

RELIANCE

CAPITAL

INFORMAL MEETING WITH DEBENTURE HOLDERS

DECEMBER 06, 2019

1. **DEBENTURE TRUSTEE TO WITHDRAW APPLICATION FILED BEFORE DRT**
2. **TO COMMENCE THE 'DEBENTURE HOLDER LED RESOLUTION PLAN' (DHRP)**

DHRP WILL ACHIEVE:

- **VALUE PROTECTION AND MAXIMIZATION**
- **MAXIMUM RECOVERY FOR ALL CREDITORS**
- **FAIR, TRANSPARENT AND TIME BOUND PROCESS WITH CERTAINTY**
- **RINGFENCING OF ASSET MONETISATION PROCEEDS**
- **EQUITABLE DISTRIBUTION OF ASSET MONETISATION PROCEEDS TO ALL DEBENTURE HOLDERS**

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CURRENT LEGAL POSITION

#	Forum	Creditor	Order and Next Date	Impact
1.	Debt Recovery Tribunal, Mumbai	(1) Vistra (ITCL) India Limited as Debenture Trustees. (Order Dated: 03 December 2019) (2) Axis Bank Limited (Order Awaited)	Prohibition on RCAP from transferring, alienating, encumbering, or parting with possession of any assets Next Date of hearing: (1) 26 December 2019 (2) 23 January 2020	Security provided to debenture holders remains fully protected
2.	Delhi High Court (Order Dated: 20 November 2019)	Mazson Builders and Developers Private Limited Always Remember Properties Private Limited	Prohibition on RCAP from disposing, alienating, encumbering, directly or indirectly or parting with possession of any assets Next Date of hearing: 16 December 2019	Security will not be adversely affected while the debenture holder led resolution plan is to be pursued
3.	Bombay High Court (Order Dated: 28 November 2019)	Aviva Life Insurance Company India Limited	Bombay High Court reiterated the reliefs granted by the Delhi High Court Next Date of hearing: 18 December 2019	
4.	Bombay High Court	IndusInd Bank	Wrongful invocation of share pledge by IndusInd has been challenged before Bombay High Court Next Date of hearing: 9 December 2019	

FIVE KEY BENEFITS OF RESOLUTION PLAN VS DRT PROCEEDINGS

#	Particulars	Debt Resolution Process	Recovery proceeding under DRT
1.	Value protection and maximization	<p>Positive – Value maximization</p> <p>RCap’s assets are its shareholding in various underlying businesses like General Insurance and Life Insurance</p> <p>Resolution process will ensure:</p> <ul style="list-style-type: none"> • Asset monetization in a transparent and time bound manner • Protection and value maximization of RCap’s assets • Maximum recovery for lenders 	<p>Negative – Value destructive</p> <p>Recovery process under DRT will destroy the value of such assets owing to:</p> <ul style="list-style-type: none"> • Perishable nature of financial service business • Customer base erosion • Employee & leadership attrition • Uncertainties <p>This will only be prejudicial to Lenders own interests – any relief under DRT process will also not achieve lenders’ objective to maximize recovery</p>

FIVE KEY BENEFITS OF RESOLUTION PLAN VS DRT PROCEEDINGS

#	Particulars	Debt Resolution Process	Recovery proceeding under DRT
2.	Recovery for lenders	<p>Most efficient – maximum recovery</p> <p>Debenture Holder led process – Committee of debenture holders to control and monitor the process in their best interests.</p> <p>Lenders to appoint advisors to ensure maximum recovery</p> <p>Sale proceeds to be ringfenced by depositing in Trust & Retention Account for the benefit of lenders</p>	<p>Least efficient – Value destructive</p> <p>Court driven process – negative for Lenders</p>
3.	Time Line	Can be undertaken in a time bound period of approximately 4-6 months	Can stretch to 3-5 years
4.	Certainty	Visibility with certainty on monetization of each asset	Lenders would have no certainty about the value realizable upon completion of the process.

FIVE KEY BENEFITS OF RESOLUTION PLAN VS DRT PROCEEDINGS

#	Particulars	Debt Resolution Process	Recovery proceeding under DRT
5.	Fall back option	In the event of failure of resolution process, lenders retain the right to file proceedings before DRT	No ability to salvage asset value upon advancement of DRT process.

**Vistra as debenture trustee represents 93% of total debt.
Debenture Holder Led Resolution Plan can be achieved with certainty
and in time bound manner**

DHRP will ensure value maximization and best realization for all debenture holders

**There is no advantage whatsoever of proceeding through DRT
DRT process will only be value destructive**

1. Execution of Agreement between the company and Debenture Trustee, in terms of the various Debenture Trust Deeds.
2. Three other secured lenders having exposure of only ~Rs. 700 Cr. should also join the agreement
3. Agreement template has already been circulated to debenture trustee on 25 November 2019.
4. Post signing Agreement, the Debenture Trustee to form a Committee of Debenture holders (COD)
5. COD to appoint legal counsel(s) and transaction advisor(s) to assist in the resolution plan, in consultation with the Company
6. Company to present the Resolution Plan to the COD

7. COD to evaluate the Resolution Plan – suggest modifications, approve in principal and recommend to Debenture holders for approval at their meeting
8. Resolution Plan to be approved as per the Trust Deed, by Debenture holders with at least 75% majority in terms of value
9. COD to monitor the implementation of resolution plan, including:
 - a. Process for monetisation of assets, in a fair and transparent manner
 - b. Measures to ring fence the proceeds of asset monetization
 - c. **Priority payment to 536 individual debenture holders with exposure of only Rs. 318 Cr (1.8% of total debt)**
 - d. Equitable distribution of sale proceeds to other debenture holders and other creditors

10. Timeline:

- A. Approval of Resolution plan - within 30 days: 07 January 2020.
- B. Commencement of Monetisation of Assets: 15 January 2020
- C. Completion of Monetisation of Assets: 30 June 2020

11. In the event the resolution plan is achieved partially by 30 June 2020, the debenture holders' will have the option to continue with the resolution plan or to initiate recovery proceedings before DRT

DHRP - EASE OF EXECUTION – INVESTOR PROFILE

- Company has no deposit holders
- Individual investors hold only Rs. 318 Cr. (1.8% of total debt) - To get priority payment
- Vistra as debenture trustee represents 93% of total debt.

DEBT PROFILE AS OF 31-DEC-2019

Particulars	Rs. Cr.
Secured Debt	
a. NCDs	14,855
b. Term Loans	625
c. ICDs	564
Total Secured Debt	16,044
Unsecured NCDs	1,405
Total Debt	17,448
Guaranteed exposure	
a. Secured	2,067
b. Unsecured	551
Total Guaranteed exposure	2,618
Total Liabilities	20,066

1. WAM: March 2024
2. Final Maturity: Apr'2028
3. Wt. Avg. Int. Cost: 9.3%

DEBT PROFILE (PRINCIPAL) - RCAP- AS OF 31-DEC-2019

Rs. Cr.

Maturity Profile	Secured NCD	Unsecured NCD	ICD	Term Loans	Total
Overdue till Q3 FY-20	558	-	564	29	1,151
Q4 FY-20	92	-	-	5	97
FY-21	1,711	-	-	119	1,830
FY-22	1,741	475	-	119	2,336
FY-23	2,214	491	-	119	2,825
FY-24	1,991	181	-	119	2,291
FY-25	1,130	250	-	114	1,494
FY-26	-	8	-	-	8
FY-27	3,000	-	-	-	3,000
FY-28	2,400	-	-	-	2,400
FY-29	16	-	-	-	16
Total	14,855	1,405	564	625	17,448
%	85%	8%	3%	4%	100%

- In addition to the above overdues, interest of Rs. 480 Cr. will be overdue till Q3 FY-20

1. RCAP has key valuable businesses and assets as under:
 1. Reliance Nippon Life Insurance
 2. Reliance General Insurance
 3. Reliance Securities
 4. Reliance Asset Reconstruction Company
 5. Reliance Nippon Life Asset Management shares
 6. Stake in Radio Business
 7. Private Equity, Real Estate assets
 8. Guaranteed loan exposure to Reliance Infrastructure and Reliance Power
2. All above businesses have significant intrinsic value and growth potential and are among the market leaders in their respective industry
3. Value maximization monetisation process carried out in a fair and transparent manner would yield proceeds to sufficiently cover RCAP's debt

1. 51% stake in Reliance Nippon Life Insurance

- One of the largest non-bank private life insurer with over 10 million policyholders
- Largest branch network among private life insurers with 727+ branches across 600+ locations
- Assets under management of Rs. 20,280 Cr.
- Value of new business of Rs. 330 Cr.
- Claim settlement ratio at 98%; among the best in the industry
- Company is fully funded – no need for any further capital infusion
- Team of ~12,000 employees

2. 100% stake in Reliance General Insurance

- 4th largest private general insurance
- Only large GI company owned 100% by one group
- Largest agency force in private general insurance with 39,000+ agents
- Market share of the company is 4.54%
- Gross written premium of Rs. 6,250 Cr.
- Profit after tax of Rs. 210 Cr.
- Company is fully funded – no need for any further capital infusion
- Team of ~3,800 employees

3. 100% stake in Reliance Securities

- Huge retail reach with 9 lakh equity broking accounts
- Revenue of Rs. 340 Cr.
- PBT of Rs. 35 Cr.
- Team of ~1,200 employees

4. 49% stake in Reliance Asset Reconstruction Company

- Among the largest ARC in the non-corporate segment
- AUM of Rs. 2,113 Cr.

5. 4.3% stake in Reliance Nippon Life Asset Management

- Amongst India's top AMCs with an AUM of Rs. 4.5 Lakh Cr.
- PBT of Rs. 700 Cr.
- Current market value of RCAP's shareholding is ~Rs. 1,000 Cr.

The Company and its management is fully confident of successful implementation of DHRP to meet its debt obligations

Debenture holders are requested to instruct the Debenture Trustee to Call a Meeting of Debenture Holders to resolve to:

1. **Withdraw proceedings** initiated against RCAP before DRT
2. **Constitute a Committee of Debenture Holders** (COD) to discuss with the Company and arrive at a resolution outside the DRT process
3. **Prescribe the Terms of Reference of the COD** as follows:
 - (i) Agree the process to be carried out for resolution
 - (ii) Take measures to protect and maximise value of RCAP assets
 - (iii) Ringfence the proceeds of asset monetisation
 - (iv) Monitoring and equitable distribution of asset monetisation proceeds

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THANK YOU.