

Reliance Capital Limited

**Review report on the results for the quarter ended
December 31, 2008 (Unaudited)**

January 20, 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. 44.68 = US \$1.00 for 9M FY09 and Rs. 48.76 = US \$ 1.00 for Q3 FY09 profit and loss items and the rate of Rs. 48.45 = UD\$1 for balance sheet items as on December 31, 2008. All amounts translated into United States dollars as described above are provided solely for the convenience of the reader, and no representation is made that the Indian Rupees or United States dollar amounts referred to herein could have been or could be converted into United States dollars or Indian Rupees respectively, as the case may be, at any particular rate, the above rates or at all. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off.

Table of contents

Section 1 – Reliance Capital at a glance

Section 2 – An overview

Section 3 – Financial and operating highlights

Section 4 – Key Industry developments

Section 5 – Stock market highlights

SECTION 1

RELIANCE CAPITAL – PERFORMANCE AT A GLANCE

(Rs. Million)

Particulars	Year ended March 31,			Nine Months ended December 31, 2008 (Unaudited)
	2006	2007	2008	
Total Revenues	9,470	21,579	49,192	44,292
Net Profits	5,713	7,032	10,091	7,040
Networth	42,052	52,973	65,078	72,496
Reliance Mutual Fund				
Assets under Management (Rs.billion)	246.7	463.1	909.4	702.3
Reliance Life Insurance				
New business premium	1,940	9,320	27,510	23,029
Reliance General Insurance				
Gross written premium	1,630	9,120	19,460	14,952
Reliance Money				
Revenues	0	0	2,385	2,735
Reliance Consumer Finance				
Loan book size	0	0	71,200	89,016

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

SECTION 2

AN OVERVIEW

Introduction:

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

Reliance Capital is a part of the Reliance - Anil Dhirubhai Ambani Group and is a constituent of S&P CNX Nifty and MSCI India and is also listed in Forbes Global 2000 (World's largest 2000 public companies).

Reliance ADA group is amongst India's top 3 business houses with a market cap of US\$ 24 billion and 150 million customers. It has a strong presence across a wide array of high growth consumer- facing businesses of Telecom, Financial Services, Energy, Power, Infrastructure and Media and Entertainment.

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

Reliance Capital Asset Management

Reliance Mutual Fund

- Reliance Mutual Fund has, over the years, built for itself a great name in the market by offering to its investors not just consistently high returns but also a highly innovative and diversified portfolio of products and services, and an unmatched track record of integrity.
- Reliance Mutual Fund (RMF) has maintained its leadership position in the country. It further cemented its leadership position by increasing its market share to 16.7% at the end of December 2008 as against the market share of the second largest player being only 11.1%
- The AUM as at December 31, 2008 was at Rs. 702.3 billion (US\$ 14.5 billion) from Rs. 789.1 billion at the end of December 31, 2007, a decrease of 11%. During the same period, the AUM of the entire Indian mutual fund industry went from Rs. 5.5 trillion to Rs. 4.2 trillion (US\$ 86.9 billion), a decrease of 23%. (Source: AMFI website).
- The number of investors in RMF increased to 7.1 million as at the end of December 31, 2008 as against 4.4 million investors at the end of December 31, 2007.
- As on December 31, 2008, there were a total of 38 schemes - 16 equity oriented schemes, 20 debt oriented schemes and 2 exchange traded schemes
- RCAM further expanded its presence during FY09. It established its presence in 415 locations as against 279 of at the end of March 31, 2008.
- In this year, Reliance Mutual Fund has won the "Most Trusted Mutual Fund Brand" for the third year, in succession by Economic Times - AC Nielsen ORG-MARG survey
- The number of Systematic Investment Plan Investors has crossed 1 million

- RCAM received approval from Malaysian Authorities to start operations in Malaysia. RCAM is looking to start a Shariah compliant fund based on the Islamic principles.
- RCAM also received approval from Financial Services Authority in United Kingdom to commence investment advisory operations in United Kingdom

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 December 31, 2008 increased to Rs. 273.3 billion (US\$ 5.6 billion) from Rs. 33.5 billion as at December 31, 2007
- Reliance Capital Asset Management Company (RCAM) has been appointed this year as one of the fund managers by the Employees Provident Fund Organization (EPFO).

A hugely prestigious account, EPFO has entrusted Rs.244.3 billion (US\$ 5 billion) to RAMC, to begin with, for investment management. The current corpus of the account is Rs. 2.4 trillion (US\$ 49 billion).

Reliance Asset Management (Singapore) Pte Ltd.

- Reliance Asset Management (Singapore) Pte Ltd, a wholly owned subsidiary of Reliance Capital Limited (through Reliance Asset management Company). It started operations in February 2007. It currently manages 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 December 31, 2008 stood at US\$ 244 million (including un-drawn amount of US\$ 92 million) as against US\$ 282 million as on December, 2007

Reliance Life Insurance

- Reliance Life Insurance (RLIC) offers you products that fulfill savings and protection needs of customers. Reliance Life offers 35 products, of which 27 are targeted at individuals and 8 at group business. Reliance Life is committed to emerge as a transnational Life Insurer of global scale and standard and attaining leadership rankings in the industry within the next few years
- Reliance Life Insurance is amongst the top five life insurance companies in India, in terms of new business premium and top four in terms of number of policies issued
- RLIC is one of the fastest growing Indian life insurance companies growing @ 80 % year on year. It is ranked 4th amongst private sector players with a market share of 9.7% of the private sector. (Source: YTD November 2008 data, IRDA website)

- New Business Premium Income was Rs 8.3 billion (US\$ 170 million) for the quarter as against Rs 7.4 billion in the corresponding previous period, an increase of 13%, against a flat premium growth reported by the industry
- New business premium for the nine months ended December 31, 2008 was Rs. 23.0 billion (US\$ 515 million) as against Rs. 13.9 billion, an increase of 66%. During the period from November 2007 to November 2008, the new business premium of the entire Indian life insurance fund industry increased marginally by 1.3%, from Rs. 447 billion to Rs. 453 billion (US\$ 10 billion). (Source: IRDA website)
- During the nine month period, 6 new life insurance policies were launched, viz. Reliance Super Invest Assure plan, Reliance Super Invest Assure Plus Plan , Reliance Guaranteed Return Plan Series I Insurance , Reliance Guaranteed Return Plan Series I Pension , Reliance Group Savings Linked Insurance Plan ,and Reliance Group Credit Shield Plan
- During the same period, 5 of the top selling existing products were re-launched viz. Reliance Super Automatic Investment Plan, Reliance Super Market Return Plan, Reliance Super Golden Years Plan, Reliance Super Golden Years Plan Plus and Reliance Super Golden Years Plan Value. This was done to standardize the charge structures and improve profitability
- Reliance Life Insurance launched the Reliance Imaan Investment Plan, an alternation to the existing Reliance Automatic Investment Plan. This is a regular premium, unit linked savings cum life insurance plan with a unique fund offering - it invests in social responsible sectors
- Total numbers of policies in force as on December 31, 2008 were 2,559,482 as against 989,737 as on December 31, 2007. An increase of 159%
- The distribution network has been increased to 1,145 branches at the end of December 31, 2008 against 736 branches at the end of December 31, 2007
- The numbers of agents at the end of December 31, 2008 were 142,843 as against 157,080 in the previous period
- The policyholders' funds under management were at Rs. 45.0 billion (US\$ 929 million) as on December 31, 2008 against Rs. 28.6 billion as on December 31, 2007

Reliance General Insurance

- Reliance General Insurance (RGI) offers property insurance, engineering insurance, auto insurance, health insurance, travel insurance, marine insurance, commercial insurance and other specialty insurance products
- RGI is one of the top three private sector General insurance companies in India (in terms of business premium). It has a market share of 6.5% of the general insurance market in India
- Gross Written Premium for the quarter ended December 31, 2008 was Rs 5.1 billion (US\$ 105 million) as against Rs. 5.8 billion in the corresponding previous period – a decline of 12%. The pace of growth was slow due to the general economic slowdown and our focus on improving profitability

- Gross Written Premium for the nine months ended December 31, 2008 was Rs 15.0 billion (US\$ 336 million) as against Rs. 15.2 billion in the corresponding previous period
- During the period from November 2007 to November 2008, the gross written premium of the entire Indian general insurance fund industry increased by 10%, from Rs. 185 billion to Rs. 203 billion (US\$ 4 billion). (Source: IRDA website)
- The distribution network composed of 200 branches and over 7,800 intermediaries at the end of December 31, 2008

Reliance Money

- 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
- In less than 2 years, Reliance Money has emerged to become the largest brokerage and distributor of financial products in India with around 3 million customers and the largest distribution network of 10,392 outlets in 5,165 locations
- Reliance Money generated revenues of Rs. 1 billion (US\$ 21 million) for the quarter ended December 31, 2008 as against Rs. 640 million of the corresponding previous period, an increase of 60%. For the same period, it achieved a net profit of Rs. 220 million (US\$ 5 million) as against Rs. 48 million – an increase of 356%
- Reliance Money generated revenues of Rs. 2.7 billion (US\$ 61 million) for the nine months ended December 31, 2008 as against Rs. 1.2 billion of the corresponding previous period, an increase of 132 %. It also achieved a net profit of Rs. 473.1 million (US\$ 11 million) for the same period
- Reliance Money has tied up with global partners like Reuters, Vasco, Valcambi, Webaroo, optionsXpress Holdings, Goldride Securities, World Gold Council, Wincor Nixdorf and DBS Vickers to facilitate better access to wider world class choices to its customers
- Reliance Money has established its presence in the Middle East, Malaysia, Hong Kong, Nigeria and Ireland
- In addition to the home-grown portfolio of products and services that Reliance Capital has to offer, Reliance Money also distributes a variety of third party financial products. It also assists millions of investors in creating customized individual portfolios based on their diverse investment needs and risk profiles
- It is amongst the leading Mutual fund distributors of the country distributing products of 17 AMCs. It is the the largest private sector partner for Western Union Money Transfer in India, crossing the 200,000 transactions per month mark
- To further improve its position in the money changing and money transfer business, Reliance Money has acquired a significant share holding in Wall Street Finance Ltd, a leading provider of money changing and money transfer services in the Country

- Reliance Money is targeting the low level of retail penetration in Indian equities market. Retail participation in equities in India, is amongst the lowest in the world, with less than 10% of household sector financial savings invested in equity/equity related assets
- Reliance Money has tied up with India Post and World Gold Council to sell gold coins through the entire post office network of around 155,000 offices across the country
- Reliance Money has obtained Category I Merchant Banking License from the Securities and Exchange Board of India. This new license allows Reliance Money to provide a wide range of investment banking services such as Issue Management, Underwriting, Private Equity Advisory/ Syndication and Corporate Finance services in India
- Reliance Money is taking its first steps into the Commodities Exchange business and is in the process of acquiring a 15 per cent stake in Hong Kong Mercantile Exchange (HKMEx). With this holding, Reliance Money becomes the second-largest shareholder in the commodity exchange and will have a board membership. Reliance Money is the first Indian firm to acquire a stake in an international exchange
- It has also obtained approval from the Ministry of Consumer Affairs for acquiring 10% stake in the National Multi-Commodity Exchange of India Ltd. (NMCE). Reliance Money proposes to acquire a total of upto 26 per cent stake in NMCE in two phases

Reliance Consumer Finance

- Reliance Consumer Finance offers a wide range of products which include Personal loans, Vehicle loans (cars and commercial vehicles), Home loans, Loan against property and SME loans
- The focus in this business is not just growth of credit per se but the quality of credit. Backed by our long-standing conservative approach, we have developed in-house stringent credit risk management systems to ensure the highest quality of credit
- As on December 31, 2008 the loan book was brought down to Rs. 89.0 billion (US\$ 1.8 billion) brought down from Rs.95.1 billion at the end of September 30, 2008. This loan book is spread across 118,262 customers spread and 23 locations. The loan book as on December 31, 2007 was Rs. 38.7 billion
- Reliance Consumer Finance generated revenues of Rs. 3.2 billion (US\$ 66 million) for the quarter ended December 31, 2008, as against Rs. 1.4 billion for the corresponding previous period – an increase of 135%
- Reliance Consumer Finance generated revenues of Rs. 9.0 billion (US\$ 202 million) for the nine months ended December 31, 2008, as against Rs. 2.0 billion for the corresponding previous period.
- Reliance Capital received the approvals from RBI and National Housing Bank to set up separate subsidiaries for consumer finance and home finance respectively

Reliance Asset Reconstruction

- Reliance Asset Reconstruction, which is in the business of acquisition, management and resolution of distressed debt/assets, formally commenced business operations in the 1st half of FY 09 by acquiring Non performing assets (NPAs) from Corporation Bank and Arcil at an aggregate consideration of Rs 31.7 million (US\$ 0.6 million). The assets have since been resolved
- Further, in December 2008, Reliance ARC made an offer to Dena Bank to acquire 2 NPAs for an aggregate consideration of Rs 21.5 million (US\$ 0.4 million). The asset will come into the books of the Trust floated by Reliance ARC during Q4 FY09

Reliance Capital Services

- The Reliance ADA Group offers a diverse range of products and services: from telecom to financial services, from power and infrastructure to media and entertainment. This means that we have a huge pool of customers across our different businesses, who are not using all our products and services
- A Reliance mobile user may not have a Reliance Money demat account or a Reliance Mutual Fund account. A Reliance Power shareholder may not be buying insurance from Reliance Life or General Insurance
- We see tremendous opportunity in cross selling Reliance Capital products across the entire customer universe of the Reliance ADA Group
- To capitalize on this opportunity, in July 2008 we have set up Reliance Capital Services, a company that will cross sell Reliance Capital products to the 150 million strong family of the Reliance ADA Group, comprising shareholders, customers and other stakeholders
- Cross selling will lower our cost of customer acquisition and further improve profitability
- It has commenced operations with over 1,700 employees and associates across 70 locations in India and has acquired more than 25,000 customers in less than six months

Reliance Equities International

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

Reliance Equity Advisors (India) Limited (REAL)

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

SECTION 3

FINANCIAL AND OPERATING HIGHLIGHTS

Key Highlights for the quarter ended December 31, 2008

- Total operating income of Rs. 15.8 billion (US\$ 323 million) against Rs.11.6 billion in the corresponding period – an increase of 36%
- Net profit of Rs. 1.3 billion (US\$ 27 million) against Rs.1.2 billion in the corresponding period – an increase of 11%

Key Highlights for the nine months ended December 31, 2008

- Total operating income of Rs. 44.4 billion (US\$ 991 million) against Rs.32.8 billion in the corresponding period – an increase of 35%
- Net profit of Rs. 7.0 billion (US\$ 158 million) against Rs.6.4 billion in the corresponding period – an increase of 9%
- Networth of Rs. 72 billion (US\$ 1.5 billion) as on December 31, 2008
- Total assets of Rs. 223 billion (US\$ 4.6 billion) as on December 31, 2008

Summary of Consolidated Financial Statements

(Rs. Million)

	Q3 FY09 (Unaudited)	Q3 FY08	9M FY09 (Unaudited)	9M FY08	FY08
Total operating income	15,729	11,556	44,292	32,833	49,140
Staff costs	1,378	955	4,211	2,537	4,032
Other expenditure	3,666	3,606	9,619	9,790	13,319
Reinsurance premium ceded	1,935	2,212	5,248	5,929	7,665
Claims incurred	3,350	1,875	7,581	4,453	7,507
Interest & financial charges	3,725	1,342	8,992	2,252	4,099
Depreciation	153	94	396	220	412
Profit before tax	1,526	1,472	8,357	7,663	12,157
Net Profit after Minority Interest & share of profit of associates	1,315	1,181	7,040	6,435	10,091
Diluted EPS (Rs)	5.45	4.86	28.76	26.06	41.08

Segmental Performance

(Rs. Million)

	Q3 FY09 (Unaudited)	Q3 FY08	9M FY09 (Unaudited)	9M FY08	FY08
Finance & Investments					
Revenue	3,288	2,366	12,308	10,809	16,852
Profit before tax	1,245	1,293	6,646	7,281	11,593
Capital employed	60,742	53,453	60,742	53,453	59,893
Asset Management					
Revenue	1,111	1,231	3,352	2,698	4,558
Profit before tax	196	258	971	806	1,931
Capital employed	916	742	916	742	677
General Insurance					
Revenue	6,752	6,331	17,699	17,017	23,461
Profit before tax	(125)	(532)	(209)	(735)	(1,628)
Capital employed	5,015	3,971	5,015	3,971	4,938
Consumer Finance					
Revenue	3,225	1,368	9,032	1,995	3,946
Profit before tax	146	264	897	353	361
Capital employed	12,233	5,840	12,233	5,840	8,906
Others					
Revenue	1,358	254	2,012	325	747
Profit before tax	188	251	240	166	140
Capital employed	2,442	381	2,442	381	223

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 division, at present, is a business division of Reliance Capital Limited (Standalone).

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 December 31, 2008 increased to Rs 15.7 billion (US \$ 323 million) from Rs 11.6 billion in the corresponding period previous year, registering a growth of 36%.

RCL's consolidated income from operations for the nine months ended December 31, 2008 increased to Rs 44.3 billion (US \$ 991 million) from Rs 32.8 billion in the corresponding period previous year, registering a growth of 35%.

The above growth was largely due to the growth of the consumer finance and asset management businesses.

Operating expenses:

Staff costs for the quarter ended were Rs. 1.3 billion (US\$ 28 million) as against Rs. 1 billion in the corresponding period previous year. Staff costs for the nine months ended were Rs. 4.2 billion (US\$ 94 million) as against Rs. 2.5 billion in the corresponding period previous year.

This increase was due to rapid expansion of operations and distribution networks and entry into three new business streams i.e. institutional broking, private equity, asset reconstruction and the launch of the cross-sell initiative, Reliance Capital Services.

Selling, general & administrative expenses for the quarter ended December 31, 2008 were Rs. 3.7 billion (US\$ 76 million) as against Rs.3.6 billion in the corresponding previous quarter. Selling, general & administrative expenses for the nine months were Rs. 9.6 billion (US\$ 215 million) as against Rs. 9.8 billion, a slight decrease of 2%. This decrease was achieved in spite of an increase in scale of operations of the businesses. The decrease was achieved as a result of optimization of costs, improvement in operational efficiency and utilizing a healthy mix of own and third party distribution reach.

Finance cost and Net profit from operations:

Interest & finance charges for the quarter were Rs. 3.7 billion (US \$ 76 million) as against Rs. 1.3 billion in the corresponding period previous year, an increase of 185%. Interest & finance charges for the nine months were Rs. 9 billion (US \$ 201 million) as against Rs. 2.3 billion in the corresponding period previous year, an increase of 291 %.

The increase was due to the increased borrowings for funding the consumer finance business and cost of borrowings.

Depreciation for the quarter was Rs. 153 million (US\$ 3 million) as against Rs. 94 million in the corresponding previous period, an increase of 63%. Depreciation for the nine months was Rs. 396 million (US\$ 9 million) as against Rs 220 million in the corresponding period previous year, an increase of 80%. 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 December 31, 2008 was Rs. 1.3 billion (US\$ 27 million) as against Rs. 1.2 billion in the previous year, an increase of 11%.

Profit after tax, minority interest and share of profit of associates for the nine months ended December 31, 2008 was Rs. 7.0 billion (US\$ 158 million) as against Rs. 6.4 billion in the previous year, an increase of 9%

Balance sheet

As on December 31, 2008, the company had total assets of Rs 223 billion (US\$ 4.6 billion) and a net worth of Rs. 73 billion (US\$ 1.5 billion).

The company had a debt of Rs 130 billion (US\$ 2.7 billion) as on December 31, 2008 and equity of Rs. 74 billion (US\$ 1.5 billion), resulting to net debt to equity ratio of 1.8.

BUSINESS WISE PERFORMANCE

RELIANCE CAPITAL ASSET MANAGEMENT

MUTUAL FUND

TOTAL ASSETS UNDER MANAGEMENT

(Rs. Billion)

Particulars	As at 31 Dec 2008	As at 31 Dec 2007	As at 31 Mar 2008
Mutual Funds			
- Equity	217.2	344.2	318.7
- Debt	485.1	444.8	589.4
TOTAL	702.3	789.0	908.1
Portfolio Management Services			
- Discretionary	16.5	22.3	20.1
- Advisory	12.5	40.9	48.9
- EPFO	244.3	-	-
TOTAL	273.3	63.3	69.0
Offshore Funds (US\$ million)	244*	282	200

* Includes un-drawn amount of US\$ 92 million

COMPETITIVE STANDING – INDIAN MUTUAL FUNDS

	As at 31 Dec 2008	As at 31 Dec 2007	As at 31 Mar 2008
Rank	#1	#1	#1
Market Share	16.7%	14.7%	17%

(Source: AMFI website)

DISTRIBUTION REACH

	As at 31 Dec 2008	As at 31 Dec 2007	As at 31 Mar 2008
Branches	180	116	118
Resident Representatives	235	142	161
TOTAL LOCATIONS	415	258	279

FINANCIAL PERFORMANCE

(Rs. Million)

	Q3 FY09 (Unaudited)	Q3 FY08	9M FY09 (Unaudited)	9M FY08	FY08
Income	915	1,231	3,352	2,698	4,741
Personnel costs	256	294	877	583	873
Marketing expenses	116	488	527	779	1,060
Administration & other expenses	204	167	671	485	755
Profit before tax	339	282	1,276	851	2,054
Profit after tax	257	189	920	564	1,497

Discussion of financial performance

Total income:

RCAM's income from its operations for the quarter ended December 31, 2008 was at Rs. 915 million (US \$ 187 million) from Rs. 1,231 million in the corresponding period previous year. This was largely due to the decline in the average assets under management of the mutual fund, portfolio management services and offshore funds during this period.

Operating expenses:

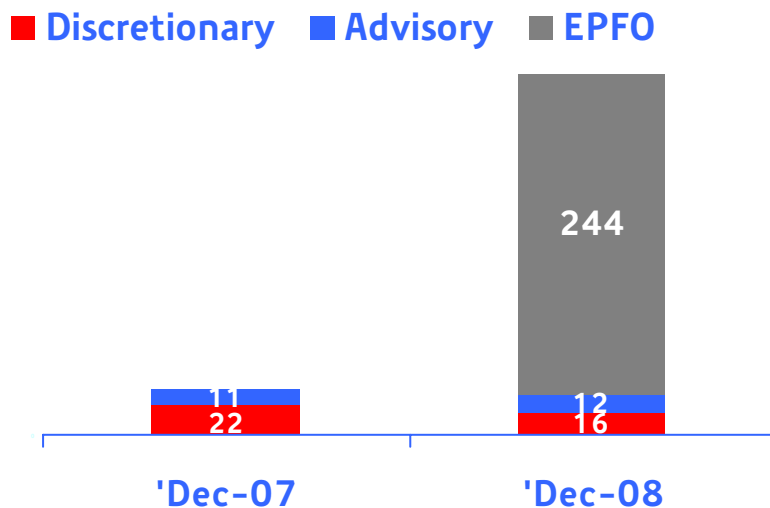
Staff costs for the quarter ended December 31, 2008 were Rs. 256 million (US\$ 53 million) as against Rs. 294 million in the corresponding period previous year, a decrease of 13% largely due to lower incentives and performance bonuses.

Selling, general & administrative expenses were Rs. 320 million (US\$ 66 million) as against Rs. 655 million, a decrease of 51%. The decrease was achieved as a result of optimization of costs and cost rationalization exercises implemented for investor communication costs, improvement in operational efficiency, utilizing a healthy mix of own and third party distribution reach and lower selling and marketing expenses.

Profit after tax for the period ended December 31, 2008 was Rs. 257 million (US\$ 53 million) as against Rs. 189 million in the previous year, an increase of 36%.

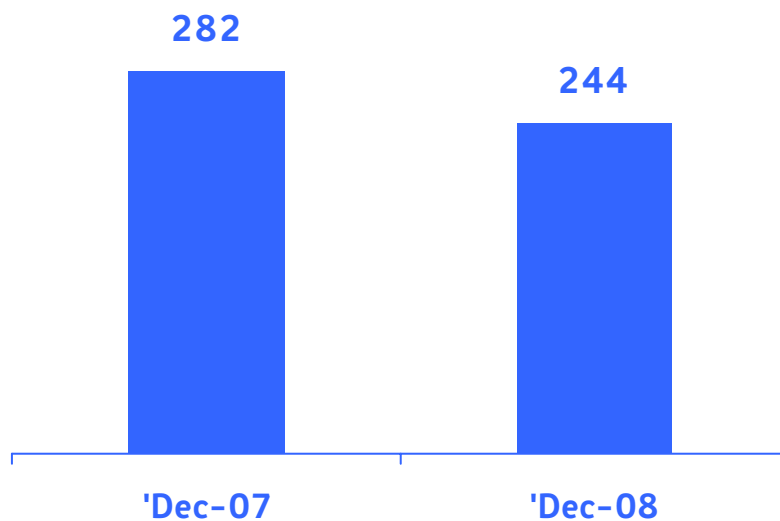
PORTFOLIO MANAGEMENT SERVICES

ASSETS UNDER MANAGEMENT (Rs. Billion)



OFFSHORE FUNDS

ASSETS UNDER MANAGEMENT (US\$ Million)*



* The AUM of December 2008 includes the un-drawn amount of US\$ 92 million

RELIANCE LIFE INSURANCE

FINANCIAL PERFORMANCE

(Rs. Million)

	Q3 FY09 (Unaudited)	Q3 FY08	9M FY09 (Unaudited)	9M FY08	FY08
First year premium	7,566	5,798	19,469	10,645	18,440
Single premium	733	155	3,570	3,250	9,071
Total new business premium	8,298	7,355	23,029	13,895	27,511
Total premium	11,498	8,674	30,828	16,509	32,133
Annualized premium equivalent (APE)	7,639	5,954	19,817	10,970	19,347
No of policies issued	600,970	295,913	1,354,834	573,424	1,073,715
Average premium per policy (Rs.)	13,552	22,188	16,267	20,905	21,801
Average tenure of policy issued (in no. of years)	14.2	9.4	13.2	9.1	10.1
No of branches	1,145	736	1,145	736	744
No of agents	142,843	157,080	142,843	157,080	184,194
Funds under management					
Policyholders	44,950	28,558	44,950	28,558	35,545
Shareholders	4,411	1,947	4,411	1,947	2,222
Policyholders funds under management					
Equity	25,244	19,442	25,244	19,442	21,954
Debt (incl Tbills)	19,706	8,616	19,706	8,616	13,591
Capital infused	3,260	2,600	10,110	5,800	8,500

- The new business premium for the quarter ended December 31, 2008 was Rs. 8.3 billion (US\$ 170 million) as against Rs. 7.4 billion, an increase of 13%
- The revenue during the period from Single premium policies has decreased from 21% to 9% QoQ
- Annualized Premium Equivalent (APE) for the quarter ended December 31, 2008 was Rs. 7.6 billion (US\$ 156 million) as against Rs. 5.9 billion, an increase of 28%. The APE has been calculated as : $APE = \text{Regular new business premium} + 10\% \text{ of Single new business premium}$. The APE growth was 28% as against new business premium growth of 13%

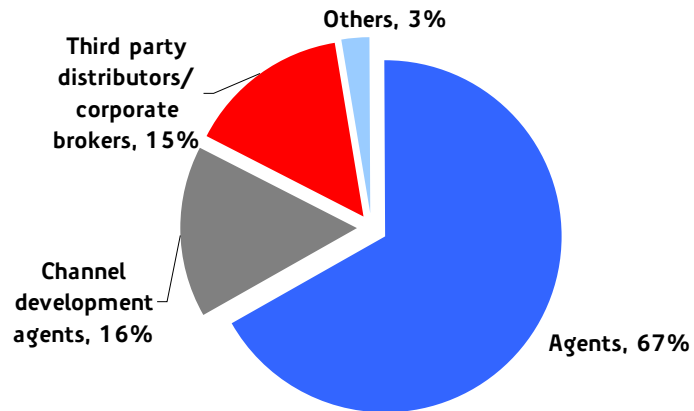
- Total numbers of policies issued for quarter months ended December 31, 2008 were 600,970 as against 295,913 as on December 31, 2007- an increase of 103%. Reliance Life Insurance is the 3rd largest private sector life insurer in terms of number of policies issued
- The average premium per policy for quarter ended December 31, 2008 has decreased to Rs. 13,552 from Rs. 22,188 in the corresponding previous period. This is largely due to launch of new products to cater to the customers in the lower income segment and Tier III & IV cities
- The average tenure of a policy for quarter ended December 31, 2008 has increased to 14.2 years from 9.4 years in the corresponding previous period. The average age of the insured currently is 34.1 years
- Reliance Life Insurance has built a strong and extensive distribution network with 1,145 branches at the end of December 31, 2008 from 736 at the end of December 31, 2007
- The numbers of agents at the end of December 31, 2008 were 142,843 as against 157,080 in the previous period, a decrease of 9%. During the quarter approximately 50,000 agents were discontinued due to low productivity. We had recruited approximately 92,000 agents in the calendar year 2008
- The policyholders' funds under management were at Rs. 45.0 billion (US\$ 929 million) as on December 31, 2008 against Rs. 28.6 billion as on December 31, 2007. The equity component was 56% of total assets
- The capital infused in this business for the quarter ended December 31, 2008 was Rs. 3.3 billion taking the total capital infused till date to Rs. 25.3 billion

COMPETITIVE STANDING – INDIAN LIFE INSURANCE INDUSTRY

	As at 30 Nov 2008	As at 30 Nov 2007	As at 31 Mar 2008
Rank (Private Life Insurance Industry)	# 4	# 5	# 4
Market Share (Private Sector Life Insurers)	9.7%	7.1 %	8.1%
Overall Market Share	4.3%	2.4%	3.0%

(Source: IRDA website)

DISTRIBUTION BREAK UP – well diversified



PRODUCT MIX

- Top 5 products to **74% of new business premium** viz. Automatic Investment Plan, Golden Years Plan, Reliance Super Invest Assure Plan, Total Investment Plan and Total Investment Plan- Pension

NEW BUSINESS ACHIEVED PROFIT (NBAP)

DEFINITION

New Business Achieved Profit (NBAP) is defined as present value of future profits for shareholders on account of business sales, based on a given set of assumptions.

Actual experience may differ from these assumptions especially in respect of expense over runs in initial years.

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 discount rate, of future release of capital together with investment earning on solvency capital.

NBAP incorporates best estimate assumptions of future rates of investment returns, policy discontinuances, mortality, expenses, inflation, taxation, bonus rates and statutory valuation bases.

- **The new business achieved profit for nine months ended December 31, 2008 was Rs. 4,147 million**
- **The new business achieved profit margin for nine months ended December 31, 2008 was 18.81%**

The assumptions used are as follows:

Economic Assumptions:

Particulars	Assumptions p.a.
Cash/ Money Market/ TB	5.00%
Medium Term Government Securities	7.50%
Long Term Government Securities	
Corporate Bond	8.50%
Equities	12.00%
Inflation	5.50%
Risk discount rate	12.50%
Tax rate	14.16%

Operating Assumptions:

- Operating assumptions like mortality and morbidity are based industry/ reinsures experience & validated against our own experience so far
- Expense assumptions are based on our own projection model
- Persistency is assumed to be 50.79% over a period of 5 years.
- Taxation at current rate of 12.5% (plus 10% surcharge + 3% education cess) assumed to apply unchanged throughout projection period. Earning rate for each product category would depend on asset mix of funds relating to product

Sensitivity:

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

(Rs. Million)

Particulars	Base Value	+ 1%	- 1%
Investment income	4,147	4,434	3,876
Risk discount rate	4,147	3,598	4,757

Further consideration:

- Any value addition from riders and term plans has been ignored. The proportion of business from this source is not significant.
- Any value addition from the Group Business has been ignored. Proportion of business from this source was 4.3%
- Comparison with other life companies might not be very relevant as actuarial assumptions & methodology used are likely to vary from company to company, in the absence of a common agreed process
- The economic assumptions used are validated by an external actuary Watson Wyatt

RELIANCE GENERAL INSURANCE

FINANCIAL PERFORMANCE

(Rs. Million)

	Q3 FY09 (Unaudited)	Q3 FY08	9M FY09 (Unaudited)	9M FY08	FY08
Gross Written Premium	5,090	5,780	14,952	15,245	19,464
Net Written Premium	4,223	2,483	10,347	6,200	9,600
Commission earned	189	321	723	1,059	1,316
Investment Income	464	231	1,006	711	1,041
Claims	3,350	1,875	7,581	4,453	7,507
Management expenses	1,501	1,584	4,244	3,854	5,632
Commission paid	149	116	464	401	512
Underwriting result (accounting)	(286)	(651)	(564)	(1,071)	(2,061)
Profit before tax	(121)	(540)	(205)	(735)	(1,628)
Combined ratio (accounting)	114%	131%	112%	123%	129%
Networth	5,015	3,971	5,015	3,971	4,939
Reserve for Unexpired Risk	6,336	6,065	6,336	6,065	6,723
Capital infusion	-	1,530	-	2,130	4000
Investment book					
Equity	1,307	938	1,307	938	1,072
Debt	11,008	10,051	11,008	10,051	12,036
Total	12,315	10,989	12,315	10,989	13,107

COMPETITIVE STANDING – INDIAN GENERAL INSURANCE INDUSTRY

	As at 30 Nov 2008	As at 30 Nov 2007	As at 31 Mar 2008
Rank (Private General Insurance Industry)	# 3	# 3	# 3
Market Share (Private Sector Life Insurers)	15.5%	17.9%	17.3%
Overall Market Share	6.5%	7.1%	6.9%

(Source: IRDA website)

SCALE OF OPERATIONS

	Q3 FY09	Q3 FY08	9M FY09	9M FY08	FY08
No of branches	200	200	200	200	200
No of intermediaries					
Motor dealers	800	662	800	662	700
Agents	4,496	3,756	4,496	3,756	3,860
No of policies issued (millions)	0.7	1.1	2.0	2.8	3.7
No of policies in force (millions)	2.9	2.5	2.9	2.5	3.7
No of claims handled	133,406	96,711	345,056	241,354	321,820

SEGMENT WISE BREAK UP

- **Premium contribution**

	As at Dec 31, 2008	As at Dec 31, 2007	As at Mar 31,2008
Motor	58%	64%	65%
Health	17%	15%	14%
Fire	7%	7%	7%
Engineering	6%	5%	5%
Others	12%	9%	8%
Total	100%	100%	100%

Discussion of financial performance

- Gross Written Premium for the quarter ended December 31, 2008 was Rs 5.1 billion (US\$ 105 million) as against Rs. 5.8 billion in the corresponding previous period. The pace of growth was deliberately slowed down in order to focus on improving profitability
- Net Written Premium for the quarter ended December 31, 2008 was Rs 4.2 billion (US\$ 86 million) as against Rs. 2.5 billion in the corresponding previous period, an increase of 70% translating to an improvement in the retention ratio from 43% to 83%
- As a result of this, the combined ratio has improved from 129% in FY08 to 114% for Q3 FY09

RELIANCE MONEY

FINANCIAL PERFORMANCE

(Rs. Million)

	Q3 FY09 (Unaudited)	Q3 FY08	9M FY09 (Unaudited)	9M FY08	FY08
Broking Income	491	227	1,383	431	1,112
Distribution Income	206	176	726	329	1,062
Others	325	237	627	418	211
Total Income	1,022	641	2,735	1,178	2,385
Sub brokerage	102	76	332	147	440
Personnel Costs	287	159	847	421	602
Other expenses	339	357	919	740	1,342
Profit before tax	294	48	637	(130)	1
Profit after tax	220	48	473	(130)	1

SCALE OF OPERATIONS

	As at Dec 31, 2008	As at Dec 31, 2007	As at Mar 31, 2008
No. of touch points	20,750	9,900	15,000
No of outlets			
Franchisees	10,125	6,010	8,279
Owned	267	191	233
No. of Kiosks	2,400	2,400	2,450
No. of broking accounts	991,012	379,991	713,636
Total no. of customers	2,780,000	800,000	2,000,000
Daily average stock exchange turnover (Rs. Billion)	22	5	20
Daily average commodities exchange turnover (Rs. Billion)	250	0	25

Discussion of financial performance

- Reliance Money generated revenues of Rs. 1 billion (US\$ 21 million) for the quarter ended December 31, 2008 as against Rs. 640 million of the corresponding previous period, an increase of 56 %. This increase was primarily due to the aggressive expansion of the distribution network resulting in a 9-fold jump in its customer base
- The revenue mix is well balanced with broking contributing to 48% of the total revenues and distribution of financial products & other services (money transfer, currency changing & precious metal retailing) contribute to the balance 52%
- It achieved a net profit of Rs. 220 million (US\$ 5 million) for the nine months ended December 31, 2008, as against a profit of Rs. 48 million of the corresponding previous period – an increase of 356%. Reliance Money commenced full- fledged commercial operations only in April 2007 and within one year of its operations, it has emerged to be India's largest broker and distributor of financial products and services. Last year was the first year of operations for Reliance Money. The cost structure was high compared to the income due to distribution expansion expenses and set up costs.

RELIANCE CONSUMER FINANCE

LOAN BOOK DETAILS – AMOUNT OUTSTANDING

(Rs. Billion)

	As on December 31, 2008	%	As on December 31, 2007	%	FY08	%
Mortgages	30.8	35%	10.7	28%	20.6	29%
Personal Loans	11.6	13%	7.3	19%	10.8	15%
Commercial Vehicles	14.5	16%	4.8	12%	12.6	18%
Auto Loans	17.6	20%	7.5	19%	13.5	19%
SME Loans	14.5	16%	8.4	22%	13.7	19%
Total	89.0	100%	38.7	100%	71.2	100%

FINANCIAL PERFORMANCE

(Rs. Million)

	Q3 FY09 (Unaudited)	Q3 FY08	9M FY09 (Unaudited)	9M FY08	FY08
Interest Income	3,175	1,230	8,654	1,648	3,371
Other Income	50	156	378	348	575
Total Income	3,225	1,386	9,033	1,995	3,946
Personnel Costs	180	132	692	255	629
Interest expenses	1,981	636	5,053	815	1,715
Other expenses	443	349	1,426	569	1,172
Provisions	475	4	965	4	69
Profit before tax	146	265	897	353	361

Discussion of financial performance

- In Q3 FY09, the global financial markets experienced extreme volatility and witnessed significant erosion in prices across the board. Stock markets across the globe declined significantly and mutual funds experienced massive redemptions. This resulted in drying up of liquidity and consequently, the borrowing costs increased significantly for the corporate sector. India also experienced the same phenomenon.
- Reliance Consumer Finance business reduced further disbursements due to the liquidity crisis, high cost of borrowing and higher risk perception. The incremental cost of borrowing went up from approximately 11% to 14-15% impacting the normal economics of the business and the financial performance. The average cost of funding for the quarter went up to 11.4% from 8.5%

- Reliance Consumer Finance generated revenues of Rs. 3.2 billion (US\$ 66 million) for the quarter ended December 31, 2008, as against Rs. 1.4 billion for the corresponding previous period, an increase of 134%. This was due to increase in the loan book to Rs. 89.0 billion (US\$ 1.8 billion) from Rs. 38.7 billion as on December 31, 2007
- The provisioning till date is Rs. 1 billion i.e. 1.2% of the outstanding loan book
- Reliance Consumer Finance business has been allocated equity and the business declared a profit of Rs. 897 million (US\$ 20 million) for the nine months ended December 31, 2008 as against Rs. 353 million for the corresponding previous period – an increase of 154%

RELIANCE CAPITAL - FINANCE & INVESTMENTS (STANDALONE)

(Rs. Million)

	Q3 FY09 (Unaudited)	Q3 FY08	9M FY09 (Unaudited)	9M FY08	FY08
Interest & finance income	1,281	1,131	4,027	3,264	5,087
Profit on sale (net) investments	2,054	1,102	7,902	7,005	11,233
Other income	149	153	379	540	532
Total	3,484	2,386	12,308	10,809	16,852
Profit before tax	1,103	1,321	6,341	7,236	11,593

- The income for finance & investments division (standalone) was Rs. 3.5 billion (US \$ 72 million) for quarter ended December 31, 2008 as against Rs. 2.4 billion for corresponding previous period – an increase of 46%

- **SECTION 4**

KEY INDUSTRY DEVELOPMENTS

MUTUAL FUNDS

- During the period from December 2007 to December 2008, the AUM of the entire Indian mutual fund industry decreased from Rs. 5.5 trillion to Rs. 4.2 trillion (US\$ 87 billion), decrease of 23%. (Source: AMFI website)
- As on March 31, 2008 there were a total number of 43 million investor's accounts. Out of a total of 43 million investors accounts in the mutual funds industry, 28 million i.e. 65% of the total investors accounts were in private sector mutual funds whereas the balance 15 million i.e. 35% investors accounts were with the public sector mutual funds
- During the period from December 2007 to December 2008, 4 new asset management companies were given licenses to commence operations, taking the total number of mutual funds in India to 37. The industry is highly fragmented and the top 5 players account for 57% of the AUM

LIFE INSURANCE

- During the period from November 2007 to November 2008, the new business premium of the entire Indian life insurance fund industry increased by a marginal 1%, from Rs. 447 billion to Rs. 453 billion (US\$ 9 billion). (Source: IRDA website)
- During the period from November 2007 to November 2008, 4 new life insurance companies were given licenses to commence operations, taking the total number of life insurance companies in India to 21. The industry is highly fragmented and the top 5 players account for 83% of the new business premium (April 2008 to November 2008)

GENERAL INSURANCE

- During the period from November 2007 to November 2008, the gross written premium of the entire Indian general insurance fund industry increased by 10%, from Rs. 185 billion to Rs. 203 billion (US\$ 4 billion). (Source: IRDA website)
- During the period from November 2007 to November 2008, 3 new general insurance companies were given licenses to commence operations, taking the total number of general insurance companies in India to 16. The industry is highly fragmented and the top 5 players account for 69% of the gross written premium (April 2008 to November 2008)

BROKING AND DISTRIBUTION

- During the period from April 2008 to December 2008, the total cash turnover on both Stock Exchanges (BSE & NSE), was Rs. 22,944 billion (US\$ 474 billion) as compared to Rs. 19,898 billion in the corresponding previous period, an increase of 15%. The total

F&O turnover on both Stock Exchanges (BSE & NSE) was Rs. 60,185 billion (US\$ 1.2 trillion) as compared to Rs. 54,763 billion in the corresponding previous period, an increase of 10%

CONSUMER FINANCE

- In October 2008, RBI initiated several measures to augment liquidity for NBFCs to enable them to continue lending for productive purposes and also maintain asset quality as follows:
 - Risk weights on banks' exposure to non deposit taking systemically important NBFCs reduced to 100% from 125% earlier, irrespective of their credit rating. Moreover, exposure to asset financing companies, which attracted higher risk of 150% based on credit rating, stands reduced to 100%
 - Standard asset provisioning requirement for banks on advances to NBFCs reduced from 2% to 0.4%
 - Special term repo facility instituted under LAF for banks with associated SLR exemption of 1.5% of NDTL to ease liquidity stress faced by NBFCs and mutual funds
 - NBFCs and housing finance companies - temporarily permitted to raise short-term foreign currency borrowings under the approval route to the extent of 50% of their net worth
 - NBFCs allowed to issue perpetual debt instruments that can be included in tier capital (up to 15% of the total tier 1 capital)

- Further in January 2009, with inflation rapidly trending downwards, the Reserve Bank (RBI) shifted focus to arresting the moderation in growth by lowering interest rates and reserve requirements, and undertook several measures to boost credit flows to NBFCs, as under:
 - Relaxation in external commercial borrowing (ECB) norms for non-banking finance companies (NBFCs) dealing in infrastructure
 - Creation of special purpose vehicles (SPVs) to provide liquidity support to the extent of Rs 250 billion against investment grade paper of NBFCs
 - PSU banks to provide line of credit to NBFCs involved in commercial vehicle (CV) financing
 - Recapitalization of PSU banks

• **SECTION 5**

STOCK MARKET HIGHLIGHTS

General information

Shareholding and Financial data as on December 31, 2008	
Code/ Exchange	500111/ BSE RELCAPITAL/ NSE
Bloomberg/ Reuters	RCFT / RLCP.NS
No of share outstanding (Dec.31, 2008)	245,732,800
Closing market price (Rs.) (Dec 31, 2008)	541.70
Combined volume (NSE & BSE) (for the quarter) (No. in million/ day)	9.2
Combined value (NSE & BSE) (for the quarter) (Rs. billion / day)	5.5
F& O volume (NSE – for the quarter) (No. in million/ day)	10.6
F& O value (NSE – for the quarter) (Rs. in billion/ day)	7.2
Weightage of Reliance Capital in indices:	
Junior Nifty	4.5%
S&P CNX Nifty*	0.6%
MSCI	0.9%
Stock Beta (for the quarter)	1.2
Market capitalization (Rs bn)	133.1
Market capitalization (US\$ bn)	3
Book value per equity share (Rs.)	297.3

* As on January 15, 2009

Summarized shareholding pattern as of December 31, 2008

Category	No of shares	Shareholding %
Reliance Dhirubhai Ambani Group	13,13,82,274	53.49%
Foreign investors – FIIs, GDRs, NRIs, and others	6,18,74,205	25.19%
Domestic institutions/ Banks / Mutual funds	85,50,230	3.48%
Indian public	4,38,26,091	17.84%
Total	24,56,32,800	100.00%

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



Comparison of Reliance Capital stock movement with peer groups

