

# Reliance Capital Limited

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

**November 11, 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 45.76 = US\$ 1.00 for Q2FY12 profit and loss items and the rate of Rs 48.93 = US\$ 1.00 for balance sheet items as on September 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.

## **Table of contents**

Section 1 – Reliance Capital at a glance

Section 2 – An overview

Section 3 – Financial and operating highlights

Section 4 – Stock market highlights

**SECTION 1**
**RELIANCE CAPITAL – PERFORMANCE AT A GLANCE**

(Rs. Million)

Particulars	2009	2010	2011	Quarter ended September 30, 2011
<b>Reliance Capital Limited (Consolidated)</b>				
Total Revenues	59,400	61,406	54,985	15,461
Profit After Tax	10,157	4,345	2,912	334
Net worth	73,403	77,125	78,097	78,440
Total Assets	242,600	254,438	319,939	333,556
<b>Reliance Capital Asset Management (Consolidated)</b>				
Total Revenues	4,547	6,817	7,330	1,631
Profit Before Tax	1,686	2,680	2,943	656
<b>Reliance Life Insurance</b>				
Total Premium (Net)	49,153	65,883	65,479	12,634
Profit Before Tax/(Loss)	(10,849)	(2,838)	(1,293)	82
<b>Reliance Commercial Finance</b>				
Total Revenues	12,002	13,252	13,368	4,711
Profit Before Tax	911	1350	2,693	547
<b>Broking &amp; Distribution businesses</b>				
Total Revenues	3,520	2,585	2,235	559
Profit Before Tax	581	149	345	43
<b>Reliance General Insurance</b>				
Gross Written Premium	19,149	19,797	16,554	3,694
Profit Before Tax/(Loss)	(502)	(905)	(3,098)	(287)

Particulars+	Year ended March 31,			Quarter ended September 30, 2011*
	2009	2010	2011	
<b>Reliance Mutual Fund</b>				
Average Asset under Management (Rs. billion)	795	1,144	1,016	907
<b>Reliance Life Insurance</b>				
New business premium	35,140	39,208	30,349	4,144
<b>Reliance General Insurance</b>				
Combined Ratio (%)	114%	117%	136%	123%
<b>Reliance Commercial Finance</b>				
Loan book size	85,761	91,658	122,901	139,267
<b>Reliance Securities</b>				
Broking Accounts (Nos.)	1,010,000	640,000	663,900	670,728

+ 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. 932 billion (US\$ 19 billion) as on September 30, 2011 across:
  - mutual funds\* – Rs. 907 billion (US\$ 18.5 billion)
  - managed accounts – Rs. 14 billion (US\$ 291 million) and
  - hedge funds – Rs. 11 billion (US\$ 218 million)
- \* - average assets under management for the quarter ended September 30, 2011
- RCAM's income from its operations for the Quarter ended September 30, 2011 was at Rs. 1,631 million (US\$ 36 million) – YoY decrease of 8% due to 13% decline in AAUMs
- RCAM's total expenditure from its operations for the Quarter ended September 30, 2011 was at Rs. 975 million (US\$ 21 million) – YoY decrease of 9% in line with focus on leaner cost of operations
- Profit before tax for the Quarter ended September 30, 2011 was Rs. 656 million (US\$ 14 million)

- Focus on retail long term debt and higher yield products, improved PBT margins to 40% in Q2FY12 from 39% in Q2FY11

### **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 13%
- The AAUM for the quarter ended September 2011 was at Rs. 907 billion (US\$ 18.5 billion) as against Rs. 1,048 billion for the corresponding previous period
- High focus on the untapped retail opportunity
  - Reliance Mutual Fund launched an unique retail Gold Savings Fund NFO in February 2011
    - The fund was the largest and first Gold fund in India
    - The fund has crossed over Rs. 19 billion (US\$ 393 million) in AAUM for the quarter ended September 30, 2011
- The Systematic Investment Plan (SIP) investor accounts increased by 41% YoY to nearly 1.9 million
- As on September 30, 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 Q2FY12, 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 25 products, of which 19 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 5.5%. (Source: YTD September 2011 data, IRDA website)
- Total premium (Net of Reinsurance) for the quarter was Rs. 12.6 billion (US\$ 276 million) as against Rs. 15.7 billion for the corresponding previous period
- Renewal premium for the quarter was Rs. 8.6 billion (US\$ 188 million) as against Rs. 7.8 billion – an increase of 10%
- New business premium for the quarter ended September 30, 2011, was Rs. 4.1 billion (US\$ 91 million)
- RLI achieved a profit of Rs. 82 million (US\$ 2 million) as against loss of Rs. 416 million 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. 167 billion (US\$ 3.4 billion) as on September 30, 2011 against Rs. 165 billion as on September 30, 2010 – an increase of 1%
- The distribution network stood at 1,252 offices across India
- The number of agents at the end of September 30, 2011 was 165,381 as against 213,504 at the end of September 30, 2010 – YoY decline of 23%, in line with focus on productivity and performance of agents
- No capital was infused into the business for the 4<sup>th</sup> consecutive quarter. The total capital invested in this business is Rs. 31 billion (US\$ 632 million)
- Achievements:
  - Nippon Life, Japan's largest private life insurer, acquired a 26% stake in Reliance Life Insurance for Rs. 31 billion (US\$ 626 million)

- The transaction pegs Reliance Life Insurance valuation at Rs. ~115 billion (US\$ 2.4 Billion)
- This is the largest FDI in Indian Financial Services sector and by far, the largest FDI in Insurance sector
- Nippon Life is a 122 year old life insurance company, 7th largest in the world and largest in Japan. As a strategic partner, Nippon Life will bring vast experience, expertise and global best practices - in areas of product development, underwriting, investment management, distribution, customer relationship management and risk management

### **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 September 30, 2011, 99% of the outstanding book was secured as against 93% at the end of September 30, 2010
- The disbursements for the quarter ended September 30, 2011 were Rs. 23.4 billion (US\$ 512 million) as against Rs. 19.5 billion for corresponding previous period – increase of 20%
- As on September 30, 2011, the assets under management (including securitized portfolio) was Rs. 150 billion (US\$ 3 billion) as against Rs. 120 billion as on September 30, 2010 – YoY increase of 25%
- As on September 30, 2011 the outstanding loan book was Rs. 139 billion (US\$ 2.8 billion) as against Rs. 100 billion at the end of September 30, 2010 – YoY increase of 39%. This loan book is spread across 101,700 customers from top 18 Indian metros
- During the quarter, RCF securitized loans of Rs. 1 billion ( US\$ 22 million) as against Rs. 4.4 billion in corresponding period of previous year

- Total income stood at Rs. 4.7 billion (US\$ 103 million) in Q2FY12 as against Rs. 3.1 billion in corresponding previous period – YoY increase of 51%
- The Net Interest Income for the quarter ended September 30, 2011 was Rs. 1.3 billion (US\$ 29 million) – YoY increase of 8%
- RCF achieved a profit before tax of Rs. 547 million (US\$ 12 million) as against Rs. 610 million for the corresponding previous period
- The coverage ratio (including write-offs) stood at 80% as on September 30, 2011 as against 72% as on September 30, 2010

### **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, offshore investments and investment banking
- The focus is on the key business verticals of broking, wealth management and investment banking
- Equity Broking:
  - It had 670,728 retail broking accounts at the end of September 30, 2011 – YoY increase of 4%
  - Daily average stock exchange turnover stood at Rs. 12 billion (US\$ 265 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 September 30, 2011 has increased to Rs. 2.2 billion (US\$ 44 million) from Rs. 1.2 billion as on September 30, 2010 – an increase of 84%

- Investment Banking:
  - In investment banking, Reliance Securities addresses the capital requirements of enterprises through various instruments- IPOs, private placements, M&A etc.
    - In H1FY12:
      - As Syndicate member, handled 1 issue in H1FY12; total amount mobilized – Rs. 430 million (US\$ 9 million)
      - IPO funding – Rs. 550 million (US\$ 11 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 36,885 commodity broking accounts at the end of September 30, 2011 – YoY increase of 11 %
  - The average daily commodities broking turnover was at Rs. 8 billion (US\$ 166 million) – YoY increase of 210%
- Revenues of the broking business stood at Rs. 343 million (US\$ 8 million) for the quarter ended September 30, 2011 as against Rs. 327 million in Q1FY12 – QoQ increase of 5%
- The business achieved a profit before tax of Rs. 22 million (US\$ 0.5 million) for the quarter ended September 30, 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 September 30, 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 240 kilos of gold in the quarter ended September 30, 2011– 13% YoY increase

- Reliance Money is the largest private sector partner for Western Union Money Transfer in India – Over 550,000 money transfer transactions handled during the quarter – a 10% YoY increase
- Reliance Money achieved revenues of Rs. 215 million (US\$ 5 million) for the quarter ended September 30, 2011– QoQ increase of 38%
- The business achieved a profit before tax of Rs. 21 million (US\$ 0.5 million) for the quarter ended September 30, 2011

### **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 8.2% The focus at RGI continues to be on writing profitable business and improving the combined ratio
- Gross Written Premium for the quarter ended September 30, 2011 was Rs 3.7 billion (US\$ 81 million)
- The combined ratio (including 3<sup>rd</sup> party motor pool) was 123% - 5% QoQ improvement
- The loss was brought down to Rs. 287 million (US\$ 6 million) for the quarter ended September 30, 2011 - a QoQ decline of 4%
- During the quarter, Rs. 350 million (US\$ 7 million) was infused into the business towards fresh share capital, as against Rs. 1 billion – a QoQ decline of 65%
- The total capital invested is Rs. 13 billion (US\$ 262 million)
- The distribution network composed of 162 branches and over 5,200 intermediaries at the end of September 30, 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 set up India's first stand-alone national electronic Spot exchange
- 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 launched E Gold Souk – Physical trading platform in Bullion during the quarter. 25 kgs of gold were transacted and delivered in the first month of the launch of the E Gold Souk. The service is targeted at the B2B space benefitting bullion dealers and jewelers and would bring transparency, convenience and competitive price
- On the agri side, 65 new members were added on the platform. And the total delivery transacted in RM seed, Chana and Barley crossed 7,500 metric tons in Q2FY12

### **Quant Capital**

- Reliance Capital holds 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 200 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 more than half of the Fund size
- The Fund recently concluded two investments, one in media consumables industry and the other in a company manufacturing FMCG intermediates
- The deal pipeline continues to be robust, and the Fund expects to be over 70% invested by early next year
- 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 September 30, 2011 were Rs 1.4 billion (US\$ 29.3 million) – a 9 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 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. 1.9 billion (US\$ 38.8 million) as on September 30, 2011

## SECTION 3

### FINANCIAL AND OPERATING HIGHLIGHTS

#### Key Highlights for the quarter ended September 30, 2011

- Total income of Rs. 15 billion (US\$ 338 million) against Rs 13 billion in the corresponding period – an increase of 19%
- Net profit of Rs. 334 million (US\$ 7 million) against Rs 1.1 billion in the corresponding period , mainly on account of high interest rate environment

#### Summary of Consolidated Financial Statements

(Rs. Million)

	Q2 FY12	Q2 FY11	FY11
Total income	15,461	12,998	54,985
Staff costs	1,566	1,278	4,968
Other expenditure	2,699	2,972	12,036
Reinsurance premium ceded	1,608	1,467	6,635
Claims incurred	2,907	2,526	13,314
Interest & financial charges	5,832	3,397	14,620
Depreciation	126	119	500
Profit before tax	723	1,240	2,912
Net Profit after Minority Interest & share of profit of associates	334	1,120	2,912
Diluted EPS (Rs)	1.36	4.03	11.9

#### Total income:

RCL's consolidated income from operations for the quarter ended September 30, 2011 was Rs. 15 billion (US \$ 338 million) from Rs 13 billion in the corresponding previous period – an increase of 19%.

#### Operating expenses:

Staff costs for the quarter ended were Rs. 1,566 million (US\$ 34 million) as against Rs. 1,278 million in the corresponding period previous quarter – an increase of 23%.

Selling, general & administrative expenses for the quarter ended September 30, 2011 were Rs. 2,699 million (US\$ 59 million) as against Rs 2,972 million in the corresponding previous quarter – a decrease of 9%, despite 19% increase in total income on account of continued focus on leaner cost of operations

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

Interest & finance charges for the quarter were Rs. 5,832 million (US \$ 127 million) as against Rs. 3,397 million in the corresponding period previous quarter – an increase of 72% due to increase in borrowings and high interest rate environment leading to higher cost of borrowing.

Depreciation for the quarter was Rs. 126 million (US\$ 3 million) as against Rs. 119 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 September 30, 2011 was Rs. 334 million (US\$ 7 million) as against Rs. 1.1 billion in the previous quarter, mainly on account of high interest rate environment.

#### **Balance sheet**

As on September 30, 2011, the company had total assets of Rs 334 billion (US\$ 7 billion) – YoY increase of 11% and a net worth of Rs. 78 billion (US\$ 2 billion).

The company had a net debt of Rs 202 billion (US\$ 4 billion) as on September 30, 2011 and equity of Rs. 78 billion (US\$ 2 billion), resulting to net debt to equity ratio of 2.6

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)

	Q2 FY12	Q2 FY11	Q1 FY12	FY11
Total Income	1,631	1,773	1,674	7,330
Total Expenses	975	1,073	966	4,387
Profit before tax	656	700	709	2943

**Discussion of financial performance**

**Total income:**

- RCAM's income from its operations for the quarter ended September 30, 2011 was at Rs. 1,631 million (US\$ 36 million) as against Rs. 1,773 million in the corresponding previous period – a YoY decrease of 8% due to 13% decline in AAUMs
- RCAM's total expenditure from its operations for the Quarter ended September 30, 2011 was at Rs. 975 million (US\$ 21 million) – YoY decrease of 9% in line with focus on leaner cost of operations
- Profit before tax for the period ended September 30, 2011 was Rs. 656 million (US\$ 14 million) as against Rs. 700 million in corresponding period of previous year - YoY decrease of 6%
- Focus on retail long term debt and higher yield products, improved PBT margins to 40% in Q2FY12 from 39% in Q2FY11

**RELIANCE LIFE INSURANCE**

- Amongst leading private sector life insurers in India with private sector market share of 5.5% in terms of new business premium

**FINANCIAL PERFORMANCE**

(Rs. Million)

	Q2FY12	Q2FY11	FY11
<b>First year premium</b>	3,055	6,787	22,846
<b>Single premium</b>	1,090	1,276	7,503
<b>Total new business premium</b>	4,144	8,063	30,349
<b>Renewal premium</b>	8,600	7,791	35,362
<b>Total premium (Net of Reinsurance)</b>	12,634	15,750	65,479
<b>Profit before tax</b>	82	(416)	(1,293)
<b>Operating Costs (excl. commission)</b>	3,101	4,487	15,640
<b>No of offices</b>	1,252	1,248	1,248
<b>No of agents</b>	165,381	213,504	189,304
<b>Total Funds under management</b>	167,474	165,546	178,553
<b>Capital infused</b>	-	500	1,200

- Total premium (net of reinsurance) for the quarter was Rs. 12.6 billion (US\$ 276 million) as against Rs. 15.7 billion for the corresponding previous period
- Renewal premium for the quarter was Rs. 8.6 billion (US\$ 188 million) as against Rs. 7.8 billion – an increase of 10%
- New Business Premium Income was Rs 4.1 billion (US\$ 91 million) for the quarter as against Rs 8.1 billion in the corresponding previous period
- RLI achieved a profit of Rs. 82 million (US\$ 2 million) as against loss of Rs. 416 million for the previous corresponding period. In fact RLI has been making consistent monthly profits since September 2010
- Operating costs stood at Rs. 3.1 billion (US\$ 68 million) – decline of 31% over corresponding previous period
- The total funds under management were at Rs. 167 billion (US\$ 3.4 billion) as on September 30, 2011 against Rs. 165 billion as on September 30, 2010 – an increase of 1%

- The distribution network stood at 1,252 offices at the end of Q2FY12
- The number of agents at the end of September 30, 2011 were at 165,381 as against 213,504 agents at the end of September 30, 2010 – YoY decline of 23% in line with focus on productivity and performance of agents
- No capital was required to be infused into the business during the quarter. The total capital invested in this business, is Rs. 31 billion (US\$ 626 million)

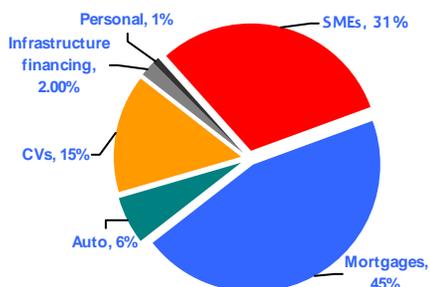
## RELIANCE COMMERCIAL FINANCE

### Discussion of financial performance

- Reliance Commercial Finance disbursed Rs. 23.4 billion (US\$ 512 million) of secured loans during the quarter, as against Rs. 19.5 billion for the corresponding previous period, increase of 20%
- As on September 30, 2011, the assets under management (including securitized portfolio) was Rs. 150 billion (US\$ 3 billion) as against Rs. 120 billion as on September 30, 2010 – increase of 25%
- As on September 30, 2011 the outstanding loan book was Rs. 139 billion (US\$ 2.8 billion), up 39% from Rs. 100 billion as at the end of September 30, 2010. This loan book is spread across 101,700 customers from top 18 Indian metros
- At the end of September 30, 2011, 99% of outstanding loan book was secured as against 93% at the end of September 30, 2010. The book will be fully secured by end of third quarter
- Personal loans proportion brought down to 1% of the outstanding loan book for the quarter as against 3% for the corresponding previous period
- During the quarter, RCF securitized loans of Rs. 1 billion ( US\$ 22 million) as against Rs. 4.4 billion in corresponding period of previous year

### LOAN BOOK MIX – as on September 30, 2011

#### Outstanding Loan book – Rs. 139 billion



## FINANCIAL PERFORMANCE

(Rs. Million)

	Q2FY12	Q2FY11	Q1FY12	FY11
Disbursals	23,444	19,511	20,100	87,820
Net Interest Income	1,314	1,317	1,215	5,122
<b>Total Income</b>	<b>4,711</b>	<b>3,120</b>	<b>4,178</b>	<b>13,368</b>
Total expenses	825	609	789	2,516
Interest expenses	3,141	1,495	2,673	6,859
Provisions	198	406	133	1,299
<b>Profit before tax</b>	<b>547</b>	<b>610</b>	<b>583</b>	<b>2,693</b>

- Total income stood at Rs. 4.7 billion (US\$ 103 million) in Q2FY12 as against Rs. 3.1 billion in corresponding previous period – YoY increase of 51%
- The Net Interest Income for the quarter ended September 30, 2011 was Rs. 1.3 billion (US\$ 29 million) – QoQ increase of 8%
- The profit before tax for the quarter ended September 30, 2011 was Rs. 547 million (US\$ 12 million) as against Rs. 610 million for the corresponding previous period
- The cost to income ratio for the quarter was 18 % as against 20 % for Q2FY11
- The average cost of funds for the quarter ended September 30, 2011 was 11.4%
- Average NIMs stood at 4.1%
- 26% YoY decline in Gross NPLs at Rs. 1.8 billion (US\$ 38 million)
- Provisioning for the quarter was Rs. 198 million (US\$ 4 million) – YoY decrease of 51%, despite additional one-time provision made on housing loans of Rs. 111 million (US\$ 2 million) in line with the change in provisioning norms mandated by the National Housing Bank
- The coverage ratio (including write-offs) stood at 80% as on September 30, 2011 as against 72% as on September 30, 2010

## BROKING BUSINESSES

### FINANCIAL PERFORMANCE

(Rs. Million)

	Q2FY12	Q2FY11	Q1FY12	FY11
<b>Total Income</b>	<b>343</b>	<b>361</b>	<b>327</b>	<b>1,649</b>
<b>Total Expenditure</b>	<b>321</b>	<b>309</b>	<b>296</b>	<b>1,429</b>
<b>Profit before tax</b>	<b>22</b>	<b>52</b>	<b>30</b>	<b>221</b>

#### Discussion of financial performance

- The total income stood at Rs. 343 million (US\$ 8 million) for the quarter ended September 30, 2011 as against Rs. 327 million in Q1FY12 – QoQ increase of 5%
- The business achieved a profit before tax of Rs. 22 million (US\$ 0.5 million) for the quarter ended September 30, 2011

**DISTRIBUTION BUSINESS – ‘RELIANCE MONEY’**

**FINANCIAL PERFORMANCE**

(Rs. Million)

	Q2FY12	Q2FY11	Q1FY12	FY11
<b>Total Income</b>	<b>215</b>	<b>86</b>	<b>156</b>	<b>585</b>
<b>Total Expenditure</b>	<b>194</b>	<b>61</b>	<b>129</b>	<b>461</b>
<b>Profit before tax</b>	<b>21</b>	<b>25</b>	<b>27</b>	<b>124</b>

**Discussion of financial performance**

- The total income stood at Rs. 215 million (US\$ 5 million) for the quarter ended September 30, 2011 as against Rs. 86 million for the corresponding previous period – YoY growth of 150%
- The total expenses increased 220% YoY to Rs. 194 million (US\$ 4 million). This was mainly on account of significant incremental investments in the gold business and increasing branch network for insurance distribution
- The business achieved a profit before tax of Rs. 21 million (US\$ 0.5 million) for the quarter ended September 30, 2011

## RELIANCE GENERAL INSURANCE

- Amongst leading private sector general insurers in India with private sector market share of 8.2%

## FINANCIAL PERFORMANCE

(Rs. Million)

	Q2FY12	Q2FY11	Q1FY12	FY11
<b>Gross Written Premium</b>	3,694	3,707	5,248	16,554
<b>Profit before Tax/ (Loss)</b>	(287)	(282)	(301)	(3,098)
<b>Combined ratio with pool</b>	123%	118%	130%	136%
<b>Capital infusion</b>	350	470	1,000	1,420
<b>Investment book</b>	22,981	19,603	23,497	21,372
<b>No of policies issued (millions)</b>	0.6	0.7	0.7	2.8
<b>No of branches</b>	162	200	181	200
<b>No of intermediaries</b>	5,261	4,245	4,348	4,235

## SEGMENT WISE BREAK UP

- Premium contribution

Particulars	As at September 30, 2011	As at September 30, 2010
Motor	64%	58%
Health	14%	16%
Fire	7%	8%
Engineering	6%	3%
Others	9%	15%
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 September 30, 2011 was Rs 3.7 billion (US\$ 81 million)
- The combined ratio (including 3<sup>rd</sup> party motor pool) was 123% - an improvement of 5% QoQ
- The loss was brought down to Rs. 287 million (US\$ 6 million) for the quarter ended September 30, 2011 – a QoQ decline of 4%
- During the quarter, Rs. 350 million (US\$ 7 million) was infused into the business – a QoQ decline of 65%
- The total capital invested is Rs. 13 billion (US\$ 262 million)
- The distribution network composed of 162 branches and over 5,200 intermediaries at the end of September 30, 2011

- **SECTION 4**

## STOCK MARKET HIGHLIGHTS

### General information

<b>Shareholding and Financial data as on September 30, 2011</b>	
Code/ Exchange	<b>500111/ BSE RELCAPITAL/ NSE</b>
Bloomberg/ Reuters	<b>RCAPT.IN</b>
No of share outstanding ( September 30, 2011)	<b>245,632,800</b>
Closing market price (Rs.) (September 30, 2011)	<b>315.15</b>
Combined volume (NSE & BSE) (for the quarter) (No. in million/ day)	<b>2.3</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>6.5</b>
F& O value (NSE – for the quarter) (Rs. in billion/ day)	<b>3.1</b>
Stock Beta (for quarter ended September 30, 2011)	<b>1.51</b>
Market capitalization as on September 30, 2011 (Rs bn)	<b>77.4</b>
Market capitalization as on September 30, 2011 (US\$ bn)	<b>1.6</b>
Book value per equity share (Rs.)	<b>319</b>

### Summarized shareholding pattern as of September 30, 2011

<b>Category</b>	<b>No of shares</b>	<b>Shareholding</b>
Promoters	132,982,272	54.1%
Foreign investors – FIIs, NRIs and others	52,167,119	21.2%
Domestic institutions/ Banks / Mutual funds	12,000,799	4.9%
Indian public	48,482,610	19.7%
<b>Total</b>	<b>24,56,32,800</b>	<b>100.00%</b>

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



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

