55,46,690 |
| 13.12.2004 | Annulment and re-issue of forfeited shares | + 25,909 | 18,55,72,599 |

Reliance Infrastructure Limited

Investor Information

| Dates | Particulars of issue / forfeiture | No. of shares | Total No. of shares |
|------------|---|---------------|---------------------|
| 13.12.2004 | Allotment of equity shares from 15% FCDs which was kept under abeyance ¹ | + 200 | 18,55,72,799 |
| 02.05.2005 | Allotment of equity shares against conversion of warrants ⁴ | + 97,50,000 | 19,53,22,799 |
| 21.07.2005 | Allotment of shares under preferential issue ⁵ | + 41,84,000 | 19,95,06,799 |
| 05.08.2005 | Allotment of equity shares against conversion of warrants ⁴ | + 1,11,228 | 19,96,18,027 |
| 19.08.2005 | Allotment of equity shares on conversion of 0.5% FCCBs ² | + 22,86,224 | 20,19,04,251 |
| 31.03.2006 | Allotment of equity shares on conversion of warrants ⁶ | + 1,04,16,000 | 21,23,20,251 |
| 07.08.2006 | Allotment of shares to shareholders of Reliance Energy Ventures Limited (REVL) pursuant to the scheme of amalgamation between RInfra and REVL | + 9,17,34,781 | 30,40,55,032 |
| 07.08.2006 | Shares held by REVL in the Company extinguished pursuant to the scheme of amalgamation between RInfra and REVL in the ratio of 15 shares of RInfra for 200 shares of REVL | - 9,09,24,724 | 21,31,30,308 |
| 30.01.2007 | Allotment of shares on conversion of warrants ⁶ | + 1,54,00,000 | 22,85,30,308 |
| | Allotment of shares on conversion of FCCBs ⁷ | + 79,99,954 | 23,65,30,262 |
| | Extinguishment of shares consequent to Buy-back ^{8 & 9} | - 1,12,60,000 | 22,52,70,262 |

| Dates | No. of shares | Total No. of shares |
|-------|---------------|---------------------|
|-------|---------------|---------------------|

| Dates | No. of shares | Total No. of shares |
|--|---------------|---------------------|
| ⁷ Allotment of shares on conversion of FCCBs | | |
| 15.10.2007 | + 5,59,139 | 22,90,89,447 |
| 05.11.2007 | + 39,48,900 | 23,30,38,347 |
| 19.11.2007 | + 10,71,553 | 23,41,09,900 |
| 26.11.2007 | + 5,85,423 | 23,46,95,323 |
| 01.12.2007 | + 4,61,870 | 23,51,57,193 |
| 11.12.2007 | + 7,07,856 | 23,58,65,049 |
| 15.12.2007 | + 3,87,512 | 23,62,52,561 |
| 31.12.2007 | + 2,50,295 | 23,65,02,856 |
| 22.01.2008 | + 449 | 23,65,03,305 |
| 04.02.2008 | + 26957 | 23,65,30,262 |

| Dates | No. of shares | Total No. of shares |
|-------|---------------|---------------------|
|-------|---------------|---------------------|

| Dates | No. of shares | Total No. of shares |
|--|---------------|---------------------|
| ⁸ Extinguishment of shares consequent to Buy-back (Board approval) | | |
| 01.04.2008 | - 249,070 | 23,62,81,192 |
| 04.04.2008 | - 580,670 | 23,57,00,522 |
| 11.04.2008 | - 950,260 | 23,47,50,262 |
| 22.04.2008 | - 258,551 | 23,44,91,711 |
| 08.05.2008 | - 399,784 | 23,40,91,927 |
| 09.05.2008 | - 44,643 | 23,40,47,284 |
| 16.05.2008 | - 374,020 | 23,36,73,264 |
| 30.05.2008 | - 200,000 | 23,34,73,264 |

| Dates | No. of shares | Total No. of shares |
|-------|---------------|---------------------|
|-------|---------------|---------------------|

| Dates | No. of shares | Total No. of shares |
|------------|---------------|---------------------|
| 13.06.2008 | - 10,03,002 | 23,24,70,262 |
| 28.06.2008 | - 500,000 | 23,19,70,262 |
| 12.07.2008 | - 11,00,000 | 23,08,70,262 |
| 04.11.2008 | - 300,000 | 23,05,70,262 |
| 07.11.2008 | - 491,834 | 23,00,78,428 |
| 15.11.2008 | - 807,464 | 22,92,70,964 |
| 21.11.2008 | - 400,702 | 22,88,70,262 |
| 05.12.2008 | - 400,000 | 22,84,70,262 |
| 12.12.2008 | - 200,000 | 22,82,70,262 |
| 20.12.2008 | - 500,000 | 22,77,70,262 |

| Dates | No. of shares | Total No. of shares |
|-------|---------------|---------------------|
|-------|---------------|---------------------|

| Dates | No. of shares | Total No. of shares |
|---|---------------|---------------------|
| ⁹ Extinguishment of shares consequent to Buy-back (Shareholders approval) | | |
| 07.03.2009 | - 400,000 | 22,73,70,262 |
| 13.03.2009 | - 530,968 | 22,68,39,294 |
| 20.03.2009 | - 315,527 | 22,65,23,767 |
| 27.03.2009 | - 100,000 | 22,64,23,767 |
| 03.04.2009 | - 398,173 | 22,60,25,594 |
| 10.04.2009 | - 429,904 | 22,55,95,690 |
| 14.04.2009 | - 325,428 | 22,52,70,262 |

Notes:

- Allotment of these shares was kept in abeyance to meet contingencies arising out of shares held by notified persons, pending court cases, etc. and the allotments were made upon orders passed by courts/with the approval of stock exchanges.
- Equity Shares were allotted on conversion of 0.5 per cent Foreign Currency Convertible Bonds (FCCBs). These FCCBs were convertible into Equity Shares at a pre-determined price of Rs 245 from September 25, 2002 to September 25, 2007 at pre-determined exchange rate of US\$ 1=Rs 48.35. The entire outstanding 0.5 per cent FCCBs were converted into equity shares during the year 2005-06.
- Issued at Rs 640 per share.

Reliance Infrastructure Limited

Investor Information

4. Warrants converted into Equity Shares at a price of Rs 640 per share.
5. Issued at Rs 573 per share.
6. Warrants converted into Equity Shares at a price of Rs 573 per share.
7. Equity Shares were allotted on conversion of zero coupon FCCBs. These FCCBs were converted into Equity Shares at a pre-determined price of Rs 1,006.92 from October 15, 2007 to February 4, 2008 at a pre-determined exchange rate of US\$1 = Rs 45.24.
8. Pursuant to the approval of the Board of Directors of the Company, the Company announced buy-back of its shares from March 5, 2008 and bought-back 87,60,000 equity shares up to February 6, 2009.
9. Pursuant to the approval of the shareholders of the Company, the Company announced buy-back of its shares from February 25, 2009 and bought-back 25,00,000 equity shares up to April 16, 2009.

On January 20, 2008, the Company allotted 4,30,00,000 warrants to AAA Project Ventures Private Limited, convertible into equity shares at a price of Rs 1,822.08 (including a premium of Rs 1,812.08) per share, convertible into shares any time up to July 19, 2009 and will be subject to lock in up to January 19, 2011.

Stock Exchange listings

The Company is an actively traded scrip on the bourses and is included in 'A' group of scrips on the Bombay Stock Exchange Limited.

A. Stock Exchanges on which the shares are listed

1. National Stock Exchange of India Limited (NSE)

Exchange Plaza, Bandra-Kurla Complex
Bandra (East), Mumbai 400 051
Telephone : + 91 22 2659 8235/8236
Fax : + 91 22 2659 8237/38
e-mail : cmlist@nse.co.in
Website : www.nseindia.com

2. Bombay Stock Exchange Limited (BSE)

1st Floor, New Trading Ring
Rotunda Building, P J Towers
Dalal Street, Fort, Mumbai 400 001
Telephone : + 91 22 2272 1233 / 34
Fax : + 91 22 2272 2037/39/41/61
e-mail : corp.relations@bseindia.com
Website : www.bseindia.com

B. Stock Exchange on which the GDRs are listed

The London Stock Exchange (LSE)
10, Paternoster Square, London EC4M 7 LS
United Kingdom
Telephone : 0044-020-7797 1000
Fax : 0044-020-7334 8954
e-mail : irinfo@londonstockexchange.com
Website : www.londonstockexchange.com
The listing fees payable to BSE and NSE for 2009-10 and to LSE for 2008-09 have been paid in full by the Company.

C. Depository for GDR holders Custodian

| | |
|---|--|
| The Bank of New York Express Towers, 13th Floor, Nariman Point Mumbai 400 021 Tel: +91 22 2202 2936 Fax: + 91 22 2204 4942 | ICICI Bank Limited Securities Market Services Empire Complex F7/E7 1st Floor 417 S B Marg Lower Parel Mumbai 400 013 Tel: +91 22 6667 2026 Fax: +91 22 6667 2740 |
| The Bank of New York 101 Barclay Street 22nd Floor West New York NY 10286 Telephone: (212) 815 3882 Fax: (212) 571 3050 | |

Stock Codes

| | Physical | Electronic |
|---|----------------|--------------|
| Bombay Stock Exchange | 390 | 500390 |
| National Stock Exchange | REL | RELINFRA |
| London Stock Exchange | Not Applicable | REYD |
| Reuters Code | RLEN.BO | RLEN.BO |
| International Securities Identification Number (ISIN) for the Company's shares in dematerialized form | Not Applicable | INE036A01016 |

GDRs

GDRs of the Company are traded on the electronic screen based quotation system, the SEAQ (Securities Exchange Automated Quotation) International, on the portal system of the NASDAQ of U.S.A. and also over the counter at London, New York and Hong Kong.

Outstanding GDRs / warrants

Outstanding GDRs as on March 31, 2009 represents 13,82,718 equity shares constituting 0.61 per cent of the paid-up equity share capital of the Company. The Company had on January 20, 2008 allotted 4,30,00,000

Investor Information

warrants of Rs 1,822.08 (including a premium of Rs 1,812.08) each on preferential basis to one of the promoter companies, AAA Project Ventures Private Limited. The warrants are convertible into equity shares of Rs 10 each at a premium of Rs 1,812.08 per equity share on or before July 19, 2009. As of March 31, 2009 the entire warrants are outstanding.

Buy-back of Equity Shares of the Company

As approved by the Board of Directors of the Company and in accordance with the provisions of the Companies Act, 1956 ('Board Approval') and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, the Company made a Public Announcement to buy-back the equity shares of the Company at a maximum price of Rs 1,600 per equity share, up to an amount not exceeding 10 per cent of the paid-up equity share capital and free reserves (including securities premium) of the Company, i.e. up to Rs 800.06 crore. The Buy-back under the Board approval was open from March 25, 2008 till February 6, 2009 and the Company bought back 87,60,000 Equity Shares at an aggregate value of Rs 795.53 crore. Consequently, the paid-up equity share capital of the company declined from Rs 236.53 crore to Rs 227.77 crore as on February 6, 2009.

Further, the shareholders of the Company had on April 17, 2008 passed a resolution through postal ballot enabling

the Company to buy-back equity shares, up to an amount not exceeding 25 per cent of the paid-up equity share capital and free reserves (including securities premium) of the Company, at a maximum price of Rs 1,600 per equity share, aggregating Rs 2,000.14 crore, including the limit approved by the Board of the Company ('Shareholders Approval') and authorized the Board to fix the price and amount of issue within the limits approved. The Board accordingly made a fresh announcement for buy-back of equity shares for an aggregate amount of up to Rs 700 crore, as approved by the shareholders of the Company at maximum price of Rs 700 per share. The buy-back under the Shareholders Approval was open from February 25, 2009 till April 10, 2009, being the expiry of validity period of the shareholders' resolution and the Company bought-back 25,00,000 equity shares and utilized an amount of Rs 127.38 crore. Consequently, the paid-up equity share capital of the Company declined further to Rs 225.27 crore as on April 23, 2009.

An Index Scrip : Equity shares of the Company are included in almost all indices i.e. BSE-30, BSE-100, BSE National, BSE-200, BSE-500, BSE-Dollex, BSE-Power, CNX Infrastructure, CNX Service Sector, S&P CNX 500, S&P CNX Nifty Index, S&P CNX Defty.

Stock Price and Volume

Monthly high and low quotations and the volume of shares traded on Bombay Stock Exchange and National Stock Exchange with monthly high and low quotations of GDRs

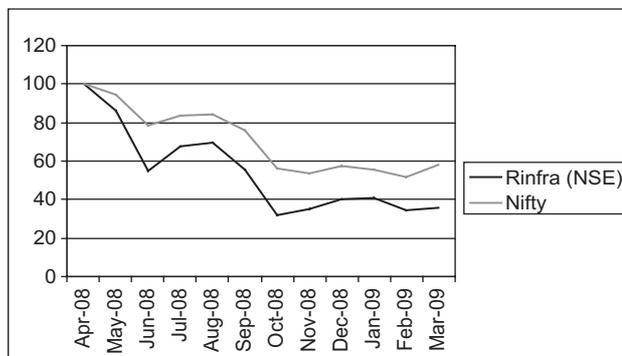
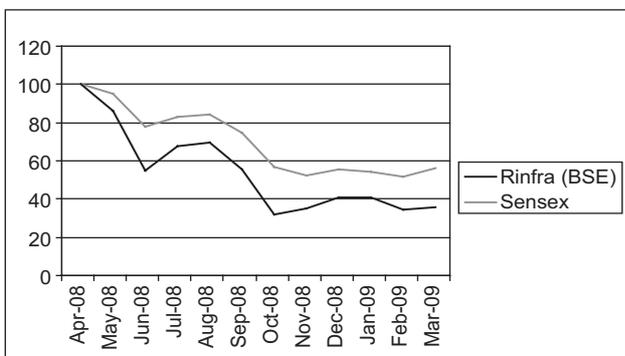
| 2008-09 | BSE | | | NSE | | | GDRs | |
|-----------|-------------|------------|-------------|-------------|------------|-------------|---------------|-------------|
| | Highest Rs. | Lowest Rs. | Volume Nos. | Highest Rs. | Lowest Rs. | Volume Nos. | Highest US \$ | Lowest US\$ |
| April | 1,457.00 | 1,131.00 | 18,162,977 | 1,464.70 | 1132.10 | 45,280,991 | 106.71 | 86.30 |
| May | 1,574.90 | 1,207.00 | 13,474,659 | 1,575.00 | 1206.35 | 36,373,174 | 112.76 | 86.93 |
| June | 1,250.00 | 751.05 | 15,830,083 | 1,250.00 | 751.55 | 42,784,990 | 82.84 | 62.03 |
| July | 1,063.80 | 660.05 | 47,859,310 | 1,069.90 | 660.25 | 101,757,614 | 73.25 | 48.55 |
| August | 1,122.00 | 927.35 | 23,002,349 | 1,121.00 | 923.70 | 54,661,791 | 78.38 | 63.92 |
| September | 1,101.00 | 755.00 | 30,359,372 | 1,109.00 | 702.65 | 67,507,010 | 71.68 | 50.48 |
| October | 811.00 | 354.00 | 30,195,322 | 818.70 | 352.75 | 71,847,651 | 50.23 | 22.97 |
| November | 650.05 | 405.00 | 40,439,314 | 627.90 | 414.00 | 92,215,527 | 36.07 | 25.39 |
| December | 674.95 | 447.10 | 51,700,396 | 675.00 | 447.25 | 117,254,833 | 40.82 | 27.88 |
| January | 670.00 | 461.00 | 41,637,163 | 670.00 | 466.50 | 97,184,652 | 41.20 | 29.10 |
| February | 596.90 | 467.55 | 44,527,437 | 596.90 | 467.35 | 104,808,262 | 35.70 | 28.81 |
| March | 577.50 | 428.30 | 46,381,822 | 577.85 | 428.40 | 114,815,009 | 33.68 | 25.19 |

Issue Price per GDR US\$ 14.40 each. Each GDR represents 3 Equity Shares. 1US\$ = Rs 50.72 as on March 31, 2009

Reliance Infrastructure Limited

Investor Information

Share Price Performance in comparison with broad based indices - Sensex (BSE) and Nifty (NSE)



Depository services

For guidance on depository services, shareholders may write to the RTA of the Company or National Securities Depository Limited, Trade World, 5th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, Telephone : +91 22 24994200, Fax: +91 22 24972993/24976351, e-mail : info@nsdl.co.in, website: www.nsdl.co.in or Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 16th Floor, Dalal Street, Mumbai 400 001 Telephone: +91 22 2272 3333 Fax: +91 22 2272 3199/2072, website: www.cdslindia.com, e-mail: investors@cdslindia.com

Communication to members

The quarterly financial results of the Company are normally announced within a month of the end of the respective quarter. The Company's media releases and details of significant developments are also made available on the website. These are published in leading newspapers, in addition to hosting them on the company's website: www.rinfra.com.

Policy on insider trading

The Company has formulated a code of conduct for prevention of insider trading (RInfra Code) in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended on February 20, 2002.

Key Financial Reporting Dates for the year 2009-10

| | | |
|--|---|-------------------------------|
| Unaudited results for the first quarter ending June 30, 2009 | : | On or before July 31, 2009 |
| Unaudited results for the second quarter / half year ending September 30, 2009 | : | On or before October 31, 2009 |
| Unaudited results for the third quarter ended December 31, 2009 | : | On or before January 31, 2010 |
| Audited results for the financial year 2009-10 | : | On or before June 30, 2010 |

The Board has appointed Shri Ramesh Shenoy, Company Secretary, as the Compliance Officer under the RInfra 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 RInfra code, inter alia, prohibits purchase and/or sale of shares of the Company by an insider or by any other company, while in possession of unpublished price sensitive information in relation to the Company during certain prohibited periods. The RInfra code is available on the Company's website.

Secretarial audit for reconciliation of capital

The Securities and Exchange Board of India has directed by circular No.D&CC/ FITTC/CIR-16/2002 dated December 31, 2002 that all issuer companies shall submit a certificate of capital integrity, reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued / paid-up capital. In compliance with this requirement, the Company has submitted a certificate, duly certified by a qualified Chartered Accountant, 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.

Reliance Infrastructure Limited

Investor Information

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

Shri Madhukar Moolwaney
Sr Executive Vice-President
(Accounts & Finance)
Reliance Infrastructure Limited
Reliance Energy Centre
Santa Cruz (East)
Mumbai 400 055
Telephone: +91 22 3009 9430
Fax: +91 22 3009 9741
madhukar.moolwaney@relianceada.com

Correspondence on investor services may be addressed to the compliance officer :

Shri Ramesh Shenoy
Sr Vice President and
Company Secretary
Reliance Infrastructure Limited
Reliance Energy Centre
Santa Cruz (East)
Mumbai 400 055
Telephone: +91 22 3009 9311
Fax: +91 22 3009 9763
ramesh.shenoy@relianceada.com

Power Stations

Dahanu Power Plant

BSES Nagar
Dahanu Road 401 602
Thane District
Maharashtra

Samalkot Power Plant

Industrial Devp. Area
Pedapuram
Samalkot 533 440
Andhra Pradesh

Goa Power Plant

Opp. Sancoale
Industrial Estate
Zuarinagar 403 726
Sancoale
Mormugao, Goa

Wind Farm

Near Aimangala
577 558
Chitradurga District
Karnataka

Glossary

| | | | |
|-----------|---|----------|---|
| ABT | Availability Based Tariff | DTPS | Dahanu Thermal Power Station |
| AMR | Automated Remote Metering | DTTC | Dahanu Technical Training Centre |
| APDRP | Accelerated Power Development and Reform Programme | DVC | Damodar Valley Corporation |
| APFC | Automatic power factor correction | EBIDTA | Earnings before Interest, Depreciation, Tax and Appropriation |
| ARR | Annual Revenue Requirement | ECS | Electronic Clearing Service |
| AT&C | Aggregate Technical & Commercial losses | EHV | Extra High Voltage |
| ATE | Appellate Tribunal for Electricity | EOT | Electrically operated crane |
| Bank Rate | The rate of interest fixed by Reserve Bank of India for inter banking lending | EPC | Engineering, Procurement, Construction |
| BEST | Brihanmumbai Electric Supply & Transport Undertaking | ESG/SAP | Employee Services Group / Systems, Applications & Products in Data Processing (EPC) |
| BOO | Build Own and Operate | ESS | Employee Self Service |
| BOT | Build, Own and Transfer | FCCB | Foreign Currency Convertible Bonds |
| BOOT | Build-Own-Operate-Transfer basis | FGD | Flue Gas Desulphurisation Plant |
| BPL | Below poverty line | FIIs | Foreign Institutional Investors |
| BRPL | BSES Rajdhani Power Limited | GAAP | Generally Accepted Accounting Principles |
| BST | Bulk Supply Tariff | GDP | Gross Domestic Product |
| BTG | Boiler Turbine Generator | GDR | Global Depository Receipt |
| BVQI | Bureau Veritas Quality International | GI | Gas Insulated |
| BYPL | BSES Yamuna Power Limited | GIS | Geographical Information System |
| CBM | Coal bed methane | GOI | Government of India |
| CCPS | Combined Cycle Power Station | GPA | Gross Per Annum |
| CDSL | Central Depository Services (India) Limited | Grid AMR | Grid automatic meter reading |
| CEA | Central Electricity Authority | GSM | Global system for mobile communication |
| CERC | Central Electricity Regulatory Commission | GRIDCO | Grid Corporation of Orissa Limited |
| CFL | Compact fluorescent light | Gt | Gas Turbine |
| CGRF | Consumer Grievance Redressal Forum | GWhr | Giga Watt Hours (million kilowatt hours) |
| CHD | Consumer Help Desk | HPBFP | High Pressure Boiler Feed Pump |
| Ckt | Circuit | HEP | Hydro Electric Project |
| COC | Cycle of Concentration | HPGCL | Haryana Power Generation Company Limited |
| Crore | 10,000,000 | HT | High tension |
| CSI | Customer Satisfaction Indices | HVDS | High voltage distribution system |
| CSR | Corporate social responsibility | HVPNL | Haryana Vidyut Prasaran Nigam Limited |
| CTC | Cost to the Company | HVSR | High Voltage Series Reactor |
| CW | Cooling Water | IP | Internet Protocol |
| DAMEPL | Delhi Airport Metro Express Private Limited | IPP | Independent Power Producers |
| DCS | Distributed Control System | IPTC | Independent Private Transmission Company |
| DERC | Delhi Electricity Regulatory Commission | ISMS | Information Security Management System |
| DMRC | Delhi Metro Rail Corporation | ISP | Internet service provider |
| DMS | Distribution management system | ISU/CCS | Industry solution utility – customer care solution |
| DNV | Det Norske Veritas | IVRS | Interactive voice response system |
| DP | Depository Participant | Kcal | Kilo calories |
| DP | Differential Pressure | KM | Kilometers |
| DRUM | Distribution Reforms upgrades and Management | KSEB | Kerala State Electricity Board |
| DT | Distribution Transformer | KV | Kilovolt |
| DTEPA | Dahanu Taluka Environment Protection Authority | KVA | Kilovolt ampere |
| | | KW | Kilowatt (=1,000 watts) |

Reliance Infrastructure Limited

Glossary

| | | | |
|--------|--|--------|--|
| KWH | A Kilowatt hour | PMS | Performance Management System |
| Lakh | 100,000 | PPA | Power Purchase Agreement |
| Lfet | Low Frequency Electromagnetic Testing | PPP | Public Private Partnership |
| LP | Low Pressure | RGGVY | Rajeev Gandhi Gram Vidhyotikaran Yojna |
| LPBFP | Low Pressure Feed Pump | REC | Rural Electrification Corporation Limited |
| LPSC | Late payment surcharge | RIPE | Role Identification & Potential Evaluation |
| LT | Low tension | REMI | Reliance Energy Management Institute |
| LVD | Large video display | RFC | Released For Construction |
| LVDS | Low voltage distribution system | RPTL | Reliance Power Transmission Limited |
| MCA | Model Concession Agreement | RST | Retail Supply Tariff |
| MCB | Miniature circuit breakers | RTA | Registrar and Transfer Agent |
| MCW | Main Cooling Water | RTC | Rail Transportation Clearance |
| MEDA | Maharashtra Energy Development Agency | SCADA | Supervisory Control and Data Acquisition System |
| MERC | Maharashtra Electricity Regulatory Commission | SAC | Service Air Compressor |
| MMOPL | Mumbai Metro One Private Limited | SEB | State electricity board |
| MMRDA | Mumbai Metropolitan Region Development Authority | SEBI | Securities and Exchange Board of India |
| MMSCMD | Metric Million Standard Cubic Meters per day | SEC | Shanghai Electric Corporation |
| MoEF | Ministry of Environment & Forests | SEEPZ | Santa Cruz Electronics Export Processing Zone |
| MoP | Ministry of Power | SERC | State Electricity Regulatory Commission |
| MPCB | Maharashtra Pollution Control Board | SEZ | Special economic zone |
| MRTS | Mass Road Transit System | SMS | Short Message Service |
| MSEDCL | Maharashtra State Electricity Distribution Company Limited | ST | Steam Turbine |
| MU | Millions Units | STG | Steam turbine generator |
| MVA | A megavolt ampere | STU | State Transmission Unit |
| MVAR | Mega Volt Ampere Reactive | TERI | The Energy and Resources Institute |
| MYT | Multi Year Tariff | TFT | Thin Film Transistor |
| MW | A megawatt | Tonnes | Metric Tonnes |
| NDMC | New Delhi Municipal Corporation | UMPPs | Ultra mega power projects |
| NDT | Non destructive testing | Unit | One kwh; that is, the energy contained in a current of one thousand amperes flowing under an electromotive force of one volt during one hour |
| NELP | New exploration licensing policy | UPERC | Uttar Pradesh Electricity Regulatory Commission |
| NHAI | National Highways Authority of India | UPPCL | Uttar Pradesh Power Corporation Limited |
| NRI | Non-resident Indian | UPRE | Uttar Pradesh Rural Electrification |
| NSDL | National Securities Depository Limited | USAID | United States Agency for International Development |
| O/H | Overhauling | V | Volts |
| OHSAS | Occupational Health and Safety Assessment Series | VAM | Vapour Absorption Machine |
| PAT | Profit after Tax | VFD | Variable Frequency Drive |
| PCC | Plain Cement Concrete | VGf | Viability Gap Funding |
| PFC | Power Finance Corporation Limited | VTTC | Versova Technical Training Institute |
| PGCIL | Power Grid Corporation of India Limited | WREB | Western Regional Electricity Board |
| PLA | Plant Load Availability | | |
| PLF | Plant Load Factor | | |

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Unit: Reliance Infrastructure Limited
Plot No. 17-24, Vittal Rao Nagar
Madhapur
Hyderabad 500 081

Fold

ATTENDANCE SLIP**Reliance Infrastructure Limited**

Registered Office: Reliance Energy Centre, Santa Cruz (E), Mumbai 400 055

Please fill the 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 **80th Annual General Meeting** of Reliance Infrastructure Limited held on Tuesday, July 21, 2009, at 2:00 p.m. or soon thereafter as the AGM of Reliance Capital Limited convened for the same day shall be over at Birla Matushri Sabhagar, 19 Sir Vithaldas Thackersey Marg, Mumbai 400 020.

Signature of the shareholder or proxy

*Applicable for investors holding shares in electronic form.

..... TEAR HERE.....

Reliance Infrastructure Limited**PROXY FORM**

Registered Office: Reliance Energy Centre, Santa Cruz (E), Mumbai 400 055

| | |
|---------|--|
| DP. Id* | |
|---------|--|

| | |
|-----------------|--|
| Regd. Folio No. | |
|-----------------|--|

| | |
|------------|--|
| Client Id* | |
|------------|--|

| | |
|----------------------|--|
| No. of Share(s) held | |
|----------------------|--|

I/We of
..... being a member/members of Reliance Infrastructure Limited hereby ap-
point of
..... or failing him
..... of as my/our proxy to vote for me/us and on my/our behalf at the **80th Annual General Meeting** of Reliance Infrastructure Limited held on Tuesday, July 21, 2009, at 2:00 p.m. or soon thereafter as the AGM of Reliance Capital Limited convened for the same day shall be over at Birla Matushri Sabhagar, 19 Sir Vithaldas Thackersey Marg, Mumbai 400 020 or at any adjournment thereof.

Signed this day of 2009.

* 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.



Book Post

To,

If undelivered please return to :

**Karvy Computershare Private Limited
(Unit: Reliance Infrastructure Limited)**

Plot No. 17-24, Vittal Rao Nagar
Madhapur
Hyderabad 500 081
India