

Reliance Capital Limited

**Review report on the results for the quarter ended
June 30, 2010 (Un-audited)**

August 09, 2010

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 45.7 = US \$ 1.00 for Q1 FY11 profit and loss items and the rate of Rs.46.6 = US\$1 for balance sheet items as on June 30, 2010. 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.

Table of contents

Section 1 – Reliance Capital at a glance

Section 2 – An overview

Section 3 – Financial and operating highlights

Section 4 – Stock market highlights

SECTION 1

RELIANCE CAPITAL – PERFORMANCE AT A GLANCE

(Rs. Million)

Particulars+	Year ended March 31,			Quarter ended June 30, 2010*
	2008	2009	2010	
Total Revenues	49,192	59,400	61,406	12,669
Net Profits	10,091	10,157	4,345	770
Net worth	65,078	73,403	77,125	78,032
Reliance Mutual Fund				
Average Assets under Management (Rs. billion)	909	809	1,104	1,013
Reliance Life Insurance				
New business premium	27,510	35,139	39,208	6,052
Reliance General Insurance				
Gross written premium	19,460	19,149	19,797	4,293
Reliance Consumer Finance				
Loan book size	71,204	85,761	91,695	91,477
Reliance Money				
Revenues	2,385	3,520	2,585	390

+ 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 4 private sector financial services and banking groups, in terms of net worth.

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\$ 28 billion and over 160 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, investment banking, wealth management services, stock broking, depository services, distribution of financial products, consumer finance, exchanges and other activities in financial services.

Reliance Capital Asset Management (RCAM)

- Reliance Capital Asset Management managed Rs. 1.4 trillion (US\$ 30.3 billion) as on June 30,2010, across mutual funds, pension funds, managed accounts and hedge funds, as against Rs. 1.4 trillion as on June 30, 2009
- RCAM's income from its operations for the Quarter ended June 30, 2010 was at Rs. 1,642 million (US \$ 36 million) as against Rs. 1,358 million in the corresponding previous period– an increase of 21%
- Profit after tax for the Quarter ended June 30, 2010 was Rs. 376 million (US\$ 8 million) as against Rs. 374 million in the correspond previous period, an increase of 1%

Reliance Mutual Fund (RMF)

- Reliance Mutual Fund (RMF) has maintained its leadership position in the country. It had a market share of 15% at the end of June 2010
- The average AUM for June 2010 was at Rs. 1,013 billion (US\$ 22.2 billion) as against Rs. 1,083 billion for June 2009,

- The number of investor folios in RMF remained steady at 7.4 million at the end of June 30, 2010 as against 7.5 million investors at the end of June 30, 2009
- Of the 7.4 million investor folios, 1.2 million are currently Systematic Investment Plan (SIP) investors. The number of SIP investor folios have registered a year on year growth of 31%. During the quarter, RMF added an average of 60,000 SIPs every month and over 2,600 new investors in the ETF category – the highest so far
- As on June 30, 2010, there were a total of 36 schemes - 17 equity oriented schemes, 17 debt oriented schemes and 2 exchange traded schemes
- At the end of Q1FY11, RCAM had a presence across 245 locations in India
- During the previous year, RMF won several prestigious awards
 - During the quarter, RMF was voted as ‘The Gold Most Trusted Brand’ in the investment category, for the third consecutive year at the 12th Annual Reader’s Digest Trusted Brand

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 June 30, 2010 was to Rs. 389 billion (US\$ 8.4 billion) as against Rs. 316 billion as at June 30, 2009 – an increase of 23%
- 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. 368 billion (US\$ 8 billion) to RCAM, for investment management
- Reliance Capital Pension Fund Ltd, a wholly owned subsidiary of 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

- The focus going forward for Reliance Capital Asset Management will be on:
 - Maintaining leadership in the mutual fund business
 - Ramping up operations of the performance fee related businesses - PMS and offshore funds

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 6 India dedicated funds viz. – India Equity Growth Fund, India Equity Long Term Fund, India Equity Derivative Fund, India Multi Strategy Fund, WIOF India performance fund and Lawrence India Mauritius Fund
- Its AUM as on June 30, 2010 stood at US\$ 203 million as against US\$ 163 million as on June 30, 2009 – an increase of 24%

Reliance Life Insurance

- Reliance Life Insurance (RLI) offers products that fulfill savings and protection needs of customers. Reliance Life offers 47 products, of which 40 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
- RLI is ranked 4th amongst private sector players with a private sector market share of 8.9%. (Source: YTD June 2010 data, IRDA website)
- RLI is the 3rd largest private sector insurer in terms of weighted premium at Rs. 5.7 billion (US\$ 124 million)
- Total premium for the quarter was Rs. 12 billion (US\$ 262 million) as against Rs. 9 billion for the corresponding previous period – an increase of 33%
- Renewal premium for the quarter was Rs. 6 billion (US\$ 130 million) as against Rs. 4 billion – an increase of 50%
- New business premium for the quarter was Rs. 6 billion (US\$ 132 million) as against Rs. 5 billion – an increase of 20%

- This quarter, RLIC ranked 1st in terms of policies in the private sector industry. The number of policies sold during the quarter were 493,899 as against 406,699 for the corresponding previous period – an increase of 21%
- The focus is on regular premium policies – the single premium component of the new business premium has been reduced significantly to 7%. The first year regular premium for the quarter, grew by 18% YoY, to Rs. 5.6 billion (US\$ 123 million) from Rs. 4.8 billion for the corresponding previous period
- The distribution network increased to 1,247 branches at the end of June 30, 2010 from 1,145 branches at the end of June 30, 2009
- The number of agents (IRDA certified agents and 3rd party distributor teams) at the end of June 30, 2010 was 199,711 as against 161,093 at the end of June 30, 2009 – an increase of 24%
- The total funds under management increased to Rs. 144 billion (US\$ 3 billion) as on June 30, 2010 against Rs. 83 billion as on June 30, 2009 – an increase of 74%
- The policyholders' funds under management were at Rs. 141 billion (US\$ 3 billion) as on June 30, 2010 against Rs. 81 billion as on June 30, 2009 – an increase of 75%
- Capital infused in the life insurance business in Q1FY11 stood at Rs. 700 million (US\$ 15 million). The capital invested in RLI till date, is Rs. 30.4 billion (US\$ 653 million)
- Despite regulatory challenges in the industry, the new business achieved profit (NBAP) for the quarter ended June 30, 2010 improved to Rs 980 million (US\$ 21 million), as against Rs. 974 million for the previous corresponding period

Reliance Consumer Finance

- Reliance Consumer Finance offers a wide range of products which include Home loans, Loans against property, SME loans, Commercial Vehicle loans, Loans for Construction equipment and Loans against securities
- The focus at Reliance Consumer Finance is not only credit growth per se but the quality of credit sourced. In line with this, the Company has been disbursing only secured asset backed loans and winding down the unsecured loans portfolio

- RCF has emerged to be amongst the leading lenders in the Indian non banking finance sector
- The disbursements for the quarter ended June 30, 2010 were Rs. 13 billion (US\$ 274 million) as against Rs. 7 billion for corresponding previous period – increase of 87%
- As on June 30, 2010, the assets under management (including securitized portfolio) was Rs. 111 billion (US\$ 2.4 billion) as against Rs. 85 billion as on June 30, 2009 – increase of 31%
- As on June 30, 2010 the outstanding loan book was Rs. 92 billion (US\$ 2 billion) as against Rs. 85 billion at the end of June 30, 2009 – YoY increase of 7%. This loan book is spread across 117,602 customers from top 16 Indian metros
- As on June 30, 2010, 90% of the outstanding loan book was secured, a significant improvement from 77% as on June 30, 2009
- During the quarter, the Company securitized loans of Rs. 5 billion (US\$ 102 million)
- Reliance Consumer Finance generated revenues of Rs. 3 billion (US\$ 65 million) for the quarter ended June 30, 2010, as against Rs. 2.9 billion for the corresponding previous period – an increase of 3%
- The profit before tax for the quarter ended June 30, 2010 was Rs. 363 million (US\$ 8 million) as against Rs. 89 million for the corresponding previous period – an increase of 305%
- Breaking up the financials into the SBUs (strategic business units):
 - The home finance division generated revenues of Rs. 825 million (US\$ 18 million) for the quarter ended June 30, 2010, as against Rs. 736 million for the corresponding previous period – an increase of 12%. It achieved a profit before tax of Rs. 253 million (US\$ 6 million) for the quarter ended June 30, 2010, as against Rs. 242 million for the corresponding previous period – an increase of 4%
 - The asset finance division generated revenues of Rs. 1.7 billion (US\$ 38 million) for the quarter ended June 30, 2010, as against Rs. 1.4 billion for the corresponding previous period – an increase of 24%. For the same period, it achieved a profit before tax of Rs. 378 million (US 8 million) as against Rs. 248 million for the quarter ended June 30, 2009 – an increase of 53%
 - The unsecured loans division generated revenues of Rs. 422 million (US\$ 9.2 million) for the quarter ended June 30, 2010, as against Rs. 771 million for the corresponding previous period. The loss reduced to Rs. 268 million (US\$ 6 million)

from loss of Rs. 401 million for the corresponding previous period – YoY decline of 33%

Reliance Money

- Reliance Money is the one of the leading retail broking houses and distributor of financial products in India
- Reliance Money is a comprehensive financial services and solutions provider, providing customers with access to equities, mutual funds, IPOs, insurance products, wealth management, investment banking, gold coins, money changing and money transfer
- Going ahead, the focus will be on the key business verticals of broking, third party distribution, wealth management and investment banking
- As on June 30, 2010, Reliance Money had a pan India distribution network of over 5,000 outlets
- Broking:
 - It has 642,000 retail broking accounts at the end of June 30, 2010
 - Reliance Money daily average stock exchange turnover stood at Rs. 23 billion (US\$ 504 million) at the end of June 30, 2010
 - Commodities broking daily turnover was at Rs. 2.3 billion (US\$ 50 million)
- In the third party distribution business vertical:
 - Reliance Money is manufacturer agnostic and distributes mutual funds, life & general insurance products, loans and precious metal retailing
 - It is amongst the leading Mutual fund distributors of the country distributing products of 20 AMCs, with a customer base of over 500,000. It is the largest private sector partner for Western Union Money Transfer in India
 - Reliance Money garnered mutual fund AUMs of Rs. 44 billion (US\$ 969 million) – YoY increase of 314%
 - It has tied up with India Post and World Gold Council to sell gold coins through the post office network across the country

- Through its pan India presence, Reliance Money sold over 120 kilos of gold in the quarter ended June 30, 2010
- Wealth Management and Investment Banking are two new initiatives of Reliance Money
 - In wealth management, Reliance Money will assess and create financial investment opportunities for HNIs. It will create customized individual portfolios based on their diverse investment needs and risk profiles. The team is now in place and AUM as on June 30, 2010 has increased to Rs. 960 million (US\$ 206 million) from Rs. 850 million as on June 30, 2009 – an increase of 13%
 - In investment banking, Reliance Money will address the capital requirements of enterprises through various instruments- IPOs, private placements, M&A etc
 - In advanced stages of finalizing the investment banking plan
- In the past year, Reliance Money restructured its operations by discontinuing unprofitable businesses. As a result, the total income declined QoQ by 49% to Rs. 390 million (US\$ 9 million) for the quarter ended June 30, 2010 as against Rs. 758 million for the quarter ended March 31, 2010
- The business achieved a profit before tax of Rs. 34 million (US\$ 1 million) for the quarter ended June 30, 2010, as against Rs. 1 million for the quarter ended March 31, 2010 - demonstrating significant improvement in profit margins

Reliance General Insurance

- Reliance General Insurance (RGI) offers insurance solutions for auto, health, home, property, travel, marine, commercial and other speciality products
- RGI is among the leading private sector general insurance player in India with a private sector market share of 10%
- The focus at RGI is writing profitable business and not just growth. The Company incurred losses this quarter on account of high claims from its health portfolio. RGI has re-priced its health products and also significantly reduced its exposure to the unprofitable Group Mediclaim

- As a result, Gross Written Premium for the quarter ended June 30, 2010 was Rs 4.3 billion (US\$ 94 million) as against Rs. 5.6 billion for the corresponding previous period – a decrease of 23%
- The combined ratio (with pool) was 124% as against 112% for the quarter ended June 31, 2009
- Loss for the quarter ended June 30, 2010 was Rs. 386 million (US\$ 8 million) as against a profit of Rs. 10 million for the corresponding previous period
- During the quarter, Rs. 950 million (US\$ 20.4 million) was infused into the business. The total capital invested till date is Rs. 11 billion (US\$ 236 million)
- The distribution network composed of 200 branches and 4,428 intermediaries at the end of June 30, 2010

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
- As on June 30, 2010; the asset base was Rs. 144 million (US\$ 3 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 is 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
- All the necessary approvals to acquire a majority stake in Quant Capital Group are in place. The integration of the business operations to achieve full benefit of business synergies, cost optimization and increased scale of operations will be completed in Q2 FY11
- Quant Capital focuses primarily on the institutional cash equities and equity derivatives business. Apart from traditional fundamental research, it also combines

quantitative and behavioral research to forecast trends and inflection for global currencies, commodities, and equities.

- Quant Capital has built and implemented state of the art trading, risk and operational platforms. The firm employs over 100 professionals with diverse skills sets and has expanded their research & quantitative teams to ensure complete sector coverage across Indian equities
- In the quarter, Quant Capital launched its bullion business, where they act as re-seller of gold & silver to their wholesale customers

Reliance Equity Advisors (India) Limited (REAL)

- Reliance Equity Advisors, wholly owned subsidiary of Reliance Capital, manages a private equity fund, the Reliance Alternative Investments Fund – Private Equity Scheme I is in the process of carrying out a final close on its fundraising activities from Indian institutional investors and HNIs, including many first-time PE investors. A second capital call was made on two categories of investors and successfully completed at the end of June 2010
- Reliance Alternative Investment Fund 1 LLC has also commenced discussions with close investors for the offshore fund. The focus will be on offering a fund suitable for large International LPs who would like to participate in returns from high growth Indian companies. Discussions with an international placement agent are at an advanced stage for the proposed launch of its fund raising program
- After the first investment in the rapidly growing education sector, the Company continues to evaluate a number of promising investment opportunities in several sectors including the agri-business, diagnostics, logistics and hospitality sectors and expects to conclude two investments in Q2 FY11

Reliance Spot Exchange (RSX)

- Reliance Spot Exchange is a new initiative of Reliance Capital in the exchange space by setting up modern exchanges, in various segments
- Set up in October 2009, the business continues to make steady progress with significant improvement in member enrolment, product offering and capacity building
- In addition to being present in the major mandis of Rajasthan & Kota, RSX has obtained state wide licenses for Gujarat and Karnataka.

- RSX aims to bring different markets together on a national electronic platform thereby creating transparency, efficiency and infrastructure for spot markets across India

Reliance Venture Asset Management (RVAM)

- Reliance Venture Asset Management, wholly owned subsidiary of Reliance Capital, is the venture capital arm of the Reliance ADA Group with an investment mandate to incubate or invest into high-growth, new business ideas and is stage, sector and geography agnostic
- Ranked 30th in the reputed list of US-based, Red Herring Top 100 Global Venture Capital firms in 2009 out of 1,800 global VC firms, from 32 countries, and across 12 benchmarks, Reliance Venture is the only Indian Corporate Venture Capital firm to feature in the ranking
- RVAM is also a recipient of the "Excellence Award" from India's Institute of Economic Studies, a quasi-government agency started by Members of the Indian Parliament, industry leaders, economists and educational leaders.
- RVAM's portfolio companies are considered as category creators and industry leaders. It has spawned companies including household names such as India's largest online travel website 'Yatra.com', 'Suvidhaa' - India's leading service commerce company, 'Stoke, Inc.' - a leader in multi access convergence network, 'Tessolve' - a leading semi-conductor testing company amongst many others
- The Company has fostered relations with global premier institutions and is the exclusive India partner for MIT and Stanford University for their entrepreneurship and business competitions. RVAM has also funded two start-ups from MIT
- RVAM endeavors to be the preferred choice and premier partner of all its portfolio companies and assures its full commitment to them over an unlimited period of time
- RVAM currently manages assets of Rs. 1,580 million (US\$ 34 million)

SECTION 3

FINANCIAL AND OPERATING HIGHLIGHTS

Key Highlights for the quarter ended June 30, 2010

- Total income of Rs. 13 billion (US\$ 277 million) against Rs 15 billion in the corresponding period – a decrease of 14%, mainly owing to lower capital gains and reduced topline in general insurance
- Net profit of Rs. 770 million (US\$ 17 million) against Rs 151 million in the corresponding period – a decrease of 49%, mainly on account of the loss of Rs. 386 million (US\$ 8 million) in general insurance

Summary of Consolidated Financial Statements

(Rs. Million)

	Q1 FY11	Q1 FY10	Q4 FY10	FY10
Total income	12,669	14,692	17,162	61,406
Staff costs	1,239	1,282	1,220	5,354
Other expenditure	3,147	3,549	6,525	17,040
Reinsurance premium ceded	1,881	2,158	1,513	7,272
Claims incurred	2,351	2,246	4,177	11,857
Interest & financial charges	2,944	3,672	2,587	13,324
Depreciation	128	143	205	676
Profit before tax	977	1,643	936	5,883
Net Profit after Minority Interest & share of profit of associates	770	1,510	645	4,345
Diluted EPS (Rs)	3.13	6.15	2.57	17.63

Segmental Performance

(Rs. Million)

	Q1 FY11	Q1 FY10	Q4 FY10	FY10
Finance & Investments				
Revenue	2,544	3,469	2,479	11,814
Profit before tax	657	1,159	752	3,426
Capital employed	85,495	67,285	71,852	71,852
Asset Management				
Revenue	1,499	1,222	1,761	6,460
Profit before tax	435	323	594	2,303
Capital employed	200	538	89	89
General Insurance				
Revenue	5,092	6,226	5,596	23,862
Profit before tax	(386)	10	(847)	(906)
Capital employed	7,525	6,326	7,912	7,912
Consumer Finance				
Revenue	3,034	2,887	3,656	13,252
Profit before tax	363	90	652	1,350
Capital employed	13,729	12,738	15,862	15,862
Others				
Revenue	500	888	3,670	6,018
Profit before tax	(91)	63	(206)	(274)
Capital employed	2,603	2,608	6,963	6,963

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 June 30, 2010 was Rs. 13 billion (US \$ 277 million) from Rs 15 billion in the corresponding previous period a decrease of 14%, mainly owing to lower capital gains and reduced topline from general insurance

Operating expenses:

Staff costs for the quarter ended were Rs. 1,239 million (US\$ 27 million) as against Rs. 1,282 million in the corresponding period previous quarter – a decrease of 3%.

Selling, general & administrative expenses for the quarter ended June 30, 2010 were Rs. 3,147 million (US\$ 69 million) as against Rs 3,549 million in the corresponding previous quarter – a decrease of 11%.

This was in line with the plan of cost rationalization and moving towards leaner cost structures.

Finance cost and Net profit from operations:

Interest & finance charges for the quarter were Rs. 2,944 million (US \$ 64 million) as against Rs. 3,672 million in the corresponding period previous quarter – a decrease of 20%.

Despite the increase in borrowings, interest charges declined due to the decrease of the cost of borrowings to 8.3% for the quarter ended June 30, 2010 from 9.2% for the corresponding previous period.

Depreciation for the quarter was Rs. 128 million (US\$ 3 million) as against Rs. 143 million in the corresponding previous period, a decrease of 10%.

Profit after tax, minority interest and share of profit of associates for the quarter ended June 30, 2010 was Rs. 770 million (US\$ 17 million) as against Rs. 1,510 million in the previous quarter, a decrease of 49%, mainly on account of the loss of Rs. 386 million (US\$ 8 million) in general insurance.

Balance sheet

As on June 30, 2010, the company had total assets of Rs 272 billion (US\$ 6 billion) – YoY increase of 9% and a net worth of Rs. 78 billion (US\$ 2 billion) – YoY increase of 4%.

The company had a net debt of Rs 139 billion (US\$ 3 billion) as on June 30, 2010 and equity of Rs. 78 billion (US\$ 2 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 Jun 30, 2010	As at Jun 30, 2009	As at Mar 31, 2010
Mutual Funds			
Average AUM	1,013	1,083	1,140
- Equity	36%	29%	33%
- Debt	64%	71%	67%
Portfolio Management Services			
- Discretionary	19	16	17
- Advisory	3	15	1
- EPFO	368	284	348
TOTAL	389	315	366
Offshore Funds (US\$ million)	203	163	202

COMPETITIVE STANDING – INDIAN MUTUAL FUNDS

	As at Jun 30 2010	As at Jun 30 2009	As at Mar 31 2010
Rank	#1	#1	#1
Market Share	14.99%	16.15%	14.77%

(Source: AMFI website)

DISTRIBUTION MIX

	As at Jun 30 2010	As at Jun 30 2009	As at Mar 31 2010
Direct	18%	9%	15%
Banks	31%	25%	31%
National distributors	17%	40%	19%
Independent financial advisors (IFAs)	35%	26%	35%
Total	100%	100%	100%

FINANCIAL PERFORMANCE

(Rs. Million)

	Q1 FY11	Q1 FY10	Q4 FY10	FY10
Income	1,642	1,358	1,936	6,817
Personnel costs	385	317	323	1,487
Marketing expenses	418	387	642	1,756
Administration & other expenses*	233	157	117	765
Profit before tax	577	471	817	2,680

* - includes loss on valuation of investments

Discussion of financial performance

Total income:

RCAM's income from its operations for the quarter ended June 30, 2010 was at Rs. 1,642 million (US \$ 36 million) from Rs. 1,358 million in the corresponding period previous quarter – an increase of 21%.

Staff costs for the quarter ended June 30, 2010 increased by 22% at Rs. 385 million (US\$ 8.4 million) as against Rs. 317 million in the corresponding period of previous quarter.

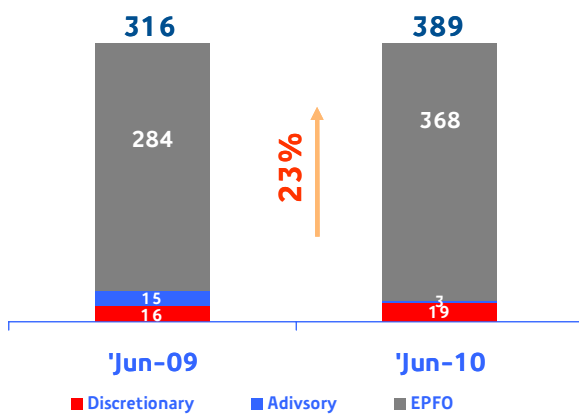
Selling, general & administrative expenses were Rs. 651 million (US\$ 14 million) as against Rs. 544 million, an increase of 20%.

Also, the recent regulations change in the asset management industry whereby the entry loads on equity funds have been removed, has lead to significant negative impact on distribution commissions as these entry loads used to be passed on as distributors' commissions. This has resulted in asset management companies having to bear the cost of distributor commissions.

Profit before tax for the period ended June 30, 2010 was Rs. 577 million (US\$ 13 million) as against Rs. 471 million in the previous quarter, an increase of 23%. Despite the challenging regulatory conditions, RMF maintained its profitability to AAUM at 17 bps.

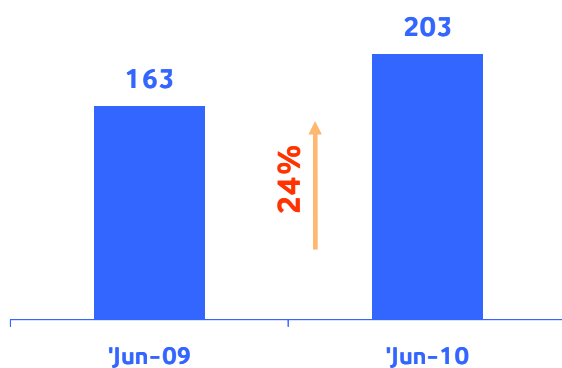
PORTFOLIO MANAGEMENT SERVICES

ASSETS UNDER MANAGEMENT (Rs. Billion)



OFFSHORE FUNDS

ASSETS UNDER MANAGEMENT (US\$ Million)



RELIANCE LIFE INSURANCE

FINANCIAL PERFORMANCE

(Rs. Million)

	Q1 FY11	Q1 FY10	FY10
First year premium	5,630	4,791	36,302
Single premium	422	264	2,906
Total new business premium	6,053	5,055	39,208
Renewal premium	5,956	3,981	26,841
Total premium	11,976	9,014	65,883
Weighted Received Premium (WRP)	5,673	4,817	36,592
No of policies issued	493,899	406,699	2,326,154
Average premium per policy (Rs.)	11,458	11,040	14,569
Average tenure of policies issued	15.0	15.0	14.6
Average age of insured	35.4	34.5	35.4
No of branches	1,247	1,145	1,247
No of agents*	199,711	161,093	195,565
Funds under management			
Policyholders	140,920	80,601	132,915
Shareholders	3,312	2,328	3,693
	144,232	82,929	136,608
Policyholders funds under management			
Equity	100,666	54,233	96,495
Other than equity	40,254	26,368	36,420
Capital infused	700	Nil	2,310
Capital infused as % of total new business premium	12%	0%	6%

* - IRDA certified agents and 3rd party distributor teams

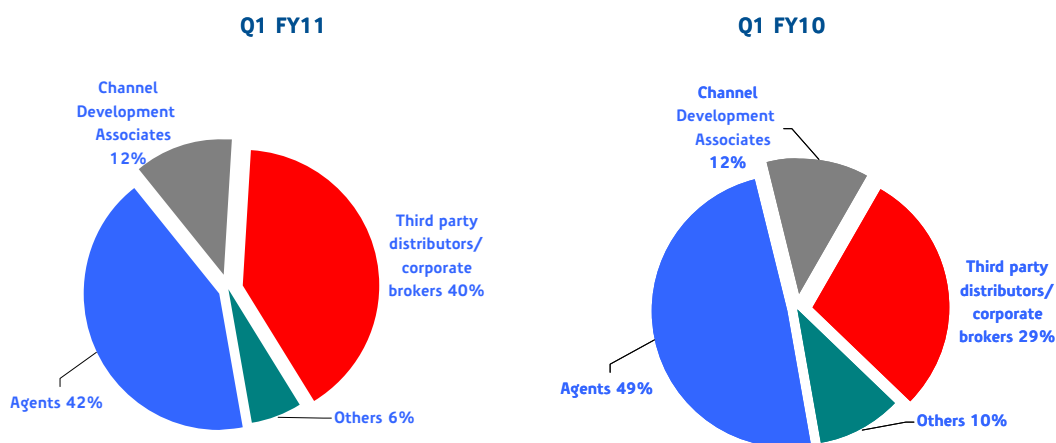
- Total premium for the quarter was Rs. 12 billion (US\$ 262 million) as against Rs. 9 billion for the corresponding previous period – an increase of 33%
- Renewal premium for the quarter was Rs. 6 billion (US\$ 130 million) as against Rs. 4 billion – an increase of 50%
- New Business Premium Income was Rs 6 billion (US\$ 133 million) for the quarter as against Rs 5 billion in the corresponding previous period, an increase of 20%
- The number of policies sold during the quarter was 493,899 as against 406,699 for the corresponding previous period – an increase of 21%. This quarter, RLIC sold the highest number of policies in the private sector life insurance industry
- The focus is on regular premium policies – the single premium component of the new business premium has been reduced significantly to 7%. The first year regular premium for the quarter, grew by 18% YoY, to Rs. 5.6 billion (US\$ 123 million) from Rs. 4.8 billion for the corresponding previous period
- The distribution network increased to 1,247 branches at the end of June 30, 2010 against 1,145 branches at the end of June 30, 2009
- The number of agents (including IRDA certified agents & third party distributor teams) at the end of June 30, 2010 were at 199,711 as against 161,093 agents at the end of June 30, 2009, an increase of 24%
- The total funds under management were at Rs. 144 billion (US\$ 4 billion) as on June 30, 2010 against Rs. 83 billion as on June 30, 2009 – an increase of 74%
- The policyholders' funds under management were at Rs. 140 billion (US\$ 3 billion) as on June 30, 2010 against Rs. 81 billion as on June 30, 2009 – an increase of 75%
- During the quarter, fresh capital of Rs. 700 million (US\$ 15 million) was infused into the business. The capital invested in this business, till date, is Rs. 30 billion (US\$ 653 million)

COMPETITIVE STANDING – INDIAN LIFE INSURANCE INDUSTRY

	As at Jun 30 2010	As at Jun 30 2009	As at Mar 31 2010
Rank (Private Life Insurance Industry)	# 4	# 4	# 4
Market Share (Private Sector Life Insurers)	8.9%	9.3%	10.2%

(Source: IRDA website)

DISTRIBUTION BREAK UP – well diversified



PRODUCT MIX

- Top 5 products contribute to nearly 80% of new business premium viz. Reliance Traditional Super InvestAssure Plan, Reliance Life Highest NAV Guaranteed Plan, Reliance Super InvestAssure Basic Plan, Reliance Super Golden Years Term 10 Plan - Regular and Super Market Return Term 10 Plan

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 quarter ended June 30, 2010 was Rs. 980 million (US\$ 21 million)**
- **The new business achieved profit margin for quarter ended June 30, 2010 was 17.74%**

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 we pay tax at the full rate of tax, with no credit for existing tax losses

Sensitivity:

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

(Rs. Million)

Particulars	Base Value	+ 1%	- 1%
Investment return	980.5	1,034.0	929.2
Risk discount rate	980.5	889.8	1,080.3

- 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 95.8% of new business written in quarter ended June 30, 2010
- Value from part of traditional business and part of group business has been ignored. These two business lines represent 3.99% & 0.21% respectively of annualized new business premium

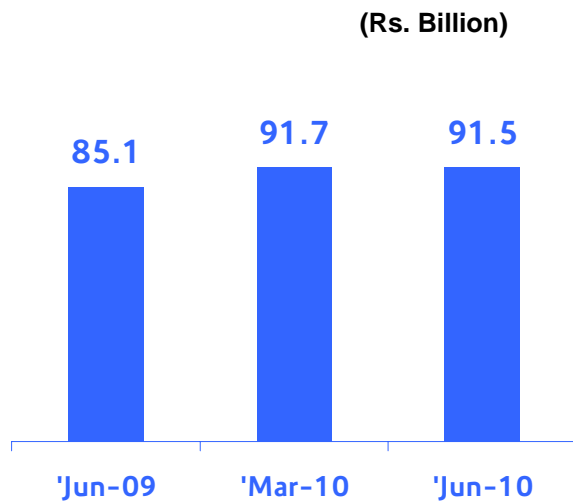
RELIANCE CONSUMER FINANCE

Discussion of financial performance

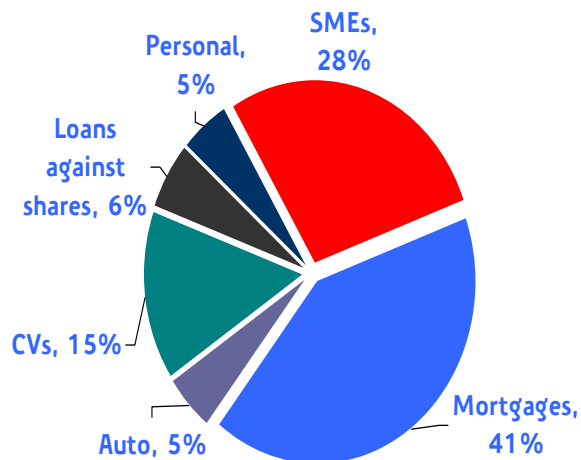
- The focus at Reliance Consumer Finance is not only credit growth per se but the quality of credit sourced. In line with this, the Company has been disbursing only secured asset backed loans and winding down the unsecured loans portfolio
- RCF has emerged to be amongst the leading lenders in the Indian non banking finance sector
- Reliance Consumer Finance disbursed Rs. 13 billion (US\$ 274 million) during the quarter, as against Rs. 7 billion for the corresponding previous period, increase of 87%
- As on June 30, 2010, the assets under management (including securitized portfolio) was Rs. 111 billion (US\$ 2.4 billion) as against Rs. 85 billion as on June 30, 2009 – increase of 31%
- As on June 30, 2010 the loan book was Rs. 92 billion (US\$ 2 billion), up 7% from Rs. 85 billion as at the end of June 30, 2009. This loan book is spread across 117,602 customers from top 16 Indian metros
- At the end of June 30, 2010, 90% of outstanding loan book was secured as against 77% at the end of June 30, 2009
- Personal loans proportion brought down to 5% of the outstanding loan book for the quarter as against 11% for the corresponding previous period
- Reliance Consumer Finance generated revenues of Rs. 3 billion (US\$ 65 million) for the quarter ended June 30, 2010, as against Rs. 2.9 billion for the corresponding previous period – an increase of 3%
- The profit before tax for the quarter ended June 30, 2010 was Rs. 363 million (US\$ 8 million) as against Rs. 89 million for the corresponding previous period – an increase of 305%
- The provisioning till date is Rs. 897 million (US\$ 20 million) i.e. 1.0% of the outstanding loan book

- The average cost of funds for the quarter ended June 30, 2010 was 8.3% as against 9.2% for the corresponding previous period
- During the quarter, the Company securitized loans of Rs. 4.7 billion (US\$ 100 million)
- The cost to income ratio for the quarter increased marginally YoY from 20% to 21%

LOAN BOOK– AMOUNT OUTSTANDING



LOAN BOOK MIX – as on June 30, 2010



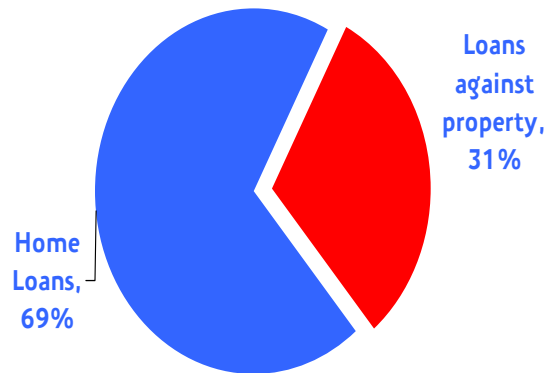
FINANCIAL PERFORMANCE

(Rs. Million)

	Q1 FY11	Q1 FY10	Q4 FY10	FY10
Disbursals	12,746	6,830	22,835	57,762
Interest Income	2,732	2,771	2,594	10,725
Other Income	250	134	661	2,143
Total Income	2,981	2,905	3,255	12,868
Personnel Costs	234	184	269	916
Interest expenses	1,473	1,589	1,332	6,130
Other expenses	397	388	293	1,713
Provisions	514	655	709	2,759
Profit before tax	363	89	652	1,350

Home Finance

Outstanding loan book – Rs. 26 billion



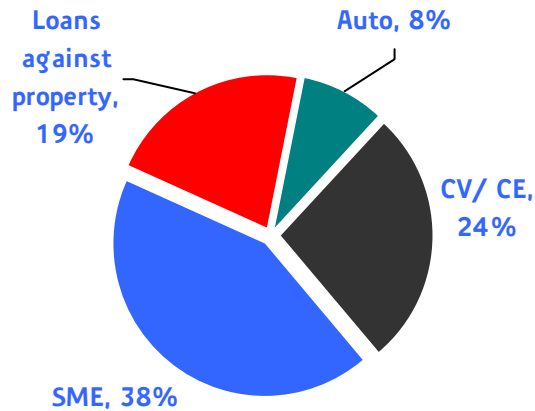
(Rs. Million)

	Q1FY11	Q1FY10	Q4 FY10	FY10
Interest Income	762	692	662	2,731
Other Income	62	44	406	901
Total Income	825	736	1,068	3,632
Personnel Costs	57	30	67	188
Interest expenses	447	403	383	1,666
Other expenses	65	44	69	179
Provisions	3	17	(5)	28
Profit before tax	253	242	555	1,570

- The home finance division generated revenues of Rs. 825 million (US\$ 18 million) for the quarter ended June 30, 2010, as against Rs. 736 million for the corresponding previous period – an increase of 12%
- It achieved a profit before tax of Rs. 253 million (US\$ 6 million) for the quarter ended June 30, 2010, as against Rs. 242 million for the corresponding previous period – an increase of 4%

Asset Finance

Outstanding loan book – Rs.56 billion



(Rs. Million)

	Q1FY11	Q1FY10	Q4 FY10	FY10
Interest Income	1,563	1,337	1,455	5,418
Other Income	171	61	227	1,119
Total Income	1,735	1,398	1,682	6,538
Personnel Costs	149	84	158	488
Interest expenses	857	819	747	3,193
Other expenses	253	186	118	957
Provisions	98	61	257	391
Profit before tax	378	248	401	1,508

- The asset finance division generated revenues of Rs. 1.7 billion (US\$ 38 million) for the quarter ended June 30, 2010, as against Rs. 1.4 billion for the corresponding previous period – an increase of 24%
- The business achieved a profit before tax of Rs. 378 million (US 8 million) for the quarter ended June 30, 2010 as against Rs. 248 million for the corresponding previous period – an increase of 53%

Unsecured loans

(Rs. Million)

	Q1FY11	Q1FY10	Q4 FY10	FY10
Interest Income	406	743	477	2,575
Other Income	16	28	28	123
Total Income	422	771	506	2,698
Personnel Costs	28	70	44	239
Interest expenses	170	367	203	1,271
Other expenses	79	158	106	577
Provisions	413	577	457	2,339
Profit before tax	(268)	(401)	(304)	(1,728)

- The Company has moved away from unsecured loans and stopped net disbursements in this segment since April 2008
- Personal loans brought down to 4.7% for the quarter ended June 30, 2010 as against 11.4% for the corresponding previous period
- The unsecured loans division generated revenues of Rs. 422 million (US\$ 9 million) for the quarter ended June 30, 2010, as against Rs. 771 million for the corresponding previous period.
- The loss decreased to Rs. 268 million (US\$ 6 million) as against a loss of Rs. 401 million for the corresponding previous period – a decrease of 33%

RELIANCE MONEY

FINANCIAL PERFORMANCE

(Rs. Million)

	Q1 FY11	Q1 FY10	Q4 FY10	FY10
Total Income	390	682	758	2,585
Sub brokerage	93	57	99	231
Personnel Costs	133	299	270	992
Other expenses	130	221	388	1,213
Profit before tax	34	105	0.7	149

SCALE OF OPERATIONS

	As at Jun 30, 2010	As at Jun 30, 2009	As at Mar 31, 2010
No of outlets			
Franchisees	5,000	8,500	5,000
Owned	103	173	116
Total	5,103	8,673	5,116
No. of broking accounts	642,000	950,000	640,000
Daily average stock exchange turnover (Rs. Billion)	23.0	16.2	22.0
Daily average commodities turnover (Rs. Billion)	2.3	1.1	2.5

Discussion of financial performance

- In the past year, Reliance Money restructured its operations by discontinuing unprofitable businesses. As a result, the total income declined QoQ by 49% to Rs. 390 million (US\$ 9 million) for the quarter ended June 30, 2010 as against Rs. 758 million for the quarter ended March 31, 2010
- The business achieved a profit before tax of Rs. 34 million (US\$ 1 million) for the quarter ended June 30, 2010, as against Rs. 1 million for the quarter ended March 31, 2010 - demonstrating significant improvement in profit margins

RELIANCE GENERAL INSURANCE

FINANCIAL PERFORMANCE

(Rs. Million)

	Q1 FY11	Q1 FY10	Q4 FY10	FY10
Gross Written Premium	4,293	5,575	4,159	19,797
Net Written Premium	2,412	3,418	3,552	14,287
Net Earned Premium	2,776	3,192	3,793	13,992
Commission earned	164	268	122	773
Investment Income	270	256	402	1,515
Claims	2,351	2,246	4,177	11,857
Management expenses	1,173	1,403	787	4,810
Commission paid	73	185	96	422
Underwriting result (accounting)	(474)	(118)	(828)	(1,262)
Profit After Tax	(386)	10	(445)	(504)
Combined ratio with pool	124%	112%	130%	117%
Combined ratio without pool	121%	108%	130%	114%
Net worth	8,066	6,326	7,912	7,912
Reserve for Unexpired Risk	6,761	7,055	7,124	7,124
Capital infusion	950	-	2,100	2,100
Investment book				
Equity	885	957	1,155	1,155
Debt	19,087	1,3887	15,412	15,412
Total	19,972	14,844	16,567	16,567

COMPETITIVE STANDING – INDIAN GENERAL INSURANCE INDUSTRY

- Reliance General Insurance is amongst the leading **private sector general insurance players**

	As at Jun 30 2010	As at Jun 30 2009	As at Mar 31 2010
Market Share (Private Sector General Insurers)	10%	16%	14%
Overall Market Share	3.7%	6.3%	5.7%

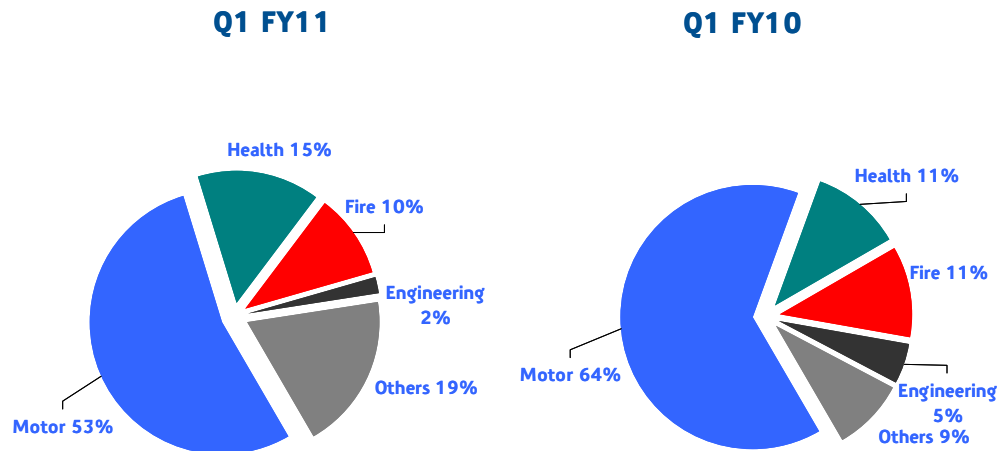
(Source: IRDA)

SCALE OF OPERATIONS

	Q1 FY11	Q1 FY10	FY10
No of branches	200	200	200
No of intermediaries			
Motor dealers	742	608	729
Agents	3,686	4,854	3,912
No of policies issued (millions)	0.7	0.8	3.3
No of policies in force (millions)	3.4	3.2	3.1
No of claims handled	104,366	77,788	454,573

SEGMENT WISE BREAK UP

- Premium contribution



Discussion of financial performance

- The focus at RGI is writing profitable business and not just growth. The Company incurred losses this quarter on account of high claims from its health portfolio. RGI has re-priced its health products and also significantly reduced its exposure to the unprofitable Group Mediclaim
- As a result, Gross Written Premium for the quarter ended June 30, 2010 was Rs 4.3 billion (US\$ 94 million) as against Rs. 5.6 billion for the corresponding previous period – a decrease of 23%
- The combined ratio (with pool) was 124% as against 112% for the quarter ended June 31, 2009
- Loss for the quarter ended June 30, 2010 was Rs. 386 million (US\$ 8 million) as against a profit of Rs. 10 million for the corresponding previous period
- During the quarter, Rs. 950 million (US\$ 20.4 million) was infused into the business. The total capital invested till date is Rs. 11 billion (US\$ 236 million)
- The distribution network composed of 200 branches and 4,428 intermediaries at the end of June 30, 2010

• **SECTION 4**

STOCK MARKET HIGHLIGHTS

General information

Shareholding and Financial data as on June 30, 2010	
Code/ Exchange	500111/ BSE RELCAPITAL/ NSE
Bloomberg/ Reuters	
No of share outstanding (June 30, 2010)	245,632,800
Closing market price (Rs.) (June 30, 2010)	762.75
Combined volume (NSE & BSE) (for the quarter) (No. in million/ day)	2.4
Combined value (NSE & BSE) (for the quarter) (Rs. billion / day)	1.7
F& O volume (NSE – for the quarter) (No. in million/ day)	10.8
F& O value (NSE – for the quarter) (Rs. in billion/ day)	4.6
Weightage of Reliance Capital in indices: S&P CNX Nifty MSCI	0.50 0.55
Stock Beta (for last 12 months ended June 30, 2010)	1.4
Market capitalization (Rs bn)	187
Market capitalization (US\$ bn)	4.0
Book value per equity share (Rs.)	318

Summarized shareholding pattern as of June 30, 2010

Category	No of shares	Shareholding %
Reliance Anil Dhirubhai Ambani Group	132,682,274	54.5%
Foreign investors – FIIs, NRIs and others	54,216,114	21.4%
Domestic institutions/ Banks / Mutual funds	11,221,346	4.6%
Indian public	47,513,066	19.5%
Total	24,56,32,800	100.00%

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



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

