

Reliance Capital Limited

**Review report on the results for the financial year ended
March 31, 2012 (Audited)**

May 19, 2012

Safe Harbor

This report and the discussion that follows may contain “forward looking statements” by Reliance Capital Limited (“RCL”) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operation, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the directors and management of RCL about the business, industry and markets in which RCL operates. These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond RCL’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of RCL. In particular, such statements should not be regarded as a projection of future performance of RCL. It should be noted that the actual performance or achievements of RCL may vary significantly from such statements.

General Risk

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Company unless they can afford to take the risk of losing their investment. For taking an investment decision, investors must rely on their own examination of RCL including the risks involved.

Convenience translation

We publish our financial statements in Indian Rupees. All references herein to “Indian Rupees” and “Rs.” are to Indian Rupees and all references herein to “US dollars” and “US\$” are to United States dollars. All translations from Indian Rupees to United States dollars were made (unless otherwise indicated) using the rate of Rs. 50.31 = US\$ 1.00 for Q4FY12 profit and loss items (Rs. 47.95 = US\$ 1.00 for FY12 profit and loss items) and the rate of Rs. 51.16 = US\$ 1.00 for balance sheet items as on March 31, 2012. All amounts translated into United States dollars as described above are provided solely for the convenience of the reader, and no representation is made that the Indian Rupees or United States dollar amounts referred to herein could have been or could be converted into United States dollars or Indian Rupees respectively, as the case may be, at any particular rate, the above rates or at all. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off.

We also use the international convention of presenting financial information in millions or billions of rupees. Note: One million rupees is equal to ten lakh rupees. Ten million rupees is equal to one crore rupees. One billion rupees is equal to one hundred crore rupees.

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SECTION 1
RELIANCE CAPITAL - PERFORMANCE AT A GLANCE

(Rs. Million)

Particulars	2010	2011	2012
Reliance Capital Limited (Consolidated)			
Total Revenues	61,406	55,359	66,269
Profit After Tax	4,345	2,912	4,578
Net worth	77,125	78,097	116,963
Total Assets	254,438	319,939	353,436
Reliance Capital Asset Management (Consolidated)			
Total Revenues	6,817	7,330	6,647
Profit Before Tax	2,680	2,943	3,076
Reliance Life Insurance			
Total Premium (Net)	65,883	65,479	54,702
Profit Before Tax/(Loss)	(2,838)	(1,293)	3,726
Reliance Commercial Finance			
Total Revenues	13,252	13,741	19,450
Profit Before Tax	1350	2,693	2,537
Broking & Distribution businesses			
Total Revenues	2,585	3,109	4,661
Profit Before Tax	149	332	554
Reliance General Insurance			
Gross Written Premium	19,797	16,554	17,125
Profit Before Tax/(Loss)	(905)	(3,098)	(3,416)

Particulars ⁺	Year ended March 31,		
	2010	2011	2012
Reliance Mutual Fund			
Average Asset under Management (Rs. billion)	1,144	1,016	781
Reliance Life Insurance			
New business premium	39,208	30,349	18,093
Reliance General Insurance			
Combined Ratio (%)	116%	140%	145%
Reliance Commercial Finance			
Loan book size	91,658	122,900	132,386
Reliance Securities			
Broking Accounts (Nos.)	640,000	663,900	684,900

⁺ All the financial highlights given are based on consolidated audited results

SECTION 2

AN OVERVIEW

Introduction:

Reliance Capital is one of India's leading private sector financial services companies and ranks No. 1 among financial services companies, in terms of net worth.

Reliance Capital is a part of the Reliance Group and is a constituent of CNX Nifty Junior and MSCI India.

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

Reliance Capital has interests in asset management and mutual funds; life and general insurance; commercial finance; equities and commodities broking; investment banking; wealth management services; distribution of financial products; exchanges; private equity; asset reconstruction; proprietary investments and other activities in financial services.

Reliance Capital Asset Management

- Reliance Capital Asset Management (RCAM) managed Rs. 1.4 trillion (US\$ 27.5 billion) as on March 31, 2012 across:
 - mutual funds* - Rs. 781.1 billion (US\$ 15.3 billion)
 - pension funds - Rs. 594.6 billion (US\$ 11.6 billion)
 - managed accounts - Rs. 14.6 billion (US\$ 284.7 million) and
 - hedge funds - Rs. 18.3 billion (US\$ 357.0 million)

** - average assets under management for the quarter ended March 31, 2012*

- RCAM's income from its operations for the year ended March 31, 2012 was at Rs. 6.6 billion (US\$ 138.6 million) - YoY decrease of 9%, mainly on account of 6% decline in AAUMs
- RCAM's total expenditure from its operations for the year ended March 31, 2012 was at Rs. 3.6 billion (US\$ 74.5 million) - YoY decrease of 19% in line with focus on leaner cost of operations
- Profit before tax for the year ended March 31, 2012 was Rs. 3.1 billion (US\$ 64.2 million) - YoY increase of 5%

- Focus on retail long term debt and higher yield products, improved PBT margins to 46.3% in FY12 from 40.1% in FY11
- Achievements:
 - Nippon Life, largest private life insurer in Asia, signed final agreements to acquire a 26% stake in RCAM, subject to regulatory approvals
 - The transaction pegs RCAM valuation at Rs. ~56 billion (US\$ 1.1 billion), translating to 7% of AAUM
 - This is the largest FDI in Indian Mutual Fund Sector till date and the largest investment in any Indian AMC
 - Nippon Life is a 122 year old Global Fortune 100 company, and manages over Rs. 30 trillion (over US\$ 600 billion) in assets, amongst the largest total assets in the world for any life insurer
 - Nippon Life to invest Rs. 14.5 billion (US\$ 283.4 million) for 26% stake
 - Adjudged as the 'Best BFSI Asset Management Company' by Business & Economy Magazine
 - Awarded 'the Best Fund House 2011' by MoneyLife, a personal finance magazine, based on five-year performance of Equity Funds
 - RCAM won four awards at the 9th Annual ICRA Mutual Fund Awards 2012
 - Won awards for being the 'Most investor Friendly Fund House of The Year' and for Reliance Gold Savings Fund as the 'Most Innovative Fund Of The Year' at the CNBC - TV18 CRISIL Mutual Fund Awards 2012
 - Awarded 'Asia's 10th Best Employer' for 2011-12 by Asia's Best Employer Brand Awards
 - Reliance AnyTime Money Card and 'Edge - The Learning Academy' - rated among Top 50 Financial Inclusion Projects by Skoch Consultancy Services

Reliance Mutual Fund

- Reliance Mutual Fund (RMF) is amongst the top 2 mutual funds in India in terms of Assets under Management, with a market share of 12%

- The AAUM for the quarter ended March 2012 was at Rs. 781.1 billion (US\$ 15.3 billion) as against Rs. 1.0 trillion for the corresponding previous period
- RMF continues to be the most profitable Mutual Fund in India for the consecutive second year.
- High focus on the untapped retail opportunity
 - Reliance Mutual Fund had launched an unique retail Gold Savings Fund NFO in February 2011
 - This fund was the largest and first Gold fund in India
 - The ETF + FoF has crossed over Rs. 26.5 billion (US\$ 518.1 million) in AAUM for the quarter ended March 31, 2012 - YoY growth of 511%
 - RMF had 28% market share in gold AAUMs as on March 31, 2012
- The Systematic Investment Plan (SIP) investor accounts at the end of the year, were nearly 1.7 million
- As on March 31, 2012, there were total of 44 schemes - 21 Equity oriented schemes, 20 debt oriented schemes, 2 exchange traded schemes and 1 fund of funds scheme
- At the end of FY12, RCAM had a wide distribution network spanning over 250 offices across India

Reliance Life Insurance

- Reliance Life Insurance (RLI) offers products that fulfill savings and protection needs of customers. Reliance Life offers 25 products, of which 19 are targeted at individuals and 6 at group business
- Reliance Life Insurance has 16 optional rider offerings to provide comprehensive risk protection to customers. Of these, 12 are for Individual Business Segment and the rest for the Employee Benefits Business Segment
- Reliance Life is committed to emerge as a transnational Life Insurer of global scale and standard and attaining leadership rankings in the industry within the next few years

- RLI is amongst the leading Indian private sector insurers in terms of new business premium with a private sector market share of 5.53%. (Source: March 2012 data, IRDA website)
- Total premium (Net of Reinsurance) for the year was Rs. 54.7 billion (US\$ 1.1 billion)
- Renewal premium for the year was Rs. 36.9 billion (US\$ 769.2 million)
- New business premium for the year ended March 31, 2012, was Rs. 18.1 billion (US\$ 377.3 million). Nearly 70% of the new business individual premium was contributed by traditional products
- RLI achieved a profit before tax of Rs. 3.7 billion (US\$ 77.7 million), for the year ended March 31, 2012. RLI has been making consistent monthly profits since September 2010. The declared results of Reliance Capital include consolidation of 38% stake of RLI
- During FY12, net surplus amount transferred from policyholder's account to shareholders' account stood at Rs. 3.2 billion (US\$ 63.4 million). This surplus has been included in the Q4 and FY12 pretax profit
- The total funds under management were at Rs. 187.7 billion (US\$ 3.7 billion) as on March 31, 2012
- The distribution network stood at 1,230 offices across India
- The number of agents as on March 31, 2012 were at 150,590 as against 189,304 agents as on March 31, 2011 - YoY planned decline of 20%, in line with focus on productivity and performance of agents
- Maintained leading position amongst private life insurers in terms of number of policies sold in FY12. Nearly 1.1 million policies were sold in FY12 by RLI
- Capital infusion during the year stood at Rs. 3.0 billion (US\$ 58.6 million), post the strategic stake sale to Nippon Life. The total capital invested in this business, as on March 31, 2012, was Rs. 33.9 billion (US\$ 663.4 million)
- Achievements:
 - Nippon Life, Japan's largest private life insurer, acquired a 26% stake in Reliance Life Insurance for Rs. 30.6 billion (US\$ 598.5 million)

- The transaction values Reliance Life Insurance at approximately Rs. 115 billion (US\$ 2.2 Billion)
- This is the largest FDI in Indian Financial Services sector and by far, the largest FDI in Insurance sector
- RLI is amongst the top 3 most trusted Insurance brands in India as per 'Most Trusted Brands Survey 2011' by Brand Equity and Nielsen
- Won the "Best Non-Urban Coverage" award at the Indian Insurance Awards 2011
- Won the "Quality Council of India (Government of India) - D.L. Shah National Award
- 1st Life Insurance Co. in India to be rated "AAA" by Brickworks Rating for Enterprise wide Risk Management
- Achieved best-in-class Customer and Advisor satisfaction scores in the survey conducted by Nielsen for Reliance Life Insurance

Reliance Commercial Finance

- Reliance Commercial Finance (RCF) offers a wide range of products which include Home loans, Loans against property, SME loans, Commercial Vehicle loans, Loans for Construction equipment, Car loans and Infrastructure financing
- RCF is amongst the leading lenders in the Indian non banking finance sector
- The focus at Reliance Commercial Finance is not only credit growth per se but the quality of credit sourced. In line with this, the Company has been disbursing only secured asset backed loans and winding down the unsecured loans portfolio
- As on March 31, 2012, nearly 100% of the outstanding book was secured as against 97% as on March 31, 2011
- The disbursements for the year ended March 31, 2012 were Rs. 79.4 billion (US\$ 1.6 billion) as against Rs. 87.8 billion for corresponding previous period - decrease of 10%
- As on March 31, 2012, the assets under management (including securitized portfolio) was Rs. 150.8 billion (US\$ 2.9 billion) as against Rs. 137.8 billion as on March 31, 2011 - YoY increase of 9%

- As on March 31, 2012, the outstanding loan book was Rs. 132.4 billion (US\$ 2.6 billion) as against Rs. 122.9 billion as on March 31, 2011 - YoY increase of 8%. This loan book is spread across 94,202 customers from top 18 Indian metros
- During the year, RCF securitized loans of Rs. 12.9 billion (US\$ 252.9 million), as against Rs. 10.5 billion in previous year - a YoY increase of 23%
- Total income stood at Rs. 19.5 billion (US\$ 405.6 million) in FY12 as against Rs. 13.7 billion in corresponding previous period - YoY increase of 42%
- The Net Interest Income for the year ended March 31, 2012 was Rs. 5.1 billion (US\$ 106.5 million)
- RCF achieved a profit before tax of Rs. 2.5 billion (US\$ 52.9 million) despite 87% increase in interest costs

Broking business

- Reliance Capital's broking business consists of Reliance Securities, one of the leading retail broking houses in India, that provides customers with access to equities, equity options and commodities futures, wealth management, portfolio management services, mutual funds, IPOs and investment banking, and Quant Capital, which caters to wholesale client segment of the capital markets, including foreign and domestic institutions, corporations and ultra high net worth individuals
- The focus is on the key business verticals of broking, wealth management and investment banking
- Equity Broking:
 - It had 684,917 retail broking accounts as on March 31, 2012 - YoY increase of 3%
 - Daily average stock exchange turnover stood at Rs. 12.8 billion (US\$ 267.3 million)
- Wealth Management:
 - In wealth management, client needs are assessed to create customized financial investment opportunities. Customized individual portfolios are based on their diverse investment needs and risk profiles

- The AUM as on March 31, 2012 has increased to Rs. 5.8 billion (US\$ 113.0 million) from Rs. 2.3 billion as on March 31, 2011 - an increase of 152%
- Investment Banking:
 - In investment banking, the capital requirements of enterprises are addressed through various instruments - IPOs, private placements, M&A etc.
 - In FY12:
 - As Syndicate member, handled 2 issues in FY12; total amount mobilized - Rs. 792 million (US\$ 15.5 million)
 - IPO funding - Rs. 1.4 billion (US\$ 26.4 million)
- Commodity Broking:
 - It had over 35,450 commodity broking accounts as on March 31, 2012 - YoY increase of 4%
 - The average daily commodities broking turnover was Rs. 9.8 billion (US\$ 204.8 million) - YoY increase of 195%
- Revenues of the broking business stood at Rs. 3.6 billion (US\$ 75.1 million) for the year ended March 31, 2012 - YoY increase of 43%
- The business achieved a profit before tax of Rs. 319.5 million (US\$ 6.7 million) for the year ended March 31, 2012 - YoY increase of 54%
- Awards
 - Received 'Best Employer' brand award by The Employer Branding Institute, Singapore
 - Received 'Brand Leadership legacy award', 'Business Leadership Award' and 'Business Super Achiever Award' at the Asian Leadership Awards Dubai 2011

Distribution business - 'Reliance Money'

- The distribution business of Reliance Capital, branded as 'Reliance Money' is a comprehensive financial services and solutions provider, providing customers with access to mutual funds, life and general insurance products, money transfer, currency exchange, loans, gold coins and premium products

- As on March 31, 2012, Reliance Money had a pan India distribution network of over 6,000 outlets
- Reliance Money is manufacturer agnostic and distributes mutual funds, life & general insurance products, loans and precious metal retailing
 - Reliance Money sold over 2.2 tons of gold in the year ended March 31, 2012 - 54% YoY increase
 - Reliance Money is the largest private sector partner for Western Union Money Transfer in India - 2.25 million money transfer transactions handled during the year - 12% YoY increase
- Reliance Money achieved revenues of Rs. 1.1 billion (US\$ 22.1 million) for the year ended March 31, 2011 - YoY increase of 81%
- The business achieved a profit before tax of Rs. 234.3 million (US\$ 4.9 million) for the year ended March 31, 2012 - YoY increase of 88%

Reliance General Insurance

- Reliance General Insurance (RGI) offers insurance solutions for auto, health, home, property, travel, marine, commercial and other specialty products
- RGI is amongst the leading private sector general insurance players in India with a private sector market share of 7.6%
- Gross Written Premium for the year ended March 31, 2012 was Rs. 17.1 billion (US\$ 357.2 million)
- The combined ratio (including 3rd party motor pool) was 145%
- The loss was at Rs. 3.4 billion (US\$ 71.6 million) for the year ended March 31, 2012 as against Rs. 3.1 billion in corresponding previous period
- The increase in loss and combined ratio was mainly on account of strengthening the third party motor claims reserves. Third party motor claims provision was Rs. 2.2 billion (US\$ 45.3 million) in FY12 as against Rs. 1.8 billion in FY11.

This commercial vehicle market arrangement has been disbanded from April 1, 2012 onwards

- The focus at RGI is on writing profitable business and improving the combined ratio. In line with this, the company is optimizing its product portfolio mix and is increasing its commercial lines of business. During the FY12, RGI realized a gross written premium of Rs. 3.4 billion (US\$ 70.8 million) from commercial lines of business, as against Rs. 3.1 billion in FY11 - YoY increase of 9%
- During the year, a fresh capital infusion of Rs. 4.4 billion (US\$ 92.4 million) was made into the business
- The total capital invested is Rs. 15.9 billion (US\$ 332.0 million)
- The distribution network composed of 151 branches and over 6,500 intermediaries as on March 31, 2012

Reliance ExchangeNext Ltd

- Reliance ExchangeNext Limited (R Next), is an initiative of Reliance Capital in the exchange space to set up modern exchanges, in various segments
- R Next has a 26% stake in Indian Commodity Exchange Ltd. (ICEX), as an anchor investor, a screen based online derivative exchange for commodities
 - ICEX has pedigreed investors and along with Reliance Spot Exchange (RSX), will be able to offer comprehensive range of integrated products. ICEX will enable physical delivery to its members while RSX members can hedge their positions, creating immense benefit for the members of both exchanges and upgrade the existing ecosystem
 - R Next aims to make ICEX an unique Commodity Exchange - a choice of all Stake Holders

Reliance Spot Exchange

- Reliance Spot Exchange (RSX), a wholly owned subsidiary of R Next, is a physical delivery based commodity exchange set up by R Next
- Reliance Spot Exchange is an initiative of Reliance Capital in the exchange space to set up modern exchanges, in various segments

- RSX aims to bring different markets together on a national electronic platform thereby creating transparency, efficiency and infrastructure for spot markets across India
- RSX has received state licenses from Gujarat, Karnataka & Rajasthan Governments. The process for obtaining state licenses from Maharashtra, Andhra Pradesh and Madhya Pradesh has been initiated
- RSX has launched E Gold Souk - Physical trading platform in Bullion. During the year, over 600 kgs. of gold were transacted
- RSX has traded 44,000 MT during FY12 across all agriculture commodities

Quant Capital

- Quant Capital focuses on the wholesale client segment of the capital markets which includes foreign and domestic institutions, corporations and ultra high net worth individuals. Apart from traditional fundamental research, it also combines quantitative and behavioral research to forecast trends and inflection points for global currencies, commodities, and equities
- Quant has been extensively featured in the Asia Money polls 2011. In the Overall Prime Broking Services category across Asia, Quant is the only Indian firm to have been featured in the list. In the Overall Hedge Fund Services category across Asia, Quant is only one of two Indian firms that have qualified in the top 30 list
- In these polls, Quant has been placed 16th in the Overall Best Local Brokerage category and 11th in the Most Independent Research Brokerage category. Under India Research, Quant has been rated in the top 30 under the heads of Country Research, Strategy, Macroeconomics, Small Caps, Banks, Capital Goods, Energy, Materials and Software & Services. Quant has also been rated in the top 30 in the categories of Overall Sales Services, Execution, Events and/or Conferences

Reliance Equity Advisors (India) Limited (REAL)

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

completing investments aggregating to over 60% of the fund size. The fund is currently in the process of concluding an investment in the domestic appliances space, and also has an attractive deal pipeline including a proposed investment in a white goods company

- REAL continues to evaluate investment opportunities in the promising and fast growing sectors. The Fund's existing investments continue to perform in line with expectations. The fund continues to be closely involved in adding significant value to investee companies, and in monitoring their growth closely

Reliance Asset Reconstruction

- Reliance Asset Reconstruction Ltd. (Reliance ARC) is in the business of acquisition, management and resolution of distressed debt/assets. The other sponsors / shareholders of Reliance ARC are Corporation Bank, Indian Bank, GIC of India, Dacecroft and Blue Ridge
- The assets under management as on March 31, 2012 were Rs. 953.9 million (US\$ 18.6 million)

Reliance Venture Asset Management (RVAM)

- Reliance Venture Asset Management, wholly owned subsidiary of Reliance Capital, is the venture capital arm of the Reliance Group with an investment mandate to incubate or invest into high-growth, new business ideas and is stage, sector and geography agnostic
- Ranked 30th in the reputed list of US-based, Red Herring Top 100 Global Venture Capital firms in 2009 out of 1,800 global VC firms, from 32 countries, and across 12 benchmarks, Reliance Venture is the only Indian Corporate Venture Capital firm to feature in the ranking
- RVAM is also a recipient of the "Excellence Award" from India's Institute of Economic Studies, a quasi-government agency started by Members of the Indian Parliament, industry leaders, economists and educational leaders
- RVAM's portfolio companies are considered as category creators and industry leaders. It has spawned companies including household names such as India's largest online travel website 'Yatra.com', 'Suvidhaa' - India's leading service commerce company, 'Stoke, Inc.' - a leader in multi access convergence network, 'Tessolve' - a leading semi-conductor testing company amongst many others

- The Company has fostered relations with global premier institutions and is the exclusive India partner for MIT and Stanford University for their entrepreneurship and business competitions. RVAM has also funded two start-ups from MIT
- RVAM endeavors to be the preferred choice and premier partner of all its portfolio companies and assures its full commitment to them over an unlimited period of time
- RVAM currently manages assets of Rs 1.9 billion (US \$ 36.2 million) as on March 31, 2012

SECTION 3

FINANCIAL AND OPERATING HIGHLIGHTS

Key Highlights for the year ended March 31, 2012

- Total income of Rs. 66.3 billion (US\$ 1.4 billion) against Rs. 55.4 billion in the corresponding previous period - an increase of 20%, mainly on account of sale of stake in Life Insurance business, and increase in topline of Commercial Finance and Broking & Distribution businesses
- Net profit of Rs. 4.6 billion (US\$ 95.5 million) against Rs. 2.9 billion in the corresponding previous period - a growth of 57%
- Net debt to equity improved by 27% to 1.56 as on March 31, 2012, as compared to 2.14 at the end of FY11

Summary of Consolidated Financial Statements

(Rs. Million)

	Q4FY12	Q4FY11	Q3FY12	FY12	FY11
Total income	20,019	16,003	15,868	66,269	55,359
Staff costs	1,268	1,241	1,337	5,478	4,973
Other expenditure	3,690	3,427	2,854	12,380	12,388
Reinsurance premium ceded	1,766	1,700	1,842	7,515	6,635
Claims incurred	4,672	6,205	2,777	12,659	13,314
Interest & financial charges	5,646	4,290	5,892	22,501	14,639
Depreciation	165	136	133	544	500
Profit before tax	2,811	(848)	1,033	5,192	2,911
Net Profit after Minority Interest & share of profit of associates	3,293	(65)	602	4,578	2,912
Diluted EPS (Rs)	13.41	(0.26)	2.45	18.64	11.85

Total income:

RCL's consolidated income from operations for the year ended March 31, 2012 was Rs. 66.3 billion (US\$ 1.4 billion) from Rs. 55.4 billion in the corresponding previous period - an increase of 20%, mainly on account of sale of stake in Life Insurance business, and increase in topline of Commercial Finance and Broking & Distribution businesses.

Operating expenses:

Staff costs for the year ended were Rs. 5.5 billion (US\$ 114.2 million) as against Rs. 5.0 billion in the corresponding previous period - an increase of 10%.

Selling, general & administrative expenses for the year ended March 31, 2012 remained flat at Rs. 12.4 billion (US\$ 258.2 million) as against the corresponding previous period.

Finance cost and Net profit from operations:

Interest & finance charges for the year were Rs. 22.5 billion (US \$ 469.3 million) as against Rs. 14.6 billion in the corresponding previous period - an increase of 54% due to continued high interest rate environment.

Depreciation for the year was Rs. 543.7 million (US\$ 11.3 million) as against Rs. 499.6 million in the corresponding previous period, an increase of 9%.

Profit after tax, minority interest and share of profit of associates for the year ended March 31, 2012 was Rs. 4.6 billion (US\$ 95.2 million) as against Rs. 2.9 billion in the previous year, an increase of 57%. Profit rose mainly on account of part consolidation of Life Insurance profits and gains on sale of equity stake in the Life Insurance business to Nippon Life, partially offset by loss in General Insurance

Balance sheet

As on March 31, 2012, the company had total assets of Rs. 353.4 billion (US\$ 6.9 billion) - YoY increase of 10%. The company had a net worth of Rs. 117.0 billion (US\$ 2.3 billion). This resulted in net debt to equity ratio of 1.56, as against 2.14 as on March 31, 2011 - an improvement of 27%.

It enjoys the highest ratings of 'A1+' by ICRA and CRISIL, for its short term borrowing program and 'CARE AAA' by CARE for its long term borrowing program.

BUSINESS WISE PERFORMANCE

RELIANCE CAPITAL ASSET MANAGEMENT

FINANCIAL PERFORMANCE

(Rs. Million)

	Q4FY12	Q4FY11	Q3FY12	FY12	FY11
Total Income	1,792	2,062	1,550	6,647	7,330
Total Expenses	781	1,310	849	3,571	4,387
Profit before tax	1,011	752	700	3,076	2,943

Discussion of financial performance

Total income:

- RCAM's income from its operations for the year ended March 31, 2012 was at Rs. 6.6 billion (US\$ 138.6 million) as against Rs. 7.3 billion in the corresponding previous period - a YoY decrease of 9% mainly on account of 6% decline in AAUMs
- RCAM's total expenditure from its operations for the year ended March 31, 2012 was at Rs. 3.6 billion (US\$ 74.5 million) - YoY decrease of 19% in line with focus on leaner cost of operations
- Profit before tax for the year ended March 31, 2012 was Rs. 3.1 billion (US\$ 64.2 million) - YoY increase of 5%

RELIANCE LIFE INSURANCE

- *Amongst leading private sector life insurers in India with private sector market share of 5.53% in terms of new business premium*

FINANCIAL PERFORMANCE

(Rs. Million)

	Q4FY12	Q4FY11	Q3FY12	FY12	FY11
First year premium	5,868	6,748	3,125	14,364	22,846
Single premium	1,475	3,549	851	3,729	7,503
Total new business premium	7,343	10,297	3,976	18,093	30,349
Renewal premium	12,318	13,045	7,804	36,883	35,362
Total premium (Net of Reinsurance)	19,587	23,282	11,732	54,702	65,479
Profit before tax	3,463*	104	101	3,726*	(1,293)
Operating Costs (excl. commission)	3,778	3,480	3,186	12,935	15,640
Total Funds under management	187,666	178,553	165,549	187,666	178,553
Capital infused	-	-	3,000	3,000	1,200

	Q4FY12	Q4FY11	Q3FY12	FY12	FY11
No of offices	1,230	1,248	1,252	1,230	1,248
No of agents	150,590	189,304	153,467	150,590	189,304

*: Including policyholder's surplus transferred to shareholders' account

- Total premium (net of reinsurance) for the year was Rs. 54.7 billion (US\$ 1.1 billion)
- Renewal premium for the year was Rs. 36.9 billion (US\$ 769.2 million)
- New Business Premium Income was Rs. 18.1 billion (US\$ 377.3 million) for the year ended March 31, 2012. Nearly 70% of new individual business premium was contributed by traditional products
- RLI achieved a profit before tax of Rs. 3.7 billion (US\$ 77.7 million) for the year ended March 31, 2012, as against loss of Rs. 1.3 billion in FY11. RLI has been making consistent monthly profits since September 2010
- During FY12, net surplus amount transferred from policyholder's account to shareholders' account stood at Rs. 3.2 billion (US\$ 63.4 million). The Q4 and FY12 profit before tax figures include the surplus

- Operating costs (excluding commission) were at Rs. 12.9 billion (US\$ 269.8 million) for the year ended March 31, 2012, decline of 17% YoY. This is in line with the focus to achieve leaner cost structure
- The total funds under management were at Rs. 187.7 billion (US\$ 3.7 billion) as on March 31, 2012
- The distribution network stood at 1,230 offices at the end of FY12
- The number of agents as on March 31, 2012 were at 150,590 as against 189,304 agents as on March 31, 2011 - YoY planned decline of 20% in line with focus on productivity and performance of agents
- Regained leading position amongst private life insurers in terms of number of policies sold in FY12. Nearly 1.1 million policies were sold in FY12 by RLI
- Capital infusion during the year stood at Rs. 3.0 billion (US\$ 58.6 million), post the strategic stake sale to Nippon Life. The total capital invested in this business, as on March 31, 2012 was Rs. 33.9 billion (US\$ 663.4 million)

NEW BUSINESS ACHIEVED PROFIT (NBAP)

New Business Achieved Profit:

Definition

NBAP is defined as present value of future profits for shareholders on account of new business sales, based on a given set of assumptions. Actual experience may differ from these assumptions.

Basis of preparation

The NBAP is calculated net of tax after providing for cost of capital that would be required to support business. The cost of capital is taken as the difference between the nominal value for solvency capital and the present value, at the risk discount rate, of future releases of capital together with investment earnings on the solvency capital.

- **The new business achieved profit for one year ended March 31, 2012 was Rs. 1.8 billion (US\$ 36.6 million)**
- **The new business achieved profit margin for year ended March 31, 2012 was 15.59%**

The assumptions used for calculating NBAP are as follows:

Economic Assumptions:

Particulars	Assumptions p.a.
Cash/ Money Market / TB	5.00%
Government Securities	7.50%
Corporate Bonds	8.50%
Equities	12.00%
Inflation	5.50%
Risk discount rate	12.50%
Tax rate	14.16%

Operating Assumptions:

- Operating assumptions such as mortality, morbidity and persistency are based on industry and reinsurers experience, using our operating experience where such experience is credible
- Expense assumptions are based on our latest expense projection which reflects recent responses to lower growth environment. The chosen expense loadings are

consistent with current pricing assumptions & represent our most recent view of long term expense assumptions

- No allowance has been made for any expense over runs that we experience in the short term
- Projections assume that the company applies tax at the full rate of tax on profits/losses arising

Sensitivity:

The sensitivity of the NBAP to economic assumptions is given below:

Particulars	Base Value	(Rs. Million)	
		+ 1%	- 1%
Investment return	1,753.75	2,074.03	1,417.14
Risk discount rate	1,753.75	1,629.14	1,890.68

- The investment return sensitivity considers a change in the assumed rate of growth for unit-linked funds, the assumed rate of investment return on non unit cash flows and reserves and on assets supporting the solvency margin, and a change in the rate of expense inflation.

Further consideration:

- NBAP reflects **95.71%** of annualized new business premium written in the one year ended March 31, 2012
- The value from group business and rider business has been ignored. These business lines represent **4.29%** of the annualized new business premium

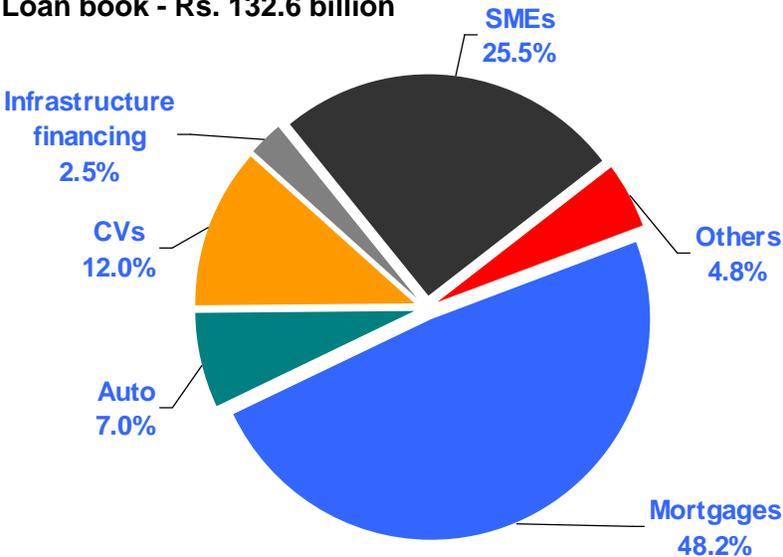
RELIANCE COMMERCIAL FINANCE

Discussion of financial performance

- Reliance Commercial Finance disbursed Rs. 79.3 billion (US\$ 1.6 billion) of secured loans during the year, as against Rs. 87.8 billion for the corresponding previous period, decrease of 10%
- As on March 31, 2012, the assets under management (including securitized portfolio) was Rs. 150.8 billion (US\$ 2.9 billion) as against Rs. 137.9 billion as on March 31, 2011 - increase of 9%
- As on March 31, 2012 the outstanding loan book was Rs. 132.4 billion (US\$ 2.6 billion) as against Rs. 122.9 billion as on March 31, 2011 - YoY increase of 8%. This loan book is spread across 94,202 customers from top 18 Indian metros
- As on March 31, 2012, nearly 100% of the outstanding book was secured as against 97% as on March 31, 2011
- Personal loans proportion brought down to miniscule 0.2% of the outstanding loan book at the end of the year as against 1.5% at the end of the corresponding previous period
- During the year, RCF securitized loans of Rs. 12.9 billion (US\$ 252.9 million), as against Rs. 10.5 billion in FY11

LOAN BOOK MIX - as on March 31, 2012

Outstanding Loan book - Rs. 132.6 billion



FINANCIAL PERFORMANCE

(Rs. Million)

	Q4FY12	Q4FY11	Q3FY12	FY12	FY11
Disbursals	15,913	32,115	19,916	79,373	87,820
Net Interest Income	1,333	1,193	1,242	5,104	5,122
Total Income	5,569	4,129	4,992	19,450	13,741
Total expenses	772	619	764	3,150	2,516
Interest expenses	3,495	2,106	3,491	12,801	6,859
Provisions	547	476	86	963	1,672
Profit before tax	756	928	651	2,537	2,693

- Total income stood at Rs. 19.5 billion (US\$ 405.6 million) in FY12 as against Rs. 13.7 billion in corresponding previous period - YoY increase of 42%
- The Net Interest Income for the year ended March 31, 2012 remained flat at Rs. 5.1 billion (US\$ 106.5 million)
- The profit before tax for the year ended March 31, 2012 was Rs. 2.5 billion (US\$ 52.9 million) as against Rs. 2.7 billion for the corresponding previous period, despite 87% increase in interest costs
- The cost to income ratio for the year was 16% as against 18% for FY11
- The average cost of funds for the year ended March 31, 2012 was 11.5%, as against 8.8% for FY11
- Average NIMs for the year ended March 31, 2012, stood at 4.1%
- Gross NPLs were 1.5% of outstanding AUMs at Rs. 2.2 billion (US\$ 42.8 million) as against 1.1% at Rs. 1.6 billion as on March 31, 2011
- The coverage ratio (including write-offs) stood at 68% as on March 31, 2012

BROKING BUSINESSES

FINANCIAL PERFORMANCE

(Rs. Million)

	Q4FY12	Q4FY11	Q3FY12	FY12	FY11
Total Income	1,747	775	1,251	3,601	2,523
Total Expenditure	1,497	755	1,235	3,281	2,316
Profit before tax	250	20	17	320	208

Discussion of financial performance

- The total income stood at Rs. 3.6 billion (US\$ 75.1 million) for the year ended March 31, 2012 - YoY increase of 43%
- The business achieved a profit before tax of Rs. 319.5 million (US\$ 6.7 million) for the year ended March 31, 2012 - YoY increase of 54%

DISTRIBUTION BUSINESS - 'RELIANCE MONEY'

FINANCIAL PERFORMANCE

(Rs. Million)

	Q4FY12	Q4FY11	Q3FY12	FY12	FY11
Total Income	353	162	337	1,060	585
Total Expenditure	251	136	252	826	461
Profit before tax	102	26	84	234	124

Discussion of financial performance

- Total income stood at Rs. 1.1 billion (US\$ 22.1 million) for the year ended March 31, 2012 as against Rs. 585 million for the corresponding previous period - YoY growth of 81%
- The business achieved a profit before tax of Rs. 234.3 million (US\$ 4.9 million) for the year ended March 31, 2012 - YoY increase of 88%

RELIANCE GENERAL INSURANCE

- Amongst leading private sector general insurers in India with private sector market share of 7.6%

FINANCIAL PERFORMANCE

(Rs. Million)

	Q4FY12	Q4FY11	Q3FY12	FY12	FY11
Gross Written Premium	4,185	4,373	3,998	17,125	16,554
Profit before Tax/ (Loss)	(2,483)	(2,187)	(344)	(3,416)	(3,098)
Combined ratio with pool	197%	164%	130%	145%	140%
Capital infusion	2,520	-	560	4,430	1,420
Investment book	27,021	21,372	23,807	27,021	21,372
No of policies issued (millions)	0.7	0.7	0.6	2.6	2.8
No of branches	151	200	152	151	200
No of intermediaries	6,569	4,235	5,788	6,569	4,235

SEGMENT WISE BREAK UP

- Premium contribution

Particulars	As at March 31, 2012	As at March 31, 2011
Motor	66%	65%
Health	13%	15%
Fire & Engineering	12%	10%
Marine	2%	1%
Others	7%	9%
Total	100%	100%

Discussion of financial performance

- Gross Written Premium for the year ended March 31, 2012 was Rs. 17.1 billion (US\$ 357.2 million) – YoY growth of 3%
- The combined ratio (including third party motor pool) was 145%
- The loss was at Rs. 3.4 billion (US\$ 71.2 million) for the year ended March 31, 2012 as against Rs. 3.1 billion in corresponding previous period
- The increase in loss and combined ratio was mainly on account of strengthening the third party motor claims reserves
- The focus at RGI is on writing profitable business and improving the combined ratio. In line with this, the Company is optimizing its product portfolio mix and is increasing its commercial lines of business. During the FY12, RGI realized a gross written premium of Rs. 3.4 billion (US\$ 70.8 million) from commercial lines of business, as against Rs. 3.1 billion in FY11 - YoY increase of 9%
- During the year, a fresh capital infusion of Rs. 4.4 billion (US\$ 92.4 million) was made into the business
- The total capital invested is Rs. 15.9 billion (US\$ 332.0 million)
- The distribution network composed of 151 branches and over 6,500 intermediaries as on March 31, 2012

SECTION 4

STOCK MARKET HIGHLIGHTS

General information

Shareholding and Financial data as on March 31, 2012	
Code/ Exchange	500111 / BSE RELCAPITAL / NSE
Bloomberg/ Reuters	RCAPT.IN
No of share outstanding (March 31, 2012)	245,632,800
Closing market price (Rs.) (March 31, 2012)	329.35
Combined volume (NSE & BSE) (for the year) (No. in million / day)	3.3
Combined value (NSE & BSE) (for the year) (Rs. billion / day)	1.4
F & O volume (NSE - for the year) (No. in million / day)	8.5
F & O value (NSE - for the year) (Rs. in billion / day)	3.5
Stock Beta (for year ended March 31, 2012)	1.46
Market capitalization as on March 31, 2012 (Rs. billion)	80.9
Market capitalization as on March 31, 2012 (US\$ billion)	1.6
Book value per equity share (Rs.)	476.2

Summarized shareholding pattern as of March 31, 2012

Category	No. of shares	Shareholding
Promoters	132,982,272	54.14%
Foreign investors - FIIs, NRIs and others	53,610,688	21.83%
Domestic institutions/ Banks / Mutual funds	13,167,909	5.36%
Indian public	45,871,931	18.67%
Total	245,632,800	100.00%