

**RELIANCE Capital**  
Anil Dhirubhai Ambani Group

**Current Price: Rs. 745.65**

### STOCK DATA

BSE Code	50111
NSE Symbol	RELCAPITAL
Reuters	RLCP.BO
Bloomberg	RCFT.IN

### VALUE PARAMETERS

Price (Rs)	745.65
52 W H/L(Rs)	1066/274.20
Mkt. Cap.(Rs Cr)	18315.4
Latest Equity(Subscribed)	245.63
Latest Reserve(cons)	7207.2
Latest EPS -Unit Curr.(cons)	33.53
Lat. P/E(cons)	24.57
Latest Bookvalue -Unit Curr.(cons)	303.42
Latest P/BV(cons)	2.46
Div. Yield (%) (cons)	0.87
Face Value	10

### SHARE HOLDING PATTERN (%)

Description as on	% of Holding 30/09/2009
Foreign	22
Institutions	5.36
Govt. Holding	0.02
Non Promoter Corporate Holding	4.63
Total Promoters	53.49
Total Public & Others	14.5

### Financial Results

In Cr.

Particulars	Qtr Ending	Qtr Ending	Var. (%)
	Sept 09	Sept 08	
Sales	1447.07	1305.07	11
OPM (%)	40.3	44.6	
OP	583.32	581.94	0
Other inc.	19.32	10.79	79
PBIDT	602.64	592.73	2
Interest	360.77	292.05	24
PBDT	241.87	300.68	-20
Dep.	15.38	12.96	19
PBT	226.49	287.72	-21
Tax	68.11	56.23	21
PAT	158.38	231.49	-32
EO (Net of tax expenses)	-0.03	0	-100
Minority interest (Net of Expenses)	2.45	2.34	5
Share of Profit from associates	-0.07	0.27	PL
Net Profit	155.83	229.42	-32

### Quarterly Results

The company's consolidated total income from operations grew by 11% to Rs 1447.07 crore with 8% spurt in operating income to Rs 1395.31 crore and significant growth of 562% to Rs 51.76 crore in other operating income. The growth in revenue was driven by Asset management (up by 38% to Rs 148.71 crore); General Insurance (up by 14% to Rs 539.16 crore) and consumer finance (up by 8% to Rs 344.60 crore).

The consolidated operating profit margin (OPM) of company slipped by 430 bps to 40.3% largely owing to crash in OPM of finance & investments (by 1810 bps to 38.7%) and consumer finance (by 590 bps to 6.6%). However the robust growth in asset management by 590 bps to 39.5% limited the overall fall in consolidated OPM. This translated to flat consolidated operating profit of Rs 583.32 crore in Sep 09 quarter from 581.94 crore in Sep 08 quarter.

On the cost side, the Premium on Reinsurance Ceded as % of revenues increased by 130 bps to 11.8% and Other Expenses increased by 360 bps to 24%. Claims incurred grew by 40 bps to 15%. The staff cost fell by 100 bps to 9.7%.

With 79% robust growth in other income to Rs 19.32 crore, the PBDIT improved fractionally by 2% to Rs 602.64 crore. Unfortunately, spurt in interest expense by 24% to Rs 360.77 crore and depreciation cost by 19% to Rs 15.38 crore pulled down the PBT by 21% to Rs 226.49 crore. At the PBT level, only asset management and other segment recorded growth in profits to Rs 58.77 crore (up by 62%) and 8.32 crore (up by 154%) respectively. The remaining reported crash in PBT i.e. finance & investments by 34% to Rs 136.69 crore; general insurance by whopping 98% to Rs 0.11 crore and consumer finance by 43% to Rs 22.75 crore.

Further increase in effective tax rate by 1050 bps to 30% lowered the PAT by 32% to Rs 158.38 crore. With EO expense of Rs 0.03 crore (nil in Sep 08 quarter), increase in minority interest by 5% to Rs 2.45 crore and loss of Rs 0.07 crore as share from associates against profit from associates of Rs 0.27 crore in Sep 08 quarter, the net profit settled with 32% degrowth to Rs 155.83 crore. The decline in profitability is also attributed to lower capital gains booked owing to planned partial stake sale later in FY 10 in reliance life insurance subject to necessary approval.

<b>Segment Revenue</b>				
<b>Particulars</b>	In Cr.			
	<b>Qtr Ending Sept 09</b>	<b>Qtr Ending Sept 08</b>	<b>Var. (%)</b>	<b>% of total</b>
<b>Segment Revenue</b>				
Finance & Investments	353.26	362.25	-2	24
Asset Management	148.71	107.76	38	10
General Insurance	539.16	474.5	14	37
Consumer Finance	344.6	318.63	8	23
Other	80.66	52.72	53	6
<b>Total</b>	<b>1466.39</b>	<b>1315.86</b>	<b>11</b>	<b>100</b>
<b>Segment Results</b>				
Finance & Investments	136.69	205.84	-34	60
Asset Management	58.77	36.27	62	26
General Insurance	0.11	5.83	-98	0
Consumer Finance	22.75	39.67	-43	10
Other	8.32	3.27	154	4
<b>Total</b>	<b>226.64</b>	<b>290.88</b>	<b>-22</b>	<b>100</b>
Unallocated expenses	0.16	3.16	-95	
<b>Profit before Tax</b>	<b>226.48</b>	<b>287.72</b>	<b>-21</b>	
<b>Capital Employed</b>				
Finance & Investments	6228.14	5967.93	4	66
Asset Management	109.86	108.27	1	1
General Insurance	632.68	483.4	31	7
Consumer Finance	1770.47	1332.34	33	19
Other	684.64	234.26	192	7
<b>Total</b>	<b>9425.79</b>	<b>8126.2</b>	<b>16</b>	<b>100</b>
Inter-Segment Elimination	1668.56	921.03	81	
<b>Total</b>	<b>7757.23</b>	<b>7205.17</b>	<b>8</b>	

## Group Companies

### Reliance Mutual Fund (RMF)

- Its average asset under management (AAUM) grew by 37% y-o-y to Rs 1183 billion.
- In H1 FY 10, its equity AAUM grew by 85% compared to 74% growth in industry (excluding RMF). RMF accounted for 20% of fresh equity inflows.
- It has marketshare of 16%.

### Asset Management

- Its AUM under portfolio management services grew to Rs 331 billion in Sep 09 from 64 billion in Sep 08.
- Its AUM in offshore funds grew by 16% y-o-y to USD 193 million in Sep 09.

### Reliance Life Insurance

- The total premium rose by 9% y-o-y to Rs 12.6 billion in Sep 09 quarter. It has shifted focus to regular premium policies.
- It reduced the share of single premium to 9% from 14% of total new business premium. The single premium crashed by 49% to Rs 66.69 crore in Sep 09 quarter.
- The total funds under management surged by 116% to Rs 102.8 billion in Sep 09.
- Policyholders' fund under management grew by whopping 128% y-o-y to Rs 9982.86 crore in Sep 09 quarter.
- The capital infused fell by 82% to Rs 6.5 crore in Sep 09 quarter against Rs 35.5 crore in Sep08 quarter.
- The new business achieved profit grew by 20% y-o-y to Rs 2.3 billion in H1 FY 10.

#### **Reliance Consumer Finance**

- The loan book size has reduced by 13% y-o-y to Rs 82.9 billion in Sep 09.
- Disbursals declined by 29% y-o-y to Rs 14 billion in Sep09 quarter.
- Loan book composition as on 30th Sep 09 – 20% SME; 39% Mortgages, 10% personal loans; 16% CVs; 13% Auto and 2% loans against shares.
- Home Finance: the total income grew by robust 37% to Rs 88.31 crore in Sep 09 quarter while the PBT surged by whopping 155% to Rs 31.63 crore. Average cost of funds is 9.3% in Sep 09 quarter against 10.2% in FY 09. Cost to income ratio declined to 24% Sep 09 quarter from 49% in Sep 08 quarter.
- Asset Finance: Its total income grew by healthy 31% to Rs 18.04 crore while PBT by whopping 190% to Rs 40.74 crore in Sep 09 quarter. Its average cost to income ratio reduced to 50% in Sep09 quarter from 60% in Sep 08 quarter.
- Unsecured loan book: Its total income declined by 34% to Rs 75.96 crore in Sep 09 quarter while it recorded LBT of Rs 49.61 crore against PBT of Rs 13.35 crore in Sep 08 quarter. Its average cost of funds stood at 9.9% in Sep 09 quarter against 11.5% in FY 09. The company is de-emphasizing unsecured lending.

#### **Other Businesses**

- The current asset base of reliance asset reconstruction is over Rs 22 crore.
- Launched Reliance spot exchange in Oct 09 and commenced e-auction in metals. It plans to add e-auction in agri products.
- The total income of reliance money slipped by 35% y-o-y to Rs 60.91 crore while PBT reduced by whopping 81% to Rs 4.33 crore in Sep 09 quarter.



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