

RELIANCE

## Results for the financial year ended March 31, 2011

---

*Investor Presentation*

*May 30, 2011*

RELIANCE

# 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
  - Update on other businesses
- ❑ *Human Capital*
- ❑ *Shareholding pattern as on March 31, 2011*

## Performance Highlights – Consolidated

Financial year ended March 31, 2011

- Total Income of Rs. 55 billion (US \$ 1.2 billion), against Rs. 61 billion – decrease of 10%, mainly owing to decline in general insurance premium and lower capital gains
- Net Profit of Rs. 4.7 billion (US \$ 104 million) (before one time provisioning), against Rs. 4.3 billion – YoY increase of 9%

## **FY11 Performance Highlights – Consolidated contd...**

- One time provisioning of over Rs. 1.8 billion (US\$ 40 million) made on account of change in provisioning norms for commercial motor third party pool loss in general insurance, as intimated by regulator**
  
- Industry wide phenomenon – losses aggregating to approx. Rs. 70 billion (US\$ 1.5 billion) for entire industry - shared by all industry players in proportion to their market share**
  
- Net Profit of Rs. 2.9 billion (US \$ 64 million) (after one time provisioning) , against Rs. 4.3 billion– decrease of 33%**

# Performance Highlights – Consolidated

## Financial year ended March 31, 2011

(Rs. million)

	Capital Invested (till March 31, 2011)	Revenue	PBT
Life Insurance	30,940	65,479 <sup>+</sup>	3,619 <sup>++</sup>
Asset Management	361	7,330	2,943
Commercial Finance	18,435 <sup>*</sup>	13,419	2,693
Broking & distribution	4,000	2,235	345
General Insurance	11,490	16,554 <sup>**</sup>	(3,098)

- 100% of operating profits from core businesses as against 56% in FY10
- 43% YoY increase in core business profits at Rs. 6 billion (US\$ 131 million)

*\* - Notional capital invested based on capital adequacy of 15%, \*\* - Gross Written Premium  
+ - Total Premium, ++ - New Business Achieved Profit*

## Performance Highlights – Consolidated

Financial year ended March 31, 2011

- **Networth of Rs. 78 billion (US\$ 2 billion) as on March 31, 2011 – YoY increase of 1%**
  
- **Total assets of Rs. 320 billion (US\$ 7 billion) as on March 31, 2011 – YoY increase of 23%**
  
- **Dividend maintained at Rs. 6.50 per share (65%)**

## Profit & Loss Highlights – Consolidated

(Rs. million)

	FY11	FY10
<b>Total income</b>	<b>54,985</b>	<b>61,406</b>
<b>Staff costs</b>	<b>4,968</b>	<b>5,354</b>
<b>Other expenditure</b>	<b>12,036</b>	<b>13,909</b>
<b>Reinsurance premium ceded</b>	<b>6,635</b>	<b>7,272</b>
<b>Claims incurred</b>	<b>13,314</b>	<b>11,857</b>
<b>Interest &amp; financial charges</b>	<b>14,629</b>	<b>13,324</b>
<b>Depreciation</b>	<b>500</b>	<b>676</b>
<b>Profit before tax</b>	<b>2,912</b>	<b>5,883</b>
<b>Net Profit after Minority Interest &amp; share of profit of associates</b>	<b>2,912</b>	<b>4,345</b>
<b>Diluted EPS (Rs)</b>	<b>11.85</b>	<b>17.63</b>

## Reliance Capital Asset Management (RCAM)

- Managed Rs. 1.5 trillion (US \$ 33 billion) across:
  - mutual funds – Rs. 1.0 trillion (US\$ 22 billion)
  - pension funds – Rs 444 billion (US\$ 10 billion)
  - managed accounts – Rs. 19 billion (US\$ 434 million) and
  - hedge funds – Rs. 12 billion (US\$ 271 million)
- Wide distribution network – presence in over 200 cities & 75,000 touch points



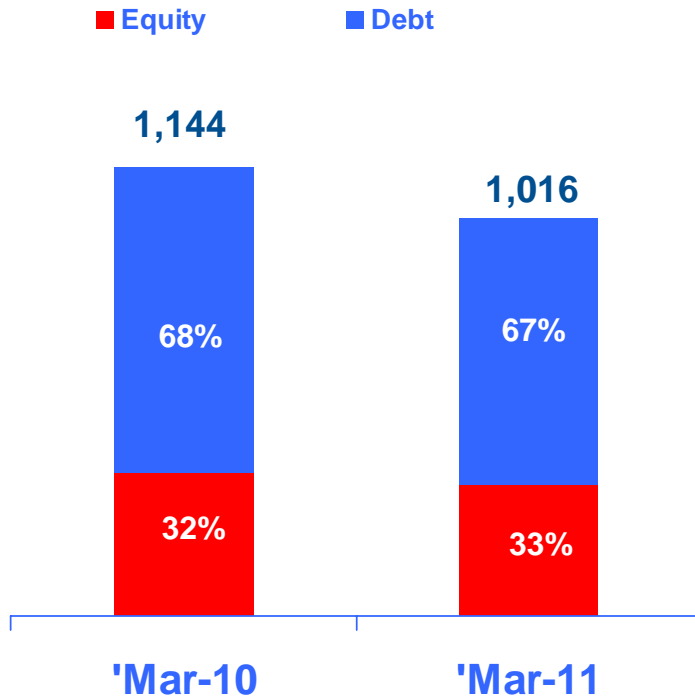
RELIANCE

Mutual Fund

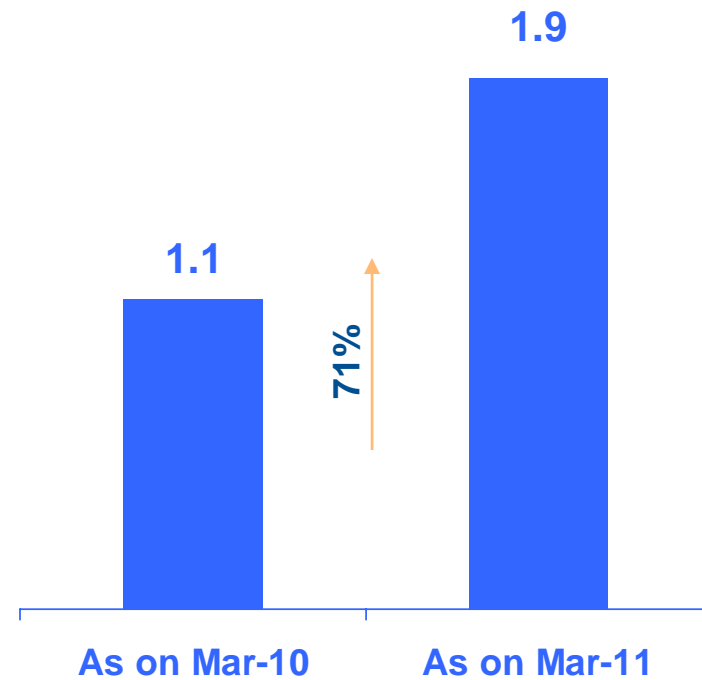
India's no.1 Mutual Fund

- ❑ India's No 1 mutual fund with market share of 14.5%
- ❑ Average assets under management at Rs. 1.0 trillion (US\$ 22 billion)
- ❑ Over 7 million investor folios – over 15% market share
- ❑ Nearly 2 million SIP & STP accounts – 71% YoY increase; highest in industry
- ❑ Adding 100,000 SIPs every month
- ❑ 44 schemes – 21 equity, 20 debt, 2 ETFs and 1 Fund of Funds

AAUM for Q4FY11 - RMF (Rs. bn)



No. of SIP & STP accounts (in million)



RELIANCE

Mutual Fund  
India's no.1 Mutual Fund

- Focus on untapped retail opportunity continues
- Launched unique retail Gold Savings Fund
  - Largest and first gold fund in India
  - More than 200,000 investors participated in NFO through SIPs
  - Received commitment of approx Rs. 30 billion (US\$ 672 million) over 10 years through SIPs
- RMF's market share in terms of AUM garnered from beyond 100<sup>th</sup> location in India – more than 40%

## RCAM achievements

- ❑ **‘Best Fund House – Debt Category’ by ICRA & Bloomberg UTV**
- ❑ **‘Best Asset Management Company’ from Business World**
- ❑ **‘Best Mutual Fund House’ Award by Outlook Money**
- ❑ **5 Awards - the maximum by any AMC - on different categories in the NDTV Profit Mutual Fund Awards 2010**
- ❑ **Bloomberg UTV award in Investor Education – ‘Best Contribution in Investor Education & Category Enhancement of the Year’. During the year, RMF conducted over 4,400 training programs with more than 100,000 participants**

## RCAM achievements (contd...)

- **First AMC to create separate asset category in Gold for retail investors with Gold Savings Fund, allowing retail investors to invest as low as Rs. 500 without the need of a DEMAT account**
- **ET Intelligence Group awarded RMF with 12 awards including the highest number (5) of Platinum Awards for the various schemes**
- **Achieved highest CSAT (customer satisfaction survey) score conducted by AC Nielsen – the highest in industry, reflecting positive experience of customers and distributors**

## RCAM (consolidated) financial performance

(Rs. million)

	Q4 FY11	Q4 FY10	Q3 FY11	FY11	FY10
Income	2,058	1,936	1,853	7,330	6,817
Expenses	1,306	1,119	940	4,387	4,137
Profit before tax	752	817	913	2,943	2,680

- Total income – increase of 8% over previous year
- Profit before tax – increase of 10% over previous year
- Focus on retail long term debt and leaner cost of operations improved profitability – PBT to AAUM at 30 bps from 25 bps in FY10 – YoY increase of 20%

- Among top 4 private sector life insurers with private sector market share of 8.7% in terms of individual new business premium**
- Sold highest number of individual premium policies sold in private sector; sold nearly 2 million policies**
- 1,89,304 agents operating from 1,248 branches**

RELIANCE

Life Insurance

## Achievements

- **Nippon Life, Japan's largest private insurer signed definitive agreement to acquire 26% in Reliance Life, subject to necessary regulatory approvals**
  - **Largest FDI in Indian financial services space and by far largest in Insurance**
  - **Values Reliance Life at approx. Rs. 115 billion (US\$ 2.6 billion)**
  - **Nippon Life to invest Rs. 31 billion (US\$ 680 million) for 26%**
  - **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**



## Achievements contd...

- First life insurance company in India to be accredited with 'BWR AAA<sup>efs</sup>' risk rating from Brickwork ratings for best ERM capabilities and financial strength to meet ongoing policyholder obligations
- Superior fund management performance
  - 17 of 23 funds outperformed respective benchmark indices
  - Flagship Equity Fund, largest ULIP fund in industry with AUM of Rs. 94 billion (US\$ 2.1 billion) is amongst top 3 in fund performance
- Amongst '3 Most Trusted Insurance Brands' and top 30 in 'Most Trusted Services Brands' by ET- Brand Equity Most Trusted Brands Survey 2010
- Awarded 'Best campaign of the Year' and 'Brand Excellence' by CMO Asia

RELIANCE

Life Insurance

## **New products launched – FY11**

- Launched 7 new products – 6 targeted towards individual and 1 group**
- Foray into health insurance with ‘Reliance Life Care For You’ which offers unique and attractive features that are first-of-a-kind in India**

- **Total premium at Rs. 65.5 billion (US\$ 1.4 billion)**
- **Renewal premium at Rs. 35 billion (US\$ 776 million) – YoY increase of 32%**
- **Total funds under management at Rs. 179 billion (US\$ 4 billion) – YoY increase of 31%**
- **Loss of the year at Rs 1.3 billion (US\$ 28 million) – YoY decrease of 54%**

- ❑ Capital of Rs. 1.2 billion (US\$ 26 million) – 48% YoY decline
- ❑ No capital infusion in H2 FY11, reflecting successful steps towards profitability
- ❑ Will be profitable in FY12
- ❑ Total capital infused till date – Rs. 31 billion (US \$ 679 million)
- ❑ NBAP for FY11 at Rs. 3.6 billion (US \$ 79 million); margins at 16.7%

## Financial performance

(Rs. million)

	Q4 FY11	Q4 FY10	FY11	FY10
First year premium	6,748	16,255	22,846	36,302
Single premium	3,549	1,243	7,503	2,906
Total New business premium	10,297	17,498	30,349	39,208
Renewal Premium	13,045	10,770	35,362	26,841
Reinsurance Premium	(60)	(43)	(233)	(166)
Total premium	23,282	28,225	65,479	65,883
Total funds under management	178,553	136,608	178,553	136,608

## Financial performance

(Rs. million)

	Q4 FY11	Q4 FY10	FY11	FY10
Capital infused	-	1,660	1,200	2,310
No of policies issued	484,223	734,916	1,903,067	2,326,154
Avg premium/ policy (Rs) (Individual business)	15,944	18,758	13,973	14,569
Avg tenure of policies issued	15.2	14.6	14.8	14.4

RELIANCE

Life Insurance

## New business achieved profit

### Definition

NBAP is defined as present value of future profits for shareholders on account of new business sales, based on a given set of assumptions

Actual experience may differ from these assumptions

### Basis of preparation

The NBAP is calculated net of tax after providing for cost of capital that would be required to support business. Cost of capital is taken as difference between nominal value for solvency capital and present value, at risk discount rate, of future releases of capital together with investment earnings on solvency capital

### Operating assumptions

- ❑ Operating assumptions such as mortality, morbidity & persistency are based industry & reinsurers experience, using our operating experience where such experience is credible
- ❑ Expense assumptions are based on our latest expense projection which reflects recent responses to lower growth environment. The chosen expense loadings are consistent with current pricing assumptions & represent our most recent view of long term expense assumptions
- ❑ No allowance has been made for any expense over runs that we may experience in short term
- ❑ Projections assume that we apply tax at the full rate of tax on profits/ losses arising

### New business achieved profit contd...

#### Economic assumptions

Particulars	Assumptions
Cash, Money market & TB	5.00%
Government securities	7.50%
Corporate bonds	8.50%
Equities	12.00%
Inflation	5.50%
Risk discount rate	12.50%
Tax rate	14.16%

#### Further considerations

- NBAP reflects 97.36% of new business written in year ended March 31, 2011
- Value from group business and part of traditional business has been ignored. These two business lines represent 1.62% & 1.02% respectively of annualized new business premium

#### Sensitivity

(Rs. million)

Particulars	Base value	+ 1%	- 1%
Investment return	3,619.2	3,943.9	3,305.0
Risk discount rate	3,619.2	3,262.7	4,013.3

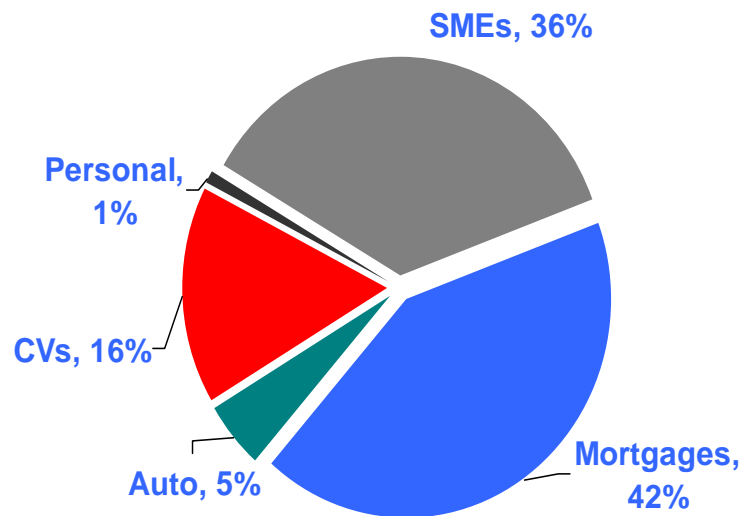
- Investment return sensitivity considers a change in assumed rate of growth for unit linked funds, assumed rate of investment return on non unit cash flows & reserves and on assets supporting solvency margin, & a change in rate of expense inflation

- NBAP for year ended March 31, 2010 – Rs. 3.6 billion (US\$ 79 million – 16.7%)



- ❑ **Amongst leading lenders in Indian non banking finance sector**
- ❑ **Focus on secured lending and creating good quality loan portfolio**
- ❑ **97% of book secured; brought down personal loan book from 6% to 1.5% YoY**
- ❑ **52% YoY increase in disbursements at Rs. 88 billion (US\$ 1.9 billion)**

Loan Book Composition as on  
March 31, 2011



- ❑ AUM – Rs. 138 billion (US\$ 3 billion) – 25% YoY growth
- ❑ Outstanding loan book at Rs. 123 billion (US\$ 2.8 billion) – YoY increase of 34%
- ❑ Securitization of Rs. 11 billion (US\$ 236 million) – 58% YoY decline
- ❑ 1,09,833 customers across 18 locations in India

**AUM – Rs. 138 billion; 25% YoY growth**

**Financial performance**

- ❑ **Net Interest Income at Rs. 5.1 billion (US\$ 112 million) – YoY increase of 11%**
- ❑ **Profit before tax at Rs. 2.7 billion (US\$ 59 million) – YoY increase of nearly 100%**
- ❑ **Cost to income ratio decreased to 19% from 23%**
- ❑ **Average NIMs at 5.3%**

## Financial performance

(Rs. million)

	Q4 FY11	Q4 FY10	Q3 FY11	FY11	FY10
<b>Disbursals</b>	<b>32,115</b>	<b>22,835</b>	<b>23,448</b>	<b>87,820</b>	<b>57,762</b>
<b>Net Interest Income</b>	<b>1,193</b>	<b>1,262</b>	<b>1,364</b>	<b>5,122</b>	<b>4,595</b>
<b>Total Income</b>	<b>3,756</b>	<b>3,255</b>	<b>3,481</b>	<b>13,368</b>	<b>13,252</b>
<b>Total expenses</b>	<b>619</b>	<b>562</b>	<b>659</b>	<b>2,516</b>	<b>3,013</b>
<b>Interest expenses</b>	<b>2,106</b>	<b>1,332</b>	<b>1,759</b>	<b>6,859</b>	<b>6,130</b>
<b>Provisions</b>	<b>103</b>	<b>709</b>	<b>276</b>	<b>1,299</b>	<b>2,759</b>
<b>Profit before tax</b>	<b>928</b>	<b>652</b>	<b>787</b>	<b>2,693</b>	<b>1,350</b>

## Financial performance

- Average cost of borrowing at 8.8% as against 9.6% for FY10
- 51% YoY decline in Gross NPLs at Rs. 1.6 billion (US\$ 35 million)
- 53% YoY decrease in provisioning (including write-offs) at Rs. 1.3 billion (US\$ 28 million)
- Provisioning till date of Rs 4.2 billion (US\$ 94 million)
- Coverage ratio – 81% as compared to 59% for FY10

## Secured Book - Financial performance

(Rs. million)

	Q4FY11	Q4FY10	Q3 FY11	FY11	FY10
Net Interest Income	1,094	987	1,236	4,468	3,290
Total Income	3,547	2,749	3,235	12,146	10,554
Total expenses	550	412	583	2,168	2,197
Interest expenses	2,024	1,130	1,657	6,374	4,859
Provisions	21	252	107	358	420
Profit before tax	951	956	887	3,247	3,078

- Net interest income of Rs. 4.5 billion (US\$ 98 million) – a YoY increase of 36%
- Profit before tax of Rs. 3.2 billion (US\$ 71 million) – an increase of 5%
- No securitization profit booked in FY11. Excluding the securitization profit in FY10, the profit increased by nearly 65% in FY11 over FY10

## Unsecured Book - Financial performance

(Rs. million)

	Q4FY 11	Q4FY 10	Q3FY 11	FY11	FY10
Net Interest Income	99	275	128	654	1,305
Total Income	209	506	246	1,222	2,698
Total expenses	69	150	76	348	816
Interest expenses	81	203	102	486	1,271
Provisions	82	457	169	941	2,339
Profit before tax	(23)	(304)	(101)	(553)	(1,728)

- Personal loans brought down to 1.5% as against 6% in FY10
- Net interest income of Rs. 654 million (US\$ 14 million)
- 60% YoY decline in provisioning to Rs. 941 million (US\$ 21 million)
- Loss decreased to Rs. 553 million (US\$ 12.1 million) – YoY decrease of 68%

## Broking businesses

- ❑ One of India's leading retail equity and commodity broking houses
- ❑ Multiple access points to ensure effective, anytime – anywhere transactions
- ❑ Pan India presence with nearly 6,200 outlets
- ❑ Focus on equity and commodity broking, wealth management and investment banking



## Broking businesses contd...

### Equity & commodity broking

- ❑ Focus on equities, commodities and derivatives
- ❑ 663,868 equity broking accounts
- ❑ 34,200 commodity broking accounts
- ❑ Daily average turnover on stock exchanges at Rs. 14 billion (US\$ 310 million)
- ❑ Daily average commodities broking turnover over Rs. 3 billion (US\$ 68 million)

## Broking businesses contd...

### Wealth Management

- Address financial needs & create investment opportunities for HNIs and retail investors
  - AUM as on March 31, 2011 increased to Rs. 1.7 billion (US\$ 38 million) – YoY increase of 88%

### Investment Banking

- Address capital requirements of an enterprise through IPOs, private placements, bond offerings, M&A etc
- As Syndicate member, handled 4 issues in FY11; total amount mobilized – over Rs. 6.2 billion (US\$ 136 million)
- IPO funding in FY11 – over Rs. 35 billion (US\$ 784 million)

## Broking businesses contd...

### Financial performance

- Total income of Rs. 1.6 billion (US\$ 36 million)
- Profit before tax of Rs. 221 million (US\$ 5 million)
- Improvement in profit margins from 16% in Q4 FY10 to 18% in Q4 FY11
- Focus on profitable growth across each line of business

## Broking businesses contd...

### Financial performance

(Rs. Million)

	Q4 FY11	Q4 FY10	Q3 FY11	FY11	FY10
<b>Total Income</b>	<b>570</b>	<b>914</b>	<b>392</b>	<b>1,649</b>	<b>2,151</b>
<b>Sub brokerage</b>	<b>92</b>	<b>90</b>	<b>56</b>	<b>252</b>	<b>182</b>
<b>Total expenses</b>	<b>377</b>	<b>682</b>	<b>299</b>	<b>1,177</b>	<b>1,694</b>
<b>Profit before tax</b>	<b>101</b>	<b>142</b>	<b>37</b>	<b>221</b>	<b>275</b>

RELIANCE

Money

- ❑ **Distribution business – branded as ‘Reliance Money’**
- ❑ **Manufacturer agnostic**
- ❑ **Pan India presence with nearly 6,200 outlets**
- ❑ **Distributor of mutual funds, life & general insurance products, loans, precious metal retailing and premium products**

RELIANCE

Money

- Tied up with India Post to sell gold coins through its network in India – nearly 1.5 tonne of gold sold – 235% YoY increase
- Largest private sector partner for Western Union Money Transfer in India - over 2 million money transfer transactions in FY11
- Market share – 12% in FY11 as against 10.7% in FY10

RELIANCE

Money

**Financial performance**

- **Total income of Rs. 585 million (US\$ 13 million) – YoY increase of 35%**
- **Profit before tax of Rs. 124 million (US\$ 3 million), against loss of Rs 126 million in FY10**
- **Focus on profitable businesses and leaner cost of operations**
- **41% YoY decline in costs**

Money  
**Financial performance**

(Rs. Million)

	Q4 FY11	Q4 FY10	Q3 FY11	FY11	FY10
<b>Total Income</b>	<b>162</b>	<b>187</b>	<b>274</b>	<b>585</b>	<b>434</b>
<b>Sub brokerage</b>	<b>82</b>	<b>91</b>	<b>95</b>	<b>267</b>	<b>229</b>
<b>Total expenses</b>	<b>54</b>	<b>147</b>	<b>108</b>	<b>194</b>	<b>331</b>
<b>Profit before tax</b>	<b>26</b>	<b>(51)</b>	<b>71</b>	<b>124</b>	<b>(126)</b>



## RELIANCE

## General Insurance

- Amongst leading private sector general insurer with private sector market share of 9.4%
- Gross Written Premium at Rs. 17 billion (US\$ 418 million) – YoY decline of 16%, in line with strategy of writing only profitable business
- Loss before providing for additional 3<sup>rd</sup> party motor pool losses at Rs. 1.3 billion (US\$ 28 million)
- Loss after providing for additional 3<sup>rd</sup> party motor pool losses, at Rs. 3.1 billion (US\$ 68 million)
  - Additional 3<sup>rd</sup> party motor pool losses arising from recent change in provisioning norms for commercial motor third party pool losses
  - 3<sup>rd</sup> party motor pool losses shared by industry players in proportion of their total market share

## RELIANCE

## General Insurance

- ❑ **Combined ratio (with third party motor pool) – 136% vs 117% in FY10**
- ❑ **Capital infusion of Rs. 1.4 billion (US\$ 32 million) – YoY decline of 32%**
- ❑ **Total capital infused till date – Rs. 11 billion (US\$ 257 million)**
- ❑ **Investment book of Rs. 21 billion (US\$ 479 million) – 29% YoY increase**
- ❑ **Over 2.8 million policies sold in FY11**
- ❑ **200 branches; over 4,200 intermediaries**
- ❑ **Thrust continues to be on writing profitable business and improving combined ratio**

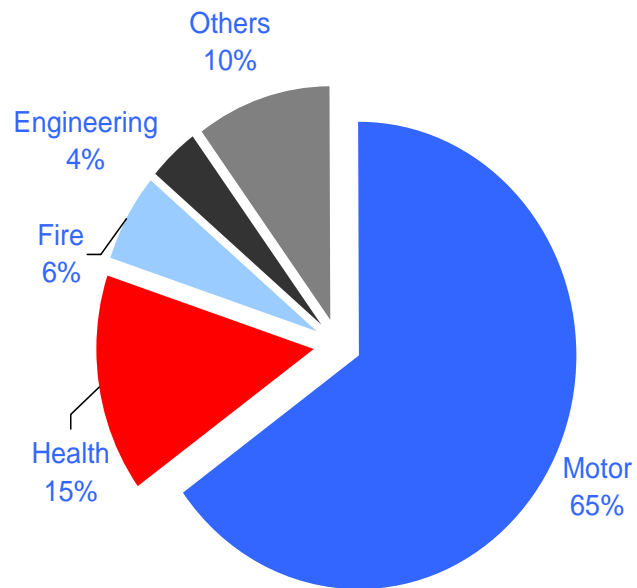
## Financial performance

(Rs. Million)

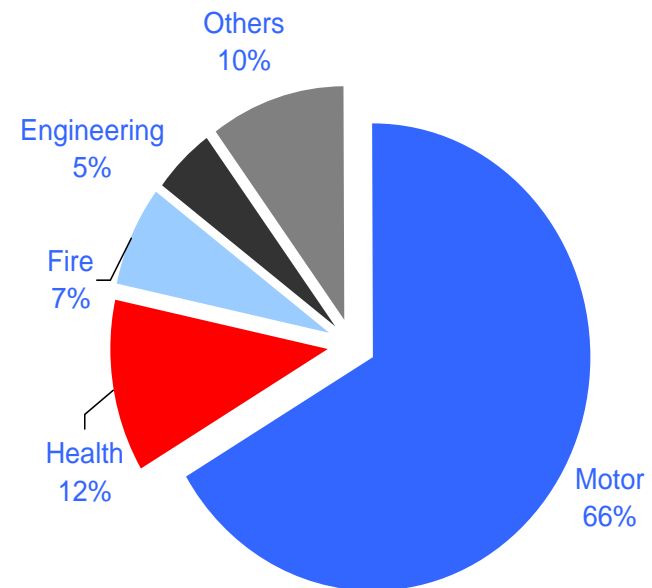
	Q4 FY11	Q4 FY10	FY11	FY10
Gross Written Premium	4,373	4,159	16,554	19,797
Loss before providing for 3 <sup>rd</sup> party motor pool losses	(350)	(846)	(1,261)	(905)
Provision for 3 <sup>rd</sup> party motor pool losses	1,837	-	1,837	-
Loss after providing for 3 <sup>rd</sup> party motor pool losses	(2,187)	(846)	(3,098)	(905)
Investment book	21,372	16,567	21,372	16,567
Combined ratio with pool	163%	130%	136%	117%
No of policies issued	739,041	797,971	2,803,982	3,336,573

Sector – wise premium contribution

FY11



FY10



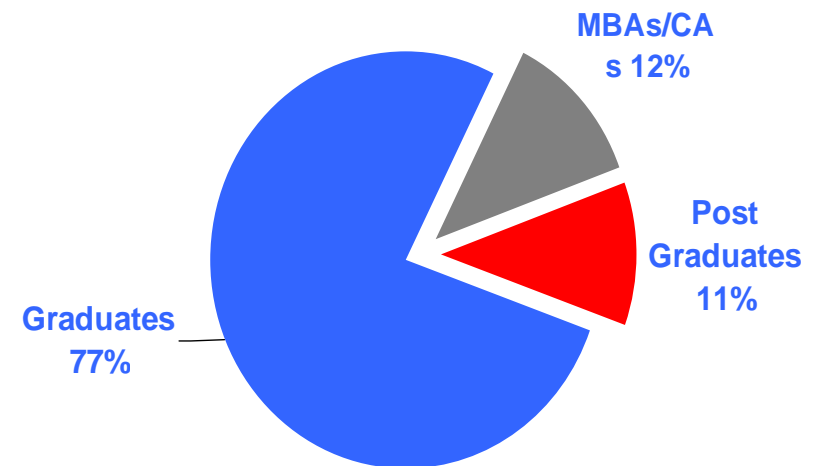
## Human Capital

- ❑ **18,069 employees**
- ❑ **74% in Customer Facing roles**
- ❑ **Young workforce - Average Age of 34**
- ❑ **89% Post Graduates & Professionals**
- ❑ **Over 1,900 Women Employees**

# Human Capital

Business operations	No. of employees As on March 31 2011
Asset Management	958
General Insurance	1,711
Life Insurance	13,183
Broking & distribution	1,117
Commercial Finance	906
Other Businesses	136
Reliance Capital	58
<b>Total</b>	<b>18,069</b>

## Qualification profile



## Shareholding pattern as on March 31, 2011

Category	No. of shares	Shareholding
Reliance group	132,982,274	54.1%
Foreign investors – FIIIs, GDRs, NRIs, and others	55,999,591	22.8%
Domestic institutions/ Banks / Mutual funds	12,029,819	4.9%
Indian public	44,621,116	18.2%
<b>Total</b>	<b>245,632,800</b>	<b>100.0 %</b>

- Market cap. as on May 27, 2011 – Rs. 120 billion (US\$ 2.7 billion)

RELIANCE

**Thank you**

---

*May 30, 2011*

RELIANCE