

# Reliance Capital Limited

**Review report on the results for the quarter ended  
September 30, 2012 (un-audited)**

**November 6, 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. 55.24 = US\$ 1.00 for Q2FY13 profit and loss items and the rate of Rs. 52.70 = US\$ 1.00 for balance sheet items as on September 30, 2012. 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	2010	2011	2012	Quarter ended September 30, 2012
<b>Reliance Capital Limited (Consolidated)</b>				
Total Revenues	61,406	55,359	66,269	<b>24,373</b>
Profit After Tax	4,345	2,912	4,578	<b>4,005</b>
Net worth	77,125	78,097	116,963	<b>117,120</b>
Total Assets	254,438	319,939	353,436	<b>390,073</b>
<b>Reliance Capital Asset Management (Consolidated)</b>				
Total Revenues	6,817	7,330	6,647	<b>1,602</b>
Profit Before Tax	2,680	2,943	3,076	<b>576</b>
<b>Reliance Life Insurance</b>				
Total Premium (Net)	65,883	65,479	54,702	<b>10,030</b>
Profit Before Tax/(Loss)	(2,838)	(1,293)	3,726	<b>309</b>
<b>Reliance Commercial Finance</b>				
Total Revenues	13,252	13,741	19,450	<b>5,342</b>
Profit Before Tax	1350	2,693	2,537	<b>715</b>
<b>Broking &amp; Distribution businesses</b>				
Total Revenues	2,585	3,109	4,661	<b>929</b>
Profit Before Tax	149	332	554	<b>92</b>
<b>Reliance General Insurance</b>				
Gross Written Premium	19,797	16,838	17,479	<b>4,898</b>
Profit Before Tax/(Loss)	(905)	(3,098)	(3,416)	<b>(1,053)</b>

Particulars	Year ended March 31,			Quarter ended September 30, 2012*
	2010 <sup>+</sup>	2011 <sup>+</sup>	2012 <sup>+</sup>	
<b>Reliance Mutual Fund</b>				
Average Asset under Management (Rs. billion)	1,144	1,016	781	863
<b>Reliance Life Insurance</b>				
New business premium	39,208	30,349	18,093	3,214
<b>Reliance General Insurance</b>				
Combined Ratio (%)	116%	140%	145%	140%
<b>Reliance Commercial Finance</b>				
Loan book size	91,658	122,900	132,386	141,449
<b>Broking</b>				
Broking Accounts (Nos.)	640,000	663,900	684,900	700,000

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

<sup>\*</sup> Financial highlights are based on un-audited consolidated results

## SECTION 2

### AN OVERVIEW

#### Introduction:

Reliance Capital is one of India's leading private sector financial services companies and ranks No. 1 among 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; 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. 1.6 trillion (US\$ 28.1 billion) as on September 30, 2012 across:
  - mutual funds\* - Rs. 863.3 billion (US\$ 15.6 billion)
  - pension funds - Rs. 641.6 billion (US\$ 11.6 billion)
  - managed accounts - Rs. 14.1 billion (US\$ 255.6 million) and
  - hedge funds - Rs. 33.2 billion (US\$ 600.8 million)
- \* - average assets under management for the quarter ended September 30, 2012
- RCAM continues to be the largest asset manager in the country
- RCAM's income from its operations for the quarter ended September 30, 2012 was at Rs. 1.6 billion (US\$ 29.0 million) - YoY decrease of 2%, mainly on account of 5% decline in MF AAUMs
- RCAM's total expenditure from its operations for the quarter ended September 30, 2012 was at Rs. 1.0 billion (US\$ 18.6 million) - YoY increase of 5%
- Profit before tax for the quarter ended September 30, 2012 was Rs. 576.3 million (US\$ 10.4 million) - a YoY decrease of 12%

- PBT margins declined from 40.2% in Q2 FY12 to 36.0% in Q2 FY13 due to fall in MF AAUMs
- Highlights for the quarter:
  - Launched products such as
    - 'Invest easy for individuals' where purchase, redemption and SIP transactions can be made on mobile
    - 'Business Easy' - a distributor platform for generating new business through leads / opportunity
  - Continue to build on retail assets through expanding our distribution base and penetrating emerging markets

### **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 September 30, 2012 was at Rs. 863.3 billion (US\$ 15.6 billion) as against Rs. 906.6 billion for the corresponding previous period
- 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 was Rs. 29.0 billion (US\$ 524.8 million) in AAUM for the quarter ended September 30, 2012 - YoY growth of 51%
    - RMF had 27% market share in gold AUMs as on September 30, 2012
- The Systematic Investment Plan (SIP) & Systematic Transfer Plan (STP) investor accounts at the end of the quarter, were over 1.4 million
- As on September 30, 2012, 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 Q2 FY13, RCAM had a wide distribution network spanning 235 offices across India

### **Reliance Life Insurance**

- Reliance Life Insurance (RLI) offers products that fulfill savings and protection needs of customers. Reliance Life offers 27 products, of which 21 are targeted at individuals and 6 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 4.8%. (Source: September 2012 data, IRDA website)
- Total premium (Net of Reinsurance) for the quarter was Rs. 10.0 billion (US\$ 181.6 million)
- Renewal premium for the quarter was Rs. 6.9 billion (US\$ 125.4 million)
- New business premium for the quarter ended September 30, 2012, was Rs. 3.2 billion (US\$ 58.2 million). Nearly 80% of the new business individual premium was contributed by traditional products
- RLI achieved a profit before tax of Rs. 309.4 million (US\$ 5.6 million), for the quarter ended September 30, 2012 - a YoY increase of 276%. The declared results of Reliance Capital include consolidation of 38% stake of RLI
- During Q2 FY13, net surplus arising from non-participating business amounted to Rs. 1.0 billion (US\$ 19.0 million). This surplus has not been included in the Q2 pretax profit
- The total funds under management were at Rs. 194.2 billion (US\$ 3.7 billion) as on September 30, 2012 - YoY increase of 16%

- The distribution network stood at 1,230 offices across India
- The number of agents as on September 30, 2012 were at approximately 116,000
- Achievements:
  - Won the "Best Paper Award" for "Doing things right, the first time and every time to enhance customer satisfaction" at the prestigious Asian Network for Quality Congress - 2012 at Hong Kong
  - Launched Metro distribution channel

### **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 September 30, 2012, nearly 100% of the outstanding book was secured as against 99% as on September 30, 2011
- The disbursements for the quarter ended September 30, 2012 were Rs. 22.8 billion (US\$ 413.2 million) as against Rs. 23.4 billion for the corresponding previous period - decrease of 3%
- As on September 30, 2012, the assets under management (including securitized portfolio) was Rs. 156.3 billion (US\$ 3.0 billion) as against Rs. 150.3 billion as on September 30, 2011 - a YoY increase of 4%
- As on September 30, 2012, the outstanding loan book was Rs. 141.4 billion (US\$ 2.7 billion) as against Rs. 139.3 billion as on September 30, 2011 - a YoY increase of 2%. This loan book is spread across approximately 78,500 customers from top 18 Indian metros
- Total income stood at Rs. 5.3 billion (US\$ 96.7 million) in Q2 FY13 as against Rs. 5.0 billion in the corresponding previous period - a YoY increase of 7%



- The Net Interest Income for the quarter ended September 30, 2012 was Rs. 1.4 billion (US\$ 24.9 million) as against Rs. 1.3 billion in the corresponding previous period - a YoY increase of 5%
- RCF achieved a profit before tax of Rs. 715.0 million (US\$ 12.9 million) - YoY increase of 31%, driven by higher yields

### **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, IPOs and investment banking, 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, wealth management and investment banking
- Equity Broking:
  - It had nearly 700,000 retail broking accounts as on September 30, 2012 - a YoY increase of 4%
  - Daily average stock exchange turnover stood at Rs. 24.9 billion (US\$ 451.0 million) - a YoY increase of 7%
- 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, 2012 has increased to Rs. 7.0 billion (US\$ 133.6 million) from Rs. 3.3 billion as on September 30, 2011 - an increase of 116%
- Investment Banking:
  - In investment banking, the capital requirements of enterprises are addressed through various instruments - IPOs, private placements, M&A etc.

- Commodity Broking:
  - It had nearly 37,500 commodity broking accounts as on September 30, 2012 - YoY increase of 2%
  - The average daily commodities broking turnover was Rs. 11.4 billion (US\$ 206.5 million) - YoY increase of 44%
- Revenues of the broking business stood at Rs. 647.7 million (US\$ 11.7 million) for the quarter ended September 30, 2012 - YoY increase of 12%
- The business achieved a profit before tax of Rs. 98.6 million (US\$ 1.8 million) for the quarter ended September 30, 2012 - as against a loss of Rs. 29.3 million in the corresponding previous period
- Awards
  - 'Most Admired service provider in Financial Services' award at the BFSI Awards
  - 'Mastering Change in a Hyperactive Business Environment - Thought Leader Award' on recognition of remarkable progress in initiating changes in its process - remarkable enough for others in the same industry to follow the example
  - Globoil's award for 'Unique Services in the Commodity Space - 2012'

### **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, 2012, Reliance Money had a pan India distribution network of over 6,350 outlets
- Reliance Money is manufacturer agnostic and distributes mutual funds, life & general insurance products, loans and precious metal retailing
  - Reliance Money sold over 200 kgs. of gold in the quarter ended September 30, 2012

- Reliance Money remains as the largest private sector partner for Western Union Money Transfer in India - nearly 580,000 money transfer transactions handled during the quarter
- Reliance Money achieved revenues of Rs. 281.4 million (US\$ 5.1 million) for the quarter ended September 30, 2012 - YoY increase of 31%
- The business had a loss of Rs. 7.1 million (US\$ 0.1 million) for the quarter ended September 30, 2012 due to costs from setting up new branches
- With increased focus on retail distribution, primarily life insurance, Reliance Money added 20 branches and over 1,000 FOS during the quarter

### **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 7.8%
- Gross Written Premium for the quarter ended September 30, 2012 was Rs. 4.9 billion (US\$ 88.7 million) as against Rs. 3.7 billion for the corresponding previous period - increase of 31%
- Number of policies sold in the quarter rose by 9% to 6.6 lakhs
- The combined ratio (including 3<sup>rd</sup> party motor pool) was 140% as against 123% for the corresponding previous period
- The loss was at Rs. 1.1 billion (US\$ 19.1 million) for the quarter ended September 30, 2012 as against a loss of Rs. 287.5 million 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 quarter, RGI realized a gross written premium of Rs. 906.6 million (US\$ 16.4 million) from commercial lines of business, as against Rs. 597.0 million in Q2 FY12 - YoY increase of 52%
- The total capital invested is Rs. 17.5 billion (US\$ 331.5 million)

- The distribution network composed of 131 branches and over 8,700 intermediaries as on September 30, 2012

#### **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 offers a 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

#### **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 manages the Reliance Alternative Investments Fund - Private Equity Scheme I, a private equity fund which makes late stage investments in mid-sized Indian companies
- Reliance Equity Advisors (India) Limited (Reliance Private Equity)'s first Fund, the Reliance Alternative Investments Fund - Private Equity Scheme I has committed investments aggregating to 74% of the fund size. The fund has thus far made six investments in diverse companies in sectors like education, infrastructure materials, FMCG, consumer durables, and others. The Fund continues to look for and evaluate

opportunities in sectors that fit within its investment thesis. Recently, it concluded an investment in an OEM for consumer goods. The fund also has an attractive deal pipeline and is evaluating companies in healthcare, IT and other consumption led industries.

- All the Fund's existing investments have performed up to expectations, and the fund continues to be closely involved in working and monitoring the growth of the investee companies

### **Reliance Asset Reconstruction**

- Reliance Asset Reconstruction Ltd. (Reliance ARC) is in the business of acquisition, management and resolution of distressed debt / assets
- The assets under management as on September 30, 2012 were Rs. 691.1 million (US\$ 13.1 million). The company's own investment in NPAs rose from Rs. 121.9 million as on June 30, 2012 to Rs. 162.1 million (US\$ 3.1 million) as on September 30, 2012

### **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
- RVAM currently manages assets of Rs. 1.9 billion (US \$ 37.0 million) as on September 30, 2012

## SECTION 3

### FINANCIAL AND OPERATING HIGHLIGHTS

#### Key Highlights for the quarter ended September 30, 2012

- Total income of Rs. 24.4 billion (US\$ 441.2 million) against Rs. 15.7 billion in the corresponding previous period - an increase of 55%, driven by increase in topline of Commercial Finance and gains accrued from the stake sale in Reliance Capital Asset Management
- Net profit of Rs. 4.0 billion (US\$ 72.5 million) against Rs. 334.1 million in the corresponding previous period - a growth of 1,100%
- Net debt to equity improved by 35% to 1.67 as on September 30, 2012, as compared to 2.57 at the end of Q2 FY12

#### Summary of Consolidated Financial Statements

(Rs. Million)

	Q2FY13	Q2FY12	Q1FY13	FY12
<b>Total income</b>	<b>24,373</b>	<b>15,730</b>	<b>16,758</b>	<b>66,269</b>
Staff costs	1,673	1,566	1,445	5,478
Other expenditure	6,657	2,335	4,171	12,380
Reinsurance premium ceded	1,219	1,608	1,824	7,515
Claims incurred	3,454	3,534	2,773	12,659
Interest & financial charges	5,802	5,835	5,678	22,501
Depreciation	137	126	134	544
Profit before tax	5,428	725	733	5,192
<b>Net Profit after Minority Interest &amp; share of profit of associates</b>	<b>4,005</b>	<b>335</b>	<b>451</b>	<b>4,578</b>
Diluted EPS (Rs.)	16.27	1.36	1.84	18.64

#### Total income:

RCL's consolidated income from operations for the quarter ended September 30, 2012 was Rs. 24.4 billion (US\$ 441.2 million) from Rs. 15.7 billion in the corresponding previous period - an increase of 55%, driven by increase in topline of Commercial Finance and gains accrued from the stake sale in Reliance Capital Asset Management.

**Operating expenses:**

Staff costs for the quarter ended June 30, 2012 were Rs. 1.7 billion (US\$ 30.3 million) as against Rs. 1.6 billion in the corresponding previous period - an increase of 7%.

Selling, general & administrative expenses for the quarter ended September 30, 2012 were Rs. 6.7 billion (US\$ 120.5 million) as against Rs. 2.3 billion in the corresponding previous period - an increase of 185%.

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

Interest & finance charges for the quarter were Rs. 5.8 billion (US \$ 105.0 million) - a decline of 1% as against the corresponding previous period.

Depreciation for the quarter was Rs. 137.3 million (US\$ 2.5 million) as against Rs. 125.9 million in the corresponding previous period - an increase of 9%.

Profit after tax, minority interest and share of profit of associates for the quarter ended September 30, 2012 was Rs. 4.0 billion (US\$ 72.5 million) as against Rs. 334.7 million in the previous quarter, an increase of 1,100%.

**Balance sheet**

As on September 30, 2012, the company had total assets of Rs. 390.1 billion (US\$ 7.4 billion) - an increase of 16%. The company had a net worth of Rs. 117.1 billion (US\$ 2.2 billion). This resulted in net debt to equity ratio of 1.67, as against 2.57 as on September 30, 2011 - an improvement of 35%.

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)			
	Q2 FY13	Q2 FY12	Q1 FY13	FY12
<b>Total Income</b>	1,602	1,631	1,520	6,647
<b>Total Expenses</b>	1,025	975	934	3,571
<b>Profit before tax</b>	576	656	586	3,076

**Discussion of financial performance**
**Total income:**

- RCAM's income from its operations for the quarter ended September 30, 2012 was at Rs. 1.6 billion (US\$ 29.0 million) as against Rs. 1.6 billion in the corresponding previous period - a YoY decrease of 2% mainly on account of 5% decline in MF AAUMs
- RCAM's total expenditure from its operations for the quarter ended September 30, 2012 was at Rs. 1.0 billion (US\$ 18.6 million) - a YoY increase of 5%
- Profit before tax for the quarter ended September 30, 2012 was Rs. 576.3 million (US\$ 10.4 million) - a YoY decrease of 12%



## RELIANCE LIFE INSURANCE

- *Amongst leading private sector life insurers in India with private sector market share of 4.8% in terms of new business premium*

## FINANCIAL PERFORMANCE

(Rs. Million)

	Q2 FY13	Q2 FY12	Q1 FY13	FY12
First year premium	2,871	3,055	2,221	14,364
Single premium	343	1,090	284	3,729
<b>Total new business premium</b>	<b>3,214</b>	<b>4,144</b>	<b>2,505</b>	<b>18,093</b>
Renewal premium	6,926	8,600	5,652	36,883
<b>Total premium (Net of Reinsurance)</b>	<b>10,030</b>	<b>12,634</b>	<b>8,102</b>	<b>54,702</b>
<b>Profit before tax</b>	<b>309</b>	<b>82</b>	<b>191</b>	<b>3,726*</b>
<b>Operating Costs (excl. commission)</b>	<b>2,920</b>	<b>3,101</b>	<b>2,742</b>	<b>12,935</b>
<b>Total Funds under management</b>	<b>194,172</b>	<b>167,474</b>	<b>185,860</b>	<b>187,666</b>
<b>Capital infused</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,000</b>

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

	Q2 FY13	Q2 FY12	Q1 FY13	FY12
<b>No. of offices</b>	1,230	1,252	1,230	1,230
<b>No. of agents</b>	115,947	165,381	119,931	150,590

- Total premium (net of reinsurance) in Q2 FY13 was Rs. 10.0 billion (US\$ 181.6 million)
- Renewal premium for the quarter was Rs. 6.9 billion (US\$ 125.4 million)
- New Business Premium Income was Rs. 3.2 billion (US\$ 58.2 million) for the quarter. Nearly 80% of new individual business premium was contributed by traditional products
- RLI achieved a profit before tax of Rs. 309.4 million (US\$ 5.6 million) for the quarter ended September 30, 2012, a YoY increase of 276%.
- During the quarter, net surplus arising from non-participating business amounted to Rs. 1.0 billion (US\$ 19.0 million). The Q2 profit before tax figures does not include this surplus

- Operating costs (excluding commission) were at Rs. 2.9 billion (US\$ 52.9 million) for the quarter ended September 30, 2012, decline of 6% YoY. This is in line with the focus to achieve leaner cost structure
- The total funds under management were at Rs. 194.2 billion (US\$ 3.7 billion) as on September 30, 2012
- The distribution network stood at 1,230 offices at the end of Q2 FY13
- The number of agents as on September 30, 2012 were at nearly 116,000 as against 165,000 agents as on September 30, 2011

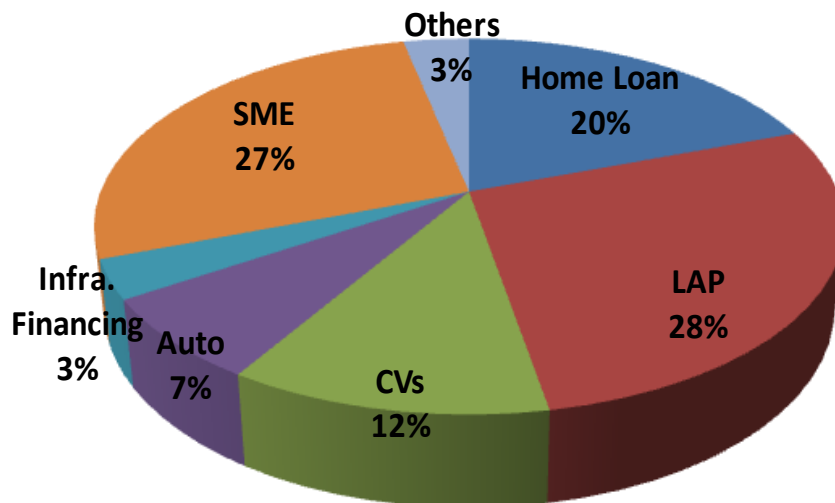
## RELIANCE COMMERCIAL FINANCE

### Discussion of financial performance

- Reliance Commercial Finance disbursed Rs. 22.8 billion (US\$ 413.2 million) of secured loans during the quarter, as against Rs. 23.4 billion for the corresponding previous period - decrease of 3%
- As on September 30, 2012, the assets under management (including securitized portfolio) was Rs. 156.3 billion (US\$ 3.0 billion) as against Rs. 150.3 billion as on September 30, 2011 - increase of 4%
- As on September 30, 2012 the outstanding loan book was Rs. 141.4 billion (US\$ 2.7 billion) as against Rs. 139.3 billion as on September 30, 2011 - a YoY increase of 2%. This loan book is spread across approximately 78,500 customers from top 18 Indian metros
- As on September 30, 2012, nearly 100% of the outstanding book was secured as against 99% as on September 30, 2011
- Personal loans proportion brought down to miniscule 0.1% of the outstanding loan book at the end of the year as against 0.6% at the end of the corresponding previous period

### LOAN BOOK MIX - as on September 30, 2012

Outstanding Loan book - Rs. 141.4 billion



## FINANCIAL PERFORMANCE

(Rs. Million)

	Q2 FY13	Q2 FY12	Q1 FY13	FY12
Disbursements	22,823	23,444	17,023	79,373
Net Interest Income	1,376	1,314	1,361	5,104
<b>Total Income</b>	<b>5,342</b>	<b>4,980</b>	<b>4,953</b>	<b>19,450</b>
Total expenses	875	825	784	3,150
Interest expenses	3,465	3,141	3,351	12,801
Provisions	286	467	156	963
<b>Profit before tax</b>	<b>715</b>	<b>547</b>	<b>661</b>	<b>2,537</b>

- Total income stood at Rs. 5.3 billion (US\$ 96.7 million) for the quarter as against Rs. 5.0 billion for the corresponding previous period - a YoY increase of 7%
- The Net Interest Income for the quarter ended September 30, 2012 was Rs. 1.4 billion (US\$ 24.9 million) as against Rs. 1.3 billion for the corresponding previous period - a YoY increase of 5%
- The profit before tax for the quarter ended September 30, 2012 was Rs. 715.0 million (US\$ 12.9 million) as against Rs. 547.2 million for the corresponding previous period - a YoY increase of 31% driven by higher yields
- The cost to income ratio for the quarter improved to 16.4% as against 16.6% for Q2 FY12
- Average NIMs for the quarter ended September 30, 2012, remained stable at 4.1%
- Gross NPLs were 1.6% of outstanding AUMs at Rs. 2.5 billion (US\$ 48.1 million) as against 1.2% at Rs. 1.8 billion as on September 30, 2011
- The coverage ratio (including write-offs) stood at 71% as on September 30, 2012. Excluding write-offs, the ratio was at 32%

## BROKING BUSINESSES

### FINANCIAL PERFORMANCE

(Rs. Million)

	Q2 FY13	Q2 FY12	Q1 FY13	FY12
<b>Total Income</b>	<b>648</b>	<b>577</b>	<b>575</b>	<b>2,749</b>
<b>Total Expenditure</b>	<b>549</b>	<b>607</b>	<b>524</b>	<b>2,430</b>
<b>Profit before tax</b>	<b>99</b>	<b>(29)</b>	<b>51</b>	<b>320</b>

#### Discussion of financial performance

- The total income stood at Rs. 647.7 million (US\$ 11.7 million) for the quarter ended September 30, 2012 - YoY increase of 12%
- The business achieved a profit before tax of Rs. 98.6 million (US\$ 1.8 million) for the quarter ended September 30, 2012

**DISTRIBUTION BUSINESS - 'RELIANCE MONEY'**

**FINANCIAL PERFORMANCE**

(Rs. Million)

	Q2 FY13	Q2 FY12	Q1 FY13	FY12
<b>Total Income</b>	<b>281</b>	<b>215</b>	<b>147</b>	<b>1,060</b>
<b>Total Expenditure</b>	<b>288</b>	<b>194</b>	<b>120</b>	<b>826</b>
<b>Profit before tax</b>	<b>(7)</b>	<b>21</b>	<b>26</b>	<b>234</b>

**Discussion of financial performance**

- Total income stood at Rs. 281.4 million (US\$ 5.1 million) for the quarter ended September 30, 2012 as against Rs. 215.1 million for the corresponding previous period - a YoY increase of 31%
- The business had a loss of Rs. 7.1 million (US\$ 0.1 million) for the quarter ended September 30, 2012

## RELIANCE GENERAL INSURANCE

- Amongst leading private sector general insurers in India with private sector market share of 7.8%

## FINANCIAL PERFORMANCE

(Rs. Million)

	Q2 FY13	Q2 FY12	Q1 FY13	FY12
Gross Written Premium	4,898	3,730	5,635	17,479
Profit before Tax/ (Loss)	(1,053)	(287)	(201)	(3,416)
Combined ratio with pool	140%	123%	120%	145%
Capital infusion	1,550	350	-	4,430
Investment book	31,064	22,882	28,686	27,021
No. of policies issued (millions)	0.7	0.6	0.7	2.6
No. of branches	131	162	148	151
No. of intermediaries	8,740	5,132	7,680	6,569

## SEGMENT WISE BREAK UP

- Premium contribution

Particulars	Q2 FY13	Q2 FY12	Q1FY13
Motor	61%	64%	55%
Health	13%	14%	15%
Fire & Engineering	16%	13%	19%
Marine	1%	1%	2%
Others	9%	8%	9%
Total	100%	100%	100%

## Discussion of financial performance

- Gross Written Premium for the quarter ended September 30, 2012 was Rs. 4.9 billion (US\$ 88.7 million) - YoY growth of 31%
- Number of policies sold in the quarter rose by 9% to 6.6 lakhs
- The combined ratio (including third party motor pool) was 140% in the quarter, as against 123% for Q2 FY12
- The loss was at Rs. 1.1 billion (US\$ 19.1 million) for the quarter ended September 30, 2012 as against Rs. 287.5 million 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 quarter, RGI realized a gross written premium of Rs. 906.6 million (US\$ 16.4 million) from commercial lines of business, as against Rs. 597.0 million in Q2 FY12 - YoY increase of 52%
- The total capital invested is Rs. 17.5 billion (US\$ 331.5 million)
- The distribution network composed of 131 branches and over 8,700 intermediaries as on September 30, 2012



## SECTION 4

### STOCK MARKET HIGHLIGHTS

#### General information

Shareholding and Financial data as on September 30, 2012	
Code/ Exchange	500111 / BSE RELCAPITAL / NSE
Bloomberg/ Reuters	RCAPT.IN
No of share outstanding (September 30, 2012)	245,632,800
Closing market price (Rs.) (September 30, 2012)	431.45
Combined volume (NSE & BSE) (for the quarter) (No. in million / day)	3.9
Combined value (NSE & BSE) (for the quarter) (Rs. billion / day)	1.4
F & O volume (NSE - for the quarter) (No. in million / day)	8.5
F & O value (NSE - for the quarter) (Rs. in billion / day)	3.1
Stock Beta (for year ended September 30, 2012)	1.91
Market capitalization as on September 30, 2012 (Rs. billion)	106.0
Market capitalization as on September 30, 2012 (US\$ billion)	2.0
Book value per equity share (Rs.)	476.8

#### Summarized shareholding pattern as of September 30, 2012

Category	No. of shares	Shareholding
Promoters	132,982,272	54.1%
Foreign investors - FIIs, NRIs and others	53,139,672	21.6%
Domestic institutions/ Banks / Mutual funds	13,940,277	5.7%
Indian public	45,570,579	18.6%
<b>Total</b>	<b>245,632,800</b>	<b>100.0%</b>