

Reliance Capital Limited

**Review report on the results for the quarter ended
December 31, 2015 (un-audited)**

January 21, 2016

Safe Harbour

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. 66.00 = US\$ 1.00 for Q3 FY16 profit and loss items and for the balance sheet items as on December 31, 2015. 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	2013	2014	2015	Quarter ended Dec 31, 2015
Reliance Capital Limited (Consolidated)				
Total Revenues	75,186	75,441	88,608	23,184
Profit After Tax	8,119	7,465	10,011	2,345
Net worth	120,054	124,831	135,466	144,511
Total Assets	405,881	455,277	474,401	500,723
Reliance Life Insurance				
Total Premium (Net)	40,153	42,567	45,917	9,862
Profit Before Tax / (Loss)	3,804	3,589	1,352	77
Reliance General Insurance				
Gross Written Premium	20,362	24,417	27,530	6,679
Profit Before Tax / (Loss)	(928)	641	814	153
Reliance Commercial Finance				
Total Revenues	21,168	22,100	23,609	6,648
Profit Before Tax	3,420	4,295	4,406	1,120
Reliance Capital Asset Management (Consolidated)				
Total Revenues	7,346	7,749	9,551	3,398
Profit Before Tax	2,896	3,521	4,550	1,408
Broking & Distribution businesses				
Total Revenues	3,781	3,499	2,849	680
Profit Before Tax / (Loss)	448	(207)	(255)	6

Particulars	Year ended March 31,			Quarter ended Dec 31, 2015*
	2013 ⁺	2014 ⁺	2015 ⁺	
Reliance Life Insurance				
New business premium	13,766	19,340	20,697	2,849
Reliance General Insurance				
Combined Ratio (%)	121%	119%	121%	124%
Reliance Commercial Finance				
Loan book size	136,524	136,668	154,093	169,141
Reliance Mutual Fund				
Average Asset under Management (Rs. billion)	946	1,035	1,371	1,569
Broking & Distribution businesses				
Broking Accounts (Nos.)	710,000	723,600	750,900	768,000

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

* Financial highlights are based on un-audited consolidated results

SECTION 2

BUSINESS OVERVIEW

Introduction:

Reliance Capital is one of India's leading private sector financial services companies and ranks amongst the top 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 Global Small Cap Index.

Reliance Group is amongst India's leading business houses with over 250 million customers. The Group has a strong presence across a wide array of high growth consumer-facing businesses of financial services, telecom, energy, power, infrastructure, and Defence.

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

Summary of Consolidated Financial Statements

(Rs. Million)

	Q3 FY16	Q3 FY15	Q2 FY16	FY15
Interest Income	10,990	9,461	10,986	38,847
Capital Gains / Dividend	903	1,194	791	7,053
Premium Earned	6,642	6,558	6,685	27,501
Management & Advisory Fee	3,114	2,274	3,057	8,687
Brokerage & Commission	531	738	964	3,032
Other Income	1,003	829	1,126	3,487
Total income	23,184	21,053	23,609	88,608
Interest & Finance charges	7,084	6,667	7,009	26,423
Other Expenses	12,413	11,579	12,991	49,875
Total Expenses	19,497	18,245	20,000	76,298
Profit before tax	3,687	2,808	3,610	12,310
Net Profit after Minority Interest & share of profit of associates	2,345	2,132	2,501	10,011
Diluted EPS (Rs.)	9.3	8.7	9.9	40.7

- Total consolidated income of Rs. 23.2 billion (US\$ 351.3 million) against Rs. 21.1 billion in the corresponding previous period - a YoY increase of 10%

- Interest & finance charges for the quarter were Rs. 7.1 billion (US\$ 107.3 million) - an increase of 6% as against the corresponding previous period
- Other expenses for the quarter were Rs. 12.4 billion (US\$ 188.1 million) - an increase of 7% as against the corresponding previous period
- Profit after tax, minority interest and share of profit of associates for the quarter ended December 31, 2015, was Rs. 2.3 billion (US\$ 35.5 million) - a YoY increase of 10%.
- Net debt to equity stood at 1.77 as on December 31, 2015, as compared to 1.78 at the end of Q3 FY15

Balance sheet

As on December 31, 2015, the company had total assets of Rs. 500.7 billion (US\$ 7.6 billion) - a YoY increase of 11%. The company had a net worth of Rs. 144.5 billion (US\$ 2.2 billion) - a YoY increase of 10%.

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.

Reliance Life Insurance

- Reliance Life Insurance (RLI) offers products that fulfill savings and protection needs of customers. As on December 31, 2015, Reliance Life offered 34 products, of which 25 were targeted at individuals and 9 at affinity and employer groups
- As on December 31, 2015, Reliance Life Insurance had 8 optional rider offerings to provide comprehensive risk protection to customers. Of these, 6 were for the Individual Segment and the rest for the Employee Benefits Business Segment
- RLI is amongst the leading Indian private sector insurers (in terms of new business premium) with a private sector market share of 3.7% as against 4.9% in Q3 FY15 (Source: December 2015 data, IRDA website)
- Total premium (net of reinsurance) for the quarter was Rs. 9.9 billion (US\$ 149.4 million) - a YoY decrease of 6%
- New business premium for the quarter ended December 31, 2015, was Rs. 2.8 billion (US\$ 43.2 million) - a YoY decrease of 34%. Of the individual new business premium, 80% was contributed by traditional products
- Renewal premium rose to Rs. 7.1 billion (US\$ 106.9 million) - a YoY increase of 13%
- **Financial Performance**

(Rs. Million)

	Q3 FY16	Q3 FY15	Q2 FY16	FY15
First year premium	2,690	4,118	5,629	19,711
Single premium	158	203	378	986
Total new business premium	2,849	4,321	6,007	20,697
Renewal premium	7,058	6,245	6,729	25,514
Total premium (Net of Reinsurance)	9,862	10,520	12,629	45,917
Profit before tax	77	395	151	1,352*
Operating Costs (incl. commission)	3,615	4,165	3,639	18,076
Total Funds under management	160,381	185,995	155,239	169,274

* Including policyholder's surplus transferred to shareholders' account

- Operating costs (including commission) decreased by 13% to Rs. 3.6 billion (US\$ 54.8 million) for the quarter ended December 31, 2015
- Operating costs (as a percentage of Individual WRP and Renewal premium) decreased from 46% to 40% for the quarter ended December 31, 2015

- RLI achieved a profit before tax of Rs. 76.8 million (US\$ 1.2 million), for the quarter ended December 31, 2015 - a YoY decrease of 81%. The declared results of Reliance Capital include consolidation of 48% stake of RLI
- Average ticket size for the quarter increased by 2% to approx. Rs. 26,800, despite a reduction in ULIP contribution
- The distribution network stood at over 800 offices and 120,000 customer touch points across India

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 7.5%
- Gross Written Premium for the quarter ended December 31, 2015, was Rs. 6.7 billion (US\$ 101.2 million) - a YoY increase of 1%
- During the quarter, RGI realized a gross written premium of Rs. 923.4 million (US\$ 14.0 million) from commercial lines of business - a YoY decrease of 20%
- **Segment-wise break up of Premium**

Particulars	Q3 FY16	Q3 FY15	FY15
Motor	63%	64%	60%
Health	22%	18%	17%
Fire & Engineering	10%	8%	11%
Marine	2%	1%	2%
Others	3%	9%	10%
Total	100%	100%	100%

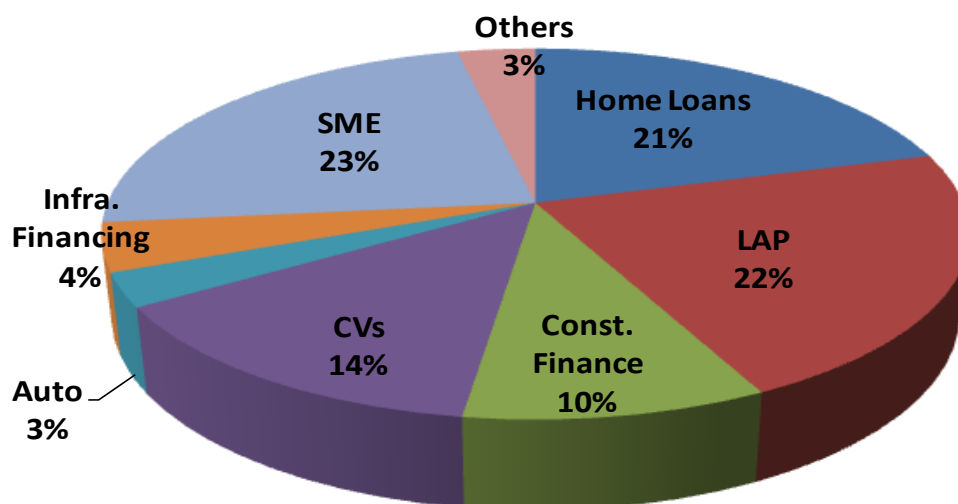
- Number of policies sold in the quarter were over 1.0 million
 - Online channel: policies sold rose by 76%, while premium increased by 46%
 - Usage of manual cover-note in Motor segment reduced to 3.9% in Q3 FY16
- **Financial Performance**

	Q3 FY16	Q3 FY15	Q2 FY16	FY15
				(Rs. Million)
Gross Written Premium	6,679	6,580	6,707	27,530
Profit before Tax / (Loss)	153	145	300	814
Combined ratio with pool	124%	126%	122%	121%
Capital infusion	-	350	-	900
Investment book	53,801	49,397	53,444	50,483
No. of policies issued (millions)	1.0	1.2	0.9	4.2
No. of branches	126	127	127	127
No. of agents	19,307	16,414	18,338	16,370

- The combined ratio for the quarter ended December 31, 2015, was at 124% as against 126% in the corresponding previous period
- The profit was at Rs. 152.8 million (US\$ 2.3 million) for the quarter ended December 31, 2015 - a YoY increase of 5%
- The solvency ratio for the business was at 1.64 as on December 31, 2015
- The total capital invested is at Rs. 18.4 billion (US\$ 278.3 million)
- The distribution network composed of over 125 branches and over 19,300 agents as on December 31, 2015

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, and Infrastructure financing
- RCF is amongst the leading lenders in the SME segment. The focus in this business continues to be on asset backed lending and productive asset creation. In line with this, the Company has been disbursing only secured asset backed loans and has wound down the unsecured loans portfolio
- As on December 31, 2015, 100% of the outstanding book was secured
- The disbursements for the quarter ended December 31, 2015, were Rs. 31.2 billion (US\$ 472.5 million) - a YoY increase of 33%
- As on December 31, 2015, the assets under management (including securitized portfolio) was Rs. 219.4 billion (US\$ 3.3 billion) as against Rs. 185.0 billion as on December 31, 2014 - a YoY increase of 19%
- As on December 31, 2015, the outstanding loan book was Rs. 169.1 billion (US\$ 2.6 billion) as against Rs. 137.8 billion as on December 31, 2014 - a YoY increase of 23%. This loan book is spread across 72,400 customers from top 44 Indian metros
- **AUM Mix (as on December 31, 2015)**



- During the quarter, RCF securitized loans of Rs. 10.7 billion (US\$ 162.7 million) - a YoY increase of 38%
- Total income stood at Rs. 6.6 billion (US\$ 100.7 million) in Q3 FY16 as against Rs. 5.8 billion in the corresponding previous period - a YoY increase of 15%
- The Net Interest Income for the quarter ended December 31, 2015, was at Rs. 2.2 billion (US\$ 33.9 million) - a YoY increase of 16%
- Average NIMs for the quarter ended December 31, 2015, were 5.7% as against 5.8% for the corresponding previous period
- RCF achieved a profit before tax of Rs. 1.1 billion (US\$ 17.0 million) as against Rs. 1.1 billion in the corresponding previous period - a YoY increase of 1%
- The cost to income ratio was 16.6% in Q3 FY16 as against 15.5% in Q3 FY15

- **Financial Performance**

(Rs. Million)

	Q3 FY16	Q3 FY15	Q2 FY16	FY15
Disbursements	31,187	23,505	28,923	104,422
Net Interest Income	2,235	1,930	2,201	8,044
Total Income	6,648	5,765	6,574	23,609
Interest expenses	3,977	3,419	3,929	13,909
Other expenses	1,104	892	1,165	4,047
Provisions	448	348	465	1,247
Profit before tax	1,120	1,107	1,015	4,406

- Gross NPLs were 2.6% of outstanding AUMs at Rs. 5.8 billion (US\$ 87.6 million) as on December 31, 2015, as against 2.5% as at December 31, 2014
- The coverage ratio (including write-offs) stood at 55% as on December 31, 2015. Excluding write-offs, the ratio was at 23%

Reliance Capital Asset Management

- Reliance Capital Asset Management (RCAM) managed Rs. 2.6 trillion (US\$ 39.6 billion) as on December 31, 2015, across:
 - mutual funds* - Rs. 1.6 trillion (US\$ 23.8 billion)
 - pension funds - Rs. 980.7 billion (US\$ 14.9 billion)
 - managed accounts - Rs. 14.7 billion (US\$ 223.0 million) and
 - offshore funds - Rs. 41.1 billion (US\$ 623.3 million)
 - alternative investment fund - Rs. 8.2 billion (US\$ 124.5 million)

* - average assets under management (AAUM) for the quarter ended December 31, 2015

- RCAM continues to be the largest asset manager in the country
- RCAM's income from its operations for the quarter ended December 31, 2015, was at Rs. 3.4 billion (US\$ 51.5 million) - a YoY increase of 36%
- RCAM's total expenditure from its operations for the quarter ended December 31, 2015, was at Rs. 2.0 billion (US\$ 30.1 million) - a YoY increase of 61%
- Profit before tax for the quarter ended December 31, 2015, was Rs. 1.4 billion (US\$ 21.3 million) - a YoY increase of 12%
- PBT margins was at 41% in Q3 FY16 as against 50% for the corresponding previous period

- **Financial Performance**

	(Rs. Million)			
	Q3 FY16	Q3 FY15	Q2 FY16	FY15
Total Income	3,398	2,495	3,157	9,551
Total Expenses	1,990	1,235	1,936	5,002
Profit before tax	1,408	1,260	1,221	4,550

Reliance Mutual Fund

- Reliance Mutual Fund (RMF) is amongst the top 3 mutual funds in India in terms of Assets under Management, with a market share of 11.7%
- The AAUM for the quarter ended December 31, 2015, was at Rs. 1.6 trillion (US\$ 23.8 billion) as against Rs. 1.3 trillion for the corresponding previous period - a YoY increase of 24%
- RMF continues to be one of the most profitable Mutual Funds in India

- Continued focus on the untapped retail opportunity
 - Equity AAUMs form 33% of the overall AAUMs as against 31% for the corresponding previous period
 - Gold Savings Fund
 - Gold assets size was Rs. 13.0 billion (US\$ 197.7 million) in AAUM for the quarter ended December 31, 2015
 - RMF had a 22% market share in gold AUMs as on December 31, 2015
- There were 1.4 million Systematic Investment Plan (SIP) & Systematic Transfer Plan (STP) investor accounts at the end of the quarter - a YoY increase of 20%
- Reliance Mutual Fund has the highest AUM sourced 'outside the Top 15 cities' in the industry
- As on December 31, 2015, there were total 223 schemes - 34 Equity oriented schemes, 180 debt oriented schemes, 8 exchange traded schemes and 1 fund of funds scheme
- At the end of Q3 FY16, RCAM had a wide distribution network spanning nearly 170 touch points and 48,000 empanelled distributors

Broking business

- Reliance Capital's broking business provides clients with access to equities, equity options and commodities futures, wealth management, portfolio management services, mutual funds and IPOs. The focus is on the key business verticals of broking and wealth management
- Equity Broking:
 - Nearly 768,000 retail broking accounts as on December 31, 2015 - a YoY increase of 3%
 - Daily average stock exchange turnover stood at Rs. 16.1 billion (US\$ 243.8 million) - a YoY increase of 11%
- Commodity Broking:
 - It has over 62,700 commodity broking accounts as on December 31, 2015 - a YoY increase of 29%
 - The average daily commodities broking turnover was Rs. 3.4 billion (US\$ 51.7 million) - a YoY increase of 24%
- Revenues of the broking business stood at Rs. 538.5 million (US\$ 8.2 million) for the quarter ended December 31, 2015 - a YoY increase of 7%
- Profit before tax for the quarter ended December 31, 2015, was Rs. 8.8 million (US\$ 0.1 million) - a YoY increase of 74%
- **Financial Performance**

(Rs. Million)

	Q3 FY16	Q3 FY15	Q2 FY16	FY15
Total Income	539	502	541	1,868
Total Expenditure	530	497	534	1,814
Profit before tax	9	5	7	54

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, loans, and other premium financial products such as PMS, private equity, REITs, etc.

- As on December 31, 2015, Reliance Money had a pan India distribution network of over 150 branches
- Wealth Management:
 - In wealth management, client needs are assessed to create customized financial investment opportunities
 - The AUM as on December 31, 2015, increased to Rs. 21.4 billion (US\$ 323.9 million) - a YoY increase of 86%
- Reliance Money's revenues stood at Rs. 141.3 million (US\$ 2.1 million) for the quarter ended December 31, 2015 - a YoY decrease of 38%
- The business made a loss of Rs. 3.0 million for the quarter ended December 31, 2015
- **Financial Performance**

(Rs. Million)

	Q3 FY16	Q3 FY15	Q2 FY16	FY15
Total Income	141	229	216	981
Total Expenditure	144	336	219	1,290
Profit before tax	(3)	(107)	(3)	(309)

Reliance Asset Reconstruction

- Reliance Asset Reconstruction Ltd. (Reliance ARC) is in the business of acquisition, management and resolution of distressed debt / assets. The focus of the business continues to be on the distressed assets in the SME and retail segments
- The assets under management as on December 31, 2015, rose to Rs. 13.2 billion (US\$ 200.6 million) as against Rs. 10.8 billion as on December 31, 2014 - a YoY increase of 23%
- The resolutions during the quarter amounted to Rs. 350.0 million (US\$ 5.3 million) against Rs. 430.0 million in the quarter ended December 31, 2014
- Profit before tax for the quarter ended December 31, 2015, was Rs. 31.9 million (US\$ 0.5 million)

SECTION 3

CAPITAL MARKET HIGHLIGHTS

General information

Shareholding and Financial data as on December 31, 2015	
Code/ Exchange	500111 / BSE RELCAPITAL / NSE
Bloomberg/ Reuters	RCAPT.IN
No of share outstanding (December 31, 2015)	252,632,800
Closing market price (Rs.) (December 31, 2015)	438.3
Combined volume (NSE & BSE) (for the quarter) (No. in million / day)	2.7
Combined value (NSE & BSE) (for the quarter) (Rs. billion / day)	1.1
F & O volume (NSE - for the quarter) (No. in million / day)	28.4
F & O value (NSE - for the quarter) (Rs. in billion / day)	6.4
Stock Beta (for quarter ended December 31, 2015)	1.1
Market capitalization as on December 31, 2015 (Rs. billion)	110.7
Market capitalization as on December 31, 2015 (US\$ billion)	1.7
Book value per equity share (Rs.)	572.0

Summarized shareholding pattern as of December 31, 2015

Category	No. of shares	Shareholding
Promoters	131,382,303	52.0%
Foreign investors - FIIs, NRIs and others	45,337,314	17.9%
Domestic institutions / Banks / Mutual funds	29,523,697	11.7%
Indian public and others	46,389,486	18.4%
Total	252,632,800	100.0%