



Reliance Capital Limited

**Review report on the results for the quarter ended
June 30, 2011 (Un-audited)**

August 13, 2011

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 44.74 = US\$ 1.00 for Q1FY12 profit and loss items and the rate of Rs 44.72 = US\$ 1.00 for balance sheet items as on June 30, 2011. 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	2009	2010	2011	Quarter ended June 30, 2011
Reliance Capital Limited (Consolidated)				
Total Revenues	59,400	61,406	54,985	14,921
Profit After Tax	10,157	4,345	2,912	348
Net worth	73,403	77,125	78,097	78,345
Total Assets	242,600	254,438	319,939	324,194
Reliance Capital Asset Management (Consolidated)				
Total Revenues	4,547	6,817	7,330	1,674
Profit Before Tax	1,686	2,680	2,943	709
Reliance Life Insurance				
Total Premium (Net)	49,153	65,883	65,479	10,749
Profit Before Tax	(10,849)	(2,838)	(1,293)	79
Reliance Commercial Finance				
Total Revenues	12,002	13,252	13,368	4,178
Profit Before Tax	911	1,350	2,693	583
Broking & Distribution businesses				
Total Revenues	3,520	2,585	2,235	488
Profit Before Tax	581	149	345	57
Reliance General Insurance				
Gross Written Premium	19,149	19,797	16,554	5,248
Profit Before Tax/(Loss)	(502)	(905)	(3,098)	(301)

Particulars+	Year ended March 31,			Quarter ended June 30, 2011*
	2009	2010	2011	
Reliance Mutual Fund				
Average Asset under Management (Rs. billion)	795	1,144	1,016	1,013
Reliance Life Insurance				
New business premium	35,140	39,208	30,349	2,630
Reliance General Insurance				
Combined Ratio (%)	114%	117%	136%	130%
Reliance Commercial Finance				
Loan book size	85,761	91,658	122,901	130,302
Reliance Securities				
Broking Accounts (Nos.)	1,010,000	640,000	663,900	666,997

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

* Based on consolidated unaudited results

SECTION 2

AN OVERVIEW

Introduction:

Reliance Capital is one of India's leading private sector financial services companies and ranks among the top 4 private sector financial services and banking groups, in terms of net worth.

Reliance Capital is a part of the Reliance Group and is a constituent of S&P CNX Nifty 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. 1,041.4 billion (US\$ 23.3 billion) as on June 30, 2011 across:
 - mutual funds* – Rs. 1,012.6 billion (US\$ 22.6 billion)
 - managed accounts – Rs. 17.0 billion (US\$ 379 million) and
 - hedge funds – Rs. 11.8 billion (US\$ 264 million)

* - average assets under management for the quarter ended June 30, 2011
- In July 2011, The Employees Provident Fund Organization (EPFO) re-appointed RCAM as one of the fund managers for managing Provident Fund corpus, for a period of three years beginning September 2011
 - RCAM will manage 20% corpus of over Rs. 3.5 trillion (US\$ 78 billion) EPFO fund
- During the quarter, RCAM extended its Product and Service offerings on an advanced technology platform - "INVEST EASY" that facilitates transactions via Internet, Mobile & IVR (Call Center). This would reduce the cost per transaction, enhancing business efficiencies. Non individual investors like institutions, companies, societies and trusts, HUFs and others can transact online, just like Individual investors, using 'INVEST EASY' - a first in the industry

- RCAM's income from its operations for the Quarter ended June 30, 2011 was at Rs. 1,674.3 million (US\$ 37 million) – YoY increase of 2%
- Profit before tax for the Quarter ended June 30, 2011 was Rs. 708.5 million (US\$ 16 million) – YoY increase of 23%
- Focus on retail long term debt, leaner cost of operations and higher yield products, improved PBT margins to 42% in Q1FY12 from 35% in Q1FY11

Reliance Mutual Fund

- Reliance Mutual Fund (RMF) has maintained its leadership position in the country. It had a market share of over 13.6% at the end of June 30, 2011
- The AAUM for the quarter ended June 2011 was at Rs. 1,012.6 billion (US\$ 22.6 billion) as against Rs. 1,108.0 billion for the corresponding previous period
- High focus on the untapped retail opportunity
 - Reliance Mutual Fund launched a unique retail Gold Savings Fund NFO in February 2011
 - The fund is the largest and first Gold fund of funds launched in India, in terms of retail participation
 - The total gold AUM including FoF has crossed Rs. 13 billion (US\$ 291 million)
- The Systematic Investment Plan (SIP) and Systematic Transfer Plan (STP) investor accounts increased by 52% to over 2 million
- As on June 31, 2011, there were total of 45 schemes – 21 Equity oriented schemes, 21 debt oriented schemes, 2 exchange traded schemes and one fund of funds scheme
- At the end of Q1FY12, RCAM had a wide distribution network spanning over 265 branches across India

Reliance Life Insurance

- Reliance Life Insurance (RLI) offers products that fulfill savings and protection needs of customers. Reliance Life offers 24 products, of which 18 are targeted at individuals and 6 at group business. 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 5.3%. (Source: YTD June 2011 data, IRDA website)
- Total premium (net of reinsurance) for the quarter was Rs. 10.7 billion (US\$ 240 million) as against Rs. 12.0 billion for the corresponding previous period
- Renewal premium for the quarter was Rs. 8.2 billion (US\$ 182 million) as against Rs. 6.0 billion – an increase of 37%
- New business premium for the quarter was Rs. 2.6 billion (US\$ 59 million) as against Rs. 6.1 billion
- RLI achieved a profit of Rs. 79 million (US\$ 2 million) as against loss of Rs. 1.2 billion for the previous corresponding period. In fact RLI has been making consistent monthly profits since September 2010
- The total funds under management were at Rs. 177.4 billion (US\$ 4 billion) as on June 30, 2011 against Rs. 144.2 billion as on June 30, 2010 – an increase of 23%
- The distribution network stood at 1,252 offices across India
- The number of agents at the end of June 30, 2011 was 177,747 as against 199,754 at the end of June 30, 2010 – a decrease of 11%, in line with the focus on productivity and performance of agents
- For the third consecutive quarter, no capital was required to be infused into the business. The capital invested in this business, till date, is Rs. 31 billion (US\$ 692 million)

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 , Loans against securities 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
- At the end of June 30, 2011, 98% of the outstanding book was secured as against 90% at the end of June 30, 2010. Over the next two quarters, 100% of the loan book will be secured
- The disbursements for the quarter ended June 30, 2011 were Rs. 20.1 billion (US\$ 449 million) as against Rs. 12.7 billion for corresponding previous period – increase of 58%
- As on June 30, 2011, the assets under management (including securitized portfolio) was Rs. 142.6 billion (US\$ 3.2 billion) as against Rs. 111.2 billion as on June 30, 2010 – YoY increase of 28%
- As on June 30, 2011 the outstanding loan book was Rs. 130.3 billion (US\$ 2.9 billion) as against Rs. 91.5 billion at the end of June 30, 2010 – YoY increase of 42%. This loan book is spread across 105,248 customers from top 18 Indian metros
- During the quarter, the Company did not securitize any loans
- Total income stood at Rs. 4.2 billion (US\$ 93 million) in Q1FY12 as against Rs. 3 billion in corresponding previous period – YoY increase of 38%
- The Net Interest Income for the quarter ended June 30, 2011 was Rs. 1.2 billion (US\$ 27 million) – QoQ increase of 2%
- Reliance Commercial Finance achieved a profit before tax of Rs. 583 million (US\$ 13 million) as against Rs. 362 million for the corresponding previous period – an increase of 61%

Reliance Securities

- Reliance Securities (RSL), the broking arm of Reliance Capital is the one of the leading retail broking houses in India, providing customers with access to equities, equity futures and options, wealth management, portfolio management services, mutual funds, IPOs, offshore investments and investment banking
- Going ahead, the focus will be on the key business verticals of broking, wealth management and investment banking
- Equity Broking:
 - It has 666,997 retail broking accounts at the end of June 30, 2011 – YoY increase of 4%
 - Daily average stock exchange turnover stood at Rs. 12 billion (US\$ 268 million) in Q1FY12
- 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 June 30, 2011 has increased to Rs. 2.3 billion (US\$ 52 million) from Rs. 960 million as on June 30, 2010 – an increase of 141%
- Investment Banking:
 - In investment banking, Reliance Securities addresses the capital requirements of enterprises through various instruments- IPOs, private placements, M&A etc.
 - In Q1FY12:
 - As Syndicate member, handled one issue; total amount mobilized – Rs. 430 million (US\$ 9.6 million)
 - IPO funding – Rs. 160 million (US\$ 3.6 million)
- Reliance Commodities, the commodity broking arm of Reliance Capital, is one of the leading retail broking houses in India, providing customers with access to the commodities market

- It had 36,500 commodity broking accounts at the end of June 30, 2011 – YoY increase of 14%
- The average daily commodities broking turnover was over Rs. 6.0 billion (US\$ 134 million)
- The revenues of the broking businesses, stood at Rs. 332 million (US\$ 7 million) for the quarter ended June 30, 2011 as against Rs. 327 million for the corresponding previous period,– YoY increase of 2% despite drop in average daily turnover, reflecting better yields
- The business achieved a profit before tax of Rs. 30 million (US\$ 1 million) for the quarter ended June 30, 2011, as against Rs. 31 million for the corresponding period in previous year

Distribution business – ‘Reliance Money’

- The distribution business of Reliance Capital, branded as ‘Reliance Money’ is a comprehensive financial services and solutions provider, providing customers with access to mutual funds, life and general insurance products, money transfer, currency exchange, loans , gold coins and premium products
- As on June 30, 2011, Reliance Money had a pan India distribution network of over 6,600 outlets
- Reliance Money is manufacturer agnostic and distributes mutual funds, life & general insurance products, loans and precious metal retailing
 - Reliance Money sold 434 kilos of gold in the quarter ended June 30, 2011– 258% YoY increase
 - Reliance Money is the largest private sector partner for Western Union Money Transfer in India – Over 500,000 money transfer transactions handled during the quarter – a 14% YoY increase
- Reliance Money achieved revenues of Rs. 156 million (US\$ 3.5 million) for the quarter ended June 30, 2011– YoY increase of 147%
- The business achieved a profit before tax of Rs. 27 million (US\$ 1 million) for the quarter ended June 30, 2011, as against Rs. 3 million for the corresponding previous period – YoY increase of over 860%

Reliance General Insurance

- Reliance General Insurance (RGI) offers insurance solutions for auto, health, home, property, travel, marine, commercial and other specialty products
- RGI is the amongst the leading private sector general insurance players in India with a private sector market share of 9.4% The focus at RGI continues to be on writing profitable business and improving the combined ratio
- Gross Written Premium for the quarter ended June 30, 2011 was Rs 5.2 billion (US\$ 117 million) – YoY growth of 22%
- The loss was brought down to Rs. 301 million (US\$ 7 million) for the quarter ended June 30, 2011 as against Rs. 386 million for the corresponding previous period, a decline of 22%
- The combined ratio (including 3rd party motor pool) was 130% - YoY increase of 5% YoY. This increase was mainly on account of additional provisioning for third party commercial motor pool losses
- During the quarter, Rs. 1 billion (US\$ 22.4 million) of capital was infused into the business. The total capital invested till date is Rs. 12.5 billion (US\$ 279 million)
- The distribution network composed of 181 branches and over 4,300 intermediaries at the end of June 30, 2011

Reliance ExchangeNext Ltd (R Next)

- 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 (RSX)

- Reliance Spot Exchange, 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
- Daily transactions are being executed on the exchange auction platform in commodities like RM Seed, Soya bean, Chana and Barley. The total delivery transacted crossed 6,500 metric tons till date. In Q1FY12, the warehouse capacity has increased from 22,000 MT to 48,000 MT

Quant Capital

- Reliance Capital has a majority stake in Quant Capital. The existing management team at Quant Capital continues to be responsible for its operations
- 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 Capital has built and implemented state of the art trading, risk and operational platforms. The firm employs over 150 professionals with diverse skills sets and has expanded its research and quantitative teams to ensure complete sector coverage across Indian equities

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 has successfully raised funds in the domestic market from Institutional and HNI clients
- Reliance Equity Advisors (India) Limited (Reliance Private Equity)'s first Fund, the Reliance Alternative Investments Fund – Private Equity Scheme I has completed investments aggregating to over 20% of the Fund size
- The deal pipeline under execution is robust, and the Fund expects to be over 40% invested by the end of September 2011, and over 60% invested by the end of December 2011
- The Fund's existing investments continue to perform in line with expectations
- The Fund is also looking at building a well diversified portfolio with investments in education, infrastructure materials and other sectors like media consumables, healthcare, FMCG intermediates and logistics

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 June 30, 2011 were Rs 1.6 billion (US\$ 37 million) – an 11 fold YoY increase

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 managed assets of Rs. 1.9 billion (US\$ 41.8 million) as on June 30, 2011

SECTION 3

FINANCIAL AND OPERATING HIGHLIGHTS

Key Highlights for the quarter ended June 30, 2011

- Total income of Rs. 15 billion (US\$ 334 million) as against Rs 13 billion in the corresponding period – an increase of 18%
- Net profit of Rs. 348 million (US\$ 8 million) as against Rs 770 million in the corresponding period – a decrease of 55%, mainly on account of high interest rate environment
- Operating profits from major businesses of asset management, commercial finance, general insurance and broking & distribution at Rs. 1.0 billion (US\$ 23 million) – 79% YoY increase

Summary of Consolidated Financial Statements

(Rs. Million)

	Q1FY12	Q1FY11	FY11
Total income	14,921	12,669	54,985
Staff costs	1,306	1,239	4,968
Other expenditure	3,138	3,147	12,036
Reinsurance premium ceded	2,300	1,881	6,635
Claims incurred	2,302	2,351	13,314
Interest & financial charges	5,130	2,944	14,620
Depreciation	120	128	500
Profit before tax	625	977	2,912
Net Profit after Minority Interest & share of profit of associates	348	770	2,912
Diluted EPS (Rs)	1.42	3.13	11.85

Total income:

RCL's consolidated income from operations for the quarter ended June 30, 2011 was Rs. 15 billion (US\$ 334 million) as against Rs. 13 billion for the corresponding previous period – an increase of 18%.

Operating expenses:

Staff costs for the quarter ended were Rs. 1,306 million (US\$ 29 million) as against Rs. 1,239 million in the corresponding period previous quarter – an increase of 5%.

Selling, general & administrative expenses for the quarter ended June 30, 2011 stood steady at Rs. 3,138 million (US\$ 70 million) as against Rs 3,147 million in the corresponding previous quarter.

Finance cost and Net profit from operations:

Interest & finance charges for the quarter were Rs. 5,130 million (US\$ 115 million) as against Rs. 2,944 million in the corresponding period previous quarter – an increase of 74%. This was on account of increase in disbursements and cost of borrowing.

Depreciation for the quarter was Rs. 120 million (US\$ 3 million) as against Rs. 128 million in the corresponding previous period, a decrease of 7%.

Profit after tax, minority interest and share of profit of associates for the quarter ended June 30, 2011 was Rs. 348 million (US\$ 8 million) as against Rs. 770 million in the previous quarter, a decrease of 55%, mainly on account of high interest rate environment

Operating profits from major businesses of asset management, commercial finance, general insurance and broking & distribution at Rs. 1.0 billion (US\$ 23 million) – 78% YoY increase

Balance sheet

As on June 30, 2011, the company had total assets of Rs 324 billion (US\$ 7 billion) – YoY increase of 19% and a net worth of Rs. 78 billion (US\$ 2 billion)

The company had a net debt of Rs 200 billion (US\$ 4 billion) as on June 30, 2011 and equity of Rs. 78 billion (US\$ 2 billion), resulting to net debt to equity ratio of 2.5.

BUSINESS WISE PERFORMANCE

RELIANCE CAPITAL ASSET MANAGEMENT

FINANCIAL PERFORMANCE

(Rs. Million)

	Q1FY12	Q1FY11	Q4FY11	FY11
Total Income	1,674	1,642	2,058	7,330
Total Expenses	966	1,064	1,306	4,387
Profit before tax	709	577	752	2,943

Discussion of financial performance

Total income:

- RCAM's income from its operations for the quarter ended June 30, 2011 was at Rs. 1,674.3 million (US\$ 37 million) from Rs. 1,641.7 million in the corresponding previous period – a YoY increase of 2%
- Total expenses for the quarter ended June 30, 2011, reduced by 9% YoY to Rs. 965.8 million (US\$ 23 million)
- Profit before tax for the period ended June 30, 2011 was Rs. 708.5 million (US\$ 16 million) as against Rs. 577.5 million in corresponding period of previous year - YoY increase of 23%
- Focus on retail long term debt, leaner cost of operations and higher yield products, improved PBT margins to 42% in Q1FY12 from 35% in Q1FY11

RELIANCE LIFE INSURANCE

- Amongst leading private sector life insurers in India with private sector market share of 5.30% in terms of new business premium

FINANCIAL PERFORMANCE

(Rs. Million)

	Q1FY12	Q1FY11	FY11
First year premium	2,317	5,630	22,846
Single premium	313	422	7,503
Total new business premium	2,630	6,053	30,349
Renewal premium	8,161	5,956	35,362
Total premium (net of reinsurance)	10,749	11,976	65,479
Profit before tax	79	(1,218)	(1,293)
Operating Costs (excl. commission)	2,871	4,554	15,640
No of offices	1,252	1,247	1,248
No of agents	177,747	199,754	189,304
Total Funds under management	177,353	144,232	178,553
Capital infused	0	700	1,200

- Total premium (net of reinsurance) for the quarter was Rs. 10.7 billion (US\$ 240 million) as against Rs. 12.0 billion for the corresponding previous period
- Renewal premium for the quarter was Rs. 8.2 billion (US\$ 182 million) as against Rs. 6.0 billion – an increase of 37%
- New Business Premium Income was Rs 2.6 billion (US\$ 59 million) for the quarter as against Rs 6.1 billion in the corresponding previous period
- RLI achieved a profit of Rs. 79 million (US\$ 2 million) as against loss of Rs. 1.2 billion for the previous corresponding period. In fact RLI has been making consistent monthly profits since September 2010
- Operating costs stood at Rs. 2.9 billion (US\$ 64 million) – decline of 37% over corresponding previous period
- The total funds under management were at Rs. 177.4 billion (US\$ 4 billion) as on June 30, 2011 against Rs. 144.2 billion as on June 30, 2010 – an increase of 23%

- The distribution network stood at 1,252 offices at the end of Q1FY12
- The number of agents at the end of June 30, 2011 was 177,747 as against 199,754 at the end of June 30, 2010 – a decrease of 11%, in line with the focus on productivity and performance of agents
- For the third consecutive quarter, RLI did not need fresh infusion of capital. The total capital invested in this business, till date, is Rs. 31 billion (US\$ 692 million)

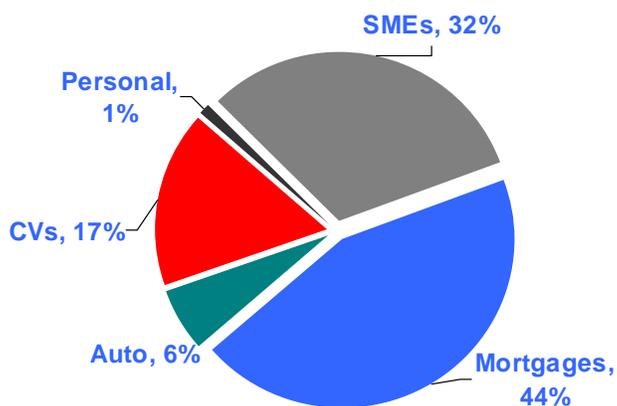
RELIANCE COMMERCIAL FINANCE

Discussion of financial performance

- Reliance Commercial Finance disbursed Rs. 20.1 billion (US\$ 449 million) of secured loans during the quarter, as against Rs. 12.7 billion for the corresponding previous period, increase of 58%
- As on June 30, 2011, the assets under management (including securitized portfolio) was Rs. 142.6 billion (US\$ 3.2 billion) as against Rs. 111.2 billion as on June 30, 2010 – increase of 28%
- As on June 30, 2011 the outstanding loan book was Rs. 130.3 billion (US\$ 2.9 billion), up 42% from Rs. 91.5 billion as at the end of June 30, 2010. This loan book is spread across 105,248 customers from top 18 Indian metros
- At the end of June 30, 2011, 98% of outstanding loan book was secured as against 90% at the end of June 30, 2010. Over the next two quarters, the entire loan book will be secured
- Personal loans proportion brought down to 1% of the outstanding loan book for the quarter as against 5% for the corresponding previous period
- During the quarter, Company did not securitize any loans

LOAN BOOK MIX – as on June 30, 2011

Outstanding Loan book – Rs. 130 billion



FINANCIAL PERFORMANCE

(Rs. Million)

	Q1FY12	Q1FY11	Q4FY11	FY11
Disbursals	20,100	12,746	32,115	87,820
Net Interest Income	1,215	1,258	1,193	5,122
Total Income	4,178	3,034	3,756	13,368
Total expenses	789	684	619	2,516
Interest expenses	2,673	1,473	2,106	6,859
Provisions	133	514	103	1,299
Profit before tax	583	362	928	2,693

- Total income stood at Rs. 4.2 billion (US\$ 93 million) in Q1FY12 as against Rs. 3 billion in corresponding previous period – YoY increase of 38%
- The Net Interest Income for the quarter ended June 30, 2011 was Rs. 1.2 billion (US\$ 27 million) – QoQ increase of 2%
- The profit before tax for the quarter ended June 30, 2011 was Rs. 583 million (US\$ 13 million) as against Rs. 362 million for the corresponding previous period – an increase of 61%
- The cost to income ratio for the quarter was 19% as against 23% for Q1FY11
- The average cost of funds for the quarter ended June 30, 2011 was 10.3%
- Average NIMs stood at 4.3%
- 44% YoY decline in Gross NPLs at Rs. 1.5 billion (US\$ 34 million)
- Provisioning for the quarter was Rs. 133 million (US\$ 3 million) – YoY decrease of 74%
- The coverage ratio (including write-offs) stood at 82% as on June 30, 2011 as against 69% as on June 30, 2010

BROKING BUSINESSES

FINANCIAL PERFORMANCE

(Rs. Million)

	Q1FY12	Q1FY11	Q4FY11	FY11
Total Income	332	327	570	1,649
Sub brokerage	61	56	92	252
Personnel Costs	151	118	149	512
Other expenses	90	123	228	665
Profit before tax	30	31	101	221

Discussion of financial performance

- The total income stood at Rs. 332 million (US\$ 7 million) for the quarter ended June 30, 2011 as against Rs. 327 million for the quarter ended June 30, 2010 – YoY increase of 2% despite drop in average daily turnover, reflecting better yields
- The business achieved a profit before tax of Rs. 30 million (US\$ 1 million) for the quarter ended June 30, 2011, as against Rs. 31 million for the quarter ended June 30, 2011
- The focus and thrust continues to be on margin improvement and profitable growth

DISTRIBUTION BUSINESS – ‘RELIANCE MONEY’

FINANCIAL PERFORMANCE

(Rs. Million)

	Q1FY12	Q1FY11	Q4FY11	FY11
Total Income	156	63	162	585
Sub brokerage	25	38	83	267
Personnel Costs	33	15	18	70
Other expenses	71	7	36	124
Profit before tax	27	3	26	124

Discussion of financial performance

- The total income stood at Rs. 156 million (US\$ 35 million) for the quarter ended June 30, 2011 as against Rs. 63 million for the quarter ended June 30, 2011 – growth of 147%
- The business achieved a profit before tax of Rs. 27 million (US\$ 6 million) for the quarter ended June 30, 2011, as against a profit of Rs. 3 million for the corresponding previous period – over 860% growth
- The significant shift in profitability is due to the focus on higher margin products and leaner cost of operations. It has translated to profit margin of 17% in Q1FY12, improved sharply from 4% in corresponding previous period

RELIANCE GENERAL INSURANCE

- Amongst leading private sector general insurers in India with private sector market share of 9.4%

FINANCIAL PERFORMANCE

(Rs. Million)

	Q1FY12	Q1FY11	Q4FY11	FY11
Gross Written Premium	5,248	4,293	4,373	16,554
Profit before Tax/ (Loss)	(301)	(386)	(2,207)	(3,116)
Combined ratio with pool	130%	124%	163%	136%
Capital infusion	1,000	950	0	1,420
Investment book	23,497	19,972	21,372	21,372
No of policies issued (millions)	0.69	0.73	0.74	2.80
No of branches	181	200	200	200
No of intermediaries	4,348	4,428	4,235	4,235

SEGMENT WISE BREAK UP

- Premium contribution

Particulars	As at June 30, 2011	As at June 30, 2010
Motor	59%	53%
Health	15%	15%
Fire	9%	10%
Engineering	6%	2%
Others	11%	19%
Total	100%	100%

Discussion of financial performance

- The focus at RGI continues to be on writing profitable business and improving the combined ratio
- Gross Written Premium for the quarter ended June 30, 2011 was Rs 5.2 billion (US\$ 117 million) – growth of 22%
- The combined ratio (including 3rd party motor pool) was 130% - YoY increase of 5%, on account of additional provisioning for third party commercial motor pool losses
- The loss was brought down to Rs. 301 million (US\$ 7 million) for the quarter ended June 30, 2011 as against Rs. 386 million for the corresponding previous period, a decline of 22%
- During the quarter, Rs. 1 billion was infused into the business. The total capital invested till date is Rs. 12.5 billion (US\$ 279 million)
- The distribution network composed of 181 branches and over 4,300 intermediaries at the end of June 30, 2011

- SECTION 4

STOCK MARKET HIGHLIGHTS

General information

Shareholding and Financial data as on June 30, 2011	
Code/ Exchange	500111/ BSE RELCAPITAL/ NSE
Bloomberg/ Reuters	RCAPT.IN
No of share outstanding (June 30, 2011)	245,632,800
Closing market price (Rs.) (June 30, 2011)	578.45
Combined volume (NSE & BSE) (for the quarter) (No. in million/ day)	1.2
Combined value (NSE & BSE) (for the quarter) (Rs. million / day)	677.1
F& O volume (NSE – for the quarter) (No. in million/ day)	9.0
F& O value (NSE – for the quarter) (Rs. in billion/ day)	4.9
Weightage of Reliance Capital in indices: S&P CNX Nifty	0.39
MSCI	0.45
Stock Beta (for quarter ended June 30, 2011)	1.17
Market capitalization as on June 30, 2011(Rs billion)	142.1
Market capitalization as on June 30, 2011(US\$ billion)	3.2
Book value per equity share (Rs.)	321.10

Summarized shareholding pattern as of June 30, 2011

Category	No of shares	Shareholding %
Reliance Group	13,29,82,274	54.1%
Foreign investors – FIIs, NRIs and others	5,79,52,247	23.6%
Domestic institutions/ Banks / Mutual funds	1,19,55,898	4.9%
Indian public	4,27,42,381	17.4%
Total	24,56,32,800	100.0%

Reliance Capital daily stock price & volume (NSE) movement (Source: Bloomberg)



Comparison of Reliance Capital stock movement with peer groups (Data Source: Bloomberg)

