

# Reliance Capital Limited

**Review report on the results for the quarter ended  
September 30, 2015 (un-audited)**

**November 2, 2015**

**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. 65.00 = US\$ 1.00 for Q2 FY16 profit and loss items and for the balance sheet items as on September 30, 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 Sept 30, 2015
<b>Reliance Capital Limited (Consolidated)</b>				
Total Revenues	75,186	75,441	88,608	23,609
Profit After Tax	8,119	7,465	10,011	2,501
Net worth	120,054	124,831	135,466	141,746
Total Assets	405,881	455,277	474,401	494,199
<b>Reliance Life Insurance</b>				
Total Premium (Net)	40,153	42,567	45,917	12,629
Profit Before Tax / (Loss)	3,804	3,589	1,352	151
<b>Reliance General Insurance</b>				
Gross Written Premium	20,362	24,417	27,530	6,707
Profit Before Tax / (Loss)	(928)	641	814	300
<b>Reliance Commercial Finance</b>				
Total Revenues	21,168	22,100	23,609	6,574
Profit Before Tax	3,420	4,295	4,406	1,015
<b>Reliance Capital Asset Management (Consolidated)</b>				
Total Revenues	7,346	7,749	9,551	3,157
Profit Before Tax	2,896	3,521	4,550	1,221
<b>Broking &amp; Distribution businesses</b>				
Total Revenues	3,781	3,499	2,849	756
Profit Before Tax / (Loss)	448	(207)	(255)	4

Particulars	Year ended March 31,			Quarter ended Sept 30, 2015*
	2013 <sup>+</sup>	2014 <sup>+</sup>	2015 <sup>+</sup>	
<b>Reliance Life Insurance</b>				
New business premium	13,766	19,340	20,697	6,007
<b>Reliance General Insurance</b>				
Combined Ratio (%)	121%	119%	121%	122%
<b>Reliance Commercial Finance</b>				
Loan book size	136,524	136,668	154,093	160,976
<b>Reliance Mutual Fund</b>				
Average Asset under Management (Rs. billion)	946	1,035	1,371	1,529
<b>Broking &amp; Distribution businesses</b>				
Broking Accounts (Nos.)	710,000	723,600	750,900	762,600

<sup>+</sup> All the financial highlights given are based on consolidated audited results

<sup>\*</sup> 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)

	Q2 FY16	Q2 FY15	Q1 FY16	FY15
Interest Income	10,986	9,896	10,409	38,847
Capital Gains / Dividend	791	1,007	1,070	7,053
Premium Earned	6,685	6,481	8,622	27,501
Management & Advisory Fee	3,057	1,967	2,965	8,687
Brokerage & Commission	964	789	751	3,032
Other Income	1,126	705	755	3,487
<b>Total income</b>	<b>23,609</b>	<b>20,845</b>	<b>24,571</b>	<b>88,608</b>
Interest & Finance charges	7,009	6,603	6,851	26,423
Other Expenses	12,991	11,610	14,923	49,875
<b>Total Expenses</b>	<b>20,000</b>	<b>18,213</b>	<b>21,775</b>	<b>76,298</b>
Profit before tax	3,610	2,632	2,796	12,310
<b>Net Profit after Minority Interest &amp; share of profit of associates</b>	<b>2,501</b>	<b>2,175</b>	<b>2,006</b>	<b>10,011</b>
Diluted EPS (Rs.)	9.9	8.9	7.9	40.7

- Total consolidated income of Rs. 23.6 billion (US\$ 363.2 million) against Rs. 20.8 billion in the corresponding previous period - a YoY increase of 13%

- Interest & finance charges for the quarter were Rs. 7.0 billion (US\$ 107.8 million) - an increase of 6% as against the corresponding previous period
- Other expenses for the quarter were Rs. 13.0 billion (US\$ 199.9 million) - an increase of 12% as against the corresponding previous period
- Profit after tax, minority interest and share of profit of associates for the quarter ended September 30, 2015, was Rs. 2.5 billion (US\$ 38.5 million) - a YoY increase of 15%.
- Net debt to equity stood at 1.76 as on September 30, 2015, as compared to 1.81 at the end of Q2 FY15

### Balance sheet

As on September 30, 2015, the company had total assets of Rs. 494.2 billion (US\$ 7.6 billion) - a YoY increase of 11%. The company had a net worth of Rs. 141.7 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 September 30, 2015, Reliance Life offered 33 products, of which 24 were targeted at individuals and 9 at affinity and employer groups
- As on September 30, 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 6.0% as against 7.6% in Q2 FY15 (Source: September 2015 data, IRDA website)
- Total premium (net of reinsurance) for the quarter was Rs. 12.6 billion (US\$ 194.3 million) - a YoY increase of 5%
- New business premium for the quarter ended September 30, 2015, was Rs. 6.0 billion (US\$ 92.4 million) - a YoY increase of 2%. Of the individual new business premium, 85% was contributed by traditional products
- Renewal premium rose to Rs. 6.7 billion (US\$ 103.5 million) - a YoY increase of 8%
- Operating costs (including commission) decreased by 9% to Rs. 3.6 billion (US\$ 56.0 million) for the quarter ended September 30, 2015
- RLI achieved a profit before tax of Rs. 151.0 million (US\$ 2.3 million), for the quarter ended September 30, 2015 - a YoY decrease of 71% primarily due to fall in surrender income. The declared results of Reliance Capital include consolidation of 48% stake of RLI
- **Financial Performance**

	(Rs. Million)			
	Q2 FY16	Q2 FY15	Q1 FY16	FY15
<b>First year premium</b>	5,629	5,560	2,711	19,711
<b>Single premium</b>	378	303	297	986
<b>Total new business premium</b>	<b>6,007</b>	<b>5,863</b>	<b>3,008</b>	<b>20,697</b>
<b>Renewal premium</b>	6,729	6,230	4,515	25,514
<b>Total premium (Net of Reinsurance)</b>	12,629	11,984	7,465	45,917
<b>Profit before tax</b>	<b>151*</b>	<b>526*</b>	<b>352</b>	<b>1,352*</b>
<b>Operating Costs (incl. commission)</b>	3,639	3,997	3,612	18,076
<b>Total Funds under management</b>	155,239	188,969	159,061	169,274

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

- Average ticket size for the quarter decreased by 2% to approx. Rs. 27,000 due to decline in ULIP contribution
- The distribution network stood at over 800 offices across India and approx. 110,000 customer touch points



### 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 7.8%
- Gross Written Premium for the quarter ended September 30, 2015, was Rs. 6.7 billion (US\$ 103.2 million) - a YoY increase of 3%
- During the quarter, RGI realized a gross written premium of Rs. 1.9 billion (US\$ 29.5 million) from commercial lines of business - a YoY increase of 36%
- **Segment-wise break up of Premium**

Particulars	Q2 FY16	Q2 FY15	FY15
Motor	57%	59%	60%
Health	14%	18%	17%
Fire & Engineering	15%	10%	11%
Marine	2%	2%	2%
Others	13%	11%	10%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

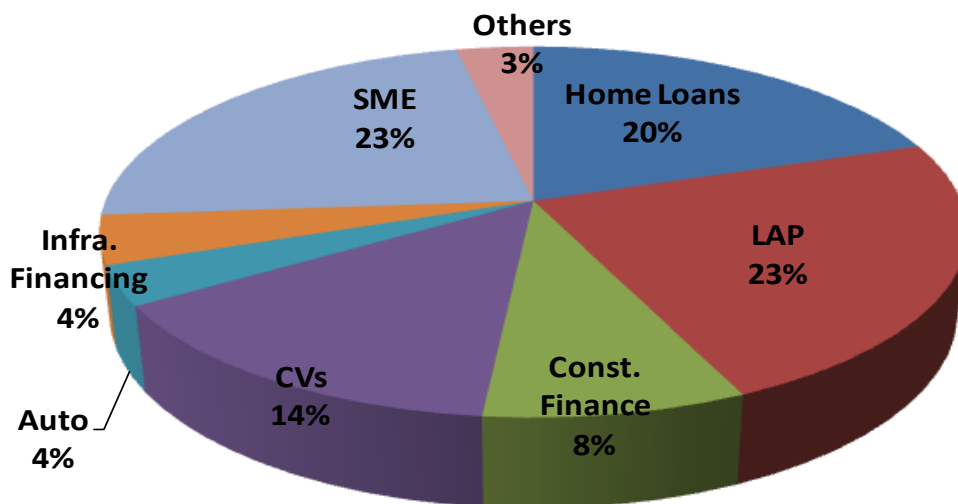
- Number of policies sold in the quarter were over 934,000
  - Online channel: policies sold rose by 76%, while premium increased by 46%
  - Usage of manual cover-note in Motor segment reduced from 4.1% in Q2 FY15 to 3.0% in Q2 FY16
- **Financial Performance**

	Q2 FY16	Q2 FY15	Q1 FY16	FY15
				(Rs. Million)
Gross Written Premium	6,707	6,481	8,627	27,530
Profit before Tax / (Loss)	300	248	295	814
Combined ratio with pool	122%	120%	115%	121%
Capital infusion	-	150	-	900
Investment book	53,444	47,343	51,940	50,483
No. of policies issued (millions)	0.9	1.0	0.9	4.2
No. of branches	127	127	127	127
No. of agents	18,338	15,273	17,063	16,370

- The combined ratio for the quarter ended September 30, 2015, was at 122% as against 120% in the corresponding previous period
- The profit was at Rs. 300.4 million (US\$ 4.6 million) for the quarter ended September 30, 2015 - a YoY increase of 21%
- The solvency ratio for the business was at 1.54 as on September 30, 2015
- The total capital invested is at Rs. 18.4 billion (US\$ 282.6 million)
- The distribution network composed of over 125 branches and over 18,000 agents as on September 30, 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 September 30, 2015, 100% of the outstanding book was secured
- The disbursements for the quarter ended September 30, 2015, were Rs. 28.9 billion (US\$ 445.0 million) - a YoY increase of 10%
- As on September 30, 2015, the assets under management (including securitized portfolio) was Rs. 209.3 billion (US\$ 3.2 billion) as against Rs. 187.4 billion as on September 30, 2014 - a YoY increase of 12%
- As on September 30, 2015, the outstanding loan book was Rs. 161.0 billion (US\$ 2.5 billion) as against Rs. 140.5 billion as on September 30, 2014 - a YoY increase of 15%. This loan book is spread across 70,100 customers from top 44 Indian metros
- **AUM Mix (as on September 30, 2015)**



- During the quarter, RCF securitized loans of Rs. 10.8 billion (US\$ 166.9 million) - a YoY decrease of 39%
- Total income stood at Rs. 6.6 billion (US\$ 101.1 million) in Q2 FY16 as against Rs. 5.8 billion in the corresponding previous period - a YoY increase of 13%
- The Net Interest Income for the quarter ended September 30, 2015, was at Rs. 2.2 billion (US\$ 33.9 million) - a YoY increase of 19%
- Average NIMs for the quarter ended September 30, 2015, were 5.8% as against 5.5% for the corresponding previous period
- RCF achieved a profit before tax of Rs. 1.0 billion (US\$ 15.6 million) as against Rs. 954.5 million in the corresponding previous period - a YoY increase of 6%
- The cost to income ratio was 17.7% in Q2 FY16 as against 16.9% in Q2 FY15

- **Financial Performance**

	(Rs. Million)			
	Q2 FY16	Q2 FY15	Q1 FY16	FY15
Disbursements	28,923	26,386	25,324	104,422
Net Interest Income	2,201	1,849	1,957	8,044
<b>Total Income</b>	<b>6,574</b>	<b>5,797</b>	<b>6,082</b>	<b>23,609</b>
Interest expenses	3,929	3,571	3,778	13,909
Other expenses	1,165	978	966	4,047
Provisions	465	293	541	1,247
<b>Profit before tax</b>	<b>1,015</b>	<b>954</b>	<b>798</b>	<b>4,406</b>

- Gross NPLs were 2.6% of outstanding AUMs at Rs. 5.4 billion (US\$ 83.8 million) as on September 30, 2015, as against 2.8% as at June 30, 2015
- The coverage ratio (including write-offs) stood at 54% as on September 30, 2015. Excluding write-offs, the ratio was at 18%

## Reliance Capital Asset Management

- Reliance Capital Asset Management (RCAM) managed Rs. 2.5 trillion (US\$ 39.2 billion) as on September 30, 2015, across:
  - mutual funds\* - Rs. 1.5 trillion (US\$ 23.5 billion)
  - pension funds - Rs. 944.1 billion (US\$ 14.5 billion)
  - managed accounts - Rs. 15.0 billion (US\$ 230.0 million) and
  - offshore funds - Rs. 50.6 billion (US\$ 778.9 million)
  - alternative investment fund - Rs. 7.2 billion (US\$ 110.8 million)
- \* - average assets under management (AAUM) for the quarter ended September 30, 2015
- RCAM continues to be the largest asset manager in the country
- RCAM's income from its operations for the quarter ended September 30, 2015, was at Rs. 3.2 billion (US\$ 48.6 million) - a YoY increase of 41%
- RCAM's total expenditure from its operations for the quarter ended September 30, 2015, was at Rs. 1.9 billion (US\$ 29.8 million) - a YoY increase of 77%
- Profit before tax for the quarter ended September 30, 2015, was Rs. 1.2 billion (US\$ 18.8 million) - a YoY increase of 7%
- PBT margins was at 39% in Q2 FY16 as against 51% for the corresponding previous period

- Financial Performance**

	(Rs. Million)			
	Q2 FY16	Q2 FY15	Q1 FY16	FY15
<b>Total Income</b>	3,157	2,235	3,125	9,551
<b>Total Expenses</b>	1,936	1,093	2,048	5,002
<b>Profit before tax</b>	<b>1,221</b>	<b>1,142</b>	<b>1,077</b>	<b>4,550</b>

## 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 11.6%
- The AAUM for the quarter ended September 30, 2015, was at Rs. 1.5 trillion (US\$ 23.5 billion) as against Rs. 1.2 trillion for the corresponding previous period - a YoY increase of 25%
- RMF continues to be one of the most profitable Mutual Funds in India

- Continued focus on the untapped retail opportunity
  - Equity AAUMs form 34% of the overall AAUMs as against 27% for the corresponding previous period
  - Gold Savings Fund
    - Gold assets size was Rs. 13.4 billion (US\$ 206.8 million) in AAUM for the quarter ended September 30, 2015
    - RMF had a 23% market share in gold AUMs as on September 30, 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 22%
- Reliance Mutual Fund continues to have the highest AUM sourced 'outside the Top 15 cities' amongst private sector AMCs
- As on September 30, 2015, there were total 75 schemes - 30 Equity oriented schemes, 36 debt oriented schemes, 8 exchange traded schemes and 1 fund of funds scheme
- At the end of Q2 FY16, RCAM had a wide distribution network spanning nearly 170 touch points and more than 48,700 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 762,600 retail broking accounts as on September 30, 2015 - a YoY increase of 4%
  - Daily average stock exchange turnover stood at Rs. 17.4 billion (US\$ 267.7 million) - a YoY decrease of 1%
- Commodity Broking:
  - It has over 61,100 commodity broking accounts as on September 30, 2015 - a YoY increase of 26%
  - The average daily commodities broking turnover was Rs. 4.1 billion (US\$ 62.9 million) - a YoY increase of 23%
- Revenues of the broking business stood at Rs. 540.8 million (US\$ 8.3 million) for the quarter ended September 30, 2015 - a YoY increase of 19%
- Profit before tax for the quarter ended September 30, 2015, was Rs. 6.9 million (US\$ 0.1 million) - a YoY decrease of 86%
- **Financial Performance**

	(Rs. Million)			
	Q2 FY16	Q2 FY15	Q1 FY16	FY15
<b>Total Income</b>	541	455	423	1,868
<b>Total Expenditure</b>	534	405	476	1,814
<b>Profit before tax</b>	<b>7</b>	<b>50</b>	<b>(54)</b>	<b>54</b>

### 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 September 30, 2015, Reliance Money had a pan India distribution network of nearly 150 branches
- Wealth Management:
  - In wealth management, client needs are assessed to create customized financial investment opportunities
  - The AUM as on September 30, 2015, increased to Rs. 19.4 billion (US\$ 298.2 million) - a YoY increase of 101%
- Reliance Money's revenues stood at Rs. 215.6 million (US\$ 3.3 million) for the quarter ended September 30, 2015 - a YoY decrease of 17%
- The business made a loss of Rs. 3.3 million (US\$ 0.1 million) for the quarter ended September 30, 2015
- **Financial Performance**

(Rs. Million)

	Q2 FY16	Q2 FY15	Q1 FY16	FY15
<b>Total Income</b>	216	259	134	981
<b>Total Expenditure</b>	219	309	249	1,290
<b>Profit before tax</b>	<b>(3)</b>	<b>(49)</b>	<b>(115)</b>	<b>(309)</b>



**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 September 30, 2015, rose to Rs. 12.5 billion (US\$ 192.9 million) as against Rs. 10.5 billion as on September 30, 2014 - a YoY increase of 19%
- The resolutions during the quarter amounted to Rs. 180.0 million (US\$ 2.8 million) against Rs. 1.0 billion in the quarter ended September 30, 2014
- Profit before tax for the quarter ended September 30, 2015, was Rs. 41.7 million (US\$ 0.6 million) - a YoY increase of 70%

## SECTION 3

### CAPITAL MARKET HIGHLIGHTS

#### General information

<b>Shareholding and Financial data as on September 30, 2015</b>	
Code/ Exchange	<b>500111 / BSE RELCAPITAL / NSE</b>
Bloomberg/ Reuters	<b>RCAPT.IN</b>
No of share outstanding (September 30, 2015)	<b>252,632,800</b>
Closing market price (Rs.) (September 30, 2015)	<b>376.1</b>
Combined volume (NSE & BSE) (for the quarter) (No. in million / day)	<b>2.8</b>
Combined value (NSE & BSE) (for the quarter) (Rs. billion / day)	<b>1.0</b>
F & O volume (NSE - for the quarter) (No. in million / day)	<b>13.6</b>
F & O value (NSE - for the quarter) (Rs. in billion / day)	<b>4.9</b>
Stock Beta (for quarter ended September 30, 2015)	<b>0.8</b>
Market capitalization as on September 30, 2015 (Rs. billion)	<b>95.0</b>
Market capitalization as on September 30, 2015 (US\$ billion)	<b>1.5</b>
Book value per equity share (Rs.)	<b>561.1</b>

#### Summarized shareholding pattern as of September 30, 2015

<b>Category</b>	<b>No. of shares</b>	<b>Shareholding</b>
Promoters	132,982,303	52.6%
Foreign investors - FIIs, NRIs and others	38,989,069	15.4%
Domestic institutions / Banks / Mutual funds	32,785,227	13.0%
Indian public	47,876,201	19.0%
<b>Total</b>	<b>252,632,800</b>	<b>100.0%</b>