

Reliance Capital Limited

**Review report on the results for the financial year ended
March 31, 2013 (Audited)**

May 16, 2013

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. 54.17 = US\$ 1.00 for Q4 FY13 profit and loss items, and Rs. 54.40 = US\$ 1.00 for FY13 profit and loss items as well as for the balance sheet items as on March 31, 2013. 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	2011	2012	2013
Reliance Capital Limited (Consolidated)			
Total Revenues	55,359	66,269	75,186
Profit After Tax	2,912	4,578	8,119
Net worth	78,097	116,963	119,910
Total Assets	319,939	353,430	405,881
Reliance Capital Asset Management (Consolidated)			
Total Revenues	7,330	6,647	7,346
Profit Before Tax	2,943	3,076	2,896
Reliance Life Insurance			
Total Premium (Net)	65,479	54,702	40,153
Profit Before Tax / (Loss)	(1,293)	3,726	3,804
Reliance Commercial Finance			
Total Revenues	13,741	19,450	20,974
Profit Before Tax	2,693	2,537	3,420
Broking & Distribution businesses			
Total Revenues	3,109	3,810	3,810
Profit Before Tax	332	554	449
Reliance General Insurance			
Gross Written Premium	16,554	17,548	20,362
Profit Before Tax / (Loss)	(3,098)	(3,416)	(928)

Particulars ⁺	Year ended March 31,		
	2011	2012	2013
Reliance Mutual Fund			
Average Asset under Management (Rs. billion)	1,016	781	946
Reliance Life Insurance			
New business premium	30,349	18,093	13,766
Reliance General Insurance			
Combined Ratio (%)	140%	145%	121%
Reliance Commercial Finance			
Loan book size	122,900	132,386	136,524
Reliance Securities			
Broking Accounts (Nos.)	663,900	687,300	715,500

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

SECTION 2

AN 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 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; 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. 1.7 trillion (US\$ 31.8 billion) as on March 31, 2013 across:
 - mutual funds* - Rs. 945.8 billion (US\$ 17.4 billion)
 - pension funds - Rs. 707.6 billion (US\$ 13.0 billion)
 - managed accounts - Rs. 14.7 billion (US\$ 270.8 million) and
 - hedge funds - Rs. 63.2 billion (US\$ 1.2 billion)

* - average assets under management for the quarter ended March 31, 2013

- RCAM continues to be the largest asset manager in the country
- RCAM's income from its operations for the year ended March 31, 2013 was at Rs. 7.3 billion (US\$ 135.0 million) - a YoY increase of 11%
- RCAM's total expenditure from its operations for the year ended March 31, 2013 was at Rs. 4.5 billion (US\$ 81.8 million) - a YoY increase of 25%
- Profit before tax for the year ended March 31, 2012 was Rs. 2.9 billion (US\$ 53.2 million) - a YoY decrease of 6%

- PBT margins declined from 46.3% in FY12 to 39.4% in FY13 due to increase in marketing and other expenses
- Highlights:
 - In FY13, out of the Top performing 10 Equity schemes of Rs. 10 billion and above in the MF industry, 3 schemes belong to Reliance Mutual Fund
 - RCAM continued to expand its institutional business in Singapore and Middle East, and raised over US\$600 million in FY13 across India offshore debt products
 - Investor / Distributor (Branch Walk-in) Overall Satisfaction consistently above 95% as per Internal CSAT Survey
 - RCAM has enhanced its focus on the digital space to improve investor experience. There are over 6.8 lakh fans of the RMF Facebook page, the highest for any Mutual Fund in India

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 March 2013, was at Rs. 945.8 billion (US\$ 17.4 billion) - a YoY increase of 21%
- RMF continues to be one of the most profitable Mutual Funds in India
- Continued 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. 29.3 billion (US\$ 537.9 million) in AAUM for the quarter ended March 31, 2013
 - RMF had 24% market share in gold AAUMs as on March 31, 2013
- The Systematic Investment Plan (SIP) investor accounts at the end of the year, were over 1.3 million

- As on March 31, 2013, there were total of 49 schemes - 22 Equity oriented schemes, 23 debt oriented schemes, 3 exchange traded schemes and 1 fund of funds scheme
- At the end of FY13, RCAM had a wide distribution network spanning over 200 offices and more than 40,000 empanelled distributors

Reliance Life Insurance

- Reliance Life Insurance (RLI) offers products that fulfill savings and protection needs of customers. Reliance Life offers 31 products, of which 24 are targeted at individuals and 7 at group business
- Reliance Life Insurance has 16 optional rider offerings to provide comprehensive risk protection to customers. 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 4.5%. (Source: March 2013 data, IRDA website)
- Total premium (Net of Reinsurance) for the year was Rs. 40.2 billion (US\$ 738.1 million)
- Renewal premium for the year was Rs. 26.7 billion (US\$ 490.6 million)
- New business premium for the year ended March 31, 2013, was Rs. 13.8 billion (US\$ 253.0 million). Nearly 78% of the new business individual premium was contributed by traditional products
- RLI achieved a profit before tax of Rs. 3.8 billion (US\$ 69.9 million), for the year ended March 31, 2013 - a YoY increase of 2%. The declared results of Reliance Capital include consolidation of 38% stake of RLI
- The total funds under management were at Rs. 181.9 billion (US\$ 3.3 billion) as on March 31, 2013
- The distribution network stood at 1,230 offices across India and the number of agents as on March 31, 2013 were over 124,000

- Achievements and initiatives:
 - Received the BS25999:2007 certification from BVQI and the ISO 9001:2008 recertification
 - Awarded with the “Best Non-Urban Coverage” Award at Indian Insurance Awards 2012 for the second time in a row
 - Won ‘Silver’ at the Indian Digital Media Awards (IDMA) 2012, under Best Integrated Campaign - Social Cause and Best Use of Social Network - Social Cause
 - Launched five new products during the quarter (four individual and one group):
 - Reliance Life Care For You Advantage Plan: family floater health plan
 - Reliance Life Easy Care Fixed Benefit Plan: comprehensive Individual health plan
 - Reliance Life Insurance Smart Pension Plan is a Unit Linked deferred pension plan
 - Reliance Life Insurance Smart Maturity Benefit Plan is a non-linked, non-participating, single premium, savings-cum-protection plan
 - Reliance Life Insurance Traditional Group Superannuation Plan is a traditional, non-participating Group superannuation plan

Reliance Commercial Finance

- Reliance Commercial Finance (RCF) offers a wide range of products which include Home loans, Loans against property, SME loans, Vehicle loans, Loans for Construction equipment, and Infrastructure financing
- RCF is amongst the leading lenders in the Indian non banking finance sector. 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 March 31, 2013, nearly 100% of the outstanding book was secured

- The disbursements for the year ended March 31, 2013 were Rs. 87.4 billion (US\$ 1.6 billion) as against Rs. 79.4 billion for the corresponding previous period - an increase of 10%
- As on March 31, 2013, the assets under management (including securitized portfolio) was Rs. 163.8 billion (US\$ 3.0 billion) as against Rs. 150.8 billion as on March 31, 2012 - a YoY increase of 9%
- As on March 31, 2013, the outstanding loan book was Rs. 136.5 billion (US\$ 2.5 billion) as against Rs. 132.4 billion as on March 31, 2012 - a YoY increase of 3%. This loan book is spread across approx. 74,000 customers from top 20 Indian metros
- During the year, RCF securitized loans of Rs. 21.7 billion (US\$ 399.3 million), as against Rs. 12.9 billion in previous year - a YoY increase of 68%
- Total income stood at Rs. 21.0 billion (US\$ 385.5 million) in FY13 as against Rs. 19.5 billion in the corresponding previous period - a YoY increase of 8%
- The Net Interest Income for the year ended March 31, 2013 was Rs. 5.9 billion (US\$ 107.8 million) - a YoY increase of 15%
- RCF achieved a profit before tax of Rs. 3.4 billion (US\$ 62.9 million) - a YoY increase of 35%

Broking business

- Reliance Capital's broking business consists of Reliance Securities, one of the leading retail broking houses in India, that provides customers with access to equities, equity options and commodities futures, wealth management, portfolio management services, mutual funds, and IPOs, and Quant Capital, which caters to wholesale client segment of the capital markets, including foreign and domestic institutions, corporations and ultra high net worth individuals
- The focus is on the key business verticals of broking and wealth management
- Equity Broking:
 - It had nearly 715,500 retail broking accounts as on March 31, 2013 - a YoY increase of 4%

- Daily average stock exchange turnover stood at Rs. 24.9 billion (US\$ 457.9 million) - a YoY increase of 2%
- 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 March 31, 2013 has increased to Rs. 10.2 billion (US\$ 188.1 million) from Rs. 5.8 billion as on March 31, 2012 - an increase of 77%
- Commodity Broking:
 - It had nearly 39,700 commodity broking accounts as on March 31, 2013 - a YoY increase of 12%
 - The average daily commodities broking turnover was Rs. 9.6 billion (US\$ 176.3 million) - a YoY decrease of 5%
- Revenues of the broking business stood at Rs. 2.6 billion (US\$ 47.9 million) for the year ended March 31, 2013 - a YoY decrease of 5%
- The business achieved a profit before tax of Rs. 375.9 million (US\$ 6.9 million) for the year ended March 31, 2013 - a YoY increase of 18%
- Awards:
 - Mr. Vikrant Gugnani was named as the “CEO of the Year” at the ET NOW Awards for Retail Excellence (BFSI)
 - Received ‘Commercial Lines Broking Initiative of the Year - (SME / mid corporate)’ award at the BFSI Awards
 - Named as the “Most Admired service provider in Financial Services” at the Asian Confederation of Businesses
 - Received the “Best Customer Experience Award” at the E-Retail Awards (Franchise India)
 - Awarded the “Unique Services in the Commodity Space for the year” at the Globoil Awards

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 March 31, 2013, Reliance Money had a pan India distribution network of over 6,200 outlets
- Reliance Money is manufacturer agnostic and distributes mutual funds, life & general insurance products, loans and precious metal retailing
 - Reliance Money sold 5.0 tons of gold in the year ended March 31, 2013 - a YoY increase of 123%
 - Reliance Money is the one of the largest private sector partners for Western Union Money Transfer in India - 2.5 million money transfer transactions handled during the year - a YoY increase of 9%
- Reliance Money achieved revenues of Rs. 1.2 billion (US\$ 22.1 million) for the year ended March 31, 2013 - a YoY increase of 13%
- The business achieved a profit before tax of Rs. 73.1 million (US\$ 1.3 million) for the year ended March 31, 2013 - a YoY decrease of 69%
- Awards:
 - Awarded the "Insurance Broker of the Year" at the BFSI Awards and at the MY FM Awards for Excellence In Banking Financial Services & Insurance
 - Reliance MY Gold Plan named as the "Innovative Product of The Year" at the ET NOW Awards For Retail Excellence

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 7.2%

- Gross Written Premium for the year ended March 31, 2013 was Rs. 20.4 billion (US\$ 374.3 million) - a YoY increase of 16%
- No. of policies sold in FY13 rose by 11% to 2.9 million
 - Usage of manual cover-note in the Motor segment reduced from 51% in Q4 FY12 to 10% in Q4 FY13
- The combined ratio improved from 145% for the year ended March 31, 2012 to 121% for the year ended March 31, 2013
- The loss was at Rs. 927.7 million (US\$ 17.1 million) for the year ended March 31, 2013 as against Rs. 3.4 billion in the corresponding previous period
- The decrease in loss and combined ratio was driven primarily by reduction in claims ratio and improved cost efficiencies. Losses incurred under motor third party pool were Rs. 1.3 billion (US\$ 23.0 million) in FY13 as against Rs. 2.2 billion in FY12
- 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 FY13, RGI realized a gross written premium of Rs. 3.9 billion (US\$ 71.1 million) from commercial lines of business, as against Rs. 3.2 billion in FY12 - a YoY increase of 23%
- During the year, a fresh capital infusion of Rs. 1.6 billion (US\$ 28.5 million) was made into the business
- As on March 31, 2013, the total capital invested is Rs. 17.5 billion (US\$ 321.2 million)
- The distribution network composed of 126 branches and nearly 10,700 intermediaries as on March 31, 2013
- The solvency ratio for the business stood at 1.62 as on March 31, 2013 as against the minimum stipulated ratio of 1.40

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 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

Reliance Equity Advisors (India) Limited (REAL)

- Reliance Equity Advisors was formed in 2008-09 with the aim of bringing third party investments into sunrise industries offering rapid growth opportunities in India. Reliance Equity Advisors manages the Reliance Alternative Investments Fund - Private Equity Scheme I, a private equity fund raised in 2009-10 which makes late stage investments in mid-sized Indian companies
- The fund has thus far made six investments and has deployed ~75% thus far. The fund continues to focus on its three key themes: consumption demand, infrastructure allied and skilled human capital, and is evaluating two / three other investments that are in line with these themes, to add to its existing six investments which are in diverse sectors like education, infrastructure materials, FMCG, consumer durables, etc.
- The Fund's existing investments are closely monitored on an ongoing basis, and continue to perform to or above expectation. The Fund expects to begin evaluating exits opportunistically and judiciously in the course of this year, in a market that continues to be challenging

Reliance Asset Reconstruction

- Reliance Asset Reconstruction Ltd. (Reliance ARC) is in the business of acquisition, management and resolution of distressed debt / assets
- In the coming year, the company will focus on bilateral deals with banks, where, in several instances, it would also be working with the promoters of the NPA company for facilitating resolution in a time bound manner
- The assets under management as on March 31, 2013 declined from Rs. 606.8 million as on December 31, 2012 to Rs. 537.2 million (US\$ 9.9 million) on account of higher recoveries. Correspondingly, the company's own investment in NPAs declined from Rs. 140.1 million as on December 31, 2012 to Rs. 135.9 million (US\$ 2.5 million) as on March 31, 2013

SECTION 3

FINANCIAL AND OPERATING HIGHLIGHTS

Key Highlights for the year ended March 31, 2013

- Total income of Rs. 75.2 billion (US\$ 1.4 billion) against Rs. 66.3 billion in the corresponding previous period - an increase of 13%, mainly on account of sale of stake in Reliance Capital Asset Management, and increase in topline of General Insurance, Commercial Finance and Asset Management businesses
- Net profit of Rs. 8.1 billion (US\$ 149.2 million) against Rs. 4.6 billion in the corresponding previous period - a growth of 77%
- Net debt to equity stood at 1.70 as on March 31, 2013, as compared to 1.56 at the end of FY12

Summary of Consolidated Financial Statements

(Rs. Million)

	Q4 FY13	Q4 FY12	Q3 FY13	FY13	FY12
Interest Income	8,567	7,567	8,345	32,067	28,217
Capital Gains / Dividend	504	4,527	729	11,588	7,935
Premium Earned	4,936	4,765	5,079	20,733	19,343
Management & Advisory Fee	1,672	1,801	2,063	6,416	6,138
Brokerage & Commission	544	454	503	2,208	2,093
Other Income	685	503	440	2,174	2,543
Total income	16,907	19,619	17,158	75,186	66,269
Interest & Finance charges	5,987	5,646	5,956	23,430	22,501
Other Expenses	10,209	11,162	9,789	43,453	38,576
Total Expenses	16,196	16,808	15,745	66,883	61,076
Profit before tax	711	2,811	1,413	8,303	5,192
Net Profit after Minority Interest & share of profit of associates	2,654	3,293	1,008	8,119	4,578
Diluted EPS (Rs.)	10.8	13.4	4.1	33.1	18.6

Total income:

RCL's consolidated income from operations for the year ended March 31, 2013 was Rs. 75.2 billion (US\$ 1.4 billion) from Rs. 66.3 billion in the corresponding previous period - an increase of 13%, mainly on account of sale of stake in Reliance Capital Asset Management, and increase in topline of General Insurance, Commercial Finance and Asset Management businesses

Finance cost and Net profit from operations:

Interest & finance charges for the year were Rs. 23.4 billion (US \$ 430.7 million) as against Rs. 22.5 billion in the corresponding previous period - a YoY increase of 4%.

Other expenses for the year were Rs. 43.5 billion (US\$ 798.8 million) as against Rs. 38.6 billion in the corresponding previous period - an increase of 13%.

Profit after tax, minority interest and share of profit of associates for the year ended March 31, 2013 was Rs. 8.1 billion (US\$ 149.2 million) - a YoY increase of 77%.

Balance sheet

As on March 31, 2013, the company had total assets of Rs. 405.9 billion (US\$ 7.5 billion) - a YoY increase of 15%. The company's net worth rose by 3% to Rs. 119.9 billion (US\$ 2.2 billion). This resulted in net debt to equity ratio of 1.70 as on March 31, 2013.

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.

BUSINESS WISE PERFORMANCE

RELIANCE CAPITAL ASSET MANAGEMENT

FINANCIAL PERFORMANCE

(Rs. Million)

	Q4 FY13	Q4 FY12	Q3 FY13	FY13	FY12
Total Income	1,949	1,792	2,276	7,346	6,647
Total Expenses	798	781	1,693	4,450	3,571
Profit before tax	1,151	1,011	583	2,896	3,076

Discussion of financial performance

Total income:

- RCAM's income from its operations for the year ended March 31, 2013 was at Rs. 7.3 billion (US\$ 135.0 million) as against Rs. 6.6 billion in the corresponding previous period - a YoY increase of 11%
- RCAM's total expenditure from its operations for the year ended March 31, 2013 was at Rs. 4.5 billion (US\$ 81.8 million) - a YoY increase of 25%
- Profit before tax for the year ended March 31, 2012 was Rs. 2.9 billion (US\$ 53.2 million) - a YoY decrease of 6%

RELIANCE LIFE INSURANCE

- *Amongst leading private sector life insurers in India with private sector market share of 4.5% in terms of new business premium*

FINANCIAL PERFORMANCE

(Rs. Million)

	Q4 FY13	Q4 FY12	Q3 FY13	FY13	FY12
First year premium	3,932	5,868	2,860	11,884	14,364
Single premium	724	1,476	531	1,882	3,729
Total new business premium	4,655	7,343	3,391	13,766	18,093
Renewal premium	8,147	12,318	5,963	26,688	36,883
Total premium (Net of Reinsurance)	12,719	19,587	9,302	40,153	54,702
Profit before tax	2,902*	3,463*	402	3,804*	3,726*
Operating Costs (excl. commission)	4,558	3,778	2,897	13,117	12,935
Total Funds under management	181,894	187,666	193,659	181,894	187,666
Capital infused	-	-	-	-	3,000

	Q4 FY13	Q4 FY12	Q3 FY13	FY13	FY12
No. of offices	1,230	1,230	1,230	1,230	1,230
No. of agents	124,038	150,590	109,055	124,038	150,590

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

- Total premium (net of reinsurance) for the year was Rs. 40.2 billion (US\$ 738.1 million)
- Renewal premium for the year was Rs. 26.7 billion (US\$ 490.6 million)
- New Business Premium Income was Rs. 13.8 billion (US\$ 253.0 million) for the year ended March 31, 2013. Nearly 78% of new individual business premium was contributed by traditional products
- RLI achieved a profit before tax of Rs. 3.8 billion (US\$ 69.9 million) for the year ended March 31, 2013, as against Rs. 3.7 billion in FY12
- Operating costs (excluding commission) were at Rs. 13.1 billion (US\$ 241.1 million) for the year ended March 31, 2013 - a marginal YoY increase of 1%
- The total funds under management were at Rs. 181.9 billion (US\$ 3.3 billion) as on March 31, 2013
- The distribution network stood at 1,230 offices at the end of FY13 and the number of agents were at 124,038, as against 150,590 as on March 31, 2012

NEW BUSINESS ACHIEVED PROFIT (NBAP)

New Business Achieved Profit:

NBAP provides a reflection of the Company's performance for the year and it also determines the new business's contribution in the value of the Company. It is calculated by the present value (PV) of expected net transfers to shareholders generated from the new business written during the FY13 based on a given set of assumptions. NBAP Margin is the key measure of the profitability.

Basis of preparation

The NBAP is derived from the future stream of shareholder transfers and discounting the estimated future transfers at the risk discount rate. The future stream of shareholder transfers are net of tax after allowing for the effect of holding the solvency margins from the contribution generated by new business.

- **The new business achieved profit for one year ended March 31, 2013 was Rs. 2.1 billion (US\$ 37.7 million)**
- **The new business achieved profit margin for year ended March 31, 2013 was 20.15%**

The assumptions used for calculating NBAP are as follows:

Economic Assumptions:

Particulars	Assumptions p.a.
Cash/ Money Market / TB	5.00%
Government Securities	7.96%
Corporate Bond	8.50%
Equities	12.00%
Inflation	5.50%
Risk discount rate	12.50%
Tax rate	14.16%

Operating Assumptions:

- Operating assumptions such as mortality, morbidity and persistency are based on company's recent operating experience where such experience is credible, industry experience and reinsurer's experience

- Expense assumptions are based on the Company's latest expense projection which reflects recent responses to the lower growth environment. The chosen expense loadings are consistent with current best estimate assumptions and represent the Company's most recent view of long term expense assumptions
- No allowance has been made for any expense overruns that the Company experiences in the short term

Sensitivity:

The sensitivity of the NBAP to economic assumptions is given below:

Particulars	Base Value	(Rs. Million)	
		+1%	-1%
Investment return	2,050	2,322	1,650
Risk discount rate	2,050	1,973	2,132

- The investment return sensitivity considers a change in the assumed rate of growth for unit-linked funds, the assumed rate of investment return on non unit cash flows and reserves and on assets supporting the solvency margin, and a change in the rate of expense inflation

Further consideration:

- NBAP reflects **96.67%** of annualized new business premium written in the one year ended March 31, 2013
- The value from group business and rider business has been ignored. These business lines represent **3.33%** of the annualized new business premium
- 10% weightage is given to all single premium business
- NBAP is sensitive to the assumptions and actual experience may differ from these assumptions
- NBAP does not include the shareholder transfers from existing business

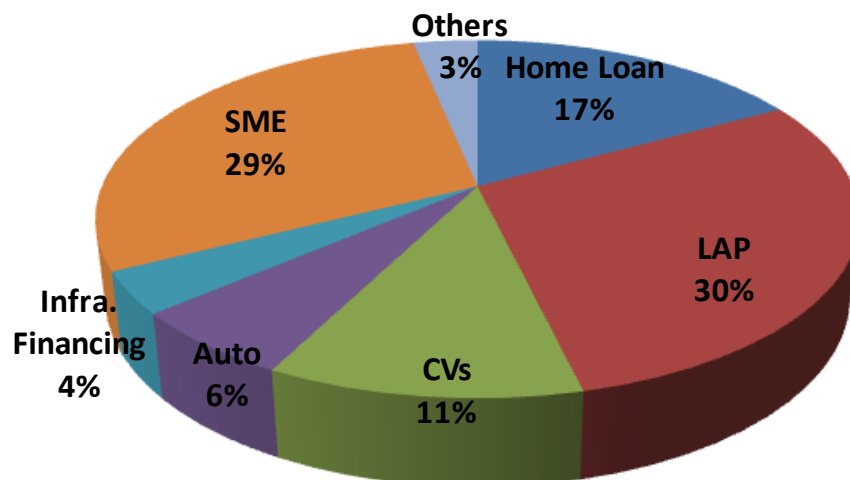
RELIANCE COMMERCIAL FINANCE

Discussion of financial performance

- Reliance Commercial Finance disbursed Rs. 87.4 billion (US\$ 1.6 billion) of loans during the year, as against Rs. 79.4 billion for the corresponding previous period - a YoY increase of 10%
- As on March 31, 2013, the assets under management (including securitized portfolio) was Rs. 163.8 billion (US\$ 3.0 billion) as against Rs. 150.8 billion as on March 31, 2012 - a YoY increase of 9%
- As on March 31, 2013, the outstanding loan book was Rs. 136.5 billion (US\$ 2.5 billion) as against Rs. 132.4 billion as on March 31, 2012 - a YoY increase of 3%. This loan book is spread across approx. 74,000 customers from top 20 Indian metros
- As on March 31, 2013, nearly 100% of the outstanding book was secured
- Personal loans proportion brought down to miniscule 0.1% of the outstanding loan book at the end of the year as against 0.4% at the end of the corresponding previous period
- During the year, RCF securitized loans of Rs. 21.7 billion (US\$ 399.3 million), as against Rs. 12.9 billion in FY12 - a YoY increase of 68%

LOAN BOOK MIX - as on March 31, 2013

Outstanding Loan book - Rs. 136.5 billion



FINANCIAL PERFORMANCE

(Rs. Million)

	Q4 FY13	Q4 FY12	Q3 FY13	FY13	FY12
Disbursals	24,476	15,913	23,124	87,446	79,373
Net Interest Income	1,696	1,333	1,432	5,865	5,104
Total Income	5,431	5,570	5,248	20,974	19,450
Total expenses	735	772	716	3,110	3,150
Interest expenses	3,408	3,495	3,553	13,778	12,801
Provisions	85	547	139	666	963
Profit before tax	1,203	756	841	3,420	2,537

- Total income stood at Rs. 21.0 billion (US\$ 385.5 million) in FY13 as against Rs. 19.5 billion in the corresponding previous period - a YoY increase of 8%
- The Net Interest Income for the year ended March 31, 2013 was at Rs. 5.9 billion (US\$ 107.8 million) - an increase of 15% over the corresponding previous period
- The profit before tax for the year ended March 31, 2013 was Rs. 3.4 billion (US\$ 62.9 million) as against Rs. 2.5 billion for the corresponding previous period - a YoY increase of 35%
- The cost to income ratio for the year was 14.8% as against 16.2% for FY12
- Average NIMs for the year ended March 31, 2013, improved to 4.3% as against 4.1% in the corresponding previous period
- Gross NPLs were 1.7% of outstanding AUMs at Rs. 2.8 billion (US\$ 51.9 million) as against 1.5% at Rs. 2.2 billion as on March 31, 2012
- The coverage ratio (including write-offs) stood at 62% as on March 31, 2013 as against 60% for the quarter ended December 31, 2012. Excluding write-offs, the ratio was at 17%

BROKING BUSINESSES

FINANCIAL PERFORMANCE

(Rs. Million)

	Q4 FY13	Q4 FY12	Q3 FY13	FY13	FY12
Total Income	756	923	631	2,610	2,749
Total Expenses	625	673	536	2,234	2,430
Profit before tax	131	250	96	376	320

Discussion of financial performance

- The total income stood at Rs. 2.6 billion (US\$ 47.9 million) for the year ended March 31, 2013 - a YoY decrease of 5%
- The business achieved a profit before tax of Rs. 375.9 million (US\$ 6.9 million) for the year ended March 31, 2013 - a YoY increase of 18%, driven by improved cost efficiencies

DISTRIBUTION BUSINESS - 'RELIANCE MONEY'

FINANCIAL PERFORMANCE

(Rs. Million)

	Q4 FY13	Q4 FY12	Q3 FY13	FY13	FY12
Total Income	415	353	356	1,200	1,060
Total Expenses	357	251	360	1,127	826
Profit before tax	58	102	(4)	73	234

Discussion of financial performance

- Total income stood at Rs. 1.2 billion (US\$ 22.1 million) for the year ended March 31, 2013 - a YoY increase of 13%
- The business achieved a profit before tax of Rs. 73.1 million (US\$ 1.3 million) for the year ended March 31, 2013 - a YoY decrease of 69%

RELIANCE GENERAL INSURANCE

- *Amongst leading private sector general insurers in India with private sector market share of 7.2%*

FINANCIAL PERFORMANCE

(Rs. Million)

	Q4 FY13	Q4 FY12	Q3 FY13	FY13	FY12
Gross Written Premium	4,866	4,326	4,963	20,362	17,479
Profit before Tax/ (Loss)	170	(2,483)	156	(928)	(3,416)
Combined ratio with motor pool losses	115%	197%	112%	121%	145%
Capital infusion	-	2,520	-	1,550	4,430
Investment book	32,525	27,021	32,550	32,525	27,021
No. of policies issued (millions)	0.8	0.7	0.7	2.9	2.6
No. of branches	126	151	126	126	151
No. of intermediaries	10,665	6,569	9,902	10,665	6,569

SEGMENT WISE BREAK UP

- **Premium contribution**

Particulars	FY13	FY12
Motor	63%	66%
Health	14%	13%
Fire & Engineering	14%	12%
Marine	1%	2%
Others	7%	7%
Total	100%	100%

Discussion of financial performance

- Gross Written Premium for the year ended March 31, 2013 was Rs. 20.4 billion (US\$ 374.3 million) - a YoY increase of 16%
- No. of policies sold in FY13 rose by 11% to 2.9 million
 - Usage of manual cover-note in Motor segment reduced from 51% in Q4 FY12 to 10% in Q4 FY13
- The combined ratio improved by 24% from 145% for the year ended March 31, 2012 to 121% for the year ended March 31, 2013
- The loss was at Rs. 927.7 million (US\$ 17.1 million) for the year ended March 31, 2013 as against Rs. 3.4 billion in the corresponding previous period
- 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 FY13, RGI realized a gross written premium of Rs. 3.9 billion (US\$ 71.1 million) from commercial lines of business, as against Rs. 3.2 billion in FY12 - a YoY increase of 23%
- During the year, a fresh capital infusion of Rs. 1.6 billion (US\$ 28.5 million) was made into the business
- The total capital invested is Rs. 17.5 billion (US\$ 321.2 million)
- The distribution network composed of 126 branches and nearly 10,700 intermediaries as on March 31, 2013
- The solvency ratio for the business stood at 1.62 as on March 31, 2013 as against the minimum stipulated ratio of 1.40

SECTION 4

STOCK MARKET HIGHLIGHTS

General information

Shareholding and Financial data as on March 31, 2013	
Code/ Exchange	500111 / BSE RELCAPITAL / NSE
Bloomberg/ Reuters	RCAPT.IN
No. of shares outstanding (March 31, 2013)	245,632,800
Closing market price (Rs.) (March 31, 2013)	312.70
Combined volume (NSE & BSE) (for the year) (No. in million / day)	4.4
Combined value (NSE & BSE) (for the year) (Rs. billion / day)	1.7
F & O volume (NSE - for the year) (No. in million / day)	15.0
F & O value (NSE - for the year) (Rs. in billion / day)	4.8
Stock Beta (for year ended March 31, 2013)	1.85
Market capitalization as on March 31, 2013 (Rs. billion)	76.8
Market capitalization as on March 31, 2013 (US\$ billion)	1.4
Book value per equity share (Rs.)	488.2

Summarized shareholding pattern as of March 31, 2013

Category	No. of shares	Shareholding
Promoters	132,982,272	54.1%
Foreign investors - FIIs, NRIs and others	50,024,947	20.4%
Domestic institutions / Banks / Mutual funds	13,867,954	5.6%
Indian public	48,757,627	19.9%
Total	245,632,800	100.0%