

# Reliance Capital Limited

**Review report on the results for the quarter ended  
December 31, 2011 (Un-audited)**

**February 10, 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 51.01 = US\$ 1.00 for Q3FY12 profit and loss items and the rate of Rs 53.27 = US\$ 1.00 for balance sheet items as on December 31, 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 December 31, 2011
<b>Reliance Capital Limited (Consolidated)</b>				
Total Revenues	59,400	61,406	54,985	15,868
Profit After Tax	10,157	4,345	2,912	602
Net worth	73,403	77,125	78,097	79,015
Total Assets	242,600	254,438	319,939	314,885
<b>Reliance Capital Asset Management (Consolidated)</b>				
Total Revenues	4,547	6,817	7,330	1,550
Profit Before Tax	1,686	2,680	2,943	700
<b>Reliance Life Insurance</b>				
Total Premium (Net)	49,153	65,883	65,479	11,732
Profit Before Tax/(Loss)	(10,849)	(2,838)	(1,293)	101
<b>Reliance Commercial Finance</b>				
Total Revenues	12,002	13,252	13,368	4,937
Profit Before Tax	911	1350	2,693	651
<b>Broking &amp; Distribution businesses</b>				
Total Revenues	3,520	2,585	2,235	726
Profit Before Tax	581	149	345	122
<b>Reliance General Insurance</b>				
Gross Written Premium	19,149	19,797	16,554	3,998
Profit Before Tax/(Loss)	(502)	(905)	(3,098)	(344)

Particulars+	Year ended March 31,			Quarter ended December 31, 2011*
	2009	2010	2011	
<b>Reliance Mutual Fund</b>				
Average Asset under Management (Rs. billion)	795	1,144	1,016	823
<b>Reliance Life Insurance</b>				
New business premium	35,140	39,208	30,349	3,976
<b>Reliance General Insurance</b>				
Combined Ratio (%)	114%	116%	140%	130%
<b>Reliance Commercial Finance</b>				
Loan book size	85,761	91,658	122,901	142,523
<b>Reliance Securities</b>				
Broking Accounts (Nos.)	1,010,000	640,000	663,900	675,951

+ 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 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 billion) as on December 31, 2011 across:
  - mutual funds\* – Rs. 823 billion (US\$ 15 billion)
  - pension funds – Rs. 571 billion (US\$ 11 billion)
  - managed accounts – Rs. 12.6 billion (US\$ 236 million) and
  - hedge funds – Rs. 13 billion (US\$ 246 million)
- \* - average assets under management for the quarter ended December 31, 2011
- RCAM's income from its operations for the Quarter ended December 31, 2011 was at Rs. 1.6 billion (US\$ 30 million) – YoY decrease of 16%, mainly on account of 19% decline in AAUMs
- RCAM's total expenditure from its operations for the Quarter ended December 31, 2011 was at Rs. 849 million (US\$ 17 million) – YoY decrease of 10% in line with focus on leaner cost of operations
- Profit before tax for the Quarter ended December 31, 2011 was Rs. 700 million (US\$ 14 million)

- Achievements:
  - Nippon Life, largest private life insurer in Asia & Japan, to acquire a 26% stake in RCAM, subject to regulatory approvals
    - 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 lac crore (over US\$ 600 billion) in assets, amongst the largest total assets in the world for any life insurer
    - The transaction pegs RCAM valuation at Rs. ~56 billion (US\$ 1.1 billion), translating to 7% of AAUM for the quarter ended December 31, 2011
    - Nippon Life to invest Rs. 14.5 billion (US\$ 272 million) for 26% stake
  - Reliance Asset Management Singapore Pte Ltd launched and successfully raised Rs. 5 billion (US\$ 100 million) in High Yield Fund, primarily investing in Indian Infrastructure debt securities

### 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 December 2011 was at Rs. 823 billion (US\$ 15 billion) as against Rs. 1,021 billion for the corresponding previous period
- 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. 25 billion (US\$ 476 million) in AAUM for the quarter ended December 31, 2011 – a QoQ increase of 32% translating to a healthy market share of 30% in the gold fund category

- The Systematic Investment Plan (SIP) investor accounts, at the end of the quarter, were nearly 2 million
- As on December 31, 2011, there were total of 43 schemes – 21 Equity oriented schemes, 19 debt oriented schemes, 2 exchange traded schemes and 1 fund of funds scheme
- At the end of Q3FY12, RCAM had a wide distribution network spanning over 250 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 Insurance Company Ltd has 16 optional rider offerings to provide comprehensive risk protection to life insurance, in addition to the 24 products. 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 5.39%. (Source: YTD December 2011 data, IRDA website)
- Total premium (Net of Reinsurance) for the quarter was Rs. 11.7 billion (US\$ 230 million)
- Renewal premium for the quarter was Rs. 7.8 billion (US\$ 153 million)
- New business premium for the quarter ended December 31, 2011, was Rs. 4 billion (US\$ 78 million). Over 70% of the new business individual premium was contributed by traditional products
- RLI achieved a profit of Rs. 101 million (US\$ 2 million), for the quarter ended December 31, 2011. In fact RLI has been making consistent monthly profits since September 2010

- The total funds under management were at Rs. 166 billion (US\$ 3.1 billion) as on December 31, 2011
- The distribution network stood at 1,252 offices across India
- The number of agents at the end of December 31, 2011 were at 153,467 as against 215,952 agents at the end of December 31, 2010 – YoY decline of 29% in line with focus on productivity and performance of agents
- Capital infusion during the quarter of Rs. 3 billion, post the strategic stake sale to Nippon Life. The total capital invested in this business, as on December 31, 2011, was Rs. 34 billion (US\$ 637 million)
- Achievements:
  - Nippon Life, Japan's largest private life insurer, acquired a 26% stake in Reliance Life Insurance for Rs. 31 billion (US\$ 575 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

### **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
- At the end of December 31, 2011, 99% of the outstanding book was secured as against 95% at the end of December 31, 2010

- The disbursements for the quarter ended December 31, 2011 were Rs. 19.9 billion (US\$ 390 million) as against Rs. 23.4 billion for corresponding previous period – decrease of 15%
- As on December 31, 2011, the assets under management (including securitized portfolio) was Rs. 153 billion (US\$ 3 billion) as against Rs. 123 billion as on December 31, 2010 – YoY increase of 24%
- As on December 31, 2011 the outstanding loan book was Rs. 143 billion (US\$ 2.7 billion) as against Rs. 107 billion at the end of December 31, 2010 – YoY increase of 33%. This loan book is spread across 100,032 customers from top 18 Indian metros
- During the quarter, RCF securitized loans of Rs. 1.4 billion (US\$ 26 million). The company has securitized loans of Rs. 2.4 billion (US\$ 47 million) for 9MFY12
- Total income stood at Rs. 4.9 billion (US\$ 97 million) in Q3FY12 as against Rs. 3.5 billion in corresponding previous period – YoY increase of 43%
- The Net Interest Income for the quarter ended December 31, 2011 was Rs. 1.2 billion (US\$ 24 million)
- RCF achieved a profit before tax of Rs. 651 million (US\$ 13 million) – YoY marginal decline of 18%, despite 98% increase in interest costs

### **Reliance Securities**

- Reliance Securities, the broking arm of Reliance Capital is the one of the leading retail broking houses in India, providing customers with access to equities, equity options and commodities futures, wealth management, portfolio management services, mutual funds, IPOs and investment banking
- The focus is on the key business verticals of broking, wealth management and investment banking
- Equity Broking:
  - It had 676,000 retail broking accounts at the end of December 31, 2011 – YoY increase of 4%
  - Daily average stock exchange turnover stood at Rs. 13.3 billion (US\$ 261 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 December 31, 2011 has increased to Rs. 1.9 billion (US\$ 36 million) from Rs. 1.8 billion as on December 31, 2010 – an increase of 9%
  
- Investment Banking:
  - In investment banking, Reliance Securities addresses the capital requirements of enterprises through various instruments- IPOs, private placements, M&A etc.
    - In 9M FY12:
      - As Syndicate member, handled 2 issues in 9MFY12; total amount mobilized – Rs. 792 million (US\$ 15 million)
      - IPO funding – Rs. 550 million (US\$ 10 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 over 40,000 commodity broking accounts at the end of December 31, 2011 – YoY increase of 16%
  - The average daily commodities broking turnover was more than Rs. 10 billion (US\$ 203 million) – YoY increase of 134%
  
- Revenues of the broking business stood at Rs. 390 million (US\$ 8 million) for the quarter ended December 31, 2011 – QoQ increase of 13%, despite decline in average daily volumes
  
- The business achieved a profit before tax of Rs. 37 million (US\$ 1 million) for the quarter ended December 31, 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 December 31, 2011, Reliance Money had a pan India distribution network of over 6,100 outlets
- Reliance Money is manufacturer agnostic and distributes mutual funds, life & general insurance products, loans and precious metal retailing
  - Reliance Money sold over 800 kilos of gold in the quarter ended December 31, 2011– 21% YoY increase
  - Reliance Money is the largest private sector partner for Western Union Money Transfer in India – nearly 600,000 money transfer transactions handled during the quarter – a 17% YoY increase
- Reliance Money achieved revenues of Rs. 337 million (US\$ 7 million) for the quarter ended December 31, 2011– QoQ increase of 56%
- The business achieved a profit before tax of Rs. 8.4 million (US\$ 2 million) for the quarter ended December 31, 2011 – QoQ increase of 300%

### **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 7.9%
- Gross Written Premium for the quarter ended December 31, 2011 was Rs 4 billion (US\$ 78 million)
- The combined ratio (including 3<sup>rd</sup> party motor pool) was 130%
- The loss was at Rs. 344 million (US\$ 7 million) for the quarter ended December 31, 2011 as against Rs. 242 million in corresponding previous period
- The increase in loss and combined ratio was mainly on account of strengthening the third party (non pool) 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 Q3FY12, RGI realized a gross written premium of Rs 796 million (US\$ 16 million) from commercial lines of business, as against Rs 535 million in Q3FY11 – YoY increase of 49%
- During the quarter, a fresh capital infusion of Rs. 560 million (US\$ 11 million) was made into the business
- The total capital invested is Rs. 13.4 billion (US\$ 252 million)
- The distribution network composed of 152 branches and over 5,700 intermediaries at the end of December 31, 2011

### **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 quarter, over 550 kgs of gold were transacted

### **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 recently concluded 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 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 completed

investments aggregating to more than 50% of the fund size last year. This fund recently concluded two investments, one in media consumables industry and the other in a company manufacturing FMCG intermediates

- The Fund's existing investments continue to perform in line with expectations and growth plans are in place. The fund is involved in systematically tracking the ongoing performance of all investee companies, and continues to add significant value to them

### **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 December 31, 2011 were Rs 1.1 billion (US\$ 21 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 30<sup>th</sup> 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. 2 billion (US\$ 38 million) as on December 31, 2011

## SECTION 3

### FINANCIAL AND OPERATING HIGHLIGHTS

#### Key Highlights for the quarter ended December 31, 2011

- Total income of Rs. 16 billion (US\$ 311 million) against Rs 14 billion in the corresponding period – an increase of 16%, mainly on account of increase in topline of commercial finance and broking & distribution businesses
- Net profit of Rs. 602 million (US\$ 12 million) against Rs 1.1 billion in the corresponding period – a decline of 43%, mainly on account of high interest costs and loss in general insurance
- Proceeds of over Rs. 27 billion (US\$ 519 million), arising from 26% strategic stake sale of Reliance Life to Nippon Life, have been used to reduce debt at Reliance Capital
- Net debt to equity reduced 12% sequentially to 2.27 as on December 31, 2011

#### Summary of Consolidated Financial Statements

(Rs. Million)

	Q3FY12	Q3FY11	FY11
Total income	15,868	13,689	54,985
Staff costs	1,337	1,215	4,968
Other expenditure	2,853	2,989	12,036
Reinsurance premium ceded	1,842	1,587	6,635
Claims incurred	2,777	2,232	13,314
Interest & financial charges	5,892	4,007	14,620
Depreciation	133	117	500
Profit before tax	1,034	1,543	2,912
Net Profit after Minority Interest & share of profit of associates	602	1,063	2,912
Diluted EPS (Rs)	2.5	4.4	11.9

**Total income:**

RCL's consolidated income from operations for the quarter ended December 31, 2011 was Rs. 16 billion (US \$ 311 million) from Rs 14 billion in the corresponding previous period – an increase of 16%, mainly on account of increase in topline of commercial finance and broking & distribution businesses.

**Operating expenses:**

Staff costs for the quarter ended were Rs. 1,337 million (US\$ 26 million) as against Rs. 1,215 million in the corresponding period previous quarter – an increase of 10%.

Selling, general & administrative expenses for the quarter ended December 31, 2011 were Rs. 2,853 million (US\$ 56 million) as against Rs 2,989 million in the corresponding previous quarter – a decline of 5%.

**Finance cost and Net profit from operations:**

Interest & finance charges for the quarter were Rs. 5,892 million (US \$ 115 million) as against Rs. 4,007 million in the corresponding period previous quarter – an increase of 47% due to continued high interest rate environment.

Depreciation for the quarter was Rs. 133 million (US\$ 3 million) as against Rs. 117 million in the corresponding previous period, an increase of 6%.

Profit after tax, minority interest and share of profit of associates for the quarter ended December 31, 2011 was Rs. 602 million (US\$ 12 million) as against Rs. 1.1 billion in the previous quarter, a decline of 43%, mainly on account of high interest costs and loss in general insurance.

**Balance sheet**

As on December 31, 2011, the company had total assets of Rs 315 billion (US\$ 6 billion) – YoY increase of 4% and a net worth of Rs. 79 billion (US\$ 1.5 billion).

The company had a net debt of Rs 180 billion (US\$ 3 billion) as on December 31, 2011 and equity of Rs. 79 billion (US\$ 1.5 billion). This resulted in net debt to equity ratio of 2.27, as against 2.57 as on September 30, 2011 – a decline of 12%.

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

**BUSINESS WISE PERFORMANCE**

**RELIANCE CAPITAL ASSET MANAGEMENT**

**FINANCIAL PERFORMANCE**

(Rs. Million)

	Q3FY12	Q3FY11	Q2 FY12	FY11
Total Income	1,550	1,853	1,631	7,330
Total Expenses	849	940	975	4,387
Profit before tax	700	913	656	2943

**Discussion of financial performance**

**Total income:**

- RCAM's income from its operations for the quarter ended December 31, 2011 was at Rs. 1.6 billion (US\$ 30 million) as against Rs. 1.8 billion in the corresponding previous period – a YoY decrease of 16% mainly on account of 19% decline in AAUMs
- RCAM's total expenditure from its operations for the Quarter ended December 31, 2011 was at Rs. 849 million (US\$ 17 million) – YoY decrease of 10% in line with focus on leaner cost of operations
- Profit before tax for the period ended December 31, 2011 was Rs. 700 million (US\$ 14 million)

**RELIANCE LIFE INSURANCE**

- Amongst leading private sector life insurers in India with private sector market share of 5.39% in terms of new business premium

**FINANCIAL PERFORMANCE**

(Rs. Million)

	Q3FY12	Q3FY11	Q2FY12	FY11
First year premium	3,125	3,682	3,055	22,846
Single premium	851	2,255	1,090	7,503
Total new business premium	3,976	5,937	4,144	30,349
Renewal premium	7,804	8,570	8,600	35,362
Total premium (Net of Reinsurance)	11,732	14,470	12,634	65,479
Profit before tax	101	238	82	(1,293)
Operating Costs (excl. commission)	3,186	3,120	3,101	15,640
Total Funds under management	165,549	173,548	167,474	178,553
Capital infused	3,000	-	0	1,200

	Q3FY12	Q3FY11	Q2FY12	FY11
No of offices	1,252	1,248	1,252	1,248
No of agents	153,467	215,952	165,381	189,304

- Total premium (net of reinsurance) for the quarter was Rs. 11.7 billion (US\$ 230 million)
- Renewal premium for the quarter was Rs. 7.8 billion (US\$ 153 million)
- New Business Premium Income was Rs 4 billion (US\$ 78 million) for the quarter ended December 31, 2011. Over 70% of new individual business premium was contributed by traditional products
- RLI achieved a profit of Rs. 101 million (US\$ 2 million) for the quarter ended December 31, 2011. In fact RLI has been making consistent monthly profits since September 2010
- Operating costs (excluding commission) were maintained at Rs. 3.2 billion (US\$ 62 million)

- The total funds under management were at Rs. 166 billion (US\$ 3.1 billion) as on December 31, 2011
- The distribution network stood at 1,252 offices at the end of Q3FY12
- The number of agents at the end of December 31, 2011 were at 153,467 as against 215,952 agents at the end of December 31, 2010 – YoY decline of 29% in line with focus on productivity and performance of agents
- Capital infusion during the quarter of Rs. 3 billion, post the strategic stake sale to Nippon Life. The total capital invested in this business, as on December 31, 2011 was Rs. 34 billion (US\$ 637 million)

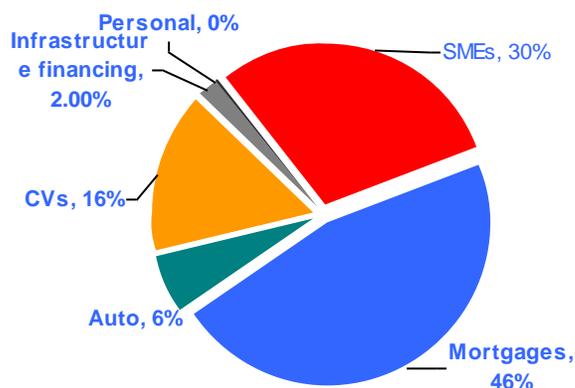
## RELIANCE COMMERCIAL FINANCE

### Discussion of financial performance

- Reliance Commercial Finance disbursed Rs. 19.9 billion (US\$ 390 million) of secured loans during the quarter, as against Rs. 23.4 billion for the corresponding previous period, decrease of 15%
- As on December 31, 2011, the assets under management (including securitized portfolio) was Rs. 153 billion (US\$ 3 billion) as against Rs. 123 billion as on December 31, 2010 – increase of 24 %
- As on December 31, 2011 the outstanding loan book was Rs. 143 billion (US\$ 2.7 billion) as against Rs. 107 billion at the end of December 31, 2010 – YoY increase of 33%. This loan book is spread across 100,032 customers from top 18 Indian metros
- At the end of December 31, 2011, 99% of the outstanding book was secured as against 95% at the end of December 31, 2010. The book will be fully secured by end of financial year
- Personal loans proportion brought down to 0.4% of the outstanding loan book for the quarter as against 2.3% for the corresponding previous period
- During the quarter, RCF securitized loans of Rs. 1.4 billion (US\$ 26 million). The company has securitized loans of Rs. 2.4 billion (US\$ 47 million) for 9MFY12

### LOAN BOOK MIX – as on December 31, 2011

#### Outstanding Loan book – Rs. 143 billion



## FINANCIAL PERFORMANCE

(Rs. Million)

	Q3FY12	Q3FY11	Q2FY12	FY11
Disbursals	19,916	23,448	23,444	87,820
Net Interest Income	1,242	1,364	1,314	5,122
<b>Total Income</b>	<b>4,937</b>	<b>3,457</b>	<b>4,711</b>	<b>13,368</b>
Total expenses	710	629	825	2,516
Interest expenses	3,491	1,759	3,141	6,859
Provisions	86	276	198	1,299
<b>Profit before tax</b>	<b>651</b>	<b>793</b>	<b>547</b>	<b>2,693</b>

- Total income stood at Rs. 4.9 billion (US\$ 97 million) in Q3FY12 as against Rs. 3.5 billion in corresponding previous period – YoY increase of 43%
- The Net Interest Income for the quarter ended December 31, 2011 was Rs. 1.2 billion (US\$ 24 million) – YoY decrease of 9%
- The profit before tax for the quarter ended December 31, 2011 was Rs. 651 million (US\$ 13 million) as against Rs. 793 million for the corresponding previous period – marginal decline of 18%, despite 98% increase in interest costs
- The cost to income ratio for the quarter was 14% as against 18% for Q3FY11
- The average cost of funds for the quarter ended December 31, 2011 was 11.9%, as against 8.7% for Q3FY11
- Average NIMs for the quarter ended December 31, 2011, stood at 4%
- Gross NPLs stood at Rs. 2.1 billion (US\$ 40 million) as against 1.9 billion – YoY increase of 12%
- The coverage ratio (including write-offs) stood at 76% as on December 31, 2011

**BROKING BUSINESSES**

**FINANCIAL PERFORMANCE**

(Rs. Million)

	Q3FY12	Q3FY11	Q2FY12	FY11
<b>Total Income</b>	<b>390</b>	<b>392</b>	<b>343</b>	<b>1,649</b>
<b>Total Expenditure</b>	<b>352</b>	<b>355</b>	<b>321</b>	<b>1,429</b>
<b>Profit before tax</b>	<b>37</b>	<b>37</b>	<b>22</b>	<b>221</b>

**Discussion of financial performance**

- The total income stood at Rs. 390 million (US\$ 8 million) for the quarter ended December 31, 2011 – QoQ increase of 13%
- The business achieved a profit before tax of Rs. 37 million (US\$ 1 million) for the quarter ended December 31, 2011

**DISTRIBUTION BUSINESS – ‘RELIANCE MONEY’**

**FINANCIAL PERFORMANCE**

(Rs. Million)

	Q3FY12	Q3FY11	Q2FY12	FY11
<b>Total Income</b>	<b>337</b>	<b>274</b>	<b>215</b>	<b>585</b>
<b>Total Expenditure</b>	<b>252</b>	<b>203</b>	<b>194</b>	<b>461</b>
<b>Profit before tax</b>	<b>84</b>	<b>71</b>	<b>21</b>	<b>124</b>

**Discussion of financial performance**

- Total income stood at Rs. 337 million (US\$ 7 million) for the quarter ended December 31, 2011 as against Rs. 274 million for the corresponding previous period – QoQ growth of 56%
- The business achieved a profit before tax of Rs. 84 million (US\$ 2 million) for the quarter ended December 31, 2011 – QoQ increase of 300%

## RELIANCE GENERAL INSURANCE

- Amongst leading private sector general insurers in India with private sector market share of 7.9%

## FINANCIAL PERFORMANCE

(Rs. Million)

	Q3FY12	Q3FY11	Q2FY12	FY11
<b>Gross Written Premium</b>	3,998	4,181	3,694	16,554
<b>Profit before Tax/ (Loss)</b>	(344)	(242)	(287)	(3,098)
<b>Combined ratio with pool</b>	130%	128%	123%	140%
<b>Capital infusion</b>	560	0	350	1,420
<b>Investment book</b>	23,807	21,109	22,981	21,372
<b>No of policies issued (millions)</b>	0.6	0.7	0.6	2.8
<b>No of branches</b>	152	200	162	200
<b>No of intermediaries</b>	5,788	4,013	5,132	4,235

## SEGMENT WISE BREAK UP

- Premium contribution

Particulars	As at December 31, 2011	As at December 31, 2010
Motor	66%	70%
Health	14%	17%
Fire & Engineering	12%	7%
Marine	2%	1%
Others	6%	4%
Total	100%	100%

## Discussion of financial performance

- Gross Written Premium for the quarter ended December 31, 2011 was Rs 4 billion (US\$ 78 million)
- The combined ratio (including 3<sup>rd</sup> party motor pool) was 130%
- The loss was at Rs. 344 million (US\$ 7 million) for the quarter ended December 31, 2011 as against Rs. 242 million in corresponding previous period
- The increase in loss and combined ratio was mainly on account of strengthening the third party (non pool) 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 Q3FY12, RGI realized a gross written premium of Rs 796 million (US\$ 16 million) from commercial lines of business, as against Rs 535 million in Q3FY11 – YoY increase of 49%
- During the quarter, a fresh capital infusion of Rs. 560 million (US\$ 11 million) was made into the business
- The total capital invested is Rs. 13.4 billion (US\$ 252 million)
- The distribution network composed of 152 branches and over 5,700 intermediaries at the end of December 31, 2011

- SECTION 4

## STOCK MARKET HIGHLIGHTS

### General information

<b>Shareholding and Financial data as on December 31, 2011</b>	
Code/ Exchange	<b>500111/ BSE RELCAPITAL/ NSE</b>
Bloomberg/ Reuters	<b>RCAPT.IN</b>
No of share outstanding ( December 31, 2011)	<b>245,632,800</b>
Closing market price (Rs.) (December 30, 2011)	<b>235.00</b>
Combined volume (NSE & BSE) (for the quarter) (No. in million/ day)	<b>3.4</b>
Combined value (NSE & BSE) (for the quarter) (Rs. billion / day)	<b>1.1</b>
F& O volume (NSE – for the quarter) (No. in million/ day)	<b>7.9</b>
F& O value (NSE – for the quarter) (Rs. in billion/ day)	<b>2.5</b>
Stock Beta (for quarter ended December 31, 2011)	<b>1.37</b>
Market capitalization as on December 31, 2011 (Rs bn)	<b>57.7</b>
Market capitalization as on December 31, 2011 (US\$ bn)	<b>1.1</b>
Book value per equity share (Rs.)	<b>321</b>

### Summarized shareholding pattern as of December 31, 2011

<b>Category</b>	<b>No of shares</b>	<b>Shareholding</b>
Promoters	<b>13,29,82,272</b>	<b>54.14%</b>
Foreign investors – FIIs, NRIs and others	<b>5,13,71,424</b>	<b>20.91%</b>
Domestic institutions/ Banks / Mutual funds	<b>1,23,26,083</b>	<b>5.02%</b>
Indian public	<b>4,98,53,021</b>	<b>19.93%</b>
<b>Total</b>	<b>24,56,32,800</b>	<b>100.00%</b>