Reliance Capital Limited

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February 25, 2016

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001
BSE Scrip Code: 500111

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra (East), Mumbai 400 051
NSE Scrip Symbol: RELCAPITAL

Dear Sir,

Sub: **Scheme of Arrangement**

We wish to inform you that the Board of Directors at its meeting held today has approved a Scheme of Arrangement for demerger of Commercial Finance Division of the Company into its wholly owned subsidiary, Reliance Gilts Limited (proposed to be changed to "Reliance Commercial Finance Limited"), subject to requisite approvals.

We enclose herewith the information pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular no CIR/CFD/CMD/4/2015 September 09, 2015, in the prescribed format.

We also enclose herewith the media release of the Company for your information.

We request you to inform your members accordingly.

Thanking you.

Yours faithfully,
For **Reliance Capital Limited**

V. R. Mohan
President & Company Secretary

Encl: As above

Disclosure of events and information pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular no CIR/CFD/CMD/4/2015 September 09, 2015.

a. Brief details of the division(s) to be demerged:

Commercial Finance division of Reliance Capital Limited("RCap") to be demerged into its wholly owned subsidiary, Reliance Gilts Limited (proposed to be changed to "Reliance Commercial Finance Limited") subject to requisite approvals.

b. Turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding financial year / based on financials of the last financial year:

Particulars	Turnover	% to the total turnover of RCap
Revenue (Commercial Finance)	Rs.1,848 crore	46%

c. Rationale for demerger:

All operating businesses of Reliance Capital Ltd. (the Company), except the Commercial Finance business, are held in its wholly or majority owned subsidiaries. Accordingly, to align the overall operating structure, it is proposed to transfer the Commercial Finance division of the Company into a Wholly Owned Subsidiary. This will also facilitate the treatment of the Company as a Core Investment Company (CIC) in terms of applicable RBI regulations.

d. Brief details of change in shareholding pattern (if any) of all entities:

There is no change in shareholding pattern of the Company.

e. In case of cash consideration – amount or otherwise share exchange ratio:

The Scheme is intended to demerge the Commercial Finance division to its wholly owned subsidiary. All the assets and liabilities of Commercial Finance Division shall be transferred at book value. There will be no further cash consideration or issuance of shares.

f. Whether listing would be sought for the resulting entity.

No.

MEDIA RELEASE

RELIANCE CAPITAL BOARD APPROVES TRANSFER OF COMMERCIAL FINANCE DIVISION INTO A SEPARATE WHOLLY OWNED SUBSIDIARY

PROPOSAL ALIGNS CORPORATE STRUCTURE OF OPERATING BUSINESSES AS FULLY OR MAJORITY OWNED SUBSIDIARIES

COMMERCIAL FINANCE DIVISION HAS AGGREGATE LOANS PORTFOLIO OF OVER RS 15,000 CRORE WITH LEADERSHIP POSITION IN SME SEGMENT

PROPOSAL WILL ENHANCE INDEPENDENT MANAGEMENT FOCUS ON COMMERCIAL FINANCE BUSINESS AND PROVIDE FLEXIBILITY TO UNLOCK VALUE THROUGH STAKE SALE

RELIANCE LIFE INSURANCE AND RELIANCE ASSET MANAGEMENT ALREADY HAVE STRATEGIC FOREIGN PARTNERS WITH 49% STAKE

PROPOSAL WILL ALSO ENHANCE EMPLOYEE ENGAGEMENT AND RETENTION THROUGH ABILITY TO GRANT ESOPS IN THE BUSINESS

DEMERGER TO BE EFFECTIVE FROM APRIL 1, 2016 SUBJECT TO REQUISITE APPROVALS

RELIANCE CAPITAL TO REGISTER AS CORE INVESTMENT COMPANY WITH RESERVE BANK OF INDIA POST THIS TRANSFER

MOVE WILL ALSO FACILITATE APPLICATION FOR BANKING LICENCE AS AND WHEN RBI POLICY PERMITS

February 25, 2016, Mumbai: The Board of Directors of Reliance Capital today approved the transfer of its commercial finance division into a separate wholly owned subsidiary.

The transfer proposal of Reliance Commercial Finance (RCF), approved by the board today, aligns with the existing corporate structure of Reliance Capital wherein all operating business are held as wholly or majority owned subsidiaries.

RCF is amongst the leading SME lenders in the Indian non-banking finance space with a focus on asset backed lending and productive asset creation. The company has an aggregate asset under management (including securitized portfolio) portfolio of Rs 15,049 crore as on December 31, 2015,

"All operating businesses of Reliance Capital Ltd., except the Commercial Finance business, are held in its wholly or majority owned subsidiaries. Accordingly, to align the overall operating structure, it is proposed to transfer the Commercial Finance division of the Company into a Wholly Owned Subsidiary. This will also facilitate the treatment of the Company as a Core Investment Company (CIC) in terms of applicable RBI regulations.", said Mr Sam Ghosh, ED & Group CEO, Reliance Capital.

The proposal will enhance management focus on Reliance Commercial Finance and also provide flexibility to the company to unlock value through stake sale.

Reliance Life Insurance and Reliance Asset Management, both subsidiaries of Reliance Capital, already have a strategic partner – Nippon Life Insurance - with 49% stake.

“Reliance Commercial Finance has over 900 employees and the proposal will enhance employee engagement and retention through ability to grant ESOPs in the business”, said Mr Ghosh.

The demerger will be soon filed for requisite approvals and would be effective from April 1, 2016, subject to necessary court and regulatory approvals.

As per the scheme, the commercial finance division of Reliance Capital would be merged into Reliance Gilts Limited, a wholly owned subsidiary of Reliance Capital, and this merged entity would be renamed Reliance Commercial Finance Limited.

Reliance Capital would be applying to the RBI for registering itself as a CIC post the transfer and this move would also facilitate the application of banking licence, as and when RBI policy permits.

About Reliance Capital
www.reliancecapital.co.in

Reliance Capital, a part of the Reliance Group, is one of India’s leading private sector financial services companies. It ranks amongst the top private sector financial services and banking groups, in terms of net worth. The Company is a constituent of CNX Nifty Junior and MSCI Global Small Cap Index.

Reliance Group is amongst India’s leading business houses with over 250 million customers. The Group has a strong presence across a wide array of high growth consumer-facing businesses of financial services, telecom, energy, power, infrastructure, and Defence.

Reliance Capital has interests in asset management and mutual funds; life and general insurance; commercial and home finance; stock broking; wealth management services; distribution of financial products; asset reconstruction; proprietary investments and other activities in financial services.

www.twitter.com/RelianceCapital . www.facebook.com/RelianceCapital

Media Queries

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