



### Sell Reliance Capital; price may drop to Rs.400 range

- Reliance Capital is recommended to sell at the current market price of nearly Rs.510. It seems that the stock is likely to retrace to Rs.400 range over the next one year.
- It appears that the company faces strong pressure on growth and profit margins in all core business segments like asset management, insurance, broking and investment.
- Return on capital also looks unimpressive because the core businesses of the company are in a capital consumption mode.
- The stock is currently quoted at 16 P/E of FY09 earnings and at 20 P/E of FY10 expected earnings.

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