

## Results for the quarter ended September 30, 2011

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*Investor Presentation*

*November 11, 2011*

# Agenda

RELIANCE

- ❑ *Financial Performance*
- ❑ *Business Performance*
  - Reliance Capital Asset Management
  - Reliance Life Insurance
  - Reliance Commercial Finance
  - Broking businesses
  - Distribution business - Reliance Money
  - Reliance General Insurance
- ❑ *Shareholding pattern as on September 30, 2011*

## Performance Highlights – Consolidated Quarter ended September 30, 2011

- Total Income of Rs. 15 billion (US \$ 338 million), against Rs. 13 billion – increase of 19%
- Net Profit of Rs. 334 million (US \$ 7 million), against Rs. 1,120 million, mainly on account of high interest rate environment
- Networth of Rs. 78 billion (US\$ 2 billion) as on September 30, 2011
- Total assets of Rs. 334 billion (US\$ 7 billion) as on September 30, 2011 – YoY increase of 11%

## P&L Highlights (consolidated) – Q2FY12

(Rs. million)

	Q2FY12	Q2FY11	FY11
<b>Total income</b>	<b>15,461</b>	<b>12,998</b>	<b>54,985</b>
<b>Staff costs</b>	<b>1,566</b>	<b>1,278</b>	<b>4,968</b>
<b>Other expenditure</b>	<b>2,699</b>	<b>2,972</b>	<b>12,036</b>
<b>Reinsurance premium ceded</b>	<b>1,608</b>	<b>1,467</b>	<b>6,635</b>
<b>Claims incurred</b>	<b>2,907</b>	<b>2,526</b>	<b>13,314</b>
<b>Interest &amp; financial charges</b>	<b>5,832</b>	<b>3,397</b>	<b>14,620</b>
<b>Depreciation</b>	<b>126</b>	<b>119</b>	<b>500</b>
<b>Profit before tax</b>	<b>723</b>	<b>1,240</b>	<b>2,912</b>
<b>Profit after tax</b>	<b>334</b>	<b>1,120</b>	<b>2,912</b>
<b>Diluted EPS (Rs.)</b>	<b>1.36</b>	<b>4.03</b>	<b>11.9</b>

## Recent Developments

- **Successfully completed 26% strategic sale of Reliance Life Insurance with Nippon Life for Rs. 31 billion (US\$ 626 million)**
- **Signed MOU with Nippon Life to explore additional areas of partnership in asset management**
- **Rakesh Jain appointed as new CEO for Reliance General Insurance – subject to IRDA approvals**
- **CRISIL assigned “A1+” rating to short term debt program of Reliance Capital and Reliance Home Finance**

## Reliance Capital Asset Management (RCAM)

- **Managed Rs. 931 billion (US\$ 19 billion) across:**
  - **mutual funds – Rs. 907 billion\* (US\$ 18.5 billion)**
  - **managed accounts – Rs. 14 billion (US\$ 291 million)**  
**and**
  - **hedge funds – Rs. 11 billion (US\$ 218 million)**
- **Wide distribution network – over 250 branches across India**

*\* - AAUM for the quarter ended September 30, 2011*

- ❑ Among top 2 mutual funds in India with market share of 13%
- ❑ Average assets under management at Rs. 907 billion (US\$ 18.5 billion)
- ❑ 2 million SIP & STP accounts – highest in industry – 41% YoY increase
- ❑ Retail Gold Fund crossed Rs. 19 billion (US\$ 393 million) – QoQ increase of 69%
- ❑ Long term debt to Total Debt AAUM – 38% v/s 27% in Q2FY11
- ❑ 43 schemes – 21 equity, 19 debt, 2 ETFs and 1 Fund of Funds

## RCAM (consolidated) financial performance

(Rs. Million)

	Q2FY12	Q2FY11	Q1FY12	FY11
Income	1,631	1,773	1,674	7,330
Expenses	975	1,073	966	4,387
Profit before tax	656	700	709	2,943

- ❑ 8% YoY decrease in total income, due to 13% decline in AAUM
- ❑ Total expenses – 9% YoY decline, in line with focus on leaner cost of operations
- ❑ Focus on retail long term debt and higher yield products, improved PBT margins to 40% in Q2FY12



- ❑ **Amongst leading private sector life insurers – private sector market share of over 5% in terms of new business premium**
- ❑ **5 million policies in force**
- ❑ **Wide distribution network across India with 1,252 offices**
- ❑ **165,381 agents – YoY decline of 23%, in line with focus on productivity and performance of agents**

## Achievements

- **Nippon Life, Japan's largest private insurer acquired 26% in Reliance Life, for Rs. 31 billion (US\$ 626 million)**
  - **Values Reliance Life at approx. Rs. 115 billion (US\$ 2.4 billion)**
  - **Largest FDI in Indian financial services space and by far largest in Insurance**
  - **As strategic partner, Nippon Life will bring vast experience and global best practices in areas of product development, underwriting, fund management, risk management, distribution and customer relationship management**

- ❑ **Total premium (net of reinsurance) at Rs. 13 billion (US\$ 276 million)**
- ❑ **Renewal premium at Rs. 9 billion (US\$ 188 million) – YoY increase of 10%**
- ❑ **New business premium at Rs. 4 billion (US\$ 91 million)**
- ❑ **Achieved profit of Rs. 82 million (US\$ 2 million) against loss of Rs. 416 million in Q2FY11**

- ❑ **31% decline in operating costs (excluding commission) at Rs. 3 billion (US\$ 68 million)**
- ❑ **Total funds under management at Rs. 167 billion (US \$ 3 billion) – 1% YoY increase**
- ❑ **No capital infusion for the 4<sup>th</sup> consecutive quarter**
- ❑ **Total capital infused – Rs. 31 billion (US \$ 632 million)**

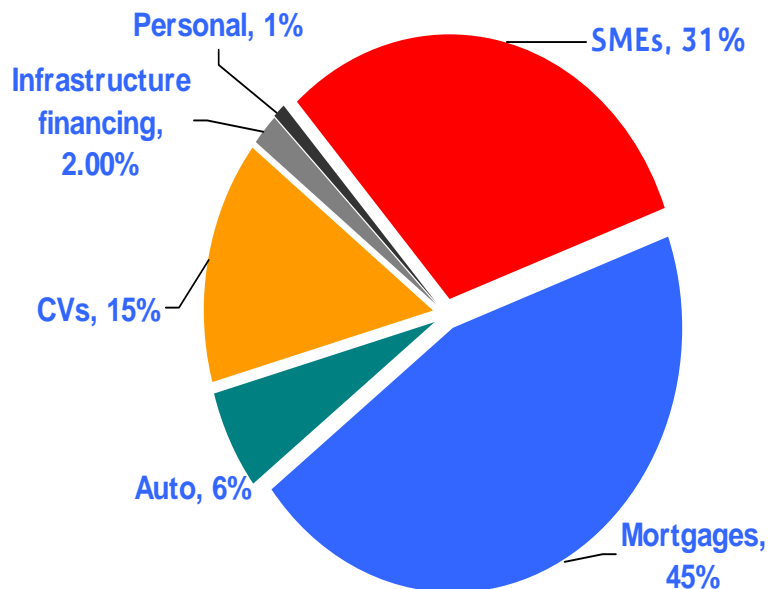
## Financial performance

(Rs. million)

	Q2FY12	Q2FY11	FY11
First year premium	3,055	6,787	22,846
Single premium	1,090	1,276	7,503
Total New business premium	4,144	8,063	30,349
Renewal Premium	8,600	7,791	35,362
Total premium (net of reinsurance)	12,634	15,750	65,479
Profit before tax	82	(416)	(1,293)
Operating costs (excl commission)	3,101	4,487	15,640
Total funds under management	167,474	165,546	178,553
Capital infused	-	500	1,200

- Amongst leading lenders in Indian non banking finance sector
- Focus on secured lending and creating good quality loan portfolio
- 99% of book secured vs 93% as on September 30, 2010
- 20% YoY increase in disbursements at Rs. 23 billion (US\$ 512 million)

Loan Book Composition as  
on September 30, 2011



- **AUM – Rs. 150 billion (US\$ 3 billion) – 25% YoY growth**
- **Outstanding loan book at Rs. 139 billion (US\$ 2.8 billion) – YoY increase of 39%**
- **Securitization of Rs. 1 billion (US\$ 22 million)**
- **101,700 customers across 18 locations in India**

## Financial performance

- **Total income at Rs. 4.7 billion (US\$ 103 million)**  
– YoY increase of 51%
- **Net Interest Income at Rs. 1.3 billion (US\$ 29 million)**  
– QoQ increase of 8%
- **Profit before tax at Rs. 547 million (US\$ 12 million)**
- **Cost to income ratio at 18%**
- **Average NIMs at 4.1%**



## Financial performance

- Average cost of borrowing at 11.4% as against 8.4% for Q2FY11
- 26% YoY decline in Gross NPLs at Rs. 1.8 billion (US\$ 38 million)
- 51% YoY decrease in provisioning (including write-offs) at Rs. 198 million (US\$ 4 million), despite additional one time provision made on housing loans of Rs. 111 million (US\$ 2 million) in line with the change in provisioning norms mandated by National Housing Bank
- Coverage ratio (including write-offs) – 80% as compared to 72% in Q2FY11

## Financial performance

(Rs. Million)

	Q2FY12	Q2FY11	Q1FY12	FY11
<b>Disbursals</b>	<b>23,444</b>	<b>19,511</b>	<b>20,100</b>	<b>87,820</b>
<b>Net Interest Income</b>	<b>1,314</b>	<b>1,317</b>	<b>1,215</b>	<b>5,122</b>
<b>Total Income</b>	<b>4,711</b>	<b>3,120</b>	<b>4,178</b>	<b>13,368</b>
<b>Total expenses</b>	<b>825</b>	<b>609</b>	<b>789</b>	<b>2,516</b>
<b>Interest expenses</b>	<b>3,141</b>	<b>1,495</b>	<b>2,673</b>	<b>6,859</b>
<b>Provisions</b>	<b>198</b>	<b>406</b>	<b>133</b>	<b>1,299</b>
<b>Profit before tax</b>	<b>547</b>	<b>610</b>	<b>583</b>	<b>2,693</b>

## Broking businesses

- ❑ One of India's leading retail equity and commodities broking houses
- ❑ Pan India presence with over 6,100 outlets
- ❑ Focus on equity and commodity broking, wealth management and investment banking
- ❑ 670,728 equity broking accounts – YoY increase of 4%
- ❑ 36,885 commodity broking accounts – YoY increase of 11%
- ❑ Daily average turnover on stock exchanges at Rs. 12 billion (US\$ 265 million)
- ❑ Daily average commodities broking turnover over Rs. 8 billion (US\$ 166 million) – YoY increase of 210%

## Broking businesses contd...

- **Wealth Management AUM as on September 30, 2011 increased to Rs. 2.2 billion (US\$ 44 million) – YoY increase of 84%**
  
- **In investment banking**
  - **As Syndicate member, handled one issue in H1 FY12, total amount mobilized – Rs. 430 million (US\$ 9 million)**
  
  - **IPO funding – Rs. 550 million (US\$ 11 million)**

## Broking businesses contd...

### Financial performance

(Rs. Million)

	Q2 FY12	Q2 FY11	Q1 FY12	FY11
Total Income	343	361	327	1,649
Total expenses	321	309	296	1,429
Profit before tax	22	52	30	221

- Total income of Rs. 343 million (US\$ 8 million)  
– QoQ increase of 5%
- Profit before tax at Rs. 22 million (US\$ 0.5 million)

- ❑ **Distribution business – branded as ‘Reliance Money’**
- ❑ **Manufacturer agnostic**
- ❑ **Pan India presence with over 6,100 outlets**
- ❑ **Distributor of mutual funds, life & general insurance products, loans, precious metal retailing and premium products**
- ❑ **Over 240 kilos of gold sold – 13% YoY increase**
- ❑ **Largest private sector partner for Western Union Money Transfer in India - over 550,000 money transfer transactions in Q2FY12 – YoY increase of 10%**

## Financial performance

(Rs. Million)

	Q2 FY12	Q2 FY11	Q1 FY12	FY11
<b>Total Income</b>	<b>215</b>	<b>86</b>	<b>156</b>	<b>585</b>
<b>Total expenses</b>	<b>194</b>	<b>61</b>	<b>129</b>	<b>461</b>
<b>Profit before tax</b>	<b>21</b>	<b>25</b>	<b>27</b>	<b>124</b>

- **Total income of Rs. 215 million (US\$ 5 million) – YoY increase of 150%**
- **Total expenses of Rs. 194 million (US\$ 4 million) – YoY increase of 220%, mainly on account of significant incremental investments in gold business and increasing branch network for insurance distribution**
- **Profit before tax of Rs. 21 million (US\$ 0.5 million)**

- ❑ Amongst leading private sector general insurer with private sector market share of 8.2%
- ❑ Gross Written Premium at Rs. 3.7 billion (US\$ 81 million)
- ❑ 4% QoQ decline in Loss at Rs. 287 million (US\$ 6 million)
- ❑ 5% QoQ improvement in Combined ratio (including 3<sup>rd</sup> party motor pool) at 123%



- ❑ **65% QoQ decline in capital infusion - Rs. 350 million (US\$ 7 million) infused v/s Rs. 1 billion in Q1 FY12**
- ❑ **Total capital infused – Rs. 13 billion (US\$ 262 million)**
- ❑ **Investment book of Rs. 23 billion (US\$ 470 million) – 17% YoY increase**
- ❑ **0.6 million policies sold in Q2FY12**
- ❑ **162 branches; over 5,200 intermediaries**

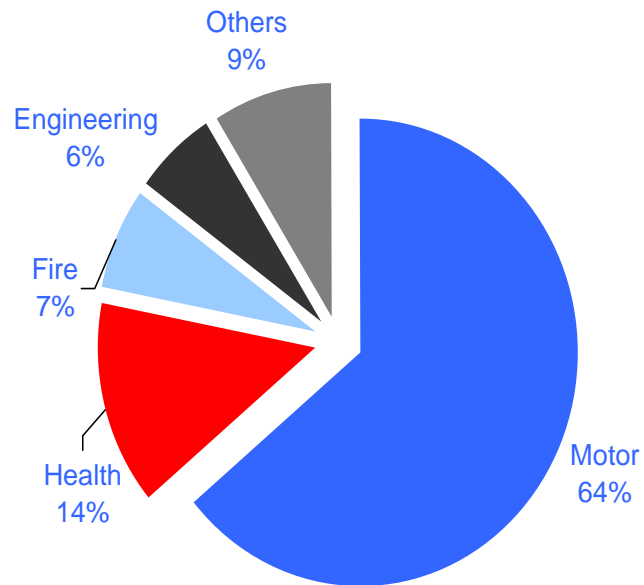
## Financial performance

(Rs. Million)

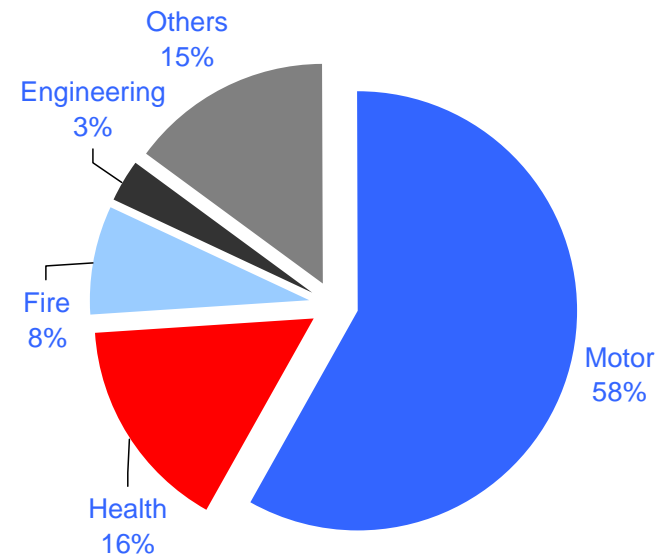
	Q2FY12	Q2FY11	Q1FY12	FY11
<b>Gross Written Premium</b>	<b>3,694</b>	<b>3,707</b>	<b>5,248</b>	<b>16,554</b>
<b>Profit before tax</b>	<b>(287)</b>	<b>(282)</b>	<b>(301)</b>	<b>(3,098)</b>
<b>Investment book</b>	<b>22,981</b>	<b>19,603</b>	<b>23,497</b>	<b>21,372</b>
<b>Combined ratio with pool</b>	<b>123%</b>	<b>118%</b>	<b>130%</b>	<b>136%</b>
<b>No of policies issued</b>	<b>604,749</b>	<b>651,016</b>	<b>685,383</b>	<b>2,803,982</b>

Sector – wise premium contribution

Q2FY12



Q2FY11



## Shareholding pattern as on September 30, 2011

Category	No. of shares	Shareholding
Promoters	132,982,272	54.1%
Foreign investors – FIIIs, GDRs, NRIs, and others	52,167,119	21.2%
Domestic institutions/ Banks / Mutual funds	12,000,799	4.9%
Indian public	48,482,610	19.7%
<b>Total</b>	<b>245,632,800</b>	<b>100.0 %</b>

- Market cap. as on November 09, 2011 – Rs. 87 billion (US\$ 2 billion)

RELIANCE

**Thank you**

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*November 11, 2011*

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