

The logo for Reliance Capital, featuring the word "RELIANCE" in white capital letters inside a blue rectangular box. A small red triangle is positioned above the letter "A".

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# Results for the quarter ended September 30, 2018

Investor Presentation

November 27, 2018

**Leadership** position across diverse range of **financial services'** businesses

**Robust financial platform with top-end ratings and a conservative net debt-equity ratio**

**Q2 Profit After Tax of Rs. 2.8 billion and Total asset size of Rs. 901.3 billion**

Over **2 crore** customers, 19,740 employees, and over **Rs. 4.7 lakh crore in AUM**

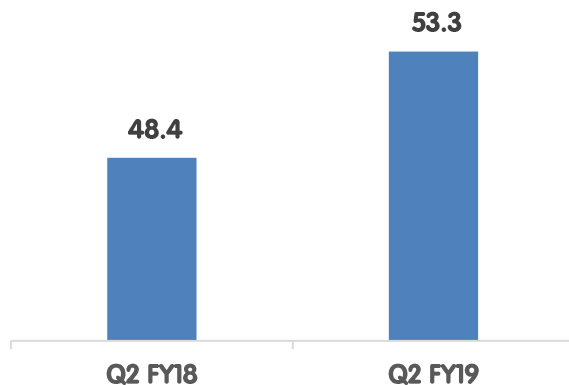
# Key Performance Highlights

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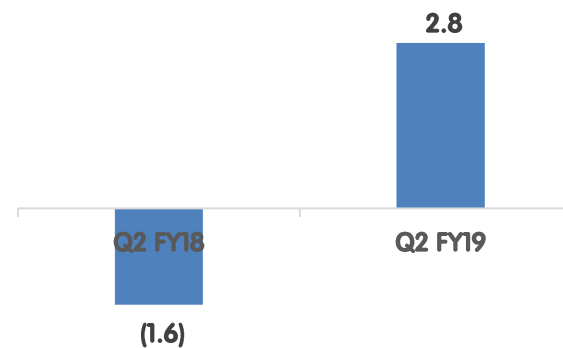
## Total Income

(Rs. billion)



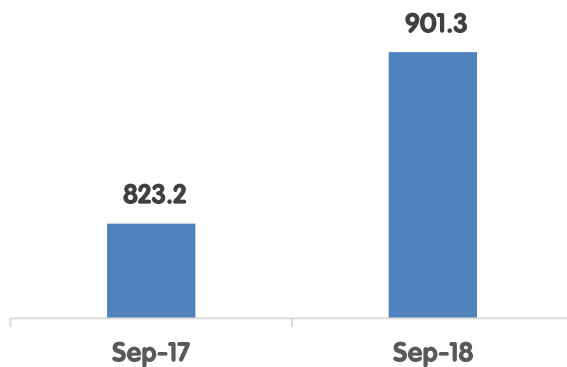
## Profit After Tax

(Rs. billion)



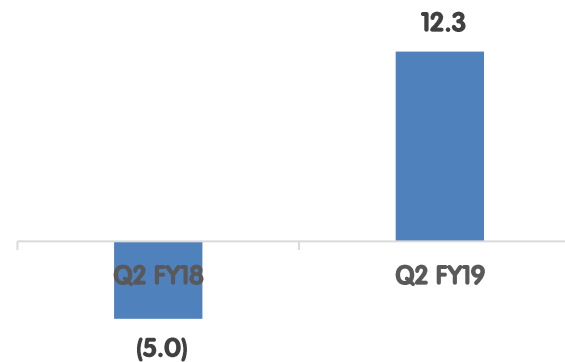
## Total Assets

(Rs. billion)



## Earnings Per Share

(Rs.)



# Reliance Nippon Life Asset Management



- **One of India's largest asset manager** with AUM of Rs. 4.0 trillion (+6%)
- **One of the most Profitable AMCs** in the Industry (**Q2 FY19 PBT: Rs. 1.6 billion; +2%**)

### Strong Retail Franchise

- **Strong recurring flows:** Long-term **SIP** book has helped in building a stable asset base
  - SIP & STP count amongst the highest in the Industry - **3 million**
  - **Annualised inflows of approx. Rs. 102.0 billion**
- **Approx. 9 million (+18%) investor folios** - Amongst the highest in the industry
- **MAAUM from smaller locations (B-30 segment)** rose to **over Rs. 413.0 billion**
- Presence across 298 locations and over **71,100 empanelled distributors**

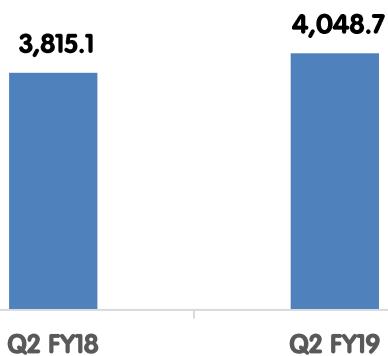
### Diversified AUM base

**Received mandate from the Employees' State Insurance Corporation (ESIC) to manage its funds**

- **Only private AMC to have four prestigious mandates (ESIC, EPFO, NPS, CMPFO)**
- **Equity assets (incl. ETF) crossed Rs. 1.0 trillion - up 25%**
- **MF Equity Assets** (as a share of total AAUM) **rose from 31% to 37% in Q2 FY19**
- **Leadership position in Retail Assets (MAAUM at Rs. 837.2 billion)**
  - **Added highest retail assets (Rs. 200.7 billion) in the industry since Sept 2017**
- **One of the largest player in the ETF market (approx. 13.9% market share)**
  - **Manages 16 ETFs across all asset classes with AAUM of approx. Rs. 132.0 billion**
  - **86.1% market share in ETF volumes on the NSE and BSE**
- **Reliance AIF: commitment of approx. Rs. 2.4 billion** across various AIF schemes
- **Managing and advising assets of approx. Rs. 8.2 billion in Offshore AUMs**

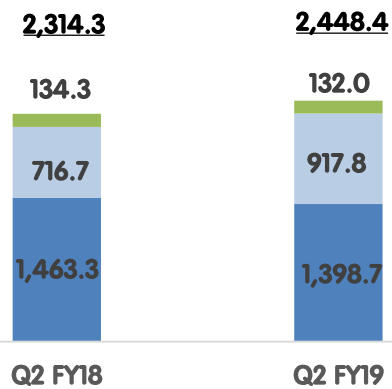
## Assets under Management

(Rs. billion)



## Mutual Fund AAUMs\*

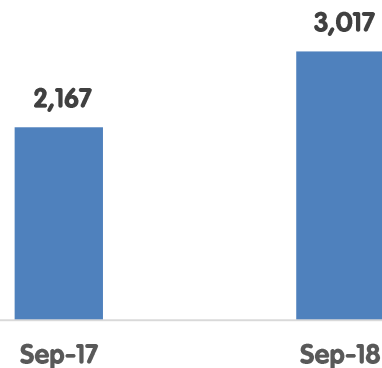
(Rs. billion)



■ Debt ■ Equity ■ ETF

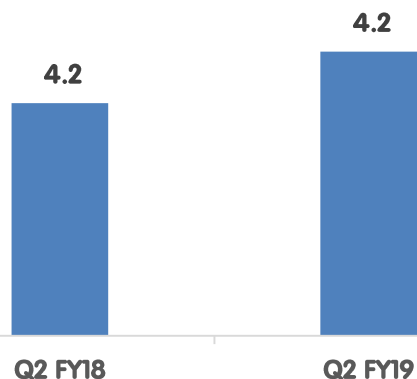
## No. of SIPs and STPs

(In '000s)



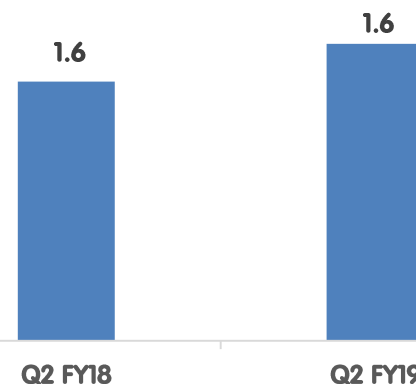
## Total Income

(Rs. billion)



## Profit Before Tax

(Rs. billion)



\* average assets under management for the quarter

# Reliance Commercial Finance





### Diversified and new-age finance solutions provider

#### Focus on profitable growth with best-in-class asset quality

- **Outstanding loan book increased to Rs. 157.5 billion (+20%)** as on Sept 2018
- **Gross NPA improved to 3.0% as on Sept 2018** vis-à-vis 4.3% as on Sept 2017
- **AUM increased** from Rs. 167.9 billion to **Rs. 176.9 billion (+5%) as on Sept 2018**
- **Provisioning coverage ratio** stands at **54% as on Sept 2018**
- **Profit before tax** at **Rs. 948 million (+15%)** in Q2 FY19

#### Strong customer base; entry into Retail Finance segments

- Present in 180 cities, **over 1,500 distribution partners** across the country
- **Retail lending: Disbursed** over **51K retail loans** vis-à-vis **27K** in last quarter
- 100% sourcing through **digital lending platform; Real-time evaluation** & approvals

## Segment Detail - Reliance Commercial Finance

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(As on September 2018)

Segment	Focus Area for growth	Average Yield	LTV	Share in Total AUM
SME	Cluster-based growth approach	13%	59%	76%
Infra Lending	Small project bridge lending	14%	22%	3%
Microfinance	Lending to / through MFIs	23%	92%	8%
Retail	Two wheeler, used car and personal loans	20%	79%	5%
Others	Loan against Property, Developer Finance, CVs, etc.	13%	36%	8%

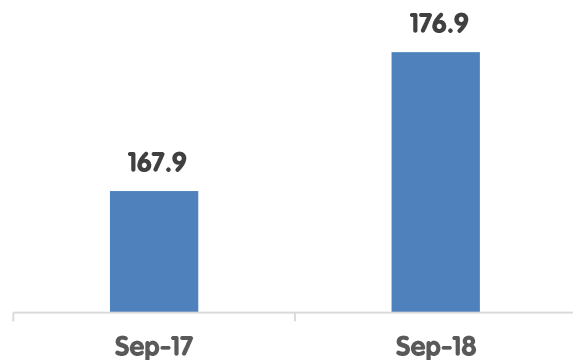
# Financial Performance - Reliance Commercial Finance

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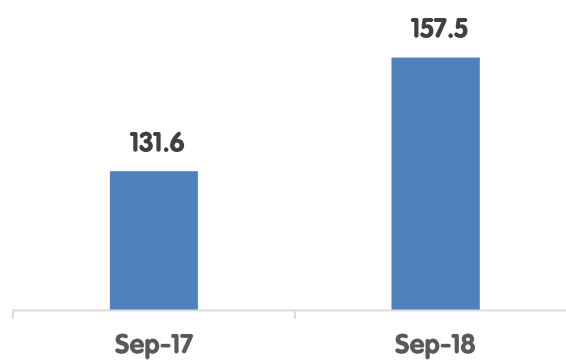
## Assets under Management

(Rs. billion)



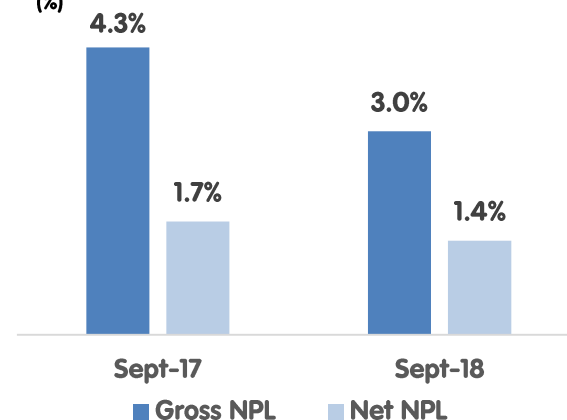
## Total Loan Portfolio

(Rs. billion)



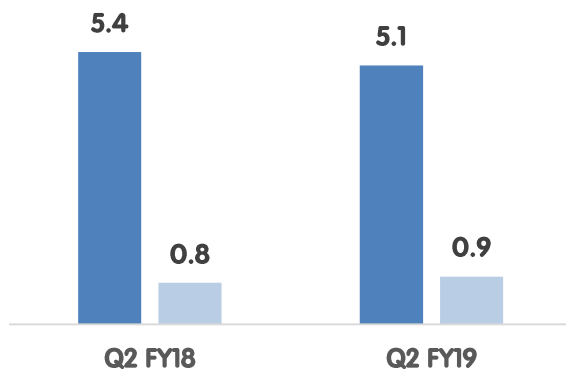
## Asset Quality

(%)



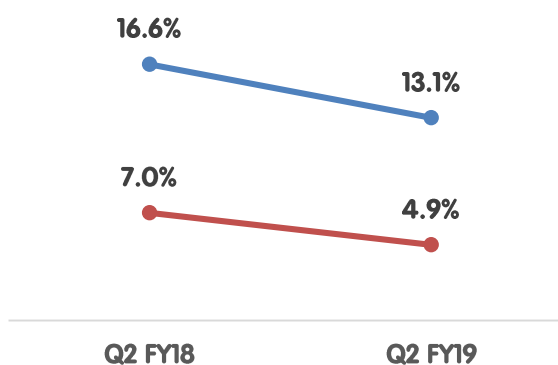
## Total Income and Profit Before Tax

(Rs. billion)



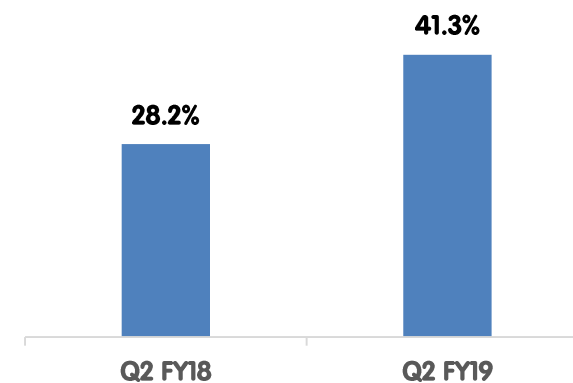
## Yield and Net Interest Margin

(%)



## Cost-to-income Ratio

(%)



■ Total Income ■ Profit Before Tax

—●— Yield —●— NIM

# Reliance Home Finance



### Continued robust growth with superior asset quality

- **AUM** increased to **Rs. 164.6 billion (+17%)** as on September 2018
  - **75% of the HL disbursements** cater to the **Self-Employed segment**
- **Profit before tax** at **Rs. 1.0 billion (+30%)** in Q2 FY19
- **NIM** stood at **3.8%** in Q2 FY19
- **Gross NPAs** remained stable at **0.8%** as on September 2018
- **Networth** increased to **Rs. 18.1 billion** as on September 2018
- **Capital Adequacy** ratio was at **20.0%**; **Tier I ratio** at **13.1%**

### Wide distribution network with focus on self-employed clientele

- Present in approx. **140 locations** through a 'hub and spoke' model with branches in 58 cities

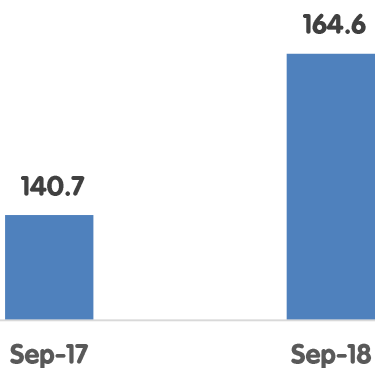
# Financial Performance - Reliance Home Finance

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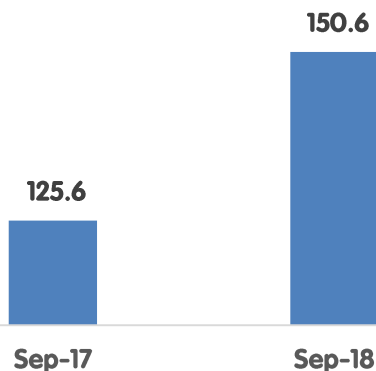
## Assets Under Management

(Rs. billion)



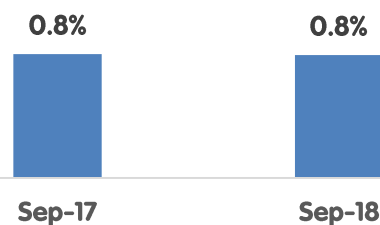
## Total Loans

(Rs. billion)



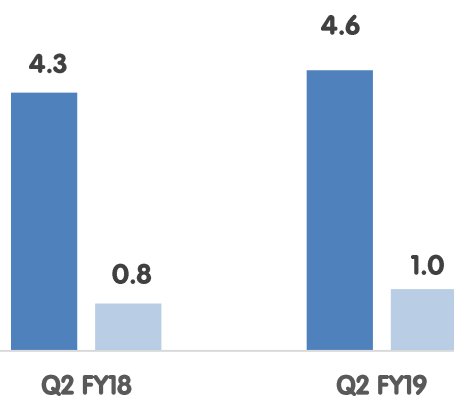
## Gross NPLs

(%)



## Total Income and Profit Before Tax

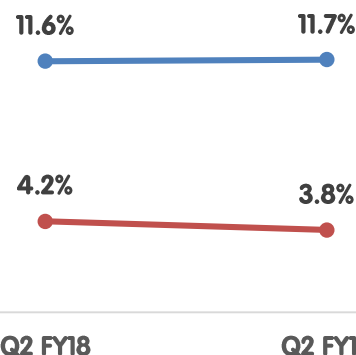
(Rs. billion)



■ Total Income ■ PBT

## Yield and Net Interest Margin

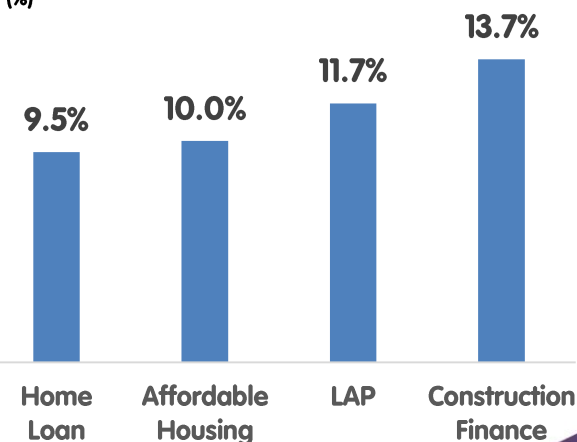
(%)



—●— Yield —●— NIM

## Average yield (%)

(%)



# Reliance General Insurance



- **9.7% market share** in the private sector; **largest agency force of 29,000 agents**
- **Gross written premium** rose by **20%** to **Rs. 20.2 billion**
  - **Strong growth in segments like private car, health, travel and commercial lines**
- **Online channel: policies sold** increased by **22%**; **premium** rose by **32%**
- **Q2 FY19 PBT** at **Rs. 560 million (+20%)**; net worth at Rs. 15.0 billion (+13%) as on Sept 2018
- **Q2 FY19 return on equity** at **15%**; solvency margin at 171%
- **Combined ratio improved** from 109% in Q2 FY18 to **107% in Q2 FY19**
- **Diversified distribution network with strong line-up of banca tie-ups with major banks**



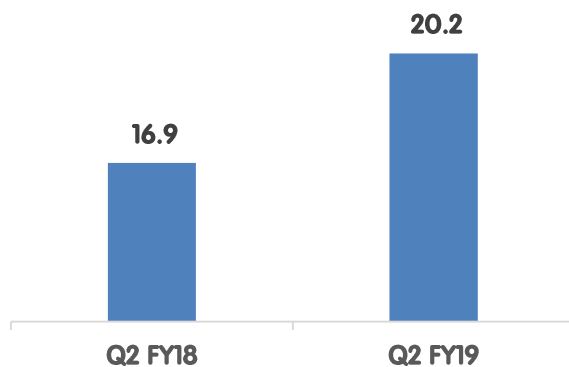
# Financial Performance - Reliance General Insurance

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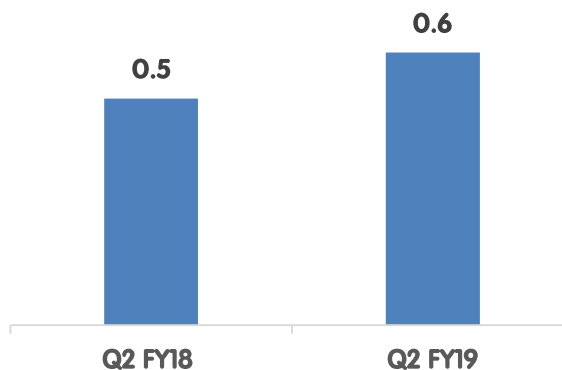
## Gross Written Premium

(Rs. billion)



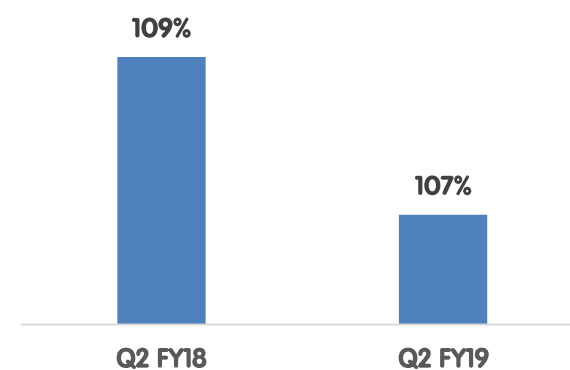
## Profit Before Tax

(Rs. billion)

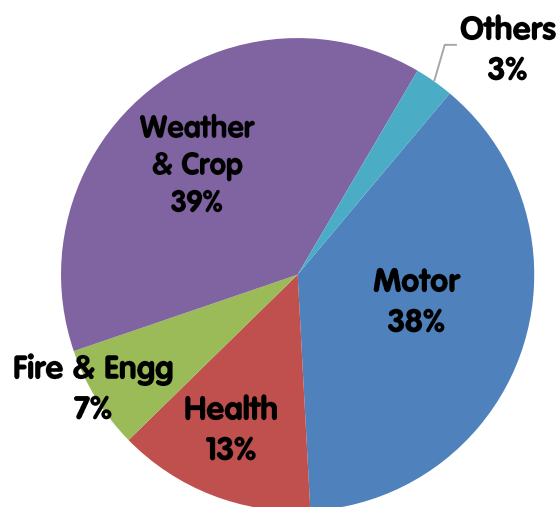


## Combined Ratio

(%)

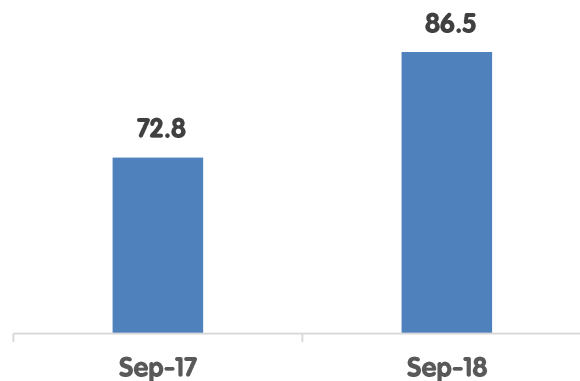


## Business mix



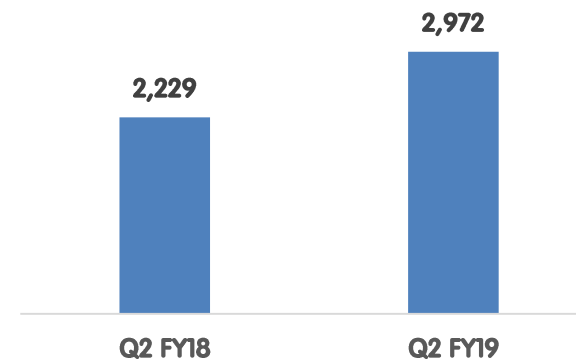
## Investment Book

(Rs. billion)



## No. of Policies Issued

(in '000s)



\* Financials are based on IRDAI reporting

# Reliance Nippon Life Insurance



### Focus on profitable and healthy business

- **Individual WRP at Rs. 2.2 billion (+35%); Renewal Premium at Rs. 7.9 billion (+4%)**
- **Total premium (net) increased to Rs. 10.4 billion (+8%) in Q2 FY19**
- **Average ticket size** improved by **28%** to **over Rs. 41,600**; traditional products formed 69% of the Individual New Business premium
- **Strong rise in persistency** from 68% to **74% in Q2 FY19**
- **Assets under Management increased to Rs. 196.1 billion (+9%)**
- **Solvency margin at 281%** vis-à-vis regulatory requirement of 150%
- **Largest network of approx. 750 offices and over 59,800 active advisors**

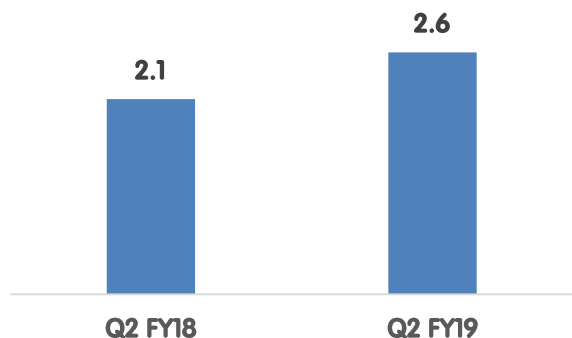
# Financial Performance - Reliance Nippon Life Insurance

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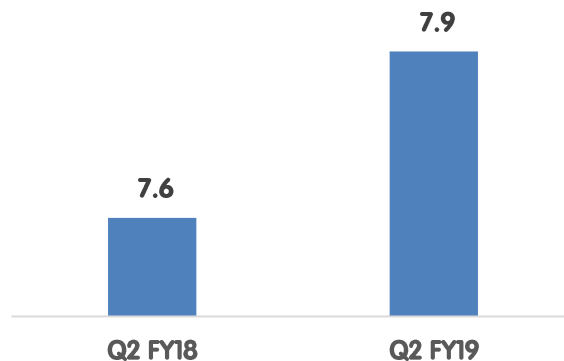
## New Business Premium

(Rs. billion)



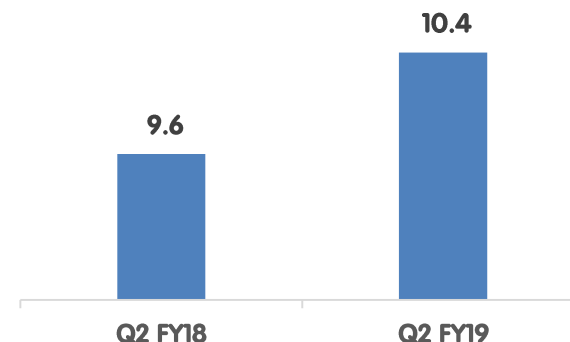
## Renewal Premium

(Rs. billion)



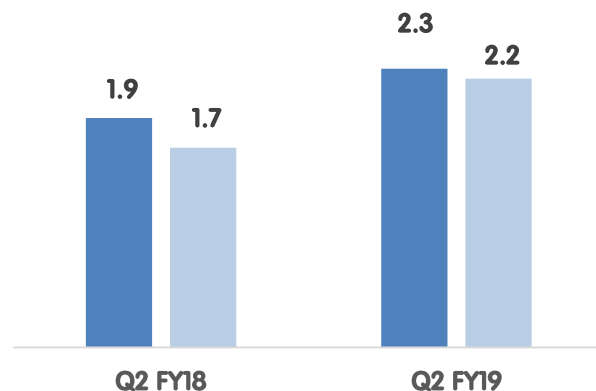
## Total Premium (net of reinsurance)

(Rs. billion)



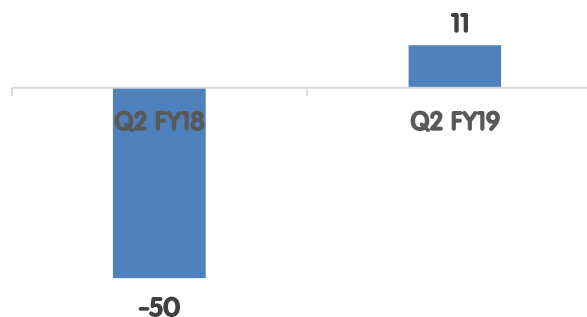
## Weighted Received Premium

(Rs. billion)



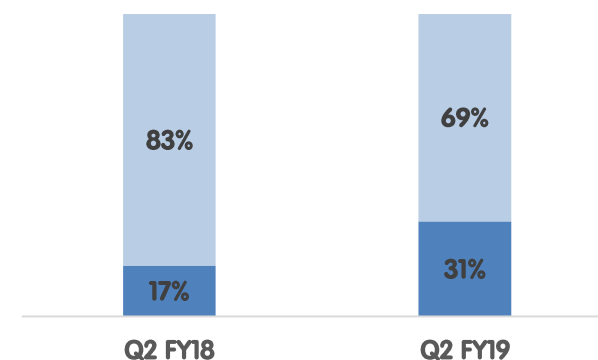
## Profit Before Tax

(Rs. million)



## Business Mix (Ind. New Business)

(%)



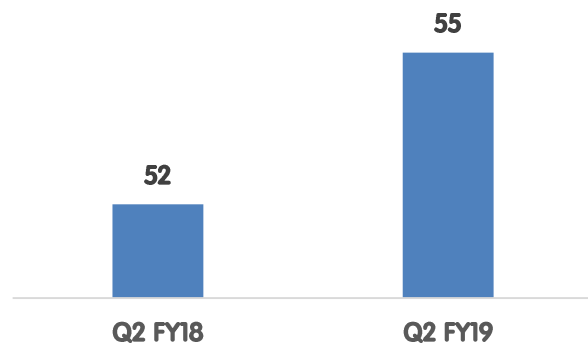
■ WRP ■ Individual WRP

■ ULIP ■ Traditional

\* Financials are based on IRDAI reporting

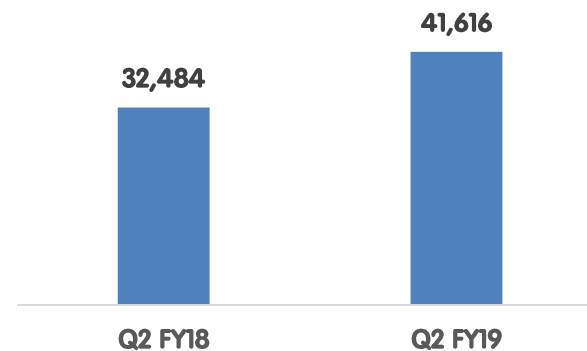
## No. of Individual Policies sold

(in '000s)



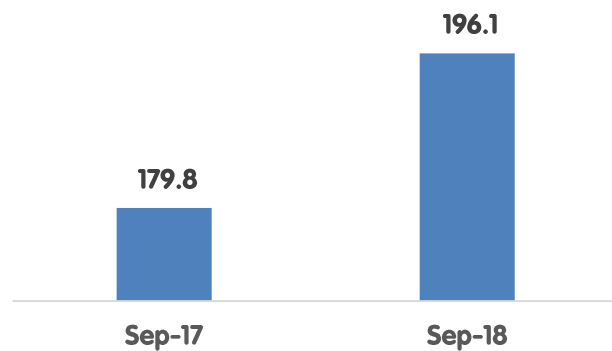
## Average Ticket size (approx.)<sup>#</sup>

(Rs.)



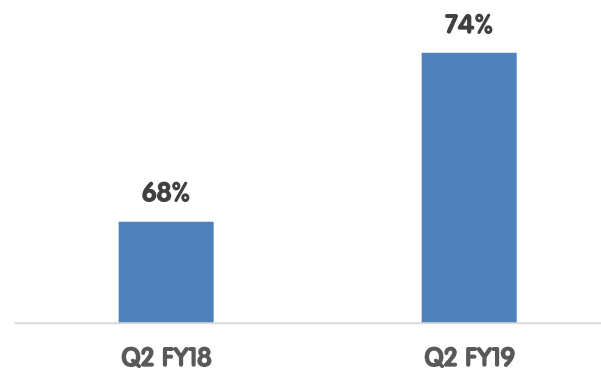
## Funds under Management

(Rs. billion)



## Persistency

(%)



<sup>#</sup> Based on New Business Premium

\* Financials are based on IRDAI reporting

# Broking and Distribution Businesses



## Transformation in the last two years

### Key business matrix

- **Revenue increased** from Rs. 757 million to **Rs. 877 million (+16%)** in Q2 FY19
- **Q2 FY19 PBT** rose to **Rs. 85 million (+7%)**; **return on equity** at **14%**
- **Average daily stock exchange turnover** rose by **36%** to **Rs. 56.2 billion**
- **Wealth Management: AUMs** stood at **approx. Rs. 40.0 billion** as on September 2018

### Digital Transformation

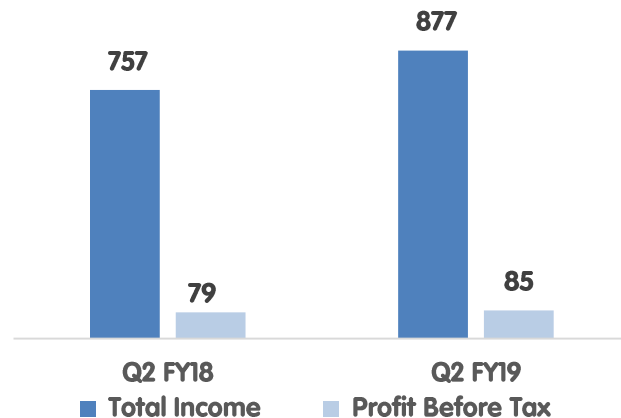
- **Industry First: Fully digital model** - 95% of the accounts are opened digitally and clients are able to trade on the same day
- **Integrated single platform for broking and distribution**

### Network and Client base

- **Extensive geographic footprint** - 110 branches and **approx. 1,300 customer touch points**
- **Broking accounts: Equity over 870,000 (+4%) | Commodity over 1,03,600 (+10%)**

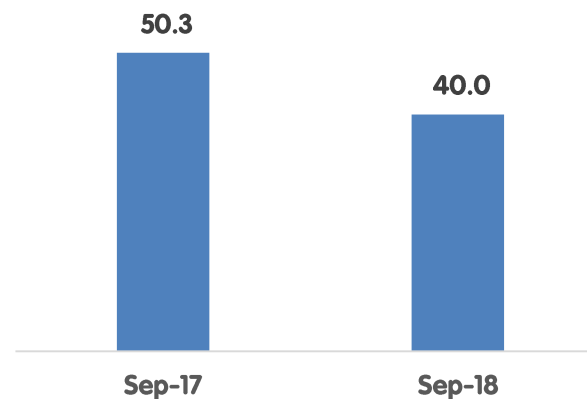
## Total income & Profit Before Tax

(Rs. million)



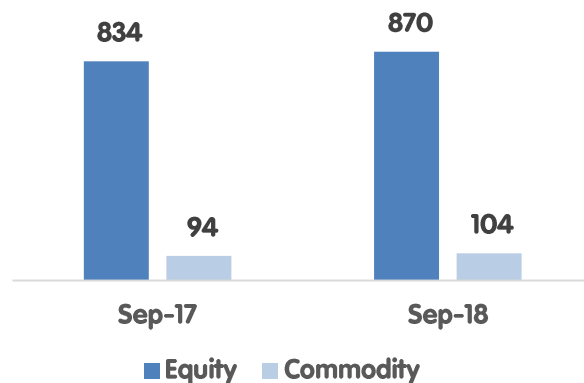
## Wealth Management AUM

(Rs. billion)



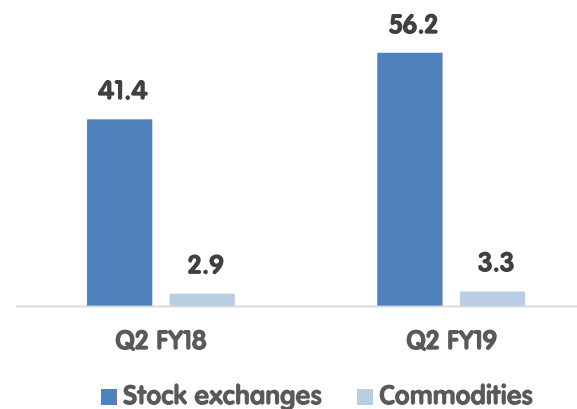
## Equity and Commodity Broking Accounts

(in '000s)



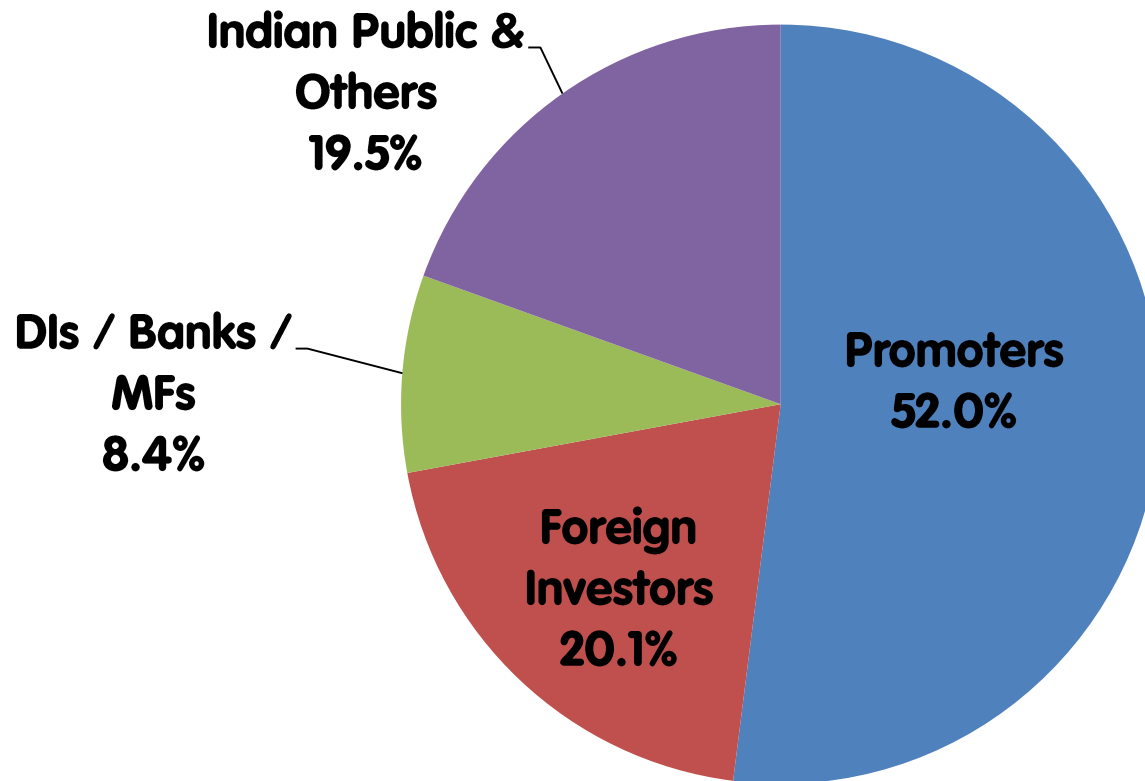
## Average Daily Turnover (Stock exchanges and Commodities)

(Rs. billion)





(As on September 30, 2018)



- 7.6 lakh shareholders
- Part of MSCI Global Small Cap Index
- Traded in futures & options segment

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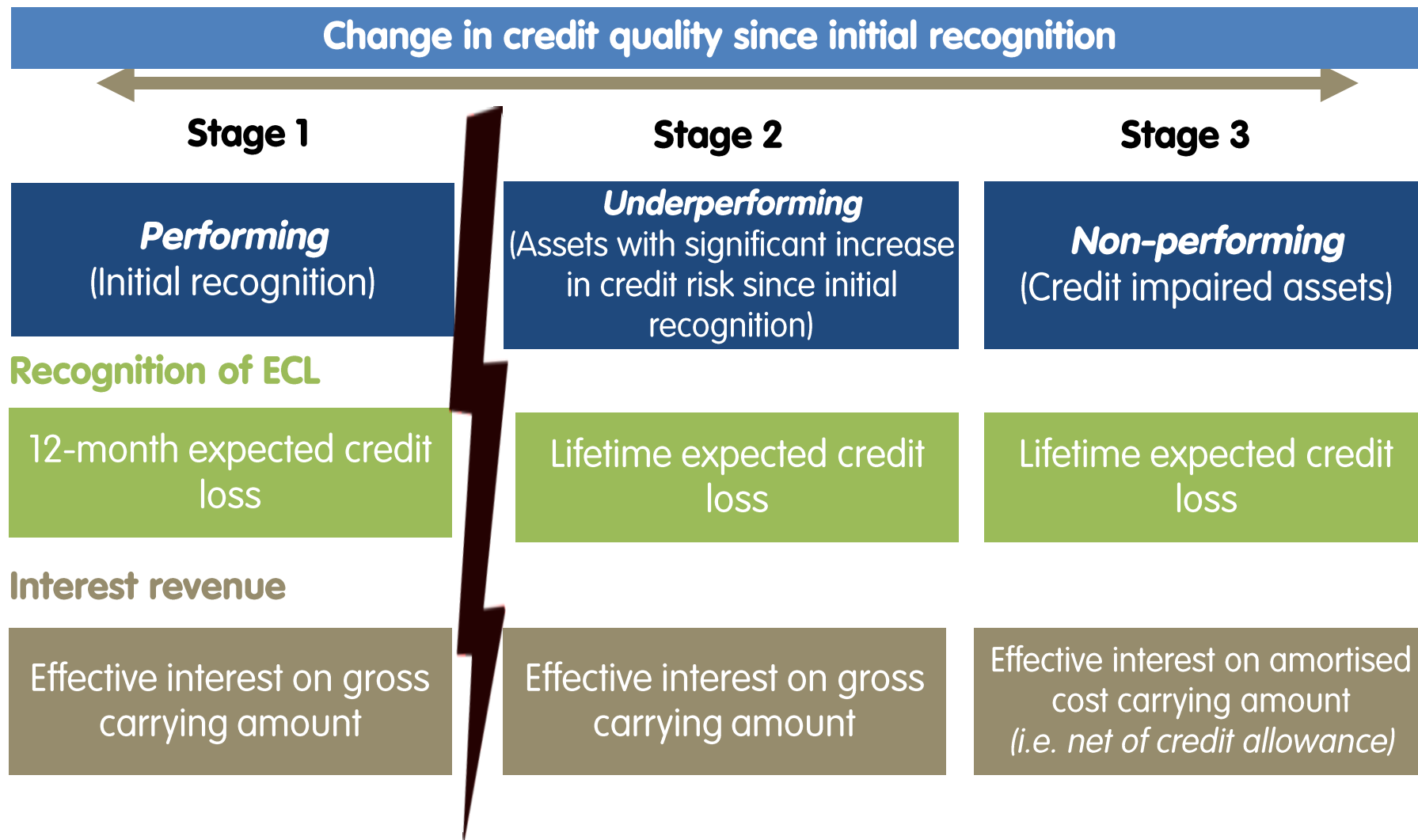
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Thank you

# Annexure



Key Changes	Impacted Line Item	IGAAP	IND AS
Fair Value of Investments	Income from Operations/Other Expenses	Only diminution in fair value considered	Fair Value Method
Credit Costs	Other Expenses	Specified by Regulators	Expected Credit Loss (ECL) Model
ESOP Valuation	Employee Cost	Intrinsic method	Fair Value based on Black Scholes pricing model
Fee Income	Other Income	Booked upfront	Amortized (as applicable)



# Reconciliation of Consolidated profit with previous GAAP

(Rs. million)	Q2 FY18
Net profit or loss as per Previous GAAP (Indian GAAP)	3,520
Add/Less: Adjustments	
Expected Credit Loss on Loan and Interest (ECL)	(379)
Effect of scheme amalgamation / merger	408
EIR Adjustment	(62)
Fair valuation of Investments	(4,973)
EIS on Direct Assignment (Recognized Upfront)	638
Deferred tax impact on account of Ind AS adjustment	(211)
Premium deficiency reserves reversal	(450)
Deposit accounting for investment contracts without DPF effect	306
Others adjustment as per Ind AS	(34)
Net profit / (loss) as per Ind AS	(1,237)
Other Comprehensive income after tax as per Ind AS	(459)
Total comprehensive income for the period	(1,696)

## Balance Sheet

(Rs. billion)	September 30, 2018
Capital	2.5
Reserves	82.5
Borrowings	492.9
Other Liabilities	323.3
<b>Total</b>	<b>901.3</b>
Cash / bank balance	21.4
Investments	341.2
Loans & Advances	426.2
Fixed assets	55.7
Other Assets	56.8
<b>Total</b>	<b>901.3</b>

## Funding Profile

(Rs. billion)	September 30, 2018
Bank Loans	168.2
Commercial Papers	22.3
NCDs	302.2
Others	0.2
Total	492.9



## Profit &amp; Loss statement

(Rs. million)	Q2 FY19	Q2 FY18	Change (y-o-y)	Q1 FY19	Change (q-o-q)
Interest Income	19,365	19,584	(1%)	19,007	2%
Dividend	231	255	(10%)	215	7%
Premium Earned	30,578	26,482	15%	23,239	32%
Mgmt. & Advisory Fee	185	363	(49%)	326	(43%)
Brokerage & Comm.	1,674	2,193	(24%)	1,438	16%
Other Income	1,268	(467)	-	2,190	(42%)
<b>Total Income</b>	<b>53,300</b>	<b>48,411</b>	<b>10%</b>	<b>46,414</b>	<b>15%</b>
Interest & Fin. Charges	10,744	9,917	8%	10,802	(1%)
Other Expenses (incl. dep)	39,126	38,655	1%	32,513	20%
<b>Total Expenses</b>	<b>49,870</b>	<b>48,571</b>	<b>3%</b>	<b>43,315</b>	<b>15%</b>
Share in profit / loss of associates	282	300	(6%)	480	(41%)
<b>Profit before tax</b>	<b>3,712</b>	<b>139</b>	<b>-</b>	<b>3,579</b>	<b>4%</b>
<b>Profit after tax</b>	<b>2,802</b>	<b>(1,626)</b>	<b>-</b>	<b>2,718</b>	<b>3%</b>

## Profit & Loss statement

(Rs. million)	Q2 FY19	Q2 FY18	Change (y-o-y)	Q1 FY19	Change (q-o-q)
Income	4,240	4,196	1%	4,245	-
Expenses	2,620	2,609	-	2,617	-
Profit before tax	1,620	1,587	2%	1,628	-

(Rs. billion)	Sept 30, 2018	June 30, 2018	Sept 30, 2017	June 30, 2017
Debt	1,212.4	1,321.4	1,360.0	1,303.0
Equity	893.9	871.5	748.8	662.8
ETFs	108.9	101.7	104.7	107.7
Gold	22.5	23.1	25.9	26.0
Managed Accounts	9.7	10.8	12.5	11.8
Pension Funds	1,750.3	1,695.7	1,523.9	1,478.8
Offshore Funds	27.1	27.4	24.3	22.1
Alternative Invst. Fund	23.8	22.4	15.1	13.4
Total AAUM	4,048.7	4,073.9	3,815.1	3,625.5

## Profit & Loss statement

(Rs. million)	Q2 FY19	Q2 FY18	Change (y-o-y)	Q1 FY19	Change (q-o-q)
Assets under Management	176,933	167,911	5%	187,919	(6%)
Net Interest Income	1,796	2,128	(16%)	2,085	(14%)
Total Income	5,139	5,403	(5%)	5,246	(2%)
Interest expenses	3,008	2,932	3%	2,956	2%
Other expenses	880	698	26%	707	25%
Provisions	303	949	(68%)	861	(65%)
Profit before tax	948	824	15%	722	31%

## Profit & Loss statement

(Rs. million)	Q2 FY19	Q2 FY18	Change (y-o-y)	Q1 FY19	Change (q-o-q)
Assets under Management	164,644	140,657	17%	156,416	5%
Net Interest Income	1,403	1,349	4%	1,128	24%
Total Income	4,640	4,271	9%	4,109	13%
Interest expenses	2,938	2,656	11%	2,855	3%
Other expenses	489	626	(22%)	500	(2%)
Provisions	190	205	(7%)	29	-
Profit before tax	1,023	784	30%	724	41%

## Profit & Loss statement

(Rs. million)	Q2 FY19	Q2 FY18	Change (y-o-y)	Q1 FY19	Change (q-o-q)
Gross Written Premium	20,250	16,880	20%	15,709	29%
Profit before tax	560	465	20%	574	(2%)
Investment book	86,499	72,802	19%	82,610	5%
Combined ratio	107%	109%	-	104%	-
No. of policies issued (in million)	3.0	2.2	33%	1.4	112%

## Profit & Loss statement

(Rs. million)	Q2 FY19	Q2 FY18	Change (y-o-y)	Q1 FY19	Change (q-o-q)
First year premium	2,277	1,879	21%	1,911	19%
Single premium	280	187	50%	162	73%
Total New business premium	2,557	2,066	24%	2,073	23%
Renewal Premium	7,917	7,624	4%	5,520	43%
Total premium (net of reinsurance)	10,417	9,631	8%	7,547	38%
Profit before tax	11	(50)	-	3	-
Total funds under management	196,116	179,827	9%	193,346	1%

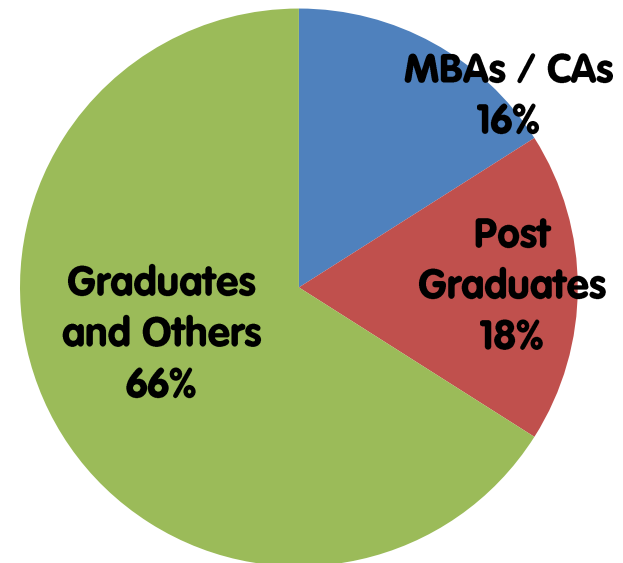
\* Financials are based on IRDAI reporting

## Profit & Loss statement

(Rs. million)	Q2 FY19	Q2 FY18	Change (y-o-y)	Q1 FY19	Change (q-o-q)
Total Income	877	757	16%	821	7%
Total expenses	792	678	17%	744	6%
Profit before tax	85	79	7%	77	10%

- **Over 19,740 employees**
- **75% in Customer Facing roles**
- **Young workforce**
- **Post Graduates and Professionals form 34% of the total workforce**
- **Over 5,600 women employees**

## Qualification profile



**Young & vibrant workforce – average age of 36 years**



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