

Reliance Capital Limited

**Review report on the results for the six months ended
September 30, 2008 (Unaudited)**

October 31, 2008

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. 42.77 = US \$1.00 for H1 FY09 and Rs. 43.75 = US \$ 1.00 for Q2 FY09 profit and loss items and the rate of Rs. 46.77 = UD\$1 for balance sheet items as on September 30, 2008. 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.

Table of contents

Section 1 – Reliance Capital at a glance

Section 2 – An overview

Section 3 – Financial and operating highlights

Section 4 – Key Industry developments

Section 5 – Stock market highlights

SECTION 1

RELIANCE CAPITAL – PERFORMANCE AT A GLANCE

(Rs. Million)

Particulars	Year ended March 31,			Half Year ended September 30, 2008 (Unaudited)
	2006	2007	2008	
Total Revenues	9,470	21,579	49,192	28,671
Net Profits	5,713	7,032	10,091	5,725
Networth	42,052	52,973	65,078	70,682
Reliance Mutual Fund				
Assets under Management (Rs.billion)	246.7	463.1	909.4	791.8
Reliance Life Insurance				
New business premium	1,940	9,320	27,510	14,731
Reliance General Insurance				
Gross written premium	1,630	9,120	19,460	9,862
Reliance Money				
Revenues	0	0	2,385	1,713
Reliance Consumer Finance				
Loan book size	0	0	71,200	95,130

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

SECTION 2

AN OVERVIEW

Introduction:

Reliance Capital is one of India's leading and fastest growing private sector financial services companies, and ranks among the top 3 private sector financial services and banking groups, in terms of network.

Reliance Capital is a part of the Reliance - Anil Dhirubhai Ambani Group and is now ranked amongst the 25 most valuable private companies in India and is also listed in Forbes Global 2000 (World's largest 2000 public companies).

Reliance ADA group is amongst India's top 3 business houses with a market cap of over US\$ 23 billion and 150 million customers. It has a strong presence across a wide array of high growth consumer-facing businesses of Telecom, Financial Services, Energy, Power, Infrastructure and Media and Entertainment.

Reliance Capital has interests in asset management and mutual funds, life and general insurance, private equity and proprietary investments, stock broking, depository services, distribution of financial products, consumer finance and other activities in financial services.

Reliance Capital Asset Management

Reliance Mutual Fund

- Reliance Mutual Fund has, over the years, built for itself a great name in the market by offering to its investors not just consistently high returns but also a highly innovative and diversified portfolio of products and services, and an unmatched track record of integrity.
- Reliance Mutual Fund (RMF) has maintained its leadership position in the country. It further cemented its leadership position by increasing its market share to 16.3% at the end of September 2008 as against the market share of the second largest player being only 9.8%
- The AUM as at September 30, 2008 increased to Rs. 791.8 billion (US\$ 17 billion) from Rs. 679.1 billion at the end of September 30, 2007, an increase of 17%. During the same period, the AUM of the entire Indian mutual fund industry increased from Rs. 4.7 trillion to Rs. 5.3 trillion (US\$ 113 billion), growth of 11%. (Source: AMFI website).
- The number of investors in RMF increased to 7.2 million as at the end of September 30, 2008 as against 4 million investors at the end of September 30, 2007.
- As on September 30, 2008, there were a total of 33 schemes - 17 equity oriented schemes, 14 debt oriented schemes and 2 exchange traded schemes
- RCAM further expanded its presence during the first half of FY09. It established its presence in 400 locations as against 300 of at the end of March 31, 2008
- In this year, Reliance Mutual Fund has won the "Most Trusted Mutual Fund Brand" for the third year, in succession by Economic Times - AC Nielsen ORG-MARG survey
- The number of Systematic Investment Plan Investors has crossed 1 million.

Portfolio Management Services

- Reliance Portfolio Management Services is a premium financial service for select investors from the portfolio management division of Reliance Capital Asset Management Ltd. This division creates customized portfolios for high net-worth individuals keeping in mind their risk return preferences and endeavors to generate superior returns
- The AUM as at end of September 30, 2008 increased to Rs. 63.1 billion (US\$ 1.3 billion) from Rs. 47 billion as at September 30, 2007, growth of 34%
- Reliance Capital Asset Management Company (RCAM) has been appointed this year as one of the fund managers by the Employees Provident Fund Organization (EPFO).

A hugely prestigious account, EPFO has entrusted over Rs 60 billion (US\$ 1.3 billion) to RAMC, to begin with, for investment management. The current corpus of the account is Rs. 2.4 trillion (US\$ 51 billion).

Reliance Asset Management (Singapore) Pte Ltd.

- Reliance Asset Management (Singapore) Pte Ltd, a wholly owned subsidiary of Reliance Capital Limited (through Reliance Asset management Company). It started operations in February 2007. It currently manages 3 India dedicated funds viz. – India Equity Growth Fund, India Equity Long Term Fund and India Equity Derivative Fund.
- Its AUM as on September 30, 2008 stood at US\$ 167 million as against US\$ 156 million as on September, 2007, demonstrating a growth of 7%

Other developments

- RCAM also received approval from Financial Services Authority in United Kingdom to commence investment advisory operations in United Kingdom

Reliance Life Insurance

- Reliance Life Insurance (RLIC) offers you products that fulfill savings and protection needs of customers. Reliance Life offers 30 products, of which 23 are targeted at individuals and 7 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
- Reliance Life Insurance is amongst the top four private sector insurance companies in India (in terms of monthly new business premium)
- New business premium for the six months ended September 30, 2008 was Rs. 14.7 billion (US\$ 344 million) as against Rs. 6.5 billion, an increase of 125%. During the period from August 2007 to August 2008, the new business premium of the entire Indian life insurance fund industry decreased by 5%, from Rs. 279 billion to Rs. 265 billion (US\$ 6 billion). (Source: IRDA website)
- The revenue during the period from Single premium policies was 19 % as against 26 % in the previous period.

- Total numbers of policies in force as on September 30, 2008 were 2,039,077 as against 1,448,176 as on September 30, 2007. An increase of 41%.
- RLIC is one of the fastest growing Indian life insurance companies growing @ 125 % year on year. It is ranked 4th amongst private sector players with a market share of 9.20% of the private sector.
- During the six month period, 3 new life insurance policies were launched, viz. Reliance Super Invest Assure plan, Group Savings Linked Insurance Plan and Group Credit life insurance.
- The distribution network has been increased to 744 branches at the end of September 30, 2008 against 339 branches at the end of September 30, 2007. In October 2008, RLIC received approval from Insurance Regulatory & Development Authority (IRDA) to start additional 400 branches. The current branch strength is 1,144.
- The numbers of agents at the end of September 30, 2008 were 211,293 as against 137,446 in the previous period, an increase of 54%.
- The total funds under management increased to Rs.47.5 billion (US\$ 1 billion) as at September 30, 2008 against Rs. Rs.20 billion as at September 30, 2007

Reliance General Insurance

- Reliance General Insurance (RGI) offers property insurance, engineering insurance, auto insurance, health insurance, travel insurance, marine insurance, commercial insurance and other specialty insurance products
- RGI is one of the top three private sector General insurance companies in India (in terms of business premium). It has a market share of 6.3% of the general insurance market in India.
- Gross Written Premium for the six months ended September 30, 2008 was Rs 9.8 billion (US\$ 231 million) as against Rs. 9.5 billion in the corresponding previous period, an increase of 4%
- The distribution network composed of 200 branches and over 7,800 intermediaries at the end of September 30, 2008

Reliance Money

- Reliance Money is a comprehensive financial services and solutions provider, providing customers with access to equities, equity options and commodities futures, mutual funds, IPOs, life and general insurance products, offshore investments, credit cards, money transfer, currency exchange and gold coins.
- Reliance Money is the largest brokerage and distributor of financial products in India with more than 2.7 million customers and the largest distribution network of 10,052 outlets in 5,165 locations.
- Reliance Money generated revenues of Rs. 1.7 billion (US\$ 40 million) for the six months ended September 30, 2008 as against Rs. 0.5 billion of the corresponding previous

period, an increase of 337 %. It also achieved a net profit of Rs. 254 million (US\$ 6 million) for the same period.

- Reliance Money has tied up with global partners like Reuters, Vasco, Valcambi, Webaroo, optionsXpress Holdings, Goldride Securities, World Gold Council and Wincor Nixdorf, to facilitate better access to wider world class choices to its customers
- Reliance Money has established its presence in the Middle East, Hong Kong, Nigeria and Ireland.
- In addition to the home-grown portfolio of products and services that Reliance Capital has to offer, Reliance Money also distributes a variety of third party financial products. It also assists millions of investors in creating customized individual portfolios based on their diverse investment needs and risk profiles.
- It is amongst the leading Mutual fund distributors of the country distributing products of 17 AMCs. It is the the largest private sector partner for Western Union Money Transfer in India, crossing the 150,000 transactions per month mark
- Reliance Money is targeting the low level of retail penetration in Indian equities market. Retail participation in equities in India, is amongst the lowest in the world, with less than 10% of household sector financial savings invested in equity/equity related assets
- Reliance Money has tied up with India Post and World Gold Council to sell gold coins through the entire post office network of around 155,000 offices across the country.
- Reliance Money has obtained Category I Merchant Banking License from the Securities and Exchange Board of India. This new license allows Reliance Money to provide a wide range of investment banking services such as Issue Management, Underwriting, Private Equity Advisory/ Syndication and Corporate Finance services in India.
- Reliance Money is taking its first steps into the Commodities Exchange business and is in the process of acquiring a 15 per cent stake in Hong Kong Mercantile Exchange (HKMEx). With this holding, Reliance Money becomes the second-largest shareholder in the commodity exchange and will have a board membership. Reliance Money is the first Indian firm to acquire a stake in an international exchange.

It has also obtained approval from the Ministry of Consumer Affairs for acquiring 10% stake in the National Multi-Commodity Exchange of India Ltd. (NMCE). Reliance Money proposes to acquire a total of upto 26 per cent stake in NMCE in two phases.

Reliance Consumer Finance

- Reliance Consumer Finance offers a wide range of products which include Personal loans, Vehicle loans (cars and commercial vehicles), Home loans, Loan against property and SME loans
- Our focus in this business is not just growth of credit per se but the quality of credit. Backed by our long-standing conservative approach, we have developed in-house stringent credit risk management systems to ensure the highest quality of credit.
- As on September 30, 2008 Reliance Consumer Finance had a loan book of Rs. 95.1 billion (US\$ 2 billion) with 120,000 customers spread across 23 locations. The loan book as on September 30, 2007 was Rs.22 billion

- Reliance Consumer Finance generated revenues of Rs.5.8 billion (US\$ 136 million) for the six months ended September 30, 2008, as against Rs. 0.6 billion for the corresponding previous period. It achieved a profit of Rs. 209 million (US\$ 5 million) for the same period.
- Reliance Capital has filed an application with National Housing Bank to set up a separate housing finance subsidiary and with Reserve Bank of India to set up a separate NBFC subsidiary for consumer finance business

Reliance Asset Reconstruction

- Reliance Asset Reconstruction has formally commenced business operations this quarter. The company is in the business of acquisition, management and resolution of distressed debt/ assets

Reliance Capital Services

- The Reliance ADA Group offers a diverse range of products and services: from telecom to financial services, from power and infrastructure to media and entertainment. This means that we have a huge pool of customers across our different businesses, who are not using all our products and services.
- A Reliance mobile user may not have a Reliance Money demat account or a Reliance Mutual Fund account. A Reliance Power shareholder may not be buying insurance from Reliance Life or General Insurance.
- We see tremendous opportunity in cross selling Reliance Capital products across the entire customer universe of the Reliance ADA Group.
- To capitalize on this opportunity, in July 2008 we have set up Reliance Capital Services, a company that will cross sell Reliance Capital products to the 150 million strong family of the Reliance ADA Group, comprising shareholders, customers and other stakeholders.
- Cross selling will lower our cost of customer acquisition and further improve profitability.
- It has commenced operations with over 1,000 employees and associates across 25 locations in India

Reliance Equities International

- Reliance Equities International Private Limited (REIPL) is the institutional stock broking subsidiary of Reliance Capital. REIPL has been set up to complement Reliance Capital's current financial services businesses
- Reliance Equities started business in August 2008. It aims to add value to our clients investment decision making process with thematic and differentiated research, access to corporate managements and lateral input providers and the highest standards of client servicing.

Reliance Equity Advisors (India) Limited (REAL)

- Reliance Equity Advisors (India) Limited (REAL), has been set up with the objective of raising a third party, sector agnostic private equity fund. The fund will primarily focus on acquisition financing, growth and consolidation capital in India.
- A team consisting of 12 professionals with extensive private equity and M&A background having combined experience of 30+ years and participation in over 40 transactions across sectors is in place.

SECTION 3

FINANCIAL AND OPERATING HIGHLIGHTS

Key Highlights for the six months ended September 30, 2008

- Total operating income of Rs. 28.6 billion (US\$ 668 million) against Rs. 21.3 billion in the corresponding period – an increase of 34%
- Net profit of Rs. 5.7 billion (US\$ 134 million) against Rs. 5.2 billion in the corresponding period – an increase of 9%
- Networth of Rs. 72.9 billion (US\$ 1.5 billion) as on September 30, 2008
- Total assets of Rs.221 billion (US\$ 4.7 billion) as on September 30, 2008

Summary of Consolidated Financial Statements

(Rs. Million)

	H1 FY09 (Unaudited)	H1 FY08	FY08
Total operating income	28,563	21,277	49,140
Staff costs	2,834	1,582	4,032
Other expenditure	5,953	6,184	13,319
Reinsurance premium ceded	3,313	3,716	7,665
Claims incurred	4,230	2,578	7,507
Interest & financial charges	5,266	910	4,100
Depreciation	243	126	412
Profit before tax	6,831	6,192	12,157
Profit after tax	5,768	5,207	10,102
Net Profit after Minority Interest & share of profit of associates	5,725	5,253	10,091
Diluted EPS (Rs)	23.31	21.20	41.08

Segmental Performance

(Rs. Million)

	H1 FY09 (Unaudited)	H1 FY08	FY08
Finance & Investments			
Revenue	9,021	8,451	16,852
Profit before tax	5,943	6,000	11,896
Capital employed	72,492	57,480	68,741
Asset Management			
Revenue	2,241	1,467	4,558
Profit before tax	776	568	1,931
Capital employed	1,083	580	677
General Insurance			
Revenue	10,948	10,686	23,461
Profit before tax	(84)	(203)	(1,628)
Capital employed	4,834	2,990	4,938
Consumer Finance			
Revenue	5,808	627	3,946
Profit before tax	209	55	59
Capital employed	390	92	59
Others			
Revenue	654	63	747
Profit before tax	52	(85)	140
Capital employed	2,343	158	223

Total income:

RCL's consolidated income from operations for the six months ended September 30, 2008 increased to Rs.28.6 billion (US \$ 668 million) from Rs.21.2 billion in the corresponding period previous year, registering a growth of 34%. This was largely due to the growth of the consumer finance, asset management and general insurance business.

Operating expenses:

Staff costs for the six months ended were Rs. 2.8 billion (US\$ 66 million) as against Rs. 1.6 billion in the corresponding period previous year, an increase of 79%, largely due to the increase in number of employees.

Selling, general & administrative expenses were Rs. 6 billion (US\$ 140 million) as against Rs. 6.2, a decrease of 4 %. This decrease was achieved inspite of an increase in scale of operations of the businesses. The decrease was achieved as a result of optimization of costs, improvement in operational efficiency and utilizing a healthy mix of own and third party distribution reach.

Finance cost and Net profit from operations:

Interest & finance charges for the six months were Rs. 5.3 billion (US \$ 123 million) as against Rs. 0.9 billion in the corresponding period previous year, an increase of 479 %. The increase was due to the increased borrowings for funding the consumer finance business.

Depreciation for the six months was Rs. 243 million (US\$ 57 million) as against Rs.126 million in the corresponding period previous year, an increase of 92%. This increase was mainly due to an increase in the fixed assets base.

Profit before tax increased to Rs. 6.8 billion (US\$ 160 million) during the corresponding previous period as against Rs.6.2 billion in the previous year, an increase of 10%

Provision for tax for the six months was Rs. 1 billion (US\$ 24 million) as against Rs. 0.9 billion in the corresponding previous period, an increase of 19 %

Profit after tax, minority interest and share of profit of associates for the period ended September 30, 2008 was Rs. 5.7 billion (US\$ 134 million) as against Rs. 5.2 billion in the previous year, an increase of 9%.

Balance sheet

As on September 30, 2008, the company has total assets of Rs 221.3 billion (US\$ 4.7 billion).

The company had a debt of Rs 127.9 billion (US\$ 2.7 billion) as on September 30, 2008 and networth of Rs. 70.7 billion (US\$ 1.5 billion) , resulting to net debt to equity ratio of 1.8.

BUSINESS WISE PERFORMANCE

RELIANCE CAPITAL ASSET MANAGEMENT

MUTUAL FUND

TOTAL ASSETS UNDER MANAGEMENT

(Rs. Billion)

Particulars	As at 30 Sept 2008	As at 30 Sept 2007	As at 31 Mar 2008
Mutual Funds			
- Equity	273.3	254.0	318.7
- Debt	518.5	425.0	589.4
TOTAL	791.8	679.0	908.1
Portfolio Management Services			
- Discretionary	19.9	16.6	20.1
- Advisory	12.7	30.3	48.9
- EPFO	30.5	-	-
TOTAL	63.1	46.9	69.0
Offshore Funds (US\$ million)	167	156	200

COMPETITIVE STANDING – INDIAN MUTUAL FUNDS

	As at 30 Sept 2008	As at 30 Sept 2007	As at 31 Mar 2008
Rank	#1	#1	#1
Market Share	16%	15%	17%

(Source: AMFI website)

DISTRIBUTION REACH

	As at 30 Sept 2008	As at 30 Sept 2007	As at 31 Mar 2008
Branches	189	99	118
Resident Representatives	211	101	161
TOTAL LOCATIONS	400	200	279

FINANCIAL PERFORMANCE

(Rs. Million)

	H1 FY09 (Unaudited)	H1 FY08	FY08
Income	2,437	1,467	4,741
Personnel costs	621	289	873
Marketing expenses	412	291	1,060
Administration & other expenses	467	318	755
Profit before tax	937	568	2,054
Profit after tax	663	376	1,497

Discussion of financial performance

Total income:

RCAM's income from its operations for the six months ended September 30, 2008 increased to Rs. 2,437 million (US \$ 57 million) from Rs. 1,467 million in the corresponding period previous year, registering a growth of 66%. This was largely due to the growth in the assets under management of the mutual fund, portfolio management services and offshore funds.

Operating expenses:

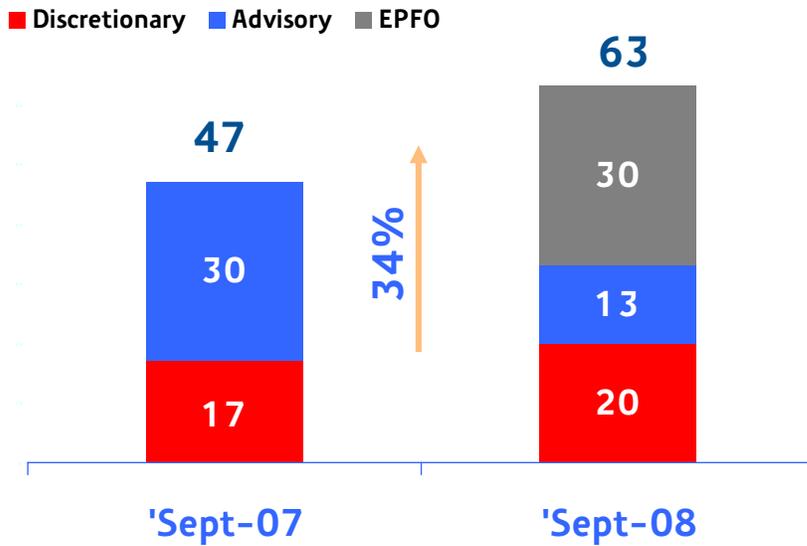
Staff costs for the six months ended were Rs. 621 million (US\$ 15 million) as against Rs. 289 million in the corresponding period previous year, an increase of 115%, largely due to the increase in number of employees to 1,178 (as on September 30, 2008) from 786 (as on September 30, 2007).

Selling, general & administrative expenses were Rs. 878 million (US\$ 21 million) as against Rs. 609, an increase of 44%. This increase was primarily due to increase in the scale of operations and expansion of our distribution network.

Profit after tax for the period ended September 30, 2008 was Rs. 663 million (US\$ 16 million) as against Rs. 376 million in the previous year, an increase of 77%.

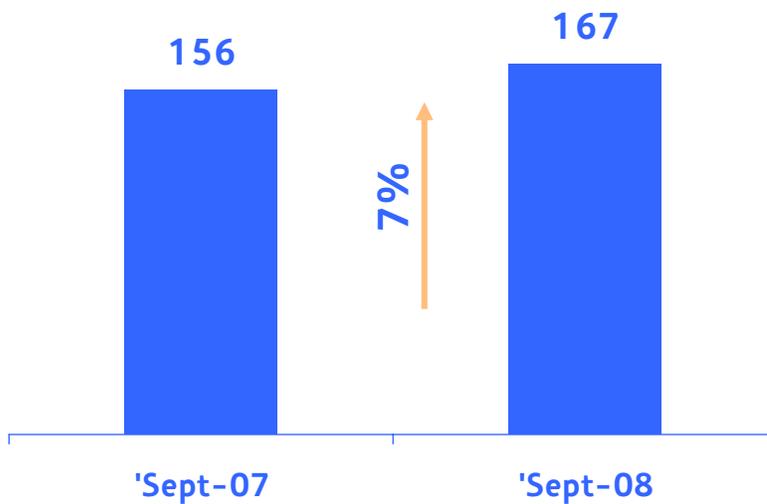
PORTFOLIO MANAGEMENT SERVICES

ASSETS UNDER MANAGEMENT (Rs. Billion)



OFFSHORE FUNDS

ASSETS UNDER MANAGEMENT (US\$ Million)



RELIANCE LIFE INSURANCE

FINANCIAL PERFORMANCE

(Rs. Million)

	H1 FY09 (Unaudited)	H1 FY08	FY08
First year premium	11,894	4,847	18,440
Single premium	2,837	1,693	9,071
Total new business premium	14,731	6,539	27,511
Total premium	19,089	7,749	32,133
No of policies issued	763,727	277,511	1,073,715
No of branches	744	339	744
No of agents	211,293	137,446	184,194
Funds under management			
Policyholders	43,789	19,234	35,545
Shareholders	3,779	920	2,222
Policyholders funds under management			
Equity	29,390	12,907	21,954
Debt (incl Tbills)	14,399	6,327	13,591
Capital infused	6,850	3,200	8,500

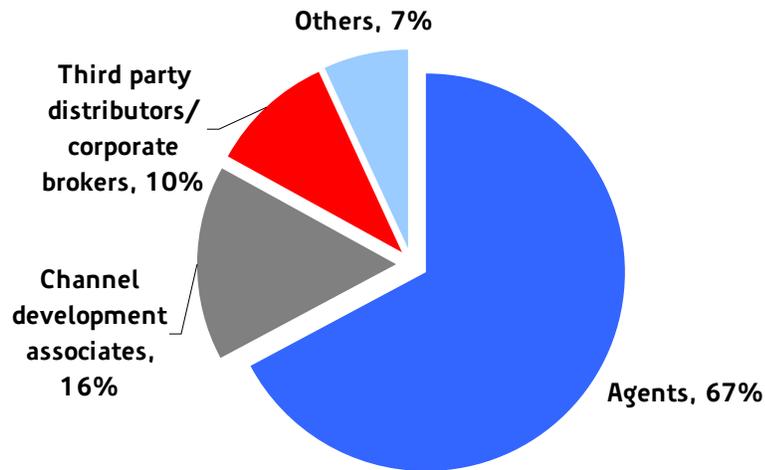
- Capital infused till date – Rs. 22 billion

COMPETITIVE STANDING – INDIAN LIFE INSURANCE INDUSTRY

	As at 31 Aug 2008	As at 31 Aug 2007	As at 31 Mar 2008
Rank (Private Life Insurance Industry)	# 4	# 6	# 4
Market Share (Private Sector Life Insurers)	9.2%	6.1%	8.1%
Overall Market Share	4.2%	1.7%	3.0%

(Source: IRDA website)

DISTRIBUTION BREAK UP – well diversified



PRODUCT MIX

- Top 5 products to **80% of new business premium** viz. Automatic Investment Plan, Golden Years Plan, Reliance Super Invest Assure Plan, Total Investment Plan and Total Investment Plan- Pension

RELIANCE GENERAL INSURANCE

FINANCIAL PERFORMANCE

(Rs. Million)

	H1 FY09 (Unaudited)	H1 FY08	FY08
Gross Written Premium	9,862	9,464	19,464
Net Written Premium	6,124	3,717	9,600
Commission earned	535	738	1,316
Investment Income	542	480	1,041
Claims	4,230	2,578	7,507
Management expenses	2,744	2,270	5,632
Commission paid	315	285	512
Underwriting result (accounting)	(279)	(420)	(2,061)
Profit before tax	(84)	(195)	(1,628)
Combined ratio (accounting)	110%	118%	129%
Networth	4,834	2,988	4,939
Reserve for Unexpired Risk	7,154	4,980	6,723
Capital infusion	0	600	4000
Investment book			
Equity	1,307	889	1,072
Debt	11,085	8,144	12,036
Total	12,392	9,033	13,107

COMPETITIVE STANDING – INDIAN GENERAL INSURANCE INDUSTRY

	As at 31 Aug 2008	As at 31 Aug 2007	As at 31 Mar 2008
Rank (Private General Insurance Industry)	# 3	# 3	# 3
Market Share (Private Sector Life Insurers)	15.1%	17.5%	17.3%
Overall Market Share	6.3%	6.9%	6.9%

(Source: IRDA website)

SCALE OF OPERATIONS

	H1 FY09	H1 FY08	FY08
No of branches	200	85	200
No of intermediaries			
Motor dealers	3,221	1,751	3,000
Agents	4,600	3,386	3,860
No of policies issued (millions)	1.3	1.7	3.7
No of policies in force (millions)	2.8	2.7	3.7
No of claims handled	211,650	144,643	321,820

SEGMENT WISE BREAK UP

- Premium contribution

	As at Sept 30, 2008	As at Sept 30, 2007	As at Mar 31, 2008
Motor	55%	60%	65%
Health	21%	16%	14%
Fire	8%	9%	7%
Engineering	5%	6%	5%
Others	11%	10%	8%
Total	100%	100%	100%

Discussion of financial performance

- Gross Written Premium for the six months ended September 30, 2008 was Rs 9.8 billion (US\$ 231 million) as against Rs. 9.5 billion in the corresponding previous period, an increase of 4%. The pace of growth was deliberately slowed down in order to focus and improve profitability
- Net Written Premium for the six months ended September 30, 2008 was Rs 6.1 billion (US\$ 143 million) as against Rs. 3.7 billion in the corresponding previous period, an increase of 65%, translating to an improvement in the retention ratio from 39% to 62%
- Adequate measures have been implemented to restore profitability in general insurance. Various areas have been identified where the claims experience was adverse and accordingly appropriate measures were taken to re-price the risk. As a result of this, the combined ratio has improved from 129% in FY08 to 110% for H1 FY08.

RELIANCE MONEY

FINANCIAL PERFORMANCE

(Rs. Million)

	H1 FY09 (Unaudited)	H1 FY08	FY08
Broking Income	892	204	1,112
Distribution Income	520	153	1,062
Others	302	182	211
Total Income	1,714	538	2,385
Sub brokerage	230	71	440
Personnel Costs	560	262	602
Other expenses	580	383	1,342
Profit before tax	344	(178)	1
Profit after tax	254	(178)	1

SCALE OF OPERATIONS

	As at Sept 30, 2008	As at Sept 30, 2007	As at Mar 31, 2008
No. of touch points	20,750	6,700	15,000
No of outlets			
Franchisees	9,785	2,050	8,279
Owned	267	137	233
No. of Kiosks	2,400	110	2,450
No. of broking accounts	970,000	150,000	713,636
Total no. of customers	2,720,000	300,000	2,000,000
Daily average stock exchange turnover (Rs. Billion)	22	2	20

Discussion of financial performance

- Reliance Money generated revenues of Rs. 1.7 billion (US\$ 40 million) for the six months ended September 30, 2008 as against Rs. 0.5 billion of the corresponding previous period, an increase of 337 %. This increase was primarily due to the aggressive expansion of the distribution network resulting in a 9-fold jump in its customer base
- The revenue mix is well balanced with broking contributing to 52% of the total revenues and distribution of financial products & other services (money transfer, currency changing & precious metal retailing) contribute to the balance 48%
- It achieved a net profit of Rs. 254 million (US\$ 6 million) for the six months ended September 30, 2008, as against a loss of Rs. 178 million of the corresponding previous period. Reliance Money commenced full- fledged commercial operations only in April 2007 and within one year of its operations, it has emerged to be India's largest broker and distributor of financial products and services

RELIANCE CONSUMER FINANCE

LOAN BOOK DETAILS – AMOUNT OUTSTANDING

(Rs. Billion)

	H1 FY09	%	H1 FY08	%	FY08	%
Mortgages	30.7	32%	5.7	25%	20.6	29%
Personal Loans	12.5	13%	4.3	19%	10.8	15%
Commercial Vehicles	15.4	16%	2.3	10%	12.6	18%
Auto Loans	18.6	20%	3.8	17%	13.5	19%
SME Loans	17.9	19%	6.6	29%	13.7	19%
Total	95.1	100%	22.8	100%	71.2	100%

FINANCIAL PERFORMANCE

(Rs. Million)

	H1 FY09 (Unaudited)	H1 FY08	FY08
Interest Income	5,480	417	3,371
Other Income	328	202	575
Total Income	5,808	619	3,946
Personnel Costs	511	163	629
Interest expenses	3,614	222	2,017
Other expenses	983	179	1,172
Provisions	490	-	69
Profit before tax	209	55	59

Note: The above P&L does not include the impact of allocation of equity funding

Discussion of financial performance

- Reliance Consumer Finance generated revenues of Rs.5.8 billion (US\$ 136 million) for the six months ended September 30, 2008, as against Rs. 0.6 billion for the corresponding previous period, an increase of 838%. This was due to increase in the loan book to Rs. 95.1 billion (US\$ 2 billion) from Rs.22 billion as on September 30, 2007
- The Gross non-performing loans were Rs.887 million as on September 30, 2008 comprising 0.93% of the outstanding loan book. Provisions till date of Rs.559 million have been made against this, resulting in a coverage ratio of 63%.
- It achieved a profit of Rs. 209 million (US\$ 5 million) for the six months ended September 30, 2008, as against Rs. 55 million of the corresponding previous period, an increase of 279%. This was largely due to decrease in the cost to income ratio from 83% to 63%

RELIANCE CAPITAL - FINANCE & INVESTMENTS (STANDALONE)

(Rs. Million)

	H1 FY09 (Unaudited)	H1 FY08	FY08
Interest & finance income	2,746	2,133	5,525
Profit on sale (net) investments	5,781	5,903	11,233
Other income	231	395	94
Total	8,825	8,431	16,852
Profit before tax	5,781	5,835	11,896

HUMAN RESOURCE ANALYSIS

Employees on payroll:

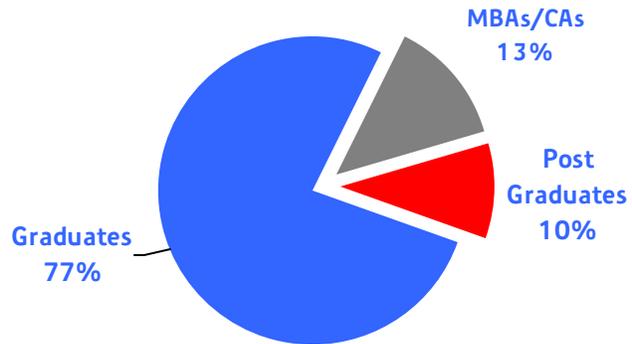
	As on Sept 30, 2008	As on Sept 30, 2007
Asset Management	1,178	786
General Insurance	2,519	2,307
Life Insurance	28,670	9,630
Reliance Money	2,968	1,000
Consumer Finance	1,372	672
Other Businesses	573	17
Reliance Capital	97	209
Total	37,377	14,621

- Average age of 29 years
- Sales to Non Sales Employees ratio is 81:19
- Gender Diversity : 12% of the workforce are women

- Experience profile of payroll employees

Particulars	No. of Employees	% of Employees
0 - 02 Years	10,978	29%
02 - 05 Years	12,175	33%
06 - 10 Years	10,125	27%
10 - 15 Years	2,885	8%
More than 15 Years	1,214	3%
Total	37,377	100%

- **Qualification profile of payroll employees**



- Reliance Capital has institutionalized a leadership development process, called Reliance DNA & Leadership Competencies, to continuously identify high potential talent and provide necessary learning interventions to help them step up to bigger roles and responsibilities within the organization
- The company has also implemented Employee Stock Option Plans across all its businesses. Nearly 350 employees are proud participants in this program

- **SECTION 4**

KEY INDUSTRY DEVELOPMENTS

MUTUAL FUNDS

- During the period from September 2007 to September 2008, the AUM of the entire Indian mutual fund industry increased from Rs. 4.7 trillion to Rs. 5.3 trillion (US\$ 113 billion), growth of 11%. (Source: AMFI website)
- As on March 31, 2008 there were a total number of 43 million investor's accounts. Out of a total of 43 million investors accounts in the mutual funds industry, 28 million i.e. 65% of the total investors accounts were in private sector mutual funds whereas the balance 15 million i.e. 35% investors accounts were with the public sector mutual funds
- During the period from September 2007 to September 2008, 4 new asset management companies were given licenses to commence operations, taking the total number of mutual funds in India to 36. The industry is highly fragmented and the top 5 players account for 51% of the AUM

LIFE INSURANCE

- During the period from August 2007 to August 2008, the new business premium of the entire Indian life insurance fund industry decreased by 5%, from Rs. 279 billion to Rs. 265 billion (US\$ 6 billion). (Source: IRDA website)
- During the period from August 2007 to August 2008, 4 new life insurance companies were given licenses to commence operations, taking the total number of life insurance companies in India to 20. The industry is highly fragmented and the top 5 players account for 82% of the new business premium (April 2008 to August 2008)

GENERAL INSURANCE

- During the period from August 2007 to August 2008, the gross written premium of the entire Indian general insurance fund industry increased by 12%, from Rs. 118 billion to Rs. 132 billion (US\$ 3 billion). (Source: IRDA website)
- During the period from August 2007 to August 2008, 3 new general insurance companies were given licenses to commence operations, taking the total number of life insurance companies in India to 15. The industry is highly fragmented and the top 5 players account for 71% of the gross written premium (April 2008 to August 2008)

BROKING AND DISTRIBUTION

- During the period from April 2008 to September 2008, the total turnover on the Stock Exchange Mumbai (BSE), was Rs. 6,865 billion (US\$ 161 billion) as compared to Rs. 7,393 billion in the corresponding previous period, a decrease of 7%. The total turnover on the National Stock Exchange (NSE) was Rs. 75,698 billion (US\$ 1.8 trillion) as compared to Rs. 66,253 billion in the corresponding previous period, an increase of 14%

CONSUMER FINANCE

- In June 2008, RBI tightened the capital adequacy and disclosure norms for Non Banking Finance Companies (NBFCs) expressing concerns over their highly leveraged borrowings and reliance on short-term funds. Non-deposit taking NBFCs with asset size of Rs.1 billion and above will have to maintain capital to risk weighted assets ratio (CRAR) of 12% compared to 10 % required earlier, which would be subsequently increased to 15% from April 2009. In case of difficulties in meeting CRAR requirements, RBI will look into individual representations by NBFCs and approve reasonable transition plans
- RBI has also extended the system of half yearly reporting to systemically important non-deposit taking NBFCs which until now this was only applicable only to deposit taking NBFCs. They will also have to make additional disclosures in their balance sheets from the year ending March 31, 2009 relating to CRAR, risk exposure to derivatives, exposure to real sector and maturity pattern of assets and liabilities
- RBI reduced the reserve requirements through a cut in CRR and SLR by 150 bps to 7.5% and 100 to 24% bps respectively. This cut was purely aimed at easing the liquidity pressures in the financial markets

• **SECTION 5**

STOCK MARKET HIGHLIGHTS

General information

Shareholding and Financial data as on September 30, 2008	
Code/ Exchange	500111/ BSE RELCAPITAL/ NSE
Bloomberg/ Reuters	RCFT / RLCP.NS
No of share outstanding (Sep.30, 2008)	245,732,800
Closing market price (Rs.) (Sept 30, 2008)	1,142.65
Combined volume (NSE & BSE) (for the quarter) (No. in million/ day)	5.5
Combined value (NSE & BSE) (for the quarter) (Rs. billion / day)	21.7
F& O volume (NSE – for the quarter) (No. in million/ day)	11.5
F& O value (NSE – for the quarter) (Rs. in billion/ day)	13.6
Weightage of Reliance Capital in indices: Junior Nifty	7.3%
MSCI	1.7%
Stock Beta (for the quarter)	1.8
Market capitalization (Rs bn)	280.7
Market capitalization (US\$ bn)	6.0
Book value per equity share (Rs.)	287.8

Summarized shareholding pattern as of September 30, 2008

Category	No of shares	Shareholding %
Reliance Dhirubhai Ambani Group	13,13,82,274	53.49%
Foreign investors – FIIs, GDRs, NRIs, and others	6,21,72,979	25.31%
Domestic institutions/ Banks / Mutual funds	86,29,659	3.51%
Indian public	4,34,47,888	17.69%
Total	24,56,32,800	100.00%

Reliance Capital daily stock price (BSE) & volume (combined of BSE & NSE) movement



Comparison of Reliance Capital stock movement with peer groups

