

Chairman's Statement
34th Annual General Meeting - June 23, 2020

My dear fellow shareholders,

- It is my privilege to welcome to you all to the 34th AGM of our company.
- Every year I have had the privilege and pleasure of greeting you in person at our AGMs, but this year because of the Covid pandemic we are conducting this AGM online.
- I trust all of you, and your families are well and strictly following the new mantras of social distancing and personal hygiene to fight and defeat this virus.
- At the outset, let me – with the greatest humility – join 1.4 billion grateful Indians in saluting the extraordinary courage, heroism and valour of our men in uniform in the face of Chinese actions, and in paying my respectful tributes to the memories of those who made the ultimate sacrifice while defending the integrity of our borders and the honour of our motherland – Bharat Mata.
- A soldier of the Indian army is regarded the world over as representing the finest in the military traditions of discipline, daring and devotion to duty.
- The events of the last few days in the Galwan Valley in Ladakh have demonstrated yet again why that name and reputation is so well earned and so thoroughly deserved.
- At this critical juncture of our national life, we are blessed to have at the helm a statesman, visionary and world leader of exceptional stature, our most beloved **prime minister, Shri Narendrabhai Modi**.
- Let our enemies know, just as clearly as we patriotic Indians do, that under his command, we shall overcome every adversity and triumph over every challenge – no matter the odds. That is my firm belief and conviction.
- I request all of you to join me for a minute of silence to honour the spirit of our bravehearts, led by Colonel Santosh Babu, who laid down their lives in the defence of our country.
- Over the last few months, the world has witnessed the outbreak of what is by far the biggest public health emergency of the last 100 years.
- It is ironic that while the so-called developed world, with seemingly limitless resources and medical infrastructure, has struggled to cope and save lives, a developing country

such India has managed to keep the infection in check, and the fatality rate amongst the lowest in the world.

- There is only one explanation for this stark contrast between relative victory and abject defeat: The Quality of leadership.
- By imposing a stringent nationwide lockdown at a very, very early stage of the outbreak, **Prime Minister Narendra Modi** showed the kind of far-sightedness of thought, purpose and action that can make all the difference at the time of a mega crisis such as this.
- While the lockdown has no doubt exacted a huge economic cost in terms of jobs, livelihood and loss of business, the far-reaching stimulus, relief and reforms packages announced by the government has helped mitigate the immediate distress, and will go a long way in kickstarting the economy and powering a rapid recovery.
- At the same time, it is sobering to remember that while businesses can and do recover from adversities and setbacks however grave, human lives once lost cannot be brought back.
- The fact that we are conducting this AGM online is itself a stark reminder of this grim reality and the way the pandemic has changed and will continue to redefine our lives at home and at the workplace for times to come.
- As our **Prime Minister** has stressed repeatedly, we have to come together unitedly as a nation to defeat this pandemic.
- At this point, I would like to acknowledge the tireless efforts of my wife Tina and her team of dedicated doctors and health workers both at the Kokilaben Dhirubhai Ambani Hospital in Mumbai led by Dr. Santosh Shetty and his team and at the Reliance Hospital in Navi Mumbai led by CEO Bipin Chevale to provide relief and medical support to thousands of Covid patients.
- Both hospitals, I am proud to say, have been at the forefront in working shoulder to shoulder with the Government.
- Indeed, as the pandemic erupted and gained momentum in Maharashtra, and the Government started reaching out for support to the private sector, we were amongst the first hospitals to be granted recognition as a Covid-testing facility by the Indian Council of Medical Research (ICMR).
- We were also amongst the pioneers in committing a large number of Critical Care Beds. As of today, between the two hospitals, we have handled more than 1,000 Covid-positive

patients which is amongst the largest number in the private sector and tested over 5,000 critical patients in our lab.

- Our focus on critical care has meant that we have dealt with some of the most critical COVID cases – patients with significant co-morbidities.
- Our medical teams have ensured excellent outcomes and full recovery in most such cases. There was extensive media coverage for one such case -- an 83-year-old cancer survivor who contracted the virus early on in the outbreak, spent 10 days in the ICU and recovered fully, spreading much-needed cheer and positivity while giving hope to many others.
- This important humanitarian mission would not have been possible for but for the tremendous commitment and dedication demonstrated by Tina and her team of healthcare personnel in partnership with the Government.
- My heartfelt appreciation to her and her dedicated battalion of Doctors, Nurses and Hospital Staff who have worked 24/7 to serve our beloved Mumbai.
- Before I proceed further, I would like to take this opportunity to clarify certain matters of legal proceedings that may have caused concern to some of you.
- You might have seen various reports about proceedings initiated against me by the Chinese banks in London based on a personal guarantee that was claimed to have been given by me and the State Bank of India in Mumbai.
- As regards this claim of the Chinese Banks, I must emphasize that the loan in respect of which the proceedings have been initiated was not for any personal borrowing but for a corporate loan which was availed by our telecom company, Reliance Communications, in the normal course of business eight years ago in 2012 from a consortium of 3 Chinese Banks – CDB, ICBC and C-EXIM -- for global refinancing.
- The guarantee on the basis of which the claim was made was admitted not signed by me. In actual fact, I had only signed a power of attorney limited to executing a non-binding letter of comfort to the Chinese Banks. My defence however has been shut out by the UK courts on my inability to personally deposit a sum of \$ 100 million.
- As per the UK Court's Order, the final amount owed under the alleged guarantee will be assessed based on the outcome of the RCOM insolvency resolution process. In addition, I will avail of all available legal remedies in India to protect my interest.

- As regards the proceedings filed by SBI, I would like to emphasize that this also does not relate to any personal borrowing but arises out of a guarantee given for a loan which was availed by Reliance Communications and Reliance Infratel, way back in 2016 to repay the debts of Chinese and certain other Indian Banks.
- I am defending myself against these claims and firmly believe that upon the resolution of RCOM and RITL's debt as per their Resolution Plans filed before NCLT, a significant proportion, if not the whole, of the said debts will stand discharged and all these matters satisfactorily resolved.
- I wish to reassure you, my dear fellow shareowners, that none of these potential liabilities if any will have the slightest bearing whatsoever on the operations of your company, Reliance Infrastructure Ltd, or its bright future prospects.
- Let me also reassure you that my sole desire was to assist the RCom Group and not to make any personal gains. It was also to demonstrate my unflinching commitment to the best interests of all stakeholders.
- **Moving on to the business**
- Reliance Capital Limited (RCL) is a CIC with a current net-worth of Rs 3,500 crores on a standalone basis and a secured debt of about Rs 15,000 crores.
- RCap is working with the Committee of Debenture Holders (CoDH) to achieve monetization of its businesses on a fast-track basis focusing on value maximization in a time bound manner.
- Let me now turn to the businesses of Reliance Capital.
- **Reliance General Insurance**
- Reliance Capital is carrying its general insurance business through its 100% subsidiary Reliance General Insurance Limited.
- The Gross Direct Premium increased by 21% to Rs. 7,500 crore, the Profit Before Tax rose by 41% to Rs. 300 crore and Profit After Tax rose by 22% to Rs. 260 crore.
- The Net worth of the company increased by 15% from Rs 1,602 crore to Rs 1,846 crore.
- Big focus on digitisation helped the company in achieving settlement of 96% claims within average one month turnaround time.

- Due to the Pandemic, the General Insurance industry was impacted by the moratorium granted by the regulator on premium payment for health and motor business in the months of April and May. For the month of June, I am pleased to announce that we are back to 100% and growing.

Reliance Nippon Life Insurance

- Reliance Capital's Life Insurance business is in its subsidiary, Reliance Nippon Life Insurance Company. It is a joint venture between Reliance Capital and Nippon Life Insurance of Japan, a 125-year-old life insurance company, 7th largest in the world and the largest insurer in Japan. RCL holds 51% and Nippon Life holds 49% in the JV.
- The Embedded Value (EV) of the business grew by 20% to Rs 4,314 cr. and Profits grew by 37% to Rs 35 cr.
- The Total premium grew by 4% to Rs 4,328 cr inspite of challenging times due to the lockdown. Our Claims settlement ratio was at an all time high of 98%.
- The business has self sustaining operations - solvency remains at 184% as of FY 20 against a regulatory requirement of 150%. The company has not sought any additional capital in the last 10 years.
- We remain the largest Non Banca company in India with over 700 offices, and the largest women workforce of over 3500 employees in the industry.
- Due to the pandemic, the business was down by 40% in line with the industry. For the month of June, I am pleased to announce that business is expected to be back to last year's levels.
- **Let me now turn to Reliance Securities**
- It has one million+ strong retail customer base and a strong third party product distribution portfolio. The Insurance premium from distributing third party products grew by over 70%
- It is undergoing transformation to become an end to end digital organization with over 2X growth in new customer acquisitions. 100% of our customers are now onboarded digitally with ~75% transacting across digital channels.
- We are turning around the business by transforming from 'Pure Brokerage' platform to 'Financial Wellness' platform

- We did not experience any negative impact from the pandemic. On the contrary, we have experienced a 5X growth in digital account opening and more than 50% increase in trading volumes
- We expect to see this trend going forward as well with increase in participation from the retail traders and investors
- **Asset Reconstruction Company**
 - It is the leading Retail ARC in India with nearly 3,50,000 customers and has an unparalleled retail infrastructure amongst ARCs
 - Revenue rose by 20% due to inhouse Retail Infrastructure. Profit After Tax rose by 41% to Rs. 22 crore.
 - The pandemic has impacted the recovery rate, which came down by 40% during the lockdown. However, we expect normal recovery to come back in the second of the financial year
- **Indian Commodity Exchange (ICEX)**
 - Reliance Capital is the largest shareholder with 20% stake in this Exchange. Other notable shareholders include IDFC First Bank, MMTC, PNB and Bajaj Holdings
 - It is the first and only Exchange in the world to offer Diamond derivatives and has established itself as a foremost price discovery platform for Diamonds in the world
 - ICEX is now a Universal Stock Exchange and will be looking at making forays into other segments. It has developed a robust digital Mutual Funds distribution platform and has empanelled more than 50% AMCs. The company plans to roll this out soon
 - Due to the pandemic, trading volumes have come down significantly for all commodities due to the lockdown and complete halt in underlying physical markets
 - The future prospects of the exchange are bright and are aligned with the historical decision of Government to scrap Essential Commodities Act and to empower farmers to sell their produce to e-market platform directly, ICEX is actively looking to make its presence in the agriculture produce

- **Other Investments**

- We have a stake in Nippon Life India Asset Management, which we will monetize at an opportune time, at recent high prices its value is over Rs 1,000 crore.
- We are also planning to monetize our stake in Radio Business (BIG 92.7 FM) and other significant Private Equity & Real Estate assets

- **Lending Businesses (Reliance Commercial Finance {RCF}, our NBFC and Reliance Home Finance {RHF})**

- As on March 31, 2020, the outstanding loan book of RCF was around Rs 10,000 crore and around Rs. 14,000 crore for RHF.
- The lenders of the Companies had entered into an Inter-Creditor Agreement (ICA) for resolution.
- A comprehensive resolution process is underway and we expect the resolution process to get completed in this financial year

- **Closing Remarks**

- My dear shareholders, at Reliance Capital we are committed to monetize our assets and unlock the value of our underlying businesses on a fast-track basis.
- This will help us in significantly reducing the overall debt in this financial year.
- I look forward to seeing you in person hopefully at next years AGM.
- Thank You and Jai Hind!