

Reliance Capital Limited

**Review report on the results for the quarter ended
September 30, 2009 (Un-audited)**

October 30, 2009

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. 48.42 = US \$ 1.00 for Q2 FY10 & rate of Rs. 48.54 = US \$ 1.00 for H1 FY10 for profit and loss items and the rate of Rs. 48.04 = UD\$1 for balance sheet items as on September 30, 2009. 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	Year ended March 31,			Quarter ended September 30, 2009*
	2007	2008	2009	
Total Revenues	21,579	49,192	59,400	14,471
Net Profits	7,032	10,091	10,157	1,558
Networth	52,973	65,078	73,403	76,689
Reliance Mutual Fund				
Average assets under Management (Rs.billion)	463	909	809	1,183
Reliance Life Insurance				
New business premium	9,321	27,510	35,139	7,442
Reliance General Insurance				
Gross written premium	9,120	19,460	19,149	4,881
Reliance Money				
Revenues	0	2,385	3,520	609
Reliance Consumer Finance				
Loan book size	1,328	71,204	85,761	82,897

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

* Based on consolidated unaudited results

SECTION 2

AN OVERVIEW

Introduction:

Reliance Capital is one of India's leading 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 a constituent of S&P CNX Nifty and MSCI India.

Reliance ADA group is amongst India's top 3 business houses with a market cap of US\$ 27 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 (RCAM)

Reliance Mutual Fund

- Reliance Mutual Fund (RMF) has maintained its leadership position in the country. It had a market share of 16% at the end of September 2009
- The average AUM for September 2009 was at Rs. 1,183 billion (US\$ 25 billion) as against Rs. 865 billion for September 2008, an increase of 37%. During the same period, the AUM of the entire Indian mutual fund industry went from Rs. 5 trillion to Rs. 7 trillion (US\$ 155 billion), an increase of 41% (Source: AMFI website)
- Thrust on increasing the equity component of AUM – from March to September 2009, the equity AUM of RMF grew by 85% as against the industry growth (minus RMF) of 74%. In the same period, RMF accounted for 20% of the fresh equity inflows into the mutual fund industry (Source: SEBI website)
- From March to September 2009, RMF's market share in equity grew from 17.4% to 18.2%. For the same period, the equity folios increased by 2.8% while the industry de-grew (minus RMF) by 0.01% (Source: SEBI website)
- The number of investors in RMF increased to 7.3 million as at the end of September 30, 2009 as against 7.1 million investors at the end of September 30, 2008 – an increase of 4%.
- Nearly 1 million Systematic Investment Plan (SIP) accounts
- As on September 30, 2009, there were a total of 37 schemes - 18 equity oriented schemes, 17 debt oriented schemes and 2 exchange traded schemes
- At the end of September 30, 2009, RCAM had a presence across 226 locations in India, as against 341 at the end of March 2009

- In the month of May 2009, RMF launched a new fund – Reliance Infrastructure Fund
 - The fund collected around Rs. 23 billion from over 420,000 investors, which is twice the aggregate amount collected by all Equity NFOs in the Indian mutual fund industry in the preceding 12 months
 - In terms of amount mobilized, ranks 8th amongst the top 10 Equity NFOs in the industry in past 5 years – Infact 5 of the top 10 Equity NFOs are RMF NFOs
- RCAM has received approvals from regulatory authorities in United Kingdom and Malaysia to commence investment advisory and asset management operations in the respective countries

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, 2009 was to Rs. 332 billion (US\$ 7 billion) as against Rs. 63 billion as at September 30, 2008
- RCAM has been appointed as one of the fund managers by the Employees Provident Fund Organization (EPFO). A hugely prestigious account, EPFO has entrusted Rs. 301 billion (US\$ 6 billion) to RCAM, for investment management.
- RCAM was also appointed as one of the six asset managers by The Pension Fund Regulatory and Development Authority (PFRDA) to manage money under the new pension scheme. The new pension scheme will be a government regulated pension plans on the lines of the '401K retirement plan' in the US (a defined contribution plan) and can be availed by the general public in India
- RCAM is the only private sector asset management company which has been selected to manage funds for both - EPFO and the new pension scheme

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 currently manages 5 India dedicated funds viz. – India Equity Growth Fund, India Equity Long Term Fund, India Equity Derivative Fund, India Multi Strategy Fund and Lawrence India Mauritius Fund
- Its AUM as on September 30, 2009 increased 16% YoY to US\$ 193 million as against US\$ 167 million as on September 30, 2008

Reliance Life Insurance

- Reliance Life Insurance (RLI) offers products that fulfill savings and protection needs of customers. Reliance Life offers 35 products, of which 29 are targeted at individuals and 6 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
- RLIC continues to be among the top 4 private sector players with a market share of 9.4% of the private sector. (Source: YTD September 2009 data, IRDA website)
- Total premium for the quarter Rs. 13 billion (US\$ 260 million) as against Rs. 12 billion for the corresponding previous period – an increase of 9%
- For the quarter ended September 30, 2009, renewal premium was Rs. 5 billion (US\$ 108 million) as against 2 billion for the corresponding previous period – an increase of 105%.
- New Business Premium Income for the quarter ended September 30, 2009 was Rs 7.4 billion (US\$ 154 million) as against Rs 9.2 billion in the corresponding previous period, a decrease of 19%
- The annualized premium equivalent (APE) for the quarter was Rs. 7 billion (US\$ 141 million) as against Rs 8 billion for the corresponding previous period – a decrease of 14%.
- The total funds under management were at Rs. 103 billion (US\$ 2 billion) as on September 30, 2009 against Rs. 48 billion as on September 30, 2008 – an increase of 116%
- The policyholders' funds under management were at Rs. 100 billion (US\$ 2 billion) as on September 30, 2009 against Rs. 44 billion as on September 30, 2008 – an increase of 128%
- This quarter, RLIC sold the highest number of policies in the private sector, with a YoY increase of 4%
- During the quarter, RLIC received IRDA approval to open 107 branches. The company opened 30 branches in September 2009. As on September 30, 2009, RLIC has 1,174 branches and 185,703 agents
- In quarter ended September 30, 2009, RLIC re-launched its two products viz Reliance Special Endowment Plan and Reliance Savings Linked Insurance Plan as Reliance Super Five Plus and Reliance Premier Life respectively

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 6.2% of the general insurance market in India and 15.3% market share of the private sector general insurers

- For the quarter ended September 30, 2009, the Gross Written Premium (GWP) was Rs. 5 billion (US\$ 101 million) – a YoY increase of 14%
- Net Written Premium (NWP) for the quarter ended September 30, 2009 was Rs. 3.2 billion (US\$ 66 million) as against Rs. 2.9 billion – an increase of 9%
- Profit before tax for the quarter ended September 30, 2009 was Rs. 1 million (US\$ 0.02 million) as against Rs. 58 million for the corresponding previous period
- The distribution network composed of 200 branches and over 5,000 intermediaries at the end of September 30, 2009

Reliance Consumer Finance

- Reliance Consumer Finance offers a wide range of products which include Home loans, loan against property, vehicle loans (cars and commercial vehicles), SME loans and loans against securities
- As on September 30, 2009 the loan book was Rs. 83 billion (US\$ 2 billion) virtually unchanged from the loan book as at the end of March 31, 2009. This loan book is spread across 113,209 customers from top 18 Indian metros
- The focus at Reliance Consumer Finance is not only credit growth per se but the quality of credit sourced. In line with this, the plan is to increase secured asset lending and de-emphasise unsecured loans
- The disbursements for the quarter ended September 30, 2009 were Rs. 14 billion (US\$ 282 million) as against Rs. 19 billion for corresponding previous period – a decrease of 29%
- The home finance division generated revenues of Rs. 883 million (US\$ 18 million) for the quarter ended September 30, 2009, as against Rs. 647 million for the corresponding previous period – an increase of 37%. It achieved a profit before tax of Rs. 316 million (US 7 million) for the quarter ended September 30, 2009, as against Rs. 124 million for the corresponding previous period – an increase of 155%
- The asset finance division generated revenues of Rs. 1,804 million (US\$ 37 million) for the quarter ended September 30, 2009, as against Rs. 1,376 million for the corresponding previous period – an increase of 31%. For the quarter, it achieved a profit before tax of Rs. 407 million (US 8 million) as against Rs. 140 million for the corresponding previous period – an increase of 190%
- The unsecured loans division generated revenues of Rs. 760 million (US\$ 16 million) for the quarter ended September 30, 2009, as against Rs. 1,143 million for the corresponding previous period and a loss of Rs. 496 million (US\$ 10 million) as against profit before tax of Rs. 134 million for the corresponding previous period.

Reliance Money

- Reliance Money is the one of the leading brokerage and distributor of financial products in India with 3.5 million customers
- Reliance Money is a comprehensive financial services and solutions provider, providing customers with access to equities, equity options and commodities futures, wealth management, portfolio management services, mutual funds, IPOs, life and general insurance products, offshore investments, credit cards, money transfer, currency exchange and gold coins
- As on September 30, 2009, Reliance Money had a pan India distribution network of 6,233 outlets
- Reliance Money maintained revenues of Rs. 609 million (US\$ 13 million) for the quarter ended September 30, 2009 as against Rs. 682 million for the quarter ended June 30, 2009
- The business achieved a profit before tax of Rs. 43 million (US\$ 0.9 million) for the quarter ended September 30, 2009, as against Rs. 105 million for the quarter ended June 30, 2009
- In April 2009, Reliance Money was adjudged the 'Best Equity Broking House 2009' and the 'Largest E-broking House' by Dun and Bradstreet.
- Reliance Money has tied up with global partners like Valcambi, optionsXpress Holdings, World Gold Council and DBS Vickers to facilitate better access to wider world class choices to its customers
- 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 20 AMCs. It is the the largest private sector partner for Western Union Money Transfer in India
- Reliance Money has tied up with India Post and World Gold Council to sell gold coins through the post office network across the country

Reliance Asset Reconstruction

- Reliance Asset Reconstruction Ltd. (Reliance ARC) is in the business of acquisition, management and resolution of distressed debt/assets. It formally commenced business operations in the first half of FY09. The other sponsors / shareholders of Reliance ARC are Corporation Bank, Indian Bank, GIC of India, Dacecroft and Blue Ridge
- In half year, Reliance ARC acquired 2 NPAs for an aggregate consideration of Rs. 243 million (US\$ 5 million)
- As on September 30, 2009; the asset base was Rs. 227 million (US\$ 4.7 million)

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
- It aims to add value to 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
- Commenced operations in October 2008 with 53 employees and has 72 companies currently under research
- REIPL currently has 54 FII parent accounts with 540 sub accounts and 21 DIIs (domestic institutions) with 289 sub accounts
- During the half year, REIPL entered into an exclusive tie up with Auerbach Grayson & Company (AGC). AGC is a New York based stock broker, committed to serving the international needs of major North American institutional investors, with a focus on emerging markets. Auerbach is empanelled with over 400 clients including pension funds, mutual funds and hedge funds and covers 80% of the available AUM. Through its worldwide network of broker partners, Auerbach Grayson offers research, execution and clearance in equities, derivatives and fixed-income instruments in over 125 countries
- Through this tie up, REIPL will increase its presence and distribution in North America and tap into a rapidly expanding pool of money available for investment into India. It will also help REIPL's team of Analysts get access to Auerbach's global research from their partners across the world. On the trading side, it will give clients, additional flexibility to trade Indian ADRs/GDRs as well as trade in various other global markets to reward REIPL for service

Reliance Equity Advisors (India) Limited

- Reliance Equity Advisors (India) Limited (REAL), has been set up with the objective of raising a third party, sector neutral private equity (PE) fund. The fund will primarily focus on growth capital, acquisition financing and minority investment in India
- A team with an extensive private equity and M&A background with considerable experience in transactions across diverse sectors set in place last year
- The team has recently commenced domestic fund raising for their first private equity fund, with a special focus on high networth individuals and financial institutions.
- REAL is likely to complete its first round of fund raising by Q3 FY10

Reliance Exchange Next

- Reliance Exchange Next is a new initiative of Reliance Capital in the exchange space by setting up modern exchanges, in various segments

- Reliance Exchange Next commenced operations by launching Reliance Spot Exchange (RSX) in the month of October 2009. The first contract on the e-auction platform was for metals. RSX also plans to add e-auction in agri products.

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
- There is a 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, Reliance Capital Services was set up, 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
- Currently it has 2,000 employees and associates across nearly 100 locations in India
- Reliance Capital Services has acquired nearly 100,000 customers in the half year
- Reliance Capital Services today is largest distributor for RGI and among the top 10 for RLI

SECTION 3

FINANCIAL AND OPERATING HIGHLIGHTS

Key Highlights for the quarter ended September 30, 2009

- Total income of Rs. 14 billion (US\$ 295 million) against Rs 13 billion in the corresponding period – an increase of 9%
- Net profit of Rs. 1.6 billion (US\$ 33 million) against Rs 2.3 billion in the corresponding period – a decrease of 32%

Summary of Consolidated Financial Statements

(Rs. Million)

	Q2 FY10	Q2 FY09	FY09
Total income	14,471	13,051	59,400
Staff costs	1,399	1,387	5,541
Other expenditure	3,420	2,619	11,559
Reinsurance premium ceded	1,705	1,369	6,758
Claims incurred	2,113	1,856	10,729
Interest & financial charges	3,608	2,921	12,638
Depreciation	154	130	567
Profit before tax	2,265	2,877	12,042
Net Profit after Minority Interest & share of profit of associates	1,558	2,294	10,157
Diluted EPS (Rs)	6.34	9.34	41.35

Segmental Performance

(Rs. Million)

	Q2 FY10	Q2 FY09	FY09
Finance & Investments			
Revenue	3,533	3,623	18,391
Profit before tax	1,367	2,058	10,375
Capital employed	62,281	59,679	62,979
Asset Management			
Revenue	1,487	1,078	3,907
Profit before tax	588	363	1,147
Capital employed	1,099	1,083	468
General Insurance			
Revenue	5,392	4,745	23,116
Profit before tax	1.1	58	(502)
Capital employed	6,327	4,834	6,316
Consumer Finance			
Revenue	3,446	3,186	12,033
Profit before tax	228	397	917
Capital employed	17,705	13,323	11,225
Others			
Revenue	807	527	2,386
Profit before tax	83	33	115
Capital employed	6,846	2,343	4,551

Note:

The segmental performance given above is as per SEBI and listing agreement guidelines. The consolidated performance of Reliance Capital Limited is classified according to the source and nature of revenues and profits. In case of the financial performance discussed given hereafter, the financial performance of each business division (except the consumer finance division) represents the unaudited financials of the respective operating subsidiary/ company.

The consumer finance activities are carried out by a business division of Reliance Capital Limited (Standalone) and through its two subsidiaries – Reliance Home Finance and Reliance Consumer Finance. The above consolidated segmental information includes the financials of the home finance and asset finance subsidiaries of Reliance Consumer Finance. The disclosures given in this report are split into three verticals viz Home Finance, Asset Finance and Unsecured loans to demonstrate the business focus on secured asset lending.

There will be a difference in the numbers/ figures in the segmental performance given above and those given in the business financial performance given hereafter.

For e.g. the consolidated income reported under asset management segment above would include the investment management fees from activities across the various subsidiaries of Reliance Capital. This will not be comparable with the income of Reliance Asset Management Company. This would include the income from investment management fees as well finance & investment income and other income.

Total income:

RCL's consolidated income from operations for the quarter ended September 30, 2009 was Rs. 14 billion (US \$ 299 million) from Rs 13 billion in the corresponding previous period – an increase of 11%.

Operating expenses:

Staff costs for the quarter were flat at Rs. 1.4 billion (US\$ 29 million) as against Rs 1.4 billion in the corresponding previous period.

Selling, general & administrative expenses for the quarter ended September 30, 2009 were Rs. 3.4 billion (US\$ 71 million) as against Rs 2.6 billion in the corresponding previous period– an increase of 31%. This increase was largely due to increase in provisions for non performing assets in the consumer finance business.

Finance cost and Net profit from operations:

Interest & finance charges for the quarter were Rs. 4 billion (US \$ 75 million) as against Rs. 3 billion in the corresponding previous period, an increase of 24%.The increase was due to the increased borrowings.

Depreciation for the quarter was Rs. 154 million (US\$ 3 million) as against Rs. 130 million in the corresponding previous period, an increase of 18%. This increase was mainly due to an increase in the fixed assets base.

Profit after tax, minority interest and share of profit of associates for the quarter ended September 30, 2009 was Rs. 1.6 billion (US\$ 33 million) as against Rs. 2.3 billion in the corresponding period – a decrease of 32%

As was for the previous quarter, so also for this quarter, lower capital gains were booked, owing to the planned partial stake sale in Reliance Life Insurance – subject to necessary approvals. Being the sole beneficiary of Reliance Life Insurance, the full benefit of value unlocking will form part of Reliance Capital's net profit for the current financial year. This will accrue significant capital gains in this financial year.

The focus across all businesses at Reliance Capital is to create & sustain a robust, sustainable & profitable business model. In line with this, various measures like restructuring, cost rationalization etc have been employed to move towards leaner cost structures and improve profitability. The endeavor is to create a healthy earnings mix by increasing the contribution of the core businesses and improving their profitability.

Balance sheet

As on September 30, 2009, the company had total assets of Rs 256 billion (US\$ 5 billion) and a net worth of Rs. 77 billion (US\$ 1.6 billion).

The company had a net debt of Rs 112 billion (US\$ 2 billion) as on September 30, 2009 and equity of Rs. 77 billion (US\$ 1.6 billion), resulting to net debt to equity ratio of 1.5.

BUSINESS WISE PERFORMANCE

RELIANCE CAPITAL ASSET MANAGEMENT

MUTUAL FUND

TOTAL ASSETS UNDER MANAGEMENT

(Rs. Billion)

Particulars	As at Sept 30, 2009	As at Sept 30, 2008	As at Mar 31, 2009
Mutual Funds			
Average AUM	1,183	865	809
- Equity	31%	34%	29%
- Debt	69%	66%	71%
Portfolio Management Services			
- Discretionary	16	20	15
- Advisory	15	13	14
- EPFO	301	31	276
TOTAL	332	64	305
Offshore Funds (US\$ million)	193	167	127

COMPETITIVE STANDING – INDIAN MUTUAL FUNDS

	As at Sept 30, 2009	As at Sept 30, 2008	As at Mar 31 2009
Rank	#1	#1	#1
Market Share	16%	16%	16%

(Source: AMFI website)

DISTRIBUTION REACH

	As at Sept 30, 2009	As at Sept 30, 2008	As at Mar 31 2009
Branches	156	142	156
Reliance Mutual Fund (RMF) Centers	20	27	25
Resident Representatives	50	140	160
TOTAL LOCATIONS	226	309	341

FINANCIAL PERFORMANCE

(Rs. Million)

	Q2 FY10	Q2 FY09	FY09
Income	1,560	1,172	4,547
Personnel costs	359	307	1,206
Marketing expenses	262	195	619
Administration & other expenses	261	228	939
Profit before tax	649	424	1,686
Profit after tax	389	335	1,257

Discussion of financial performance

Total income:

RCAM's income from its operations for the quarter ended September 30, 2009 was at Rs. 1,560 million (US \$ 32 million) as against Rs. 1,172 million in the corresponding previous period– an increase of 33%.

The increase in income was due to 37% YoY increase in average assets under management, with debt inflows turning significantly positive as against outflows in the previous corresponding period. The thrust on equity continues, with inflows continuing to remain positive.

Operating expenses:

Staff costs for the quarter ended September 30, 2009 were at Rs. 359 million (US\$ 7 million) as against Rs. 307 million in the previous corresponding period– an increase of 17%.

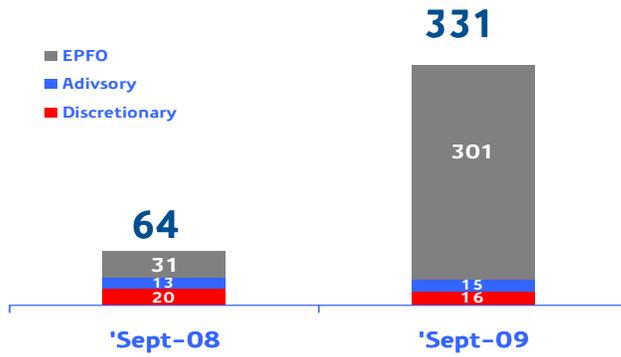
Selling, general & administrative expenses for the quarter ended September 30, 2009 were Rs. 522 million (US\$ 11 million) as against Rs. 424 million for the corresponding previous period, an increase of 23%.

This increase, impacting profitability, mainly due to the increase in the marketing spend towards the launch of Reliance Infrastructure New Fund. The aggregate amount spent was Rs. 300 million. There were no new funds launched in the previous corresponding period.

Profit after tax for the quarter ended September 30, 2009 was Rs. 389 million (US\$ 8 million) as against Rs. 335 million in the correspond previous period, an increase of 16%

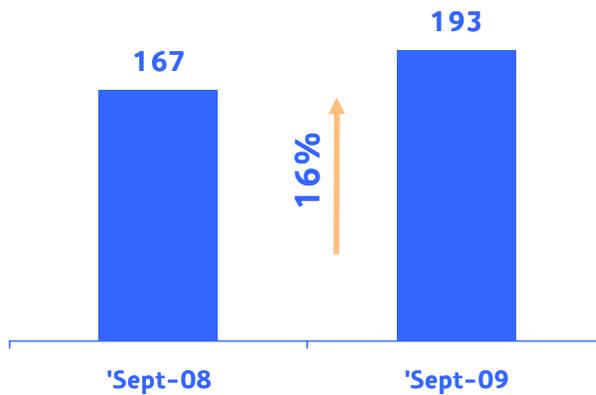
PORTFOLIO MANAGEMENT SERVICES

ASSETS UNDER MANAGEMENT (Rs. Billion)



OFFSHORE FUNDS

ASSETS UNDER MANAGEMENT (US\$ Million)



RELIANCE LIFE INSURANCE

FINANCIAL PERFORMANCE

(Rs. Million)

	Q2 FY10	Q2 FY09	FY09
First year premium	6,775	7,843	29,657
Single premium	667	1,315	5,482
Total new business premium	7,442	9,158	35,140
Renewal premium	5,232	2,556	14,186
Total premium	12,610	11,612	49,325
Annualized premium equivalent (APE)	6,842	7,975	30,206
No of policies issued	495,560	475,301	2,219,273
Average premium per policy (Rs.)	13,650	18,151	15,059
Average tenure of policies issued	8.1	6.0	13.7
Average age of insured	34.9	34.0	34.2
No of branches	1,174	745	1,145
No of agents	185,703	211,293	149,613
Funds under management			
Policyholders	99,829	43,789	58,950
Shareholders	3,007	3,779	3,947
Policyholders funds under management			
Equity	70,922	29,197	33,473
Other than equity	28,906	14,592	25,477
Capital infused	650	3550	12,293
Capital infused as % of total new business premium	9%	39%	35%

- Total premium for the quarter Rs. 13 billion (US\$ 260 million) as against Rs. 12 billion for the corresponding previous period – an increase of 9%
- For the quarter ended September 30, 2009, renewal premium was Rs. 5 billion (US\$ 108 million) as against 2 billion for the corresponding previous period – an increase of 105%
- New Business Premium Income for the quarter ended September 30, 2009 was Rs 7.4 billion (US\$ 154 million) as against Rs 9.2 billion in the corresponding previous period, a decrease of 19%

- Since the focus is on regular premium policies – the single premium component of the new business premium has been reduced significantly to 9% from 14% YoY for the quarter
- The annualized premium equivalent (APE) for the quarter was Rs. 7 billion (US\$ 141 million) as against Rs 8 billion for the corresponding previous period – a decrease of 14%
- The total funds under management increased 116% to Rs. 103 billion (US\$ 2 billion) as on September 30, 2009 from Rs. 48 billion as on September 30, 2008
- The number of policies sold during the quarter increased YoY by 4% to 495,560. This quarter, RLIC sold the highest number of policies in the private sector life insurance industry
- The average premium per policy for the quarter dropped by 25% to Rs. 13,650 from Rs. 18,151 for the corresponding previous period
- The average tenure of policies issued for the quarter increased by 35% to 8 years from 6 years for the corresponding previous period
- As on September 30, 2009, RLIC has a distribution network of 1,174 branches and 185,703 agents
- Capital infused in the quarter was Rs. 650 million (US\$ 13 million) as against Rs. 3.6 billion for the corresponding previous period – a decrease of 82%
- The capital invested in this business, till date, is Rs. 28 billion (US\$ 585 million)

COMPETITIVE STANDING – INDIAN LIFE INSURANCE INDUSTRY

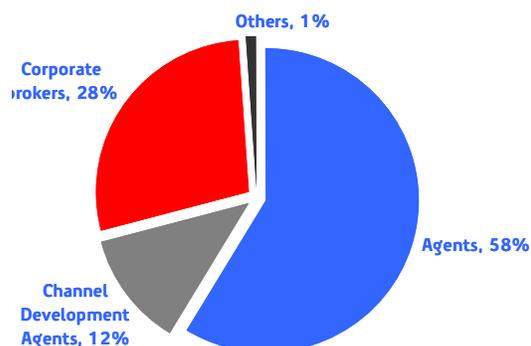
- RLI is among the **top 4 private sector life insurance players**

	As at Sept 30, 2009	As at Sept 30, 2008	As at Mar 31 2009
Market Share (Private Sector Life Insurers)	9.4%	9.5%	10.3%
Overall Market Share	3.2%	4.3%	4.0%

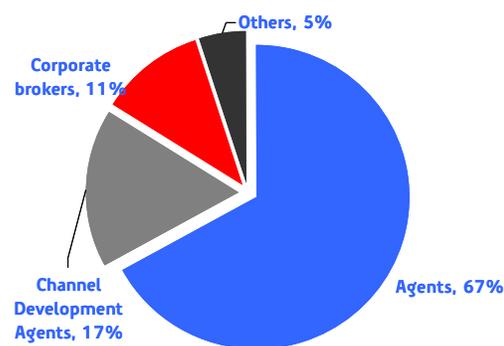
(Source: IRDA website)

DISTRIBUTION BREAK UP – well diversified

As on September 30, 2009



As on September 30, 2008



PRODUCT MIX

- Top 5 products contribute over **75% of new business premium** viz. Reliance Super InvestAssure Plan, Reliance Super Automatic Investment Plan, Reliance Super Golden Years Plan, Reliance Money Guarantee Plan and Reliance Premier Life

NEW BUSINESS ACHIEVED PROFIT (NBAP)

Definition

NBAP is defined as present value of future profits for shareholders on account of new business sales, based on a given set of assumptions

Actual experience may differ from these assumptions

Basis of preparation

The NBAP is calculated net of tax after providing for cost of capital that would be required to support business. Cost of capital is taken as difference between nominal value for solvency capital and present value, at risk discount rate, of future releases of capital together with investment earnings on solvency capital

- The new business achieved profit for half year ended September 30, 2009 was Rs. 2,279 million
- The new business achieved profit margin for half year ended September 30, 2009 was 20.32%

The assumptions used are as follows:

Economic Assumptions:

Particulars	Assumptions p.a.
Cash/ Money Market/ TB	5.00%
Government Securities	7.50%
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 & persistency are based industry & reinsurers experience, using our operating experience where such experience is credible
- Expense assumptions are based on our latest expense projection which reflects recent responses to lower growth environment. The chosen expense loadings are consistent with current pricing assumptions & represent the our most recent view of long term expense assumptions
- No allowance has been made for any expense over runs that we experience in the short term
- Projections assume that RLIC pays tax at the full rate of tax on profits/ losses arising

Sensitivity:

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

(Rs. Million)

Particulars	Base Value	+ 1%	- 1%
Investment return	2,279.0	2,366.0	2,195.8
Risk discount rate	2,279.0	2,092.8	2,484.3

Investment return sensitivity considers a change in assumed rate of growth for unit linked funds, assumed rate of investments on non unit cash flows & reserves and on assets supporting solvency margin, & a change in rate of expense inflation

Further consideration:

- NBAP reflects 96.1% of new business written in half year ended September 30, 2009
- Value from traditional business and part of group business has been ignored. These two business lines represent 3.15% & 0.75% respectively of annualized new business premium

RELIANCE GENERAL INSURANCE

FINANCIAL PERFORMANCE

(Rs. Million)

	Q2 FY10	Q2 FY09	FY09
Gross Written Premium	4,881	4,298	19,149
Net Written Premium	3,188	2,933	13,996
Net Earned Premium	3,018	2,921	13,889
Commission earned	177	175	891
Investment Income	317	266	1,465
Claims	2,113	1,856	10,737
Management expenses	1,322	1,300	5,414
Commission paid	81	150	575
Underwriting result (accounting)	(108)	(37)	(986)
Profit before tax	1	58	(502)
Combined ratio with pool	111%	107%	114%
Combined ratio without pool	108%	107%	111%
Networth	6,327	4,834	6,316
Reserve for Unexpired Risk	7,225	7,154	6,830
Capital infusion	-	-	1,600
Investment book			
Equity	1,151	1,307	611
Debt	13,442	11,085	13,029
Total	14,593	12,392	13,640

COMPETITIVE STANDING – INDIAN GENERAL INSURANCE INDUSTRY

- Reliance General Insurance is among the **top 3 private sector life insurance players**

	As at Sept 30 2009	As at Sept 30 2008	As at Mar 31 2009
Market Share (Private Sector General Insurers)	15.3%	15.1%	15.2%
Overall Market Share	6.2%	6.3%	6.3%

(Source: IRDA)

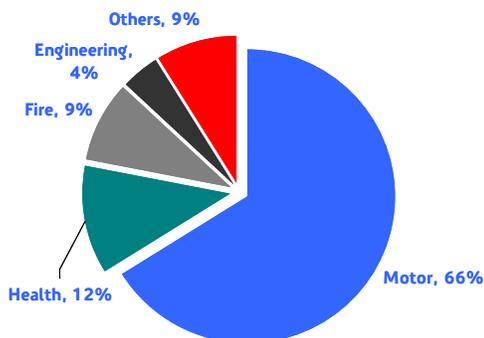
SCALE OF OPERATIONS

	As at Sept 30 2009	As at Sept 30 2008	As at Mar 31 2009
No of branches	200	200	200
No of intermediaries			
Motor dealers	730	511	486
Agents	4,463	4,600	4,854
No of policies issued (millions)	1.7	1.3	2.7
No of policies in force (millions)	3.3	3.5	2.7
No of claims handled	156,517	211,650	535,489

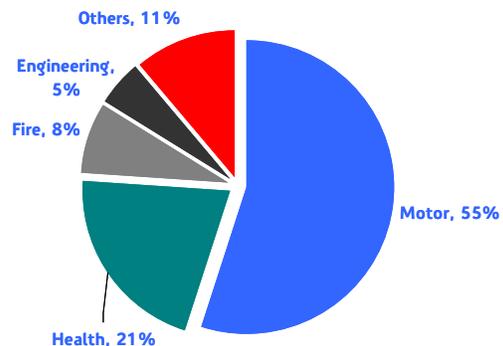
SEGMENT WISE BREAK UP

- Premium contribution

As on September 30, 2009



As on September 30, 2008



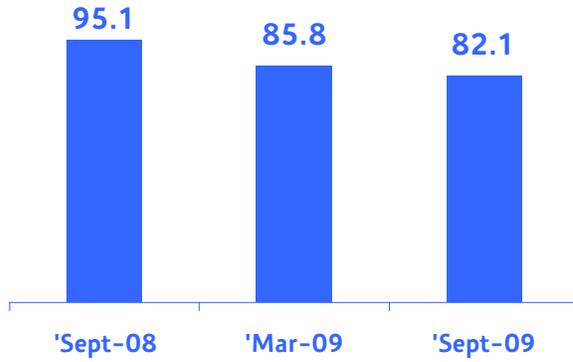
Discussion of financial performance

- For the quarter ended September 30, 2009, the Gross Written Premium (GWP) was Rs. 5 billion (US\$ 101 million) – a YoY increase of 14%
- Net Written Premium (NWP) for the quarter ended September 30, 2009 was Rs. 3.2 billion (US\$ 66 million) as against Rs. 2.9 billion – an increase of 9%
- Profit before tax for the quarter ended September 30, 2009 was Rs. 1 million (US\$ 0.02 million) as against Rs. 58 million for the corresponding previous period
- The distribution network composed of 200 branches and over 5,100 intermediaries at the end of September 30, 2009
- The focus for the general insurance business is to improve the combined ratio. To achieve this, several steps have been undertaken to contain the claims ratio and the management expenses. Various areas have been identified where the claims experience had been adverse and accordingly appropriate measures were taken to re-price the risk
- Also, various steps have been taken to limit management costs. This involved cost optimization exercises like re-negotiation of branch rentals and various expenses relating to vendors, suppliers & distributors
- The combined ratio (without pool) has improved to 108% in the quarter from 111% in FY09

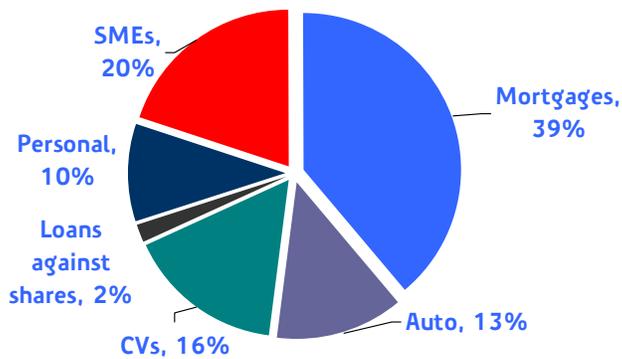
RELIANCE CONSUMER FINANCE

LOAN BOOK– AMOUNT OUTSTANDING

(Rs. Billion)



LOAN BOOK MIX – as on September 30, 2009



FINANCIAL PERFORMANCE

- As on September 30, 2009 the loan book was Rs. 83 billion (US\$ 2 billion) virtually unchanged from the loan book as at the end of March 31, 2009. This loan book is spread across 113,209 customers from top 18 Indian metros
- The focus at Reliance Consumer Finance is not only credit growth per se but the quality of credit sourced. In line with this, the plan is to increase secured asset lending and de-emphasise unsecured loans
- The disbursements for the quarter ended September 30, 2009 were Rs. 14 billion (US\$ 282 million) as against Rs. 19 billion for corresponding previous period – a decrease of 29%
- Reliance Consumer Finance securitized loans of Rs. 10 billion (US\$ 204 million) for the quarter ended September 30, 2009
- The total income for the quarter ended September 30, 2009 was Rs. 3.4 billion (US\$ 71 million) as against Rs. 3.2 billion for the corresponding previous period – an increase of 9%
- The profit before tax for the quarter ended September 30, 2009 was Rs. 223 million (US\$ 5 million) as against Rs. 398 million for the corresponding previous period
- The provisioning till date is Rs. 3 billion (US\$ 57 million) i.e. 3. % of the total outstanding loan book. The coverage ratio is 52%

(Rs. Million)

Home Finance

	Q2 FY10	Q2 FY09	FY09
Interest Income	689	599	2,406
Other Income	195	48	124
Total Income	883	647	2,530
Personnel Costs	44	48	174
Interest expenses	451	394	1,654
Other expenses	60	76	277
Provisions	12	5	88
Profit before tax	316	124	338

- The home finance division generated revenues of Rs. 883 million (US\$ 18 million) for the quarter ended September 30, 2009, as against Rs. 647 million for the corresponding previous period – an increase of 37%
- It achieved a profit before tax of Rs. 316 million (US 7 million) for the quarter ended September 30, 2009, as against Rs. 124 million for the corresponding previous period – an increase of 155%
- The cost to income ratio for the quarter declined significantly YoY – from 49% to 24%
- The average cost of funds for the home finance division declined for quarter to 9.3% from 10.2% in FY09

Asset Finance

	Q2 FY10	Q2 FY09	FY09
Interest Income	1,352	1,341	5,255
Other Income	452	35	93
Total Income	1,804	1,376	5,348
Personnel Costs	109	98	355
Interest expenses	899	877	3,528
Other expenses	343	203	806
Provisions	45	58	260
Profit before tax	407	140	399

- The asset finance division generated revenues of Rs. 1,804 million (US\$ 37 million) for the quarter ended September 30, 2009, as against Rs. 1,376 million for the corresponding previous period – an increase of 31%
- For the quarter, it achieved a profit before tax of Rs. 407 million (US 8 million) as against Rs. 140 million for the corresponding previous period – an increase of 190%
- The cost to income ratio declined significantly YoY for the quarter - from 60% to 50%
- The average cost of funds for the asset finance division declined for half year to 9.4% from 9.7% in FY09

Unsecured loans

	Q2 FY10	Q2 FY09	FY09
Interest Income	719	1,052	3,925
Other Income	41	92	200
Total Income	760	1,144	4,124
Personnel Costs	69	92	334
Interest expenses	382	463	1,852
Other expenses	149	217	802
Provisions	657	239	961
Profit before tax	(496)	134	175

- The unsecured loans division generated revenues of Rs. 760 million (US\$ 16 million) for the quarter ended September 30, 2009, as against Rs. 1,143 million for the corresponding previous period and a loss of Rs. 496 million (US\$ 10 million) as against profit before tax of Rs. 134 million for the corresponding previous period
- The average cost of funds for the unsecured loans division declined for quarter to 9.9% from 11.5% in FY09

RELIANCE MONEY

FINANCIAL PERFORMANCE

(Rs. Million)

	Q2 FY10	Q2 FY09	FY09
Total Income	609	932	3,520
Sub brokerage	40	99	421
Personnel Costs	255	316	1,150
Other expenses	271	285	1,369
Profit before tax	43	232	581

SCALE OF OPERATIONS

	As at Sept 30, 2009	As at Sept 30, 2008	As at Mar 31, 2009
No of outlets			
Franchisees	6,059	9,785	10,125
Owned	174	267	225
Total	6,233	10,052	10,350
No. of broking accounts	925,000	970,000	1,010,000
Total no. of customers (in million)	3.5	2.7	3.3
Daily average stock exchange turnover (Rs. Billion)	15.0	22.0	22.5

Discussion of financial performance

- Reliance Money maintained revenues of Rs. 609 million (US\$ 13 million) for the quarter ended September 30, 2009 as against Rs. 682 million for the quarter ended June 30, 2009
- The business achieved a profit before tax of Rs. 43 million (US\$ 0.9 million) for the quarter ended September 30, 2009, as against Rs. 105 million for the quarter ended June 30, 2009
- This decrease in income was due to the re-structuring process at Reliance Money – across all its lines of businesses. The focus across is on profitability through changes in pricing & leaner cost structures & moving towards a more robust & sustainable business model

RELIANCE CAPITAL - FINANCE & INVESTMENTS (STANDALONE)

(Rs. Million)

	Q2 FY10	Q2 FY09	FY09
Interest & finance income	1,249	1,301	5,610
Profit on sale (net) investments	2,113	2,096	11,416
Other income	116	131	753
Total	3,478	3,528	17,779
Profit before tax	1,207	1,998	9,865

- The income for finance & investments division (standalone) was Rs. 34.8 billion (US \$ 72 million) for quarter ended September 30, 2009 as against Rs. 35.5 billion for corresponding previous period – a decline of 1%
- As for the previous quarter, so also for this quarter, lower capital gains were booked, owing to the planned partial stake sale in Reliance Life Insurance – subject to necessary approvals. Being the sole beneficiary of Reliance Life Insurance, the full benefit of value unlocking will form a part of Reliance Capital's net profits for the current financial year leading to substantial capital gains

• **SECTION 4**

STOCK MARKET HIGHLIGHTS

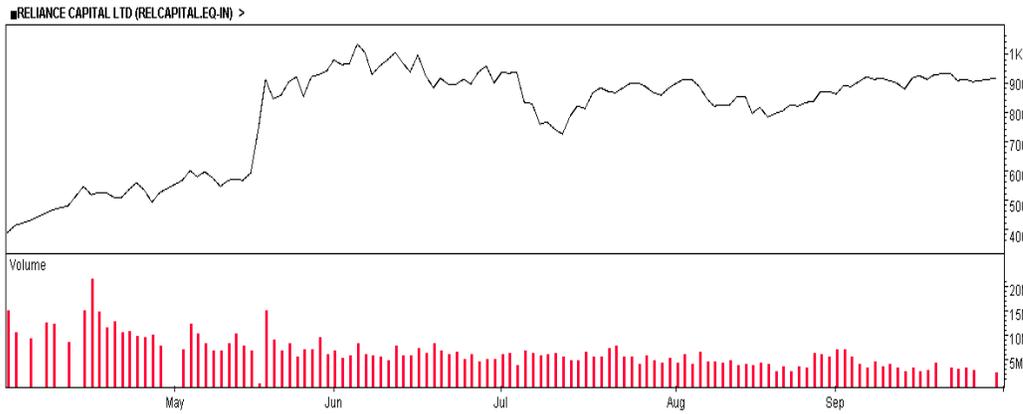
General information

Shareholding and Financial data as on September 30, 2009	
Code/ Exchange	500111/ BSE RELCAPITAL/ NSE
Bloomberg/ Reuters	RCFT / RLCP.NS
No of share outstanding (Sept.30, 2009)	245,632,800
Closing market price (Rs.) (Sept. 30, 2009)	917.05
Combined volume (NSE & BSE) (for the half year) (No. in million/ day)	6.4
Combined value (NSE & BSE) (for the half year) (Rs. billion / day)	5.5
F& O volume (NSE – for the half year) (No. in million/ day)	9.9
F& O value (NSE – for the half year) (Rs. in billion/ day)	8.5
Weightage of Reliance Capital in indices: S&P CNX Nifty MSCI	0.75% 0.87%
Stock Beta (for last 9 months ended September 30, 2009)	1.5
Market capitalization (Rs bn)	225
Market capitalization (US\$ bn)	4.7
Book value per equity share (Rs.)	304

Summarized shareholding pattern as of September 30, 2009

Category	No of shares	Shareholding %
Reliance Dhirubhai Ambani Group	131,382,274	53.5%
Foreign investors – FIIs, GDRs, NRIs, and others	54,043,674	22.0%
Domestic institutions/ Banks / Mutual funds	13,222,930	5.4%
Indian public	46,983,922	19.1%
Total	24,56,32,800	100.00%

Reliance Capital daily stock price & volume (NSE) movement (Source: Thomson Reuters)



Comparison of Reliance Capital stock movement with peer groups (Data Source: Bloomberg)

