

the analyst

fund snapshot

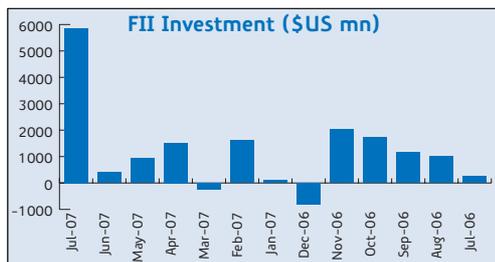
asset allocation	gross return (CAGR*) (%) as on July 31, 2007				date of inception	
	funds	last 1 year	last 2 years	last 3 years		since inception
40% equity, 60% debt	Group Growth	17.84%	17.42%	17.10%	17.10%	August, 2004
20% equity, 80% debt	Group Balanced	13.57%	12.30%	12.01%	12.24%	February, 2003
100% money market instruments	Group Capital Secure	7.40%	6.71%	6.21%	5.84%	February, 2003

*CAGR: Compounded Annual Growth Rate

investment philosophy

Reliance Life Insurance seeks consistent and superior long-term returns with a well-defined and disciplined investment approach symbolizing integrity and transparency to benefit all stakeholders.

equity market update-july 2007



Market Review

Strong global markets, fall in inflation, fresh buying at higher levels, anticipation of robust Q1 results and healthy inflow of funds from FIIs and mutual funds triggered the rally on the bourses in the month of July. However, towards the end of the month, there was high volatility on the Indian bourses led by global sell-off on worries related to further weakness in the US housing market. The benchmark index, Sensex closed the month up by 6.1% at 15,551 points. On the other hand Nifty closed up by 4.9% at 4,529 points.

The market also witnessed a good rollover to the August 2007 series to the tune of 83% and 73% in the index futures. FIIs were net buyers in the month of July to the tune of Rs 23,772 crore. Mutual Funds on the other hand were net sellers in July'07 with outflows of around Rs 901 crore.

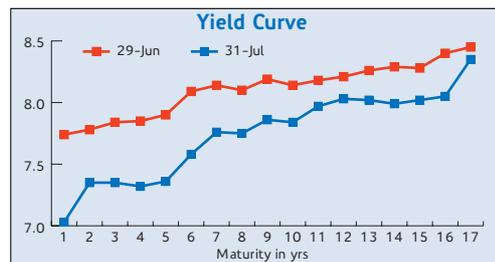
Corporate results for Q1 kept the market buoyant. Though corporate fundamentals remain strong, earnings of IT firms were hit by wage hike and appreciation of the rupee versus the dollar.

Outlook

We believe the Indian markets will continue to track global equities in the near term. Asian markets have been shaken by fears that the fall out from sub-prime mortgage crisis and tighter lending conditions will ultimately hit US economy. Global markets are likely to take cues from the US Federal Reserve's policy. The Indian market will continue to take its short-term direction from the global markets, although in the long-term it may be ruled by forces independent to the US economy.

On the domestic front, corporate fundamentals remain strong. Quarterly numbers except for the IT companies were inline with market expectation. We believe in the near term, global cues will determine the movement in our market and our markets are likely to remain volatile.

debt market update-july 2007



Market Review

The debt markets rallied on back of easy liquidity and easing inflation. The 10-year yield rallied from 8.14% levels at the start of the month to around 7.84% at the end of the month.

Liquidity remained positive due to huge capital inflows and RBI's intervention in the forex market to curb rupee appreciation. The RBI sucked some liquidity through MSS and 19,000 crore auction during the month.

The RBI in its quarterly review of Monetary and Credit policy on July 31, 2007, hiked the Cash Reserve Ratio (CRR) by 0.5% to 7% (effective August 4, 2007) to suck out excess liquidity, but left other benchmark interest rates unchanged. The central bank has also with effect from August 6, 2007, done away with the Rs 3,000 crore cap on daily reverse repo transaction - the window through which it absorbs liquidity in a bid to check volatility in call money rates. The central bank reiterated its objective of holding inflation within 5% during the current year, and bringing it down to 4%-4.5% in the medium-term. The RBI has also reiterated its projection of GDP growth at 8.5%. RBI's focus is on liquidity management and meeting inflationary expectations.

In terms of economic data, India's industrial output growth slowed in May 2007. The Index of Industrial Production (IIP) increased by 11.1% in May as against 11.7% in the same month last year. The government revised the April growth estimate for IIP from 13.6% to 12.4%. Manufacturing sector growth declined to 11.9% in May from 13.3% in May 2006.

Inflation data released during the month was in the range of 4.31%-4.41%. This was due to fall in prices of primary products. Growing fears of a global credit crunch and sub-prime mortgage crisis led to a rally in the US treasuries, pushing the 10-year yield to 4.73%.

Outlook

RBI's actions have acted as a dampener to the bullish sentiment in the market. Overnight rates are expected to move towards 6% levels as RBI's removal of Rs 3,000 crore limit comes into effect from first week of August onwards. Bond yields may trade in the range of 7.75% to 8.00% with an upward bias as liquidity becomes tight. Going forward, we expect the market to remain range bound and take cues from data released on macroeconomic indicators as well as developments in overseas markets.

fund objective

Provide investment returns that exceed the rate of inflation in the long-term while maintaining moderate probability of negative returns in the short-term. The risk appetite is defined as 'moderate'.

fund risk profile



products

Employee Benefit Plans
(Reliance Group Gratuity and Reliance Group Superannuation)

fund manager's report

The allocation to corporate bonds was increased to 17% from 14% in June. The allocation to gilts was around 43%. Short term assets and cash were reduced to zero. We intend to further increase exposure to corporate bonds and reduce gilts as bonds are giving an attractive spread of 150 bps over the G secs.

The month of July was amazing for the equity markets. Strong markets across the globe, fresh buying at higher levels, healthy inflow from foreign funds led to indices touching new highs. Keeping into consideration the risk profile of the scheme, the holding in equities was kept at 38.9%.

benchmark construction

CRISIL ST Bond Index: 60%
CNX Nifty: 40%

Group Growth Fund

details as on July 31, 2007

fund performance

period	benchmark return	gross fund return	benchmark standard deviation	fund standard deviation	benchmark sharpe ratio	fund sharpe ratio
last 1 year	21.18%	17.84%	6.56%	7.13%	2.47	1.80
last 2 years (CAGR*)	19.12%	17.42%	8.28%	8.40%	1.71	1.48
last 3 years (CAGR)	18.01%	17.10%	7.67%	7.91%	1.70	1.53
since inception (CAGR)	18.01%	17.10%	7.67%	7.91%	1.70	1.53
date of inception			august, 2004			

*CAGR: Compounded Annual Growth Rate

portfolio

security	% to net assets	rating
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corporate bonds

9% TATA SONS 27-07-10	5.62	AAA
10.35% HDFC 16-05-17	2.37	AAA
10% NABARD NCD Sr IX 14-05-12	2.32	AAA
7.15% IND OIL BOND 10-06-12	2.15	AAA
6.50% HINDALCO 06-09-09	2.13	AA
5.85% POWER FINANCE CORP 01-08-10	1.64	AAA
7.60% ICICI BANK 30-12-15	1.02	AAA
9.76% IRFC 03-07-12	0.58	AAA

total corporate bonds 17.83

gilts

		SOVEREIGN
9.39% GOI 02-07-11	34.81	
6.65% GOI 05-04-09	3.87	
12% GOI 02-05-08	3.13	

total gilts 41.81

equity

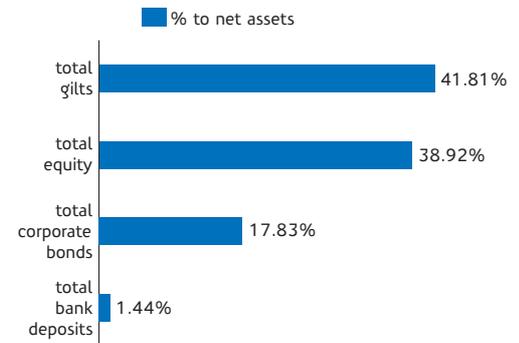
		N.A.
CAP GOODS/ENGINEERING	5.61	
LARSEN & TUBRO	1.63	
SIEMENS	1.39	
AREVA T&D INDIA	1.36	
ALSTOM PROJECTS INDIA	1.17	
INGERSOLL RAND INDIA	0.06	
BANKING AND FINANCE	5.52	
ICICI BANK	1.66	
PUNJAB NATIONAL BANK	1.54	
STATE BANK OF INDIA	1.41	
HDFC BANK	0.91	
IT	4.24	
INFOSYS TECHNOLOGIES	2.44	
TATA CONSULTANCY SERVICES	1.80	
AUTOMOBILES	3.36	
MARUTI UDYOG	1.86	
TATA MOTORS	1.40	
PUNJAB TRACTORS	0.10	
PHARMACEUTICALS	2.89	
DIVIS LABORATORIES	1.36	
RANBAXY LABORATORIES	0.48	
CIPLA	0.47	
LUPIN	0.32	
DR REDDY LABORATORIES	0.23	
SUN PHARMA ADVANCE RESEARCH	0.03	
FMCG	2.77	
HINDUSTAN UNILEVER	1.55	
ITC	1.22	
OIL REFINERIES	2.65	
RELIANCE INDUSTRIES	2.17	
INDIAN OIL CORPORATION	0.48	
CEMENT & CEMENT PRODUCTS	2.39	
GRASIM INDUSTRIES	1.93	
ACC	0.46	
METALS	2.00	
STERLITE INDUSTRIES	1.19	
TATA STEEL	0.51	
STEEL AUTHORITY OF INDIA	0.29	
OIL AND EXPLORATION	1.71	
ONGC CORPORATION	1.71	
TELECOM	1.66	
BHARTI AIRTEL	1.66	
FERTILIZERS	1.17	
GUJARAT NARMADA VALLEY FERTILIZERS	0.68	
GUJARAT STATE FERTILIZERS & CHEMICALS	0.50	
TEXTILE	0.67	
ADITYA BIRLA NUVO	0.67	
AVIATION	0.64	
DECCAN AVIATION	0.64	
AUTO ANCILLARY	0.54	
AUTOMATIVE AXLES	0.54	
REAL ESTATE	0.47	
DLF	0.47	
MEDIA	0.31	
ZEE	0.31	
POWER	0.31	
SUZLON ENERGY	0.31	

total equity 38.92

total bank deposits 1.44

total net assets 100.00

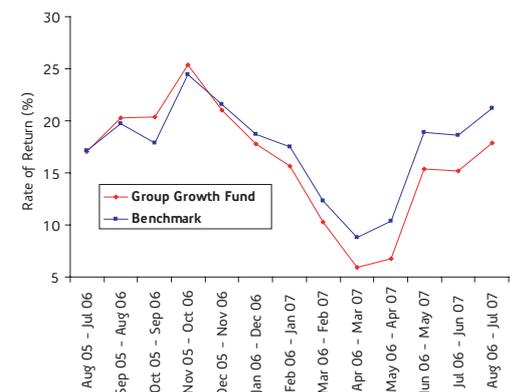
asset allocation



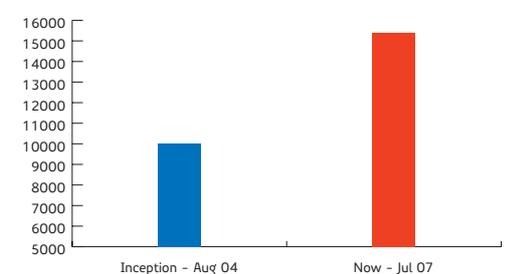
fund characteristics as on July 31, 2007

M.Duration of debt portfolio: 3.01 years
YTM of debt portfolio: 7.81 %

rolling yearly performance



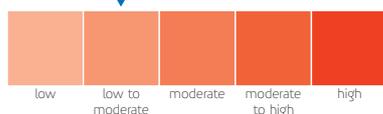
growth of initial investment of Rs 10,000



fund objective

Provide investment returns that exceed the rate of inflation in the long-term while maintaining a low probability of negative returns in the short-term. The risk appetite is defined as 'low to moderate'.

fund risk profile



products

Employee Benefit Plans
(Reliance Group Gratuity and Reliance Group Superannuation)

fund manager's report

The allocation to corporate bonds was increased substantially during the month to 30% from 23% in June. We added three new bonds of Tata Sons, Exim Bank and L&T Finance. The allocation to gilts was also lower at 42% as compared to 46% in June. The allocation to short-term bank deposits and CDs was reduced sharply to 3.5% from 10% as we switched to medium term bonds for higher yield. This is in line with our strategy of increasing duration and reducing exposure to short term assets. We intend to further increase exposure to corporate bonds and sell G-secs as and when the opportunity is available.

The month of July was amazing for the equity markets. Strong markets across the globe, fresh buying at higher levels, healthy inflow from foreign funds led to the indices touching new highs. Keeping into consideration the risk profile of the scheme, the holding in equities was kept at 19.6%.

benchmark construction

CRISIL ST Bond Index: 80%
CNX Nifty: 20%

Group Balanced Fund

details as on July 31, 2007

fund performance

period	benchmark return	gross fund return	benchmark standard deviation	fund standard deviation	benchmark sharpe ratio	fund sharpe ratio
last 1 year	14.14%	13.57%	3.78%	4.57%	2.42	1.88
last 2 years (CAGR*)	12.48%	12.30%	4.33%	4.75%	1.73	1.54
last 3 years (CAGR)	11.67%	12.01%	4.01%	4.38%	1.67	1.60
since inception (CAGR)	10.84%	12.24%	4.23%	4.15%	1.38	1.75
date of inception			february, 2003			

*CAGR: Compounded Annual Growth Rate

portfolio

security	% to net assets	rating
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corporate bonds

9% TATA SONS 27-07-10	3.26	AAA
9.50% INDIAN HOTEL 28-02-12	2.67	AA+
10.35% HDFC 16-05-17	2.62	AAA
10.10% POWER GRID CORP 12-06-11	2.43	AAA
10% NABARD NCD Sr IX 14-05-12	2.35	AAA
9.80% POWER FINANCE CORP 22-03-12	2.07	AAA
9.76% IRFC 03-07-12	1.95	AAA
0% IDFC ZCB 27-06-08	1.81	AAA
8.40% EXIM BANK 28-09-10	1.80	AAA
10% NABARD 18-06-10	1.34	AAA
8.25% IDBI OMNI BOND SER III 26-05-11	1.19	AA+
7.39% POWER GRID CORP 22-09-11	1.11	AAA
10.75% IL & FS Ltd NCD SER XI 29-03-09	1.00	AAA
8.90% CITIFINANCIAL CONSUMER 05-08-09	0.98	AAA
6.25% ULTRATECH CEMENT 25-06-09	0.93	AA+
9.00% SUNDARAM FINANCE 17-08-09	0.78	AA+
11.03% TML FINANCIAL SERVICES 22-06-09	0.54	AA+
7.15% IND OIL BOND 10-06-12	0.44	AAA
6.50% HINDALCO 06-09-09	0.31	AA
9.20% IL & FS NCD SR VI 23-04-08	0.20	AAA

total corporate bonds 29.79

gilts

		SOVEREIGN
9.39% GOI 02-07-11	10.31	
7.37% GOI 16-04-14	6.57	
6.65% GOI 05-04-09	5.90	
8.07% GOI 15-01-17	5.33	
11.99% GOI 07-04-09	3.47	
7.38% GOI 03-09-15	3.17	
182 DAYS T BILL 28-12-07	2.78	
7.44% OIL COMP GOI Spl.Bond 23-03-12	1.70	
7.33% OIL COMP GOI BOND 07-03-09	1.02	
6.96% OIL COMP GOI Spl. BOND 30-03-09	0.99	
11.40% GOI 31-08-08	0.38	

total gilts 41.62

equity

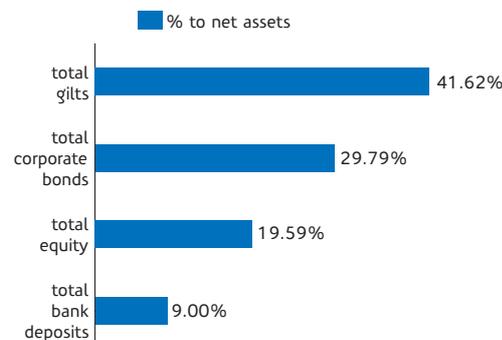
		N.A.
BANKING AND FINANCE	2.78	
ICICI BANK	0.81	
PUNJAB NATIONAL BANK	0.76	
STATE BANK OF INDIA	0.75	
HDFC BANK	0.47	
CAP GOODS/ENGINEERING	2.64	
LARSEN & TOUBRO	1.02	
SIEMENS	0.66	
AREVA T & D INDIA	0.50	
ALSTOM PROJECTS INDIA	0.43	
INGERSOLL RAND INDIA	0.03	
IT	2.32	
INFOSYS TECHNOLOGIES	1.30	
TATA CONSULTANCY SERVICES	1.02	
AUTOMOBILES	1.74	
MARUTI UDYOG	0.93	
TATA MOTORS	0.75	
PUNJAB TRACTORS	0.06	
OIL REFINERIES	1.52	
RELIANCE INDUSTRIES	1.23	
INDIAN OIL CORPORATION	0.30	
FMCG	1.47	
HINDUSTAN UNILEVER	0.85	
ITC	0.62	
CEMENT & CEMENT PRODUCTS	1.29	
GRASIM INDUSTRIES	1.04	
ACC	0.24	
PHARMACEUTICALS	1.28	
DIVIS LABORATORIES	0.50	
RANBAXY LABORATORIES	1.25	
CIPILA	0.24	
LUPIN	0.16	
DR REDDY LABORATORIES	0.12	
SUN PHARMACEUTICALS	0.01	
METALS	1.05	
STERLITE INDUSTRIES	0.59	
TATA STEEL	0.30	
STEEL AUTHORITY OF INDIA	0.15	
OIL AND EXPLORATION	0.93	
ONGC CORPORATION	0.93	
TELECOM	0.64	
BHARTI AIRTEL	0.64	
FERTILIZERS	0.51	
GUJARAT NARMADA VALLEY FERTILIZERS	0.33	
GUJARAT STATE FERTILIZERS & CHEMICALS	0.18	
TEXTILES	0.33	
ADITYA BIRLA NUVO	0.33	
AVIATION	0.28	
DECCAN AVIATION	0.28	
AUTO ANCILLARY	0.27	
AUTOMATIVE AXLES	0.27	
REAL ESTATE	0.24	
DLF	0.24	
MEDIA	0.16	
ZEE	0.16	
POWER	0.15	
SUZLON ENERGY	0.15	

total equity 19.59

total bank deposits 9.00

total net assets 100.00

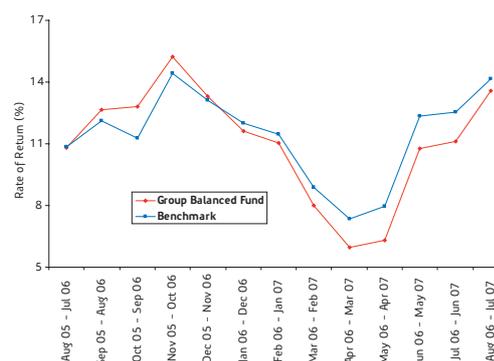
asset allocation



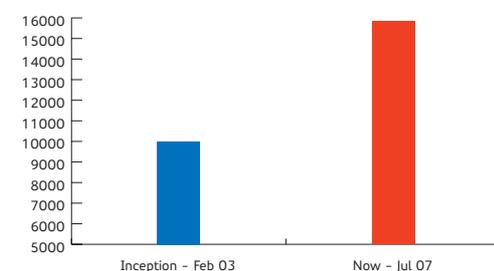
fund characteristics as on July 31, 2007

M.Duration of debt portfolio: 3.14 years
YTM of debt portfolio: 8.26 %

rolling yearly performance



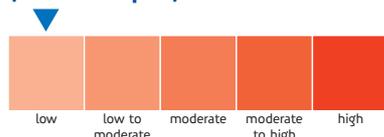
growth of initial investment of Rs 10,000



fund objective

Maintain the capital value of all contributions (net of charges) and all interest additions, at all times. The risk appetite is 'extremely low'.

fund risk profile



products

Employee Benefit Plans (Reliance Group Gratuity and Reliance Group Superannuation)

fund manager's report

The allocation to CDs (Certificate of Deposits) and bank fixed deposits was increased to 58% in the month of July 07 from 55% in June 07 to take advantage of high yields in these instruments. The allocation to G-secs was decreased to 40% during the month. We intend to further reduce G-secs and increase CDs as post policy, short term CD rates have gone up.

benchmark construction

Yield on 182-day T.Bills

Group Capital Secure Fund

details as on July 31, 2007

fund performance

period	benchmark return	gross fund return	benchmark standard deviation	fund standard deviation	benchmark sharpe ratio	fund sharpe ratio
last 1 year	7.53%	7.40%	0.14%	0.34%	17.49	7.16
last 2 years (CAGR*)	6.85%	6.71%	0.26%	0.36%	7.18	4.79
last 3 years (CAGR)	6.35%	6.21%	0.29%	0.38%	4.65	3.20
since inception (CAGR)	5.50%	5.84%	0.43%	0.37%	1.18	2.26
date of inception						february, 2003

*CAGR: Compounded Annual Growth Rate

portfolio

security % to net assets rating

gilts SOVEREIGN

182 Days TBILL 28-12-07 40.40

total gilts 40.40

bank deposits

ICICI BANK CD 17-08-07 52.10 A1+

STATE BANK OF PATIALA CD 29-11-07 6.39 A1+

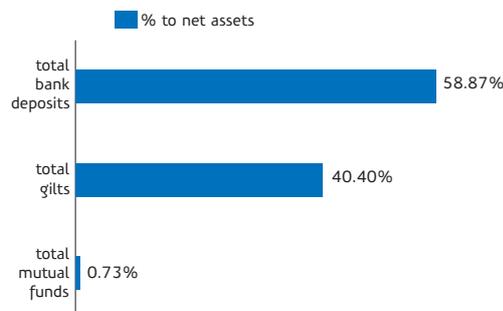
CASH AND CASH RECEIVABLES 0.38

total bank deposits 58.87

total mutual funds 0.73

total net assets 100.00

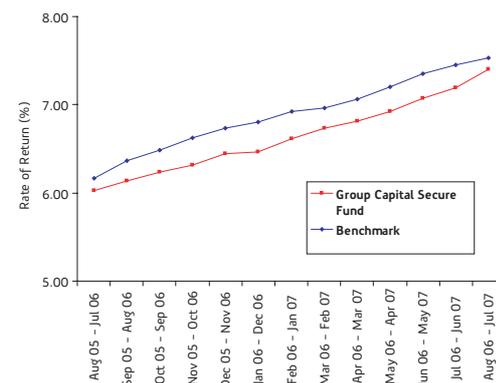
asset allocation



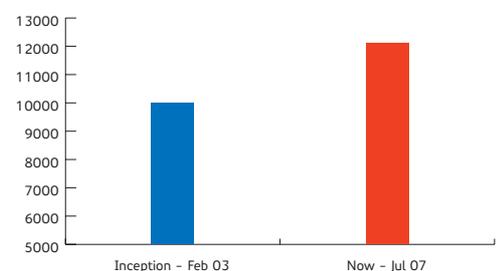
fund characteristics as on July 31, 2007

M.Duration of debt portfolio: 0.20 years
YTM of debt portfolio: 8.22 %

rolling yearly performance



growth of initial investment of Rs 10,000



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